

real estate UPDATE

Your Greater Toronto Real Estate Newsletter

GTA home sales surge 24.3% Real estate market tightens

GTA's July housing market showed encouraging signs of growth with an uptick in home sales and prices. The Toronto Real Estate Board (TREB) reported an increase in sales of 24.3 per cent compared to this time last year, and month-over-month sales saw improvements with an increase of 5.1 per cent. Although growth in sales outpaced growth in listings, more new listings are slowly entering the market.

"On the housing supply issue, it has certainly been encouraging to see both the City of Toronto and the Ontario Government working on solutions to bring more supply on-line... We've seen the provincial government launch consultations to spur on, and speed up, the development of different forms of housing in conjunction with their 'More Homes, More Choice' Plan," says TREB president Michael Collins.

With 8,595 sales in July, high-density housing continued to be a popular choice among homebuyers. As more buyers entered a tighter market, the average selling price of semis climbed by 5.3 per cent to \$786,974, while townhomes average price was up 4.3 per cent and condo apartments average price was up 6.7 per cent, year-over-year basis. The 905 regions continued to dominate over the City of Toronto in sales of detached, semi-detached, and town homes. The 905s saw a 29.7 per cent increase in sales with 3,075 detached homes sold. The average price was \$929,633, an increase of 2.5 per cent. In the city, sales of 866 detached homes showed an increase of 29.4 per cent compared to last year.

Although the market for detached homes has been impacted the most due to the strict OSFI stress test, home sales rebounded through the summer. This confirmed that homeownership continues to be a priority for a majority of the GTA's residents. Experts say that millennials, especially, are influencing household formation. Indeed, Toronto Mayor John Tory and city councillors have made it a mandate to increase housing options in areas, which are known for detached family residences.

"In fact, we're seeing growing pent-up demand for ownership housing, especially as the number of GTA households continues to increase by 40,000 to 50,000 each year due to strong population growth," says TREB CEO John DiMichele. *REU*

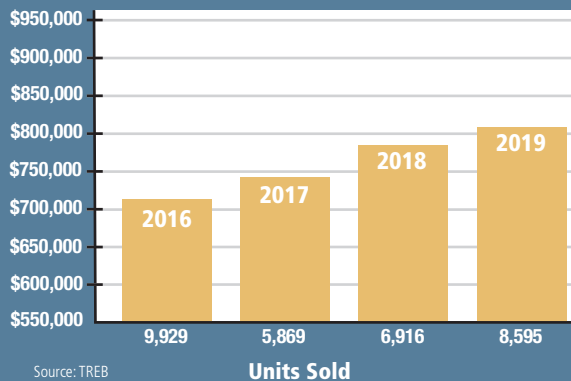
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Average Home Prices - July
in the Greater Toronto Area



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Monthly sales

and average price
by area

July 2019

Central.....	1,442	\$928,217
East.....	1,880	668,563
North.....	1,722	883,564
West.....	2,793	763,843

June 2019

Central.....	1,483	1,020,610
East.....	1,931	706,343
North.....	1,695	880,418
West.....	3,751	801,899

May 2019

Central.....	1,695	1,064,303
East.....	2,140	707,969
North.....	1,849	875,945
West.....	4,305	798,492

April 2019

Central.....	1,473	1,023,065
East.....	1,924	686,092
North.....	1,780	857,130
West.....	3,865	792,515

March 2019

Central.....	1,158	927,028
East.....	1,507	670,957
North.....	1,437	859,717
West.....	3,085	760,363

February 2019

Central.....	913	947,319
East.....	1,033	647,196
North.....	964	861,467
West.....	2,115	736,447

January 2019

Central.....	656	881,076
East.....	863	628,380
North.....	730	819,769
West.....	1,760	728,032

December 2018

Central.....	640	874,462
East.....	834	626,477
North.....	692	852,143
West.....	1,615	721,122

November 2018

Central.....	1,237	959,243
East.....	1,354	653,807
North.....	1,168	845,916
West.....	2,492	749,628

October 2018

Central.....	1,432	980,698
East.....	1,535	661,862
North.....	1,413	863,011
West.....	3,112	774,049

September 2018

Central.....	1,185	963,448
East.....	1,374	653,258
North.....	1,210	849,918
West.....	2,686	772,736

August 2018

Central.....	1,156	888,683
East.....	1,472	632,978
North.....	1,337	866,721
West.....	2,874	736,191

Source: TREB

Mortgages

Buying a home just got easier **Stress test rate falls**

Canada's mortgage stress test has been stressing prospective home buyers since it was implemented last year. No matter what great mortgage deals are offered by lenders the borrower's finances must pass muster at a higher mortgage rate in order for regulators to sign off on the loan.

The stress-test level is set at either two percentage points above the actual mortgage rate or whatever the average five-

year posted rate is at Canada's big banks, as calculated by the Bank of Canada - whichever is higher.

But interest rates have been falling this year. According to a research note from BMO Nesbitt Burns, mortgage rates have plunged roughly 70 basis points, and published rates show some discount lenders offer five-year fixed rates as low as 2.47 per cent. So in early July, the Bank of Canada announced that the mortgage qualifying rate dropped to 5.19 per cent from 5.34 per cent.

According to RateSpy.com, assuming no other debts and a 30-year amortization period, someone earning \$50,000 a year and making a 20 per cent down payment would be able to afford a home that is roughly \$4,000 more expensive. Someone earning \$100,000 a year and making the same down payment would be able to afford a home that is roughly \$8,300 more expensive.

"This decrease alleviates some of the pressure on first-time homebuyers, who are the most financially strained Canadians entering the housing market," says James Laird, President of CanWise Financial. *REU*



Home safety

Smoke alarms **Placement matters**

It goes without saying that every house must have smoke alarms - smoke alarms save lives. But, if not optimally positioned, smoke alarms can be rendered ineffective.

Tragically, a couple of years ago, a cottage fire killed a Toronto family despite the fact that the cottage had multiple wall-mounted smoke alarms. Investigators determined the fire appeared to have started in the living room and the placement of smoke alarms likely played a role in preventing the victims from escaping.

The Ontario Fire Code doesn't require homes to have a smoke alarm in every bedroom, but Scott Evenden, operations manager with the Office of the Fire Marshal says it's better to be safe than sorry. At minimum, a smoke alarm

should be installed outside each bedroom and sleeping area, and on each level of the home, including the basement.

For best performance, an alarm should be mounted on the ceiling in or near the centre of the room, hall or stairway, and at the head of each stairway leading to any living areas, such as dens, living and family rooms. Alarms should not be placed near doors and windows, and never in front of an air register, fans or vents, and at least 60 cm (2 feet) from any corner.

Evenden advises that the first question to ask when placing a smoke alarm is, "If there's a fire, where is that smoke going to go?" He stresses that homeowners should always consider the home's high points and rooms that may be blocked off from other parts of the house. *REU*



Condo Investment

GTA's housing crunch Opens opportunity for condo investors

If you talk to anyone on a hunt for an apartment to rent in the GTA, they will tell you that it's a long struggle. In the past 40 years, the GTA has produced little purpose-built rental housing, leading to a reliance on the secondary housing market for rental inventory. Add to that the recent government mortgage restrictions and rising house prices means that homeownership is out of reach for many, and the result is a real housing crunch in the GTA. The lack of affordable housing options is creating high demand in the condo rental market.

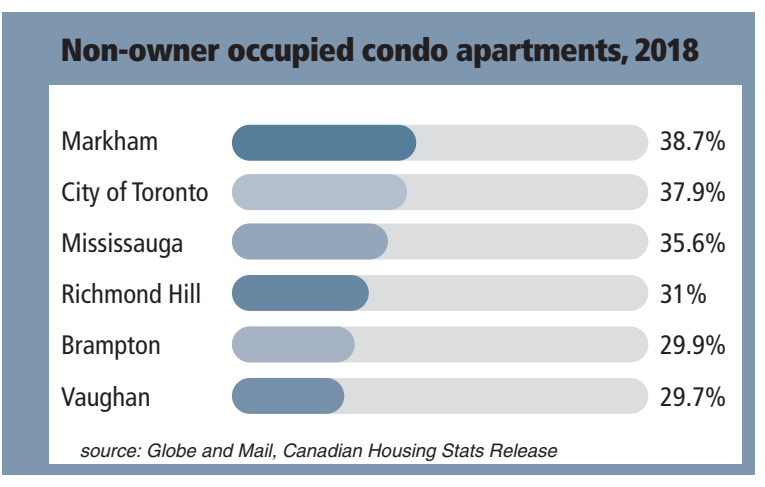
The imbalance in the housing demand and supply together with lower mortgage rates and rising condo rents presents an investment opportunity in the condo market. Recent findings by Statistics Canada reveal the scale of the investments, more than a third of GTA's condominiums are owned by people who don't live in them.

The Toronto Real Estate Board reported that the rental cost in the GTA for an average one-bedroom condo apartment in this year's second quarter was \$2,192, up 6.7 percent compared to last year. The average two-bedroom condo apartment rent increased by 4.3 per cent to \$2,873.

"This significant demand and supply dislocation for rental properties across Canada has created attractive investment

opportunities... The lower vacancy rate provides landlords with the opportunity to increase rents and improve net operating income," says Greg Placidi, chief investment officer at Equiton Capital.

What drives the demand for apartment rentals in the GTA? The area's rapid population growth (200,000 newcomers every year) is the main reason. Also, as more people opt to live a more flexible lifestyle, unencumbered by ownership responsibilities, renting has lost its past stigma. Finally, the GTA is bordered by a designated Greenbelt of



protected land, which cannot be developed to the north, east and west, while Lake Ontario to the south presents a natural barrier to development.

The demand for apartment rentals will remain strong, providing investors with long-term steady rental income.. *REU*



On the internet

Interesting websites

PumpkinFestToronto.com

Come experience this family event with great food vendors, entertainment and loads of pumpkins! Costume contests, pumpkin carving and pumpkin bowling. Oct 12 - Oct 14

obsi.ca

OBSI is Canada's trusted independent dispute-resolution service for banking services and investment complaints.

MyFridgeFood.com

Easy recipes using ingredients you already have in the kitchen. A creative and useful tool to quickly check what food you can prepare.

SnakesAndLattes.com

Snakes and Lattes is a café where one can enjoy a pastry and coffee while playing board games - Monopoly to the nostalgic Jumanji. Over 1500 games to choose from.

These sites are believed to be reliable but their accuracy cannot be guaranteed.

Mortgages

At August 8, 2019

Mortgage rates are negotiable with individual lenders. Rates are subject to change without notice. OAC E&OE

Prime	3.95%
Variable	2.94%
1-year	2.99%
2-year	2.79%
3-year	2.79%
4-year	2.84%
5-year	2.79%



Furnaces Heating your home this winter

GTA '19 totals

Furnaces Heating your home this winter

Furnaces aren't known for being fickle, but there are certain protective measures homeowners should implement to ensure their homes are warm and comfortable this winter.

Furnace Filters

Your furnace filter should be checked monthly to determine if it needs cleaning or changing. Typically located in the air return duct adjacent to the furnace, making sure your furnace filter is in good condition can help improve both comfort and heating costs. You will need to see if you should purchase a cleanable or disposable furnace filter – most homeowners choose to have a disposable filter, for convenience, but both are good choices.

Furnace Humidifiers

While ideal humidity for homes can be as low as 5%, people feel the most comfortable in environments with 60% humidity. Unfortunately, houses can have a hard time coping with this in cold weather. Too little humidity makes people feel uncomfortable. Too much can cause condensation, mold, mildew, and rot in homes as the warm moist air hits cool surfaces. Contrary to popular belief, homeowners actually have to lower the humidistat setting as the weather outside gets colder. The colder it is outside, the easier it is for condensation to form on cool surfaces, like windows. Homeowners can re-

duce condensation and the risk of mold by lowering the interior humidity level. The recommended house humidity levels are:

Outside Temperature	Recommended House Humidity
-20°F (-28°C)	15%
-20 °F to -10°F (-28 to -23°C)	20%
-10 ° F to 0°F (-23°C to -18°C)	25%
0°F to +10°F (-18°C to -12°C)	35%
10+ ° F (above -12°C)	40%
Summer months	Off

Watching for condensation on your windows is another great way to gauge your house humidity level. Lower the humidity when you see condensation. In addition, room temperature and humidity monitors, available at hardware and building supply stores, can help you manage your humidity.

Furnace Efficiency

High efficiency furnaces are complex, and as a result they're often more expensive than conventional furnaces. High efficiency furnaces on average cost about \$1,000 – \$1,500 more than a conventional furnace. If you spend \$1,000 per year

heating your house with a conventional furnace, you can save close to \$350 with a high efficiency furnace. A high efficiency furnace may pay for itself in 3 years.

If you're considering a high efficiency furnace for your home, speak with a reliable heating or HVAC contractor to discuss the pros and cons of various models and any estimated increase in furnace maintenance costs.

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Sales activity of single-family homes

Most recent month, year to date

Active listings

July17,938
YTDN/A

New listings

July14,393
YTD100,095

Sales

July8,595
YTD52,503

Average price

July\$806,755
YTD\$809,729

Median price

July\$705,000
YTD\$700,000

Average days on market

July23
YTD22

Average percentage of list price

July99
YTD99

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB

	Sales	New Listings
July '18	6,916	13,873
July '19	8,595	14,393
% Change	24.3%	3.7%