



Your Greater Toronto Real Estate Newsletter

Market strength to continue No interest rate hikes soon

Improving labour markets will support stronger home sales in 2015. A report by Marcus & Millichap Research says up to 51,000 new jobs were created in the GTA last year. It says there will be job gains in professional/scientific/managerial services, financial/insurance/real estate services, retail/wholesale trade and construction.

Canada Mortgage and Housing Corp. (CMHC) believes that as the U.S. economy improves, and with support from a weaker Canadian dollar, Ontario's manufacturing industries will see improved employment prospects. Incomes are expected to increase modestly.

In the GTA, fewer people are leaving the area to seek work out west. Immigration will be higher than its historic average and will boost population growth and housing demand. A new federal immigration program will make it easier for employers to find skilled labour and qualified immigrants will be able to settle faster "and ultimately enter the homeownership market," says CMHC.

Perhaps most importantly, the federal housing agency says, "We do not expect interest rate increases before the latter part of 2015 in both Canada and the United States. Inflation remains under control in both countries."

CMHC's forecast indicates that Toronto will set a new all-time record for home sales in 2015, when 96,000 transactions are expected.

This year the federal housing agency predicts prices will rise by 2.2 per cent and in 2016 by another 1.8 per cent, when mortgage rate hikes are expected to start slowing down the market. CMHC also predicts that more listings on the market will begin to put a drag on price growth, which will be good news for those who are saving up for a down payment.

Overall, new listings in the GTA for all home types were down by 5.3 per cent in November compared to one year ago and active listings were down by 8.5 per cent.

Figures from the Toronto Real Estate Board (TREB) show that in November, the average price of a detached home in the City of Toronto was \$935,122 – an increase of 9.4 per cent compared to the same time period a year ago. In the 905 regions, the average detached home price in November was \$672,825, up 10.6 per cent from a year ago.

Semi-detached home sales averaged \$667,178 in the city and \$449,429 in the 905 regions during November.

"The robust average price growth experienced throughout 2014 has been fundamentally sound, with demand high relative to supply. Strong competition between buyers has exerted upward pressure on selling prices," says Jason Mercer, director of market analysis for TREB. "Barring a substantial shift in the relationship between sales and listings in the GTA, price growth is expected to continue through 2015." *REU*

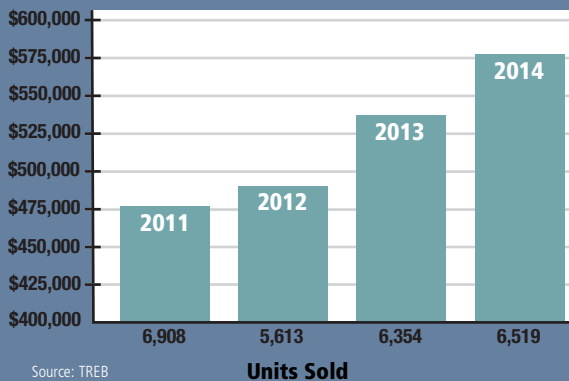
IN THIS ISSUE

2 What's your stuff worth?
Take a home inventory

2 Condo demand underestimated
Prices edging up

3 Mortgage? RRSP? TFSA?
Where should you invest?

Average Home Prices - November
in the Greater Toronto Area



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Monthly sales

and average price
by area

November 2014

Central.....	1,231	\$733,901
East.....	1,514	460,148
North.....	1,257	690,443
West.....	2,517	516,322

October 2014

Central.....	1,550	748,532
East.....	1,919	466,600
North.....	1,753	674,683
West.....	3,330	536,334

September 2014

Central.....	1,409	739,657
East.....	1,840	455,394
North.....	1,709	645,521
West.....	3,093	528,732

August 2014

Central.....	1,260	671,600
East.....	1,761	425,484
North.....	1,573	659,435
West.....	3,006	505,363

July 2014

Central.....	1,533	656,226
East.....	2,058	444,098
North.....	1,944	641,569
West.....	3,663	518,203

June 2014

Central.....	1,721	726,072
East.....	2,278	451,298
North.....	2,075	645,320
West.....	4,106	546,350

May 2014

Central.....	1,816	787,515
East.....	2,549	454,005
North.....	2,318	657,169
West.....	4,396	539,758

April 2014

Central.....	1,644	767,648
East.....	2,185	449,713
North.....	2,004	640,098
West.....	3,873	537,486

March 2014

Central.....	1,325	711,051
East.....	1,843	436,411
North.....	1,734	643,200
West.....	3,179	517,423

February 2014

Central.....	1,059	708,437
East.....	1,216	424,716
North.....	1,237	629,132
West.....	2,219	507,176

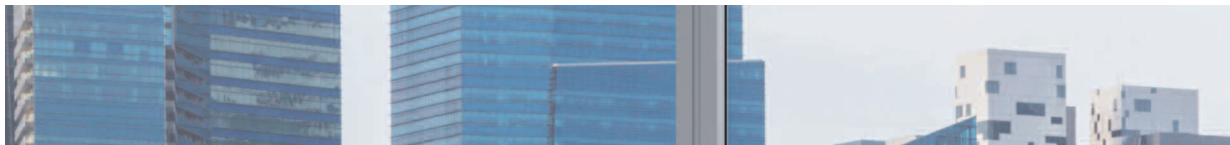
January 2014

Central.....	739	669,711
East.....	918	414,833
North.....	825	614,906
West.....	1,653	480,436

December 2013

Central.....	718	640,823
East.....	878	416,447
North.....	874	605,424
West.....	1,608	477,171

Source: TREB



Home insurance

What's your stuff worth? Take a home inventory

Insurance is one of those topics that makes your eyelids heavy and your head start to nod...until something happens and you need to file a claim. If you had a fire or a break-in at your home, would you be able to tell your insurance company exactly what possessions you lost and what they are worth?

Most homeowner's policies cover contents up to a specific percentage of the total insured value of the home,

according to the Insurance Bureau of Canada (IBC). You can also buy extra insurance for more valuable items.

The IBC and several insurance companies offer online home inventory lists. You can fill out these inventories online or print out the list and do it by hand, and then store the completed inventory in a safety deposit box or a fireproof safe.

The list should include everything that's in each room, including its cost, purchase date, and serial number (if it has one). Take pictures or video of all of your valuables, including electronics, jewellery, artwork and other prized possessions, and keep the photographic record with your inventory list.

Every time you make a major purchase, keep the original sales receipt, along with the owner's manual if there is one. These items can serve as proof of ownership.

It is a good idea to update the list annually to reflect new purchases or items that you've replaced.

For more information about home insurance, visit www.ibc.ca REU



Condo update

Condo demand underestimated Prices edging up

A recent report from CIBC World Markets reveals that official population projections may be underestimating population growth by almost 100,000 people, which has big implications on housing demand.

The report found that new immigrants account for about 70 per cent of the increase in the Canadian population. Many of them settle in the GTA. Half of them are in the "prime-aged, 25 to 44-year-old cohort [which] represent the economy's engine as those who have the highest employment levels and those most likely to start families." They are also prime home buyers.

The authors, Benjamin Tal and Nick Exarhos, discovered that the number of non-permanent Canadian residents - including students, temporary workers, and humanitarian refugees - increased by 22,000 to 774,000 in 2013. "Those are

big numbers," say the authors. "When it comes to measuring household formation in Canada and its implication for the appropriate level of homebuilding, we systematically understate the number of those non-permanent residents."

More households translates into more condo buyers and more renters for condo investors. During the month of November 2014, the average condo apartment in the City of Toronto sold for \$394,225, an increase of 2.0 per cent compared to the same time in 2013. In the 905 regions, the average condo apartment sold for \$310,220, an increase of 11.8 per cent compared to a year ago.

Furthermore, CMHC predicts that demand for condo apartments from both baby boomers and millennials will continue to increase during the next two years. REU

Money matters

Mortgage? RRSP? TFSA? **Where should you invest?**

For years we have wondered if it was better to pay off the mortgage or contribute to a Registered Retirement Savings Plan (RRSP). And to add to our choices the government introduced another option: the Tax-Free Savings Account (TFSA).

"Perhaps no question has been discussed more in the annals of personal finance than whether, given a fixed amount of annual income, we should use those funds to save towards retirement or to pay down debt," says Jamie Golombek of CIBC Private Wealth.

Mortgage interest rates have remained at historically low levels for several years and shouldn't rise for at least a year, so it's tempting to hang on to the mortgage and invest elsewhere. However, if rates climb near or at your mortgage renewal time, you may regret not paying down the debt faster.

"When tax rates today are the same as the tax rates that are expected to apply on further plan withdrawals, the decision...boils down to a mathematical question: Can you get a higher rate of return on your investments than the interest rate on your debt, given a level of risk at which you are comfortable?" says Golombek. "If so, then investing is the better bet; otherwise, paying

debt is the better choice."

A big consideration when making this decision is your tax situation. RRSPs are taxable upon retirement. If you have a company pension plan that will provide secure income and you add your RRSP income to it, you could find yourself in a higher tax bracket. Some of your Old Age Security benefits could be clawed back by the government. In this case, it's better to pay off the mortgage or invest in a TFSA, neither of



which has tax implications.

You can only invest up to \$5,500 in a TFSA each year and there are tax penalties if you go over that amount. You may invest up to 18 per cent of the previous year's income in an RRSP. The amount you can pay off your mortgage depends on the terms of your contract. *REU*



On the internet

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 22-25

kids.nationalgeographic.com

National Geographic Kids is a fascinating site that appeals to young net surfers. They will have lots of fun and learn too.

thefamilycaregiver.com

A useful resource for aging and long-term care planning that helps caregivers meet the challenges of aging and elderly care.

canadianwellness.com

A comprehensive directory of fitness, diet, health, nutrition and other wellness-related professionals and their services.

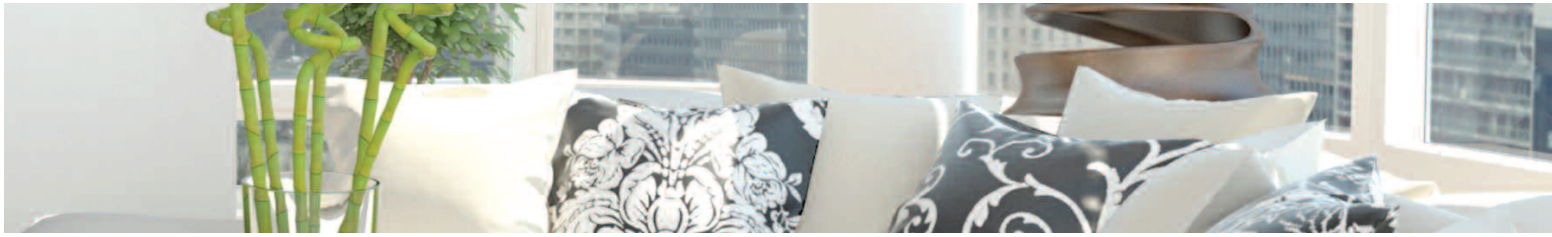
These sites are believed to be reliable but their accuracy cannot be guaranteed.

Mortgages

2014 Rates

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

At December 5, 2014	
6-month	4.00%
1-year	3.00%
2-year	3.04%
3-year	3.04%
4-year	3.09%
5-year	3.09%
Prime rate	3.00%



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 reduce 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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GTA '14 totals

Sales activity of single-family homes
Most recent month, year to date

Active listings
November14,717
YTDN/A

New listings
November8,789
YTD151,535

Sales
November6,519
YTD88,462

Average price
November\$577,936
YTD\$567,198

Median price
November\$477,000
YTD\$475,000

Average days on market
November27
YTD24

Average percentage of list price
November99
YTD99

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB

	Sales	New Listings
Nov '13	6,354	9,281
Nov '14	6,519	8,789
% Change	2.6%	- 5.3%

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