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SAFE Property HAVENS

We show you where to score
Maritime properties that are:

- ✓ **AFFORDABLE** with high growth potential
- ✓ **PROVEN** solid performers
- ✓ **CASHFLOW** positive

3 investment rules
you should never break



From foster care to award-winning property investor.
Troy MacDonald tells how he beat the odds

Investing in BELIZE

- What to buy • Where to avoid

How to clear borrowing hurdles
and keep expanding your portfolio

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by province

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The *Mighty* Maritimes

Safe property havens?

Halifax, Moncton and Charlottetown are among some of the more popular choices in Canada for investors seeking low vacancy rates and an affordable price point. *Kit Kadlec reports*



The mantra of most Realtors in the Maritime provinces is that you get stability when you invest here. There are no major swings in values, nor are there the high sale prices of Canada's major cities.

That certainly remains the case in this year's market. Whereas average year-to-date residential prices rose 13.4 per cent nationally this May compared to last year, they increased at less than half that rate in the Maritime provinces, according to statistics from the Canadian Real Estate Association (CREA).

The May figures show Nova Scotia's average price rose 7.5 per cent, New Brunswick's increased 2.3 per cent and Prince Edward Island was the lowest in the country at 2.2 per cent.

But over a longer period of time, the Maritime provinces have shown they can match the price gains of elsewhere in the country. From 2005 to 2010 through May, for example, the Atlantic provinces showed a 37.6 per cent price increase, compared to 37 per cent nationally.

Other than stability, the price

point can be a major factor towards those looking to buy in the Maritimes.

Prince Edward Island and New Brunswick have the two lowest average prices in the country through May, at about \$143,000 and \$156,000 respectively. Nova Scotia was ranked the fourth lowest of any region by the CREA, with an average price around \$197,000. The national average price is about \$301,000, according to CREA.

Smaller, safer communities also a common draw to the Maritime provinces.

You won't find, however, many major price gains in any one year. This is not a place for a short-term investment. With vacancy rates around the national average, investors will also need to be sure they are buying in the right area if they want to remain cash-flow positive. But there are certainly good options in Charlottetown and Halifax, as well as some others.

PRINCE EDWARD ISLAND

Snapshot

- One of the most affordable markets in the country
- Employment is still a concern, but recent infrastructure projects have helped
- Quality of life is one of the major draws

Hot Buys

- Multi-unit rental properties in Charlottetown
- Single-family homes around \$250,000 or less

It's truly one of the most affordable places in Canada to buy real estate. But there's a lot of growth lately that has added some excitement for investors as well.

P.E.I. has always been a seasonal-based economy in fishing, farming and tourism. But that's slowly been changing, says Jim Carragher of Coldwell Banker Parker Realty in Charlottetown.

He says the impetus came during Premier Patrick Binns' time in office about a decade ago, as he aimed to diversify the economy in fields like

IT and aerospace. Lately, federal infrastructure projects on P.E.I. have also been helping the local economy. An 80-room hotel is being constructed in the downtown area this year as well.

As with the rest of the country, the first quarter exceeded expectations as buyers were drawn to the lower interest rate and greater inventory. Carragher says the second quarter has remained brisk, and while somewhat slowed, it's still much better than last year.

"We're still getting investors coming in. The uniqueness of the real estate product is we don't experience the peaks and valleys when it comes to growth," says Carragher. "We get three per cent or four per cent increases year over year. That's what makes real estate such a great investment here. We don't have large industry coming in. So we don't have a huge demand all of a sudden."

Multi-residential units have been getting some of the most investment attention lately, as more and more come on line lately. The Charlottetown housing market recorded a significant increase in multiple unit construction recently, according to the Canada Mortgage and Housing Corporation (CMHC).

The 401 starts in 2009 represent more than double the 10-year average of 170 units. Much of the cause has been the lower interest rates, employment growth, positive migration, and low enough vacancy rates to encourage investors, says the CMHC. Within the Maritime province cities, Charlottetown has the second lowest vacancy rate at 2.7 per cent, down from 3.5 per cent last year.

It's also part of a new style of living on P.E.I. More residents want to live in a convenient location and at a low cost.

"It's indicative of the fact we do have an aging population, a population that is urbanizing," says Carragher.

Investors might do best to stay near the island's sole university – the University of Prince Edward Island (UPEI) in Charlottetown, which typically has more than 4,000 students in attendance.

According to CMHC figures, some of the lower vacancy rates on the island are in Charlottetown residences with



Nova Scotia

three or more units. The average two-bedroom rent is \$722 in Charlottetown, according to the CMHC.

In terms of single-family homes, Carragher says \$250,000 would buy a nice 2,000 square foot home with a double-car garage. But anything in that \$150,000 to \$300,000 range has been seeing steady sales activity.

"P.E.I. has one of the best quality of living you can find in the country," says Carragher. "It's got beautiful scenery, beautiful shorelines."

Minimal traffic and low crime also play a big part in attracting those who want to live on P.E.I.

"It's just an easier way to life," he says. "People are returning back, and I've got some people from the (United) States and Europe who've read about it, visited it, and know it to be that gentle place."

NOVA SCOTIA

Snapshot

- Stability has been a constant here in real estate
- Nearly a dozen universities attract student renters
- Sales activity has picked up this year

Hot Buys

- Halifax rental properties
- Homes in Halifax-Dartmouth, Lunenburg County, Annapolis Valley, Highland Region and Sydney

The real estate leader in the Maritime provinces in terms of value, Nova Scotia continued to post strong numbers this spring. In fact, it's been more than a decade since Halifax didn't post a price increase from the year earlier.

There's very little speculation

in the Nova Scotia market, and that's helped keep it stable.

MLS listings from March to May were up 16.2 per cent when compared to the same three months in 2009.

"As expected, the spring market drove up the number of listings," says Nova Scotia Association of Realtors (NSAR) President Karen Edwards.

Last year, the early year market was very weak, she says, and, as around the country, 2010 saw a major jump. But the second quarter has seen the market keep on pace with the average for Nova Scotia, according to Edwards.

"All in all, the market in many areas has cooled a bit after a very hot start," she says. "This year will bear out OK, but it will be one of those steady, hard-working years where Realtors will see a bit more challenge and more steady hard work bringing in consistent sales."

Areas that saw the highest increase in sales were the South Shore and Yarmouth, which also experienced the largest increases in listings. Over half the regions reported a decline in average pricing, but Nova Scotia as a whole saw a 4.6 per cent increase in average price for the period.

Yarmouth reported the largest decrease in average price, 20 per cent over the quarter compared to a year earlier, something that may indicate the spring real estate market has been

affected by the cancellation of the CAT Ferry. The high-speed ferry has stopped running between Yarmouth and Maine this year. Bay Ferries Ltd., which operated the route, says it needs the continuation of a government subsidy to return service.

"It may be too soon to tell just yet but it's something to watch," notes Edwards of Yarmouth's decrease. An effort to return the ferry would certainly be a major boost.

Some of the more popular locations have been parts of Halifax-Dartmouth, says Edwards, which continues to see activity. Lunenburg County and Annapolis Valley are also favourite options for Nova Scotia buyers. The Highland Region is doing well this year, as is the Sydney area, she says.

Investors have been especially drawn to Halifax lately, which has the lowest vacancy rate in the Maritime provinces – 2.5 per cent, according to the CMHC. That figure is down from 3.8 per cent last year, showing the largest decline in the province. That helped average rents in April reach \$783, up 1.7 per cent from a year earlier.

Investors can find 11 universities and more than 90 registered private commercial colleges in Nova Scotia, pulling in lots of student renters.

But, despite the smaller land area that many provinces, investors need to



Charlottetown

be choosy when picking rental properties. According to the CMHC, Halifax has a low 2.5 per cent vacancy rate compared to a high of six per cent in Kentville. And despite the overall downward trend, the vacancy rate was up this year in Cape Breton, from 2.4 per cent to 3.3 per cent, as more renters turned to buyers early in the year.

NEW BRUNSWICK

Snapshot

- Moncton and Saint John are among the most affordable investment options in Canada
- Population increased last year at a rate not seen in decades
- Moncton's CMA is the fastest growing urban region east of Toronto

Hot Buys

- Affordable new houses in Dieppe (Moncton)
- New houses in Quispamsis (Saint John)

After some 13 straight declines prior to November 2009, residential sales have picked up again in New Brunswick. But after that long lull, it's still a steady road ahead for this market.

In the first half of this year, price growth in New Brunswick was still just 2.3 per cent above the same period last year, but that's a welcome sign for investors looking towards stability.

Along with its steadiness, New Brunswick has quietly produced two of the better long-term investment cities in Canada in Saint John and Moncton.

Both have average prices at half of what you'd find in most other parts of the country, yet vacancy rates of around three per cent and some of the better yields available anywhere in Canada.

While prices dropped throughout Canada last year, Moncton and St. John gained value. Global economic downturns don't apply here like they do



Moncton

in the major cities.

One of the most positive signs? People are moving into New Brunswick at near record rates.

Inter-provincial migration and international immigration added 1,903 people to New Brunswick's population last year, according to the New Brunswick Real Estate Association. That was the largest gain in more than two decades. Moncton's CMA is the fast growing urban region east of Toronto.

The region is especially strong right now, says Pam DeCoursey, of Re/Max Professionals Saint John Inc., as demand has fit well with the current wide range of supply.

Inventory and interest rates are driving that balanced market, she says.

Investors with low-risk appetites have recognized this, and the numbers back it up. An analysis by Plan B Economics in April showed Moncton had a price-to-gross rent ratio of 19 and Saint John was at 23. That ranked them second and eighth respectively, and both well below the national average of 35.

The April average MLS price in Moncton was \$155,500, compared to \$174,000 in Saint John. Two-bedroom house rents were higher in Moncton, however, at \$695 compared to \$665 in Saint John.

There are still some areas of

economic concern, however, says Dwayne Hayes, president of the New Brunswick Real Estate Association.

"Headwinds this year come from still-depressed North American demand and prices for forestry products," he says. "However, lumber prices should improve as housing starts to recover. Additionally, some major capital projects that helped support growth in 2009 have been put on hold or are winding down. For these reasons, economic growth in the province in 2010 is expected to come in a little lower than the national average."

More positively, he says, investment in education is creating jobs, and tax cuts and the potential for lower power rates look to make New Brunswick more attractive to industry.

The rental market is a little soft lately in Saint John due to some call centre closures, and as Saint John's energy projects start to wind down. DeCoursey says a significant number of westerners are heading out too. That, in part, led to the vacancy rates to rise from four per cent last year to 4.6 per cent this April.

But for those who are employed, the cost of living is truly second to none, and the amenities offered make for a good quality of life. ■

Dartmouth



Dartmouth starts to deliver

No longer bridesmaid to neighbouring Halifax, this Nova Scotia community is developing into an investment target

There was a time when the main advantage of Dartmouth was the view: Halifax.

But that's changing as the former rough-and-tumble port city makes itself over within the 372,679-strong Halifax Regional Municipality and investment flows into new retail development, industrial properties hold steady and residential prices rise.

"Dartmouth has just exploded," says Gord Burns, an agent in Dartmouth with Century 21 ABC Realty and a past president of the Nova Scotia Association of Realtors.

Dartmouth, like other markets in the Atlantic region, is accustomed to fairly steady growth.

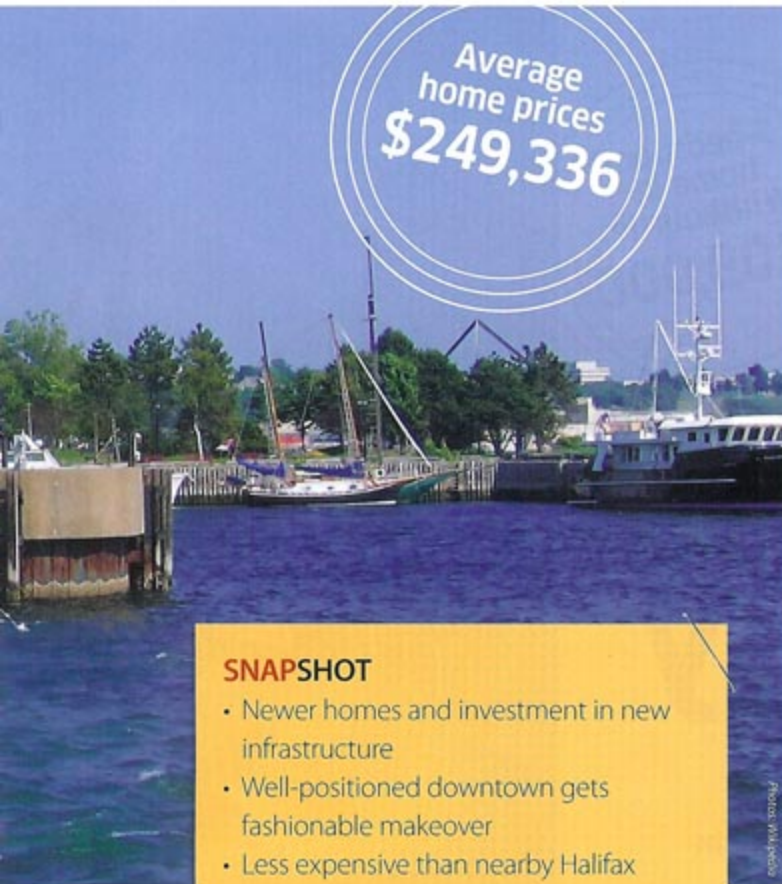
But the success of the Burnside industrial area, which has enjoyed a boost from oil and gas projects off

Newfoundland, and major residential development on the east side of town, contributes to Dartmouth's appeal. The jobs exist, the homes - rising in quality - are available, and the once-downtrodden downtown core has enjoyed a makeover, positioning it to be a more fashionable destination than it was a few years ago.

The transformation is reflected in pricing for newer homes and investment in new infrastructure. And major retail developments such as the 900,000-square-foot Dartmouth Crossing mall are buoying the fortunes of older properties.

"We're in the \$400,000 to \$500,000 range," Burns says of the Portland Estates area on the east side of town. "The top end of our market is where the most volume is right now. Properties over \$350,000. ... I would say it looks good from everybody's point of view from an investment perspective, if they're in it for the long term."

And it's still the long term that counts in Dartmouth, despite the growth, thanks to the market's stability and plain demographics. The typical tenants for residential investment properties are professionals and retirees who



SNAPSHOT

- Newer homes and investment in new infrastructure
- Well-positioned downtown gets fashionable makeover
- Less expensive than nearby Halifax

have sold their homes and not bought anew.

“We’re seeing a lot more top-end renters coming into the marketplace,” Burns says, noting that landlords like Premier Executive Suites can fetch \$2,000 a month for units across the harbour, while residential vacancies run at about 2.5 per cent in Halifax RM as a whole. Rents in Dartmouth will be cheaper, but the opportunities are the same.

“We have a number of people that we see coming into this area, small investors, and they’re content with that. They won’t see 10 per cent in a year, but they’ll see four per cent every year, year over year, constantly,” Burns says. “So from the long-term perspective, it’s great.”

Alex MacDonald, regional economist with the Canada Mortgage and Housing Corp. in Halifax, says the opportunities have attracted a lot of money from Chinese and the Middle East. The larger investors are often partnering with local developers such as Clayton Developments Ltd. to redevelop neighbourhoods.

Statistics from the Nova Scotia Association of Realtors indicate that home prices in the board’s area are averaging \$249,336 this year, while prices in downtown Dartmouth have averaged \$202,125. On the east side of Dartmouth towards Eastern Passage, prices have averaged \$178,686 – a full \$100,000 less than in central Halifax. ■

HOT BUYS

- Residential development east of Dartmouth
- Burnside industrial area, bolstered by oil and gas projects



Dartmouth