



real estate UPDATE

Your Greater Toronto Real Estate Newsletter

Market off to a fast start No end in sight for low rates

The recent decision by the Bank of Canada to drop interest rates gave Toronto's housing market an even bigger boost. The market was already active, with January sales up 6.1 per cent compared to 2014.

Just when most analysts thought mortgage interest rates had to start rising after many years of rock-bottom levels, dropping oil prices prompted the Bank of Canada to cut rates for the first time in years. Initially the major banks were criticized for dropping the interest rates on saving accounts immediately, while being reluctant to lower mortgage rates. However, the Bank of Canada's move ensures that homeowners won't have to worry about significant rate hikes until at least 2016.

The low rates should create an even busier spring real estate market. Traditionally, it's the season with the most activity, and it may already be underway. But the problem that buyers faced all last year persists: there's a shortage of houses for sale.

"A constrained supply of listings for singles, semis and townhouses coupled with balanced market conditions for condominium apartments points to further growth in the average selling price in 2015," says Jason Mercer, director of market analysis for the Toronto Real Estate Board. "A sustained period of strong listings growth will be required to account for the pent-up demand for ownership housing in the GTA."

The average selling price for detached homes in January was \$948,713 in the City of Toronto and \$648,233 in the 905 areas. Semi-detached prices averaged \$667,452 in the city and \$455,653 in the 905. The average condo apartment sold for \$382,458 in the city and \$310,045 in the 905.

Lower oil prices and a sinking dollar are bad for the Canadian economy overall but good news for some Ontario businesses. It helps exporters and manufacturers and could lead to more employment opportunities. With some jobs out west drying up, more people will come to the GTA looking for work. Immigration to the area remains strong. All of these factors continue to boost housing demand.

A recent TD Economics report says that government housing policies are falling short in providing a balance between affordability, environmental protection and smart land-use policies. It adds that provincial legislation such as the Greenbelt and Places to Grow initiatives are "laudable goals" to help slow urban sprawl. The report suggests that by encouraging the development of small condo units that "it can reasonably be argued that the pendulum has swung too far." The report wonders how the GTA will accommodate the changing needs of the echo generation, who will soon be starting their own families. *REU*

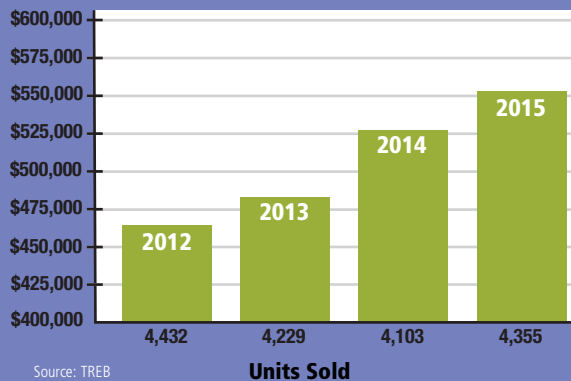
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Average Home Prices - January
in the Greater Toronto Area



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Monthly sales

and average price
by area

January 2015

Central.....	776	\$675,100
East.....	913	450,904
North.....	903	641,094
West.....	1,763	505,957

December 2014

Central.....	821	666,569
East.....	971	438,092
North.....	920	684,420
West.....	1,734	503,084

November 2014

Central.....	1,231	733,901
East.....	1,514	460,148
North.....	1,257	690,443
West.....	2,517	516,322

October 2014

Central.....	1,550	748,532
East.....	1,919	466,600
North.....	1,753	674,683
West.....	3,330	536,334

September 2014

Central.....	1,409	739,657
East.....	1,840	455,394
North.....	1,709	645,521
West.....	3,093	528,732

August 2014

Central.....	1,260	671,600
East.....	1,761	425,484
North.....	1,573	659,435
West.....	3,006	505,363

July 2014

Central.....	1,533	656,226
East.....	2,058	444,098
North.....	1,944	641,569
West.....	3,663	518,203

June 2014

Central.....	1,721	726,072
East.....	2,278	451,298
North.....	2,075	645,320
West.....	4,106	546,350

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

Source: TREB

Condo update

Condo amenities Wellness programs or dog washes?

In the early days of condominium living, the amenities in most buildings were generally limited to a large, empty space called a "party room" and, perhaps, an indoor pool.

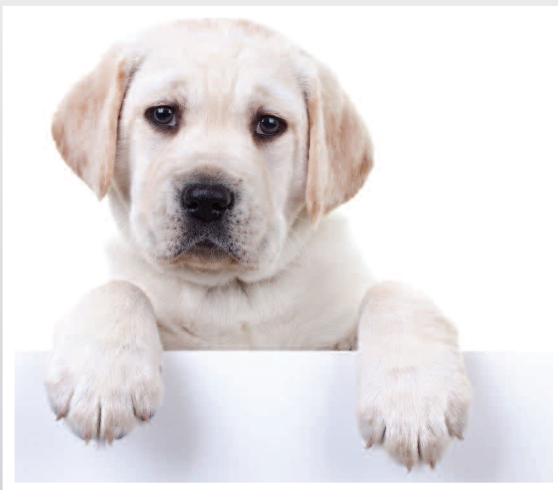
Today's condo developers offer much more to entice buyers, ranging from movie theatres to guest suites to concierge services. When making your condo buying decision, it's important to see how much you'll pay for the

amenities and if they will help with the resale value of your unit.

Right now, fitness centres are hot. The best ones provide natural light with a decent view and offer modern exercise equipment and fitness classes or personal trainers. Some new buildings have squash or basketball courts. Former CFL player Jeff Johnson is bringing a fitness program called Wellbeats to Canadian condos. It delivers classes on big-screen TVs in condo fitness rooms.

The party rooms of the past have given way to more intimate settings. These rooms, similar to a lounge, have small seating areas and perhaps a fireplace, some TV screens and a bar so you can invite friends over to watch a game or a movie. With condo units getting smaller, these rooms are important for those who like to entertain.

Other amenities can include dog washes or an outdoor movie theatre on the roof. Some condo buildings offer life-saving services such as a day care or 24-hour medical care, depending on the demographics and lifestyle of the residents who live there. *REU*



Home renovations

The underground economy Pitfalls of not paying taxes

Everyone's least-favourite government department, the Canada Revenue Agency, is cracking down on construction contractors who don't pay their taxes — part of the so-called underground economy. While it is tempting to pay for renovation work in cash or "under the table" to avoid paying taxes, you should know the pitfalls of doing so.

For your protection, every home renovation job should include a written contract so you can ensure the job is done correctly. The contract should include the contractor's full contact information, proof of Workers' Compensation and business liability insurance, and confirmation that they have the necessary permits and licenses to do the job.

Failure to follow these procedures could mean you will be liable should a worker get injured on your property. Without the

proper permits, building inspectors may order alterations or even demolition of the project. If the contractor fails to pay a tradesperson who worked on your reno that person could place a lien on your home.

You also should insist on a written warranty that details what work is covered and for how long.

The Canadian Home Builders' Association says that contractors who don't follow the rules make it hard for honest contractors who strive to do quality work since those who don't pay their taxes have an unfair business advantage.

The CRA claims the underground economy places an unfair burden on law-abiding taxpayers. Unpaid taxes mean less money for programs such as health care, employment insurance and pensions. *REU*



Financial matters

Second mortgages **Is it right for you?**

Second mortgages allow you to use the equity in your home to help with a financial goal, whether it's a home renovation, borrowing to pay off higher-interest debts such as a credit card or even financing a small business.

A home equity loan, such as a second mortgage, provides much cheaper interest rates than taking out a personal loan. You can get fixed or variable rates.

A second mortgage is, as the name says, a second loan that you take out on your home in addition to a first mortgage. You must continue making payments on the first mortgage as well as the second mortgage. In the event of default, your first mortgage lender gets priority and as such is paid first with any funds available before the second mortgage provider gets paid anything.

Since a second mortgage is riskier for the lender, interest rates are usually higher than for a first mortgage. You can borrow up to 80 per cent of the appraised value of your home, less the amount left to pay on the first mortgage.

As with all mortgage loans, you will be required to pay closing costs on your second mortgage. Closing costs are generally two to five per cent of the value of the second mortgage and could include an appraisal fee, legal fees, a title search and title insurance.

To qualify for a second mortgage, the lender will want to know your employment situation and history; and other financial details to ensure that you can afford the mortgage.

Other home equity options to consider are re-financing your existing first mortgage, borrowing any amount you pre-paid on your mortgage or obtaining a home equity line of credit.

Many people use second mortgages to finance renova-



tions to their home. You can increase your home's value and gain more equity all while benefiting from the improvements.

With today's competitive mortgage market, it's worthwhile to shop around and talk to a variety of lenders before deciding what to do. Fees and mortgage stipulations vary from lender to lender, so take your time. *REU*



On the internet

Interesting websites

ontariosciencecentre.ca /brain

BRAIN: The Inside Story
Step into the amazing, changing brain. Walk through a forest of tangled wires and flashing lights that evokes trillions of firing synapses inside the brain.

Until Mar 29

skyscanner.ca

Compares millions of flights across hundreds of airlines putting the world's top travel deals at your fingertips.

uber.com/toronto

Download the app and request a safe, affordable ride within minutes and pay with your phone.

caringforkids.cps.ca

Information for parents on children and healthy eating, baby care, illnesses, safety, and vaccinations etc.

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

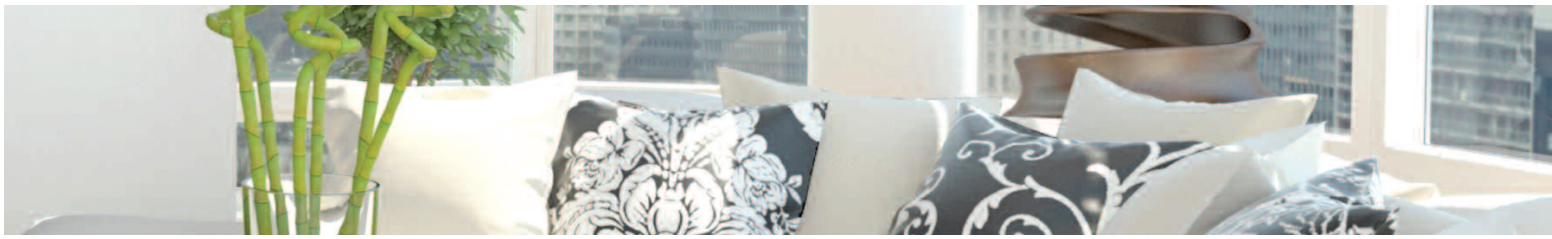
Mortgages

2015 Rates

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

At February 5, 2015

6-month	4.00%
1-year	3.00%
2-year	3.04%
3-year	2.94%
4-year	2.99%
5-year	2.99%
Prime rate	2.85%



Home inspections The top five misconceptions

Home inspections are a fairly new piece of the real estate puzzle. Unheard of in Canada prior to the mid-1970s, this consulting service is now a standard part of most real estate transactions. While homeowners recognize the importance of home inspection services, few are familiar with the details, including what is involved and how it works. There are several misconceptions and we'll look at our top five here.

• Exclusively for home buyers

Home inspections are not just for home buyers and actually make great sense for sellers. There has been a dramatic increase in the number of sellers' home inspections in the last few years. During the spring and fall markets, up to 40% of inspections completed are for sellers. Sellers' home inspections work for both sellers and buyers. They help the process in many ways, resulting in faster sales, increased comfort levels, fewer renegotiations, reduced uncertainty, and lower liability.

• Only needed for older homes

Many feel that home inspections are only valuable for older homes. Newer properties often have problems, frequently the

result of original construction issues or neglected maintenance. Home inspectors provide significant value for new homes, including assistance with information for home warranties.

• You need a PhD to understand your report

Inspection reports don't have to be complicated. They don't have to include technical jargon, complex symbols and legends, illegible handwriting, or indecipherable notes. Many inspectors provide an easy-to-read electronic report that includes photos, illustrations, and ballpark costs to address issues. Many reports are delivered the same day the inspection occurs. They include not only the information needed to make a buying decision, but great advice for the long term, helping you protect your largest investment.

• Take place Monday through Friday

The world of real estate does not operate on a Monday to Friday, 9-to-5 schedule, and neither should home inspectors. Many inspectors perform inspections on weekends as well as in the evenings, provided there is adequate daylight.

• Require planning and advanced notice

A large number of home buyers forgo their home inspection because they think they cannot schedule an inspection on short notice. In reality, home inspections can often be performed the same day they are requested. Many only require a few hours of notice, can be requested online, and take just a few minutes to book. Some companies offer real-time online booking through their website.

The above article is reprinted with the permission of Carson, Dunlop & Associates Ltd., Consulting Engineers – Expert Home Inspections.

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Thank you for your trust.”

—Vito

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GTA '15 totals

Sales activity of single-family homes

Most recent month, year to date

Active listings

January11,600
YTDN/A

New listings

January9,596
YTD9,596

Sales

January4,355
YTD4,355

Average price

January\$552,575
YTD\$552,575

Median price

January\$465,000
YTD\$465,000

Average days on market

January31
YTD31

Average percentage of list price

January99
YTD99

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Jan '14	4,103	8,762
Jan '15	4,355	9,596
% Change	6.1%	9.5%

