

Welcome Home

Your Greater Toronto Area Real Estate Newsletter

It's the hottest spring ever The real estate market sets sales records

The real estate market hasn't really slowed down in Toronto for several years, but this spring has been something else! April and May set new all-time sales records, and the highest single-day sales total ever documented – 581 properties changing hands – happened on April 30th.

"Despite the torrid sales pace, overall price increases are holding at marginally above the inflation rate, which means that potential first-time buyers are not being pushed out of the market," says Dorothy Mason, Toronto Real Estate Board president.

The average price of a resale home has now passed \$375,000. The average list-to-sale price ratio is at about 99 per cent, meaning some properties are attracting multiple bids and driving the selling price above asking. However, not all properties sell quickly. On average, a house is on the market for about 28 days, which means buyers won't be fooled by an overpriced property.

As always, if you're selling it's important to set a reasonable price for your house, and if you're buying, it pays to shop around and make sure that emotion doesn't prompt you to bid too much for a home.

Condominiums continue to drive the market because of their affordability. Particularly 'hot' neighbourhoods for condo sales include West Agincourt in Scarborough (sales have increased by 39 per cent since this time last year); Mississauga's Cooksville/Port Credit

area (up by 41 per cent); and the downtown Toronto Harbourfront area (up by 37 per cent over last year).

Central Vaughan had a 40 per cent activity increase, thanks to the popularity of detached homes and townhouses there. In the city, there's a lot of interest in homes in The Danforth and Bloor West Village.

In its latest 'Housing Now' report, Canada Mortgage and Housing Corp. (CMHC) states, "While the average price of a resale home is closing in on the real

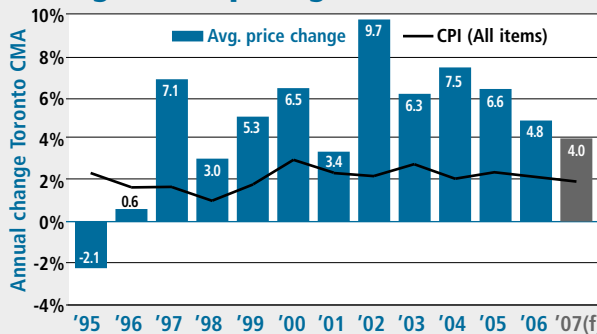
(inflation-adjusted) price peak set in 1989, the impact of high home prices has been moderated by very low borrowing costs. For example, the inflation-adjusted mortgage carrying cost for an average priced resale home (in Toronto) is approximately 65 per cent of the level experienced in 1989."

CMHC predicts that by the end of 2007, average home prices will grow at about twice the rate of inflation. Mortgage rates are not likely to rise much. Ontario's manufacturing and export sectors are adjusting to the higher Canadian dollar, and will benefit from a recovering U.S. economy.

CMHC also sees a narrowing economic gap between the west and central Canada, which should slow down the migration of Ontario residents heading west for jobs. Combined with rising immigration, the population growth in the GTA will be sustained.

All indications are that the real estate market will stay strong for the foreseeable future. *WH*

Average resale price growth to moderate



Source: CREA (MLS®), Statistics Canada, CMHC Forecast



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Housing market indicators for single-family dwellings

Source: TREB

	May '06	May '07	% Change
Sales	9,434	11,146	+18%
New Listings	17,685	17,399	-2%

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 2007

Central	.....1,224	504,381
East	.....1,631	290,392
North	.....1,395	389,306
West	.....2,522	342,060

March 2007

Central	.....1,521	471,804
East	.....2,058	291,721
North	.....1,706	400,392
West	.....3,233	343,475

April 2007

Central	.....1,696	517,418
East	.....2,267	300,530
North	.....1,898	401,355
West	.....3,591	351,415

May 2007

Central	.....2,038	506,172
East	.....2,610	305,168
North	.....2,323	408,391
West	.....4,175	356,836

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

Condo update

Condos: bright outlook Short and long-term look good

A new report by TD Economics has good things to say about the short and long-term outlook for condominiums in Toronto.

Condominium sales continue to drive the real estate market in the GTA, as low interest rates and steady employment attracts more renters and young buyers. Condos are also an attractive option for aging baby boomers who are ready to downsize and want fewer maintenance chores.

The TD Economics survey found that less maintenance is the number-one reason why Toronto residents would consider buying a condo. A desire to downsize living space while approaching retirement came in second, and affordability was third.

In Toronto, the average condo costs about one-third less than a single-detached home. Although condo fees must be factored in, all homeowners have home maintenance bills, so condos can be a great deal.

Forty-three per cent of Torontonians would consider buying a condo as their primary residence. The majority would want a two-bedroom condo priced between \$200,000 and \$400,000. Eighty-seven per cent of those surveyed want proximity to public transit, while 77 per cent said it was important to have amenities such as a party room, swimming pool or gym.

Beyond the near-term outlook, TD deputy chief economist Craig Alexander says, "The prospects also look good for condos over the long haul due to a number of structural trends." These include aging demographics, as well as the fact most of the country's population growth is happening in urban areas. Eighty per cent of Canadians lived in urban centres in 2006, and with land becoming scarcer, many of them are in condos. Toronto is also a magnet for immigration, with 80 per cent of immigrants to Ontario ending up in the city.

Although it seems that a lot of new condos are under construction, Alexander says that as long as interest rates stay low and employment remains strong, the market should have no problem absorbing the new units, and resale condo prices should average growth of 4.2 per cent this year and next. *WH*

Good news for buyers

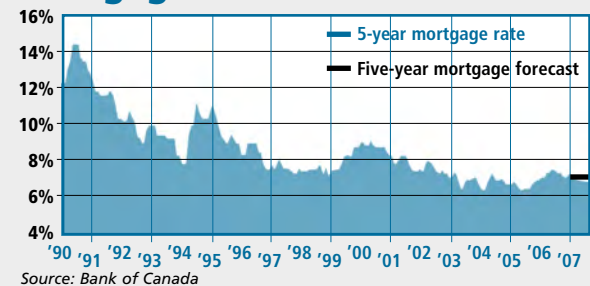
Mortgage rule changes Potential savings

A change to the federal government's rules regarding minimum down payments for real estate was quietly passed on April 20, and it could save you some money.

Previously, if you purchased a home and your down payment was less than 25 per cent of the home's value, you were required to purchase mortgage insurance. This cost anywhere from one to 3.25 per cent of the mortgage amount, depending on the ratio of the loan amount to the home's value.

In April, the down payment requirement was moved from 25 to 20 per cent. That means that if your

Mortgage rates to remain stable



down payment is 20 per cent or more, mortgage insurance is no longer required. On a home valued at \$250,000, with a typical \$200,000 mortgage amortized over 25 years, it means a savings of about \$2,000. It may not seem like that much, but it will cover the cost of some new appliances, and for first-time buyers in particular, it could be enough to allow them to afford a home.

Mortgage interest rates are not expected to change much in the coming year, and they remain near historic low levels. During the last couple of years, several new and innovative mortgage options have been made available in Canada, including 40-year mortgages, interest-only mortgages, and 100 per cent financing.

Canadians remain a conservative lot, and traditional, fixed-rate mortgages are still the choice of 73 per cent of homeowners, according to the Canadian Association of Accredited Mortgage Professionals (CAAMP). It says variable-rate mortgages account for just 21 per cent of the market, and combination mortgages, in which some of the mortgage is fixed and

some is based on variable rates, are losing market share and make up just six per cent of all mortgages.

Recently Cid Palacio of BMO said that there has been an industry-wide decline in the number of first-time buyers who are choosing to pre-arrange their mortgage before making a house purchase. Pre-arranging the mortgage is a good idea because it tells you exactly how much you can afford to spend. This is especially helpful when potential buyers often have to make quick decisions when negotiating for a home. *WH*

A taxing situation

Property taxes climb Municipalities blame Queen's Park

All municipalities in the GTA recently went through their annual battles to pass budgets for the coming year. And all of them have raised property taxes.

In Toronto, residential property taxes went up by 3.8 per cent, or about \$81 on an average home. Toronto's suburban neighbours have criticized the city for years, because it has resisted increasing property taxes and instead dipped into its reserve funds and received subsidies from the provincial government. Meanwhile, other GTA municipalities have tried to keep pace with costs by increasing taxes.

This year, for example, Pickering raised taxes by 8.7 per cent; Brampton by 6.6 per cent; Newmarket by 6.5 per cent; Richmond Hill by 5.9 per cent; Mississauga by 4.7 per cent; and Markham by 3.98 per cent.

All of the municipalities agree that taxes are just going to keep going up unless the provincial government comes up with a new plan to stop downloading the cost of social and health programs on the towns and cities. In Toronto, only 18 per cent of the city's budget is allocated to municipal services. Most of the remaining goes to provincially mandated programs, transit and emergency services.

This year, for the first time, Toronto has the authority to levy new local taxes. It is considering everything from toll roads to additional taxes on entertainment and sporting events. But a proposal that concerns the Toronto Real Estate Board is a possible home-buying tax that would be in addition to the provincial land transfer tax.

"If the city adopts a land transfer tax, Toronto home buyers will be faced with a double whammy of land transfer taxes," says TREB President Dorothy Mason. "If the city moves ahead with a second land transfer tax of 0.5 per cent, as is being considered, average Toronto home buyers could be faced with paying almost \$1,900 on top of the \$4,200 that they already have to pay for the existing provincial land transfer tax." *WH*

Reading the fine print

Gas, electricity retailers Know details before signing up

If you've owned a home for any length of time, you've probably had people at your door trying to sell you a natural gas or electricity contract.

The Ontario Energy Board (OEB) regulates the sale of gas and electricity, and it has received and documented many complaints about gas and electricity retailers over the years. Details about these complaints – and a lot more information about gas and electricity retailers – are available on the Board's website at www.oeb.gov.on.ca.

The OEB encourages consumers to shop around for their gas and electricity supplier and to know all the details before signing a contract.

For natural gas

You can purchase your supply from a natural gas retailer or from your local utility. If you switch to a retailer, there are still items on your bill that will be charged by your local utility because it maintains the system that delivers the gas.

For electricity

If you sign with a retailer, it's usually for a fixed price for a number of years, but it may change during the term of the contract. Your utility will continue to bill you for other delivery costs. If you switch to a retailer, you will leave the 'Regulated Price Plan' so you must settle your outstanding account with the utility.

If a marketer knocks on your door, take your time to look at the sales materials and the contract, and make sure you understand what you're getting into.

If you have a complaint about a marketer, report it to the OEB by phoning 1-877-632-2727. *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.

canadabenefits.gc.ca

The Government of Canada provides information about benefit programs and services.

toronto.ca/special_events/index.htm

Toronto Special Events produces more than 30 festivals and events every year.

summerfunguide.ca

Check out Ontario attractions including beaches, farms, fairs and much more.

backyardgardener.com

Enhance your gardening knowledge with gardening plans and plant lists.

Mortgages

2007 Rates

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

At June 5, 2007

Mortgage Rates

6-month	.....	6.00%
1-year	.....	5.50%
2-year	.....	5.55%
3-year	.....	5.55%
4-year	.....	5.50%
5-year	.....	5.45%
Prime rate	.....	6.00%

GTA '07 totals

for sales activity
of single-family homes

Most recent month
Year to date

Active

May.....17,399
YTDN/A

Listed

May.....N/A
YTD72,340

Sales

May.....11,146
YTD40,437

Average price

May.....382,787
YTD371,905

Median price

May.....325,000
YTD315,000

Average days on market

May.....28
YTD32

Average percentage of list price

May.....99
YTD98

Source: TREB

Next Issue

Current market info

In the GTA

Condo market

Sales and prices

Home and mortgage insurance

Things you need to know

Renovations

All the rage

Arc fault interrupters

Protect entire circuit

Home maintenance

Electrical safety devices

Fuses, breakers and other stuff

Electrical wiring is stupid and greedy. Wiring will take as much electricity as you care to give it – until it melts. Needless to say, melting wire presents a serious safety hazard.

In order to give the system some intelligence, fuses were introduced. The fuse would melt before the wire melted. The melted fuse would shut off the power to the circuit, and the electrical flow – as well as the hazard – would stop. Fuses are pretty smart, and arguably more accurate than circuit breakers. Fuses can be manufactured to very tight tolerances so they always operate properly. Unfortunately, the same can't be said for humans. If a 15 amp fuse blows, many humans like to put in a 20 or 30 amp fuse, which appears to solve the problem. Instead it creates a bigger one.

To prevent humans from messing up a perfectly good system, circuit breakers were invented. They are reusable, and not nearly as easy to change to the wrong size. While they are not quite as accurate as fuses, they are better at preventing humans from interfering.

Fuses and circuit breakers prevent wiring from overheating and starting a fire. But there's another scenario that can cause a loss of life or a fire: a ground fault.

This is a fancy way of saying electricity in a circuit is leaking. When electricity leaks, it always leaks to ground, through whatever path it can.

Ground faults

A properly functioning circuit does not leak any electricity. Imagine a radio plugged into an electrical outlet. If you measured the amount of

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electricity flowing out to the radio and the amount of electricity flowing back from the radio, the current would be identical.

However, if the radio has a slight short-circuit it would be a different story. Imagine you grab the metal knob with your wet hands to turn up the volume. As you grab the knob, some of the electricity leaks out to ground – through you. You can easily be killed by a couple of amps, while the 15-amp circuit breaker back to the panel thinks that it's doing a good job.

In this scenario a circuit breaker won't save you, but a ground fault circuit interrupter will. It will actually measure the amount of electricity flowing out to the radio and compare it to the electricity flowing back from the radio. If the two are different (by as little as five thousandths of an amp) it knows that some electricity is leaking to the ground, and

it shuts off the electrical flow even if the flow is well below 15 amps.

Ground fault interrupters can be outlets or breakers. They are inexpensive and you should have them installed everywhere you may come in contact with water, such as bathrooms, kitchens, garages and outdoor outlets. *WH*



This year marks my 18th year in

real estate. If you are considering a move, I would be happy to provide you with up-to-date

information. Thank

you for your past business and referrals.

I look forward to speaking with you soon.

ANN MAGNUS

Sales Representative



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