



real estate UPDATE

Your Greater Toronto Real Estate Newsletter

GTA market still red-hot Lack of listings has major impact

The weather may be cooling off, and the leaves may be starting to turn, but the housing market remains hot in the Greater Toronto Area. The Toronto Real Estate Board's (TREB) latest figures show 9,902 sales in September. Sales of detached, semi-detached, townhouses and condos increased by 21.5 per cent over the same time last year.

In the City of Toronto, sales hit a slower pace for detached homes that the rest of the region. There were also fewer semi-detached sales compared to September 2015. But sellers need not worry because the real estate board chalks up the slow down on lack of inventory - there simply aren't as many homes on market. The 905 regions experienced higher sales volumes than Toronto. There were 3,610 detached home sales and 618 semi-detached transactions in the 905 regions. The average price for detached homes was \$928,414 while the average semi sold for \$608,122. In comparison, Toronto had 1,098 detached home and 302 semi-detached sales. The average price for a detached home in the City of Toronto was \$1,294,482 while the average semi sold for \$887,916.

For all of the GTA in September, the average home was on the market for 16 days and sold for 103 per cent of the listed price.

In early October, Finance Minister Bill Morneau announced new rules that will make it more difficult for some buyers to qualify for a mortgage. For some time the government and the Bank of Canada have been concerned that some Canadians are taking on larger mortgages than they can afford while interest rates are at a historically low level. The government is also raising the threshold on requirements to qualify for government-backed insurance when down payments are low. In Canada, mortgage insurance is backed by the federal government.

There are also new rules regarding capital gains exemptions that require owners to report sales of their primary residence to the Canada Revenue Agency at tax time. Capital gains from primary home sales will still be tax-free. This measure is aimed at filling a loophole that allowed some foreign buyers to avoid paying taxes when they bought and sold homes in Canada.

TREB "will be closely monitoring how the recent changes to the federal mortgage lending guidelines and capital gains exemption rules impact the housing market in the Greater Toronto Area," says Jason Mercer, the Toronto board's director of market analysis. "While these changes are pointed at demand for ownership housing, it's important to note that much of the upward pressure on home prices in the GTA has been based on the declining inventory of homes available for sale." *REU*

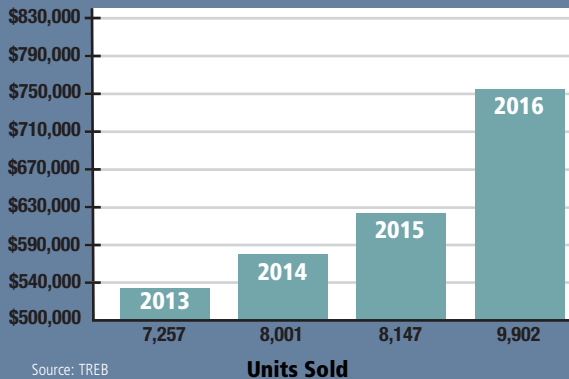
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Average Home Prices - September
in the Greater Toronto Area



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Monthly sales

and average price
by area

September 2016

Central.....	1,747	\$868,380
East.....	2,036	606,364
North.....	2,255	921,600
West.....	3,864	686,765

August 2016

Central.....	1,743	737,422
East.....	1,961	568,498
North.....	2,222	904,959
West.....	3,887	658,678

July 2016

Central.....	1,755	\$744,796
East.....	2,134	587,972
North.....	2,129	905,100
West.....	3,971	655,158

June 2016

Central.....	2,286	874,834
East.....	2,661	599,933
North.....	2,772	903,744
West.....	5,075	679,770

May 2016

Central.....	2,283	904,532
East.....	2,649	588,067
North.....	2,902	909,542
West.....	5,036	678,063

April 2016

Central.....	2,129	873,681
East.....	2,413	585,908
North.....	2,840	896,544
West.....	4,703	661,653

March 2016

Central.....	1,748	790,036
East.....	2,086	545,912
North.....	2,304	852,013
West.....	4,188	626,393

February 2016

Central.....	1,448	836,045
East.....	1,528	537,590
North.....	1,647	816,821
West.....	2,998	615,694

January 2016

Central.....	838	731,243
East.....	975	489,520
North.....	994	781,575
West.....	1,865	579,898

December 2015

Central.....	943	727,405
East.....	1,069	488,477
North.....	952	745,039
West.....	1,981	552,572

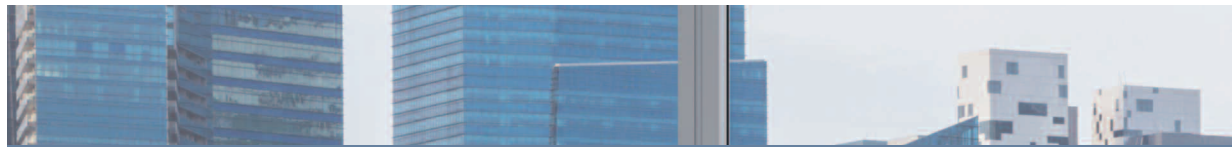
November 2015

Central.....	1,359	751,747
East.....	1,562	508,707
North.....	1,479	769,725
West.....	2,985	575,454

October 2015

Central.....	1,658	770,399
East.....	1,884	506,969
North.....	1,826	740,108
West.....	3,436	573,440

Source: TREB



Money matters

What is a reverse mortgage? Advantages and disadvantages

A reverse mortgage, formally known as a home equity conversion mortgage (HECM), allows Canadians 55 and older to access up to 50 per cent of their home equity either in installment payments or as a single lump sum. As homes typically appreciate over time, this practice appeals to some older Canadians.

The qualifying financial amount for HECMs, which are loans, is based on factors like property value and location, the borrower's age, interest rates and other regional and lender

conditions.

The HECM loan is not taxable - thereby protecting Old Age Security or Guaranteed Income Supplement - but you must pay property taxes and home insurance premiums. When you obtain the HECM, you can use the loan for anything you wish, such as living expenses, home repairs, in-home care or financial emergencies. You do not need to repay the loan until either you or your surviving partner dies or you sell the home. Aside from increased cash flow, homeowners (and beneficiaries) are not liable for differences should interest rates surge and housing values plummet.

Borrowers should, however, be careful about HECMs because the risk is leveraged against other investments, while interest (the HECM rates are considerably higher than typical loans and mortgages) accrues.

Furthermore, options are limited to two lenders in Canada: Canadian Home Income Plan (CHIP) and Seniors Money Canada, in addition to some credit unions in Ontario and B.C. Remember to consider the costly start-up fees, the most common of which are for home appraisals, legal advice and the application. *REU*



Legalities

Regulating home inspectors Protects consumers

There's a wide difference in industry accreditation and standards for home inspectors in Ontario. The provincial government, though it has prorogued the legislature, intends to regulate home inspectors in a calculated effort to protect consumers. Home inspectors adhere to incongruent standards from one to the next, and because buyers and sellers typically employ their own inspectors, discord could result. Areas of regulation include information that can be disclosed and the brass tacks of home inspection contracts.

The government estimates there are over 1,500 home inspectors in Ontario. Currently, there's concern some inspectors are not adequately trained and offer discounted costs to compete with trained professionals. As part of its regulation effort, the Ontario government plans to form an independent

administrative authority to oversee what are presently disparate inspectors. It is believed a single governing authority will insulate buyers and sellers from surprise costs and, most importantly, ensure homes are safe.

While Ontario's real estate industry is stringently licensed and regulated, home inspectors do not observe uniform professional standards, and recourse for consumers bearing the brunt of substandard advice and shoddy inspections is expensive. Given the escalating costs of homeownership, especially in the Greater Toronto Area, exorbitant legal expenses are a luxury most buyers and sellers cannot afford.

The government estimates around 65 per cent of homes sold in Ontario employ home inspectors. B.C. and Alberta are the only two provinces that regulate the industry. *REU*

Condo update

Condo market stays strong Price growth continues

The GTA's condo market showed robust activity in September. The Toronto Real Estate Board reports sales of 2,580 condos in the GTA during the month. That is an increase of 26.7 per cent over last September, with an average price of \$422,002 - a 9.3 per cent year-over-year increase.

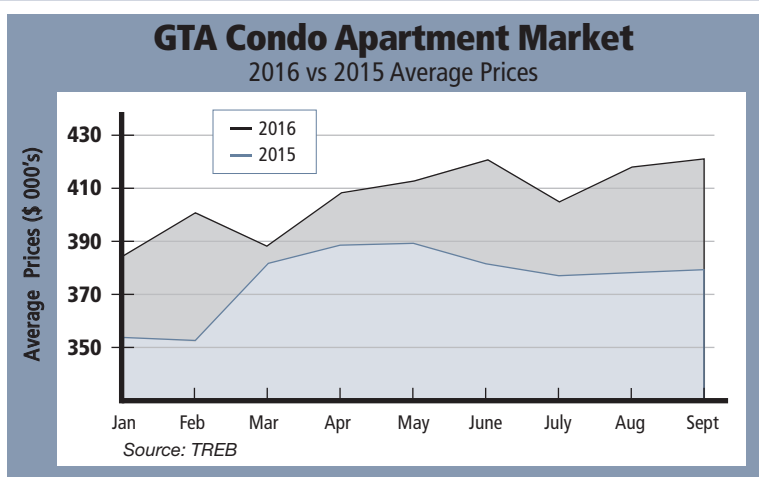
In the 905 regions there were 793 sales, which was 32.4 per cent more than last September. The average price of condos in the 905 regions in September was \$367,260, which is a 19.4 per cent increase from a year ago. Toronto accounted for the lion's share of GTA condo activity in September with 1,787 sales reported, which is a 24.3 per cent increase over the same time last year. The average price of condos in Toronto was \$446,294, up 6.5 per cent over last year.

All this condo activity in Toronto is due to the city having the GTA's most stringent density requirements and condos comprising the largest inventory of the four major housing types. In September, the average condo sold after 25 days on the market, for 99 per cent of the listed price.

In early October, the federal government announced new measures designed to cool the housing market. These changes may have an impact on the condo market as some buyers may find it more difficult to qualify for a mortgage.

Dominion Lending Centre's Sherry Cooper says this is a "Nanny State measure to protect people from themselves, as the Bank of Canada has long been concerned about the growing number of households with excessive debt-to-income ratios. It will make housing less attainable, at least in the short run. If it, therefore, substantially reduces housing demand, home prices could decline, ultimately improving affordability. This, of course, is not what the 70 per cent of Canadian households that already own a home would like to see."

In announcing the changes, Finance Minister Bill



Morneau says, "Canadians have told us they are concerned about growing household debt and rapidly rising house prices in some of our biggest cities, particularly in markets like Toronto and Vancouver. These concerns have grown over many years and there are no quick fixes." REU



On the internet

Interesting websites

lowerrossingtontheatre.com

Sister Act is the feel-good musical comedy - Nominated for 5 Tony Awards, including BEST MUSICAL based on the hit 1992 film.

Dec 1- Jan 29

seatguru.com

The ultimate source for airplane seating (seat maps and reviews), in-flight amenities, flights shopping and airline information.

travel.gc.ca

Advice and information on travel health and safety, air travel, border wait times and more.

webmd.com

Provides health information, timely articles and tools for managing your health.

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

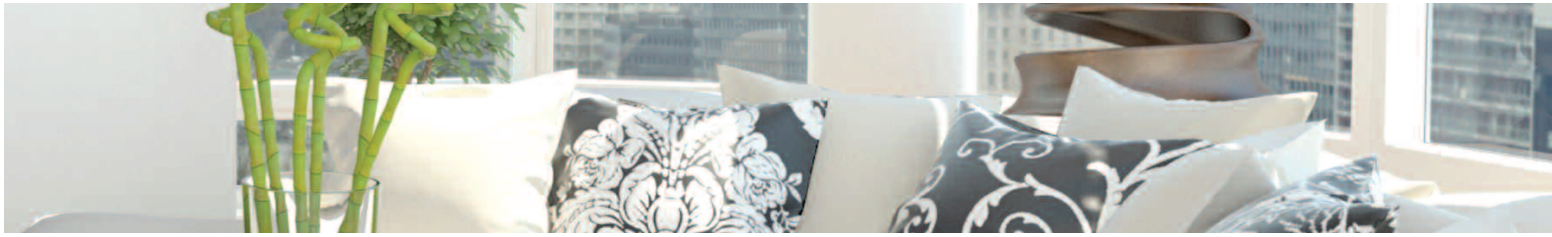
Mortgages

2016 Rates

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

At October 10, 2016

6-month	3.14%
1-year	2.84%
2-year	2.79%
3-year	2.84%
4-year	2.79%
5-year	2.89%
Prime rate	2.70%



Ice damming Be damned

As winter approaches, the temperature starts to drop. And to the delight of skiers everywhere, snow will soon be accumulating. Snow on your driveway is seldom more than a pain in the back; however, snow on your roof can lead to leakage, even if your roof is new. The culprit is ice damming, the insidious snow-melting phenomenon that is all too familiar to many of us.

What causes ice damming?

Heat loss from inside the house causes accumulated snow on the roof to melt in spots. Then the water runs down the roof until it encounters an unheated area at the edge of the roof. The snow there stops the water and it re-freezes. After a while, a dam of ice forms on the roof above exterior walls. The dam causes water to form a small pool that can back up under the edges of the shingles. Once under the shingles, the water can leak into the ceiling and walls, causing damage to structure and interior finishes.

Inspectors, appraisers, and other building professionals can often get clues from the house about its ice dam history. Efflorescence on brickwork below the eaves, water stains on ceilings or around windows in rooms below valleys or other vulnerable areas, and condensation stains or mould in the attic are all

potential indicators of ice damming.

Keep the house warm and the attic cool

How can you prevent this from happening year after year? The obvious solution to ice damming is to keep the roof cold enough to prevent the snow from melting.

Insulation: In a house with little insulation, heat loss will cause snow to melt. Luckily, upgrading insulation in attics and roof spaces is often easily done. Attic doors also need to be insulated and weather-stripped. Foam board and foam weather-stripping work well.

Heat registers: Ductwork that travels through an attic must not melt snow on the roof. Attic ductwork should be air-sealed and insulated. For air vents in ceilings, the joint between the ducting and the ceiling should be caulked.

Ceiling fixtures: Ceiling mounted electrical devices like lights and bathroom fans should be sealed at their boxes. Be careful with this. Some electrical devices, like pot lights, generate lots of heat and you don't want to cause a fire. This one is a job for a specialist.

The cost of taking these preventative measures – either yourself or hiring a professional is relatively small in comparison to the potential water damage repair costs, especially if the problem recurs or results in a decrease in property value due to obvious water damage.

Once the warm air is kept inside the rooms where it belongs, the existing level of attic ventilation will often be sufficient to keep the attic and roof spaces cold enough to prevent ice dams.

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 '16 totals

Sales activity of single-family homes

Most recent month, year to date

Active listings

September11,255
YTDN/A

New listings

September15,111
YTD126,352

Sales

September9,902
YTD89,660

Average price

September\$755,755
YTD\$721,750

Median price

September\$625,000
YTD\$599,900

Average days on market

September16
YTD17

Average percentage of list price

September103
YTD103

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Sep '15	8,147	16,008
Sep '16	9,902	15,111
% Change	21.5%	-5.6%