

real estate UPDATE

Your Greater Toronto Real Estate Newsletter

Housing market starts with a bang Double-digit increases in sales and prices

The new year got off to an auspicious start in the GTA housing market. The Toronto Regional Real Estate Board (TRREB) reports a 15.4 per cent rise in sales compared to January 2019, and the average selling price of a home jumped 12.3 per cent from \$747,175 to \$839,363. Price hikes occurred across most housing types throughout the GTA, with the value of detached homes and condos in the 416 area leading the way - soaring by 16.7 and 15.0 per cent respectively.

A continuing tight supply and growing population are the main drivers of the upswing. The usually slow January market saw a sales surge, which is likely due to homebuyers heeding predictions of rising prices and jumping into the market before prices start to peak.

"We started 2020 where 2019 left off, with very strong growth in the number of sales up against a continued dip in the number of new and available listings. Tighter market conditions compared to a year ago resulted in much stronger growth in average selling prices. Steady population growth, low unemployment and low borrowing costs continued to underpin substantial competition between buyers in all major market segments," says TRREB President Michael Collins.

January results validate the experts' predictions about the GTA real estate market in 2020. PricewaterhouseCoopers, the multinational professional services network, sees Toronto as one of the markets to watch in 2020 due to its healthy real estate market and solid economy. The Conference Board of Canada predicts

that the city will see 2.4 per cent economic growth in 2020, which will likely fuel the population growth in the area even more.

While low inventory and growing population point to a seller's market in 2020, not all housing market trends favour home sellers. Homebuyers are seeing lower mortgage rates and the federal government has promised to ease the mortgage stress test qualifications.

Rate competition among lenders is expected to drive down mortgage rates in 2020. In February, the Toronto-Dominion Bank was the first major Canadian lender to lower its posted rate for five-year fixed rate mortgage from 5.34 per cent to 4.99 per cent, and its special rate from 3.2 per cent to 3.09 per cent. Other banks are expected to follow suit. *REU*

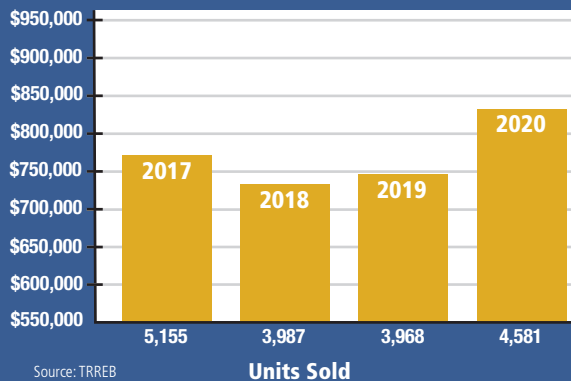
GTA BY THE NUMBERS

DETACHED
↑10.5%
Ave. Price Yr/Yr

SEMIS
↑6.5%
Ave. Price Yr/Yr

CONDO APTS
↑15.1%
Ave. Price Yr/Yr

Average Home Prices - January in the Greater Toronto Area



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Monthly stats

January average price by area

416

DETACHED

↑**16.7%**
YEAR
YEAR

\$1,369,848
Average Price

CONDO APT

↑**15.0%**
YEAR
YEAR

\$679,182
Average Price

905

DETACHED

↑**8.7%**
YEAR
YEAR

\$957,287
Average Price

CONDO APT

↑**14.3%**
YEAR
YEAR

\$521,878
Average Price

Home improvements

Tips for a smooth renovation **All about the planning**

Most people who buy a home are eager to make some changes to make it their own. Whether it's a new paint job or undertaking major work such as a full kitchen remodel, the key to a successful renovation is planning.

Many people underestimate renovation costs, so it's

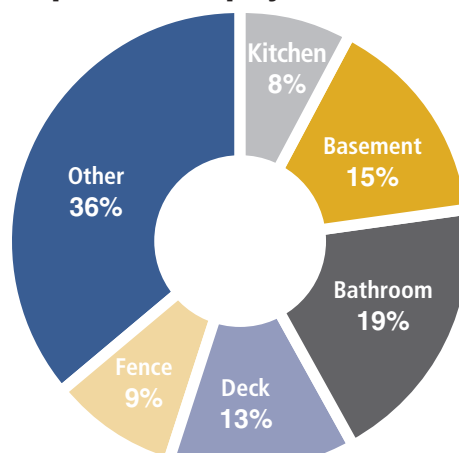
important to develop a realistic budget. Determine how much you want to spend and then add about 10 per cent to that estimate. If it's a big job and will require a loan, talk to your financial institution before starting so you know what you can afford and what loan product is best for you.

Next, figure out whether you are over-renovating or not. Once you start renovating it's easy to get carried away and add extra elements to the job. Decide what you truly need and want to accomplish. If you are renovating with your home's resale in mind, kitchen and bathroom upgrades offer good returns. Adding living space in the basement or building a backyard deck are also helpful when you sell your property.

Many homeowners believe that the only way to increase the value of their home is to spend a lot of money. But home renovations rarely offer a dollar for dollar return. In fact, sometimes the simplest updates give the best returns.

Always get multiple quotes before settling on one contractor. Ask what the contract covers and how potential problems will be dealt with. *REU*

Top renovation projects in Canada



Source: Money Sense

Mortgages

Digital mortgage market **Rate competition to dominate**

When financial institutions compete for online customers, rates go down. According to Robert McLister, a mortgage planner at IntelliMortgage and founder of RateSpy.com, one of the main drivers of rate competition in 2020 will be the growth of digital direct-to-consumer mortgage lenders. This trend, which started in 2019, saw a new level of online mortgage lending, and is likely to intensify in 2020.

Big Six banks may also join the "digital mortgage" race, says McLister. Last year, Scotiabank was the first bank to offer its best mortgage rates online through its eHome website, and over 100,000 customers applied. The expectation is that the rest of the Big Six will follow suit, further driving rate competition in 2020.

Variable-rate mortgages could make a comeback in 2020. According to McLister "five-year fixed rates selling for less than variable rates will end in 2020, at least temporarily... That will motivate a small percentage of borrowers to shift from five-year fixed to variable-rate mortgages."

That said, fears over the deadly Wuhan coronavirus have made the financial markets jittery creating uncertainty in the Canadian and World economies. Canada's 5-year bond yield fell sharply to a three-month low, signaling that mortgage rates are likely headed lower. "The best widely available, full-featured 5-year fixed mortgage is currently 2.79%," which McLister says could "easily fall closer to 2.50% " if bonds continue to move lower. *REU*

On the internet

Interesting websites

rom.ON.ca

Royal Ontario Museum for Kids & Families connects families to their world and each other through a variety of supervised, fun-filled educational programs.

smartRENO.com

Get 3 free quotes from qualified and available contractors for your next renovation project.

howTOpronounce.com

A free pronunciation dictionary, which helps you learn how to exactly pronounce any word or sentence in multiple languages.

redTAG.ca

Last minute vacation packages, discounted flights, hotels and cruises.

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

Condo Update

Demand fuels rent increases Tenants stay put

The effects of GTA's housing crisis are manifold, and the drop in the area's rental turnover rate for apartments is one of them. The decline is part of a domino effect - kicked off by the trend of low stock and rising home prices, which is forcing the city's growing population to turn to rentals. Even with apartment rentals the law of demand and supply continues to ramp up rents.

Ontario's rent-control rules tie annual rent hikes to the rate of inflation, but that does not apply to the newest buildings or vacated units. When a unit is vacated, landlords can set the rent as they wish. Given the rising demand, it's no surprise that those rents are soaring.

Toronto Regional Real Estate Board (TRREB) found that average condominium apartment rents were up on a year-over-year basis. The average one-bedroom condominium apartment rent was \$2,209 in fourth quarter in 2019 – up 3.1 per cent compared to fourth quarter in 2018. The average two-bedroom condominium apartment rent was up by 3.4 per cent over the same period to \$2,868.

Canada Mortgage and Housing Corp (CMHC) research shows that rates for vacant units are, on average, 25 per cent higher than for occupied units. And so, faced with the high cost of relocating, more and more renters are

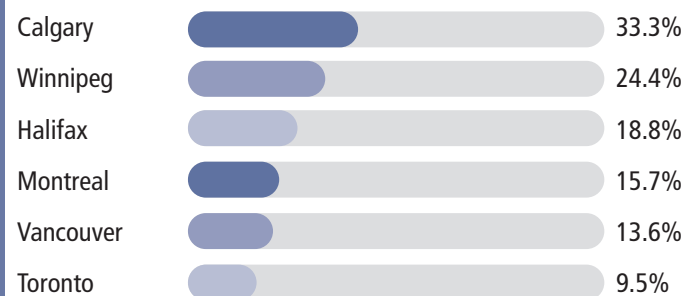
battening down the hatches and staying put in their current accommodations.

The distress is widespread. Matt Lundy, from the Globe and Mail reports, nearly 47 per cent of tenant households in GTA spent more than 30 per cent of pre-tax income on shelter, or beyond what CMHC considers affordable, according to the most recent census.

The turnover rate for apartments in the Toronto area was 9.5 per cent last year, down from 15.9 per cent in 2016.

“Strong job growth across a number of different sectors

Condo apartment rental turnover rates by metropolitan area (2019)



Source: Globe and Mail, CMHC

coupled with the GTA's renowned cultural diversity continued to fuel robust population growth in 2019. Obviously, all of these people needed a place to live, with many initially pointed to the rental market.” says TRREB President Michael Collins. *REU*



Mortgages

At February 7, 2020

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

Prime	3.95%
Variable	2.94%
1-year	3.09%
2-year	2.84%
3-year	2.84%
4-year	2.89%
5-year	2.84%



GTA '20 totals

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

Active listings
January7,772
YTDN/A

New listings
January7,836
YTD7,836

Sales
January4,581
YTD4,581

Average price
January\$839,363
YTD\$839,363

Median price
January\$735,000
YTD\$735,000

Average days on market
January27
YTD27

Average percentage of list price
January100
YTD100

Source: TRREB

Housing market indicators

Single-family dwellings

Source: TRREB

	Sales	New Listings
Jan '19	3,968	9,456
Jan '20	4,581	7,836
% Change	15.4%	-17.1%

Wet Basements How to solve the problem

The words are all-too-familiar to many homeowners. It is said that more than ninety-eight percent of all houses have had, or will have, basement leakage at some point.

Identifying the Problem:

The presence of efflorescence, a whitish mineral deposit on the interior of foundation walls, indicates moisture penetration. It should be noted that the severity of the problem, or whether the problem is active, is not indicated by the amount of efflorescence. Other clues are rusty nails in baseboards, rotted wood near floor level, rusted metal feet on appliances, mold and mildew, lifted floor tiles, storage on skids, peeling paint and the presence of dehumidifiers.

Corrective Action:

Poor surface drainage is one of the main causes of basement leaks. The ground should slope away from the house a rate of one inch per foot for at least the first six feet. As a preventative measure seal where the driveway and sidewalk meet the foundation walls. The eavestroughing and downspout systems must also perform properly. If downspouts are ever suspected of being disconnected, broken or clogged below ground level,

they should be redirected to discharge above grade at least six feet away from the house. Also, eavestroughs should be kept clear of debris.

Localized low areas including basement stairwells, window wells, et cetera, may allow water to collect. Drains should be provided in the bottom of these. Where there are no drains, plastic dome covers over the window wells allow light into the basement while minimizing water and snow accumulation.

More Extreme Measures:

In the vast majority of cases, basement leakage is not significant from a structural point of view and can be controlled relatively inexpensively, as discussed above. However, the presence of foundation cracks, damaged perimeter drainage tiles, a high water table or underground streams may call for more extreme corrective measures. These measures are used when chronic flooding occurs.

Sealing foundation cracks can be performed several ways with the cost of repairs varying. The approach taken depends on the specific crack; however, the most successful approach is sealing from the outside. Urethane or epoxy injection repairs can be done from the interior on poured concrete walls only.

Excavating, damp proofing and installing drainage tiles should be used as a last resort. Damp proofing on the exterior typically involves paring a masonry foundation wall with a one-quarter inch layer of mortar covered with a bituminous or plastic membrane that extends down to the footings.

The drainage tile laid beside the footing is covered with gravel and filter paper. These tiles can often be damaged or clogged by roots and some localized repairs may be required.

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