



Your Greater Toronto Real Estate Newsletter

Buying fever abates slightly As home price acceleration moderates

Home sales in the GTA in March were down 30 per cent from the record sales result in the same month in 2021, but still claimed the third-best March result on record and the second-best first quarter ever. Although dipping slightly from February, the average March GTA home price saw a double-digit annual pace of price growth and reached \$1.3 million. Continuing tight market conditions drove house values up 18.5 per cent over March 2021.

New listings were down on a year-over-year basis, but by a smaller annual rate than sales. According to the Toronto Regional Real Estate Board (TRREB), this shows that while market conditions remained very tight, homebuyers did not experience the same level of competition compared to a year earlier. "I don't see 2022 moving to a buyers' market where you could see prices flat lining or dropping on a year-over-year basis. But I do think you will see a moderation in the rate of price growth as you move through the year," says TRREB chief market analyst Jason Mercer.

Breaking down the average price growth by housing types in comparison to the same month last year, we see that in the City of Toronto detached homes increased by 9.5 per cent to \$1,920,018; semi-detached home prices skyrocketed by 20 per cent to \$1,545,447; townhouse prices jumped by 16.3 per cent to \$1,117,469; and the average price for a condo apartment rose by 17.4 per cent to \$831,351.

The 905 regions saw some of the biggest price gains. The average price for a detached home in the suburbs jumped by 23.6 per cent to \$1,632,832; semi-detached home prices soared by 28.9 per cent to \$1,201,097; townhouses saw a 27.6 per cent hike to \$1,079,798; and condo apartment prices jumped by 25.2 per cent to \$760,410.

Across the GTA, home prices have risen steeply throughout the pandemic due in part to near-zero interest rates and a desire among many Canadians for more space during COVID-19 lockdowns and work-from-home situations. But the recent slower rate of price acceleration and a lower decline rate in new listings seem to suggest that a shift to a more balanced market could be underway. The shift may have been precipitated by surging inflation and the Bank of Canada upping its key interest rate, although many buyers secured mortgage rate holds in advance of the hike. *REU*



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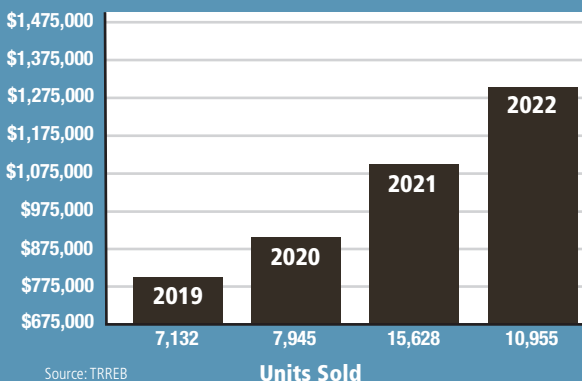
GTA BY THE NUMBERS

DETACHED
↑20.9%
Avg. Price Yr/Yr

SEMIS
↑26.0%
Avg. Price Yr/Yr

CONDO APTS
↑19.6%
Avg. Price Yr/Yr

Average Home Prices - March in the Greater Toronto Area



Monthly stats

March average price by area

416

DETACHED

↑9.5%
YEAR
YEAR

\$1,920,018
Average Price

CONDO APT

↑17.4%
YEAR
YEAR

\$831,351
Average Price

905

DETACHED

↑23.6%
YEAR
YEAR

\$1,632,832
Average Price

CONDO APT

↑25.2%
YEAR
YEAR

\$760,410
Average Price

Underground economy

Home improvements **Risks of under-the-table cash deals**

The underground economy (UE) in Canada is estimated at \$38 billion annually. It is fair to say that millions of Canadians are either currently engaged in it or have benefitted from it in the past. Home improvement projects are among the most common financial transactions where people look to cut the taxman out.

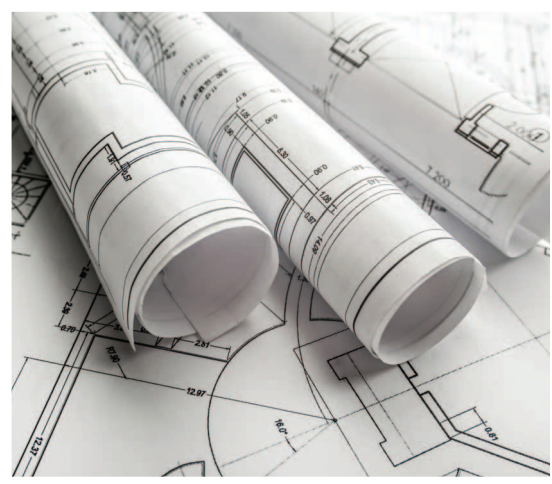
Saving money is a priority for all of us, however, whether you are looking at updating your kitchen or finally finishing your base-

ment there are some corners you should not cut, like agreeing to a nothing-written-down cash deal instead of insisting on a proper written contract. These businesses don't claim the income and fraudulently avoid paying taxes, Workers' Compensation, and business insurance, much of which is illegal.

The Canadian Home Builders' Association clearly outlines the risks of such cash deals. For example, should a contractor accidentally damage your home and not have business insurance, the onus is on him/her to agree to pay for repairs out of pocket. The same can apply if a worker gets injured on the job. Without required Workers' Compensation coverage, you may be liable for their medical costs.

As homeowners without a written contract, there is little or nothing you can do if the project is not completed or the work is inadequate. Furthermore, you also don't have warranty on the work that is done. If something needs repair after a renovation, without a written contract you're likely out-of-luck.

It is important to safeguard your interests when embarking on a home improvement project. Do your research, find a qualified contractor and get a proper written contract, clearly stating the contractor's responsibilities. [REU](#)



Peace of mind

Tenant insurance **Protects tenants and property owners**

With home ownership becoming unreachable for many, renting has become a popular option.

While tenant insurance is not mandatory in Ontario, it's perfectly legal for a landlord to require it as a condition on a rental agreement. Tenants should keep in mind that tenant insurance, also known as renters or contents insurance, is one of the costs that seems to have no payback.

"But the reality is that you likely can't afford not to have tenant insurance. The cost of a policy (which can range from \$15 to \$30 a month) is a small price to pay when you consider that it protects your valuables, protects against liability in case of an accident and, ultimately, gives you peace of mind," says Kara Aaserud, an industry expert at MoneySense.

The average tenant insurance cost in Ontario depends on

your coverage (i.e., the level of liability coverage you want, the amount of personal property you need to insure, and the deductible amount you choose); the location of your rental (city, neighbourhood, local crime rates and environmental factors like flooding or forest fires); how your unit or building was constructed (type of heating, square footage, building's age); and your credit and claims history.

Accidents happen. If your faulty toaster causes a fire and there's smoke damage to your apartment, your neighbour's apartment and communal areas outside of your rented space, you may be responsible for all related expenses. Similarly, if someone slips and falls in your rental, the tenant, not the property owner, is responsible. Tenant insurance protects you in these scenarios too. [REU](#)



Mortgages

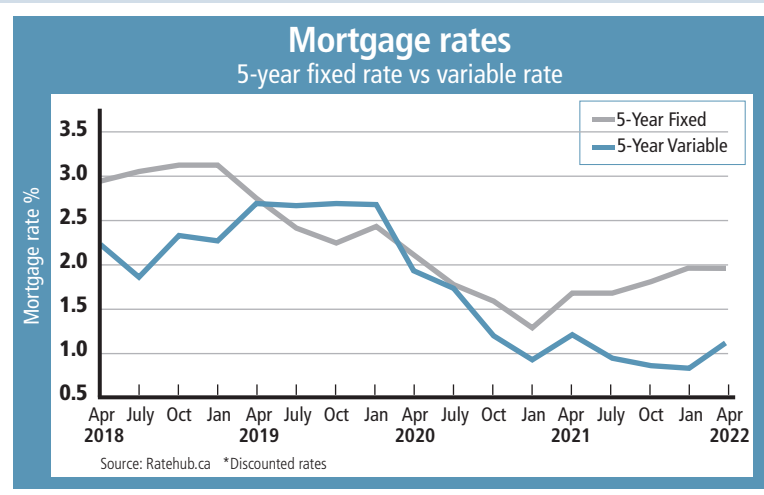
Navigating rising interest rates **What to consider**

Recently, we have seen wealth in real estate skyrocket. At the same time, we have watched inflation rates hit alarming levels. High inflation levels are driving interest rates up and mortgage holders are now worried about what this means for their monthly payments.

First of all, there is no reason to panic. Fixed-rate mortgage holders will not be affected by the rising rates until their mortgages come up for renewal, and then there are a few options to keep their monthly payments down. Yes, variable-rate mortgage holders will see their rates rise with each hike but, in this case as well, panic is not necessary.

The stress test (where the minimum qualifying rate is either: the rate offered by the lender plus 2%, or a rate of 5.25%, whichever is higher) was designed to make sure borrowers would be capable of making their mortgage payments even in the face of changing interest rates. It serves as a margin of safety [a buffer] in case rates jump to levels that could prove difficult for some borrowers to handle. That said, with even more interest hikes looming upon us, homeowners can get ahead with their mortgage payments by assessing their options.

James Laird, co-founder of Ratehub.ca, recommends homeowners find out how flexible their lenders are with mortgage terms. This goes for both variable-mortgage holders and fixed-mortgage holders facing an imminent renewal. Laird says that fixed-rate mortgage holders should do their research to get a better sense of how much more they would pay after their renewal and develop a budget around the new scenario. "If it puts finan-



cial strain on the household, that household could consider a refinance instead of just a straight renewal." Laird continues, "What that will look like is they keep the mortgage amount the same, but they could extend the amortization out to 30 years if they wanted to, and that would lower their monthly mortgage obligations." *REU*



On the internet

Interesting websites

luminatoFESTIVAL.com

Toronto's international arts festival dedicated to performance, visual art, music, theatre and dance. Jun 9 - 19

mailDROP.cc

Provides a free disposable email address. Use it to activate your account on any website without getting spammed.

redTAG.ca

Travelers can shop and compare flights, hotels, vacation packages, cruises, car rentals.

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

At April 18, 2022

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

| | |
|-----------------------|--------------|
| Prime | 3.20% |
| Variable | 2.44% |
| 1-year | 3.19% |
| 2-year | 3.64% |
| 3-year | 3.94% |
| 4-year | 4.04% |
| 5-year | 3.89% |



GTA '22 totals

Sales activity
of all home
types
Most recent month,
year to date

Active listings

March10,167
YTDN/A

New listings

March20,038
YTD42,173

Sales

March10,955
YTD25,642

Average price

March\$1,299,894
YTD\$1,299,591

Median price

March\$1,165,000
YTD\$1,170,000

Average property days on market

March11
YTD12

Average percentage of list price

March113
YTD114

Source: TRREB

Housing market indicators

Single-family dwellings

| Source: TRREB | Sales | New Listings |
|---------------|--------|--------------|
| Mar '21 | 15,628 | 22,747 |
| Mar '22 | 10,955 | 20,038 |
| % Change | -29.9% | -11.9% |

Priced out of homeownership? Consider co-owning your home

In today's high-priced, often inaccessible, real estate market, Canadians are increasingly turning to some lesser-known home ownership models. One such model is co-ownership. Co-ownership is partnering (an agreement between two or more parties) to purchase a property. You can co-own with family members, friends or anyone else who you find is like-minded.

In essence, a co-ownership purchase is when multiple people pool their money to buy a home that would otherwise be unaffordable for them to own. It can be an arrangement of several unrelated people buying a home together either to live in or as an investment to rent, different generations of the same family buying a property or a purchase with multiple owners but only one owner will live in the home.

The first step, and most important step is, of course, finding the right partner(s). That is crucial. They should be people you trust and with whom you have attitudes and values in common. But even then, it's crucial that you work out house rules, schedules and a conflict resolution framework ahead of time that includes even the smallest aspects

of daily life: Who takes out the garbage? Who does the dishes and when? Who has access to the backyard and when?

This agreement should ideally be done through consultation with legal counsel and include all potential issues such as:

- How will proportional ownership be calculated based on down payments and the portion of the property occupied by each party?
- How will legal, real estate and other costs such as land transfer tax and property tax be divided?
- What happens if one party dies or decides to sell early, either cashing out or passing on ownership?
- What if a party wants a partner, child or someone else to move in?
- What happens if one party loses their primary source of income (e.g., job loss)? Will the other party be forced to absorb the full costs of the property?

Those entering into a co-ownership arrangement need to know that they can live communally and be willing to negotiate and compromise. Ultimately, even with a detailed agreement in place, the relationship between co-owners will make or break the deal.

Lesli Gaynor started a website that educates people on co-ownership and helps them with the process. Gaynor co-purchased a home with two friends when she was 25 years old, which enabled her to buy her own house a few years later. She says her home purchase wouldn't have been possible without taking that initial step onto the property ladder through co-ownership. *REU*

"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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