



Home prices surged in the GTA But will likely pause with latest rate hike

The GTA housing market had a fourth consecutive recovery month in May. Sales were up 24.7 per cent in comparison to May 2022. On a month-over-month seasonally adjusted basis, sales were up by 5.2 per cent compared to April 2023.

The May 2023 average price of a detached home in the GTA was \$1,556,566, up 16.0 per cent compared to January of this year, while the average price for a semi-detached reached \$1,198,185 (up 17.5 per cent); town homes clicked in at \$1,003,152 (up 13.0 per cent) and condo apartments went for \$748,483 (up 8.8 per cent).

According to Jason Mercer, Toronto Regional Real Estate Board (TRREB) chief market analyst, the demand for ownership housing has picked up markedly in recent months. Many homebuyers recalibrated their housing needs in the face of higher borrowing costs and moved back into the market. In addition, strong rent growth and record population growth on the back of immigration also supported increased home sales. But with supply of listings not keeping up with sales, "we have seen upward pressure on selling prices during the spring," says Mercer.

Looking back, home prices in GTA tumbled from record highs starting early last year as the central bank began a series of aggressive interest rate hikes to combat inflation. Immediately after the Bank of Canada (BoC) paused that campaign this year, prices started to bounce back as buyers who had delayed purchases leaped back into the market, only to be confronted with BoC's decision to raise its key interest rate by 25 basis points to 4.75 per cent in

June. The bank's decision was in view of the Canadian economy growing more than anticipated in May, and according to James Laird, president of CanWise mortgage lender, house prices rebounded faster than the bank expected.

Industry expert Phil Soper says he was not surprised with the rate hike due to the rapid rise in prices. "Rising rates have an oversized psychological impact on people buying and selling properties in this country, and so it will create a small stall in the market," Soper adds.

Despite mortgages being significantly more costly than during the pandemic, many buyers have learned to navigate the high interest rates environment. Mercer does not believe this will cause a slowdown in the market to the degree seen when the BoC first started to raise interest rates last year. [REU](#)



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GTA BY THE NUMBERS

DETACHED

↑ 0.6%

Avg. Price Yr/Yr

SEMI

↓ 0.5%

Avg. Price Yr/Yr

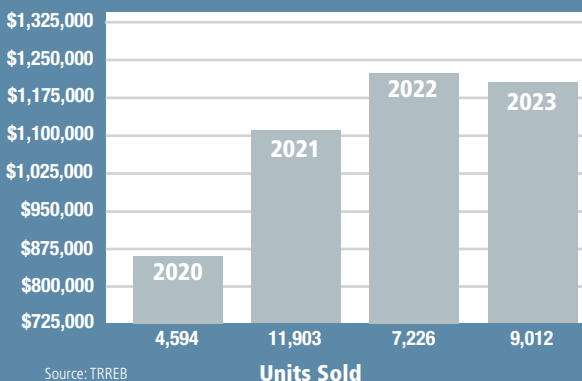
CONDO APT

↓ 3.0%

Avg. Price Yr/Yr

Average Home Prices - May

in the Greater Toronto Area



Monthly stats

May average price by area

416

DETACHED

↓0.1%
YEAR
YEAR

1,913,132
Average Price

CONDO APT

↓1.1%
YEAR
YEAR

784,914
Average Price

905

DETACHED

↑1.0%
YEAR
YEAR

1,444,234
Average Price

CONDO APT

↓6.3%
YEAR
YEAR

677,874
Average Price

Source: TRREB

Underground economy

Home improvements Risks of under-the-table cash deals

The underground economy (UE) in Canada is estimated at \$38 billion, annually. It is fair to say that millions of Canadians are either currently engaged in it or have benefitted from it in the past. Home improvement projects are among the most common financial transactions where people look to cut the taxman out.

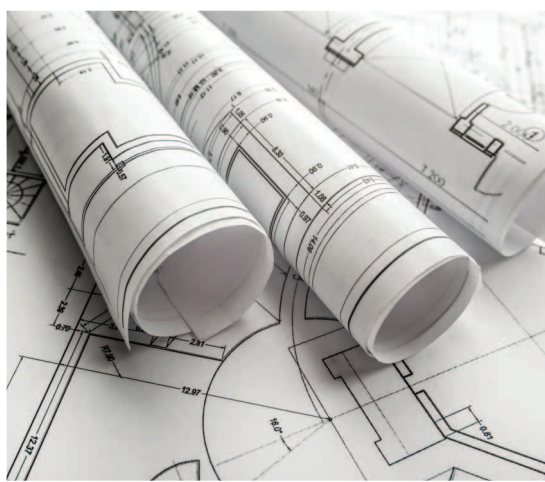
Saving money is a priority for all of us, however, whether you are looking at updating your kitchen or finally finishing your base-

ment there are some corners you should not cut, like agreeing to a nothing-written-down cash deal instead of insisting on a proper written contract. These businesses don't claim the income and fraudulently avoid paying taxes, Workers' Compensation, and business insurance, much of which is illegal.

The Canadian Home Builders' Association clearly outlines the risks of such cash deals. For example, should a contractor accidentally damage your home and not have business insurance, the onus is on him/her to agree to pay for repairs out of pocket. The same can apply if a worker gets injured on the job. Without required Workers' Compensation coverage, you may be liable for their medical costs.

As homeowners without a written contract, there is little or nothing you can do if the project is not completed or the work is inadequate. Furthermore, you also don't have warranty on the work that is done. If something needs repair after a renovation, without a written contract you're likely out-of-luck.

It is important to safeguard your interests when embarking on a home improvement project. Do your research, find a qualified contractor and get a proper written contract, clearly stating the contractor's responsibilities. [REU](#)



Home insurance

What's your stuff worth? Take a home inventory

It may be time to review your home insurance policy if you haven't looked at it lately. The Insurance Bureau of Canada (IBC) suggests that during spring-cleaning or before a move are ideal times to make sure your home has enough insurance coverage. You should have enough insurance to cover rebuilding costs for your home if it is destroyed. Remember that this amount isn't the same as your home's market value or its tax assessment value.

But what about your home's contents? You probably have a lot of electronic items and valuable furniture, but what about antiques, jewellery, original artwork, clothing, coin, stamp or baseball card collections among other things? You may have many items that can't be replaced easily. Some more treasured or valuable items may need optional additional insurance coverage.

The first step in insuring your belongings is to complete an inventory of your home's contents and take photos or video of all your belongings. The IBC recommends keeping bills, receipts, warranties and instruction manuals of your most valuable possessions, which can serve as proof of ownership. Write down the model and serial numbers of electronic items. You can find a free downloadable inventory checklist at <http://assets.ibc.ca/Documents/Brochures/Personal-Property-Inventory.pdf>.

IBC advises that this list, along with records of credit cards, taxes, government and other household documents, should ideally be stored in an off-site location. It's also important to keep your home inventory up to date. If you buy something new, get into the habit of adding it to the inventory list. [REU](#)



Money matters

Investment properties Millennials particularly interested

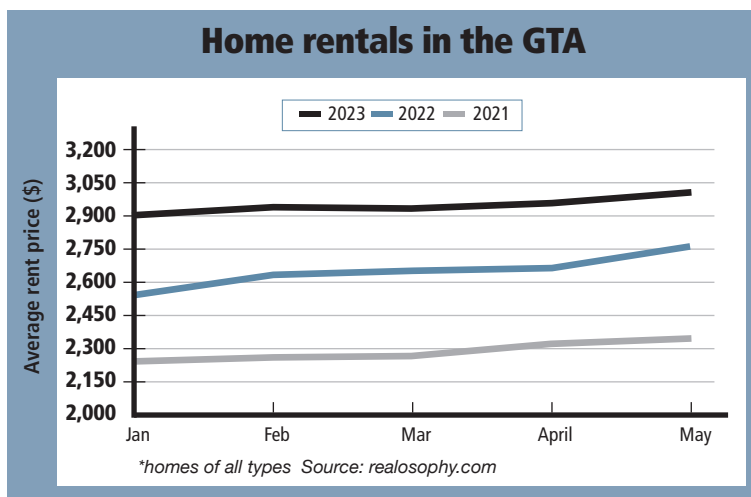
A new report conducted by Leger surprisingly reveals that millennial investors tend to have the most aggressive expansion plans for their real estate portfolios.

According to the survey, approximately 4.4 million Canadians own an investment property and one-third of them own two or more properties. The most astonishing finding is that younger investors, aged 18 to 34, are more likely to own more than one investment property compared to their older counterparts. Forty-four per cent of this younger investor group own two or more investment properties, significantly higher than those aged 35 to 54 (29 per cent) and those 55 or older (25 per cent). Furthermore, these young investors are investing in income properties ahead of purchasing their own primary residence. In the GTA, 14 per cent of the younger investors don't own their place of residence, choosing instead to rent or stay with family or friends. Despite higher borrowing costs in today's post-pandemic real estate environment, the aspiration to own property for investment remains strong.

"Despite the hurdles of low home supply and increased lending rates, young people are more inclined than ever to make real estate investing a part of their financial planning for the future. In fact, survey results tell us that many of them are

actually prioritizing an investment property over owning their primary residence," says Phil Soper, an industry expert. "I find it interesting that a material number of investors do not own the home they themselves live in... This tactic demonstrates Canadians' deep-seated belief that real estate is a worthwhile long-term investment."

Many people, particularly younger investors, are partnering with family and friends to buy second and third properties. Experts say that this age group's attitude to investing in



real estate may have been influenced by living in a high-return housing market for most of their lives. Looking back over the last 65 years, the real estate market has continued to outperform many other indices, such as the TSX or the NASDAQ. *REU*



On the internet

Interesting websites

torontoJAZZ.com

Jazz festival returns to light up the city's music scene, once again taking over the Bloor-Yorkville neighbourhood. Featuring blockbuster lineup of world-renowned musicians.

Jun 23 - Jul 2

obsi.ca

OBSI is Canada's trusted independent dispute-resolution service for banking services and investment complaints.

ted.com

TED Talks are influential videos from expert speakers on education, business, science, tech and creativity.

diabetes.ca

Supports people affected by diabetes by providing information, research, education, and advocacy.

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

Mortgages

June 8, 2023

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

Prime	6.95%
Variable	6.15%
1-year	6.34%
2-year	5.74%
3-year	5.44%
4-year	5.44%
5-year	4.99%



GTA '23 totals

Sales activity of all home types
Most recent month, year to date

Active listings

May11,868
YTDN/A

New listings

May15,194
YTD53,834

Sales

May9,012
YTD31,243

Average price

May\$1,196,101
YTD\$1,135,595

Median price

May\$1,035,000
YTD\$980,000

Average property days on market

May20
YTD26

Average percentage of list price

May105
YTD102

Source: TRREB

Housing market indicators

Single-family dwellings

Source: TRREB	Sales	New Listings
May '22	7,226	18,687
May '23	9,012	15,194
% Change	24.7%	-18.7%

Air conditioner maintenance **Beat the heat**

It's important to consider the effects the summer heat will have on your cooling system. Like the majority of your home's systems, proper maintenance can help to increase your air conditioner's lifespan and ensure that it works properly.

There are many types of air conditioning systems; however they all work on the same principle: moving heat from a relatively cool space to a relatively warm space. In the summer, air conditioners take heat from the house air and transfer it to the exterior. Air-cooled air conditioning systems are the most common. They have two main components:

The condenser – a large metal box outdoors. It's an item you have to carefully rake around in the fall and clear snow off in the winter. Sometimes it even comes with its own special plastic cover. Inside the condenser is the compressor: a pump that moves the refrigerant through the system and compresses the refrigerant, raising its temperature significantly. The compressor is the heart of the system.

The evaporator – is inside the home, it may be in the

ductwork immediately above the furnace or in a fan coil in the attic. It is used to turn the refrigerant, the medium which carries the heat, from a liquid into a gaseous state.

Severe damage can occur to air conditioning compressors if they are turned on when the outside temperature is below 65° F (16° C). The life expectancy of a compressor is typically 10 to 15 years in moderate climates and as little as 8 to 10 years in hot climates. It's important to make sure the condenser is on level ground. You should also check to make sure that the condenser is positioned a safe distance away from exhaust discharge vents. Hot air discharging from a water heater exhaust vent or a dryer vent can affect the operation of air conditioning systems. These should be kept several feet from the condenser.

If your condenser is running loudly, the best course of action you can take is to contact a service specialist to diagnose and correct the issue. There are several causes for noisy condensers; a technician will be able to assess the problem and offer remediation advice. Many of the complications you can encounter with your air-cooling system will be hard for the majority of homeowners to identify.

There are also some air conditioner maintenance tasks homeowners can assume themselves. Change the filter – dust and dirt can build up on the filter, affecting the efficiency and performance of the unit. Keep your condenser clear of dirt and debris – dirt outside your condenser quickly becomes dirt inside your condenser as the fan draws air through the coils.

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