

## Toronto Real Estate Values March 2008



**By Brian Madigan LL.B.**

One of the most common issues these days is the current discussion of the US sub-prime market. This is very topical on the cocktail party circuit, and somewhat rather surprising since most people don't know what it is. However, there are the constant headlines and the television news coverage. So, many of these same people feel "fully informed".

Essentially, there are three reasons for the decreasing real estate prices in the United States:

- A faltering economy
- An excessive supply of housing
- Easy credit terms available for unqualified consumers

So, where does this all lead? Obviously, to falling prices and that is precisely what happened. What about Canada? Here, the basic underlying economic factors are somewhat different. The economy is not faltering, the demand for housing units remains high, and we do not have a system of easy credit.

Why do I say this? Let's have a look at the recent report from Statistics Canada, released 7 March 2008:

- The Canadian economy added 43,000 new jobs in February.
- The unemployment rate held steady at a 33-year low of 5.8 per cent.
- The job gains were in full-time private-sector jobs and were concentrated in Ontario.
- Wage growth remained strong in February, with a year-over-year increase in average hourly wages estimated at 4.9%.
- This was well above the most recent increase of 2.2% in consumer prices (more than double the rate of inflation).
- Unemployment rate Toronto 6.5 decreased by .2 (6.7)
- Employment growth in February was mainly in construction; public administration; and professional, scientific and technical services.

- These gains were partly offset by declines in manufacturing and natural resources.

- manufacturing in Ontario continued to lose workers in February (-20,000), these declines were more than offset by strength in construction (+31,000); business, building and other support services (+20,000), as well as public administration (+11,000).

All in all, there is really nothing to suggest that the real estate industry is going to be negatively effected. More people are employed, more people are making more money, and more people are requiring housing (and able to pay for it).

Now, if you happened to be in the manufacturing or auto sector, you might think otherwise. But, right now, may be the time to switch into the construction industry!

If you believe Statistics Canada, the doomsayers should be wrong.

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