



Your Greater Toronto Real Estate Newsletter

## Home sales and prices rise More supply needed

The housing market in the GTA showed a sales growth of 22 per cent year-over-year, in September. Much of this growth came from a sharp rebound in sales of detached homes, which were up by 29 per cent versus September 2018. However, the Toronto Real Estate Board (TREB) notes that sales with 7,825 transactions remain below the record September 2016 peak of more than 9,800 sales. And the continued low supply remains a concern, as September listings were down by 1.9 per cent year-over-year.

The dearth of supply continues to drive tight market conditions and an accelerating rate of price growth. The average sales price for all types of homes including condos in the GTA hit \$843,115 in September, which is the highest average monthly sale price increase since May 2017. In Toronto, the average price reached \$1.36 million, and in the 905 areas, the average price hit \$946,256.

The townhouse segment of the GTA market saw the biggest price gain at 6.8 per cent with an average price of \$677,387. Condo prices were also up 4.2 per cent at an average sale price of \$595,013. In the 905 areas, condo prices rose 9.2 per cent to \$497,403 on average. "This points to the need for greater diversity of housing types to bridge the gap between detached houses and condominium apartments," explains TREB chief market analyst Jason Mercer.

On other fronts affecting the housing market, homebuyers should be encouraged that the Bank of Canada has maintained its key interest rate at relatively low levels. According to the Federal Bank, Canadian wages are up, and

"housing activity has regained strength more quickly than expected as resales and housing starts catch up to underlying demand, supported by lower mortgage rates."

"Statistics Canada's most recent national population estimate represented the highest twelve month population increase ever recorded. This growth was driven by immigration, of which the GTA was likely a key beneficiary due to its strong regional economy and diversity. As a result, the demand for all types of housing in the GTA – rental and ownership – will remain strong. This fact underpins the need for immediate and sustained action on housing supply," says TREB CEO John DiMichele. [REU](#)



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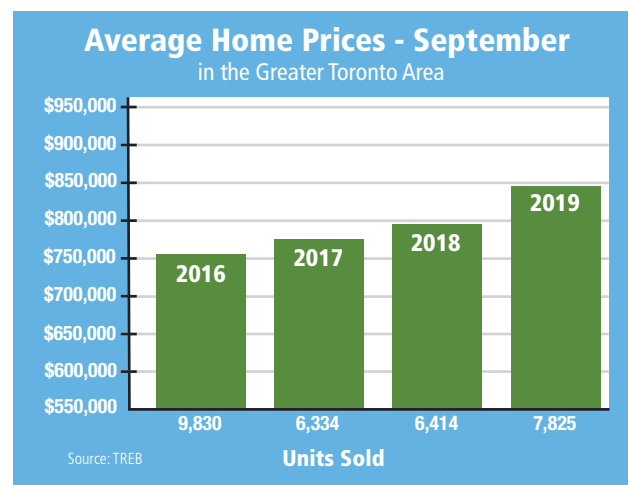


GTA BY THE NUMBERS

**DETACHED**  
↑ 4.1%  
Ave. Price Yr/Yr

**SEMIS**  
↑ 5.1%  
Ave. Price Yr/Yr

**CONDO APTS**  
↑ 4.2%  
Ave. Price Yr/Yr



## Monthly stats

September average price by area

**416**

**DETACHED**

**↑1.2%**  
YEAR  
YEAR

**\$1,360,623**  
Average Price

**CONDO APT**

**↑3.3%**  
YEAR  
YEAR

**\$636,817**  
Average Price

**905**

**DETACHED**

**↑4.5%**  
YEAR  
YEAR

**\$946,256**  
Average Price

**CONDO APT**

**↑9.2%**  
YEAR  
YEAR

**\$497,403**  
Average Price



## Affordable housing

### Condo townhomes Advantages of both house and apartment

In the currently high cost housing market, it is becoming increasingly harder for buyers especially those with young growing families to find exactly what they want in a home. Prices for detached, semi-detached and even freehold townhomes have climbed significantly in recent years, making them an unaffordable option - therefore forcing buyers towards the most affordable housing type, condos apartments.

Condo apartments offer affordability, but may not have cer-

tain features like an extra bedroom or direct access to a backyard or patio. Buyers can find the solution for this in a condo townhome, which is not significantly more expensive than a condo apartment. Most condo townhomes have at least three bedrooms and many have a small yard or access to a larger common area where kids can play and dogs can be walked.

The average price in September for a condo townhome in the GTA, was \$618,241 compared to \$595,013 for a condo apartment. While the average price for a detached house was \$1,050,421, semi-detached was \$833,790 and freehold townhome was \$677,387.

Condo townhomes offer many of the same advantages as apartments. They also have condo fees to pay for maintenance of the common areas. You don't have to worry about landscaping or snow shovelling, and some townhome developments offer amenities such as swimming pools and fitness centres. However, you may find rules about outside decor, such as painting your garage door or building a backyard deck.

That said, condo townhomes offer the living space of a small home with the convenience of condo living at a much lower cost. [REU](#)



## Money matters

### Build equity in your home Faster and smarter

Owning a home is an investment that can garner a substantial return on investment when you sell your home. But, owning a home can also enable you to finance some of life's unexpected (or expected) expenses - such as a new car, kids' university education, or reducing high-interest debts with a consolidated loan.

Homeowners in need of extra financing can use the equity in their homes as security to obtain a loan, which is usually low-interest. Home equity is the difference between your home's market value and what is owed on it.

Your first step could start when you buy your home. The bigger the down payment you make the larger the equity you start off with.

You can also pay off your mortgage faster by choosing a

shorter mortgage term that offers lower interest rates. In addition, you can make extra payments or opt for bi-weekly payments instead of monthly, which will add one extra monthly payment to your mortgage every year. Some homeowners rent part of their home so that tenants help "pay" towards the mortgage while the property appreciates.

To ensure your home appreciates in value, buy in a desired or improving area and maintain your home in good functioning and aesthetically pleasing condition. Consider home improvements that increase the home's value the most, such as bathroom and kitchen renovations and outdoor landscaping which makes the front and back yards neat and welcoming.

Often, it's just staying in a home for many years that builds up equity. [REU](#)

**ToChristmasMarket.com**  
 Inspired by the Old World and influenced by the New, this month-long event celebrates local craftspeople, musicians and artisanal food-makers for a truly festive experience. Set in Distillery Historic District. Nov 14 - Dec 22

**FurnitureBank.org**  
 Helping families in need by collecting donated furniture and household items for distribution to women and children, refugees etc.

**VirtualPiano.net**  
 Engages and inspires people of all ages and abilities, to nurture a passion for music. You can now entertain with music online!

**ChildhoodCancer.ca**  
 Provides families with information, organization and inspiration to cope with what comes next.

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

## Finances

### Reverse mortgage Should you say yes?

Many people have seen ads depicting the benefits of a reverse mortgage for seniors. The message tells seniors that this type of loan allows them to remain living in their home while at the same time enjoying the home's equity. It's billed as financial freedom without the stress of moving or downsizing.

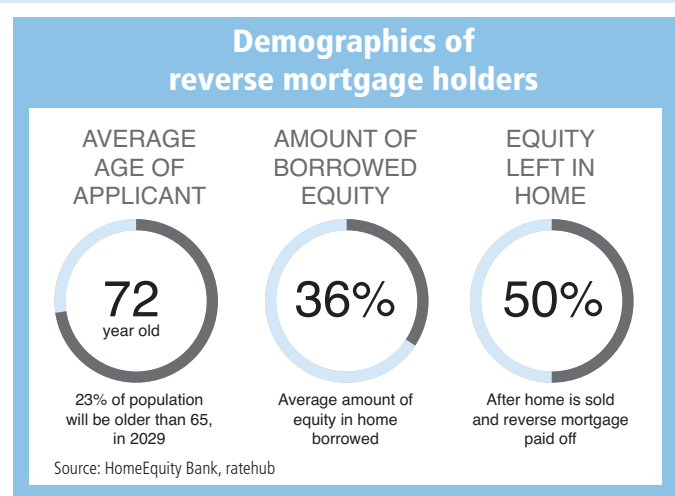
What is a reverse mortgage? In a nutshell, if you are 55 or older, you can borrow as much as 55 per cent of the value of your home. Principal and compound interest don't have to be paid back until you sell the home or upon your death. While there are definite advantages to taking out a reverse mortgage, there are also some drawbacks to consider.

**Advantages**

- A reverse mortgage is secured by your home's equity. Unlike a home equity line of credit it does not require any income proof verification.
- You don't have to make any regular mortgage payments. You can repay the loan at any time, but you - or your heirs - don't have to pay back the loan or interest costs until you sell the home or die.
- You can receive the loan as a lump sum, regular payments, or a combination of the two. The money you borrow is tax-free and does not affect your Old-Age Security or Guaranteed Income Supplement.
- The ownership of the home remains yours and the amount you owe can never exceed your property's value.

**Drawbacks**

- There are limited options as only two companies in Canada offer reverse mortgages: HomeEquity Bank and Equitable Bank.
- Reverse mortgages are more costly than other loans or mortgages. The interest rates are higher and are compounded. There are also start-up costs (application fee, home appraisal fee, etc.), which are deducted from the principal received.



- Borrowing against your home will impact the amount available to pass on to your beneficiaries.  
 As long as you're older than 55 and have a home that's worth something, you'll be approved for a reverse mortgage. Still, the high interest rates and costs associated with this type of loan should be weighed carefully against the need for ready money. [REU](#)

## Mortgages

At October 8, 2019

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

<b>Prime</b> .....	<b>3.95%</b>
<b>Variable</b> .....	<b>2.94%</b>
<b>1-year</b> .....	<b>2.94%</b>
<b>2-year</b> .....	<b>2.69%</b>
<b>3-year</b> .....	<b>2.69%</b>
<b>4-year</b> .....	<b>2.74%</b>
<b>5-year</b> .....	<b>2.69%</b>







# Home inspections

## When things go wrong

There may come a time after you've lived in your house for a while that you discover something wrong with it. At that point, you may be upset or disappointed that your home inspection did not reveal this issue. There can be a number of reasons why the home inspection did not find it.

### Intermittent or concealed problems

Some problems can only be discovered by living in a house and will never be found during the few hours of a home inspection. For example, some shower stalls leak when people are in the shower for a period of time, but do not leak when you simply turn on the tap for a few minutes. Some roofs and basements only leak when specific conditions exist. And, some problems will only be discovered when carpets are lifted, furniture is moved or finishes are removed.

### No clues

Inspections are based on the house's past performance. If there are no clues of a past problem, it is unlikely that a future problem can be foreseen.

### Contractors' advice

The main source of dissatisfaction with home inspectors comes from comments made by contractors. Contractors' opinions often differ from those of home inspectors. Don't be surprised

when three roofers all say the roof needs replacement when the inspector said that, with some minor repairs, the roof will last a few more years. Contractors fear that the last person to look at or work on the roof will get blamed if the roof leaks, regardless of whether the roof leak is the contractor's fault or not. Consequently, many contractors won't want to make a minor repair with high liability when they could re-roof the entire house for more money and reduce the likelihood of a callback. This is understandable.

### Why didn't inspectors see it

Contractors may say, "I can't believe you had this house inspected, and they didn't find this problem." There are several reasons for these apparent oversights:

**The wisdom of hindsight:** When the problem manifests itself, it is very easy to have 20/20 hindsight. Anybody can say that the basement is wet when there is 2 inches of water on the floor. Predicting the problem is a different story.

**A long look:** If inspectors spend 30 minutes under the kitchen sink or 45 minutes disassembling the furnace, they would find more problems too. Unfortunately, the inspection would take several days and would cost considerably more.

**Generalists:** Inspectors are generalists; they are not specialists.

The heating contractor may indeed have more heating expertise than your inspector.

**An invasive look:** Problems often become apparent when carpets or plaster are removed, when fixtures or cabinets are pulled out, and so on. A home inspection is a visual examination. Invasive or destructive tests are not performed.

A home inspection is designed to improve your odds. It is not designed to eliminate all risk. For that reason, a home inspection should not be considered an insurance policy.

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

## GTA '19 totals

### Sales activity of single-family homes

Most recent month, year to date

#### Active listings

September .....17,254  
YTD .....N/A

#### New listings

September .....15,611  
YTD .....127,506

#### Sales

September .....7,825  
YTD .....67,957

#### Average price

September .....\$843,115  
YTD .....\$811,602

#### Median price

September .....\$720,000  
YTD .....\$704,250

#### Average days on market

September .....23  
YTD .....22

#### Average percentage of list price

September .....99  
YTD .....99

Source: TREB

## Housing market indicators

### Single-family dwellings

Source: TREB	Sales	New Listings
Sept '18	6,414	15,921
Sept '19	7,825	15,611
% Change	22.0%	-1.9%

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*— Vito*

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