



*real estate*  
**UPDATE**

**Your Greater Toronto Real Estate Newsletter**

**Sales and prices climbing  
Economic outlook bright**

**F**or the first time in a decade, economic growth in Ontario will match or outpace the rest of Canada in 2014, according to an analysis by Canada Mortgage and Housing Corp. (CMHC). This will result in a stable housing market that will look much the same as in 2013, says the federal housing agency.

An improving U.S. economy is good news for Ontario's manufacturing sector. Although manufacturing has endured problems during the last decade, it is still a critical to the economy, and has a larger impact than, for example, the health care sector. More manufacturing jobs will result in fewer people leaving the GTA to seek jobs out West. It also means more people from other provinces and other countries will settle in the GTA.

Detached home sales in the GTA are up by more than 18 per cent compared to a year ago. Prices for detached homes are up by more than 12 per cent and semi-detached prices are up by more than 7 per cent. However, a year ago the housing market was reeling from new, tougher mortgage qualification rules, so we should use caution when comparing current home sales and prices to that time.

"More buyers competing for a smaller number of listings have translated into an accelerating pace of price growth," says Jason Mercer, an analyst with the Toronto Real Estate Board. "This theme has been most prevalent in the low-rise market segment, including single-detached houses and townhomes. It is important to note that the condominium apartment market has also become tighter."

The average price for a detached home in the City of Toronto is now more than \$855,000, while the average in the 905 regions is over \$609,000. Semi-detached homes sell for an average of just over \$640,000 in the city and more than \$419,000 in the 905 regions. The average condo apartment sells for about \$386,000 in the city and about \$277,000 in the suburbs.

The CMHC forecast indicates that a lack of listings for single detached homes, combined with active repeat buyers and improving income growth, will make that market segment the busiest throughout 2014.

Furthermore, CMHC believes that mortgage interest rates will slowly begin to rise later this year and more listings will appear on the market, which should temper price increases. It predicts one-year posted mortgage rates will increase from 3.25 to 3.75 per cent by the end of the year, and that five-year posted rates will be in the 5.25 to 6 per cent range.

There is a lack of quality listings, which makes this a great time to list your home for sale if you are thinking of making a move. *REU*



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Bus: 416-928-6833

v.vessio@sympatico.ca  
www.VitoVessio.com



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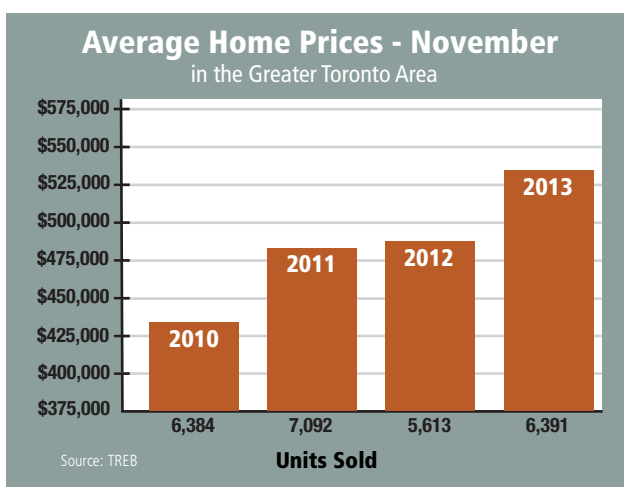


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## Monthly sales

and average price  
by area

### November 2013

|              |       |           |
|--------------|-------|-----------|
| Central..... | 1,153 | \$698,592 |
| East.....    | 1,438 | 434,977   |
| North.....   | 1,304 | 615,369   |
| West.....    | 2,496 | 485,007   |

### October 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,448 | 711,212 |
| East.....    | 1,849 | 425,919 |
| North.....   | 1,587 | 605,188 |
| West.....    | 3,116 | 492,636 |

### September 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,215 | 687,849 |
| East.....    | 1,704 | 408,651 |
| North.....   | 1,545 | 617,658 |
| West.....    | 2,947 | 498,679 |

### August 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,163 | 615,505 |
| East.....    | 1,741 | 387,889 |
| North.....   | 1,666 | 599,065 |
| West.....    | 2,999 | 473,066 |

### July 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,359 | 621,480 |
| East.....    | 1,918 | 403,654 |
| North.....   | 1,875 | 591,093 |
| West.....    | 3,392 | 488,820 |

### June 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,455 | 678,003 |
| East.....    | 2,057 | 412,548 |
| North.....   | 1,929 | 593,140 |
| West.....    | 3,620 | 507,046 |

### May 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,725 | 720,990 |
| East.....    | 2,276 | 416,452 |
| North.....   | 2,070 | 589,293 |
| West.....    | 4,111 | 513,020 |

### April 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,596 | 688,116 |
| East.....    | 2,306 | 409,362 |
| North.....   | 2,106 | 587,372 |
| West.....    | 3,803 | 495,569 |

### March 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,319 | 676,257 |
| East.....    | 1,777 | 400,051 |
| North.....   | 1,594 | 583,892 |
| West.....    | 3,075 | 488,866 |

### February 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 992   | 673,149 |
| East.....    | 1,398 | 396,636 |
| North.....   | 1,200 | 563,775 |
| West.....    | 2,169 | 480,239 |

### January 2013

|              |       |         |
|--------------|-------|---------|
| Central..... | 706   | 606,299 |
| East.....    | 969   | 375,643 |
| North.....   | 933   | 558,459 |
| West.....    | 1,767 | 451,894 |

### December 2012

|              |       |         |
|--------------|-------|---------|
| Central..... | 650   | 582,861 |
| East.....    | 846   | 368,854 |
| North.....   | 750   | 570,650 |
| West.....    | 1,444 | 448,510 |

Source: TREB



## Condo update

### Condo sales bounce back Rentals keep rising

Condominium apartment sales in the GTA have rebounded strongly from this time last year. GTA condo apartment sales are up by more than 13 per cent. Average prices are up by more than 7 per cent. Sales had dipped in response to the federal government's changes to qualification rules for insured mortgages. Many analysts believe buyers came back to the market

in a hurry to beat rising mortgage interest rates, which have begun edging up.

With Ontario's employment prospects improving and fewer young people moving out West to look for work, more first-time buyers are taking the plunge into the market. It's also had an impact on the rental market.

The Toronto Real Estate Board (TREB) reports the number of new condo listings is down one per cent from a year ago, which is one reason why prices are holding firm. It is also an indication that investors believe it's a good idea to hold on their units as they appreciate and rental rates increase.

TREB points out that about 23 per cent of condo apartments in the GTA are rentals, but the vacancy rate is just 1.4 per cent in the city and less than one per cent in Halton, Peel and York regions.

With several new downtown office buildings under construction, creating a host of new jobs, the demand for both new and rental condos continues to absorb all the new units coming on the market. *REU*



## Money sense

### RRSP, TFSA or mortgage? Where to place your money

As the year begins, homeowners who have saved up some money and want to maximize it must make a decision. Is it best to invest the funds in an RRSP, TFSA, or pay down the mortgage?

The answer is: it depends.

If you have a high mortgage rate or if you are concerned about rates rising, you may want to pay down the mortgage. If you have a pension plan that will provide good retirement benefits, an RRSP or TFSA may not be a priority, so pay down the mortgage.

RRSPs (Registered Retirement Savings Plans) are designed for the long term, when you retire. You will get a tax deduction now for your contributions but withdrawals

are taxable. The idea is that when you withdraw funds from your RRSP, you will be in a lower tax bracket.

TFSA (Tax-Free Savings Account) is a relatively new savings vehicle that allows you to contribute \$5,500 per year to the account. There is no tax benefit when you deposit the money, but you can withdraw the funds and interest at any time and pay no tax on it. The TFSA is great for saving for a down payment, a major purchase like a new car, or for emergency use. It's even better if you can leave the money untouched to accumulate tax-free interest for years.

To find out which option is better for you, speak to a qualified financial planner. *REU*

**Interesting websites**

**interiordesignshow.com**

This event showcases the newest trends, products and ideas driving design today. Promises to delight with world-renowned designers and architects as keynote speakers. (Jan 23-26)

**canadianblackbook.com**

What's your car worth? This site provides you with free information on used cars trade-in value or future value of your new car.

**taxes.ca**

This portal offers information on Canadian taxation and financial planning topics, such as ways to reduce personal income tax through RRSP investments.

**cmha.ca**

Canadian Mental Health Association provides information and workplace seminars on topics such as stress and depression.

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

**Financial matters**

**Variable rate mortgages Are they worth the gamble?**

The decision of whether to go with a fixed or variable-rate mortgage depends on your own circumstances.

Currently, you can get a better interest rate with a variable-rate mortgage, but with a fixed-rate mortgage you are buying the peace of mind of knowing that your payments will not go up during the term of the mortgage.

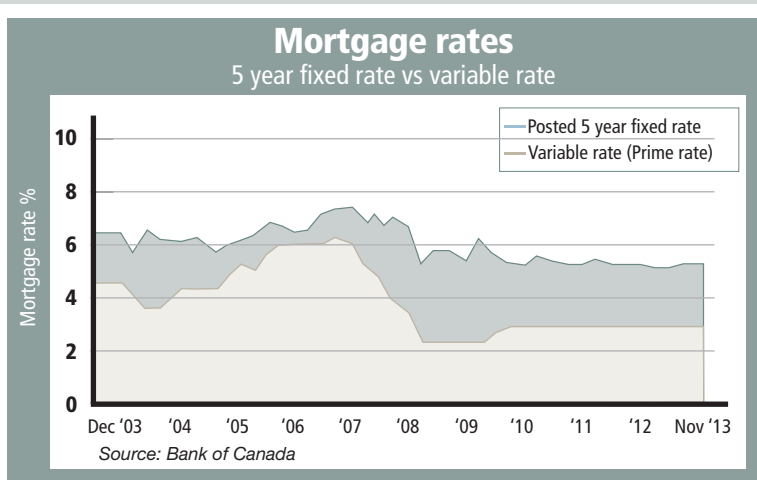
A recent survey by the Canadian Association of Accredited Mortgage Professionals (CAAMP) found that 66 per cent of mortgage holders – or 3.7 million out of 5.58 million mortgage holders in Canada – have a fixed-rate mortgage. About 26 per cent have variable and adjustable-rate mortgages and 8 per cent have combination mortgages, in which part of the payment is based on a fixed rate and part of it is based on a variable rate.

However, CAAMP discovered for new mortgages taken out in 2013, 82 per cent were fixed rate. Sixty-six per cent of renewals/refinancing were also at a fixed rate; this trend is reflective of consumers' belief that mortgage interest rates may soon go up.

If you currently have a variable-rate mortgage, you may be able to switch to a fixed rate with the same lender without paying a penalty. However, the lender may insist that you switch to the posted rate rather than a discounted

rate and that could cost a lot of money. CAAMP says that in 2013, the average actual rate for a five-year fixed-rate mortgage (3.06 per cent) is 2.15 percentage points lower than typical posted rate, which has averaged 5.21 per cent.

When deciding if you want to go variable or fixed-rate, plan long-term so you don't experience a shock when the rates start climbing. Experts are divided on when that might happen, although Canada Mortgage Housing Corp. predicts a .50 basis point rise by the end of 2014.



The CAAMP survey also found that many homeowners are paying off their mortgages as quickly as possible. During the last 20 years actual repayment periods have been about 30 per cent shorter than the contracted mortgage periods. Canada's mortgage arrears rate is a low 0.3 per cent. *REU*



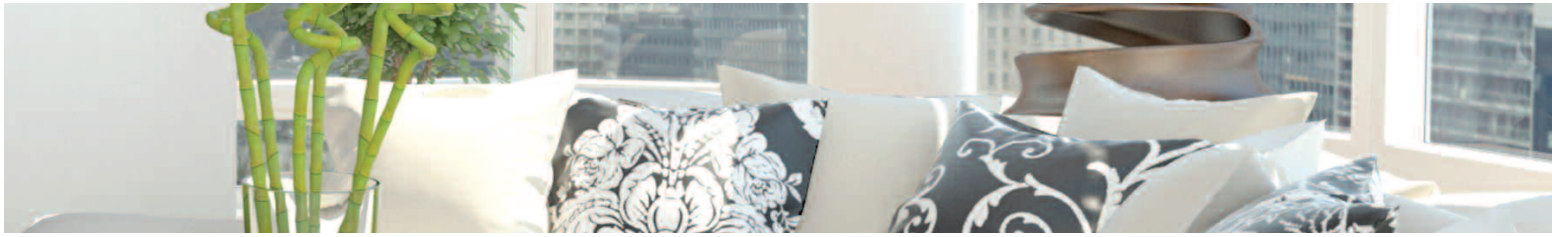
**Mortgages**

**2013 Rates**

*Mortgage rates are negotiable with individual lenders. Check to be sure that you are getting today's best possible rate.*

At December 4, 2013

|                         |              |
|-------------------------|--------------|
| <b>6-month</b> .....    | <b>4.00%</b> |
| <b>1-year</b> .....     | <b>3.00%</b> |
| <b>2-year</b> .....     | <b>3.14%</b> |
| <b>3-year</b> .....     | <b>3.35%</b> |
| <b>4-year</b> .....     | <b>3.45%</b> |
| <b>5-year</b> .....     | <b>3.74%</b> |
| <b>Prime rate</b> ..... | <b>3.00%</b> |



# Home Inspections

## 5 common misconceptions

**H**ome inspections, unheard of in Canada before the mid-1970s, are now a standard part of most real estate transactions. While homeowners recognize the importance of a home inspection, few are familiar with the details. Here are the top five misconceptions.

### 1. Exclusively for home buyers

Home inspections are not just for home buyers but actually make great sense for sellers. There has been a dramatic increase in the number of sellers' home inspections in the last few years. During the spring and fall markets, up to 40% of inspections completed are for sellers. Sellers' home inspections work for both sellers and buyers. They result in faster sales, increased comfort levels, fewer re-negotiations, reduced uncertainty and lower liability.

### 2. Only needed for older homes

Many feel that home inspections are only valuable for older homes. But newer properties often have problems, frequently the result of original construction issues or neglected maintenance. Home inspectors provide significant value for new homes, including assistance with information for home

warranties. It is important not to judge a book by its cover; home inspectors see beyond the aesthetics of a new home.

### 3. You need a PhD to understand your report

Inspection reports don't have to be complicated. They don't have to include technical jargon, complex symbols and legends, illegible handwriting, or indecipherable notes. Many inspectors provide an easy-to-read electronic report that includes photos, illustrations and ballpark costs to address issues. Many reports are delivered the same day the inspection occurs. They include information needed to make a buying decision and great advice for the long term, helping you protect your largest investment.

### 4. Take place Monday through Friday

The world of real estate does not operate on a Monday to Friday, 9 to 5 schedule, and neither should home inspectors. Many inspectors perform inspections on weekends and evenings, if there's adequate daylight.

### 5. Require planning and advanced notice

A large number of home buyers forego their home inspection because they think it's impossible to schedule an inspection on short notice. In reality, scheduling a home inspection is not the hassle many believe it to be. Many only require a few hours notice, can be booked online, and take just a few minutes to set up.

Home inspection is an essential professional consulting service for more than just buyers looking at older properties. Clear reports delivered the same day help all buyers make an informed decision on homes of all ages and setting up an inspection is fast and easy.

*The above article is reprinted with the permission of Carson, Dunlop & Associates Ltd., Consulting Engineers – Expert Home Inspections.*

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*Thank you for your trust.”*

*— Vito*

**416-928-6833**  
**v.vessio@sympatico.ca**  
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Sales Representative/  
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## GTA '13 totals

**Sales activity of single-family homes**

**Most recent month, year to date**

**Active listings**  
 November .....16,092  
 YTD .....N/A

**New listings**  
 November .....9,345  
 YTD .....152,373

**Sales**  
 November .....6,391  
 YTD .....83,064

**Average price**  
 November .....\$538,881  
 YTD .....\$523,216

**Median price**  
 November .....\$453,000  
 YTD .....\$440,000

**Average days on market**  
 November .....29  
 YTD .....27

**Average percentage of list price**  
 November .....98  
 YTD .....98

Source: TREB

## Housing market indicators

### Single-family dwellings

| Source: TREB | Sales | New Listings |
|--------------|-------|--------------|
| Nov '12      | 5,613 | 9,775        |
| Nov '13      | 6,391 | 9,345        |
| % Change     | 13.9% | -4.4%        |

