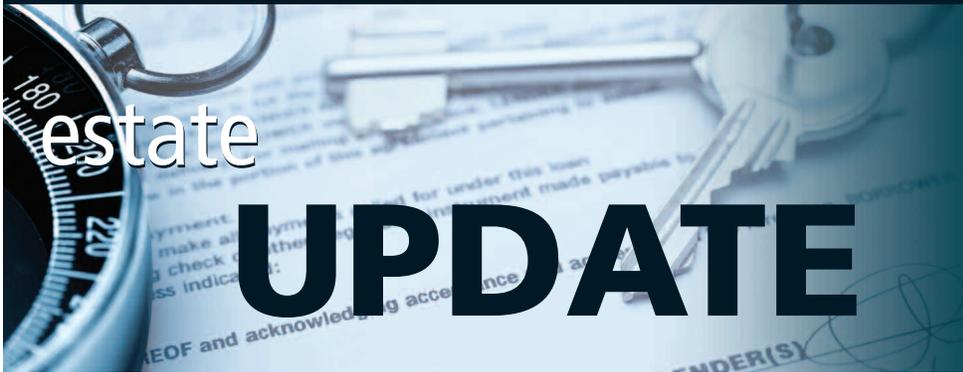


real estate



UPDATE

Your Greater Toronto Real Estate Newsletter

Year off to a fast start Low rates keep sales brisk

In winter, real estate sales traditionally take a breather, but 2012 is off to a fast start. "The market didn't miss a beat after the holiday season, with robust sales growth continuing and sellers' market conditions remaining in place," says Toronto Real Estate Board (TREB) President Richard Silver. "Strong competition between buyers continues to push the average selling price higher in the GTA relative to a year ago."

TREB predicts the average selling price in the GTA will rise by about four per cent this year to \$485,000. "This price will remain affordable based on current lending standards," says TREB. "At the same time, the lower rate of price growth in comparison to 2011 points to an easing of sellers' market conditions in the second half of this year."

With the recent U.S. announcement that interest rates will not rise until at least the end of 2014, homebuyers in Canada were reassured that rates will also remain low in this country. Early this year, a few major banks offered the lowest five-year mortgage rate in Canadian history. As long as rates remain at these historically low levels, real estate will continue to attract first-time and move-up buyers, as well as investors. Toronto's unemployment rate is declining and immigration to the area remains steady.

TREB recently introduced a new Months of Inventory (MOI) indicator. It shows how long, on average, it would take to sell all actively listed homes assuming the level of sales remained the same and no additional homes were listed. The lower the number the hotter the neighbourhood.

From 2000 to 2007, the MOI was 3.0 months. In the last two years, it averaged 2.3 months as the market heated up and

fewer listings were on the market. Currently, the overall GTA average is about 2.2 months. By this new measure, the hottest neighbourhoods were High Park, Bloor West Village, The Beaches, L'Amoreaux, East York, Stonegate-Queensway, Newtonbrook East and Willowdale East. Outside the city, the lowest MOI are in Newmarket, Markham, Whitby, Milton, Richmond Hill, Aurora and Mississauga.

On average it takes 32 days on the market for a house to sell, compared to 37 days at this time last year.

Although there has been a lot of concern about Canadians having too much debt, a recent study shows that households with low equity in their homes and high debt-service ratios account for just 4.5 per cent of all mortgages. The vast majority of homebuyers are cautious and fiscally responsible, and make sure they do not buy more than they can afford. *REU*



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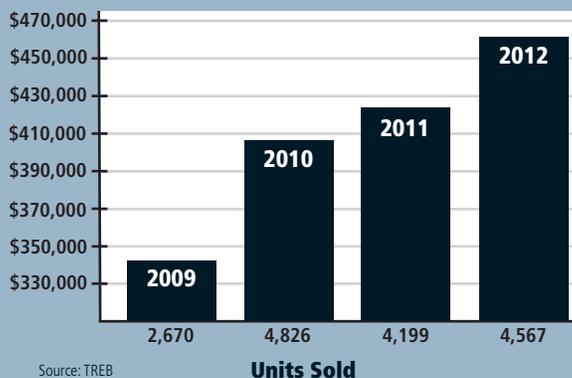
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But prices still going up

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Average Home Prices - January
in the Greater Toronto Area



Monthly sales

and average price
by area

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

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

Source: TREB

Condo update

Condos are getting smaller But prices still going up

It seems like big condominium buildings are going up everywhere, but the size of the units is shrinking. Last year the average condo was 820 square feet, a reduction of 52 square feet from 2010, and 100 square feet smaller than six years ago. This decrease represents losing an entire 10 x 10 foot room.

What happens in the new condo market is important



even if you are shopping for a resale unit because today's new condos are tomorrow's resale listings. When a new condo building is finished and ready for occupancy, many of its units enter the resale market as investors sell their units, or because buyers' needs have changed.

More than two-thirds of the GTA condos built last year were one bedroom plus den units, but the largest share of resale condos sold were two-bedroom units. As developers keep shrinking condo sizes, some experts believe there may be an oversupply of small units in the years to come. If you are shopping for a condo, consider what will happen in a few years if your family grows and you need more space. Buying a larger unit now, if you can afford it, could pay off both for your lifestyle and for resale value when it is time to sell.

Almost three-quarters of condo apartment sales takes place in the City of Toronto, with Peel region accounting for the second highest sales at 15 per cent. The average selling price was over \$354,000 in Toronto and over \$261,000 in the 905 regions early this year and in both cases prices were up by 6% year over year. *REU*

Home renovations

The "underground economy" No paperwork could mean trouble

If you are having home renovations done, there is a pretty good chance you will come across a contractor or tradesperson who offers a special discount for "under the table" work. That is, without paying taxes and dealing with paperwork. While it is hard to resist the temptation to beat the taxman and save some cash, it is a bad idea.

If your tradesperson is happy to skip the details of paperwork and paying taxes, how do you know he or she won't be equally prone to skipping key finishing details on your renovation job? If you do not have any paperwork, you have nothing to prove what the scope of work and agreed price was.

It is you - the homeowner - who is breaking the law not the contractor. Homeowners are legally responsible for ensuring that proper building permits are obtained and

inspections are completed. The worst-case scenario is that you might have to demolish your new renovation or have it done over again. If the contractor does not pay suppliers and tradespeople, they may place a lien on your property to try and collect.

Of course, a bad reno will also have a big impact on your home's resale value.

Statistics Canada estimates that the underground economy cost the government up to \$36 billion in 2008, up 90 per cent from 1992. The construction industry, the single largest offender, accounts for about 30 per cent of the underground economy.

Canada Revenue Agency says, "Paying your taxes is the law and tax evasion is against the law." *REU*

Interesting websites

torontozoo.com/events
Annual Easter "Egg" Stravaganza – Hop along the Zoo's "Spring Trail" to visit your favourite animals. Solve an egg-citing word puzzle! Take part in a "Beary-Bunny Easter Parade". (Apr 6 – 9)

insureye.com
What do you know about the insurance coverage on your credit cards? Let the innovative Credit Card Navigator show you the details.

hotelscombined.com
The world's largest hotel search engine that combines all hotel deals, from all major travel websites into one free, quick and easy search.

asthma.ca
The Asthma Society of Canada presents a guide on how to live with asthma through education and proper treatment.

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

Mortgages

2012 Rates

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

At February 4, 2012

Mortgage Rates

6-month	.....	4.45%
1-year	.....	3.09%
2-year	.....	3.15%
3-year	.....	3.19%
4-year	.....	2.99%
5-year	.....	3.34%
Prime rate	.....	3.00%

Taxing matters

Tax breaks for homeowners Don't miss out

One of the many advantages of homeownership is that you get a lot of tax breaks. Here are some ways your house can help you save money at tax time.

Principal Residence Exemption: If your house was your principal residence for every year you owned it, you do not have to report the money you make on a sale as income.

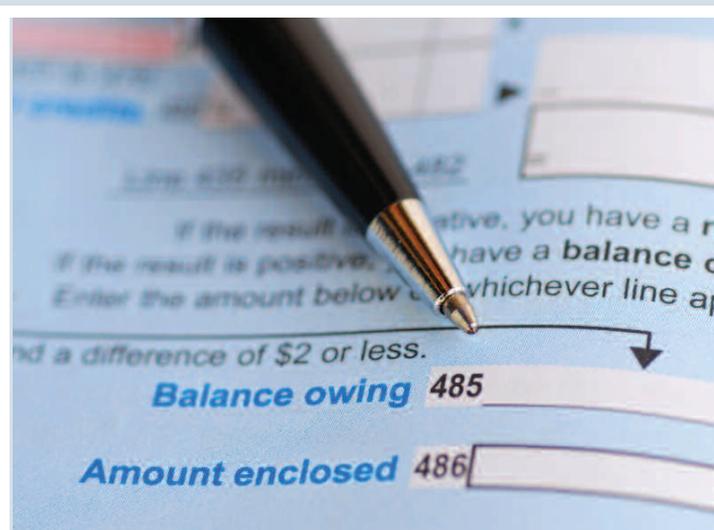
Home Buyer's Plan: The Home Buyer's Plan allows you to withdraw money from your RRSP to buy or build a home for yourself or a related person with a disability. You can withdraw up to \$25,000 in a calendar year. You must repay the money within 15 years, and some money must be repaid each year.

First Time Homebuyer's Tax Credit: You can claim \$5,000 on your tax return if you or your spouse acquired a home in Canada in 2011. You do not qualify if you lived in another home owned by you, your spouse or common-law partner in the year of the acquisition or in any of the four preceding years.

Business-use-of-home expenses: You can deduct some expenses if you conduct some or all of your business from your home. The home must be either your principal place of business or must have a space that you use only to earn business income. You must "use it on a regular and

ongoing basis to meet your clients, customers or patients," says Canada Revenue Agency. You can deduct maintenance costs including heating, home insurance, electricity and cleaning materials, as well as part of your property taxes, mortgage interest and capital cost allowance. If you use only part of your home for business purposes, you can deduct a percentage of your expenses.

Moving expenses: If you have moved within Canada to be employed or carry on a business at a new location,



you may be able to deduct eligible moving expenses.

Renovations: If you hire someone to "substantially" renovate your house or add a major addition, you may qualify for a rebate of part of the HST paid on materials.

For more information, visit www.cra.gc.ca. **REU**





Energy explained

Brushing up on your heating and air conditioning acronyms

AFUE, SEER, EnerGuide, and Energy Star are some of the most commonly used terms to deal with heating and air conditioning systems.

AFUE (Annual Fuel Utilization Efficiency)

This is simply a rating that reflects how efficiently a furnace converts fuel to energy over an entire heating season. The AFUE is expressed as a percentage of the amount of energy consumed by the system that is actually converted to useful heat. The higher the AFUE, the more efficient the system is.

Most forced-air gas furnaces installed between 1950s through the early 1980s had AFUEs of around 65 per cent. Under the Ontario Building Code, all gas furnace installed in new residential constructions must meet a minimum efficiency level of 90% AFUE. Some gas furnaces on the market even have AFUEs as high as 97 per cent.

SEER (Seasonal Energy Efficiency Ratio)

This rating measures how efficiently a residential air conditioner will operate over an entire cooling season. It's sort of the summer equivalent of the AFUE.

SEER is calculated by dividing the total amount of cooling energy the system will provide by the total amount of electricity it will consume. As with the AFUE, the higher the

number the more efficient the system is. While a 12-year-old air conditioner might have a SEER between 7.0 and 8.0, any new model for sale in Canada must have a SEER of at least 13.

EnerGuide

The government of Canada's EnerGuide program rates and sets minimum standards for the energy consumption and efficiency of energy-consuming appliances and products.

Along with the Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI), the Canadian government has established a voluntary energy efficiency rating system for residential forced-air furnaces and air conditioners to help consumers compare the energy efficiency of different products. The EnerGuide label with the furnace's AFUE or the air conditioner's SEER is attached to the manufacturer's product and/or brochure. The EnerGuide label includes a rating scale showing the range of efficiency of the model in relation to others.

ENERGY STAR

ENERGY STAR is also a voluntary program designed to identify and promote energy-efficient products to reduce greenhouse gas emissions. Canada promotes the symbol on almost 40 types of products, including furnaces and air conditioners.

The international ENERGY STAR symbol displayed alone or as part of the EnerGuide label, identifies major electrical appliances that meet or exceed specifications designed to ensure that they are among the most energy efficient in their class, without compromising performance.

So there you have it. This primer should help you identify where on the energy miser scale your next furnace or air conditioner will weigh in.

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GTA '12 totals

Sales activity of single-family homes

Most recent month, year to date

Active listings

January ...11,009

YTDN/A

New listings

January9,655

YTD9,655

Sales

January4,567

YTD4,567

Average price

January\$463,534

YTD\$463,534

Median price

January\$392,000

YTD\$392,000

Average days on market

January32

YTD32

Average percentage of list price

January98

YTD98

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Jan '11	4,199	8,937
Jan '12	4,567	9,655
% Change	8.8%	8.0%

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— Vito Vessio

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