

real estate

UPDATE

Your Greater Toronto Real Estate Newsletter

Real estate leads recovery Confidence reflected in sales

As we head into winter, it looks like the worst of the recession is over. Canadians are more confident and optimistic about the economy and their job security. Their confidence is reflected in real estate markets across the country, as people started buying again after a brief lull a year ago.

The real estate industry, which has a huge impact on the overall economy, can be thanked for leading the way out of the recession.

"It's a sellers' market again," says Douglas Porter, deputy chief economist at BMO Capital Markets. "The biggest, priciest, and previously hardest hit markets, are the very cities that are now rebounding most rapidly."

In the Greater Toronto Area, the difference between 2008 and 2009 is startling. In September 2009, sales increased 28 per cent and average prices rose 10 per cent compared to September 2008. A lack of listings is pushing prices higher and resulting in multiple offers for many of the most popular neighbourhoods. New listings decreased by 25 per cent from this time last year. The number of active listings overall is down by a whopping 42 per cent. With such a small inventory of houses for sale, the average length of time that it takes a home to sell has also dropped, from 36 days to 27 days.

At this rate, it's likely that more than 80,000 homes will be sold in the GTA this year. Last year there were 74,552 sales recorded.

Low interest rates and improved affordability are cited as the main reason why homes started selling again, but prices are creeping up. They rose 1.5 per cent from August to September. The average home price in the GTA is now \$406,877, while the median price is \$347,000.

Is this market sustainable? A recent report by Scotia Economics indicates that worldwide real estate markets are stabilizing and that the improved conditions are sustainable. Canada's real estate market hasn't taken nearly as large a hit as many other countries, particularly the U.S. The Scotia report suggests that in Canada, real estate will become better balanced as pent-up demand is satisfied and the number of listings starts to increase. And, with mortgage interest rates expected to stay low by historic standards, housing should continue to be affordable for the next few years.

Other surveys show that Canadians are still confident that real estate offers the best investment for the future. If you are interested in selling, now is an ideal time to list your home for sale, while the market is starved for listings. If you are buying, low interest rates, innovative mortgage products and lots of competition between financial institutions offer plenty of opportunities. **REU**



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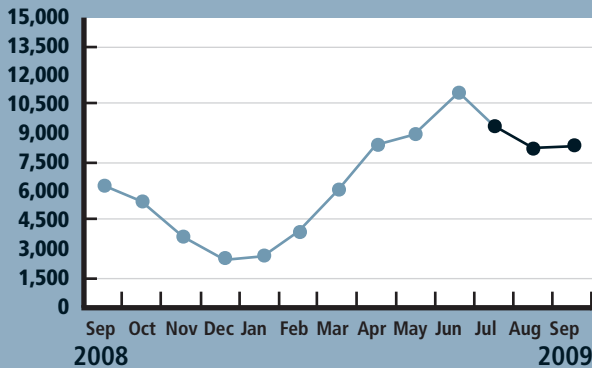
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Single-family dwelling sales in the Greater Toronto Area



Source: TREB

Monthly sales

and average price
by area

September 2009

Central	1,501	\$519,583
East	1,857	323,805
North	1,730	442,187
West	3,108	382,425

August 2009

Central	1,394	472,648
East	1,818	303,896
North	1,756	439,160
West	3,067	369,882

July 2009

Central	1,784	499,201
East	2,201	311,238
North	2,221	436,628
West	3,761	371,108

June 2009

Central	2,049	518,423
East	2,360	317,748
North	2,449	434,392
West	4,097	378,215

May 2009

Central	1,797	510,325
East	2,158	314,238
North	2,144	416,372
West	3,490	374,101

April 2009

Central	1,496	493,103
East	1,820	306,890
North	1,713	405,462
West	3,078	368,945

March 2009

Central	1,033	455,889
East	1,435	292,469
North	1,296	396,320
West	2,407	344,804

February 2009

Central	739	437,991
East	1,030	291,508
North	814	394,911
West	1,537	336,101

January 2009

Central	450	444,661
East	722	277,872
North	471	382,792
West	1,027	327,636

December 2008

Central	473	479,095
East	620	291,488
North	491	381,975
West	993	338,855

November 2008

Central	629	473,346
East	907	295,470
North	651	410,253
West	1,453	350,199

October 2008

Central	892	450,437
East	1,253	290,719
North	946	382,032
West	2,064	335,329

Source: TREB

Condo update

New tax will hurt **Condos hit hard by HST**

New taxes are never a good thing, no matter what positive "spin" the government tries to put on them. The new harmonized sales tax (HST), coming into effect on July 1, 2010, will be tough on the housing industry and particularly on condo owners.

In the past, the 8 per cent provincial sales tax has not applied to services, but that will change on July 1st. The new HST will combine the sales tax with the 5 per cent GST for a combined 13 per cent sales tax. For condo owners, it means many services that make



up condo fees, such as hydro and natural gas, repairs and maintenance, landscaping, and contracted services will be taxed at the new rate. It's estimated that condo fees will

rise by 6 or 7 per cent.

"For condo owners who pay monthly fees of \$400, a 7 per cent increase will mean \$325 a year," says Ontario NDP leader Andrea Horwath. "The HST is an unfair tax that makes life less affordable for middle-income Ontarians."

Condominium managers also warn that if major work is planned for an older building, such as replacing a roof, owners may have to pay a special levy to top up their building's reserve fund to cover the new charges.

It's not just condo owners who will feel the impact of the harmonized sales tax. Renters will have to pay the tax on repair and maintenance changes to their rental property. For anyone who buys a house or condo after July 1, closing costs such as legal fees, real estate commissions and home inspections will also increase because of the HST. The Toronto Real Estate Board says it will add about \$2,000 in extra taxes per sale.

If you are thinking of buying now, you can avoid that increase. **REU**

Good housekeeping

"Green" cleaning options **Eliminate toxic cleaners**

Housecleaning is a chore that few people enjoy, so when consumers are offered products that promise to cut grime and bring a sparkle to the home with a minimum of work, they usually sell well. But now many homeowners are concerned about the health and environmental impact of cleaning agents in the home. That "clean" smell that you get from air-fresheners and cleaners is actually a chemical mix that may not be good for you or your family. Home Depot reports that some fragrances can indicate the presence of up to 4,000 separate chemical ingredients.

Here are some tips for "green" cleaning.

Vinegar and baking soda are your best cleaning friends. Use vinegar as an all-purpose cleaner on windows and other glass surfaces. Use baking soda to reduce odours in

your fridge or where you place the garbage. Baking soda is also an excellent air freshener, according to Greenpeace. Dissolve 1 tsp of baking soda in 2 cups of hot water, and add 1 tsp of lemon juice. Pour the solution into a spray bottle, and spray it as you would an air freshener. Baking soda can also be sprinkled on carpets to soak up odours, and then vacuumed as usual. For tougher stains, try cold soda water or repeatedly blot with vinegar and soapy water.

For a scouring power, use a firm bristle brush and scrub with pure soap combined with either table salt or baking soda.

For furniture polish, dissolve 1 tsp lemon oil in 1 cup vegetable oil, and apply with a clean dry rag.

Make your house a "shoe-free" zone so that all the gross things on the sidewalk don't get dragged inside. **REU**



Mortgage matters

Fixed or variable mortgage? Depends on your risk tolerance

During the last few years, interest rates have been near record-low levels. They started climbing last fall as a result of the economic crisis, but dropped again this fall. No one really knows when they will start climbing again.

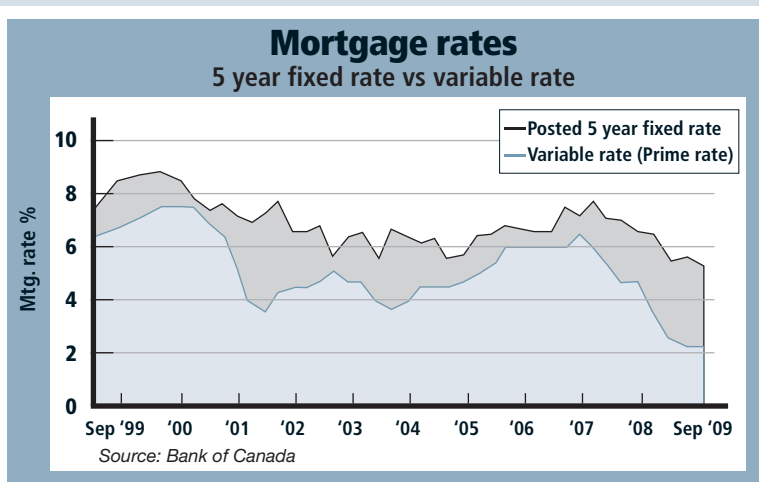
So if you're taking out or renewing an existing mortgage, do you opt for a fixed or variable-rate mortgage? It depends on your risk tolerance. If you are conservative with your money and worry about interest rate increases, you probably should opt for a fixed rate. If you can handle rate fluctuations, a variable-rate mortgage will likely save you money over the long term.

With a fixed-rate mortgage, your payments and the amortization period are guaranteed not to change during the term of the mortgage. You do, however, pay a small premium for the peace of mind provided by a fixed term.

With a variable-rate mortgage, you make the same regular payments, but if interest rates go down, more of that payment goes to pay the principal, which means paying less interest and ultimately paying off the mortgage faster. If rates really start to climb and make you nervous, you have an option to switch to a fixed rate, although by that time, the cost of that fixed-rate mortgage may have gone up.

Variable-rate mortgages are not exactly risky, however; a study by Moshe Milevsky at York University looked at mortgage rates from 1950 to 2007, and found that the best long-term savings on interest costs came with variable-rate mortgages. Eighty-nine per cent of the time, the homeowner would have been better off with a variable-rate mortgage compared to a five-year fixed rate. Choosing a variable-rate mortgage would have saved \$20,000 in interest payments over 15 years, based on a \$100,000 mortgage.

Many financial institutions also offer to split the mort-



gage into a combination of fixed and variable terms.

If you are more of a fixed-rate person, you might want to look at longer-term fixed rates – although five-year terms are the most common, longer terms are available for even greater security. *REU*



On the internet

Interesting websites

shelfari.com

A social network for people who love books. Create a virtual shelf to show off your books, see what your friends are reading and discover new books.

parentcentral.ca

The ultimate resource for parents in the GTA. This site provides parenting tips, education news, and family health information.

national.ballet.ca

The Nutcracker – This holiday classic is a pure gem of a ballet, touching and replete with humour. Dec 12 – Jan 3.

fightflu.ca

Latest facts about the H1N1 flu virus from the Public Health Agency of Canada

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.

Mortgages

2009 Rates

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

At October 5, 2009

Mortgage Rates

6-month	.....	4.40%
1-year	.....	3.40%
2-year	.....	3.65%
3-year	.....	3.75%
4-year	.....	4.00%
5-year	.....	4.19%
Prime rate	.....	2.25%



Ice damming Be damned

As winter approaches, the temperature starts to drop. And to the delight of skiers everywhere, snow will soon be accumulating. Snow on your driveway is seldom more than a pain in the back; however, snow on your roof can lead to leakage, even if your roof is new. The culprit is ice damming, the insidious snow-melting phenomenon that is all too familiar to many of us.

What causes ice damming?

Heat loss from inside the house causes accumulated snow on the roof to melt in spots. Then the water runs down the roof until it encounters an unheated area at the edge of the roof. The snow there stops the water and it re-freezes. After a while, a dam of ice forms on the roof above exterior walls. The dam causes water to form a small pool that can back up under the edges of the shingles. Once under the shingles, the water can leak into the ceiling and walls, causing damage to structure and interior finishes.

Inspectors, appraisers, and other building professionals can often get clues from the house about its ice dam history. Efflorescence on brickwork below the eaves, water stains on ceilings or around windows in rooms below val-

leys or other vulnerable areas, and condensation stains or mould in the attic are all potential indicators of ice damming.

Keep the house warm and the attic cool

How can you prevent this from happening year after year? The obvious solution to ice damming is to keep the roof cold enough to prevent the snow from melting.

Insulation: In a house with little insulation, heat loss will cause snow to melt. Luckily, upgrading insulation in attics and roof spaces is often easily done. Attic doors also need to be insulated and weather-stripped. Foam board and foam weather-stripping work well.

Heat registers: Ductwork that travels through an attic must not melt snow on the roof. Attic ductwork should be air-sealed and insulated. For air vents in ceilings, the joint between the ducting and the ceiling should be caulked.

Ceiling fixtures: Ceiling mounted electrical devices like lights and bathroom fans should be sealed at their boxes. Be careful with this. Some electrical devices, like pot lights, generate lots of heat and you don't want to cause a fire. This one is a job for a specialist.

The cost of taking these preventative measures – either yourself or hiring a professional is relatively small in comparison to the potential water damage repair costs, especially if the problem recurs or results in a decrease in property value due to obvious water damage.

Once the warm air is kept inside the rooms where it belongs, the existing level of attic ventilation will often be sufficient to keep the attic and roof spaces cold enough to prevent ice dams.**REU**

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GTA '09 totals

Sales activity of single-family homes

Most recent month, year to date

Active

September15,894
YTDN/A

Listed

SeptemberN/A
YTD108,268

Sales

September8,196
YTD66,437

Average price

September\$406,877
YTD\$388,417

Median price

September\$347,000
YTD\$333,500

Average days on market

September 27
YTD34

Average percentage of list price

September99
YTD98

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Sept '08	6,424	16,236
Sept '09	8,196	12,185
% Change	28%	-25%

