

COMPLETELY  
REVISED & UPDATED

# Canadian Real Estate

- 
- What are real estate and property all about? •
  - Understanding interest and the value of money • Making the most of your mortgage •
  - House hunting — what to look for • Selling your house — the do's and don't's •
  - Investing in property • Buyer beware — what to look for before you sign •
- 

Canada's bestselling and most comprehensive Real Estate guide for buyers, sellers and professionals by Real Estate expert

**RICHARD STEACY**

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SEVENTH EDITION

# Canadian Real Estate

*Books by Richard Steacy*

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Published 1975

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Published 1976

**LISTING AND SELLING REAL ESTATE IN CANADA**

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SEVENTH EDITION

RICHARD STEACY

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*To my sons,  
Charles Richard Graham Steacy  
William Harold Denham Steacy  
and their mother, Mary,  
my wife*

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## FOREWORD

The United States purchased one million square miles of very prime land from France for about two-and-a-half cents an acre. What a deal!

Of course, the Louisiana purchase was made in 1803, but it still sounds cheap to me.

Then, in 1867, the US purchased 570,000 square miles of real property from Russia for about two cents an acre. The Alaska Purchase was another hot deal for Uncle Sam; today's oil reserves up there are worth billions. If Britain had made that deal with Russia, all that vast area would now be a part of Canada.

But, alas, Russia and Britain had been shooting at each other in the Crimean Peninsula and Russia wasn't ready for such overtures.

In 1953, the City of New York bought a 3 1/2 acre parcel of land near the southwest corner of Central Park for \$2 million, US. Recently, this same land was sold for US\$456 million, an increase of 22,700%.

From \$13 to \$3,000 per square foot!

I remember renting a nice six-room brick home for less than \$50 a month about 35 years ago. And I rented rooms for \$10 a week about 20 years ago in Toronto.

You know what one room rents for today? About \$60.

A good detached brick home could be purchased then for much less than \$20,000. Heard enough? Know why I'm telling you all this?

The late Will Rogers said it all when he advised one and all to "Buy land — they're not making any more of it."

I would like everyone who can afford it, to take some money out of the bank and buy some real estate. If you already own some, buy some more!

To the majority of single persons, apartment living is the way

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to do it. I don't agree. Every single who has lived in an apartment for the last few years would be much much better off financially if they had purchased a home. Look at the roaring increase in the cost of housing during those years — but it is not too late! There is absolutely no point in looking back and saying, "If I had only . . ." Look ahead.

When I read about couples who say they just can't afford a home, despite the fact that they have substantial incomes, it is enough to make me shudder. What they are really saying is that they don't want the responsibility of owning a home and the debt structure that goes with it.

What do they do with the money? Fancy cars, exotic holidays, jazzy clothes? Sure, we would all like a touch of that, but homeowners have their feet on the ground — their ground.

If a man under forty doesn't own a home, where is he (or she) going to live when he is 65 or 70? In the poorhouse? They have fancier words for such places now, but it is still the poorhouse.

In many cases it is the poor taxpayer who is footing the bills because old so-and-so liked the good life and he ran out of money and steam at the end of the line, with nowhere to hang his hat.

Don't let that happen to you. If you don't own a house, *buy one*. Go right out and do it. If you can afford a new car, you can afford to buy a house.

You won't have to live in it if you don't want to. Rent it. The rental income from today's house can be about 8% of its value. A house worth \$90,000 can rent for about \$600 a month — 8% of its value.

The costs in mortgage differential and taxes will be offset and overcome by the increasing value of the house. I don't have to remind you about the staggering increase in house prices during the past few years.

If you buy and sell a house without living in it, the net profit of the sale will be taxed at capital gain rates and not as income tax rates. The financial gain during the period of your own occupancy will be tax free.

The mortgage debt even protects against inflation. One borrows healthy dollars this year, and repays the debt with cheaper, depreciated dollars later. The mortgage repayment will be cheaper and cheaper as time goes by; today's dollar would be worth 61 cents in ten years with a 5% annual inflation rate . . . Buy a house

and ten years from now you'll be well on the road to financial independence when you are one of our "senior citizens."

There are tens of thousands of retired couples living in small houses they paid for over a period of about 25 years. All paid for now, so they don't have to go begging for a place to live. The provincial and federal allowances keep bread on the table, the taxes paid, the house heated and something for self respect. Where would these old couples be today without their homes? Why, we wouldn't be able to keep up with the demand for subsidized housing. It is not only good economics, it is good citizenship.

So you be independent. Get out there and do yourself a favor — buy a house. If you already own your own home, then buy some land. Even an acre or two in the country.

How could Grampa know, when he planted that black walnut tree 50 years ago, that a tree buyer would offer the present owner \$7,000 for it? *Seven Thousand Dollars* for one tree!

There are about 60,000 real estate agents in Canada. In buying, selling, leasing and mortgaging, these agents should be able to take care of themselves. But what about the 25,000,000 Canadians who are not real estate agents?

A good method of providing yourself with additional real estate ammunition is to read about it. This book will provide you with helpful information in one volume that would take weeks of research to find (if you knew where to look). It will describe short cuts, things you never thought about, pitfalls to avoid, hints on making money, saving money, and using it wisely, and ideas for establishing a firm foothold in the greatest money-making business in the world — *Real Estate*.

When you lend money to a bank or trust company, with a modest return to you in the form of interest, the borrower uses your money to lend it to somebody else at a higher rate of interest, and that somebody else uses your money to make more money.

A great deal of this money is used to finance real estate, so instead of lending your money to "A" to lend it to "B" to use it to make *his* pile in real estate, eliminate the middleman and *get a piece of the action yourself*.

*Richard Steacy*



PART ONE

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**LAND AND MONEY**



