

Welcome Home

Your Greater Toronto Area Real Estate Newsletter

Steady growth predicted Prices to rise about four per cent

Low interest rates and Toronto's strong economy continue to fuel the real estate market. While forecasters believe the total number of sales this year may fall below last year's number, early sales results are actually ahead of 2006. January registered 13 per cent more sales than a year ago.

Last year there were 83,084 sales in the Greater Toronto Area, the third-highest total since records have been kept. The numbers in 2006 fell just short of matching 2005's record pace.

The chart shows the median prices for 2005 and 2006. Half of the houses sold above the median price and half below. The average price in 2006 was \$351,941 up five per cent from 2005. "This means that prices continue to outpace inflation, making home ownership a sound investment in today's economy and invariably in the long term," says Toronto Real Estate Board President Dorothy Mason.

The consensus among forecasters is that prices will rise by about four per cent by the end of 2007. The total number of sales is expected to drop because pent-up demand, largely from first-time buyers, has been satisfied. The cost of buying a house continues to rise, which some analysts believe will slow the market.

There are also predictions that the number of listings will rise. The new construction – especially in condos – during the last few years is now on the market, and many units are now up for resale. Aging baby boomers continue to downsize and younger boomers are moving up, creating more listings and giving buyers more choice. This is moving real estate from a sellers' market to a buyers' market. With more competition, it's important for sellers to have realistic pricing and to make their properties look good for buyers.

Still, some neighbourhoods in the GTA are so popular that limited supply drives up prices. In the last year, some of the communities that saw the largest price appreciation were Leaside, Riverdale, Moore Park, Agincourt, West Hill, Richmond Hill, and the Meadowvale and Streetsville areas of Mississauga.

Early this year, the real estate board reported that Toronto's downtown east side was very active. Some other areas that are seeing a lot of action, largely because of condominium sales, are Don Mills, Pickering and West Markham/Langstaff.

"The housing market is healthy and continues to be well supported by strong economic fundamentals," Mrs. Mason said. "These are ideal conditions, and consumers can feel confident making a switch to another home or realizing their dream of home ownership." *WH*

Single-family dwelling sales Comparison – Toronto and area

| | 2005 | | 2006 | |
|-------|-------|-----------|-------|-----------|
| | Sales | Median \$ | Sales | Median \$ |
| Jan. | 4,153 | 277,000 | 4,587 | 288,200 |
| Feb. | 6,171 | 281,000 | 6,756 | 298,000 |
| Mar. | 7,904 | 285,000 | 8,707 | 301,000 |
| Apr. | 8,834 | 287,125 | 8,361 | 305,000 |
| May | 9,209 | 292,950 | 9,434 | 309,900 |
| Jun. | 9,153 | 292,000 | 8,730 | 302,500 |
| Jul. | 7,387 | 282,500 | 7,082 | 296,000 |
| Aug. | 7,498 | 285,000 | 6,976 | 293,000 |
| Sept. | 7,326 | 290,000 | 6,622 | 300,000 |
| Oct. | 7,174 | 291,000 | 6,876 | 301,900 |
| Nov. | 6,646 | 291,000 | 6,281 | 298,000 |
| Dec. | 4,255 | 284,000 | 4,447 | 290,000 |

Source: TREB
Median \$ – half the homes sold for more and half sold for less.



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INDEPENDENTLY OWNED AND OPERATED
1820 Bayview Avenue
Toronto, ON M4G 4G7

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Housing market indicators for single-family dwellings

Source: TREB

| | Jan. '06 | Jan. '07 | % Change |
|---------------------------|---------------|---------------|-------------|
| Sales | 4,587 | 5,173 | +13% |
| New Listings | 12,068 | 12,570 | +4% |

Monthly sales and average price by area

January 2007

| | |
|-----------------|-----------|
| Central.....878 | \$462,211 |
| East.....1,238 | 280,178 |
| North.....1,082 | 383,806 |
| West.....1,975 | 335,116 |

February 2006

| | |
|-------------------|---------|
| Central.....1,219 | 465,484 |
| East.....1,669 | 283,414 |
| North.....1,344 | 377,795 |
| West.....2,524 | 333,969 |

March 2006

| | |
|-------------------|---------|
| Central.....1,558 | 458,623 |
| East.....2,158 | 282,954 |
| North.....1,710 | 381,774 |
| West.....3,281 | 334,274 |

April 2006

| | |
|-------------------|---------|
| Central.....1,442 | 499,194 |
| East.....2,029 | 290,262 |
| North.....1,701 | 393,841 |
| West.....3,189 | 340,900 |

May 2006

| | |
|-------------------|---------|
| Central.....1,739 | 483,682 |
| East.....2,293 | 292,600 |
| North.....1,898 | 390,999 |
| West.....3,504 | 340,841 |

June 2006

| | |
|-------------------|---------|
| Central.....1,579 | 463,581 |
| East.....2,144 | 286,174 |
| North.....1,762 | 385,084 |
| West.....3,245 | 339,469 |

July 2006

| | |
|-------------------|---------|
| Central.....1,279 | 428,031 |
| East.....1,716 | 278,028 |
| North.....1,407 | 373,573 |
| West.....2,680 | 325,417 |

August 2006

| | |
|-------------------|---------|
| Central.....1,181 | 401,244 |
| East.....1,675 | 275,050 |
| North.....1,493 | 388,674 |
| West.....2,627 | 321,415 |

September 2006

| | |
|-------------------|---------|
| Central.....1,166 | 443,881 |
| East.....1,592 | 278,154 |
| North.....1,312 | 386,360 |
| West.....2,552 | 331,006 |

October 2006

| | |
|-------------------|---------|
| Central.....1,317 | 473,336 |
| East.....1,656 | 283,339 |
| North.....1,383 | 379,680 |
| West.....2,520 | 330,585 |

November 2006

| | |
|-------------------|---------|
| Central.....1,223 | 457,730 |
| East.....1,482 | 278,785 |
| North.....1,152 | 391,959 |
| West.....2,424 | 334,085 |

December 2006

| | |
|-----------------|---------|
| Central.....779 | 408,599 |
| East.....1,084 | 271,463 |
| North.....941 | 382,065 |
| West.....1,643 | 318,364 |

Source: TREB

Real estate strategy

Buy first or sell first? It's a tough call

Anyone who has decided to move has to face a tough decision: sell their current home first or buy their next home first?

Many people buy first because they find a house and fall in love with it, and worry that if they don't act fast the house will be gone. That raises a question: What happens if you must take possession before your current house sells?

You could make an offer with a clause that the purchase is subject to the sale of your current home. However, there are disadvantages to that strategy:

- The seller may insist that they're free to accept another offer during the "waiting period."
- The seller may not be as willing to negotiate on price because of the offer's uncertainty. If the seller accepts your conditional offer, it may be at a higher price than if it was a "clean" offer.

If you buy unconditionally, the clock begins ticking on how quickly you can sell your current house. Depending on the market, you may have to lower the selling price to make sure it sells in time. You may also run into problems with financing for the new house, if you can't show the lender how much new financing is required.

Selling first offers peace of mind because you can concentrate on preparing your house for sale and getting the best possible price. While your home is on the market, you can look for your next home.

If your prospective buyers want a long closing date (for example, if they're renters) that can work to your advantage, giving you lots of time to search for your new home. And once you find a house you want, you'll already know your financial situation. If you are a cash buyer, you can drive a hard bargain for the house.

There is one fear about selling first. What if you don't find a house that you like? It's possible – although not likely – as there are more listings coming on the market than in recent years, and there is plenty of choice.

Buy first or sell first? It all depends on your tolerance of risk, but selling first is likely to be the best financial move. *WH*

Condo update

Condos still selling well Prices continue to rise

It seems that everyone wants a condo these days. The baby boomer suburbanites are selling their homes and moving back to the city to enjoy the amenities. Their children are moving into condos near the Entertainment District or near a college or university campus. There are immigrants coming to the city, as well as investors who are putting their money into condos. And low interest rates mean there are still some first-time buyers who have had enough of paying rent and can afford to become homeowners.

From the chart you can see that condos continue to sell well, and prices are still rising. Most real estate

Greater Toronto Area condo market

| | Sales | | | | Median prices | | | |
|-------|-------|-------|------|-------|---------------|---------|---------|---------|
| | 2005 | | 2006 | | 2005 | | 2006 | |
| | T.H. | Apt. | T.H. | Apt. | T.H. | Apt. | T.H. | Apt. |
| July | 653 | 1,522 | 640 | 1,552 | 226,000 | 208,000 | 231,500 | 215,000 |
| Aug. | 725 | 1,593 | 650 | 1,597 | 218,000 | 199,000 | 232,500 | 213,500 |
| Sept. | 588 | 1,527 | 576 | 1,387 | 228,000 | 205,000 | 232,500 | 217,000 |
| Oct. | 610 | 1,423 | 588 | 1,534 | 223,500 | 208,000 | 232,000 | 215,000 |
| Nov. | 568 | 1,440 | 522 | 1,440 | 223,500 | 206,000 | 238,000 | 216,650 |
| Dec. | 396 | 1,027 | 387 | 1,065 | 225,500 | 202,500 | 234,300 | 214,000 |

Source: TREB

analysts think that GTA condos will increase in value by four to five per cent by the end of 2007.

The condo market is strong all over the GTA. Two-bedroom units and condos with dens are in demand as people move up from smaller units or come from detached homes. There's also a trend for more families with children to move to condominiums, pushing demand for more space, which is making townhouses and stacked condominiums popular.

Although new condo projects keep springing up, there are many advantages to buying a resale unit. All the construction and competition for labour and materials means closing dates for many new projects keep changing. That's not a concern for a resale unit.

When you buy into an existing building, you also can examine the status certificate and see current maintenance fees, find out if any special levies are upcoming, and ask how many tenants are in the building. Neighbourhood amenities are already in place and you can get a "feel" for the building and the neighbourhood. *WH*

Mortgage matters

Paying your mortgage

Six ways to save money

Mortgage payments are a mix of principal – the amount of money you borrowed to buy or refinance your home – and interest – the lender’s charge. As your outstanding balance goes down, so does the proportion of the payment that goes to interest. So it makes sense to pay off your mortgage as quickly as possible, to save the maximum amount of interest. Here are six ways to do that:

1. Deal with a financial institution or mortgage broker that offers flexible terms, including the options listed below. Shop around for the best rate; it will save you a lot of money. Beware of locking into a mortgage that doesn’t allow you to react to changes in interest rates or your financial position.

2. Make bi-weekly payments. Instead of paying once a month, make a payment every two weeks. By doing this, you’ll make the equivalent of one extra monthly payment a year.

3. If you renew at lower rates, maintain the same payments you were making at the higher rate. You won’t even notice it, but it will pay off the balance faster.

4. Increase the amount of your payments. Maybe you’ve had a raise so you have a little extra cash in your pocket. Most lenders will allow you to increase payments once a year. But make sure you don’t lock into new terms that you can’t afford on a regular basis.

5. Make a lump-sum payment. If you’ve saved some cash, received a nice tax return or won the lottery, your lenders should allow you to make a lump-sum payment. Usually this is only allowed once a year, and the lender decides when it can happen.

6. Double up your payments. This type of payment goes directly on the principal, allowing you to double your normal mortgage payment on any payment date.

For examples of how much money you can save, visit the Financial Consumer Agency of Canada www.fcac-acfc.gc.ca or the Canadian Bankers Association www.cba.ca. *WH*

Municipal reno rules

Need a building permit?

It pays to find out

Renovation activity is booming in the GTA, and many homeowners are taking on the work themselves, with the help of their friendly home improvement store and a plethora of TV shows and publications. But before you start, check to see if you need a building permit for your project. Failure to get a permit could result in a fine of up to \$25,000 for a first offence – and your project could be torn down.

To see if you need a permit, talk to your municipality’s building department. When you get the permit application, they’ll tell you what drawings and plans are necessary. The department’s job is to ensure your project complies with the Ontario Building Code, local zoning bylaws and other health and safety regulations.

In Toronto, the city has the Residential Fastrack program, which allows you to submit completed applications at one of four district offices. If everything checks out, you’ll be issued a permit over the counter as you wait. Fastrack permits are available for:

- first floor and basement additions up to 50 square metres;
- minor interior alterations (not including the creation of second floor suites);
- decks, verandas and porches;
- garages and car ports;
- accessory structures such as gazebos and storage sheds;
- basement entrances;
- underpinning; and
- pool enclosures.

Toronto building permits cost \$3.29 per square metre, with a minimum fee of \$87.86.

Some projects may not require a building permit. In the Town of Markham, for example, you don’t need a permit for fences (except pool enclosure fences), or storage sheds as long as they are smaller than 10 square metres. Decks in the backyard that are not attached to the house and are less than 10 square metres do not need a permit, but any deck attached to a dwelling and more than 0.6 metres above grade does require one.

Permits are also required for demolition work. Again, check with your municipality. *WH*

On the 'Net

Interesting websites

These sites are provided for your interest and entertainment only. The information is from various sources believed to be reliable, but their accuracy cannot be guaranteed.

redtoronto.com/home.htm

You can find an extensive listing of Toronto’s home improvement contractors; click on “Home & Garden”.

mondocondo.com

This website’s goal is to educate consumers about condominium lifestyle.

travelhealth.gc.ca

Provides health recommendations for Canadian travelers and the health professionals who care for them.

toronto.ca/parks/parks_gardens.htm

Toronto: the “city within a park.” Find a list of conservatories, city gardens and more.

Mortgages

2007 Rates

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

At February 6, 2007

Mortgage Rates

| | |
|------------|------------|
| 6-month |5.70% |
| 1-year |5.30% |
| 2-year |5.30% |
| 3-year |5.25% |
| 4-year |5.25% |
| 5-year |5.25% |
| Prime rate |6.00% |

Radiant heating systems

An overview

A radiant heating system doesn't have radiators, convectors or baseboards. Heating pipes are buried in either ceilings, walls or floors. Piping embedded in plaster ceilings is one of the most desirable applications. These systems provide an excellent source of heat that is evenly distributed throughout the room; however, they are generally expensive to install.

The piping can be wrought iron, steel, copper or plastic (including polybutylene and polyethylene). The piping, which are laid in grids or coils, can be anywhere from 1/4 to one inch in diameter. The spacing between adjacent pipes can be as close as four to six inches but shouldn't exceed 12 inches.

In a room with ceiling heating and eight-foot ceilings, the maximum temperature desired is 110°F. If the ceilings get warmer, the room can become uncomfortably warm. With floor piping, the temperature should be approximately 85°F.

These temperatures create a challenge for boiler systems as the boiler water is around 120°F to 130°F, which is relatively cool. The lower temperatures are obtained by using a water blender (also called mixing valves or tempering valves), which mixes cold water with hot water from the boiler to achieve the desired temperature.

Homes with radiant hot water heating do not use conventional thermostats. An outdoor sensor reads the exterior temperature and adjusts the water blender to deliver the right water temperature throughout the radiant system. Water continuously circulates through the system and the water temperature is adjusted, based on the outside temperature.

Radiant heating systems need to have the air "bled" out; there are bleed valves located in concealed panels throughout the house. They

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are usually at the high points, where air bubbles collect.

It's great to have a schematic drawing of the radiant heating system as it will help when doing localized repairs and help achieve good balance. However, be careful drilling into ceilings or floors with radiant systems. You don't want to puncture a pipe!

Hot spots on the floor can pose a problem, especially if the pipes are spaced far apart. If your foot is right on a pipe, it can be quite warm, but the area between two pipes can be considerably cooler.

Leaks can also cause considerable damage. Leaks in concrete floor slabs can be tough to find due to soil erosion under a slab that may take place before the leak is noticed.

While cool rooms are easy to detect in the winter, this can be a challenge in the mild or warm weather. One way to check a radiant system is to feel the surface temperature. To do this, first discover where the radiant piping is. Then turn up the thermostat(s) and wait 45 minutes. (It takes quite a while for the cold surfaces to warm up.)

Once the system is at the right temperature, you can feel the surfaces where the radiant heating is to see if they are warm to the touch. We recommend that your hands be clean while doing this. Use the back of your hand to sense the heat. It's best not to do this test in warm weather as the house will become incredibly warm and will take quite a while to cool-off. **WH**

GTA '07 totals

for sales activity of single-family homes

Most recent month
Year to date

Active

Jan.....17,884
YTDN/A

Listed

Jan.....N/A
YTD12,475

Sales

Jan5,173
YTD5,173

Average price

Jan.....353,724
YTD353,724

Median price

Jan.....300,000
YTD300,000

Average days on market

Jan.....42
YTD42

Average percentage of list price

Jan.....98
YTD98

Source: TREB

Next Issue

Spring market update

For Toronto and area

Second suites

A good income supplement

The Condominium Act

A refresher

Capital gains on properties

Principal residence, vacation or investment property

Fresh indoor air

A simplified approach

This year marks my 18th year in

real estate. If you are considering a move,

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you for your past

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to speaking with

you soon.

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