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## What Kind of Mortgage Should I Get Now? Fixed, Variable, or Both?



One of the more common topics that I hear being talked about lately is what kind of mortgage should people be getting at this time. Everyone is fearing that interest rates are going to go up and they are afraid of what that can mean for their monthly carrying costs if they go variable.

Yes, interest rates are at very, very low rates at this point in time and all indicators are pointing to them to increase over the next couple of years, most likely to start mid 2010. These interest rates have affects on other things other than how much you are paying toward your mortgage. If the government starts to raise interest rates, the Canadian dollar is likely to rise against the US dollar. The result of this is that it is now more expensive for the US to buy Canadian products and our exports to the US will suffer which has a negative impact on our own economy. There is a very delicate balance that will need to be considered when the Bank of Canada wants to start raising interest rates and it will be a gradual adjustment over many quarters to ensure that they are not rising too fast and affecting our dollar too quickly.

Now, let's look at some basic numbers. The prime rate is currently at 2.5% and currently there are variable rates available from prime minus .15% to prime minus .25% which currently means that you can be as low as 2%. Looking at the fixed rate products for a 5 year term, you are going to be somewhere in and around the 4% mark. What this means is that we have a 2% difference between the existing variable and fixed rate mortgages.

If you are comfortable paying the fixed rate of 4%, a strategy that I really like is to get a variable rate mortgage, but to keep the monthly payments at the same level as the fixed product. This will allow you to immediately start out by paying much more toward your principle now that the interest rates are lower and the principle of your mortgage is higher. This will help in reducing your principle faster which results in paying less interest over the life of your mortgage. Even if the interest rates start to go up, you have 2% of a buffer built in before it catches up to the current fixed rates.

If you are a bit more risk adverse, why not try the best of both worlds. There are some lenders that will allow you to take advantage of both fixed and variable rates. Most Canadians tend to be conservative in nature when it comes to money, so this can be a great way to get the best of both worlds and end up somewhere in the middle of both extremes.

Of course I am not a mortgage broker, I am a Realtor. Before doing anything, I highly recommend speaking with a qualified mortgage specialist that you trust for the best information.

## Need Additional Services? Let Me Know What You Need

Being in the business, relationships are formed for various trades. Ask me about the professional that I know from accounting to general contracting. Always work with someone you trust.



## New Look For 2010, Introducing [www.irunrealestate.com](http://www.irunrealestate.com)



I am pleased to introduce you to my new look for 2010.

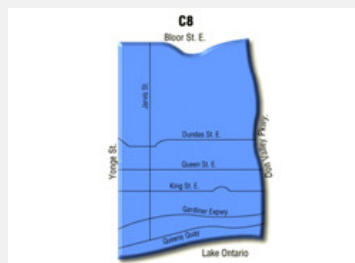
To better serve my clients and to have a better and more recognizable brand in the real estate world, I have worked hard to create a new look for my business. I am still 100% associated with Royal LePage which is what I consider to be the most reputable real estate company in Canada. Although I am proud to be a part of Royal LePage, I saw it necessary for me to start improving my own business by giving it a more complete look, feel, and structure while adding multiple ways of keeping my loyal customer and client base informed about what is hapening in the world of real estate.

For those of you who know me, I am a runner. I have seen the similarities between real estate and running and thought that the two of them simply go hand in hand. Properly buying or selling a home involves discipline, hard work, dedication and constant evaluation of your progress or else you can buy the wrong place. To be a good runner you need to have the same qualities otherwise you lose track of your goals and get distracted and maybe even injured. If you want to be good at running or get the most money for your home, you have to continue working on your techniques to get the maximum results. Techniques, rules and technology are always changing and if you are not dedicated enough, you will fall behind and begin to have lackluster performances.

I have created a new website, [www.irunrealestate.com](http://www.irunrealestate.com), where you can go to get information that I have posted. I will be posting a monthly newsletter on my website as well as daily and weekly updates on my blog so that everyone can stay up to date. My goal is to be able to provide all the relavent information that you may be looking for through my website, but if it is not currently there, just let me know and I will be sure to investigate it for you and create an article. This website is for my clients and the information they want to know about, so please help me better know what information is most important to you.

### District C8

January 2010 (January 2009), % diff



Active Listings: 201 (314), -35.9%

# of Sales: 67 (54), 24.1%

Avg. Sold Price: \$373,053 (\$334,192), 11.6%

For statistics on your specific area, contact me directly

### District E1

January 2010 (January 2009), % diff



Active Listings: 52 (117), -55.6%

# of Sales: 36 (31), 16.1%

Avg. Sold Price: \$422,633 (\$413,021), 2.3%

For statistics on your specific area, contact me directly

### District E2

January 2010 (January 2009), % diff



Active Listings: 55 (99), -44.4%

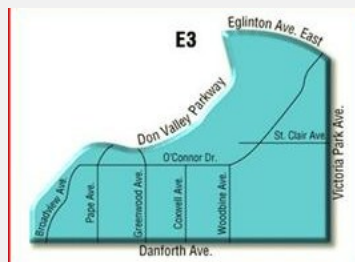
# of Sales: 44 (31), 41.9%

Avg. Sold Price: \$574,612 (\$427,974), 34.3%

For statistics on your specific area, contact me directly

### District E3

January 2010 (January 2009), % diff



Active Listings: 117 (246), -52.4%

# of Sales: 67 (60), 11.7%

Avg. Sold Price: \$374,004 (\$328,007), 14%

For statistics on your specific area, contact me directly