

UPDATE

Your Greater Toronto Real Estate Newsletter



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Low rates driving market Strong summer sales continue

Low interest rates continue to drive the Greater Toronto real estate market as buyers make the summer of 2011 one of the busiest on record. The number of sales in June ranked seventh on the all-time list and the activity continued into what are the usually quieter summer months.

As we have seen all year, a lack of listings continues to push up prices. Although more listings have started finding their way onto the market, there are more than 19 per cent fewer homes for sale now than a year ago. In the GTA, the average home price was just under \$460,000 in July, that is up by almost ten per cent compared to last year.

A year ago, potential homebuyers were hesitant because of the introduction of the HST on closing costs, new mortgage lending rules and the fear of rising interest rates. So far interest rate hikes have not happened, but most analysts insist the rates will begin climbing at the end of this year or early in 2012. It is unlikely that sharp or rapid increases will take place; the rates will rise gradually during the next few years.

Surveys have shown that most homeowners are well positioned to handle interest rate hikes. Those who have variable-rate mortgages may switch to fixed rates but the overwhelming majority of homeowners will have no trouble making their payments.

The most dramatic predictions always capture the headlines, but most analysts do not think that Toronto will experience a housing crash or that we are in the midst of a price bubble. Most think that price increases will begin to level off early next year as interest rates rise and more properties come on the market.

In the first four months of this year, one house in eight sold for more than \$750,000 and one in 12 condos sold for more than \$500,000. For those who are in this price range, the economy is sound and that means that the high-end sales will likely continue to keep the average price elevated.

Toronto's economy was just ranked No. 1 in Canada by CIBC. During the first quarter of this year, employment rose by almost two per cent. The city's population is rising at an annual rate of about two per cent, which also gives the housing market a boost.

If you are thinking of buying, take a hard look at your own personal situation and determine how much you can afford to spend without overreaching. Plan ahead for future interest rate hikes. If you are thinking of selling, it is a great time to list your house because of the shortage of homes for sale. This is the time of year when houses look their best. **REU**

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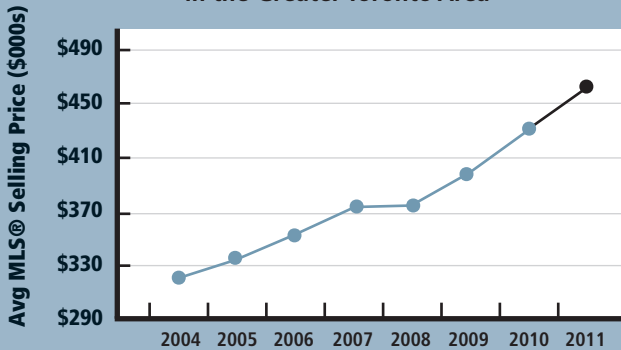
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Average Resale Home Prices in the Greater Toronto Area



Source: TREB

Monthly sales

and average price
by area

July 2011

Central.....	1,439	\$555,051
East.....	1,791	359,803
North.....	1,707	524,803
West.....	2,985	434,909

June 2011

Central.....	1,925	600,479
East.....	2,214	373,309
North.....	2,247	520,788
West.....	3,844	447,614

May 2011

Central.....	1,836	650,687
East.....	2,182	365,942
North.....	2,288	529,906
West.....	3,740	447,047

April 2011

Central.....	1,687	633,667
East.....	1,973	370,053
North.....	2,039	517,333
West.....	3,342	437,547

March 2011

Central.....	1,799	585,706
East.....	2,013	352,226
North.....	1,974	506,929
West.....	3,476	420,437

February 2011

Central.....	1,306	580,617
East.....	1,342	349,940
North.....	1,285	500,728
West.....	2,333	418,378

January 2011

Central.....	803	530,176
East.....	1,000	332,396
North.....	919	487,765
West.....	1,615	400,936

December 2010

Central.....	896	554,141
East.....	992	337,675
North.....	873	472,405
West.....	1,634	405,935

November 2010

Central.....	1,410	553,566
East.....	1,399	339,238
North.....	1,359	470,799
West.....	2,342	408,470

October 2010

Central.....	1,308	589,786
East.....	1,471	339,387
North.....	1,432	478,637
West.....	2,470	408,286

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

Source: TREB

Condo matters

Board of directors Do you have what it takes to serve?

There is no better way to get involved in how your condo is operated than to run for a position on the board of directors. You will get an opportunity to help control, manage and administer the common elements and assets of the corporation and be in a position to help address any problems that residents have.

There are few formal qualifications necessary to be

a director. You must be 18 years or older, not bankrupt, and with no liens registered against you that have not been discharged 90 days prior to the elections. The condo may also have some other restrictions, such as ensuring that all directors are owners or the immediate family of owners. Some condos require directors to be residents. Some do not allow anyone who is an employee of the corporation to be a director (such as a property manager or supervisor). Some also have rules that no two members of the same family can be on the board.

As a director, you are expected to understand Ontario's Condominium Act and the documents for your particular corporation. You are expected to act honestly and in good faith, and "exercise the care, diligence and skill that a reasonable prudent person would exercise in comparable circumstances." Your job is to enforce the condo's rules and regulations fairly, and to plan and maintain the corporation's finances. This usually includes hiring a management company. For more information, visit the Canadian Condominium Institute Toronto website at ccitoronto.org. *REU*



Home and safety

Shocking DIY statistics Electrocutions a real risk

A report by the Electrical Safety Authority (ESA) in 2009 reported that during a 10-year period, 106 Ontarians were electrocuted and there were more than 33,000 electrical fires. Many of these accidents happened because of do-it-yourself electrical jobs.

"There are countless risks associated with performing electrical work, including risk of electrical fire, injury or even death," says Lucy Impera of ESA. "What many homeowners consider to be 'simple' or 'easy' tasks can be quite dangerous and should be performed by a qualified Licensed Electrical Contractor."

The ESA developed a chart to outline the risk factor of common household electrical tasks, where zero represents the lowest risk and 10 the highest. At the top of the risk

chart, scoring 10, is installing spas or hot tubs and changing electrical panels. Dealing with outdoor wiring rates a 9 on the risk scale, while installing or re-wiring pot lights, home renovations and adding electrical wiring is an 8.

Replacing light fixtures or fans gets a rating of 5, while replacing plugs and switches is a 4 and installing or replacing electrical appliances gets a 3 rating.

The ESA survey found that 38 per cent of those who had renovation work done regretted hiring the person who provided the cheapest quote. One-third of the people who used an unlicensed person to do electrical work had to hire a Licensed Electrical Contractor to re-do the job.

For more information about do-it-yourself electrical jobs, visit the ESA website at pluginsafely.ca. *REU*



Money sense

Choosing a mortgage Rate not the only important element

Historically low mortgage interest rates have helped homeowners, especially over the last several years, but when you are looking for a mortgage, the rate is not the only important element.

The mortgage term you choose can have a greater impact on your borrowing cost than the interest rate. The term is the length of time you are locked into a rate typically between 6 months to 10 years. Generally, the longer the term the higher the interest rate. At the end of each term you must renew or re-negotiate your mortgage unless it is paid off.

Most lenders offer open and closed mortgages, which refer to the amount of flexibility you have in making extra payments. With an open mortgage, you can make payments any time during the term or pay the mortgage off completely, without having to pay a penalty. With a closed mortgage, if you want to change the agreement during the term (for example, to switch to a different mortgage to take advantage of lower rates) you usually have to pay a penalty to break the agreement. These penalties are listed in your mortgage agreement.

Open mortgages are preferable but they usually have a higher interest rate. The sooner you can pay off your mortgage, the more money you will save. Even if you do not have money for extra payments now, you may be able to handle them a year or two into your mortgage agreement.

Increasing the amount of your monthly payments, or choosing an "accelerated" option for your mortgage where you pay weekly or bi-weekly, are good ways to pay down the mortgage more quickly.

You also must choose between a fixed rate and a variable rate mortgage. With a fixed rate mortgage your payments are the same throughout the term, while with a variable rate mortgage your payments can change with



market conditions. If you have a variable rate and it looks like rates will rise, you may want to change your mortgage to lock into a fixed rate.

The type of mortgage you choose depends on your aversion to risk and personal situation. There is a lot of competition between banks, other financial institutions and mortgage brokers. It always pays to shop around to get the best term and conditions for your situation. *REU*



On the internet

Interesting websites

harbourfrontcentre.com/authors

International Festival of Authors (IFOA) brings together the best writers of contemporary world literature for readings, interviews, lectures, and more. Ticketed events. (Oct 19-30).

photobookcanada.com

Make your own custom, quality photo book using this highly recommended site by uploading your digital photos.

canlearn.ca

A trusted source of interactive information and services designed to help you save, plan and pay for your child's post secondary education.

cdnhomecare.ca

Accessible, responsive home care and community supports which enable people to stay in their homes with safety, dignity and quality of life.

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

Mortgages

2011 Rates

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

At August 4, 2011

Mortgage Rates

6-month	.....	4.45%
1-year	.....	3.19%
2-year	.....	3.59%
3-year	.....	3.69%
4-year	.....	3.69%
5-year	.....	3.89%
Prime rate	.....	3.00%



Fresh Indoor Air

Improve the quality of air in your home

Fresh indoor air or good ventilation in a house is a very important aspect of occupant health and comfort, yet it is one of the most misunderstood topics.

Air Distribution vs Ventilation

First let's clarify the difference between air distribution and ventilation. Air distribution refers to a forced air system which sends conditioned air through supply ducts into occupied spaces. It then goes back to the central system through return air ducts, and is re-circulated using a fan. This process is for heating and cooling a space and doesn't improve the air, but a filter typically removes the air's particles. Ventilation removes stale air inside and replaces it with fresh air from the outside. Effective air distribution is important with forced air systems, while good ventilation is important for all houses.

Is Your House Well Ventilated?

You may have a drafty home if it is older, which means it already has lots of fresh air leaking in. Newer homes are more air tight and many older homes are retrofitted to the same degree to reduce heating costs and improve comfort. Modern building practices use air barriers and other materials which greatly reduces the amount of air leakage

and lowers ventilation as a result. The amount of ventilation your home receives can be measured in air changes per hour (ACH). In other words, the number of times the air will naturally replace itself in an hour.

Heat Recovery Ventilators (HRVs)

Owners of airtight homes may have a heat recovery ventilator (HRV). These devices remove stale air and bring in fresh air, transferring some of the heat from the exhaust air into the incoming air to reduce heat loss. These expensive systems are uncommon in both newer and older houses because of their cost and high maintenance. An HRV is required in newer homes that have wood burning fireplaces and is also recommended if the ventilation rate is less than 0.3 ACH. Most homes are above this value. The ACH can be determined with an energy audit.

Exhaust Fans

In addition to removing odours and moisture, kitchen and bathroom exhaust fans can also help the ventilation process. For new homes without HRVs a principal exhaust fan is required. Continuous operation of exhaust fans in airtight houses may cause depressurization. This means that the house is under negative pressure relative to outside, and may cause dangerous back drafting of combustion gases from appliances like a furnace, water heater or fireplace.

Open Your Windows

Opening your windows is the most effective way to improve air quality, although you may not want to do this in the middle of winter or in the summer when your air conditioner is running. The Ontario Building Code calls for operable windows for natural ventilation to bring in fresh air and allow stale air and odours to escape.

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

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family and neighbours. Thank you for your trust.”

— Vito Vessio

VITO VESSIO

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/buyer specialist

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GTA '11 totals

Sales activity of single-family homes

Most recent month, year to date

Active listings

July17,546
YTDN/A

New listings

July12,508
YTD93,380

Sales

July7,922
YTD55,863

Average price

July\$459,122
YTD\$465,777

Median price

July\$395,000
YTD\$390,000

Average days on market

July26
YTD25

Average percentage of list price

July98
YTD99

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
July '10	6,425	10,825
July '11	7,922	12,508
% Change	23%	16%

