

SUMMER/FALL 2002

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Food for thought ...

“A computer will do what you tell it to do, but that may be much different from what you had in mind.”

... Weizenbaum

Courtesy of:

ROB DRYSDALE



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GOOD NEWS

ABOUT RENTAL LOSSES

In the previous issue, we raised the issue of tax risk associated with rental losses, whereby ongoing rental losses could potentially be denied. However, there has been some recent good news! In a recent Supreme Court case, the Court found that the “reasonable expectation of profit” argument should not be applied unless there is a “personal element” and no evidence of a commercial activity.

Based on the decision in this Supreme Court case, it appears the CCRA must now recognize that it cannot second-guess a property owner’s business judgement. Just because a rental property generates a net rental loss, CCRA can no longer assume that the investment is “personal” in nature. Since the ordinary business person would consider a possibility of capital gains on a future sale of rental property to be a “pursuit of profit”, that may be enough to affirm that the rental activity is “commercial” in nature as opposed to “personal”. Even if in the interim it is losing money! So, if your rental property has experienced losses, you may no longer have to worry that the losses will be denied! On the other hand, if your rental losses have recently been denied by CCRA, you may wish to file a Notice of Objection as soon possible. You now have a case precedent . . . and a Supreme one to boot, that may be used to support your objection!

For professional advice on your rental activity or business we welcome your call!

Courtesy of:

Pagnanini Edwards Lam, Chartered Accountants

Telephone: 604-299-9274 Email: Info@accountantsplus.ca

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

RENTAL/INVESTMENT — PROPERTIES —

↑ ROB'S UPDATE

SUMMER/FALL 2002



Residential Mortgage Rates

Best residential rates as of September 18, 2002

Term	Posted Rates	Our Best
6 Months	5.75%	4.60%
1 Year Closed	5.40%	4.35%
2 Year Closed	5.95%	4.85%
3 Year Closed	6.30%	5.05%
4 Year Closed	6.75%	5.75%
5 Year Closed	6.95%	5.45%
7 Year Closed	7.65%	5.90%
10 Year Closed	8.40%	6.15%

Courtesy: Jared Dreyer,
INVIS: 604-649-5991

MARKET STATISTICS

Although our statistics show sales were down during the summer months, year-to-date sales show a substantial increase over last year. This year to date there were 11,398 sales processed at the Fraser Valley Real Estate Board, representing a 25% increase when compared to the 9,139 sales processed in 2001. New listings for the year showed a modest increase of 5% over 2001, with 18,163 properties listed for 2002. Throughout the Fraser Valley, there has been a gradual increase in average prices over the last year. In August, a single-family detached home averaged \$270,167, up 9.5% compared to last year. Townhouse prices averaged \$187,253 up 6.8%, while apartments averaged \$118,096, up 7.7%.

In the city of Surrey the average price for detached homes has increased by 6.8% (to \$262,732) year to date. Of course it is impossible to forecast the future (if I could, I would be on my yacht in the Mediterranean). However, with my own activity (I have 8 sales completing at the end of September) and the buzz in my office, it bodes well for a busy fall market.

If you want to participate as a seller or a buyer call me, Rob Drysdale, at 604-597-7292.

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:
(604) 590-2037*

Thought of the Month:

You know what charm is: a way of getting the answer yes without having any clear question.

... Camus

UNDESIRABLE TENANT PROTECTION

The best protection against undesirable tenants is prevention. As Property Managers we take care in matching an owner's property with suitable tenants. Taking the time to screen tenants properly utilizing today's technology and databases available can prevent costly tenancy turnovers. Many undesirable tenants avoid management companies because of these strict application procedures. Specifically grow operations are a major concern in BC. We inform prospective tenants that we will be physically inspecting the property every 2 months. As crops take 3 to 4 months to harvest, grow operators will go elsewhere.

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. Please call **604-597-7292**.

EXPERIENCE — TO SERVE YOU BEST



Rob Drysdale

For more than 18 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.