



real estate UPDATE

Your Greater Toronto Real Estate Newsletter

Rosy forecast for GTA market Affordability will improve

It's still a busy real estate market in the GTA. Sales were up considerably from this time last year. A continued shortage of good listings meant that prices were also up. In May, the average detached home in the GTA sold for \$728,395, with the average price for a semi-detached home at \$538,089 and condo apartment prices averaged \$373,509. In the city, detached homes sold for 9.2 per cent more in May than during the same time last year.

The Toronto Real Estate Board tells us that while prices continue to rise, the monthly cost of home ownership (mortgage principal and interest, property taxes and utilities) is not rising as quickly. That, combined with low interest rates, is keeping the GTA real estate market affordable. Canada Mortgage and Housing Corp. (CMHC) found that although the income required to buy a house is rising faster than actual incomes, that's changing as Ontario benefits from the improving U.S. economy. "By next year, we believe income growth will outpace price growth," says Ted Tsiakopoulos, economist for CMHC. "Some comments in the media that home sales will collapse have no truth to them," he says. "There is no smoking gun for a real estate bubble."

The federal housing agency forecasts that sales will drop by about 2.2 per cent in 2014 before picking up by 2.3 per cent in 2015 as the economy improves. CMHC believes GTA prices will rise 6.1 per cent in 2014 and another 2 per cent in 2015.

As the U.S. economy improves, more manufacturing jobs will be created in the GTA, according to the CMHC forecast. More jobs will bring more confidence to the real estate market and fewer people will leave for the western provinces in search of work.

Tsiakopoulos says that in 2005, Ontario lost about 26,000 people to the western provinces. He adds, "This year, it will be less than half that and in 2015, it will be less than 10,000. There's less incentive to move."

Low mortgage interest rates have been driving the market for more than a decade and economists do not expect a large increase soon. CMHC says rates will register "gradual and modest increases by the latter part of the 2015 forecast horizon. This will lead to increases in mortgage rates. Despite this, mortgage rates will remain low and will continue to support housing market activity."

Expect posted five-year mortgage rates to be in the 5 to 5.5 per cent range by the end of this year and in the 5.25 to 6 per cent range by the end of 2015. International immigration is also expected to pick up and have a positive impact on the market. *REU*

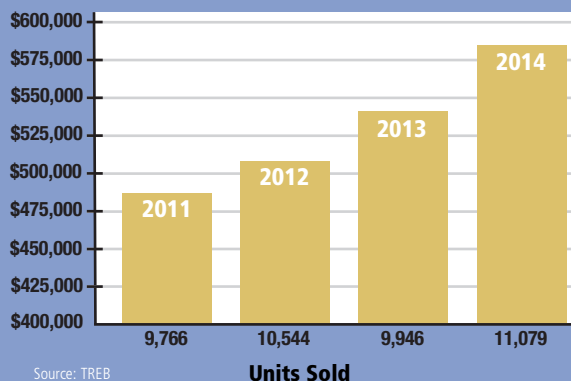
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Average Home Prices - May in the Greater Toronto Area



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Monthly sales

and average price
by area

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

November 2013

Central.....	1,153	698,592
East.....	1,438	434,977
North.....	1,304	615,369
West.....	2,496	485,007

October 2013

Central.....	1,448	711,212
East.....	1,849	425,919
North.....	1,587	605,188
West.....	3,116	492,636

September 2013

Central.....	1,215	687,849
East.....	1,704	408,651
North.....	1,545	617,658
West.....	2,947	498,679

August 2013

Central.....	1,163	615,505
East.....	1,741	387,889
North.....	1,666	599,065
West.....	2,999	473,066

July 2013

Central.....	1,359	621,480
East.....	1,918	403,654
North.....	1,875	591,093
West.....	3,392	488,820

June 2013

Central.....	1,455	678,003
East.....	2,057	412,548
North.....	1,929	593,140
West.....	3,620	507,046

Source: TREB



Go green

Eco-friendly kitchens **Energy efficiency comes first**

If it's time to give your kitchen a makeover, save some money and help the environment at the same time by incorporating some green components.

It's all about saving energy. Start by making use of natural light by installing windows and skylights where possible. Consider using LED or fluorescent fixtures, which are available for a wide variety of decorative and task lighting.

Energy Star qualified appliances are your best choice as

they are tested and certified by Natural Resources Canada to meet strict efficiency standards. All large appliances have EnerGuide labels that provide an estimate of their annual electricity costs.

Make sure your sinks, faucets and other plumbing fixtures are made of high-quality finishes and components so you don't need to replace them frequently. Water-saving faucets include hands-free units that are activated by a sensor so they cannot be left running. An instant hot-water dispenser saves water because you don't have to run the water while waiting for it to warm up.

Quartz countertops do not require toxic sealants. You can also find countertops that are made of recycled materials.

For all of your kitchen building materials, consider visiting Habitat for Humanity's ReStore. It has all kinds of used materials that could be re-purposed for use in your perfect kitchen. If your current kitchen includes gently used materials, consider donating them to a local ReStore (www.habitat.ca/restore).

With a little planning, it's easy to create a kitchen that's functional, beautiful and green. [REU](#)



Money sense

First-time buyers in your family? **Know your finances**

Chances are you have been a homeowner for some time, but if you have children or family members who are about to take the plunge into homeownership help smooth the way for them with these tips:

- Set a budget and know what you can afford. Canada Mortgage and Housing Corp. (CMHC) has a handy worksheet at www.cmhc.ca (look under Buying a Home) that helps you determine your current income and expenses. The site also helps you add up the monthly costs of the home you would like to buy. Another CMHC worksheet helps you determine your total debt load, which includes all your other payments.
- Get a pre-approved mortgage. This will determine how

much you can afford. Have your lender look at your finances and give you a written confirmation or certificate for a fixed interest rate. Some pre-approvals come with rate guarantees for 90 to 120 days. They are free and there is no obligation for you to use that lender.

- Find out what information is on your credit report by requesting a free Consumer Disclosure by mail, by phone or in person from TransUnion (www.transunion.ca) or Equifax Canada (www.equifax.ca). A more detailed report is available for a small fee from either company.
- Don't forget that there are a host of closing costs when you buy a home. These charges include legal fees, property insurance, property taxes, pre-paid utility bills, land transfer taxes, a home inspection fee and more. [REU](#)

Interesting websites

rom.on.ca/en/forbiddency

The Forbidden City, at the Royal Ontario Museum is a stunning exhibition that documents the privilege, extravagance and eye-popping excess of China's ruthless dynastic rulers (ends Sept 1).

zipcar.com

Car sharing service gives members a green alternative to the hassle of car ownership and headaches of car rentals.

stubhub.ca

Obtain discount sports, concert and theater tickets for popular events and venues.

kidshealth.org

Everything you need to know about children's health including articles, animations and more, for parents, teens and children.

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

Condo matters

Investing in downtown condos **Rentals in demand**

For young professionals, downtown Toronto is where the action is. They are eagerly moving into the city's new condo towers to take advantage of the city's nightlife and cultural amenities. Since that's where the labour pool is located, several companies have decided to move their offices downtown. After many years with no new office towers, there are now several towers under construction.

Although no one is sure how many condos are purchased by end-users and how many are bought by investors, Canada Mortgage and Housing Corp. (CMHC) estimates that about half of the new condos are investor-owned. According to CMHC, in 2014 and 2015 there will be record numbers of condo completions – about 20,000 per year.

"The rising number of recently completed units offered for rent continues to be met with exceptionally strong demand," says Shawn Hildebrand, senior vice-president of research firm Urbanation. "Although competition among landlords has increased since last year, the market is still in their favour and supportive of rent growth."

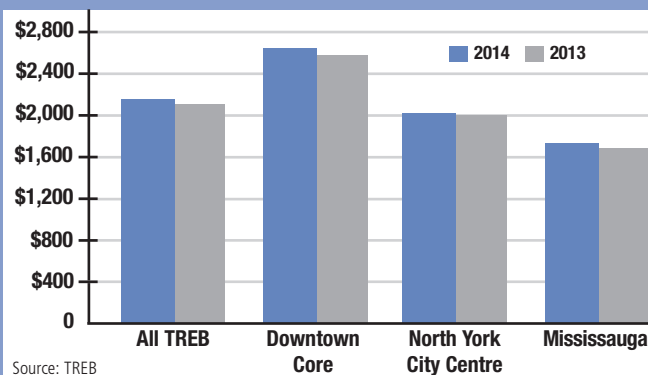
The number of condo apartments rented through the MLS system in Toronto grew by 13.5 per cent during the first quarter, the company reports. Rents grew by 0.5 per cent to an average of \$2.35 per square foot.

The average monthly rent dropped by 1.7 per cent

year-over-year, but that's because the average condo size decreased. Urbanation found condo sizes fell by 2.3 per cent to 778 square feet.

CMHC predicts a combination of the echo boom generation and recent migrants will keep rental demand strong. Echo boomers, who were born between 1980 and 1995, are the baby boomers' children. Their numbers peaked in 1990. Babies born that year are now 24. The vast

Average Two-Bedroom Rents
Q1 2014 vs. Q1 2013



Source: TREB

majority of recent migrants are 25 to 44. These age groups are the most likely to get into the rental market.

"On balance, despite strong growth for each, rental demand and supply will remain roughly in balance throughout 2014 and 2015, which will limit changes in either the vacancy rate or rents," reports CMHC in a new forecast. *REU*



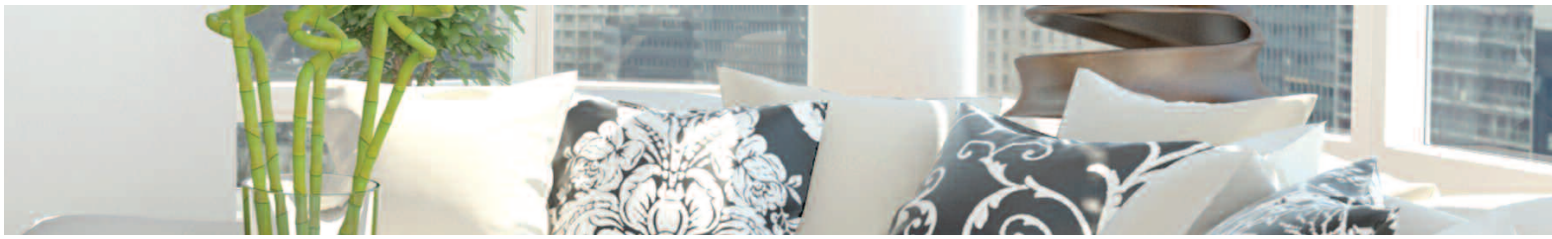
Mortgages

2014 Rates

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

At June 6, 2014

6-month	4.00%
1-year	3.00%
2-year	3.05%
3-year	3.10%
4-year	3.14%
5-year	3.19%
Prime rate	3.00%



Air Conditioning

What you need to know before talking to a contractor

When it comes to buying central air conditioning, what do you really need to know? It all boils down to choosing the right contractor, and the right equipment.

While you may have some brand preferences, the major components of most air conditioners come from the same suppliers. A good contractor will help you with the three big issues: size, efficiency and environmental considerations.

Design Criteria – What is it supposed to do?

During the heating season, the goal is to keep the house at roughly 21°C (70°F) regardless of how cold it is outside.

During the cooling season, believe it or not, the goal is to have an 8°C (15°F) differential between the outdoor temperature and indoor temperature. If this is achieved, the house will feel relatively comfortable. Therefore, when it's 38°C (100°F) outside, an indoor temperature of 29°C (85°F) is acceptable.

You are probably thinking, "I'll just get a bigger unit to cool down my house more." As you will find out, that would be a big mistake.

Sizing: Bigger Is Not Better

An alarming number of contractors do not size cooling systems correctly. The biggest problem with air-conditioning systems is that they are oversized.

When listening to a weather forecast, during a summer heat wave, we all hear about the humidity index or "humidex". The temperature is high, but it feels much higher because of humidity.

An air-conditioning system that reduces the humidity, even if it does not lower the temperature in the house, will make you feel significantly more comfortable.

Oversized air conditioners cool a house quickly, but leave the humidity. The result is a cold and clammy environment. To add insult to injury, they cost more to install and even more to operate. Smaller air conditioners, on the other hand, run longer to achieve the same drop in temperature. The result is a cooler and drier environment. This also means fewer equipment stops and starts, and therefore a potentially longer life.

Efficiency: SEER Rating

(Seasonal Energy Efficiency Ratio)

With air conditioners, ignore terms like "high efficiency". Instead, pay attention to the SEER rating. SEER stands for Seasonal Energy Efficiency Ratio, which is how the efficiency of air conditioners is measured. The higher your SEER number, the more efficient your air conditioner is at converting electricity into cooling power.

Cooling: What factors affect it?

The amount of cooling required depends on many factors. These include the outdoor temperature; the outdoor humidity; the level of insulation in the house; the amount of air leakage into or out of the house.

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GTA '14 totals

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

Active listings
May20,679
YTDN/A

New listings
May18,931
YTD70,497

Sales
May11,079
YTD38,625

Average price
May\$585,204
YTD\$566,758

Median price
May\$490,000
YTD\$475,000

Average days on market
May21
YTD23

Average percentage of list price
May100
YTD99

Source: TREB

Housing market indicators

Single-family dwellings		
Source: TREB	Sales	New Listings
May '13	9,946	19,080
May '14	11,079	18,931
% Change	11.4%	- 0.8%

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