

Your Greater Toronto Real Estate Newsletter

**Steady and stable
Prices up 35% in last five years**

With average selling price topping \$480,000 in November 2011 - a 10 per cent increase from a year ago - the GTA has seen house prices appreciate by 35 per cent in the last five years.

Low interest rates keep fuelling the real estate market, despite the recession in 2008 and a shaky global economy. The low rates have changed the market in significant ways. Young people are buying homes sooner than they used to because the rates make them affordable. There are also more single people buying than in the past.

Most analysts believe the pace of price appreciation will slow down during the next couple of years. Property is still expected to appreciate in value year-over-year. The fundamental elements that drive housing demand are still in place. Employment numbers are positive and immigration to the GTA will continue at a strong pace, although not as heavy as in previous years. There is still considerable investment in Toronto area housing from foreign buyers.

Demographics also point to a healthy market during the next 10 to 20 years, as the baby boomers' children start buying their own homes. Many will inherit wealth from their boomer parents, the oldest of whom are now turning 65. The boomers themselves are also still active in the real estate market, as many will downsize to smaller homes or condominiums.

A closer look at the most recent statistics shows that sales of detached homes are up by more than 11 per cent in the GTA. Prices in the City of Toronto for detached homes average more than \$776,000, while the average in the 905 regions is over \$540,000. Prices in the 905 areas for detached homes are up by about 10 per cent compared to a year ago.

In the earlier part of 2011, many sellers sat on the sidelines to see how the economy was going to look before they put their homes on the market. This created a shortage of good listings and resulted in bidding wars in some popular neighbourhoods and condo buildings. "We have seen strong annual sales growth through the 2011 fall market. The market has also become better supplied, with annual new listings growth outstripping that of sales. As this trend continues into 2012, we will see more balanced market conditions," said Toronto Real Estate Board (TREB) President Richard Silver.

More than 71 per cent of Canadians still believe that "real estate in Canada is a good long-term investment," according to a recent survey by the Canadian Association of Accredited Mortgage Professionals. With the five-year mortgage rate at a 60-year low, it is a fantastic time to invest in real estate. *REU*



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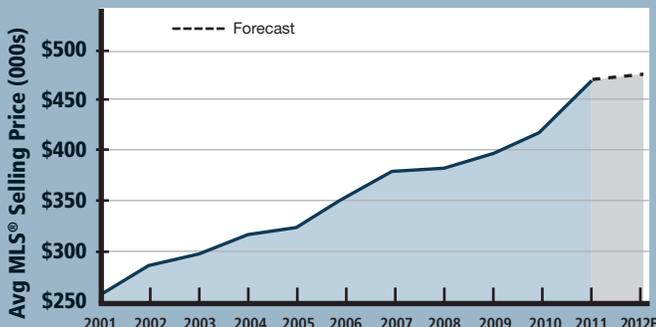
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GTA Average Prices Will Flatten in 2012



Source: TREB, CMHC Forecast

Monthly sales

and average price
by area

November 2011

Central.....	1,443	\$632,881
East.....	1,599	368,836
North.....	1,430	532,956
West.....	2,620	435,879

October 2011

Central.....	1,479	629,335
East.....	1,664	369,286
North.....	1,570	529,833
West.....	2,929	435,918

September 2011

Central.....	1,437	581,840
East.....	1,780	366,655
North.....	1,624	531,718
West.....	2,817	430,079

August 2011

Central.....	1,395	534,171
East.....	1,633	352,186
North.....	1,653	522,629
West.....	2,861	427,211

July 2011

Central.....	1,439	555,051
East.....	1,791	359,803
North.....	1,707	524,803
West.....	2,985	434,909

June 2011

Central.....	1,925	600,479
East.....	2,214	373,309
North.....	2,247	520,788
West.....	3,844	447,614

May 2011

Central.....	1,836	650,687
East.....	2,182	365,942
North.....	2,288	529,906
West.....	3,740	447,047

April 2011

Central.....	1,687	633,667
East.....	1,973	370,053
North.....	2,039	517,333
West.....	3,342	437,547

March 2011

Central.....	1,799	585,706
East.....	2,013	352,226
North.....	1,974	506,929
West.....	3,476	420,437

February 2011

Central.....	1,306	580,617
East.....	1,342	349,940
North.....	1,285	500,728
West.....	2,333	418,378

January 2011

Central.....	803	530,176
East.....	1,000	332,396
North.....	919	487,765
West.....	1,615	400,936

December 2010

Central.....	896	554,141
East.....	992	337,675
North.....	873	472,405
West.....	1,634	405,935

Source: TREB

Taxing matters

Property tax assessments **Is your assessment fair?**

This fall, many property owners in Ontario received new Property Assessment Notices from the Municipal Property Assessment Corp. (MPAC). Municipalities use this assessment information to determine how much property tax you pay. People who received notices this year got them because there has been some kind of change to the property, such as new

ownership or a different legal description, or a change in value due to a renovation or addition. In 2012, all property owners will receive an updated notice.

MPAC says five major factors account for 85 per cent of a home's value: location, lot dimensions, living area, age of the property and quality of construction. Other features that may have an impact on the property's value are finished basements, garages, pools, fireplaces, number of bathrooms etc. The assessment may be affected by traffic patterns, being on a corner lot, or in proximity to a hydro corridor, railway or green space.

MPAC suggests that when you get your notice, ask yourself if you could have sold the property for its assessed value on the date listed on the notice. If you do not agree with the assessment, you can call MPAC at 1-866-296-6722 with questions. You can also get detailed information about your property assessment and compare it to other similar properties in your area, by visiting www.mpac.ca and signing in to the AboutMyProperty database. Each property notice has the sign-in information you will need to access this site. **REU**



Condo update

Appreciating condominiums **Average appreciation is 7% per year**

During the last five years, condos in the GTA have appreciated in price by an average of seven per cent annually, according to Canada Mortgage and Housing Corp. That's two per cent better than the stock market. In just the last three years, condos have appreciated in value by an average of 25 to 30 per cent.

Condos represent a quarter of all homes sold in the GTA, up from 20 per cent market share in 2005. With more new condos under construction in Toronto than in any other city in North America, people often wonder if the condo market is becoming too saturated. But many factors point to their continued popularity.

Condos appeal to a broad range of people, from virtually all backgrounds and age groups. They are

favoured by first-time buyers pulling together their first down payment, and move-up buyers who want a premium unit with on-site security, upgraded amenities and no maintenance concerns.

Most of the units in the buildings you see under construction have already been sold, many to real estate investors who plan to put them on the rental market. About 10 to 15 per cent of investors will place these new units on the resale market, many before the building is completed.

CMHC believes that prices are beginning to flatten out and will not rise as quickly over the next couple of years. Resale condos may take market share from new buildings because the price difference between them has stretched to \$100 - \$200 per square foot. **REU**



Money matters

RRSP, TFSA or Mortgage? The best place to put your money

Financial consultants say one of the most common questions they are asked is whether it is better to pay off a mortgage or contribute money to a Registered Retirement Savings Plan (RRSP) or a Tax Free Savings Account (TFSA).

The answer depends on several factors: your age, your income, your job and the current economy. If you have other high-interest debts, such as a credit card balance, it's always best to pay them off first.

If you were able to take advantage of the current low mortgage interest rates, you may be further ahead to contribute to an RRSP or a TFSA if they are paying good returns. However, if your mortgage interest rate is the same or more than the return on your RRSP or TFSA, it's better to pay off the mortgage first.

It may make sense to contribute to an RRSP or TFSA when you are young, so the money has more time to grow.

If you are in a higher income bracket, contributing to the RRSP provides tax benefits, but you will be using your after-tax dollars to make mortgage payments, so you may want to accelerate those payments.

RRSPs are designed for retirement purposes. Those who have a workplace pension plan with good retirement benefits could put more money toward the mortgage,

since they have the security of the pension plan.

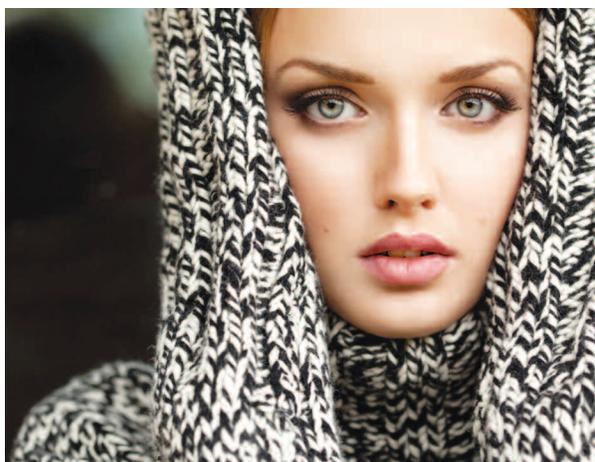
Mortgages eventually have to be paid off. They offer forced savings as you build equity in your home. The more equity you have, the easier it will be if you decide to move up to a more expensive home.

When choosing between an RRSP and a TFSA, the main consideration is the tax rate you are at when making the contributions and your tax rate when you



withdraw the money. The TFSA is more flexible than an RRSP and there are no penalties when the money is withdrawn.

In an ideal world, we would all be able to contribute simultaneously to all three options. However, most people have to look at their own financial situation and plan accordingly. *REU*



On the internet

Interesting websites

casaloma.org/seasonal
Brant theatre presents Dracula – A love story... where love never dies. Follow the actors as they unearth the dark secrets of Dracula in Toronto's own castle (Jan 20-21, Feb 3-4, & Feb 10).

taxes.ca
Taxes and RRSP portal, contains information on taxation and financial planning, trends etc.

timeanddate.com
With a click of a button find out local times, weather, national holidays and more in major cities around the world.

alzheimer.ca
The Alzheimer Society helps you to find programs and services such as day and respite programs, home support and help with the difficult transition to long-term care.

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

Mortgages

2011 Rates

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

At December 6, 2011

Mortgage Rates

6-month	.....	4.45%
1-year	.....	3.09%
2-year	.....	3.25%
3-year	.....	3.29%
4-year	.....	3.49%
5-year	.....	3.59%
Prime rate	.....	3.00%



Adding a Fireplace Gas vs. Electric

Historically, fireplaces were used to heat homes. Today, fireplaces are primarily recreational. Before homeowners choose to install a fireplace, they first need to understand their reasons for having one. Often it does not make sense to install a fireplace for the sole purpose of additional heat as there are usually other more cost-effective options to achieve this goal. Usually a fireplace makes most sense for purely decorative or recreational purposes.

Fuel Sources

There are many fuel source options for fireplaces, including solid (wood or coal), gas and electric. Depending on the fuel source, efficiencies and fire safety requirements can vary widely. We will focus on gas and electric systems since they are most popular for new installations or upgrades from older wood and coal units. (Very few homeowners will install a brand-new wood or coal fireplace.) We will outline and compare both gas and electric systems.

Gas Fireplaces

If a homeowner wishes to convert an existing solid fuel fireplace to gas, it can be an insert or a gas log unit. The fuel is usually natural gas, but can also be propane. Inserts

are well-sealed with a glass door and combustion air is usually obtained from inside. The exhaust may be at the exterior wall or through a chimney. Gas log units are vented and mimic actual wood burning units with the exhaust typically through the existing chimney. With no pre-existing fireplace, new installations are "factory built," which is also known as "zero clearance," and installed on site.

Electric Fireplaces

Electric fireplaces can be standalone units available through retailers or custom inserts. These do not differ dramatically from typical baseboard electric heaters, although many include a fan system to help distribute heat more effectively. These systems are becoming increasingly popular because of their ease of use.

Gas vs. Electric

Gas fireplaces provide a more realistic fire but require more maintenance compared to electric units. Gas systems have the potential danger of gas or carbon monoxide leaks; therefore, greater precaution is required. Electric fireplaces are simple to install and use, but lack the aesthetic appeal of a gas system. There are differing opinions regarding efficiency. Some argue that a gas fuel source is more cost-effective than electricity. Others argue that since gas systems use already-conditioned indoor air for combustion, any cost savings in fuel are eliminated. When choosing between the two options, homeowners should decide what is of greater importance; a more realistic fire or reducing maintenance and safety concerns. Ultimately, however, it should be understood that you will get more in terms of aesthetics than functionality with a fireplace.

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GTA '11 totals

Sales activity of single-family homes

Most recent month,
year to date

Active listings

November15,551
YTDN/A

New listings

November9,786
YTD142,479

Sales

November7,092
YTD84,859

Average price

November\$480,421
YTD\$466,357

Median price

November\$400,000
YTD\$392,000

Average days on market

November29
YTD25

Average percentage of list price

November98
YTD99

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Nov '10	6,384	8,586
Nov '11	7,092	9,786
% Change	11.1%	14%

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