

real estate UPDATE

Your Greater Toronto Real Estate Newsletter

Fewer listings lead to higher prices Interest rates still low

The lack of good quality listings is the big story in the GTA real estate market. The number of new listings on the market was down by more than 16 per cent in January compared to a year ago. Fewer listings result in more competition among buyers and therefore higher selling prices. The average selling price was up by 9 per cent compared to this time last year. There have also been more multiple offer situations, where homes in desirable neighbourhoods have sold for much more than the asking price. Although this type of sale gets a lot of attention in the news media, multiple offers are the exception not the rule.

Jason Mercer, the Toronto Real Estate Board's senior analyst, says that prices in the GTA will continue to trend upward this year. "Listings will remain below the pre-recession peak and sales are expected to increase over 2013," he says. "This means that we will continue to see substantial competition between buyers for some home types and in some areas of the GTA."

The "hottest" neighbourhoods in the city include the Beaches and Woodbine corridor, Riverdale, East York, Danforth Village and the Danforth, the Junction, High Park, Stonegate-Queensway, Roncesvalles, Mount Pleasant East, Banbury-Don Mills, Keele-dale-Eglinton West, L'Amoreaux and Tam O'Shanter.

Although sales are predicted to pick up, 2014 activity started at a lower level than last year because some would-be buyers couldn't find a home they wanted. Surely the wicked winter weather also contributed as the cold, ice and snow kept buyers from house hunting.

In January, the average price for a detached home in the City of Toronto was just over \$888,000. In the 905 areas, the average was around \$620,000. Condominium apartments in the city sold for an average of \$366,000; and in the 905 regions, the average selling price was \$299,000.

Mortgage interest rates continue to stay low, with the Bank of Canada keeping its trend-setting overnight lending rate at one per cent. The lending rate has been the same since September 2010 and most analysts don't think it will change anytime soon. In fact, falling inflation numbers could indicate a further cut to the rate, but with the concern about high household debt, that's unlikely to happen. Some banks did cut their lending rates recently, however.

Low interest rates and better weather may convince more buyers to start house hunting for a larger home or better location as spring approaches. This will provide some much-needed new listings in the detached and semi-detached home markets *REU*

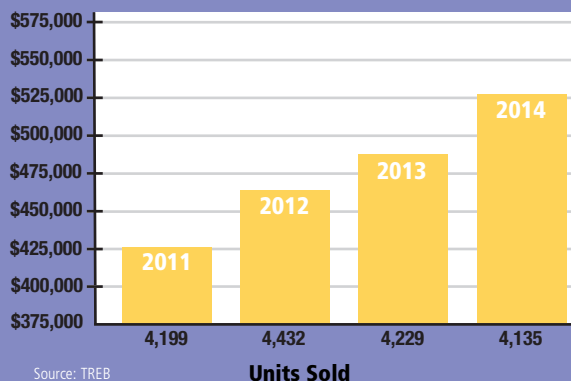
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Monthly sales

and average price
by area

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

May 2013

Central.....	1,725	720,990
East.....	2,276	416,452
North.....	2,070	589,293
West.....	4,111	513,020

April 2013

Central.....	1,596	688,116
East.....	2,306	409,362
North.....	2,106	587,372
West.....	3,803	495,569

March 2013

Central.....	1,319	676,257
East.....	1,777	400,051
North.....	1,594	583,892
West.....	3,075	488,866

February 2013

Central.....	992	673,149
East.....	1,398	396,636
North.....	1,200	563,775
West.....	2,169	480,239

Source: TREB



Financial matters

Home insurance premiums rising **Extreme weather to blame**

The Insurance Bureau of Canada has revealed that December's ice storm resulted in \$200 million in insured losses. Combined with the damage caused by summer floods in Toronto and Alberta, the total loss from severe weather in 2013 was \$3.2 billion. It's the highest in Canadian history. The July flooding in Toronto caused \$940 million in damages and was the most expensive insured natural disaster in Ontario's history. However, Canada's

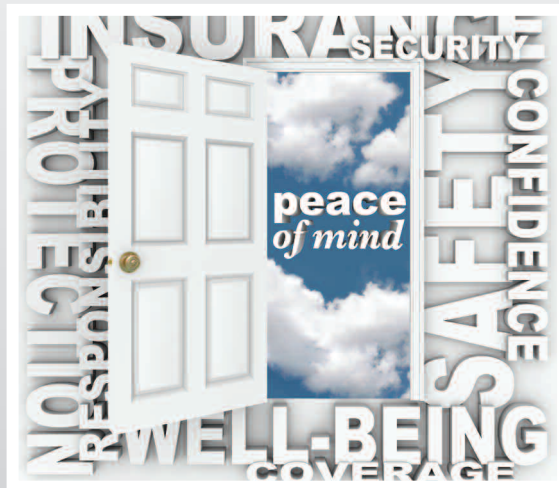
largest disaster was the Alberta floods, where insured damage was pegged at \$1.74 billion.

The \$200 million worth of ice storm claims were mostly for homes damaged by falling trees. An additional \$25 million claims were made for damaged vehicles.

All this inevitably means you'll be paying more for property and casualty insurance. The Globe and Mail reports the country's largest insurer, Intact Financial Corp., has already started to hike its premiums by between 15-20 per cent.

"Canadian communities are seeing more severe weather, especially more intense rainfall," says Don Forgeron, president and CEO of the Insurance Bureau of Canada (IBC). "This overburdens our sewer and storm water infrastructure, resulting in more sewer backups in homes and businesses."

The Bureau has developed a new tool for municipalities that helps them pinpoint vulnerabilities in their sewer and storm water infrastructure. With this information, potential trouble spots can be prioritized and repaired to prevent sewer backups and keep basements dry, according to IBC. **REU**



Condo trend

Global micro-living trend **Tiny condos come to Toronto**

Last fall, developers Urban Capital and Malibu Investments introduced Smart House, a "micro-condo" development at Queen Street and University Avenue, in Toronto. The smallest units are 300 square feet and prices started at \$249,000. The development has reportedly sold well.

"Our vision was to create small condominium residences sensitive to downtown premiums and a starter home budget, designed with relentless attention to detail and created for maximum impact with minimal space," says David Wex, partner at Urban Capital.

Rental income is estimated to provide a return of five to seven per cent per year, say the developers. People can purchase the suites fully furnished with components that do dual duty and more. There are beds that fold into the wall and

can convert into a sofa or a desk. Kitchen counter space can expand and retract. Other features include dining tables with built-in islands, niche shelving in areas that would be wasted pipe space, integrated cabinetry, smart appliances, and moveable partitions.

The 25-storey building includes a boutique-style lobby surrounded by retail space on the ground and second floors, office space on the third and fourth floors, and 241 residential suites on the fifth to twenty-fifth floors.

Who wants to live this way? The developers answer is, "People who hate clutter. Toronto-lovers who know what it means to have the hippest stores, cafés and bars outside their door with Bay Street around the corner.... In the right hands, small is mind-blowingly functional." **REU**

On the internet

Interesting websites

tiff.net/tiffkids.ca

TIFF Kids International Film Festival offers year round activities for kids and families to learn about cultural perspectives from around the world through the power of the moving image.

houzz.com

The new way to design your home with the largest collection of interior design and decorative ideas. Over 2,000,000 inspiring photos.

taxtips.ca

Income tax, financial investing and real estate information for individuals and businesses.

medbroadcast.com

This site is a one-stop shop for everything health related. There's updated-daily medical and health news, mainly from Canada, but U.S and international news is covered here as well.

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

Mortgages

2014 Rates

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

At February 6, 2014

6-month	4.00%
1-year	3.00%
2-year	3.05%
3-year	3.10%
4-year	3.40%
5-year	3.59%
Prime rate	3.00%

Money sense

Stock market vs. real estate **How do investments compare?**

Is it better to invest in real estate or the stock market? An old adage says, "You can't live in a stock portfolio." That's what makes trying to compare the two things solely as investment vehicles so difficult.

If you are buying a house to live in, the investment potential of the house is probably less important to you than the home's location, how suitable it is for your family and how you feel emotionally about the property. It also feels like a safer investment because, despite gloom and doom predictions of a housing crash and the ups and downs of the housing market during the last 25 years, real estate prices continue to appreciate.

For young people, studies have shown that having a mortgage is a great way to force them to save money. Those who choose to rent and invest their money in the stock market often lack the discipline to invest a comparable amount. There's also the not-so-small matter of picking the best stocks.

Another big advantage of real estate is that when you sell your primary residence, it's a tax-free capital gain. You can also increase the value of your investment by renovating it, something that is not possible with other investments.

If you buy an investment property, your tenants pay for

the mortgage and you increase your equity in the property as it appreciates in value. There are also tax advantages as interest on the mortgage and building repairs are both tax deductible.

For many people, the biggest advantage to a real estate investment is the peace of mind it offers. It's possible that real estate can lose its value, but over the long term, history has shown that the values always bounce back and



appreciate. Banks will not provide you with large loans to buy stocks, bonds or mutual funds because of this risk, but they will lend you the money for real estate because they know it will be secured by real property.

Financial experts recommend taking a balanced approach to investing based on a long-term financial strategy. *REU*





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 (Cost \$500 – \$900). Urethane or epoxy injection repairs can be done from the interior on poured concrete walls only (cost \$400 – \$600).

Excavating, damp proofing and installing drainage tiles should be used as a last resort. Damp proofing on the exterior typically involves parging 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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GTA '14 totals

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

Active listings

January11,903
YTDN/A

New listings

January8,822
YTD8,822

Sales

January4,135
YTD4,135

Average price

January\$526,528
YTD\$526,528

Median price

January\$438,000
YTD\$438,000

Average days on market

January36
YTD36

Average percentage of list price

January98
YTD98

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB

	Sales	New Listings
Jan '13	4,229	10,577
Jan '14	4,135	8,822
% Change	- 2.2%	- 16.6%

