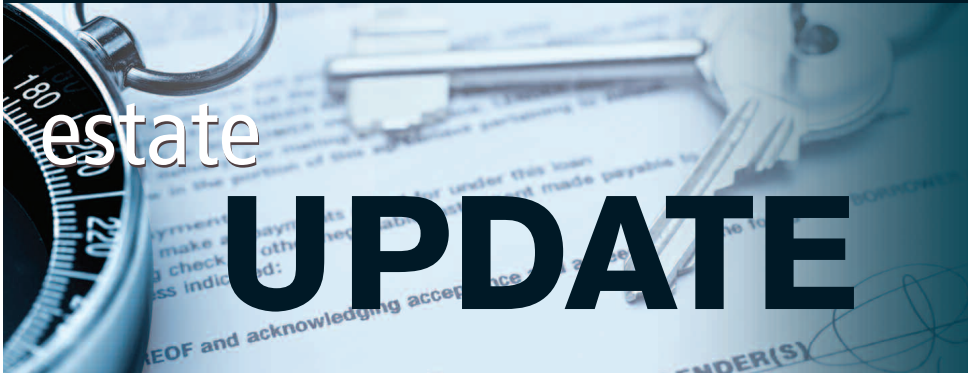


real estate



Your Greater Toronto Real Estate Newsletter

Detached home prices soar Sales, inventory drops

Recently the average price of a detached home in the City of Toronto rose to over \$780,000. While detached home sales in the GTA are down by 19 per cent compared to last year, the number of detached homes on the market has also dropped, pushing up prices.

The Toronto Real Estate Board (TREB) says the inventory of detached homes is low by historic standards, resulting in prices that are 10 per cent higher than a year ago in the city, and 8 per cent higher in the GTA overall.

In Toronto, TREB says rising housing costs combined with the city's double land transfer tax has discouraged buyers from entering the move-up market and encouraged them to renovate their homes instead. As a result, the inventory of detached homes is well down from previous years.

The condo market is better supplied, so price appreciation has not been as strong. Condo prices are up by 8 per cent in the city compared to last year at this time. They are flat or slightly up in the 905 areas. Condo buyers were hit hardest by stricter lending guidelines the federal government introduced this summer. These changes, designed to slow the housing market, appear to be succeeding across the country. Similar slowdowns took place after changes to mortgage insurance rules in 2008, 2009 and 2011.

There has been talk that the real estate market was overheated and was due for a correction, so the slowdown in sales was not unexpected. However, economic fundamentals are still favourable for the housing market.

The housing boom of the last decade has been fuelled by super-low interest rates. The most recent forecasts suggest

that mortgage interest rates could stay low for at least another year. On the job front, employment continues to grow and consumer confidence is strong. Immigration will bring about 100,000 newcomers to the GTA this year, and many of them will soon become homeowners.

A recent forecast from Genworth Canada says that a combination of first-time buyers and retirees are drawn to the condo lifestyle and will continue to create demand. It anticipates that GTA condo prices will increase by 1.3 per cent this year (compared to 2011) and by another 2.5 per cent in 2013.

If you are intimidated by Toronto's average detached home price of just over \$780,000, note that the average price of a detached home in the 905 areas is about \$570,000. Average prices also tend to skew upwards when several very high-priced homes are sold in that month, so it is worth looking for something in your price range. *REU*



VITO VESSIO

Sales Representative/Buyer & Seniors Real Estate Specialist

"Serving you since 1986"

Bus: 416-928-6833

v.vessio@sympatico.ca
www.VitoVessio.com



Independently Owned & Operated

1251 Yonge St.
Toronto, ON M4T 1W6



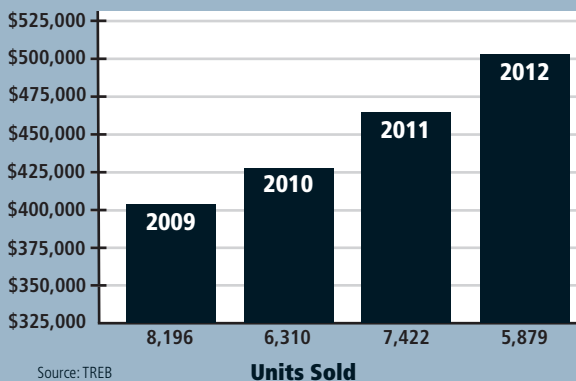
IN THIS ISSUE

2 Condo rentals heat up
Low vacancy rates

2 Rent increase guideline
Can't exceed 2.5 per cent

3 Mortgage or term insurance
Which is best for you?

Average Home Prices - September in the Greater Toronto Area



Monthly sales

and average price
by area

September 2012

Central.....	1,012	\$658,196
East.....	1,453	386,097
North.....	1,180	578,792
West.....	2,234	470,440

August 2012

Central.....	1,005	576,960
East.....	1,588	376,764
North.....	1,257	566,787
West.....	2,568	461,152

July 2012

Central.....	1,172	579,837
East.....	1,811	378,671
North.....	1,527	561,461
West.....	3,060	453,529

June 2012

Central.....	1,519	682,341
East.....	2,165	389,443
North.....	2,001	571,565
West.....	3,737	473,352

May 2012

Central.....	1,863	681,261
East.....	2,428	395,183
North.....	2,308	577,079
West.....	4,251	481,426

April 2012

Central.....	1,762	680,087
East.....	2,391	393,339
North.....	2,229	574,696
West.....	3,968	488,394

March 2012

Central.....	1,666	665,856
East.....	2,214	378,285
North.....	2,135	567,940
West.....	3,675	469,524

February 2012

Central.....	1,277	667,708
East.....	1,590	380,790
North.....	1,498	561,157
West.....	2,667	463,030

January 2012

Central.....	770	616,598
East.....	1,084	357,623
North.....	893	542,066
West.....	1,820	423,326

December 2011

Central.....	871	566,589
East.....	1,079	355,886
North.....	928	515,168
West.....	1,840	421,068

November 2011

Central.....	1,443	632,881
East.....	1,599	368,836
North.....	1,430	532,956
West.....	2,620	435,879

October 2011

Central.....	1,479	629,335
East.....	1,664	369,286
North.....	1,570	529,833
West.....	2,929	435,918

Source: TREB

Condo matters

Condo rentals heat up **Low vacancy rates**

Real estate sales in the GTA may have cooled during the last few months, but if you are trying to rent a condo, you know where the new bidding wars are happening. Condos have filled the need for rental accommodation for several years, as there have been very few new purpose-built rental buildings constructed in the GTA. Estimates vary about how many

condos are owned by investors who rent them out, but there is no disputing that there is currently a great market for rentals.

There was an 18-per-cent increase in rental condo units in the GTA last year, but they were snapped up and the rental vacancy rate slipped down to 1.1 per cent.

A recent RBC report says rental demand will continue to be supported by demographic factors, with strong growth in the prime age group of renters (25 to 34). These young renters are willing to pay a premium for a rental condo versus a unit in a rental building. Many of the condo buildings are new or less than five years old, offer in-unit laundry facilities, upgraded finishes and appliances. Condo amenities such as pools and fitness rooms, along with improved security measures, also attract renters.

Many new condo buildings are about to come on the market, which may ease the rental crunch in the next year or two. But if prices remain stable and interest rates do rise, more of those rental condos may be sold to end users. **REU**



Legalities

Rent increase guideline **Can't exceed 2.5 per cent**

This summer, the provincial government passed legislation to cap the annual rent increase guideline at 2.5 per cent, beginning in 2013. Landlords may not ask for a larger increase without getting approval from the Landlord Tenant Board. The 2012 guideline is 3.1 per cent.

The rent increase guideline is calculated by averaging the percentage increase in the Ontario Consumer Price Index (CPI) during the previous 12 months. This year it was from June 2011 to May 2012. The average CPI was 2.6 per cent, but the new legislation capped the increase at 2.5 per cent.

"The cap on the Rent Increase Guideline helps ensure that more tenants have access to affordable housing and provides stability for renters to improve their quality of life," says Minister of Municipal Affairs and Housing

Kathleen Wynne.

The ministry says the average yearly increase from 2004 to 2012 was 2 per cent. The average yearly increase from 1993 to 2003 was 3.1 per cent.

The guideline covers more than one million tenant households. It does not apply to vacant residential housing units, residential units that were first occupied on or after November 1, 1991, social housing units, nursing homes, or commercial property.

The Municipal Affairs and Housing ministry says in most cases, a unit's rent can be increased if at least 12 months have passed since a tenant moved in or if at least 12 months have passed since the last rent increase. Minimum 90 days notice is required. **REU**

mirvish.com

The Wizard of Oz – Andrew Lloyd Webber’s new production of this enchanting adaptation of the all time classic. Begins Dec 20.

canadabenefits.gc.ca

The Canada Benefits Web site provides an overview of all government benefit programs and services for individuals.

houzz.com

The largest collection of interior design and decorating ideas on the Internet, including kitchens and bathrooms. Over 700,000 inspiring photos.

chiropractic.on.ca

Planning to visit a chiropractor? The Ontario Chiropractic Association (OCA) is a voluntary professional association whose purpose is to serve the public by advancing the understanding and use of chiropractic care.

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

Mortgages

2012 Rates

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

At October 4, 2012

6-month4.00%
1-year3.00%
2-year3.10%
3-year3.15%
4-year3.15%
5-year3.09%
Prime rate3.00%

Financial matters

Mortgage or term insurance which is better?

When you get a mortgage, your bank or financial institution usually offers a mortgage life insurance option. This is different than the mortgage default insurance you must buy if you are taking out a high-ratio mortgage. Mortgage life insurance – sometimes called creditor insurance – pays off the balance of your mortgage to the lender if you die.

According to insurance website Kanetix (www.kanetix.ca), it might be a better idea to buy a term life insurance policy rather than get the mortgage life insurance offered by the lender. Although the bank’s insurance is convenient because you sign up at the same time you get the mortgage, a term life policy may be a better option.

With mortgage life insurance, the lender is the beneficiary of the policy. The insurance covers only the amount still owed on your mortgage. However, although that amount decreases over time, your premiums remain the same. Claims can only be used to pay off the mortgage, and the policy is not transferable to another lender. You do not have any control over the policy, which the lender or insurance company can cancel.

A term life insurance policy is payable to the beneficiary you choose, who has flexibility on how to use the money. They can pay off the mortgage debt, or choose to continue carrying the mortgage and invest the money in other ways.

Kanetix says that depending on your age and health, premiums on mortgage life insurance could end up being much more than what you would pay for a term life insurance policy. Another major disadvantage with insurance from the lender is that the underwriting of the policy is done after a claim is submitted. This means that a claim could be denied by the insurance company because the lender did not sign you up properly at the time of filling out the initial



application form. If you buy term life insurance, the underwriting happens before the policy is issued.

Term life insurance premiums are usually guaranteed, and if you wish you can add benefits such as disability waiver of premiums or critical illness insurance.

Sometimes convenience is costly, so shop around for the best deal. **REU**





Jumping Jack Frost A winter tune-up treatise

Winter can be tough on you and tough on your home. These suggestions will make life easier for you.

Roof

Have a roofer check the roof as part of an annual maintenance program. This is a chance to correct minor shingle damage and any problems, which often occur at changes in direction and materials. Chimneys should also be checked for problems with bricks, caps, flashings or rusted metal.

Eavestroughs and downspouts

Managing the roof water is an easy and surprisingly effective basement leakage cure for many older houses.

Eavestroughs collect the rain and melting snow that comes off the roof so it does not accumulate on the ground near the foundation. Water always seems to find its way into the basement if it collects against the building. Downspouts should carry water well away from the building, for the same reasons. Clean, repair and secure the eavestroughs to avoid this.

Grading

Speaking of the basement, make sure the ground

around the home slopes slightly down away from the building. You don't want melting snow and rainwater on the ground funnelling toward the house. Bad grading is another common and preventable cause of basement leakage.

Walls, windows and doors

Check the exterior for deteriorating paint and dried out caulking. If you find this, check for rotted wood. The goal is to keep the water on the outside, shifting quickly away from the house to promote drying once the rain or snow stops. Turn off the water to outside faucets, unless they are the frost-free type.

Heating and cooling

Fall servicing by a specialist can avoid sudden failure during the heating season, improve comfort, and reduce energy consumption. An annual service contract makes great sense as you don't have to remember to make the call.

On forced air heating systems, make sure supply and return registers are not obstructed. If you have high and low cold air returns on the same wall, there is typically an adjusting damper on the lower return. This should be closed for the summer and open in the winter.

If you have air conditioning, you may need to re-balance your system. Also, do not forget to shut off the electricity to the air conditioner for the winter. There is a small electric heater in the outdoor part of the air conditioner and if you leave the power on, the heater runs all winter, consuming energy and wasting money.

These few simple steps can prevent leaks, extend life expectancies and make your home more comfortable and energy efficient.

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

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

Thank you for your trust.”

— Vito

VITO VESSIO

Sales Representative/
Buyer & Seniors
Real Estate Specialist



416-928-6833
v.vessio@sympatico.ca
www.VitoVessio.com

GTA '12 totals

Sales activity of single-family homes

Most recent month, year to date

Active listings

September

21,621

YTDN/A

New listings

September15,220

YTD131,249

Sales

September5,879

YTD69,909

Average price

September\$503,662

YTD\$499,090

Median price

September\$420,000

YTD\$420,000

Average days on market

September28

YTD24

Average percentage of list price

September98

YTD99

Housing market indicators

Single-family dwellings

Source: TREB Sales New Listings

Sept '11 7,422 14,629

Sept '12 5,879 15,220

% Change -20.8% 4.0%