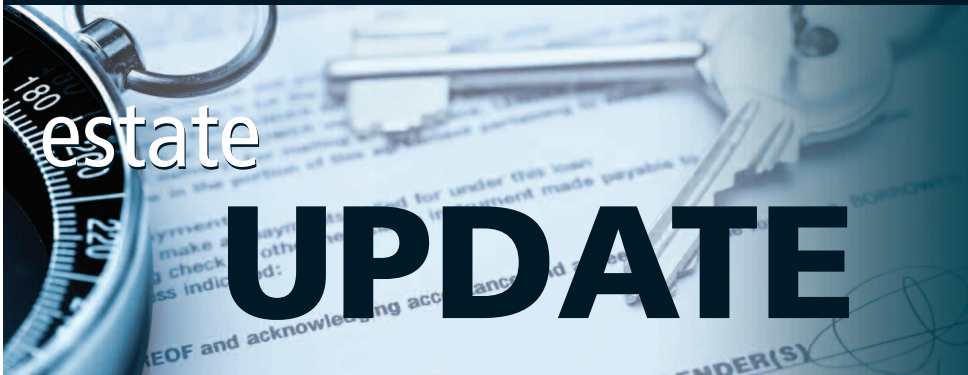


real estate



Your Greater Toronto Real Estate Newsletter

A kinder, gentler market Prices will flatten as sales drop

The GTA's real estate market roared through the first six months of the year at a record-setting pace, but as expected, it is now a kinder and gentler market for buyers.

The Toronto Real Estate Board calls it a "tale of two halves: the first half starting where 2009 left off with record sales and double-digit price growth; the second half continuing at a more modest pace as pent-up demand for housing that built up during the recession was satisfied and as households reacted to higher mortgage rates."

Buyers also raced to beat the implementation of the HST. Although it does not apply to the price of resale homes, HST is charged on most closing costs related to the sale.

Analysts knew that the pace of sales was unsustainable and that it reflected a "pulling forward" of sales that normally would have happened later in the year. However, as soon as sales started dropping off, naysayers began talking about how Toronto's real estate "bubble" had burst. We don't believe there was a bubble, based on long-term trends and the current economy. Bubbles happen when real estate speculators are extremely active in the market, and we are not seeing that. The U.S. real estate correction happened largely because a speculative mortgage market created massive defaults – something that has not happened here because of Canada's more conservative lending practices. The rate of mortgage arrears in Canada is at 0.44 per cent. The economy continues to recover and the employment picture is improving. Toronto real estate continues to gain strength from immigration and is still considered undervalued compared with other major cities around the world.

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GTA Average Prices Will Flatten



Source: CREA, CMHC, REU

Although interest rates are edging up, they will still be near historic lows by the end of the year. And improving interest rates reflect an improving economy.

This summer, sales were down by more than one-third compared to last year, but prices were still up by about 6 per cent. As more listings come on the market it is expected that price appreciation will slow. In hot neighbourhoods in the city you may still see multiple offers on some properties, but for the most part there are lots of homes for sale and more time for buyers to look for their dream homes.

In the city, the most popular neighbourhoods include the Annex, York Mills, the Bridle Path, Hoggs Hollow and Armour Heights. Top suburban neighbourhoods include Mississauga's Creditview/Erindale and Lorne Park areas, Markham and the central district north of Steeles Avenue.

If you are selling, you will need to price your home properly and have a little patience. If you are buying, you have much more choice than at this time last year. **REU**

Monthly sales

and average price
by area

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

September 2009

Central	1,501	519,583
East	1,857	323,805
North	1,730	442,187
West	3,108	382,425

August 2009

Central	1,394	472,648
East	1,818	303,896
North	1,756	439,160
West	3,067	369,882

Source: TREB

Taxing matters

Property taxes Who pays the most?

Municipal elections are coming in October, prompting many homeowners to take a closer look at how their municipality is being run and where their property tax dollars are being spent. For years the City of Toronto has been both praised and criticized for its policy of having the lowest residential property tax rate in the GTA, but the highest tax rates for commercial properties. Toronto is also the only municipality that levies a second land transfer tax when a property is sold.



After the City of Toronto, the next lowest residential property tax rate is in Milton. Rounding out the bottom five are Caledon, Markham and Missis-

sauga. The community with the highest residential property tax rate in the GTA is Oshawa, followed by Brock, Clarington, Whitby and Ajax.

Where does all that property tax money go? In the City of Toronto, most of it pays for emergency services, the TTC and provincially mandated health and social services. The biggest piece of the pie goes to the Toronto Police Service, which gets more than 25 per cent of the property tax money. Next is the TTC at 14.5 per cent, followed by the fire department at 10.2 per cent and employment and social services at 9.2 per cent. The city has been running a deficit for many years and carrying a large debt, which costs 11.3 per cent (or \$400 million) of the property tax pool. The library accounts for 4.7 per cent of the budget, while the parks and recreation department takes 7.4 per cent. The high profile Economic Development and Culture department gets 0.7 per cent of the property taxes collected.

If you want more say in how your property taxes are spent, get out and vote for the candidate who supports your views in the upcoming election. **REU**

Home safety

It's the law smoke detectors on every storey

Every year we hear shocking stories about house fires claiming lives – and we learn that the house either did not have working smoke detectors or the detectors had no batteries.

In Ontario, every home must have a working smoke alarm on every storey of the home and outside all sleeping areas. The Ontario Fire Marshall says most fires occur at night when the occupants of the house are sleeping and often the victims never wake up.

Older smoke alarms can wear out, so if the alarms in your home are more than 10 years old, replace them. Since smoke rises, they should be installed on the ceiling or at least high up on the wall. Do not put them too close to bathrooms, windows, ceiling fans or cooking appliances.

If your alarm is set off when you are cooking in the kitchen

or with steam from the shower, relocate the alarm to a spot further away from the source of the problem. Do not remove the batteries! Some alarms have pause buttons that will temporarily silence it if there is a false alarm.

Alarms can be powered by electricity, by batteries or both. An electric model should have a back-up battery in case of power failures.

There are two basic types of alarms. Photoelectric alarms are quicker to detect slow, smouldering fires, but they are good choices for locations near a kitchen where you might get a false alarm. Ionization alarms generally respond faster to flaming fires.

Whatever alarms you have, make sure you change the batteries and vacuum the alarms every year to help keep your family safe. **REU**

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For one sleepless night, experience Toronto's annual sunset to sunrise celebration of contemporary art in galleries, museums and unexpected places. Oct 2, 6:57pm to sunrise.

ratesupermarket.ca

Compare the best mortgage rates from banks and brokers. You can also check out car, home and life insurance quotes from Canada's top insurers.

worldtaximeter.com

This one-of-a-kind online service lets you instantly calculate the cost of a taxi ride in a number of top cities throughout the world, including Toronto.

heartandstroke.ca

Find out how to reduce your risk of heart disease and live a healthy life.

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 August 5, 2010

Mortgage Rates

6-month	3.95%
1-year	2.80%
2-year	3.40%
3-year	3.75%
4-year	4.24%
5-year	4.29%
Prime rate	2.75%

Condo update

Condo prices stabilizing still higher than 2009

It was a very busy first half of 2010 for the GTA's condo market, sales activity and prices continued to rise. Many buyers got into the market in the first six months to beat anticipated interest rate increases and the introduction of the HST. Others were feeling confident again after the recession of 2009 began to recede.

The economic recovery is continuing and employment is on the rise. So is migration into the GTA; most newcomers to the country settle in this area and many buy a condo as their first home.

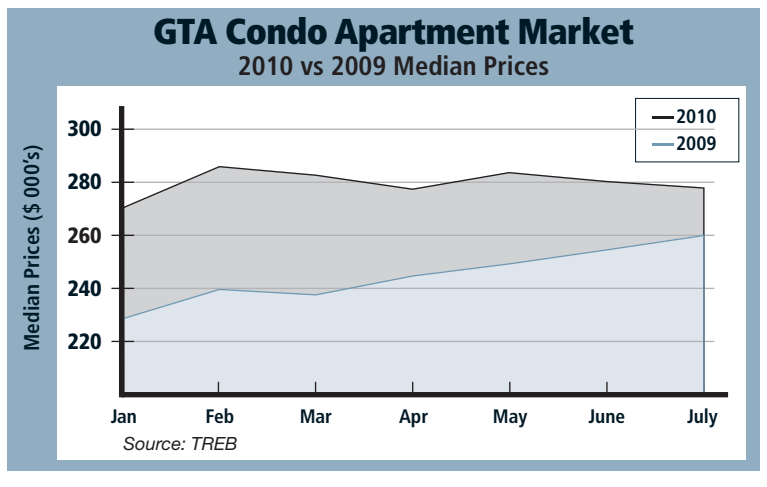
Like the rest of the real estate market, condo sales have slowed down. In the 416 area, townhouse sales are down 28 per cent and apartment sales have dropped by 34 per cent compared with this time last year. In the 905 area, both townhouse and apartment sales dropped by 35 per cent.

Prices continue to appreciate with apartment prices up 10 per cent from a year ago in the 416 area and up 7 per cent in the 905 area. Townhouses are appreciating in price less quickly, up 4 per cent in 416 and 5 per cent in the 905 area.

Buyers have much more choice than they did a year ago as the number of listings on the market continues to rise. There are also many new condominium

buildings scheduled for completion in the second half of the year, which will prompt investors to put their units on the resale market to cash in their equity. Those buyers who were previously frustrated by losing out on condos because of multiple offers should be able to take their time and find a condo that's perfect for their needs.

All segments of the condo market are still showing good activity, from entry-level buildings to luxury retirement condo communities. Condo apartments represent



about 24 per cent of the real estate market. About a third of those units sell in the \$300,000 to \$400,000 range. Another 39 per cent are selling in the \$200,000 to \$300,000 range. At the other end of the spectrum, in July there were 16 condo apartments that sold for more than \$1 million.*REU*





A fall furnace primer What you need to know

Beautiful autumn weather does little to remind us that winter will be soon upon us. The one piece of equipment that stands between you and those long cold nights is your furnace. Whether it's an older conventional model or a new high efficiency model there are things to do to get your furnace into top shape.

Changing the air filter

The one step that is often overlooked is changing the air filter. This simple and inexpensive fix can increase airflow, improve air quality and reduce the strain on your furnace and potentially prolong its life.

As air passes through your filter dust, hair, and other particles stick to the surface and are removed from the air stream. What is not often understood is that each trapped particle reduces the air flow to your furnace by one small percentage point. With enough accumulation, the furnace now must use considerable suction to move the air through which can have negative repercussions to the blower and heat exchanger.

Lower air flow means less heat is given off by the heat exchanger and this causes it to heat up. With enough overheating, your furnace will go into an over-heat situation and shut down. What typically happens is the furnace yo-yos from

okay to overheat multiple times per cycle and eventually breaks.

Check the venting

Next step is to check the venting. This is the piping the furnace needs to breathe in and out of (just like a person). If you are dealing with a conventional (standing pilot light) or a mid-efficiency furnace the piping will be metal and a careful check should make sure nothing is within several inches of those round metal pipes coming out of the top. Fires can easily be the result!

With high efficiency furnaces, you have two plastic pipes side by side. One pipe takes air to the furnace for combustion while the other vents the furnace's exhaust. Both open ends of the pipes need clearance. If your furnace cannot take in the air or vent the exhaust products, it will shut down and not restart until the blockages are cleared. This is for your protection so it is wise not to ignore this situation! Bushes, landscaping and snow can all block the pipe (typically located to the side or rear of the house) and cause the furnace to shut down—likely when you need it the most!

Another part of the high efficiency system is the plastic drain tubes. If these become clogged or blocked the furnace will also shut down. The condensation water is highly acidic and is sometimes routed through an acid neutralizer (black cylinder hooked up to the drain line). These too can become blocked and may be due for a replacement.

This is just the tip of the iceberg when it comes to getting your furnace into shape. Make sure to treat your furnace right and it will keep you warm on those long winter nights! *REU*

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GTA '10 totals

Sales activity of single-family homes

Most recent month, year to date

Active

July21,714
YTDN/A

Listed

JulyN/A
YTD106,636

Sales

July6,564
YTD56,829

Average price

July\$420,482
YTD\$432,253

Median price

July\$361,000
YTD\$368,000

Average days on market

July33
YTD24

Average percentage of list price

July97
YTD99

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
July '09	9,967	12,174
July '10	6,564	10,825
% Change	-34%	-11%

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