

UPDATE

Your Greater Toronto Real Estate Newsletter

Steady equity gains in GTA Lower inventory pushes up prices

Defying the expectations of many observers, residential real estate prices in the GTA continue to rise. The average selling price is currently about eight per cent higher than it was at this time last year.

The number of units changing hands continues to trail the record-setting pace of 2010, prompting predictions that prices may soon level off. But with a much smaller inventory of homes for sale - 30 per cent less than last year - there are still bidding wars for well-priced homes in some of the most popular neighbourhoods.

More homes are also selling at the top end of the market priced at \$1.5 million or more. Sales in this luxury category are up nine per cent compared to a year ago, which skews the average price statistics higher. Detached homes in the 416 area code are leading the way in price appreciation; they are up 13 per cent compared to this time last year. Detached home prices in the 905 area code are up nine per cent.

So far this year the GTA real estate market has been stronger than many predicted. Well-known economist Will Dunning recently revised his forecasts for the year's housing market to reflect a stronger market. He believes that the average house price at the end of 2011 will be around \$453,000.

Toronto's economy continues to improve. The employment rate is now better than it was before the recession. Growth is expected to continue slowly but steadily. It has now been five years since the start of the real estate crisis in the United States. In Canada, tighter lending practices and increasing home equity levels helped us avoid a housing bubble, and earlier this year the government tightened mortgage lending rules even more. Canadians appear to be more careful about managing their debt

levels as the mortgage arrears rate is improving; it is at 0.35 per cent in Ontario. That means that out of every 1,000 mortgages in the province, just three or four are in arrears.

Interest rates remain low but as the economy improves, they may start going up later this year. Canada Mortgage and Housing Corp. expects five-year posted mortgage rates to be at about five per cent by the end of the year. Variable rates will be around four per cent, says CMHC, but as always it pays to shop around before committing to a mortgage.

As prices keep rising there is concern that some first-time buyers may be priced out of the market. This may boost sales in the suburbs and less expensive neighbourhoods.

With a lack of listings on the market, it's the ideal time to list your home for sale if you are ready to make a move. Although sales typically slow down in the summer months, the low mortgage interest rates continue to entice buyers. More listings should provide buyers with more choice and some price moderation in the market. *REU*



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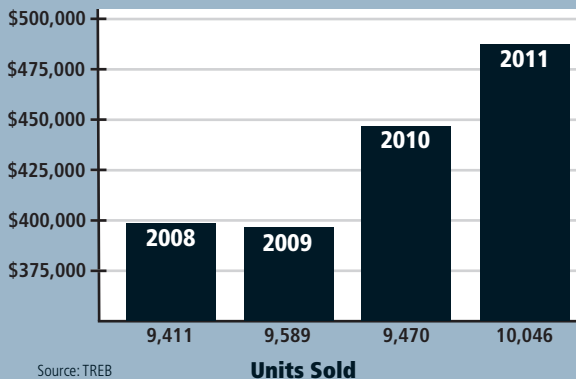
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Strong demand for resales

Average Home Prices - May
in the Greater Toronto Area



Monthly sales

and average price
by area

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

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

Source: TREB

Good Housekeeping

Cut your hydro bill **Easy ways to save money**

There has been a lot of talk about government policy and the high cost of electricity, but when it comes right down to it, saving money on your hydro bill is up to you. There are several ways you can cut electricity use.

Every time you buy something for your home that uses electricity, whether it is a light bulb or a new dishwasher, try to buy the most energy efficient product



available. At Hydro One's website (www.hydroone.com) there are several downloadable money-saving coupons for lighting control products, CFL light bulbs in a variety of formats, power bars, light fixtures, ceiling fans, programmable thermostats, weather stripping, insulation blankets for electric water heaters, outdoor timers and even a good old-fashioned outdoor clothesline kit. Using these products will save money over the long run.

Run your dishwasher, clothes washer and dryer during off-peak hours, which now start at 7 pm on weeknights and all day on weekends. When buying a new major appliance, look for Energy Star units. They use at least 15 per cent less energy than standard appliances.

Your central cooling and heating system is the biggest energy waster in your home, according to Direct Energy. You can save about \$253 by increasing the thermostat from 22°C to 24°C during the summer months. If you have an older unit consider upgrading from a 10 SEER (Seasonal Energy Efficiency Rating) to 14 SEER unit and save 29 per cent on your annual cooling bill, says Direct Energy.

For many other tips, visit www.torontohydro.com. **REU**

Money matters

Rookie mistakes **Common home buying errors**

Sometimes the excitement of finding a new home allows your emotions to get the best of you. If you are a first-time buyer by all means get excited about your purchase, but do not make these rookie mistakes.

- **Know how much you can afford:** First, know exactly how much you can afford. Figure out how much you have for a down payment. If you do not have enough saved, you can use RRSP funds under the Home Buyers' Plan or you can withdraw money from a Tax-Free Savings Account.

- **Get a pre-approved mortgage:** It is a good idea to get pre-approved for a mortgage by a lender or mortgage broker, as then you will know how much you can afford.

You will need to decide whether you want a fixed or variable rate. The frequency of payments is important

because the more often you pay, the sooner you will pay off your mortgage. Take a good look at what the penalties are if you decide to switch to a different arrangement.

- **Know your credit score:** You should also know your credit score and ensure that your credit report is correct. You can get this information free by visiting www.transunion.ca or www.equifax.ca.

- **Calculate closing costs:** Don't forget to calculate closing costs, which range from 1.5 per cent to 4 per cent of the selling price of the home.

- **Work out a budget:** Finally, prepare for life in your new home by working out a budget for living and home maintenance expenses. You can find a helpful worksheet from the Financial Consumer Agency of Canada at www.fcac.gc.ca. **REU**



Condo update

Condos are hot strong demand for resales

Condos account for about a quarter of all resales in the GTA and about 45 per cent of sales in the City of Toronto. Many new buildings are ready for occupancy this summer and is helping to drive interest in the resale market.

Most purchasers at the pre-construction stage of a condo project are investors. They hold onto the unit until it is ready for occupancy and then many list it for sale. This year, despite the number of new units becoming available, there has been a shortage of condo listings, particularly in the downtown area. That is driving up prices.

Canada Mortgage and Housing Corp. says new condo units are selling for over \$100 a square foot more than resale units, and that is prompting investors to take a good look at the resale market. For those investors who wish to rent their

“...about 40 per cent of condo buyers are aged 65 plus, with 37 per cent in the 25 to 34 age group.”

condos out, the rental vacancy rate for condos is less than one per cent, and one-bedroom units are being leased, on average, in just nine days.

Aside from investors, people of all ages are buying condos. CMHC reports that about 40 per cent of condo buyers are aged 65 plus, with 37 per cent in the 25 to 34 age group.

A recent survey tells a tale of two markets. Thirty-one per cent of the older condo buyers said they were downsizing and did not plan to move again. But 62 per cent of buyers under

the age of 35 said they were using their condo as a stepping stone towards buying a house, and planned to move within three years.

The two age groups agreed on the most important features in a condo: good interior design, low condo fees, good building security, energy efficiency, a balcony and parking. It is also important for buyers to be close to public transit, entertainment, and to have good amenities.



The average condo apartment in the 416 area code is currently selling for more than \$355,000 while in the 905 area, the average price is about \$270,000. Overall, GTA apartment condos cost about two per cent more than at this time last year. *REU*



On the internet

Interesting websites

toronto.ca/indulge

Indulge your senses! Fresh food, produce and performances. On Thursdays until Oct 20 at David Percat Square (King/John).

mitto.com

A free password manager that allows you to store multiple passwords for personal and financial information in a secure online location.

yourmoney.cba.ca

This site developed by the Canadian Bankers Association to bring financial literacy to homes and classrooms. Learn more about how to use money wisely to reach your goals.

aaia.ca

Allergy/Asthma Information Association's mission is to improve quality of life for Canadians affected by allergies and asthma.

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.

June 5, 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%



Air Conditioning

What you need to know before talking to a contractor

When it comes to buying central air conditioning, what do you really need to know? It all boils down to choosing the right contractor, and the right equipment.

While you may have some brand preferences, the major components of most air conditioners come from the same suppliers. A good contractor will help you with the three big issues: size, efficiency and environmental considerations.

Design Criteria – What is it supposed to do?

During the heating season, the goal is to keep the house at roughly 21°C (70°F) regardless of how cold it is outside.

During the cooling season, believe it or not, the goal is to have an 8°C (15°F) differential between the outdoor temperature and indoor temperature. If this is achieved, the house will feel relatively comfortable. Therefore, when it's 38°C (100°F) outside, an indoor temperature of 29°C (85°F) is acceptable.

You are probably thinking, "I'll just get a bigger unit to cool down my house more." As you will find out, that would be a big mistake.

Sizing: Bigger Is Not Better

An alarming number of contractors do not size cooling systems correctly. The biggest problem with air-conditioning systems is that they are oversized.

When listening to a weather forecast, during a summer heat wave, we all hear about the humidity index or "humidex". The temperature is high, but it feels much higher because of humidity.

An air-conditioning system that reduces the humidity, even if it does not lower the temperature in the house, will make you feel significantly more comfortable.

Oversized air conditioners cool a house quickly, but leave the humidity. The result is a cold and clammy environment. To add insult to injury, they cost more to install and even more to operate. Smaller air conditioners, on the other hand, run longer to achieve the same drop in temperature. The result is a cooler and drier environment. This also means fewer equipment stops and starts, and therefore a potentially longer life.

Efficiency: SEER Rating

(Seasonal Energy Efficiency Ratio)

With air conditioners, ignore terms like "high efficiency". Instead, pay attention to the SEER rating. SEER stands for Seasonal Energy Efficiency Ratio, which is how the efficiency of air conditioners is measured. The higher your SEER number, the more efficient your air conditioner is at converting electricity into cooling power.

Cooling: What factors affect it?

The amount of cooling required depends on many factors. These include the outdoor temperature; the outdoor humidity; the level of insulation in the house; the amount of air leakage into or out of the house.

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GTA '11 totals

Sales activity of single-family homes

Most recent month, year to date

Active

May18,481
YTDN/A

Listed

MayN/A
YTD66,080

Sales

May10,046
YTD38,236

Average price

May\$485,520
YTD\$465,043

Median price

May\$400,000
YTD\$388,500

Average days on market

May23
YTD25

Average percentage of list price

May99
YTD99

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
May '10	9,470	18,940
May '11	10,046	16,076
% Change	6%	-15%

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