

UPDATE

Your Greater Toronto Real Estate Newsletter



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It's about affordability Economic fundamentals still strong

The real estate market has cooled down since this time last year, which brings the inevitable "sky is falling" stories to the newspapers. For the last decade or so—with a small pause for the recession in 2008—the GTA's housing market has been booming and prices have been steadily rising. In 2003, the average price of a resale home in the GTA was \$293,067. In 2007 it was \$376,236 and in 2009 it was \$395,460. Prices peaked at \$446,593 in May of this year and have dropped since then, but they are still about seven per cent higher than this time last year.

We have known for a while that the pace of home sales could not continue at this high level. In the first six months of the year, buyers were keen to beat interest rate hikes and the looming HST, so they pushed sales even higher. Now the market is calmer and more balanced. This still leaves us wondering if there is a housing bubble about to burst and if real estate prices will crash.

We don't think so, and here is why. Canadian mortgage delinquencies and loan arrears are at historically low levels. Homeowners in the GTA retain a lot of equity in their homes. Net worth is at record-high levels. Interest rates, although rising, are still below historic norms and are not expected to spike up dramatically. And the GTA is still experiencing steady economic growth with solid employment levels.

According to the Toronto Real Estate Board "under current lending standards, the average selling price is affordable for a household earning the average income in the GTA. The annual price growth we have been experiencing has been justified by this positive affordability picture."

In the 416 area code, detached home prices are up about eight per cent compared to this time last year, while condo apartment prices are about the same. In the 905 area code, detached homes are selling for about six per cent more than in 2009, and condo apartments are up about two per cent.

Remember, too, that all real estate is local; the average prices for the country, the GTA and even for an entire neighbourhood don't really matter. What does matter is the price of houses on the street where your dream home is located. Some neighbourhoods in the GTA will always be more popular than others and see more demand. On average, houses are taking about 36 days to sell – a week longer than at this time last year.

There are lots of great properties for sale if you are a buyer and still plenty of interested and qualified house hunters if you are thinking of selling your home. **REU**

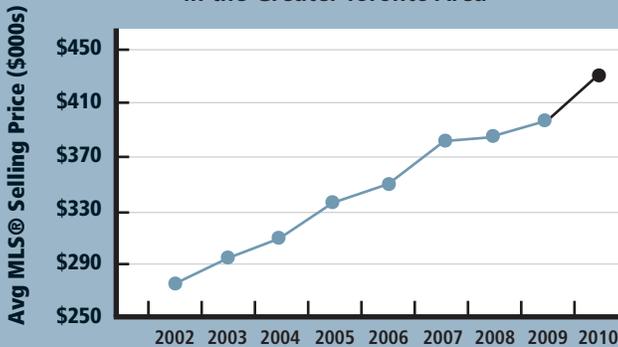
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Average Resale Home Prices in the Greater Toronto Area



Source: TREB

Monthly sales

and average price
by area

September 2010

Central	1,150	\$ 538,284
East	1,432	335,396
North	1,279	461,602
West	2,449	411,084

August 2010

Central	1,132	485,077
East	1,371	331,002
North	1,374	463,779
West	2,355	391,202

July 2010

Central	1,180	509,106
East	1,488	333,033
North	1,341	473,091
West	2,555	402,870

June 2010

Central	1,582	550,563
East	1,946	337,770
North	1,726	479,349
West	3,188	413,083

May 2010

Central	1,764	590,251
East	2,151	349,402
North	1,910	470,502
West	3,645	421,895

April 2010

Central	1,928	576,281
East	2,441	344,476
North	2,258	481,653
West	4,271	404,930

March 2010

Central	1,859	566,447
East	2,293	346,989
North	2,224	484,956
West	4,054	396,317

February 2010

Central	1,395	566,589
East	1,623	326,461
North	1,520	464,191
West	2,753	406,946

January 2010

Central	882	517,846
East	1,123	313,741
North	1,001	455,973
West	1,979	390,990

December 2009

Central	1,096	551,052
East	1,223	308,892
North	1,112	458,252
West	2,110	374,979

November 2009

Central	1,466	532,019
East	1,623	328,153
North	1,455	449,947
West	2,902	395,614

October 2009

Central	1,642	556,402
East	1,898	329,720
North	1,756	460,138
West	3,180	390,775

Source: TREB

Peace of mind

Title insurance **Protects against fraud and more**

Real estate fraud has become a major concern in recent years as scam artists have found ways to take out mortgages on homes they don't own. Often the homeowner does not even know the mortgage exists until the lender comes looking for its money, and the fraudster is long gone.



Title insurance protects owners and lenders against issues relating to the ownership, or title, of the property, including fraud. For a one-time fee it also protects against such issues as unknown title defects – things you didn't know about that prevent you from having clear ownership of the

property. There may be liens against the property because the previous owner did not pay property taxes, utilities or mortgage fees.

Title insurance also protects against encroachment problems (such as a building that must be removed because it is found to encroach on your neighbour's property), and errors in public records or previous surveys. It covers legal fees associated with resolving insured title issues.

Insurance companies say having title insurance helps insure that your transaction will close on time. Title insurance is purchased for the mortgage lender, and if the homeowner buys it at the same time, they can sometimes get a discount.

Title insurance does not cover defects that you knew about when you purchased the property, environmental hazards, native land claims and zoning violations that you may have created, for example, during a renovation.

Title insurance can be purchased through your lawyer or directly from private companies when you are buying a house or for your existing home. **REU**

Condo issues

Status certificate **What is it?**

If you are thinking of buying a resale condominium, the status certificate is important. Condo corporations must provide—for a fee of less than \$100—a status certificate to anyone who asks for it. This certificate is a report about the current state of the condominium complex and its board of directors, and includes all the condo corporation's financial records and the condo's rules and bylaws.

Of particular interest to a buyer is information about the reserve fund. This is money that is set aside for any repairs and improvements that must be done. If the fund is not large enough to cover a major repair or improvement, the condo owners may be hit with a special assessment to cover the costs. All the details about planned work and the antic-

ipated costs should be included in the status certificate. If there are any liens or legal cases pending against the condo, they are also documented in the certificate. Unlike a business corporation, a condo corporation does not provide its owners with limited liability.

By carefully reviewing the status certificate, you can determine if the condo is being operated in an efficient manner and have an idea of what your condo fees will be in the future. You can also make sure there are no regulations or bylaws that don't work for you, such as a "no pet" rule.

Your real estate representative can get the status certificate for you, or there is also a new online service (www.statuscertificate.ca) that can get the certificate of many buildings for a fee. **REU**



Mortgages

Moving houses **Portable and assumable mortgages**

A recent survey says one in five Ontario homeowners have owned more than five homes, and of those, 40 per cent plan to move again within the next 10 years. That is a lot of moving around, and a lot of mortgages that have to be arranged.

If you are obtaining or renewing a mortgage and you think you may move before the end of its term, there are two mortgage options you should consider.

The first is what lenders call mortgage portability. It allows you to take your existing mortgage with you to the new home. You get the same interest rate and all existing terms and conditions of your current mortgage. If you need a larger mortgage for the new house, the new amount is blended at the current market rate with the existing principal at its original rate. Depending on current rates and your final blended rate, this could be cheaper than arranging a brand-new mortgage. You also avoid pre-payment charges for breaking your mortgage early. However, legal fees will apply to register the mortgage on your new home. Most lenders offer this option subject to a credit review and property appraisal for the new home.

The second option is to use your existing mortgage as a selling feature for your home. If the mortgage is at a lower rate than currently available, you could offer the

remaining term to the buyer. They would assume the mortgage and you will be relieved of responsibility for it. This is a great option if you have enough equity in your home that you no longer need the existing mortgage. The seller can also apply for more mortgage principal if necessary, or can take on only a portion of it and you can pay off the remainder.



If you have CMHC mortgage insurance on your home loan, you may also be able to get a portability option on that insurance. Check with your lender to see if that is possible.

Only about one-third of repeat buyers take advantage of mortgage portability when they move, and just five per cent of the new owners assume their mortgages. Both options are worth a look.**REU**



On the internet

Interesting websites

sonycentre.ca

Don't miss *Dr. Seuss' How the Grinch Stole Christmas!* The magic of this classic holiday tale comes to life in the critically acclaimed Broadway musical (Dec 17 - Jan 2).

senioropolis.ca

This comprehensive guide details information on over 250 retirement residences in Ontario. An indispensable resource for seniors and those who care for them.

cruisecritic.com/ftc

Are you thinking of going on a cruise? This site offers tips for first-time cruise goers.

lung.ca

The Lung Association's site offers practical information and support to improve and promote lung health.

These sites are provided for your interest and entertainment only. The information is believed to be reliable, but their accuracy cannot be guaranteed.

Mortgages

2010 Rates

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

At October 5, 2010

Mortgage Rates

6-month	.....	3.95%
1-year	.....	2.80%
2-year	.....	3.35%
3-year	.....	3.59%
4-year	.....	3.59%
5-year	.....	3.79%
Prime rate	.....	3.00%



Pre-listing home inspections Increasingly popular with sellers

The decision to buy a home is not an easy one. Experience shows that a significant source of the anxiety around purchasing a home is the underlying thought: "Is this a safe and sound home?" Having a home inspection done before closing on a home purchase is a common practice as it informs the buyers of the true condition of the house. But what about having a home inspection done before you put your house on the market and how does it benefit the seller? First, let's look at what a pre-listing inspection is.

What is a pre-listing home inspection?

This is a standard home inspection that is arranged by the sellers before the house is put on the market. It is a technical analysis of the house's major systems. These include the roofing, exterior, structure, electrical, heating, cooling, insulation, plumbing and the interior. A written report is produced for the seller giving an overview of any potential defects with the home just as it would in a pre-purchase situation for the buyer.

Some of the items covered during an inspection are:

- What (if any) structural work is necessary to ensure safety?
- How long before the roof will need replacement?
- Is the chimney safe and functional?

- How long before the furnace and air conditioning will need replacement?
- Is the electrical panel properly wired? Are there any special safety concerns?
- Are the insulation levels adequate?
- Is the fireplace safe?
- Is there basement leakage? If so, what are the causes and how can it be fixed?

Benefits for the Seller

Having a pre-listing inspection uncovers items that possibly even the seller didn't know about. Here are some benefits to a pre-listing inspection:

- The home may sell faster because potential buyers know the house's condition. Also, the house can show better once the repairs are done.
- You can justify a higher asking price if problems don't exist or have been corrected.
- Repairs or upgrades can be done with sufficient time to get competitive quotes.
- The inspection can remove over-inflated buyer-presented estimates from the negotiation table.
- It is a show of good faith on the part of the seller.
- The report provides an unbiased opinion to offer to potential buyers that may encourage the buyer to waive the inspection contingency.

Bottom line, don't be afraid to undertake your own pre-listing inspection, the benefits are definitely something to consider as it allows you to sell your home with confidence. *REU*

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

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family and neighbours.
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— Vito Vessio

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GTA '10 totals

Sales activity of single-family homes

Most recent month, year to date

Active

September20,334
YTDN/A

Listed

SeptemberN/A
YTD129,878

Sales

September6,310
YTD69,069

Average price

September\$427,329
YTD\$429,659

Median price

September\$ 360,325
YTD\$365,000

Average days on market

September33
YTD26

Average percentage of list price

September98
YTD99

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Sept '09	8,196	12,185
Sept '10	6,310	12,899
% Change	-23%	6%



Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fibre
www.fsc.org Cert no. SGS-COC-004208
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