



# real estate UPDATE

Your Greater Toronto Real Estate Newsletter

## Housing market roars back Prices soar 16.9 per cent

The GTA housing market roared back to bustling activity for the second straight month, despite the ongoing pandemic. Sales in the GTA jumped 29.5 per cent on a year-over-year basis, a new record for the month of July. The average price soared by 16.9 per cent to \$943,710 in comparison to the same period last year.

July sales in the GTA were also 49.5 per cent higher than in June, the month that already recorded a sharp rebound in activity after two months of COVID-19 restrictions. According to Jason Mercer, chief market analyst for the Toronto Regional Real Estate board, this strong rebound is driven by consumer confidence in the economy. He explains, "What we're seeing through June and July are a lot of home buyers coming back into the marketplace."

In the City of Toronto, the average price for a detached home soared 25.5 per cent to \$1,541,003, and in the surrounding suburbs, the average price shot up 14 per cent, to \$1,060,318. The leap in average home price in comparison to July 2019 was seen across all home types in the GTA. Semi-detached bumped up 20 per cent to \$1,181,014; townhouses rose 12.7 per cent to \$852,284; and condo apartments increased by 8.8 per cent to \$682,999 in the City of Toronto. In the 905 areas, semis went for \$773,513 (+11.2 per cent); townhouses for \$701,853 (+11.1 per cent); and condos for \$527,117 (+10.6 per cent).

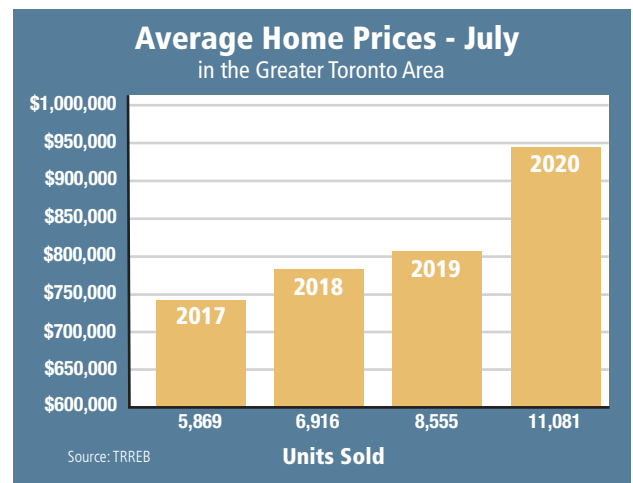
The housing market buoyance in the GTA and the surrounding area surprised some. Vik Singh, Assistant professor at Ted Rogers School of Management, specializing in the impact of Covid-19 on the economy, is one of them: "I was surprised at how the housing market responded to the pandemic. In March and April, I was very pessimistic and thought the market would correct. But, surprisingly, it's been resilient. I think Covid-19 created a lot of confusion in people's minds. They thought it was going to cause a huge economic catastrophe and a lot of people were going to lose jobs. People did lose jobs, but mainly, those were in lower-income positions. The fallout has not really impacted the high-skill labour sectors, like finance and technology. Thus, the market has been able to stave off a potential sell-off and homeowners have been able to hold on to their real estate assets." *REU*

GTA BY THE NUMBERS

**DETACHED**  
↑ 16.0%  
Avg. Price Yr/Yr

**SEMIS**  
↑ 16.1%  
Avg. Price Yr/Yr

**CONDO APTS**  
↑ 8.8%  
Avg. Price Yr/Yr



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## Monthly stats

July average price by area

**416**

**DETACHED**

↑**25.5%**  
YEAR  
YEAR

**\$1,541,003**  
Average Price

**CONDO APT**

↑**8.8%**  
YEAR  
YEAR

**\$682,999**  
Average Price

**905**

**DETACHED**

↑**14.0%**  
YEAR  
YEAR

**\$1,060,318**  
Average Price

**CONDO APT**

↑**10.6%**  
YEAR  
YEAR

**\$527,117**  
Average Price

source: TRREB

## Financial matters

### Looking to buy? Get a mortgage pre-approval

A buyer armed with a mortgage pre-approval signals to the seller that the buyer is serious, and that the sale will be efficient and problem-free. Furthermore, this will not only focus your home search on properties within your financial means but it will also lock in a favourable interest rate for the next three to four months of your search.

Here are some “do’s” when applying for a mortgage pre-approval:

- Check your credit score and credit summary (you can get these for free). Reviewing your credit records will allow you to know if lenders see you as credit-worthy and give you a chance to correct any inaccuracies before a lender takes a look at it.
- Contact a few lenders to see which one can give you the best rate and terms.
- Assemble the following documents for your chosen lender: a couple of identification documents; employment verification and proof of income, such as your income tax assessments, pay stubs, or a letter from your employer; documents showing your current mortgage agreement or rental/lease papers; a list of any valuable assets with corroborating documents proving their purchase and value (e.g., your vehicles or other properties you may own, like a cottage); recent financial statements from all your bank accounts; statements of any debt you might have including credit cards, car payments, and other loans; documentation showing any long-term legal financial commitments such as child or spousal support payments. [REU](#)



## Home ownership

### Post COVID Renters ready to step onto property ladder

The real estate market has not only held up during the pandemic but has actually motivated more renters to become homeowners.

“Ontario renters who are active in the real estate markets are nearly twice as likely to say they are more interested rather than less interested in buying a home because of the pandemic,” according to the Ontario Real Estate Association Pulse Check report.

At the front of the group interested in buying a home are millennials and those between the ages of 35 to 54. The report also found that more renters than homeowners are actively looking for a property - 63 per cent of renters surveyed are searching for a home to purchase compared to 47 per cent of homeowners.

“Despite the uncertainty stemming from the pandemic, housing remains a strong sector of our province’s economy, with the Canadian Dream of home ownership continuing to be a strong value for many Ontarians,” says OREA President Sean Morrison. “As we look ahead and move towards economic recovery in a post-COVID era, we can expect even more interest as renters and first-time home buyers look to enter the market.”

The report also shows a shift in attitudes towards suburban living. As a result of the physical distancing and isolation that Ontarians have been experiencing over the past months, just over three in five active in the real estate market say that living in the suburbs is more appealing to them now than before the pandemic. [REU](#)



## Condo update

### GTA's condo boom Now entering balanced terrain

In July 2016, a condo seeker could expect to outlay on average \$406,865 for a unit in the GTA. Fast forward to July 2020, and that same condo seeker now has to shell out \$635,778 That's an unbelievable jump of 56 per cent in average value. The question is, of course, why has the condo market seen such a huge jump in price in the last four years?

Home prices are dictated by demand, and demand is principally a function of population growth. GTA's population has grown by 100,000 people per year. It is now the fastest growing metropolitan area in Canada and the U.S.

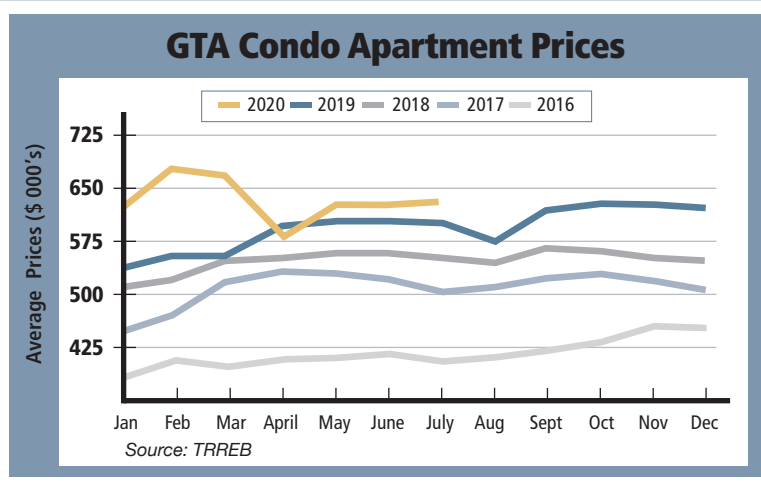
The price of a detached home has always been considerably higher than that of a condo apartment. More recently, it has hit a price point largely out of reach to many, which makes condos attractive to newcomers and millennials.

It is estimated that by 2030 one million new faces will increase the GTA's population to eight million. But, how will COVID impact immigration going forward? There will be an impact but likely not enough to hurt the resale market. The Conference Board of Canada estimates the number of people coming into the GTA will drop from approximately 100,000 to 65,000 due to the pandemic in 2020. There will still be enough people at the entry level wanting

to get into the market out of fear of missing out on home ownership as prices continue to rise steadily.

The other mainspring in the high-demand-upping-the-value-of-condos trend are the boomer generation and the proclivity of the millennials to live simply and maintenance free that condo living provides.

Looking at July sales to new listings ratio of 45 per cent, puts the GTA condo market into a more balanced terrain. Jason Mercer, TRREB's chief market analyst, believes the condo market activity and price growth going forward will



depend on the region's economic recovery. "It will be important to watch the relationship between condominium apartment sales and new listings as we move through the second half of 2020. If economic recovery is sustained, the demand for condo apartments will improve," he says. *REU*



## On the internet

### Interesting websites

#### nyTIMES.com

Search for user's guide to face masks – everything you need to know about face masks, dos and don'ts, choosing or making a mask, material choices, and more.

#### EATthisMUCH.com

Automatically create custom meal plans for your diet goals. Perfect for weight loss, body-building, vegan, and more!

#### itPAYStoKNOW.gc.ca

Financial Consumer Agency of Canada (FCAC) promotes financial education and raises consumers' awareness of your rights and responsibilities.

#### covid-19.ONTARIO.ca /covidalert

Download COVID Alert app and get a phone alert if you have been exposed to COVID-19. Let others know if you test positive without sharing any personal information.

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

## Mortgages

August 8, 2020

*Mortgage rates are negotiable with individual lenders. Rates are subject to change without notice. OAC E&OE*

|          |       |
|----------|-------|
| Prime    | 2.45% |
| Variable | 1.99% |
| 1-year   | 2.29% |
| 2-year   | 1.94% |
| 3-year   | 2.19% |
| 4-year   | 2.24% |
| 5-year   | 2.09% |





## GTA '20 totals

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

**Active listings**  
July .....15,018  
YTD .....N/A

**New listings**  
July .....17,956  
YTD .....82,293

**Sales**  
July .....11,081  
YTD .....47,013

**Average price**  
July .....\$943,710  
YTD .....\$903,607

**Median price**  
July .....\$810,000  
YTD .....\$780,000

**Average property days on market**  
July .....25  
YTD .....25

**Average percentage of list price**  
July .....101  
YTD .....101

Source: TRREB

## Housing market indicators

**Single-family dwellings**

| Source: TRREB | Sales  | New Listings |
|---------------|--------|--------------|
| July '19      | 8,555  | 14,403       |
| July '20      | 11,081 | 17,956       |
| % Change      | 29.5%  | 24.7%        |

## Furnaces Heating your home this winter

Furnaces aren't known for being fickle, but there are certain protective measures homeowners should implement to ensure their homes are warm and comfortable this winter.

### Furnace Filters

Your furnace filter should be checked monthly to determine if it needs cleaning or changing. Typically located in the air return duct adjacent to the furnace, making sure your furnace filter is in good condition can help improve both comfort and heating costs. You will need to see if you should purchase a cleanable or disposable furnace filter – most homeowners choose to have a disposable filter, for convenience, but both are good choices.

### Furnace Humidifiers

While ideal humidity for homes can be as low as 5%, people feel the most comfortable in environments with 60% humidity. Unfortunately, houses can have a hard time coping with this in cold weather. Too little humidity makes people feel uncomfortable. Too much can cause condensation, mold, mildew, and rot in homes as the warm moist air hits cool surfaces. Contrary to popular belief, homeowners actually have to lower the humidistat setting as the weather outside gets colder. The colder it is outside, the easier it is for condensation to form on cool surfaces, like windows. Homeowners can re-

duce condensation and the risk of mold by lowering the interior humidity level. The recommended house humidity levels are:

| Outside Temperature             | Recommended House Humidity |
|---------------------------------|----------------------------|
| -20°F (-28°C)                   | 15%                        |
| -20 °F to -10°F (-28 to -23°C)  | 20%                        |
| -10 ° F to 0°F (-23°C to -18°C) | 25%                        |
| 0°F to +10°F (-18°C to -12°C)   | 35%                        |
| 10+ ° F (above -12°C)           | 40%                        |
| Summer months                   | Off                        |

Watching for condensation on your windows is another great way to gauge your house humidity level. Lower the humidity when you see condensation. In addition, room temperature and humidity monitors, available at hardware and building supply stores, can help you manage your humidity.

### Furnace Efficiency

High efficiency furnaces are complex, and as a result they're often more expensive than conventional furnaces. High efficiency furnaces on average cost about \$1,000 – \$1,500 more than a conventional furnace. If you spend \$1,000 per year heating your house with a conventional furnace, you can save close to \$350 with a high efficiency furnace. A high efficiency furnace may pay for itself in 3 years.

If you're considering a high efficiency furnace for your home, speak with a reliable heating or HVAC contractor to discuss the pros and cons of various models and any estimated increase in furnace maintenance costs.

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

**Hope you, your family and friends are safe** and in good health. The housing market has roared back to life despite the

ongoing pandemic. If you have any questions, please do not hesitate to get in touch.

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