

real estate

# UPDATE

Your Greater Toronto Real Estate Newsletter

## Prepare for a hot summer Sales still strong

**Y**ou may have heard the expression, "All real estate is local." That means although you may also hear reports about the "Canadian housing market," there is really no such thing. Local communities experience different market conditions. Right now, Toronto is different than most cities across the country because the market here continues to boom while many others are cooling off.

So far this year sales have been very strong in the GTA, which is putting pressure on prices. The average home in Toronto sells for more than \$515,000 and the Toronto Real Estate Board predicts, "tight market conditions will remain in place for the balance of 2012."

Real estate transactions in the GTA are up by more than 11 per cent compared to this time last year. Condo sales are up by more than 7 per cent. Overall, prices for detached homes are up by 6 per cent in the City of Toronto and up by 8 per cent in the 905 regions. Condo prices are up by 4 per cent in the city and by 8 per cent in the 905 regions. The average detached home in the GTA is now priced at almost \$650,000, while the average condo apartment is just under \$350,000. In the 905 regions, the average apartment condo price is still less than \$300,000.

While there have been rumblings that the Bank of Canada may raise interest rates, they will not climb much because the U.S. has pledged to keep its rates down until at least 2014. With the area enjoying decent employment growth and continued strong immigration, housing demand shows no sign of slowing down. The only possible impediment is if the federal government decides to once again tighten the qualification requirements for a mortgage.

In several Toronto communities, the average sale price is higher than the average list price, reflecting multiple offer situations. Popular neighbourhoods for detached home sales include The Junction, New Toronto, Mount Dennis, The Annex, Mount Pleasant, Don Mills, The Beach, Danforth Village, East York and Agincourt. Houses are selling the fastest in Mount Pleasant, with houses on the market for an average of just eight days.

Most of the condominium activity is in the downtown core, but Mississauga, Vaughan and Markham are also active. Overall in the GTA, condos are on the market for an average of 30 days.

While the market traditionally slows down during the summer months, this year the shortage of listings means that it could be a good time to list your home if you are thinking of making a move. *REU*



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IN THIS ISSUE

**2 Go green**  
Eco-friendly kitchen renos

**2 Buying a condo?**  
Review the status certificate

**3 Planning ahead**  
Portable and assumable mortgages

**Average Home Prices - May**  
in the Greater Toronto Area



## Monthly sales

and average price  
by area

### May 2012

Central.....	1,863	\$681,261
East.....	2,428	395,183
North.....	2,308	577,079
West.....	4,251	481,426

### April 2012

Central.....	1,762	680,087
East.....	2,391	393,339
North.....	2,229	574,696
West.....	3,968	488,394

### March 2012

Central.....	1,666	665,856
East.....	2,214	378,285
North.....	2,135	567,940
West.....	3,675	469,524

### February 2012

Central.....	1,277	667,708
East.....	1,590	380,790
North.....	1,498	561,157
West.....	2,667	463,030

### January 2012

Central.....	770	616,598
East.....	1,084	357,623
North.....	893	542,066
West.....	1,820	423,326

### December 2011

Central.....	871	566,589
East.....	1,079	355,886
North.....	928	515,168
West.....	1,840	421,068

### 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

Source: TREB

## Reducing your footprint

### Eco-friendly kitchen renos Go green

**Y**ou can save money and help the environment with a kitchen renovation project. Your “green” kitchen starts when you tear out the old one. Most contractors rip everything out and toss it into a dumpster because that is the fastest and the cheapest way to do it. But by taking a little care during demolitions, elements like the kitchen cabinets, faucets and sinks can be donated to re-use stores or offered to people in the community who may have

a use for them.

Toronto Hydro will pick up refrigerators and freezers that are 15 years or older for free, while the City of Toronto will collect other old appliances.

When buying new appliances, choose energy efficient ones. They all come with Energy Star ratings, which makes it easy to compare efficiency.

Many types of cabinets that are made with medium-density fibreboard are bound with a resin that gives off urea formaldehyde, a substance that can be hazardous to your health. You can ask your supplier to seal the particleboard on the cabinets and the underside of countertops with a low-VOC sealant or do it yourself. You can also purchase formaldehyde-free products.

If you are going to install under-cabinet lighting, consider LED lighting, which is long lasting. You can also install a dimmer for the main lighting in the room. This saves energy and can also create ambience.

And once you have your dream green kitchen, don't forget to use non-toxic and biodegradable cleaning products. *REU*



## Condo matters

### Buying a condo? Review the status certificate

**I**f you are thinking about buying a condo, it is important that you or your lawyer review the condo's status certificate.

Every condo corporation must have a status certificate and make it available to potential buyers. The certificate will likely cost \$100, but it can be worth much more to you because of what it discloses.

Status certificates provide up-to-date information about the condo's current finances and future upcoming expenses. They include the most recent audited financial statement and the condo's budget. They also include information about any outstanding lawsuits or liens against the corporation.

Although condos have a reserve fund to handle repairs and maintenance, sometimes this isn't enough and corporations have to charge owners a “special assessment” to pay for a

major maintenance upgrade, such as putting a new roof on the building or replacing the elevators. You may end up buying a condo without all the information you need unless you read the status certificate, which will outline any upcoming assessments.

Buyers are responsible for obtaining and reading the certificates. It is important to note that you cannot refuse to pay a special assessment just because you were not aware of it or had not read the status certificate. Some buyers include a clause in the purchase offer that states they must receive the certificate and be satisfied with its contents before the deal is closed.

Status certificates cannot cost more than \$100 and must be provided within 10 days of your request. *REU*

## Interesting websites

**tasteofthedanforth.com**  
Toronto's favourite street festival is a fun way to celebrate the flavor of Greek food, culture and music this summer.

**zipcar.com**  
Car sharing service gives members an alternative to the hassles of car ownership and headaches of car rentals.

**stubhub.ca**  
Obtain discount sports, concerts and theater tickets for popular events and venues.

**kidshealth.org**  
Everything you need to know about children's health including articles, animations and health resources for parents, teens, and children.

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

# Mortgages

## Planning ahead **Portable and assumable mortgages**

If you are renewing your mortgage, it is a good idea to think about the future by exploring mortgages that are portable and assumable.

A portable mortgage allows you to transfer your mortgage balance to a new property with the same terms as the existing mortgage. Interest rates are currently very low, so you may want to consider locking in for a longer-term mortgage. If you decide to move to a different home before the end of the term, even if interest rates have risen, you can take your mortgage to the new house and retain the low rate.

If the new property costs more than the first mortgage, the extra amount is mortgaged at the current rate. Generally the lender blends or averages the two rates, which still has the benefit of saving you money. It also means you avoid penalties for paying off the first mortgage early.

It has been a while since we have heard much about assumable mortgages because they are used more in a buyers' market – and that hasn't existed in the GTA for more than 10 years. If you have an assumable mortgage at an attractive interest rate and are trying to sell your house, sometimes you can offer that mortgage as an incentive to buyers.

The advantages for the buyer are that (like the portable mortgage) the interest rate on the mortgage may be lower than current market rates and it may cost less in bank charges

than a new mortgage. Buyers may also be able to assume only a portion of the mortgage.

For sellers, the advantages of assumable mortgages are that they can provide a marketing advantage for selling their home and they can also avoid pre-payment penalties. However, sellers should make sure that they are not responsible for the mortgage if the buyer defaults on the loan.



An assumable mortgage is not the same as a vendor-take-back mortgage, which is when the seller lends the buyer some of the purchase price and the seller "takes back" a mortgage on the property.

Most lenders in Canada offer portable and assumable mortgages. They definitely should be part of your renewal conversation. **REU**

# Mortgages

## 2012 Rates

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

At June 9, 2012

### Mortgage Rates

6-month	.....	4.45%
1-year	.....	3.09%
2-year	.....	3.15%
3-year	.....	3.25%
4-year	.....	3.25%
5-year	.....	3.29%
Prime rate	.....	3.00%





## Post-inspection concerns When things go wrong

**T**here may come a time that you discover something wrong with your house, and you may find yourself disappointed with your home inspection.

### Intermittent or concealed problems

You can only discover some problems by living in a house. They can't be discovered during the few hours of a home inspection. For example, some shower stalls leak when people take a 20-minute shower, but do not leak when you simply turn on the tap. Some roofs and basements only leak when specific conditions exist. Some problems will only be discovered when carpets, furniture or finishes are removed.

### No clues

Some problems may have existed at the time of the inspection but there were no clues as to their existence. Inspections are based on the house's past performance. If there are no clues of a past problem, it is almost impossible for inspectors to foresee a future problem.

### Minor things

Inspection reports frequently identify some minor problems but not others. The minor problems that are identified were discovered while looking for more significant problems. Inspectors note them simply as a courtesy. The inspection

purpose isn't to find the \$200 problems, but to find the \$2,000 problems. These are the things that affect people's purchasing decisions.

### Why wasn't it seen

Contractors may say, "I can't believe you had this house inspected, and they didn't find this problem." There are several reasons for these apparent oversights:

1. Conditions during inspection: It is difficult for homeowners to remember the circumstances in the house, at the time of the inspection. Homeowners seldom remember that it was snowing, there was storage everywhere in the basement or that the furnace could not be turned on because the air conditioning was operating, etc. It's impossible for contractors to know what the circumstances were when the inspection was performed.

2. A long look: If inspectors spend 30 minutes under the kitchen sink or 45 minutes disassembling the furnace, they would find more problems too. If they did, the inspection would take several days and would cost considerably more.

3. Inspectors are generalists: Inspectors are generalists and not specialists. The heating contractor may indeed have more heating expertise than inspectors do.

### Not insurance

In conclusion, a home inspection is designed to better your odds. It is not designed to eliminate all risk. For that reason, a home inspection should not be considered an insurance policy. The premium that an insurance company would have to charge for a policy with no deductible, no limit and an indefinite policy period would be considerably more than the cost of an inspection.

*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*

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## GTA '12 totals

### Sales activity of single-family homes

Most recent month, year to date

#### Active listings

May .....20,462  
YTD .....N/A

#### New listings

May .....19,177  
YTD .....74,037

#### Sales

May .....10,850  
YTD .....41,651

#### Average price

May .....\$516,787  
YTD .....\$504,897

#### Median price

May .....\$432,050  
YTD .....\$423,000

#### Average days on market

May .....21  
YTD .....23

#### Average percentage of list price

May .....99  
YTD .....99

Source: TREB

## Housing market indicators

### Single-family dwellings

Source: TREB

	Sales	New Listings
May '11	9,766	19,949
May '12	10,850	19,177
% Change	11.1%	20.2%