

Welcome Home

Your Greater Toronto Area Real Estate Newsletter

March/April 2009

Buyers in the driver's seat Prices drop, listings rise

To no one's surprise, January saw a big drop in real estate sales and prices in the Greater Toronto Area. Compared to last year, sales were down by 47 per cent and the median price dropped from \$319,000 to \$303,000. The number of active listings is up 29 per cent, with more than 20,000 homes on the market, and the average time it takes to sell a home is 49 days, up from 36 at this time last year.

Obviously, global economic trends and dropping consumer confidence have caught up to our real estate market. But if you are thinking of changing your lifestyle by buying your first home or moving up in the market, dropping prices and increased choice offer a real opportunity.

With lower prices and rock-bottom interest rates, housing hasn't been this affordable in some time. Throw in the recent incentives offered to first-time buyers in the recent federal budget and the time is right to get into the market.

In the City of Toronto, the average price in January was \$364,416, with 1,106 sales. In the 905 region, there were 1,564 sales with an average price of \$328,935. The total number of sales was up slightly from December, but the average price dropped because there are more listings on the market. Detached homes

accounted for 1,230 sales, or 46.1 per cent of the total. On average, they sold for 96 per cent of the asking price.

It's worth remembering that despite all the daily gloom and doom in the media, the Canadian housing situation is still much different than that in the U.S., where all the economic trouble began. Canadian mortgage debt represents just 28 per cent of housing value,

compared to more than 50 per cent in the United States. Canadian mortgage arrears stand at less than one-third of one per cent, only slightly more than the all-time low of 0.24 per cent that was recorded in 2006. Canadian financial institutions were much more cautious about sub-prime borrowing, resulting in a much stronger market. Finally, Canadian homeowners have more equity in their homes than do American owners, meaning we're in far better

shape to weather an economic storm.

The Toronto Real Estate Board reported 3,433 condominium apartments and townhouses were rented in the GTA during the fourth quarter of last year, a 30 per cent increase over 2007.

"The increasing strength of the rental market combined with low interest rates and reasonable home prices mean that now could be an excellent time to purchase an investment property," says Maureen O'Neill, president of TREB. "Given the demand for rental units, tenants can cover some of the owner's operating costs for an investment property, while property owners look forward to a healthy return in the market value in the long term."

For more about the condo market, see the story inside this issue. [WH](#)

Single-family dwelling sales Comparison – Toronto and area 2007 2008

	Sales	Median \$	Sales	Median \$
Jan.	5,173	300,000	5,075	319,000
Feb.	6,772	309,000	6,015	324,000
March	8,518	312,500	6,631	326,000
April	9,452	319,900	8,762	334,950
May	11,146	325,000	9,411	338,000
June	10,451	325,000	8,600	335,250
July	8,912	318,000	7,806	325,000
Aug.	8,059	312,000	6,318	318,000
Sept.	6,866	325,000	6,424	322,000
Oct.	7,915	327,000	5,155	312,000
Nov.	7,313	325,000	3,640	312,250
Dec.	4,646	320,950	2,577	305,000

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

Source: TREB

Housing market indicators

for single-family dwellings

Source: TREB	Jan '08	Jan '09	% Change
Sales	5,075	2,670	-47%
New Listings	11,764	10,360	-12%



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Monthly sales

and average price
by area

January 2009

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

February 2008

Central	1,017	522,480
East	1,455	300,975
North	1,185	409,155
West	2,358	357,884

March 2008

Central	1,114	481,115
East	1,582	302,235
North	1,390	424,742
West	2,545	360,524

April 2008

Central	1,531	539,133
East	2,065	311,350
North	1,768	429,262
West	3,398	372,575

May 2008

Central	1,606	528,938
East	2,241	310,724
North	1,938	430,240
West	3,626	377,098

June 2008

Central	1,483	518,471
East	2,063	314,755
North	1,697	430,498
West	3,357	374,043

July 2008

Central	1,349	467,743
East	1,893	301,658
North	1,519	409,865
West	3,045	352,956

August 2008

Central	1,091	436,120
East	1,487	297,896
North	1,246	419,694
West	2,494	346,285

September 2008

Central	1,067	464,397
East	1,598	300,772
North	1,220	407,424
West	2,539	352,249

October 2008

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

November 2008

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

December 2008

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

Source: TREB

Money matters

Watch your credit score

Avoiding "bruised credit"

Anytime you want to borrow money, for a mortgage or a car loan, the lender contacts one of three credit reporting companies in Canada to see if you've been good at paying your bills in the past. Everyone who has borrowed money has a file at these companies. Information is gathered from consumers themselves, usually when they fill out an application form for credit, and from public information such as bankruptcies, court judgments and foreclosures.

A credit report and a credit score are available to lenders. The credit report includes a history of how quickly you pay your bills and a list of credit grantors and other companies that you have authorized to receive your report. It also includes your name, current and previous addresses, social insurance number, phone number, date of birth, and current and previous employers.

Based on this information, you are given a credit score (also known as a FICO score, named after Fair, Isaac and Company, which developed the system). The higher the score, the more likely you are to be approved for loans and get the best interest rates.

It's important that all this information is correct. If you get a rating that shows "bruised credit," lenders will be reluctant to loan you money, or may charge you a higher rate if you are deemed a risky client.

By law, you are allowed to request a free copy of your credit report. You can get a copy of your report by mail at no charge, by filling out a form and sending it to them. The credit reporting companies also offer several other services for a fee. For example, Equifax Canada (www.equifax.ca or 1-800-465-7166) offers an online report instantly for \$15.50, and a report that includes your FICO score and tips on how to improve it for \$23.95. You can also sign up to receive alerts within 24 hours of key changes to your report along with ID theft insurance, for \$11.95 per month. The other credit reporting companies that also offer premium ser-

vices are Trans Union of Canada (www.transunion.ca or 1-800-663-9980) and Experian Canada (www.experian.ca or 1-888-826-1718). *WH*

Condo update

The condo market

Where's the bottom?

If you sold your condo last year, chances are you didn't know when the top of the market would be reached. As it turns out, it was in January when the final push of the housing boom took place and, in the City of Toronto, there was a buying frenzy to beat the incoming new land transfer tax. But few people were successful in predicting the peak.

This year, if you want to buy a condo but are think-

Greater Toronto Area condo market

	Sales				Median prices			
	2007		2008		2007		2008	
	T.H.	Apt.	T.H.	Apt.	T.H.	Apt.	T.H.	Apt.
July	794	2,016	701	1,896	244,650	233,000	259,250	246,450
Aug.	745	1,946	568	1,578	244,150	232,500	247,750	242,900
Sept.	617	1,582	550	1,489	245,000	239,950	247,000	245,000
Oct.	677	1,808	445	1,345	251,000	237,000	249,000	236,500
Nov.	594	1,837	288	906	252,250	241,000	245,250	226,000
Dec.	442	1,209	209	683	249,000	244,977	238,000	232,500

Source: TREB

ing of waiting until the prices hit bottom, the problem is that predicting the bottom of the market is like predicting the peak: it will probably come and go before you realize it.

As the chart shows, the number of sales and the average prices of condos are down considerably from last year's peak. The economic doldrums have spread from the United States to encompass the whole world, and it's hard to turn on the television or read the newspaper without getting more negative news.

Yet, the reasons why people want to buy and live in condos are the same now as they were last year. Condos appeal to a wide range of people, from first-time buyers, couples and singles who want to enjoy the action of downtown; to retiring baby boomers who are throwing away their snow shovels to move to a maintenance-free lifestyle in a quiet part of town.

First-time buyers can take advantage of the price

dip, as well as incentives in the federal budget. The revised Home Buyer's Plans allows you to borrow up to \$25,000 from an RRSP, and up to \$750 is available for eligible buyers to help cover closing costs.

For those moving up in the market or those downsizing from a single-family home, prices have dropped even more for the upscale condominium units.

If you're selling your condo, you might want to consider listing it sooner than later. Some people may be waiting for the spring market in hopes of gaining a higher price, but chances are there will be a lot more competition in a month or two.*WH*

Legal matters

Secondary suites Gaining in popularity

It wasn't long ago that creating a secondary suite in a home, such as a basement apartment, was at best frowned upon, or at worst, against the law. But as the cost of housing rose and more affordable accommodation was needed, planners began touting the benefits of secondary suites.

Since 2000, it has been legal to have a self-contained secondary suite in a single or semi-detached home in Toronto, as long as certain conditions are met. In other municipalities, the rules vary – from Mississauga, where new basement conversions to apartments are not permitted, to Pickering, which has allowed them since 2004. In 2008, Markham held public meetings to come up with a proposed new bylaw that would allow secondary suites.

Each municipality has its own rules governing secondary suites. Some suburban GTA communities require secondary suites to be registered with the municipalities, with fees ranging from \$100 to \$500. In the City of Toronto, units do not have to be registered, but they must be inspected and approved by fire and building officials.

All suites must comply with the Ontario Building and Fire Codes. In Toronto, the unit must have a minimum ceiling height of 6' 5", a minimum fire-resistance rating between living units, and certain exit regulations. Smoke detectors, carbon monoxide detectors and fire extinguishers are required.

The front of the house can't be altered to look different than a single-family home, and the new suite

must be smaller than the original house. In most areas in Toronto, homes with second suites must have at least two parking spaces, although just one space is required in some neighbourhoods.

Canada Mortgage and Housing Corporation offers a grant of up to \$24,000 to help homeowners create second suites. Eligible tenants must be seniors (65 years or older) or adults with identified disabilities. The units must be self-contained with full sleeping, kitchen and bath facilities, and must meet all zoning, building, fire and property standards.

For more information, contact the building department in your municipality.*WH*

Mortgages

Mortgage brokers

New regs protect consumers

For years, most people who wanted a mortgage went to their local financial institution and accepted pretty much whatever interest rate and terms were offered. In recent years, mortgage brokers have taken an increasingly active role in the housing industry, offering consumers a variety of mortgage services and discounts. A recent survey shows that last year, 40 per cent of Canadians went to a mortgage broker. The industry hasn't always had the best reputation, but that has started to change as mortgage trade associations develop new educational and ethics standards for brokers.

Last summer, the Ontario government updated the licensing requirements for mortgage brokers. All businesses and individuals who conduct mortgage brokering activities must now be licensed with the Financial Services Commission of Ontario (FSCO), which is an agency of the Ministry of Finance.

Each mortgage brokerage must appoint a principal broker, who is responsible for ensuring that the firm's employees are adequately supervised and that all the regulations under the new legislation are followed. They must have errors and omissions insurance, including coverage for fraudulent acts.

To find out if a mortgage broker is licensed, visit FSCO's website at www.fSCO.gov.on.ca and follow the links to the Mortgage Broker sections. You can access a complaint form at the FSCO website. The agency will review and respond to your complaint.*WH*

On the internet

Interesting websites

www.rom.on.ca/romsleepovers.php

Experience the ultimate backstage museum pass at the ROM. You can get up close and personal with the dinosaurs. Sleepovers take place March 6-7 and April 3-4.

transitpass.ca/about_e.asp

Going Green Pays. Find out more about the tax credit for weekly or longer duration public transit passes.

voyage.gc.ca

Where are you going? Travel reports and warnings for Canadians travelling abroad.

cancer.ca

Publications, online support, resource lists, etc. for you or your loved ones coping with cancer.

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 February 6, 2009

Mortgage Rates

6-month	.5.75%
1-year	.4.50%
2-year	.4.75%
3-year	.4.75%
4-year	.4.75%
5-year	.4.75%
Prime rate	.3.00%

GTA '09 totals

Sales activity of single-family homes

Most recent month, year to date

Active

January20,450

YTDN/A

Listed

JanuaryN/A

YTD10,360

Sales

January2,670

YTD2,670

Average price

January\$343,632

YTD\$343,632

Median price

January\$303,000

YTD\$303,000

Average days on market

January49

YTD49

Average percentage of list price

January96

YTD96

Source: TREB

Next issue

GTA real estate

Spring market update

Condos

Affordable alternative to renting

HRTC

Home renovation tax credit

Fighting city hall

Lower your property taxes

Home maintenance

Energy explained

Brushing up on your heating and air conditioning acronyms

A FUE, SEER, EnerGuide, and Energy Star are some of the most commonly used terms to deal with heating and air conditioning systems.

AFUE (Annual Fuel Utilization Efficiency)

This is simply a rating that reflects how efficiently a furnace converts fuel to energy over an entire heating season. The AFUE is expressed as a percentage of the amount of energy consumed by the system that is actually converted to useful heat. The higher the AFUE, the more efficient the system is.

Most forced-air gas furnaces installed between 1950s through the early 1980s had AFUEs of around 65 per cent. Under the Ontario Building Code, all gas furnaces installed in new residential constructions must meet a minimum efficiency level of 90% AFUE as of January 1, 2007. Some gas furnaces on the market even have AFUEs as high as 97 per cent.

SEER (Seasonal Energy Efficiency Ratio)

This rating measures how efficiently a residential air conditioner will operate over an entire cooling season. It's sort of the summer equivalent of the AFUE.

SEER is calculated by dividing the total amount of cooling energy the system will provide by the total amount of electricity it will consume. As with the AFUE, the higher the number the more efficient the system is. While a 10-year-old air conditioner might have a SEER between 7.0 and 8.0, any new model for sale in Canada must have a SEER of at least 13.

EnerGuide

The Government of Canada's EnerGuide program rates and sets minimum standards for the energy consumption and efficiency of energy-consuming appliances and products.

Along with the Heating, Refriger-

ation and Air Conditioning Institute of Canada (HRAI), the Canadian government has established a voluntary energy efficiency rating system for residential forced-air furnaces and air conditioners to help consumers compare the energy efficiency of different products. The EnerGuide label with the furnace's AFUE or the air conditioner's SEER is attached to the manufacturer's product and/or brochure. The EnerGuide label includes a rating scale showing the range of efficiencies as well as a pointer showing the efficiency of the model in relation to others.

ENERGY STAR

ENERGY STAR is a voluntary program designed to identify and promote energy-efficient products to reduce greenhouse gas emissions. Canada promotes the symbol on almost 40 types of products, including furnaces and air conditioners.

The international ENERGY STAR symbol displayed alone or as part of the EnerGuide label, identifies major electrical appliances that meet or exceed specifications designed to ensure that they are among the most energy efficient in their class, without compromising performance.

So there you have it. This primer should help you identify where on the energy miser scale your next furnace or air conditioner will weigh in. **WH**

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