

Welcome Home

Your Greater Toronto Area Real Estate Newsletter

March/April 2008

Consumer confidence buoys market 2007 sales set new records

Last year, more homes were sold in the Greater Toronto Area than ever before, and 2008 is also off to a roaring start. Doom-and-gloom predictions for the housing market have not materialized. Despite the economic woes in the U.S. and a strong loonie, which is hurting Ontario's manufacturing sector, homebuyers are still enjoying low interest rates and confidence in their future job prospects.

Sales were up by 12 per cent in 2007, to 93,193. In December, sales were very strong, which may have been given a boost by homebuyers hoping to avoid Toronto's new land transfer tax. Unit sales in the city were up by 21 per cent, compared with 13 per cent overall. However, January sales also continued at a torrid pace, so the transfer tax may not have as big an impact on sales as predicted.

The Ontario government also extended the land transfer tax rebate for first-time buyers. Previously available only to new home buyers, it now applies to resale home purchases as well.

The most active neighbourhoods in the city are The Danforth, which saw a 30 per cent increase in transactions compared to last January, West Agincourt, where transactions were up 32 per cent, North York, which saw a 19 per cent increase, and the downtown east

area, with a lot of action in the condominium sector.

Toronto Real Estate Board statistics show that condos accounted for more than 25 per cent of total sales activity in January.

In the GTA suburbs, Bowmanville and central Richmond Hill are hotbeds of activity.

The average price of all homes sold in 2007 was

\$376,236, an increase of seven per cent from the previous year. While rising prices make homes less affordable, some banks believe the popular five-year mortgage rate will fall by the end of 2008, as the Bank of Canada drops rates to stimulate the economy. Most experts are also predicting price appreciation will slow, which will make homes more affordable.

Despite the continuing strong market, the average time on the market for a

listing in January was 36 days, giving most buyers lots of time to search for their dream home.

We continue to get bombarded with news about the bad housing market in the U.S. Don't forget that it's quite a different story here in Canada. Our more cautious lending policies means our real estate market has not suffered like that of our southern neighbours.

Although the manufacturing sector has been hurt by U.S. problems, the service sector in Toronto is doing well and employment remains strong. Combine these bright job prospects with affordable interest rates and continuing consumer confidence, and many experts believe this will be the second-best year ever for real estate sales.

If you're thinking of buying or selling, don't be afraid to get into the market. **WH**

Single-family dwelling sales Comparison – Toronto and area

	2006		2007	
	Sales	Median \$	Sales	Median \$
Jan.	4,587	288,200	5,173	300,000
Feb.	6,756	298,000	6,772	309,000
March	8,707	301,000	8,518	312,500
April	8,361	305,000	9,452	319,900
May	9,434	309,900	11,146	325,000
June	8,730	302,500	10,451	325,000
July	7,082	296,000	8,912	318,000
Aug.	6,976	293,000	8,059	312,000
Sept.	6,622	300,000	6,866	325,000
Oct.	6,876	301,900	7,915	327,000
Nov.	6,281	298,000	7,313	325,000
Dec.	4,447	290,000	4,646	320,950

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



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Sales Representative

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416-483-8000

Direct Line:
416-422-1173
ann@annmagnus.com
www.annmagnus.com

Sutton Bayview
SUTTON GROUP/BAYVIEW REALTY INC. BROKERAGE
1820 Bayview Avenue
Toronto, ON M4G 4G7

Mar/Apr'08

2 Reverse mortgages

Know the facts

2 Condo market booms

Prices and sales rise

3 You've got the power

Power of attorney

3 Becoming a landlord

Do your homework

4 Shingles

Organic versus fiberglass

Regular features:

- Monthly sales and average price by area.....**2**
- Mortgage rates.....**3**
- GTA home sales totals.....**4**

Housing market indicators

for single-family dwellings

Source: TREB

	Jan'07	Jan'08	%Change
Sales.....	5,173	5,075	-2%
New Listings.....	12,570	11,764	-6%

Monthly sales

and average price
by area

January 2008

Central	.....945	\$485,259
East	.....1,224	296,838
North	.....966	410,289
West	.....1,940	351,594

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 2007

Central	.....1,819	513,491
East	.....2,448	302,558
North	.....2,248	406,565
West	.....3,936	356,513

July 2007

Central	.....1,590	470,464
East	.....2,101	293,819
North	.....1,797	392,360
West	.....3,424	347,978

August 2007

Central	.....1,444	453,718
East	.....1,905	285,665
North	.....1,653	403,539
West	.....3,057	343,493

September 2007

Central	.....1,298	501,419
East	.....1,575	306,467
North	.....1,380	404,663
West	.....2,613	351,328

October 2007

Central	.....1,602	522,800
East	.....1,794	307,950
North	.....1,555	415,071
West	.....2,964	367,139

November 2007

Central	.....1,529	519,841
East	.....1,705	311,738
North	.....1,354	417,967
West	.....2,725	362,272

December 2007

Central	.....1,057	531,366
East	.....1,062	302,113
North	.....771	420,508
West	.....1,756	357,711

Source: TREB

Dollars and sense

Reverse mortgages

Know the facts

Reverse mortgages are growing in popularity as more of Canada's population reaches the age of 60. In a reverse mortgage, instead of the homeowner paying a lender for mortgage money, the lender pays the homeowner. It's a cash loan against the home's equity. The homeowner must be at least 60, and can usually access up to 40 per cent of the home's appraised value, to a maximum of \$500,000.

As long as the owner or their spouse lives in the home, they don't have to repay any of the loan amount and there is no tax payable. If they move or sell the house, the full amount plus interest is due. If the homeowner dies, title is transferred to the estate.

Homeowners can use the money for whatever they wish. Most use the money for renovations or to pay for a vacation. Currently only two companies offer reverse mortgages in Canada, and their typical client borrows about \$83,000 and pays it back after about 12 years.

However, the interest charges are expensive and compounded twice a year. The cost to pay back a \$200,000 loan over 15 years would be more than \$600,000. Although house prices have seen big increases during the last decade, it's not a sure thing that the home's equity will rise. For most people, there are cheaper ways to borrow money, such as a home equity loan.

If the homeowner doesn't qualify for such a loan and needs some money now, and if they don't plan on moving soon, the reverse mortgage may work. One of the requirements of Canadian Home Income Plan Corp., (CHIP) a company that sells reverse mortgages, requires that applicants must first obtain independent financial advice before getting a reverse mortgage. **WH**

Condo update

Condo market booms

Prices and sales rise

Looking at all the new condo projects going up around town, you might think that the new condo market is where all the action is – and you would be wrong! People buying now are looking at occupancy in several years, and most of the investor market – those who buy to rent rather than to live in it – is spending their money on new, yet-to-be built condos.

The thriving resale market accounted for more than a quarter of all resale activity in December, according to Toronto Real Estate Board (TREB) statistics. Normally condos represent about 20 per cent of sales.

Here's another startling statistic based on TREB

Greater Toronto Area condo market

	Sales				Median prices			
	2006		2007		2006		2007	
	T.H.	Apt.	T.H.	Apt.	T.H.	Apt.	T.H.	Apt.
July	640	1,552	794	2,016	231,500	215,000	244,650	233,000
August	650	1,597	745	1,946	232,500	213,500	244,150	232,500
September	576	1,387	617	1,582	232,500	217,000	245,000	239,950
October	588	1,534	677	1,808	232,000	215,000	251,000	237,000
November	522	1,440	594	1,837	238,000	216,650	252,250	241,000
December	387	1,065	442	1,209	234,300	214,000	249,000	244,977

Source: TREB

numbers: Last year, price appreciation for condos in the central and west end of the city were higher than that of single-family homes. While condo prices went up 12.2 per cent in the central core and 7.3 per cent in the west end, detached homes increased in value by 11.5 per cent and 6.6 per cent respectively in those areas.

The chart shows the steady growth of condo sales and prices during 2007. Some analysts are predicting that condo price appreciation will once again hit double digits in 2008.

Why are condos so popular? Affordability is one key reason. It's possible to live in the most expensive areas of the city (Rosedale, Forest Hill, Bayview Village, Yorkville) for much less than the cost of a single-detached home. As the price appreciation figures show, condos are also proving to be a great investment.

Many people love the downtown lifestyle, and have learned that they can get along without the

expense of a car by living and working in areas well served by public transit. Others are empty nesters who have had enough of maintaining large suburban homes.

As the years go on, condos are likely to command an even larger share of the market. In the new home market, they have already surpassed single-family homes, and it may be only a matter of time before the same happens in the resale market. *WH*

Maintaining control

You've got the power Power of attorney

Those who are thinking ahead will have their financial affairs in order and write a will to provide for loved ones. But maybe they haven't thought about what might happen if they are still alive but unable to make decisions for themselves.

That's where Power of Attorney and "living wills" come into play.

There are three kinds of Power of Attorney in Ontario. A Continuing Power of Attorney covers your financial affairs and allows you to name someone who will act for you, even if you become mentally incapable. You can also get a Power of Attorney for Property, which will cover financial needs but not if you become mentally incapable. You might use this, for example, to allow someone to take care of your finances while you are away from home for a long time. Finally, a Power of Attorney for Personal Care covers your housing and health care needs.

According to the Ministry of the Attorney General, a Power of Attorney is a legal document in which you name a specific person to act on your behalf. A "living will" or "advance directive" is a document that explains what you want to do if you become ill and can't communicate your wishes. For example, you may write a living will that says you do not want to be kept alive on artificial life supports if you have no hope of recovery.

Neither the Power of Attorney document nor the living will apply after your death. You will need a Last Will and Testament, which should name executors, to cover the distribution of your property. If you don't have a Power of Attorney and can't manage your own affairs, a family member or close friend has the right to apply to become a "guardian" of your property. The government only steps in to appoint someone if no

other suitable person is available, willing and able.

For more information about Power of Attorney, or to download a Power of Attorney kit, visit www.attorneygeneral.jus.gov.on.ca *WH*

Covering the legalities

Becoming a landlord Do your homework

Ontario may just have the strictest legal requirements for landlords in North America. That's 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. Homes on a septic tank system cannot have any kind of accessory apartment. 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'll have to make sure that it's allowed under the condo corporation's bylaws.

Once you 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's 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.

There's no question that real estate has been a great investment, both short and long-term. As the old adage says, "Don't wait to buy real estate; buy real estate and wait." But make sure you do your homework first. *WH*

On the internet

Interesting websites

myplasticbags.ca

The Canadian Plastics industry explains the wise use and disposal of plastic shopping bags.

Toronto.ca/water

The City of Toronto provides information about by-laws, incentive programs and Toronto water issues.

renomark.ca

This site helps you search for the right renovator to make your renovation an exciting, positive experience.

cfib.ca

Canadian Federation of Independent Businesses provides advice and support in dealing with government agencies and banks.

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

2008 Rates

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

At February 6, 2008

Mortgage Rates

6-month	.6.15%
1-year	.6.10%
2-year	.6.05%
3-year	.6.00%
4-year	.6.00%
5-year	.6.00%
Prime rate	.5.75%

GTA '08 totals

Sales activity of single-family homes

Most recent month, year to date

Active

January15,911
YTDN/A

Listed

JanuaryN/A
YTD11,667

Sales

January5,075
YTD5,075

Average price

January\$374,449
YTD\$374,449

Median price

January\$319,000
YTD\$319,000

Average days on market

January36
YTD36

Average percentage of list price

January98
YTD98

Source: TREB

Next issue

Spring market update

For the GTA

Mortgage rates

What to expect

Condo reserve fund study

An update

Title insurance

What you need to know

Home maintenance

Shingles

Organic versus fiberglass

Asphalt shingles are used on the vast majority of steep-slope residential roofs in North America, but not all asphalt shingles are the same, and the differences are more than skin deep.

When homeowners decide to re-shingle their roof, they are presented with many different options: colours, patterns, warranties and shapes. Most of these choices are easy to understand, until they are faced with the decision between fiberglass and organic shingles. Which is best? Let's start with a look at the composition of a typical three-tab asphalt shingle.

- **There is a fiberglass or organic felt mat** that acts as the base for the shingle. This gives the shingle its strength and shape.
- **The asphalt coating is water-resistant** and allows the shingle to resist weathering and remain stable through temperature swings. There are also mineral fillers – such as limestone – in this coating, which add bulk and weight to the shingle.
- **Ceramic-coated mineral granules protect the asphalt** from the sun's ultraviolet rays, provide the shingle's colour, add weight and may add fire resistance. There is also a fine mineral surfacing on the underside to prevent shingles from sticking together while they are in bundles.
- **The self-sealing strip softens in the heat of the sun** and sticks the rows of shingles together in order to provide wind resistance.

What are the differences?

Organic shingles have good wind resistance, tear strength and rigidity. This improved rigidity means organic shingles are less prone to "telegraphing". When shingles conform to any irregularities beneath them, such as roof sheathing or previous layers of shingles,

those dips, ridges, bumps and sags will show through, or "telegraph" through the new layer of shingles.

Fiberglass shingles have better resistance to fire, moisture intrusion and algae or mildew growth. Their moisture resistance makes them less prone to curling and cupping as more moisture penetrates the shingle with age.

Fiberglass mats are much lighter than organic felts. There are generally two weights of organic felts, but a wider range of fiberglass mats. Fiberglass's high strength-to-weight ratio means a small increase in the weight of the fiberglass mat can yield a more significant improvement in the shingle's strength. Fiberglass shingles are also more heat resistant and less prone to the heat blisters that can sometimes form on organic shingles.

Summary

For the most part, fiberglass and organic shingles perform equally well on North American roofs. In some situations, one type will have a slight advantage over the other because of a particular need. For example, if a higher fire-resistance rating is required, choose a fiberglass shingle. When cold weather pliability is desired, use organic shingles. Unless there is such a particular need, you should base your shingle selections on factors such as cost, design, service life and warranty. **WH**

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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.

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