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Food for thought . . .

“Experience is not what happens to a man: it is what a man does with what happens to him.”

... Aldous Huxley

Courtesy of:

ROB DRYSDALE



**Homelife Benchmark
Realty Corp**

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DEPRECIATION ON RENTAL PROPERTIES

“TO CLAIM . . . OR NOT TO CLAIM?”

- ◆ Many investors are faced with the decision of whether or not to claim depreciation on their rental property (ie. building and fixtures), in order to reduce current period rental income and, accordingly, reduce income taxes as well.
- ◆ While initial tax savings are available by claiming depreciation on a rental property, these tax savings could ultimately be eliminated when the property is later sold at a profit.
- ◆ If one sells the rental property for more than the “*undepreciated capital cost*” (tax cost), the amount previously claimed as depreciation becomes “*recapture*” and is included in income for the year.
- ◆ The inclusion of this *recapture* amount occurs not as a *capital gain*, but as *normal income* which is taxed at the taxpayer’s full marginal tax rate. This could be detrimental to the taxpayer for the following reason:

Tax savings during the years when depreciation was claimed, could have reduced taxes at graduated rates and over a period of time, whereas the entire amount of recapture would be included in income in the year of disposition, and could result in taxes being paid at unusually high rates.
- ◆ Therefore, before an investor considers claiming depreciation, one should be aware that a penny saved now . . . may cost more later.

Courtesy of P E

Pagnanini Edwards & Associates
(Chartered Accountants)

299-9274

**Disclaimer: Not intended to solicit properties already listed*

RENTAL/INVESTMENT — PROPERTIES —

↑ UPDATE

WINTER/SPRING 2001

2000 MARKET STATISTICS

The figures are in. Total sales in the Fraser Valley on the Multiple Listing Service were 10,132, this was down 9.8% from 1999. The total number of listings processed was 23,343 off 2.4% from 1999.

Comparing the year-to-date average price for single-family detached homes shows that prices have gone up approximately 3% since 1995. For the year 2000, the average price was \$245,977 compared to \$244,786 in 1999 and \$237,455 in 1995.

Total residential detached unit sales in Surrey were 2,328, down 11.5% from 1999. The average sale price was \$241,064 in 2000 up 0.8% from 1999 but down 3.7% from 1997.

Please note: As we go to press mortgage interest rates have fallen to approximately 6.65% (5 year term). With anticipation of a further drop in mortgage rates, a spring election and major developers beginning new projects, **optimism abounds.** Buying or selling for **experience, enthusiasm and results call Rob at 597-7292.**



Residential Mortgage Rates

Best residential rates as of January 5, 2001

Term	Our Best	Bank Posted
Variable Rate	4.99%	7.50%
1 Year Closed	6.40%	7.40%
2 Year Closed	6.45%	7.45%
3 Year Closed	6.55%	7.55%
4 Year Closed	6.65%	7.65%
5 Year Closed	6.65%	7.75%
7 Year Closed	6.85%	8.05%
10 Year Closed	7.10%	8.40%

Courtesy: Jared Dreyer,
INVIS: 649-5991

RENTAL MANAGEMENT SERVICES

To have your rental property operate carefree, have it looked after by Cathy Mantel @
**HOMELIFE PROPERTY
MANAGEMENT.**

Cathy offers a very competitive service with a low monthly fee with **no start up charge.**

**For more information call:
590-2037**

Thought of the Month:

“He that will not apply new remedies, must expect new evil for time is the greatest innovator.”

... Francis Bacon

RENT INCREASE

A landlord must give 3 months written notice of a rent increase for a regular residential tenancy. A landlord can't require a new rent increase until 12 months following the date the last rent increase became effective. A landlord must use the form required by the Residential Tenancy Act called the

Notice of Rent Increase. Except for manufactured home pad tenancies, a tenant has 30 days to apply for arbitration to have an arbitrator determine if the rent increase is justifiable. (Next issue: What is a justifiable rent increase?)
Courtesy of Cathy Mantel Homelife Property Management.

MARKET EVALUATION

Whether you are considering selling your rental property in order to take out your equity, take advantage of your capital gains tax exemption reservation made in 1994 or **planning to sell your principal residence** I will be pleased to do an up to date market evaluation at no cost or obligation to you. Call me any time: **597-7292.**

EXPERIENCE — TO SERVE YOU BEST



Rob Drysdale

For more than 16 years Rob has been working as a professional Realtor in the Fraser Valley. Specializing in residential and investment property sales, his knowledge of the market and community is impressive, and has served his clients exceptionally well over the past years.



Company Profile

Benchmark Realty was established in Langley in 1983 with seven salespeople. Within one year additional branches were added in White Rock and Surrey and boasted 75 salespeople. In 1986 a long search for a franchise partner ended by hooking up with Homelife Realty Services. Homelife has maintained the no. 1 market share in its category in the Fraser Valley for the last 8 years.