From the desk of

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WE'VE REACHED THE REAL ESTATE BOTTOM

BRAD J. LAMB REALTY NEWSLETTER MARCH 2009

"I expect that this next rise will start in the fall of 2009 and run for several years. People who choose to wait until next year will kick themselves around the block."

Well, the best time to buy real estate in Toronto was in mid-December. This was the absolute depths of negative human despair. It represented the bottom. I know that it's difficult to see this now as the economy continues to shed jobs, but the worst is over for Toronto's real estate market.

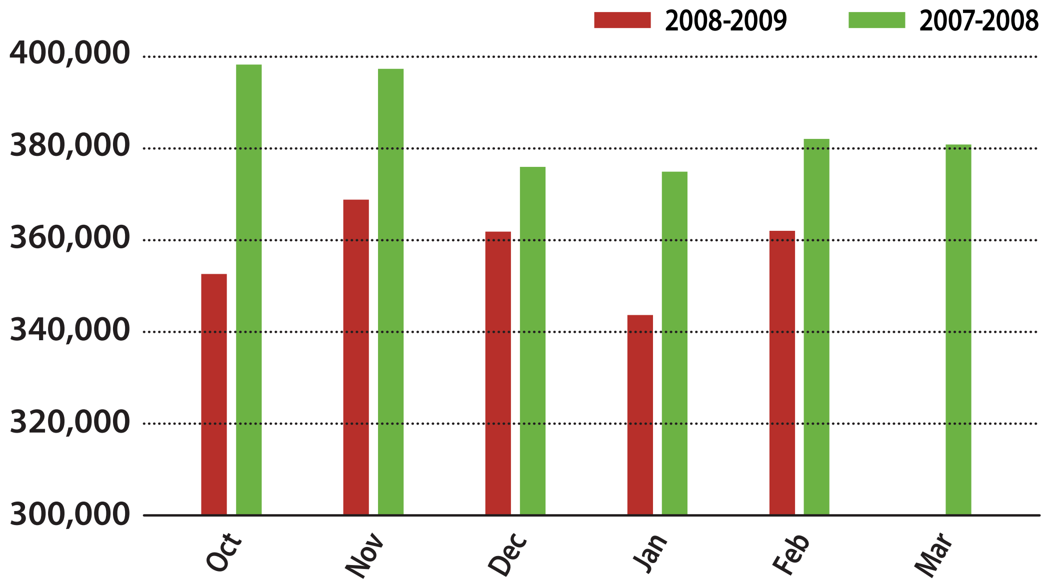
It was a short, wild ride of perhaps a maximum depreciation of 10%, but by early March we have seen the TREB numbers start to stabilize and grow. In fact, the month of February was quite busy for re-selling property, buyers were out in droves and virtually everything well priced was snapped up by the end of the month. The Toronto Real Estate Board has reported that MLS sales for February 2009 were down 31% over February 2008 – a huge improvement from 55% and 45 % for December 2008 and January 2009, respectively. Sales are down just 18% in the first two weeks of March. Even new development sites are reporting sales again and buyer traffic is up nicely. We are not returning to a seller's market with multiple bidding wars in the near future, but we are now moving from a clear buyer's advantage to a more balanced market where average time to sell is less than 45 days. Come May, our little correction will be over and anything lost through January will have largely been regained.

Ask anyone who has made serious money in the real estate game and they will tell you that timing the bottom is impossible. Largely because each set back is different from the last, and also because it takes nerves of steel to pull the trigger in what looks like an apocalypse. This particular slow-down in real estate was better positioned for a quick recovery than the previous ones. For instance, a quick look at average Toronto price increases over the last 30 years will show that the period over 2000-2007 had the *least steep* increase in prices of the last three bull real estate markets. This also leads one to believe that this slowdown would likely be the mildest, simply because it never really rose to a frenzy. In fact, if the US-led bank meltdown had never happened, THE TORONTO REAL ESTATE MARKET WOULD HAVE JUST CARRIED ON. U.S. real estate prices would have continued to fall and yes, the U.S. real estate market would still be correcting. The result would have been a mild recession in Canada. There were no fundamental economic reasons that could have caused Toronto's real estate market to sag over the last half year, save and except the world-wide crisis of confidence. There are three main reasons why residential real estate values fall: 1. Oversupply, 2. High interest rates, and 3. Fading employment. The only factor today is the latter, as interest rates are incredibly low and only 1600 condo apartments are currently for sale on the Central Toronto MLS. The markets have stabilized, prices have dropped 5-8% and we are now starting to regroup for the next typical Toronto rise of 2-5% per year. I expect that this next rise will start in the fall of 2009 and run for several years.

People who choose to wait until next year will kick themselves around the block. Let's look at Canadian facts: bank rate: 0.5%, inflation: ~1% and falling, unemployment rate: 7.2% (possibly rising by year-end to 7.7%), along with huge government stimulus and healthy banks. This is not the recipe for Armageddon. It is just a recession and by no means the worst ever. In the 1990's recession, the bank rate was 13%, inflation was almost 7%, the unemployment rate rose to over 10%, there was minimal government stimulus due to fears of runaway inflation. Now, imagine having these problems today and you'll agree that we are exaggerating our current situation. We are not witnessing the end of Capitalism, recessions are always the worse when you're in them. We'll all see the light clearly by the spring, by then the bottom feeders will have missed the boat. For those of you who refuse to see the writing on the wall, I'm going to make it clear, now is the time to buy real estate.

Monthly Single Family Average Sale Price

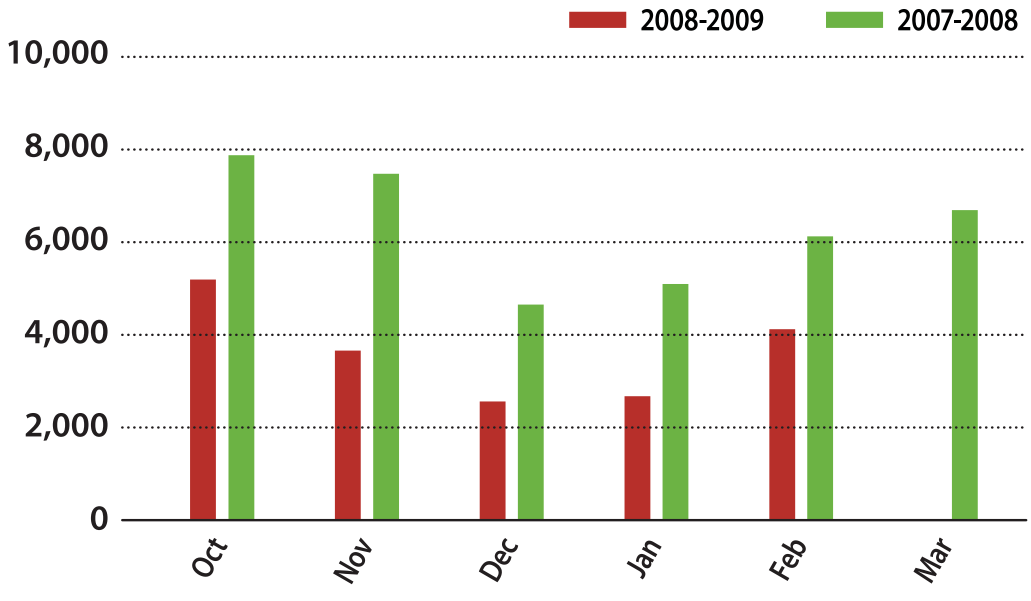
This Year vs. Last Year



The average selling price of homes that sold during February 2009 was $361,305 – a 5 percent increase over the $343,632 reported for January, while remaining 5 percent lower than the $382,048 reported for February 2008. Average selling price reported on a monthly basis can be misleading as it is comprised of a combination of the real value of property plus the mix of higher priced to lower priced homes that have sold during the month.

Monthly Sales Volume

This Year vs. Last Year



The Toronto Real Estate Board reported 4,120 sales of single family homes in February 2009. While this represents a 54 percent increase over the sales volume for January 2008, of more significance is that it also represents a 32 percent decline in sales volume compared to February 2008. The January sales volume was the lowest since the year 1995.