



Your Greater Toronto Real Estate Newsletter

Sales and prices set new records Demand for listings at all-time high

At the end of 2015 we were raving about what a strong year it was for the real estate market. A new sales record was set, topping 100,000 in the GTA for the first time. We had no idea that the sales record would be surpassed by the end of November 2016. With December sales still to be tallied, the Toronto Real Estate Board has reported 107,840 transactions in 2016.

The average price for all types of property increased 22.7 per cent from \$632,774 in November 2015 to \$776,684 in 2016. Active listings were down by 35.8 per cent compared to the year before, which continued to put upward pressure on home prices. The average time a listing was on the market decreased from 26 days in November 2015 to 17 days the following November. The average price for a detached home in the City of Toronto was \$1,345,962 in November 2016, an increase of 32.3 per cent. In the 905 regions, the average detached home went for \$957,517, up 25.5 per cent.

The real estate market has been fuelled by the lowest mortgage interest rates in history, but recently the federal government tightened its regulations for mortgage lenders. These changes may have an impact on first-time buyers, as well as those who are refinancing their mortgages and investors who are interested in buying rental properties. Though rates are still low, they are beginning to edge up.

Canada Mortgage and Housing Corp. (CMHC) predicts the market will still be hot in 2017, but not quite as scorching as it is now. It anticipates rising interest rates and a softer job market may drop sales back around the 100,000 level or so with prices continuing to rise but at a slower pace. "Current demographic projections point to growing household formation among new families seeking larger home types," says CMHC. "The population of 30 to 39-year-olds in particular is expected to see a pick-up in growth over the next couple of years." That means higher price growth for detached homes and townhouses due to strong demand and low inventory. "Areas that see the greatest demand for existing homes will likely continue to be ones catering to price sensitive first-time buyers seeking affordable low-rise housing," continues CMHC's forecast.

The PwC *Emerging Trends in Real Estate Report* says, "Optimism is the predominant attitude regarding the Toronto real estate market, though it is tempered by a measure of caution. The residential market generally remains strong... buoyed by a strong local economy, steady immigration and low interest rates. Few if any foresee the situation reversing anytime soon, barring an unexpected hike in interest rates, an economic shock or a sharp drop in immigration." *REU*

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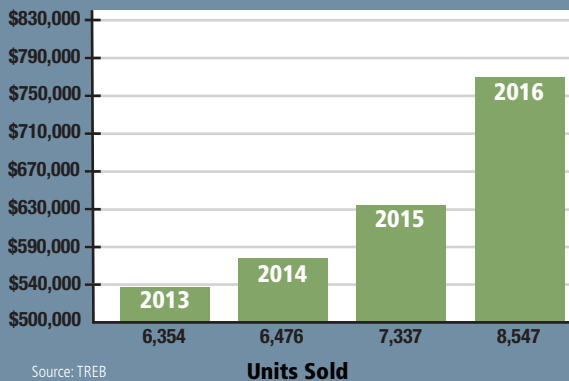
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Monthly sales

and average price
by area

November 2016

Central.....	1,740	\$901,035
East.....	1,744	621,062
North.....	1,869	935,767
West.....	3,194	700,825

October 2016

Central.....	1,853	857,596
East.....	1,968	617,054
North.....	2,125	945,746
West.....	3,822	690,617

September 2016

Central.....	1,747	868,380
East.....	2,036	606,364
North.....	2,255	921,600
West.....	3,864	686,765

August 2016

Central.....	1,743	737,422
East.....	1,961	568,498
North.....	2,222	904,959
West.....	3,887	658,678

July 2016

Central.....	1,755	\$744,796
East.....	2,134	587,972
North.....	2,129	905,100
West.....	3,971	655,158

June 2016

Central.....	2,286	874,834
East.....	2,661	599,933
North.....	2,772	903,744
West.....	5,075	679,770

May 2016

Central.....	2,283	904,532
East.....	2,649	588,067
North.....	2,902	909,542
West.....	5,036	678,063

April 2016

Central.....	2,129	873,681
East.....	2,413	585,908
North.....	2,840	896,544
West.....	4,703	661,653

March 2016

Central.....	1,748	790,036
East.....	2,086	545,912
North.....	2,304	852,013
West.....	4,188	626,393

February 2016

Central.....	1,448	836,045
East.....	1,528	537,590
North.....	1,647	816,821
West.....	2,998	615,694

January 2016

Central.....	838	731,243
East.....	975	489,520
North.....	994	781,575
West.....	1,865	579,898

December 2015

Central.....	943	727,405
East.....	1,069	488,477
North.....	952	745,039
West.....	1,981	552,572

Source: TREB

Go green

The eco-friendly kitchen Go green with these products

If you are thinking of renovating your kitchen, give some thought to doing it in a way that's better for the environment, healthier for your family and, maybe, even easier on your wallet.

A green kitchen renovation starts with tearing out the old kitchen. If you are replacing an old fridge or freezer, Toronto Hydro (and utilities in other municipalities) will pick it up for free, if it is at least 15 years old and in working order.

Buy new energy-saving appliances and you will save



money. Toronto Hydro estimates you can save up to \$125 per year just by replacing that old fridge or freezer. Look for the EnerGuide rating that is listed on each appliance to see which ones use the least amount of energy.

New energy-efficient dishwashers also use less hot water. The Canada Green Building Council recommends that when buying a range hood that you don't over ventilate. There's no need for a commercial range hood in a home.

Choose kitchen cabinets that are urea formaldehyde free. Consider using wood doors that are Forest Stewardship Council (FSC) certified, which ensures the wood was harvested in a sustainable manner.

For counter tops, look for Greenguard-certified laminates. If you want a stone look, the Canada Green Building Council recommends Ice Stone, which contains up to 75 per cent recycled glass.

On ecohome.net, cabinetmaker John Zeitoun writes that his firm has used water-based stains and lacquers for more than 10 years and they perform as well if not better than the more toxic standard finishes.. *REU*

Condo update

Condos are a solid investment Prices up 15.1% for apartments

Real estate sales are shattering all previous records in the GTA, with condo apartments leading the way. November 2016 sales were up by 27.9 per cent in the City of Toronto compared to the previous year, and sales increased by 20.8 per cent in the 905 regions.

Prices are also climbing. The average condo apartment in Toronto sold for \$471,256 in November, an increase of 13.5 per cent compared November 2015. In the 905 regions, the average price was \$374,792, up by 18.9 per cent. Overall, prices are up by 15.1 per cent. Condo apartments spent an average of 21 days on the market and sold for 99 per cent of the listed price.

Investors are attracted by the strong demand for rental units. Canada Mortgage and Housing Corp. (CMHC) statistics show that condo apartment vacancy rate dropped to one per

cent in 2016, which was the lowest rate in seven years. Although about 14,500 units were added to the condo apartment inventory, they were quickly rented out.

"Low interest rates, low yields for other investment asset classes and faster rising resale prices have discouraged investors from selling," says CMHC. "Low vacancy rates have encouraged existing condominium apartment owners to lease out their properties either as a long-term investment or in anticipation of further price appreciation."

Another CMHC survey indicates that the share of foreign ownership in condo apartments is low, at just 2.3 per cent. The survey found that foreign buyers own a larger percentage of units in buildings completed since 2010 (3.9 per cent) and prefer bigger buildings with more than 500 units. *REU*

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 19- Jan 22

greensaver.org
This not-for-profit organization provides energy audits, residential energy efficiency services and information on government incentives to reduce your energy bills.

twofoods.com
A food comparison tool that compares the nutritional data of two food items to see which food suits your healthy eating goal. (e.g. McDonald's Big Mac vs. Greek salad)

yogavision.com
Information on yoga therapy and natural medicine; yoga in the workplace; yogability for special groups.

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

Mortgages

At December 5, 2016

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

6-month	3.14%
1-year	2.29%
2-year	2.19%
3-year	2.34%
4-year	2.44%
5-year	2.64%
Prime rate	2.70%

Money matters

Pay off mortgage or invest? RRSP, TFSA or mortgage

Homeowners who have managed to save some money and want to invest for the future face a dilemma: Is it better to put the money into a Registered Retirement Savings Fund (RRSP) or a Tax-Free Savings Account (TFSA), or would paying down the mortgage be a smarter move?

The answer depends on a lot of factors, including the size and interest rate of your mortgage, the rate of return from an RRSP or TFSA, your personal financial situation and income tax rate and how disciplined you are when it comes to saving money.

The big advantage of an RRSP is that it provides a tax break in the year you contribute. You could contribute to an RRSP and get an income tax refund, which could then be used to pay down your mortgage - a win-win.

However, you do have to pay taxes on your RRSP when you withdraw the funds. TFSAs have more flexibility because you can take out the money anytime without worrying about tax implications.

Paying off your debts is a sure way to save money, while investing is not guaranteed. If you have credit cards or loans that have a high rate of interest, pay them off first.

Mortgage interest on your principal residence is not tax deductible (as it is in the United States). But if you are

thinking of moving and renting your current property, then the mortgage interest expense on the rental property is tax deductible.

Compare the rate of return in your RRSP or TFSA with the interest rate on your mortgage. We have enjoyed several years of low mortgage interest rates, so it might be a better bet to invest in one of those products rather than paying off your mortgage. If interest rates rise, you can



withdraw funds from your TFSA to pay the mortgage down later.

One advantage of having a mortgage is that it is a form of forced savings. Once it is paid off you need the discipline to put a similar amount of money to good use in other investments. *REU*





Radiant Floor Heating

Pros and Cons

In-floor or radiant heating systems have gained popularity in recent years. There are two different systems: hot water and electric radiant. We will briefly look at their functions, benefits and disadvantages.

Function

In both systems, the floor is heated which in turn radiates heat into the room. The temperature in both systems is typically lower than conventional radiator or convector systems so that the flooring is not too hot. Many radiant floor systems make the floor more comfortable but are not designed to be the only heat source in the room.

In hot water systems, plastic piping is common and is typically buried about 3 inches below the surface of concrete flooring and is typically 4 to 12 inches apart. Piping may also be set between the sub-floor and flooring, often held in place with a special grid. In some cases, a foil reflector helps direct heat up into the room. Radiant piping can also be placed below the sub-floor, running between the floor joists. Many hot water systems have several discrete loops that heat different parts of the home, fed from a single manifold at the boiler. This approach is sometimes called a home run.

In electric radiant systems wires are embedded in the floor where some systems employ pre-wired panels or mats.

Benefits

When using radiant floor heating, the floor will be warm but not hot to the touch. Many homeowners find this type of heat more comfortable than forced air or radiator systems, and it allows them to walk barefoot on colder floor surfaces, such as ceramic tile or natural stone. It is also common to isolate in-floor heating into zones that can be individually controlled, which saves on heating expenses.

Disadvantages

In hot water systems, leakage can be a significant problem. When a leak occurs, it is usually easy to locate due to the obvious water damage, unless the leak is below the basement or slab-on-grade floor. These systems are susceptible to building settlement, and especially with steel or copper, the pipes can be broken as the house moves.

In electric heating systems if the distribution wire malfunctions it is often difficult to locate the problem.

In both systems, the heating source may be buried too deep, resulting in slow response to the thermostat and some heat loss. There may be unwanted fluctuations in temperature. Hot spots and cold spots occur if pipes or elements are too far apart.

These systems are also relatively expensive to install, so homeowners should consider all of the benefits and disadvantages before installing an in-floor heating system.

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GTA '16 totals

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

Active listings

November8,639
YTDN/A

New listings

November10,518
YTD150,140

Sales

November8,547
YTD107,840

Average price

November\$776,684
YTD\$729,849

Median price

November\$633,000
YTD\$602,000

Average days on market

November17
YTD17

Average percentage of list price

November102
YTD103

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Nov '15	7,337	9,540
Nov '16	8,547	10,518
% Change	16.5%	10.3%