

ROBERT E. NEMISH & ASSOCIATES

Real News



March 2013

Free Market vs. Systemic Changes!

In a free market society, it is always interesting to observe how corporations deal with systemic changes that impact their bottom line. Let me illustrate.

In July 2012 Federal Finance Minister Jim Flaherty introduced tougher mortgage rules to cool the real estate market. These measures included shortening mortgage amortization to 25 years from 30 years for government insured mortgages. Effectively this shortening in amortization period is equivalent to increasing buyers mortgage interest rates by 1%. With 5 year rates around 3% this represents an increase of approximately 33% in effective borrowing cost. This has priced many prospective buyers, particularly first time home buyers, out of the market. The broader impact is the stalling of the bottom end of the market thus preventing many homeowners from selling and moving up in the market. In Victoria, this is the major reason for double digit sales declines.

Now for the reaction from corporations impacted by these changes.

The Bank of Montreal is hoping to make a deal with first-time homebuyers by dropping its rates on five-year fixed rate mortgages, even as Finance Minister Jim Flaherty warns Canada's lenders not to embark on a "race to the bottom" with rates that could reignite a Canadian real estate market that he has worked so hard to cool. The rate cuts at BMO come ahead of the key spring real estate rush and may prompt other lenders to follow suit, denting the government's and Bank of Canada's efforts to convince Canadians not to take on more debt. Prudence is always the preferred path for Canada's biggest banks, until profit growth slows.

I predict that BMO will not be alone in courting buyers impacted by the new rules. The other "Big 5" banks will not sit idly by. Further, we may see "B" lenders exert more pricing power for a period of time. This is good news for first time buyers, good news for sellers and good news for all housing related activity comprising 20% of GDP and resale housing, adding approximately \$20 billion in spending and 165,000 jobs!

We need more free market enterprise and less government regulation!

If you would like to take advantage of the lower rates, there is plenty of choice with nearly 4100 homes to choose from! Call now to make your buying decision!

Yours truly,

Robert Nemish
Your Real Estate Consultant—**For Life!**



A referral is sending someone you care about to someone you trust. Thank you for trusting us with your referrals.

WATCHING THE MARKET — February 2013

Victoria Real Estate Board statistics are available at http://www.vreb.org/mls_statistics/index.html



	Number of Sales	Six Month Rolling Price		% Change Year to Year
		Feb 2012	Feb 2013	
Single Family	197	\$594,027	\$595,617	+0.27%
Condominiums	112	\$315,395	\$290,171	-8.00%
Townhomes	41	\$411,101	\$403,310	-1.90%



Client Testimonial

“Robert was a joy to work with. He was helpful, professional and attentive. We will definitely use his services again.”

~ **Lauren Vickers & Andrew Vincent**



Do not paint your eggs with Lead Based Paint!

Lead-based paint was commonly used in homes built before 1960. Since then, scientists have found that even low levels of exposure to lead can be harmful to health if ingested. Lead poisoning, which occurs when someone is exposed to high levels of lead, can cause anemia and impaired brain and nervous system functions. Removing paint as part of a renovation project may expose you to lead. Before you begin your renovations, consider the following information in order to minimize the health risks to you and your family.

Homes built before 1960 were most likely painted inside and outside with lead-based paint but it is unlikely that paints containing high levels of lead were used inside the home after 1980. If your home was built before 1960, you can check painted surfaces for lead by using a home lead test kit or sending a sample to a certified laboratory.

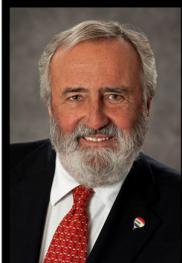
Lead-based paint does not present a health hazard as long as the paint is not chipping, flaking, crushed or sanded into dust. To reduce the chance of exposure to lead-based paint, surfaces in good condition can be covered with non-lead paint, vinyl wallpaper, wallboard or paneling. If lead-based paint is present, it is possible to complete renovations without contaminating the rest of the house by using safe paint stripping techniques, and reducing the spread of dust.

For more information on lead-based paint and how to minimize your health risk during removal, visit Health Canada at <http://www.hc-sc.gc.ca/hl-vs/iyh-vsv/prod/paint-peinture-eng.php>.

“Exceeding Expectations” With

- Trust
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