

Your Greater Toronto Real Estate Newsletter

## Sustainable growth Market slows down

**N**ew listings of homes for sale in the GTA are up by almost 12 per cent compared to last year, and that is finally slowing down price growth. The Toronto Real Estate Board (TREB) reports that the average selling price for a home in the GTA is about \$477,000, four per cent more than at this time last year. House prices peaked during the busy spring market and for the first time since January the average price has dropped below \$500,000. However, that is not unusual. We saw the same trend last year as prices dropped during the summer and then picked up steam again in the fall.

"As buyers benefit from more choice in the second half of this year, expect price growth to slow to a more sustainable pace," says Jason Mercer, TREB's senior analyst.

The number of sales in the City of Toronto is about the same as at this time last year, while the rest of the GTA continues to enjoy growth. It looks like there will be about 95,000 sales in the GTA this year, compared to almost 92,000 in 2011. TREB says homes are selling for 98 per cent of asking price, and are on the market for an average of 26 days. That is about the same as it was a year ago.

The market continues to ride the wave of low interest rates, but the pent-up demand that was created by the 2008 recession has now been satisfied. The economic fundamentals continue to support the market.

Employment growth last year was 1.4 per cent, and it should be slightly better this year. The population in the GTA grew by more than 96,000 people in 2011, and it is forecast that another 93,000 will come this year. There will be more than

100,000 people arriving annually in 2013 and 2014, according to a report by Central 1 Credit Union.

Demographics continue to support the housing market as there are plenty of baby boomers still looking to move up, and the boomers' children are now starting to reach their prime real estate buying years.

Although the market has slowed down, there are still some communities where the average selling price exceeds the asking price. In Toronto, some of the hottest areas are High Park/The Junction in the west; Riverdale and Leslieville in the east; and Mount Pleasant area in the central. There is also strong demand in Roncesvalles, South Parkdale, Stonegate - The Queensway, and Don Mills. Outside the city, Markham and Newmarket are selling at 100 per cent of the asking price. *REU*



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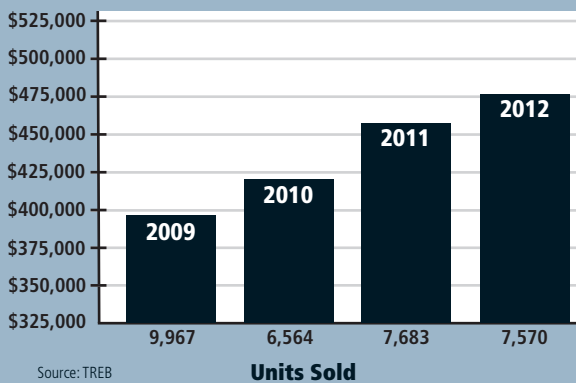
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**Average Home Prices - July**  
in the Greater Toronto Area



## Monthly sales

and average price  
by area

### 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 |

### September 2011

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,437 | 581,840 |
| East.....    | 1,780 | 366,655 |
| North.....   | 1,624 | 531,718 |
| West.....    | 2,817 | 430,079 |

### August 2011

|              |       |         |
|--------------|-------|---------|
| Central..... | 1,395 | 534,171 |
| East.....    | 1,633 | 352,186 |
| North.....   | 1,653 | 522,629 |
| West.....    | 2,861 | 427,211 |

Source: TREB

## Mortgage matters

### Amortization reduced changes impact first-time buyers

**R**ecently the federal government made changes to the rules regarding high-ratio mortgages, which are those with less than 20 per cent down payment. These changes make it more difficult for individuals to qualify for a mortgage.

The maximum mortgage amortization period is now 25 years instead of 30 years. This move, which came into effect in July, is expected to have an impact on first-time buyers the

most. Last year 40 per cent of new mortgages were amortized for periods more than 25 years, says the Canadian Association of Accredited Mortgage Professionals.

RBC says that based on a typical mortgage size of \$288,000 for a bungalow, with a posted mortgage rate of 5.24 per cent, reducing the amortization period to 25 years from 30 years would raise the monthly mortgage bill by \$136. The federal finance ministry says the change increases monthly payments from 9 per cent to 12.5 per cent, depending on the interest rate.

The new rules also make it tougher to qualify for a mortgage. The gross debt service ratio for housing-related debt is capped at 39 per cent and the individual's total debt is capped at 44 per cent.

For refinancing, the maximum amount an individual can borrow was changed from 85 per cent to 80 per cent. The government also said government-backed insurance will no longer be available for homes purchased for \$1 million or more.

The government made the moves because of concern over high household debt. *REU*



## Home safety

### Smoke alarms Where to place them

**M**ost fatal house fires that result in fatalities happen at night when the residents are asleep. The Ontario Fire Code requires all single-family, semi-detached and townhomes to have a working smoke alarm on every storey of the home, including the basement and outside all sleeping areas. In some homes, such as split-levels, a storey may have more than one level and if there are separate sleeping areas, each area must have its own alarm.

The ideal location for the alarm is on the ceiling in the centre of the room. It is better to put the alarm on the ceiling than on a wall and it should be a minimum of four inches from any wall. If the hallway serving the bedrooms is

more than 30-feet long, there should be an alarm at both ends of the hall.

If it is necessary to put the alarm on the wall, it should be at least four inches below the ceiling but no more than 12 inches below it. Smoke alarms should not be installed where a ceiling meets a wall or in a corner.

Do not put an alarm in the garage because the car exhaust will set it off.

To deal with nuisance alarms, such as if an alarm is set off when you are cooking, modern smoke alarms come with a "hush" feature that you can push to temporarily silence the alarm. Never disable a smoke alarm by removing the battery or shutting off the electrical supply. *REU*



## Condo update

### Condo prices level off **Not a bubble or a crash**

**T**he hot condo market that we experienced during the last few years had to slow down sometime.

While the number of sales is dropping and prices have levelled off, there is still plenty of demand for condos. This is not a bubble and not a crash however, it is a correction that some say has been long overdue.

Sales during the first half of the year are down 2.5 per cent compared to 2011, but the 11,462 sales is still a huge number by historical standards.

New listings were up a whopping 17 per cent in the first half of this year compared to 2011, largely because of the number of new condo buildings that were completed and put on the resale market. Canada Mortgage and Housing Corp. says that 10 to 15 per cent of new condos are listed for sale within 12 months of registration.

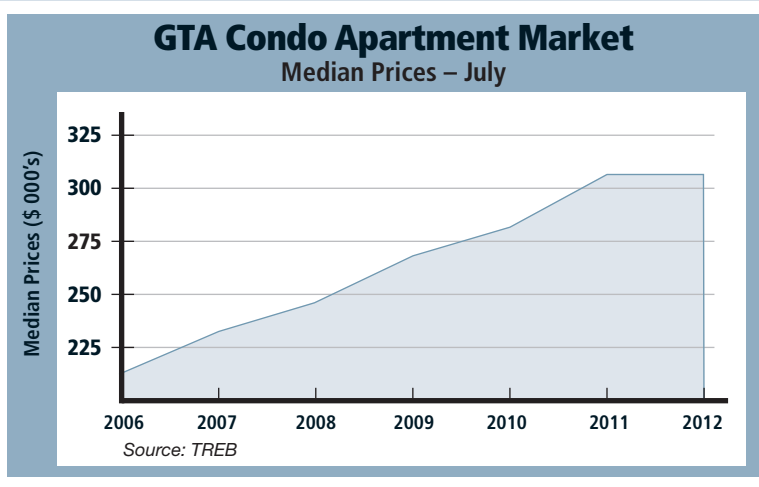
The average price for a GTA condo in the first half of 2012 was \$338,582, a 3.5 per cent increase over the same period in 2011. However, condo prices have been flat for the last few months compared to the same time last year.

"Sellers seemed to be well-aware of condo market conditions in the second quarter. On average, units were priced in line with buyer expectations, with apartments selling for 98 per cent of asking price in less than a month's

time," says Toronto Real Estate Board analyst Jason Mercer.

The majority of condos sold in the \$200,000 to \$299,999 price range. One bedroom plus den units accounted for 21 per cent of all apartment condos sold, with two-bedroom units representing 34 per cent of market share. Only 8 per cent of the condos sold had three bedrooms plus.

The City of Toronto had 70 per cent of all GTA condo sales in the first half of the year, with Peel Region taking 15 per cent of sales and York Region accounting for 10 per cent.



Both the number of condos listed for rent and the number of rental transactions by TREB increased in the second quarter of this year. Investor-owned condos continue to fill the need for rental accommodation in the GTA and average rents continue to rise. **REU**



## On the internet

### Interesting websites

#### **scotiabanknuitblanche.ca**

For one sleepless night, experience Toronto transformed by hundreds of artists. All night long. All free. Sep 29, 7.03 pm to sunrise.

#### **cellplanexpert.ca**

Answer a few questions about your talking and texting habits and you get a list of cellphone plans with prices and features.

#### **bbb.org/canada**

Better Business Bureau – a resource for consumers and businesses, providing information, reports, member roster, complaint form, and information about scams.

#### **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.*

## Mortgages

### 2012 Rates

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

At August 4, 2012

|            |       |
|------------|-------|
| 6-month    | 4.00% |
| 1-year     | 3.00% |
| 2-year     | 3.15% |
| 3-year     | 3.25% |
| 4-year     | 3.25% |
| 5-year     | 3.09% |
| Prime rate | 3.00% |





# Radiant Floor Heating

## Pros and Cons

In-floor or radiant heating systems have gained popularity in recent years. There are two different systems: hot water and electric radiant. We will briefly look at their functions, benefits and disadvantages.

### Function

In both systems, the floor is heated which in turn radiates heat into the room. The temperature in both systems is typically lower than conventional radiator or convector systems so that the flooring is not too hot. Many radiant floor systems make the floor more comfortable but are not designed to be the only heat source in the room.

In hot water systems, plastic piping is common and is typically buried about 3 inches below the surface of concrete flooring and is typically 4 to 12 inches apart. Piping may also be set between the sub-floor and flooring, often held in place with a special grid. In some cases, a foil reflector helps direct heat up into the room. Radiant piping can also be placed below the sub-floor, running between the floor joists. Many hot water systems have several discrete loops that heat different parts of the home, fed from a single manifold at the boiler. This approach is sometimes called a home run.

In electric radiant systems wires are embedded in the

floor where some systems employ pre-wired panels or mats.

### Benefits

When using radiant floor heating, the floor will be warm but not hot to the touch. Many homeowners find this type of heat more comfortable than forced air or radiator systems, and it allows them to walk barefoot on colder floor surfaces, such as ceramic tile or natural stone. It is also common to isolate in-floor heating into zones that can be individually controlled, which saves on heating expenses.

### Disadvantages

In hot water systems, leakage can be a significant problem. When a leak occurs, it is usually easy to locate due to the obvious water damage, unless the leak is below the basement or slab-on-grade floor. These systems are susceptible to building settlement, and especially with steel or copper, the pipes can be broken as the house moves.

In electric heating systems if the distribution wire malfunctions it is often difficult to locate the problem.

In both systems, the heating source may be buried too deep, resulting in slow response to the thermostat and some heat loss. There may be unwanted fluctuations in temperature. Hot spots and cold spots occur if pipes or elements are too far apart.

These systems are also relatively expensive to install, so homeowners should consider all of the benefits and disadvantages before installing an in-floor heating system.

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*— Vito*

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## GTA '12 totals

Sales activity of single-family homes  
Most recent month, year to date

### Active listings

July .....20,318  
YTD .....N/A

### New listings

July .....13,888  
YTD .....104,424

### Sales

July .....7,570  
YTD .....58,050

### Average price

July .....\$476,947  
YTD .....\$501,212

### Median price

July .....\$410,000  
YTD .....\$421,000

### Average days on market

July .....26  
YTD .....23

### Average percentage of list price

July .....98  
YTD .....99

Source: TREB

## Housing market indicators

### Single-family dwellings

| Source: TREB | Sales  | New Listings |
|--------------|--------|--------------|
| July '11     | 7,683  | 12,407       |
| July '12     | 7,570  | 13,888       |
| % Change     | - 1.5% | 11.9%        |

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