

UPDATE

Your Greater Toronto Real Estate Newsletter

2011 a "win-win" year For buyers and sellers

At a recent Canada Mortgage and Housing Corp. (CMHC) housing forecast conference, market analyst Dana Senagama said 2011 will be a "win-win" for buyers and sellers in the GTA. How can market conditions be good for both sides of a transaction?

Senagama says the market will be much less volatile than it was in 2010, and a stable market means buyers should have lots of choice when searching for a home. Although multiple offers may still occur in the most popular neighbourhoods, for the most part there will be plenty of listings to meet the demand. For sellers, a stable market means that prices will hold steady.

Sustained low interest rates will continue to bring some heat to the housing market, but slow job and income growth will keep things from boiling over.

A few people still insist that housing is overvalued, but most analysts disagree. CMHC predicts prices will rise at about the rate of inflation throughout the year, supported by the low rates and a rising population due to immigration. A recent report by BMO Capital Markets stated, "the absence of widespread speculation and egregiously loose credit standards suggests the market is not in a bubble. Instead, Canada's housing market remains reasonably affordable because of exceptionally low interest rates. Barring a sharp spike in mortgage rates or a relapse into recession, a substantial price correction is unlikely to occur."

Buyers who are moving up or downsizing will play a more significant role in the market this year, taking some of the real estate activity away from first-time buyers. That factors into average house prices, since move-up buyers are purchasing more expensive homes.

Baby boomers are still very active in the housing market and will continue to be for many years. CMHC says that in about 10 years, another buying peak is expected when the "echo boomers" – the children of the baby boomers – enter the housing market.

In the past year, 1.4 million Canadians renewed their mortgages, and 72 per cent were able to negotiate a lower rate than they had previously. Although variable-rate mortgages are less expensive than fixed-rate loans, 66 per cent still choose a fixed-rate mortgage because it is a safer choice, says CAAMP.

Another recent survey shows that the majority of Ontarians still don't realize that HST does not apply to resale homes. You must pay HST on closing costs, but not on the sale price of the home. After the roller-coaster market we experienced in 2010, the calm and stable forecast for 2011 sounds just fine. *REU*



ANN MAGNUS
Sales Representative
Realtor since 1987

*Keeping
your needs
in mind.*

416-483-8000

Direct Line:

416-422-1173

ann@annmagnus.com

www.annmagnus.com



Sage Real Estate Ltd., Brokerage
1820 Bayview Avenue
Toronto, ON M4G 4G7

IN THIS
ISSUE

2 Condos attract
older buyers

Shifting demographics
in GTA

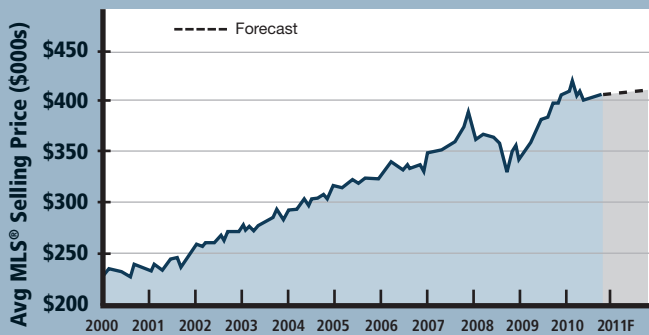
2 Becoming a
landlord

Do your homework

3 TFSA

Flexibility makes
saving for a house easier

GTA Average Prices Will Flatten



Source: CREA, CMHC Forecast

Monthly sales

and average price
by area

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

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

Source: TREB

Condo update

Condos attract older buyers shifting demographics in GTA

As we examined in our cover story, the real estate market is shifting away from first-time buyers toward move-up buyers and older homeowners who are downsizing. You might think this means less interest in condominiums, but the opposite is true.

The condo lifestyle offers less maintenance and

locations that are usually near public transit and amenities like shopping, schools and recreational centres. In recent years, condo buildings have been sprouting up everywhere. They are most noticeable in downtown Toronto and in Mississauga's city centre, but there are lots of condo buildings throughout the GTA. For someone who wants to downsize but not leave their familiar neighbourhood, there is likely a nearby condo they can consider.

Twenty-three per cent of the Canadian population is aged 45 to 54 and sixteen per cent is 55 to 64. This age group earns the most money and includes many current homeowners. Half of them are mortgage-free and the rest have considerable equity in their homes. In a 2009 survey of home buyers, Canada Mortgage and Housing Corp. found that 40 per cent of those aged 65 and up and 28 per cent in the 55 to 64 age group purchased condos. It also found that 75 per cent of new condos that cater to empty nesters are pre-sold.

What does it all mean? Demand for condos will continue for many years, for all age groups, both downtown and in the GTA suburbs. *REU*



Legalities

Becoming a landlord **Do your homework**

Ontario may just have the strictest requirements for landlords in North America. That is why if you are thinking of buying an investment property or renting out part of your own home to help pay the mortgage, do your homework first.

There are many regulations relating to the rental property, such as fire separation requirements between dwelling units, escape regulations, and rules concerning fire alarms and wiring. Some municipalities prohibit secondary living units, and some have rules concerning parking regulations, minimum square footage and more.

There may also be some issues with your mortgage if you add a rental unit to your existing house and don't tell your lender. If you are renting all or part of a condominium unit, you will have to make sure that it is allowed under the

condo corporation's bylaws.

Once you have become a landlord, legislation limits how much rent you can charge, how much you can raise the rent and how often you can do it.

There are also rules about maintaining the rental unit and rules that allow a freeze on rental increases until certain repairs are made.

If it seems like that is a long list that's because it is. But help is available from a number of sources. First of all, check out the Landlord and Tenant Board at www.ltb.gov.on.ca. It has a Q&A section and brochures about all of these topics. If you are going to buy an investment property, hire a lawyer who knows the regulations to go over all the details. There are also rent control consultants and property management companies that can help. *REU*



Money matters

TFSA Flexibility makes saving for a house easier

Tax-free savings accounts (TFSAs) are a relatively new way to save money for a house, renovation project or anything else without the tax consequences that you get when you borrow from your RRSP.

Every Canadian 18 years of age or older may contribute up to \$5,000 into a TFSA each year. Financial institutions offer TFSAs in mutual funds, GICs and bonds.

As the name says, income earned in a TFSA is tax-free, and can be withdrawn at any time.

If you don't contribute the full \$5,000 in one year, you can put the unused contribution into the TFSA in following years. You can also repay any amount you have taken out from the TFSA. Beware though that re-contributing money in the same year you take it out may result in a tax penalty for over-contribution.

Contributions to a TFSA are not tax-deductible like RRSPs, but the big advantage is that you can withdraw them at any time without a tax penalty. You can give money to your spouse or common-law partner for them to invest, and TFSA assets can usually be transferred to a spouse or common-law partner upon death.

Unlike an RRSP, which must be terminated and becomes taxable at age 71, there is no age limit on TFSAs.

While RRSPs were designed to be retirement plans, the TFSA is something you can adapt to fit your current needs. For example, you could save \$5,000 a year in a TFSA for 8 years, earning investment income on those savings. Say you then take out \$50,000 that has accumulated in the TFSA account to buy a house, tax free. Ten years later you decide to sell the house and with the proceeds from the sale, you can re-contribute the



\$50,000 you took out of the TFSA 10 years ago. All this can be done without reducing the other contribution room you have in the TFSA or in an RRSP.

Any income earned from a TFSA does not affect your eligibility for federal income-tested government benefits such as Old Age Security or the Canada Child Tax Benefit. *REU*



On the internet

Interesting websites

interiordesignshow.com

This event showcases the newest and most innovative trends in design. Promises to delight with inspirational exhibits, speakers, architects and designers. (Jan 27-30).

seatguru.com

Planning a trip? Find the best seat. The ultimate source for seating, in-flight amenities and airline information for all major carriers.

taxtips.ca

A comprehensive resource for Canadian tax and financial information for individuals and businesses.

ccachiro.org

The Canadian Chiropractic Association - Try a drug-free, manual approach to health care for back and joint pain.

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 December 4, 2010

Mortgage Rates	
6-month	3.95%
1-year	2.80%
2-year	3.25%
3-year	3.49%
4-year	3.69%
5-year	3.79%
Prime rate	3.00%



In search of the perfect house

What to expect

Normal maintenance

If you strip away the cosmetics, a house is made up of the structure, roof, exterior envelope and the "systems" of the house. The "systems" are things like heating, plumbing, electrical and cooling.

All components and systems eventually wear out. Fortunately, they don't all wear out at the same time. Different components have different life cycles. Houses tend to settle into what you might call a "normal maintenance pattern".

The 1% rule

A reasonable annual estimate of the cost of normal maintenance is 1% of the value of the house. One year you may replace the furnace; a few years down the road you may re-surface the roof. Throw in the odd unexpected repair in between and you average 1% per year. This rule is not far off regardless of the value of the house.

What's the message?

A homebuyer should arrive at the home inspection with realistic expectations. If you are buying a 12-15 year old home, you may need a new roof. If you are buying a 60 year old home, you may have to update some plumbing.

How long does it last?

Here is a short list of typical life cycles of the most common

components of the home. Keep in mind that there will be exceptions in every category.

ROOF

- Conventional asphalt shingles12 - 15 years
- Top quality asphalt shingles25 - 30 years
- Low slope shingles10 - 15 years
- Slate40 - 200 years

EXTERIOR

- Gutters and downspouts20 - 30 years
- Aluminum siding50 plus years
- Wood sidingmaintenance dependent
- Stuccomaintenance dependent
- Exterior paint4 - 6 years
- Deck10 - 20 years
- Asphalt driveway surface10 - 20 years

HEAT

- Conventional furnace10 - 25 years
- Mid efficiency furnace20 - 25 years
- High efficiency furnace.....Approx. 20 years
- Steel boiler20 - 30 years
- Humidifier5 - 10 years
- Electronic air filter10 - 20 years

COOLING

- Air conditioning condenser10 - 15 years

PLUMBING

- Galvanized steel supply pipe40 - 50 years
- Copper pipeindefinite
- Toilet30 - 40 years
- Sink12 - 20 years
- Faucet10 - 15 years
- Water softener5 - 15 years
- Water heater8 - 12 years

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

GTA '10 totals

Sales activity of single-family homes

Most recent month, year to date

Active

November15,813
YTDN/A

Listed

NovemberN/A
YTD148,958

Sales

November6,510
YTD81,894

Average price

November\$438,030
YTD\$431,346

Median price

November\$366,000
YTD\$365,000

Average days on market

November33
YTD27

Average percentage of list price

November98
YTD98

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Nov '09	7,446	9,923
Nov '10	6,510	8,642
% Change	-13%	-13%

Referrals are an important part of my business.

As a seasoned real estate professional,

I am committed to providing the best possible

advice and service to all my clients.

Over the years your trust and loyalty is much appreciated.

Thank you.

ANN MAGNUS
Sales Representative



416-483-8000

The intent of this newsletter is to inform you regarding real estate. Your personal details such as name and address are never shared without your consent. In accordance with the new Privacy Act, your consent must be given (either explicitly or implicitly) to receive the newsletter. If you do not wish to receive this newsletter, please notify me. This publication is not intended to solicit buyers or sellers currently under contract with a brokerage. The information and opinions contained in this newsletter are obtained from various sources believed to be reliable, but their accuracy cannot be guaranteed. The publishers assume no responsibility for errors or omissions or for damages resulting from using the published information and opinions. This newsletter is provided with the understanding that it does not render legal, accounting or other professional advice. Whole or partial reproduction is forbidden without written permission from the publisher. © Clear Communications 416-422-5754.

