

SUMMER/FALL 2004

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Food for thought ...

"I submit to you that if a man hasn't discovered something he will die for he isn't fit to live."

... Martin Luther King

Courtesy of ROB DRYSDALE



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YOUR PRINCIPAL RESIDENCE

A Tax-Efficient Investment

There are few "tax breaks" left in our tax system, but owning your own home can give you access to one of them.

Generally, when you sell an investment (i.e. stocks, mutual fund units, real estate, etc.) any capital gain realized is subject to income tax. However, when you sell your home that has qualified as your principal residence throughout the period of ownership, the capital gain you may realize on the sale is generally not subject to income tax! As such, your home can be your most tax-efficient investment.

Change in use

The use of your home may change during your ownership (i.e. when you commence renting out the property). In fact, you may be considered to have sold your property when you change its use, even though you did not actually sell it!

However, there are methods available that may help you defer the tax impact of such a change in use. **In particular, Section 45(2) of the Income Tax Act may be used in certain circumstances to enable you to continue to deem your home to be your principal residence for up to 4 years after you move out and commence renting it.** Certain criteria must be met in order for this election to apply.

The rules governing principal residences are very complex and have changed over the years. As such, it is recommended that you consult a tax advisor upon the sale of your home if in any year it may not qualify as your principal residence. Remember – tax implications must be considered in the context of your own circumstances!

Kathryn G. Edwards, CA, Partner

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

RENTAL/INVESTMENT — PROPERTIES —

↑ ROB'S UPDATE

SUMMER/FALL 2004

2004 MARKET STATISTICS

At the mid-year mark, year-to-date sales are sitting at 10,468, up 17% as compared to the same period in 2003. New listings are at 15,543 year-to-date, up 8% from last year. Thus far, over \$3 billion in property has been sold through the Fraser Valley MLS® in 2004.

Meantime, prices continue to increase in all areas. The average price of a single-family home in the Fraser Valley in June was \$346,093, up 17.1% from June last year. In Surrey the average price was \$354,628, up 21% from one year ago while the average price in North Delta was \$342,556, up 19.3% from June 2003. Even with the increase of new listings, the current active listings are down 3.7%, due to the increased sales activity.

In the last few weeks the long term fixed mortgage interest rates have increased by approximately 1.1% (e.g. 5 year rate is now 5.4%) with the interest rates expected to rise further this fall, it will be interesting to see whether things slow much as we proceed through the second half of the year. For those of you considering selling there exists window of opportunity to maximize your return.



Residential Mortgage Rates

Best residential rates as of July 7, 2004

Term	Our Best	Posted Rates
6 months Closed	4.00%	5.15%
1 Year Closed	3.60%	4.60%
2 Year Closed	4.35%	5.35%
3 Year Closed	4.75%	6.10%
4 Year Closed	4.95%	6.50%
5 Year Closed	5.25%	6.70%
7 Year Closed	5.70%	7.70%
10 Year Closed	5.99%	8.25%

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

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:
(604) 590-2037

Thought of the Month:

“The materials of city planning are sky, space, trees, steel and cement in that order and in that hierarchy.”

... Le Corbusier

MORE RTA CHANGES: SHOWING THE PROPERTY

The period of written notice a landlord may give for access to the property changed January 1, 2004. The landlord can now provide written notice at least 24 hours and not more than 30 days before the entry, including the following information: • the purpose for entering, which must be reasonable, and • the date(s) of entry, which must be between 8 AM and 9 PM unless the tenant otherwise agrees.

A landlord can give notice setting out a reasonable schedule of viewing times for an up coming period. However, the RTA also sets out a tenant's rights to reasonable privacy and freedom from unreasonable disturbance.

From my viewpoint I find that for the most part a reasonably pre-agreed schedule can be worked out, but this new amendment can be utilized if there are difficulties.

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 19 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 Realty with 9 offices and 300 salespeople is a major force in the Fraser Valley Real Estate market.