



real estate UPDATE

Your Greater Toronto Real Estate Newsletter

Double-digit increase in sales Still some pent-up demand

The frigid weather earlier this year didn't slow down the real estate market. Anyone who decided to wait for the spring weather missed out on a lot of homes for sale. This year's market started strong and then got another boost when the Bank of Canada lowered its overnight interest rate in January. People who thought the market had no pent-up demand were proven wrong as sales took off again.

The trend continued in March, as sales jumped by 11 per cent in the GTA compared to last year. New listings were up too but by only 5.5 per cent. Toronto Real Estate Board (TREB) president Paul Etherington believes there would have been even more sales if it weren't for a lack of good listings.

"The fact that sales growth has continued to outpace listings growth suggests that there is pent-up demand in the marketplace, especially for singles, semis and townhouses," says Jason Mercer, TREB's director of market analysis. "This is why we have experienced a sustained period of strong price growth for low-rise types."

TREB data shows that a greater share of high-end detached homes sold in March than sold at the same time last year, resulting in a bump in average prices. In the City of Toronto, the average detached home now sells for more than \$1 million. In the 905 regions, detached houses sell for an average price of just over \$700,000. For all housing types, the average selling price for the month of March was \$613,933, an increase of 10 per cent compared to a year ago.

While low mortgage rates continue to drive the market, other factors keep Toronto's real estate market hopping. Immigration to the city is steady, including people returning from out west after the drop in oil prices eliminated job prospects there.

Manufacturing and exporting industries are benefiting from lower energy costs and the depreciated Canadian dollar, which is already leading to more job creation. The Ford plant in Oakville, for example, has added 1,400 positions in the last six months.

Naysayers suggest that high household debt is a major concern in this country, which could lead to problems in the housing market. Recently Sal Guatieri, senior economist for BMO Capital Markets, said that while there are reasons for concern "the debt isn't as onerous as some believe."

Guatieri continues, "Tougher mortgage rules, combined with warnings from the Bank of Canada, Ottawa and the IMF, have kept borrowing on a tighter leash. Barring a further decline in interest rates, credit is unlikely to accelerate..." Guatieri believes most Canadians don't have a debt problem "and will have little trouble managing their finances when interest rates finally normalize." *REU*



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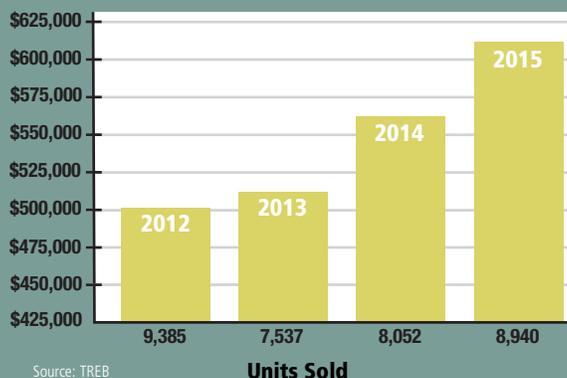
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Average Home Prices - March
in the Greater Toronto Area



Source: TREB

Monthly sales

and average price
by area

March 2015

Central.....	1,554	\$770,403
East.....	1,933	476,542
North.....	2,037	719,031
West.....	3,416	557,826

February 2015

Central.....	1,093	757,272
East.....	1,413	465,320
North.....	1,397	689,707
West.....	2,435	546,093

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

Source: TREB



Reducing your footprint

Waste reduction tips **Think twice before you throw it out**

Canada ranks dead last out of 17 countries and gets a "D" grade on municipal waste generation, according to a 2013 report by the Conference Board of Canada. Waste generated in Canada has been rising steadily since 1990 and we generate more waste per capita than the United States, the United Kingdom, France, Italy and Germany.

This spring, Toronto City Council approved a 2.25 per

cent annual increase for all solid waste user fees and increased the cost of using the largest garbage bin to \$340.60 per year. There are four bin sizes available and the smaller your bin, the less you pay.

There are many ways to reduce the amount of garbage your family generates. You could avoid buying items that come with a lot of extra packaging. Use reusable containers and take your own bags when you go shopping. Plan your weekly meals before you go to the grocery store, so as to minimize your food waste.

Reuse items instead of throwing them away. If you don't have a use for them, consider having a garage sale or donating good-quality used items to a non-profit group.

Be a good composter and recycler to keep garbage out of landfills. Make sure your food and organic waste goes into the green bin. If you haven't recently reviewed everything that can go into the blue bin, you may be surprised at what is now accepted. If you have something you don't know what to do with, visit The Waste Wizard at www.toronto.ca/recycle REU



Money matters

Lower loonie **More foreign investment**

How much real estate in Toronto is currently owned by foreign investors? A recent report by Canada Mortgage and Housing Corp. discovered that about 2.4 per cent of Toronto's condo apartments may be foreign-owned. No figures are available to tell us how many single-family homes are owned by people from outside the country, but a combination of the dropping value of the loonie, the recent interest rate cut and the improving American economy could result in more foreign investment in our real estate.

Brian Johnston, CEO of Mattamy Homes, told Postmedia News that foreign investors think "the Canadian market has gone on sale." On the other hand, for Canadians who want to buy property in the US, "The reverse is true...the price of

US real estate just went up by 10 per cent." Snowbirds who were thinking about buying in the US may now set their sights on a Canadian alternative.

For Chinese investors, our real estate has become even more attractive as the Canadian dollar has depreciated by 20 per cent versus the renminbi, which is China's official currency.

Dropping oil prices have put the Canadian economy in a tailspin, hurting Alberta in particular. However, Ontario has benefited as low oil prices and a lower loonie helps exporters and manufacturers. While foreign real estate investors may have some concerns about how Canada's economy will weather the oil price storm, it's still expected that the "bargain" real estate prices will lure more buyers. REU

Condo update

Condo sales soar Completions don't impact resale market

Buyers are jumping into the condo market in a big way in 2015. According to the Toronto Real Estate Board, March sales for condo apartments were up 13.5 per cent in the city and 10.8 per cent in the 905 regions.

Most of us thought that mortgage interest rates could not get any lower, but the Bank of Canada's move to cut rates in January has now filtered down to create a mortgage rate war among banks and other lenders. The low rates are creating a flurry of condo sales.

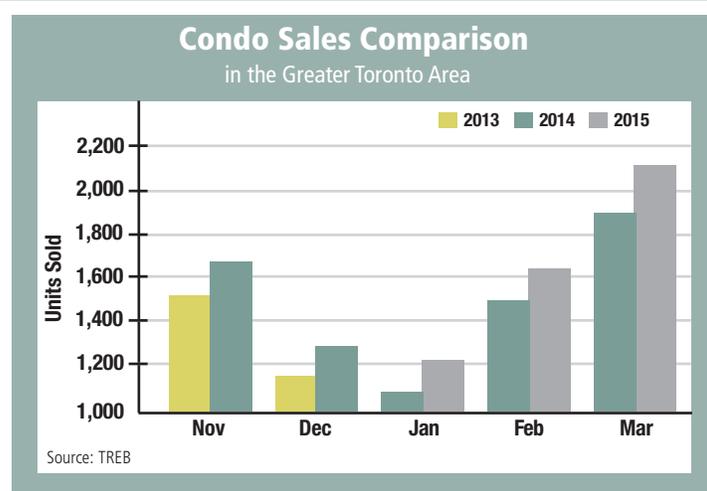
There has been a lot of noise in the media about the amount of new condo construction in the GTA and its potential impact on the market when the units are all completed. Ben Myers of Fortress Real Developments reports that in January 2015 a record number of units - 9,457 - were absorbed, more than the previous eight months combined. With all of those units completed, some people predicted the resale market would either be flooded with listings or that it would plummet because everyone would be buying a new unit instead of a resale suite.

In fact, the resale market has not seen a spike in listings, nor has there been a drop in sales. It's quite the opposite.

There were also a record number of completions in 2014 and Myers says this was "a great test case for the theory that the "glut" of completed units would result in increased listings and depressed resale/rental condominium/price

movement. According to research firm Urbanation, "there were fewer resale condominium apartment listings in 2014 in comparison to 2013, resale prices increased about 4 per cent annually and condo rental rates increased about 1 per cent year-over-year."

Urbanation's research also found that less than 3 per cent of units completed and registered in 2014 ended up in the resale market, whereas 24 per cent were rented out on the



MLS System. The numbers indicate that there are few "flippers" in the market, those people who buy new or pre-construction condos and then immediately put them on the resale market to cash in their equity. Most people who buy condos are end-users who plan to enjoy the condo lifestyle or investors putting their units on the rental market with no plans to sell immediately. *REU*



On the internet

Interesting websites

luminato.com

Toronto festival of arts and creativity. Toronto's stages, streets and public spaces are illuminated with free and ticketed events.

Jun 19 - 28

twofoods.com

A food comparison tool that compares the nutritional data of two food items to see which food suits your healthy eating goal (e.g. McDonald's Big Mac vs. Greek salad).

brightnest.com

Provides tons of helpful articles and guides for your home, everything from caulking the bathroom to creating a pallet garden.

yogavision.com

Information on yoga therapy and natural medicine; yoga in the workplace; yogability for special groups.

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 April 7, 2015

6-month	3.14%
1-year	3.00%
2-year	2.94%
3-year	2.84%
4-year	2.79%
5-year	2.79%
Prime rate	2.85%



In search of the perfect house

What to expect

Normal maintenance

If you strip away the cosmetics, a house is made up of the structure, roof, exterior envelope and the “systems” of the house. The “systems” are things like heating, plumbing, electrical and cooling.

All components and systems eventually wear out.

Fortunately, they don’t all wear out at the same time. Different components have different life cycles. Houses tend to settle into what you might call a “normal maintenance pattern”.

The 1% rule

A reasonable annual estimate of the cost of normal maintenance is 1% of the value of the house. One year you may replace the furnace; a few years down the road you may re-surface the roof. Throw in the odd unexpected repair in between and you average 1% per year. This rule is not far off regardless of the value of the house.

What’s the message?

A homebuyer should arrive at the home inspection with realistic expectations. If you are buying a 12-15 year old home, you may need a new roof. If you are buying a 60 year old home, you may have to update some plumbing.

How long does it last?

Here is a short list of typical life cycles of the most common

components of the home. Keep in mind that there will be exceptions in every category.

ROOF

- Conventional asphalt shingles12–15 years
- Top quality asphalt shingles25–30 years
- Low slope shingles10–15 years
- Slate40–200 years

EXTERIOR

- Gutters & downspouts20–30 years
- Aluminum siding50 plus years
- Wood sidingmaintenance dependent
- Stuccomaintenance dependent
- Exterior paint4–6 years
- Deck.....10–20 years
- Asphalt driveway surface10–20 years
- Garage door opener8–12 years

HEAT

- Conventional furnace20–25 years
- Mid efficiency furnace20–25 years
- High efficiency furnaceapprox 20 years
- Steel boiler20–30 years
- Humidifier5–10 years
- Electronic air filter.....10–20 years

COOLING

- Air conditioning condenser10–15 years

PLUMBING

- Copper pipeindefinite
- Toilet30–40 years
- Sink12–20 years
- Faucet10–15 years
- Water softener5–15 years
- Water heater8–12 years

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GTA '15 totals

Sales activity of single-family homes

Most recent month, year to date

Active listings

March15,295
YTDN/A

New listings

March15,531
YTD.....35,518

Sales

March.....8,940
YTD.....19,594

Average price

March.....\$613,933
YTD\$594,827

Median price

March.....\$515,000
YTD\$495,000

Average days on market

March20
YTD.....23

Average percentage of list price

March101
YTD100

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Mar '14	8,052	14,717
Mar '15	8,940	15,531
% Change	11.0%	5.5%

“The highest compliment my clients can give me is the referral of their friends, family and neighbours.”

Thank you for your trust.”

—Vito

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