

When to Invest in Real Estate

A common theme among investors in Real Estate is market timing; especially at the moment.

Canada appears to have shaken off the recession (despite rumblings and rumours of a double-dip), but a degree of uncertainty about future trends exists. In the context of the national economy, the Real Estate market appears to have beaten the odds recently, especially in the residential market. Will this strength continue, or are we in for a correction?

Given the uncertainty in the Real Estate market, many potential investors are adopting a wait-and-see attitude.

We believe that great opportunities in Real Estate always exist and now is as good a time as any to invest. Of course, this is an attitude you'd expect from brokers, but we believe there are still fundamental (broker-independent) reasons why an investment in Real Estate remains a good thing in today's climate.

To begin with, here are a few simple advantages to buying now:

Financing rates are low at the moment. An early investment in Real Estate gives one the opportunity to lock in at the lower prevailing rate. (Rate hikes in the future are widely predicted.)

The Federal Department of Finance used low interest rates to stimulate the economy during the recession. One result of this tactic is a likely rise in inflation in the medium term. An investment in Real Estate (which tracks inflation) is a great way to preserve capital. This is supported by our research, which shows an average annual property appreciation in the GTA over a 40-year period of 7.1%. After adding net rental income and the effect of leveraging, the return is much higher!

Confucius said: “A journey of a thousand miles begins with a single step.” Investing now will put you on a road of learning and growth, sooner.

An investor worrying about an over-inflated market may cite a downward price correction in the near future as a reason to hold off, but there are two reasons this is not necessarily true: Firstly, the over-inflation applies mainly to the residential Real Estate market and, secondly, the perception of higher prices has already created a seller's market and driven owners to list properties for sale. The growth in the number of sellers and the increased availability of properties indicates that a buyer's market is already emerging.

It is our opinion that waiting for a some future, small downward price correction is outweighed by the benefits of investing now. There are several reasons to avoid an unnecessary wait-and-see attitude. Most prominent of these is that a waiting investor leaves his or her capital unemployed and risks becoming paralysed; waiting for overly-ideal circumstances.

If you're still sceptical, know this: We believe in putting our money where our mouth is. In the last quarter, we have conditionally purchased two commercial properties for ourselves; one for \$800,000 and the other for \$1 million.

Balance: Joint Estates

For an investor who wishes to invest in Real Estate, two options immediately spring to mind:

The first option is to do it oneself. Many investors are lured by the prospect of owning their own property outright. It provides a real sense of ownership and a tangible asset. You can see it, touch it and really get involved with it. Unfortu-

nately for these investors, Real Estate is expensive. Even with a high loan-to-value (LTV) mortgage, commercial Real Estate remains out of reach for most Canadians. Opportunities are scarce and returns are low at this, very competitive, end of the market. Also, the ownership and management of Real Estate is a vocation that not everyone is good at or has time for. Many investors are unpleasantly surprised when their Real Estate investments consume a lot more cash and time than they can afford.

The second option is to invest in a Real Estate Investment Trust (REIT). This option suits many investors, but it, too, has drawbacks. Among these, the investor has little to no control, the underlying assets are not accessible to an investor, and returns are often very modest.

We have been hard at work creating a balanced alternative to these mainstream investment types. Dubbed ‘Joint Estates’, the concept is to allow investors to invest together in small groups. We assist these groups by providing assistance in property selection, arranging finance, tenancing, problem solving and more. Leveraging our experience in these investments is practically a form of insurance and will save you a lot of personal time... If you would like to know more about this initiative we encourage you to contact us.

Hot Listings

Mississauga Sale and Leaseback
\$3,775,000 — 40,000 sq. ft.

Subdivision (Everett)
\$11,500,000 — 129.70 Acres
439 Residential Lots

Prime Retail in Keswick
\$21/sq.ft.—1,258 sq.ft.



Proudly presenting: *Prestige Space at the Grand Triomphe II*

We are delighted to announce our listing of two adjacent, street-facing retail spaces in this prime, Yonge Street property. With four possible space configurations (500 sq.ft. to 2,300 sq.ft.) at \$58 per sq.ft. and several great extras, this is a superb opportunity for franchises and independent businesses.

Please [contact us](#) to learn more!

Claude Boiron (Sales Rep.)
claudio@rementor.ca

Pierre Boiron (Sales Rep.)
pierre@rementor.ca

(905) 882-8800

www.realestatemtor.ca