

Welcome Home

Your Greater Toronto Area Real Estate Newsletter

May/June 2009

Market picks up Affordability boosts sales

Atough economy has not stopped the annual spring real estate market surge, as homebuyers take advantage of rock-bottom mortgage interest rates and a good selection of homes for sale. There were 6,171 sales recorded in the Greater Toronto Area in March. That's down seven per cent from last year, but it represents the smallest year-over-year decline in the last five months, and it's a big jump from the 4,120 sales recorded in February.

The Toronto Real Estate Board (TREB) says that the seasonally adjusted annual rate of sales increased to 65,600 in March, up 36 per cent from the 10-year low reached in January. TREB calculates the seasonally adjusted

rates by taking into account seasonal trends that are observed every year. For example, sales are generally highest in the late spring and lowest in the winter. The seasonally adjusted rate is multiplied by 12 to create an annual rate that can be compared to historical annual figures.

However you crunch the numbers, there's no doubt that sales have picked up considerably. The average price in March was \$362,052, down almost five per cent from the same month in 2008. The median price in March was \$317,500.

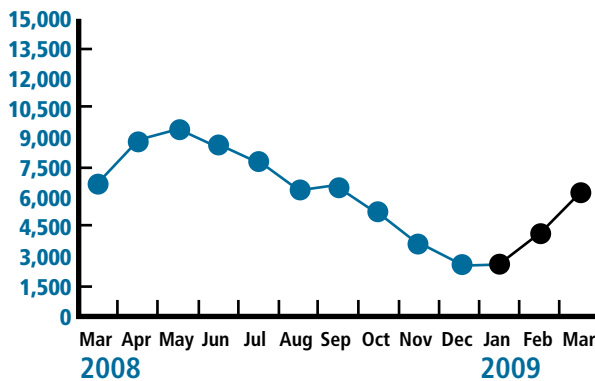
Some other interesting statistics: the average listing spent 40 days on the market before it sold; the number of active listings on the market is up 15 per cent compared to last year. So there are lots of homes on the market to choose from.

Unlike the frenzied sellers' market of the last several years, buyers now have time to look around and in most cases don't have to worry about getting into a bidding war. Conditional offers, which often depend on the buyer getting financing or having a home inspection, were almost unheard of during the hot real estate market, but are now making a comeback. This gives buyers peace of mind when preparing offers.

While it seems that the housing market may have started its recovery, there are a couple of provincial government initiatives that the real estate community is not happy about. One is a proposal to make energy audits mandatory before a house can be sold. These audits currently cost about \$300. There are also questions about whether there would be enough certified auditors to handle the job, and about the audit standards. The real estate industry also has concerns about the proposed harmonized sales tax, which would add to closing costs.

Add these new initiatives to the controversial double land transfer tax that must be paid in the City of Toronto, and you can see why the Ontario Real Estate Association is lobbying to make buying a house more affordable. Neither of these two new initiatives has become law yet, but in a few years we may look back in envy at how affordable real estate was in 2009. *WH*

Single-family dwelling sales in the Greater Toronto Area



Source: TREB

Housing market indicators

for single-family dwellings

Source: TREB	Mar '08	Mar '09	% Change
Sales	6,631	6,171	-7%
New Listings	13,643	13,352	-2%



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Monthly sales

and average price
by area

January 2009

Central450	\$444,661
East722	277,872
North	.....471	382,792
West	.....1,027	327,636

February 2009

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

March 2009

Central	.....1,033	455,899
East	.....1,435	292,469
North	.....1,296	396,320
West	.....2,407	344,804

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

Condo update

Time to buy a condo? Opportunity to build wealth

For those who are still renting, it may be a good time to consider buying a condominium. With more listings on the market than in past years, the median price of condominium townhouses and apartments is less than \$250,000. In February, almost 50 per cent of all sales were for less than \$300,000, compared to 43 per cent in 2008.

Considering the number of incentives available to first-time buyers, it may be a prudent financial move to say goodbye to the landlord. First-time buyers can get a break on closing costs from the federal government and on the land-transfer tax from the provincial government. They can borrow money for their down payment from their RRSP through the Home Buyer's Plan.

While renting may be cheaper than buying, it's interesting to look at the long-term benefits of both. A 2007 study by the University of British Columbia's Sauder School of Business concluded that on average, Canadians who own their homes become wealthier over time than renters.

The study – Are Renters Being Left Behind? Home Ownership and Wealth Accumulation in Canadian Cities – compared the wealth that homeowners achieve by paying down a mortgage, with what a renter could amass by investing an amount equal to a home down payment, and the difference between ongoing owner and rental costs. Researchers looked at nine Canadian cities and created several scenarios to allow for variations between owner and rental costs, type of renter investment, and types of mortgages. The analysis covers the period from 1979 to 2006.

The study states: "... only renters who are highly disciplined, savvy investors are able to match the wealth that owners can accumulate simply by making their mortgage payments." It also says that renters are at a disadvantage because of the tax advantages of owning a principal residence.

Tsur Somerville, the study's author, suggests that homeownership provides a unique opportunity for people to accumulate wealth. He further adds, "The significant benefit of homeownership for individuals is that a mortgage effectively forces them to save and build equity through mortgage payments." *WH*

Mortgage matters

Renegotiating Low rates aren't the only issue

With interest rates hovering near record-low levels, the slower housing market is creating intense competition among mortgage lenders. If you are in the market for a new or renewed mortgage, it pays to shop around to get the best deal. You may also want to look at renegotiating your current mortgage. When shopping for a mortgage, be sure to look for more than just a low rate.

Be aware that there may be a penalty for switching lending institutions before the end of your mortgage term. You may also have to pay legal fees to discharge the old mortgage and register the new one, and other administrative fees. Ask the new lending institution if they will pay for some of these fees.



It's a good idea to start shopping for a mortgage a month or two before you actually need it. Some financial institutions will lock in the interest rate for you several weeks in advance, and reduce it if rates drop.

An ongoing debate is whether a variable or fixed interest rate is the best option. Variable rates have resulted in lower payments for most mortgage holders in recent years, but there's always a risk that rates will increase unexpectedly. If you want the peace of mind and stability of a fixed rate in this low-rate environment it won't really cost that much more.

It's always best for first-time buyers to get a pre-approved mortgage so you know exactly what you can afford, but keep in mind that pre-approvals may overestimate what you can actually afford once closing fees, taxes and moving costs are factored into the equation. Check to see if:

- the terms of your new mortgage are flexible,
- there's a penalty for early pre-payment or for

- paying off the entire mortgage early,
- you can renegotiate terms such as the amortization period if you want to change it in a few years. *WH*

Beating City Hall

Property assessments How they work & how to appeal

Wherever you live in the GTA, there's a good chance your property taxes will rise. Most municipalities are increasing property taxes to cover rising expenses. In the City of Toronto, residential assessments went up an average of 22 per cent.

The property assessment process in Ontario has been controversial during the last decade. The Municipal Property Assessment Corporation (MPAC), which is responsible for conducting the assessments, was originally issuing new ones every year. But after a scathing report by the Ontario Ombudsman that criticized the entire process, a two-year moratorium was introduced and assessments froze at the 2006 level.

New legislation, passed in 2007, created a four-year assessment cycle. Starting this year and continuing through 2012, property assessment values will be gradually phased in based on the estimated market value of the property at January 1, 2008.

Homeowners received their assessments last fall. According to MPAC, the five factors that account for 85 per cent of the value are location; lot dimensions; living area; age of the property, adjusted for major renovations or additions; and quality of construction. Other features that may affect value include finished basements, garages, pools, fireplaces, number of bathrooms and the type of heating or air conditioning.

If you disagree with your assessment, you can appeal it to MPAC. It's too late to file an appeal for this taxation year. (The deadline was March 31.) But to file for next year, visit www.mpac.ca or call 1-866-296-6722. You can get information about your property and up to 24 other properties of your choice and up to six selected by MPAC, free of charge, to see how your assessment compares to other properties.

If you decide you want to appeal, there's nothing to lose; they won't decide your assessment should go up. You'll need to fill out a Request for Reassessment form, available on their website along with instructions.

Essentially, you'll have to prove that you could not have sold your home for the assessed amount on January 1, 2008, or that a neighbour's home that is identical to yours is assessed at a lower value. *WH*

Saving on taxes

Home Reno Tax Credit How to get yours

Renovating your home? You may be able to take advantage of a tax credit included in the last federal budget.

The Home Renovation Tax Credit (HRTC) applies to home renovation projects that were started or agreed upon after January 27, 2009 and are completed before February 1, 2010. It's a tax credit of 15 per cent of eligible expenditures exceeding \$1,000 but not more than \$10,000. That means the maximum tax credit per family is \$1,350. The HRTC can be used for houses, cottages and condominiums that are owned for personal use.

For the purposes of the credit, a family is considered to "consist of an individual, and where applicable, the individual's spouse or common-law partner," says the Department of Finance. Family members will be able to share the credit. For example, if a couple replaces their home's windows for \$10,000, they can apply for a 15 per cent credit on \$9,000 in expenditures, and receive a tax credit of \$1,350, which they can share for tax purposes.

The government says it is providing \$3 billion of fiscal stimulus through the move that will benefit about 4.6 million Canadian families.

Examples of eligible renovations include renovating a kitchen, bathroom, or basement; adding a new carpet or hardwood floors; building an addition, deck, garage, fence or retaining wall; installing a new furnace or water heater; painting the interior or exterior of a house; resurfacing a driveway and even laying new sod. Costs such as building permits, professional services and equipment rentals can also qualify for the tax credit.

You can't use it when you buy furniture, appliances or tools, or for carpet cleaning and maintenance contracts (such as furnace cleaning, snow removal, lawn care, and pool cleaning).

For more information about the credit, visit the Department of Finance website at www.fin.gc.ca or call 1-800-622-6232. *WH*

On the internet

Interesting websites

landscapeontario.com

Everything you need to know about gardening – plant care tips, articles, plant encyclopaedia, ask an expert etc.

tripadvisor.com

Unbiased travel reviews on hotels, attractions, and restaurants from around the world.

fcac-acfc.gc.ca

Get tough on your bank. This website helps you to find out which banks offer you the best deals.

www.cffc.ca

Crohn's and Colitis Foundation of Canada. This national organization is dedicated to raising funds to find a cure. Check out their upcoming events and educational sessions.

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 April 6, 2009

Mortgage Rates

6-month	.5.15%
1-year	.4.00%
2-year	.4.25%
3-year	.4.25%
4-year	.4.25%
5-year	.4.25%
Prime rate	.2.50%

GTA '09 totals

Sales activity of single-family homes

Most recent month, year to date

Active

March23,642

YTDN/A

Listed

MarchN/A

YTD33,802

Sales

March6,171

YTD12,874

Average price

March\$362,050

YTD\$357,817

Median price

March\$317,500

YTD\$313,000

Average days on market

March40

YTD43

Average percentage of list price

March97

YTD96

Source: TREB

Home maintenance

Wet basements

An ounce of prevention

If you feel like wet basements are synonymous with spring, summer and even autumn, take heart. In the vast majority of cases, basement leakage is not a significant problem from a structural viewpoint and can often be controlled relatively inexpensively. It all starts with some simple improvements outside your home.

Grading your property: does it pass?

Poor surface drainage is one of the main causes of basement leaks. Ideally, the ground should slope away from the house at a rate of at least one inch per foot for at least the first six feet. If this isn't possible or practical, digging a drainage ditch (or swale) can help direct the water where you want it to go. Where a driveway or a walkway joins the house, seal the gap where it meets the foundation wall to keep water from seeping into the gap.

Inspect the ground around your house for localized low areas, including basement stairwells and window wells. In most cases, drains can be provided in the bottom of these. Where there are no drains, porch covers over basement walkouts and plastic dome covers over window wells allow light into the basement while minimizing water and snow accumulation.

water as far away from the foundation wall as possible. Ideally, extending your downspouts a minimum of six feet away from the home is recommended. In some neighbourhoods, downspouts connect to pipes that run below ground. As homes age, it is common for these pipes to become disconnected, broken or clogged below ground level. When water seeps from these pipes, basement leakage is the result. If you suspect that your downspouts have been disconnected or are broken or clogged below ground level, you should redirect them to discharge above grade at least six feet away from the house.

Watch what you're watering

Watering your lawn or garden can also cause basement leakage. When you water plants and shrubs located close to the foundation wall, water will often find its way into the basement. If your gardens are too close to the house, consider relocating them, and adjust your sprinkler system to direct water toward the lawn and away from the foundation wall.

If you are finding your basement a bit leaky this spring, try some of these suggestions before calling the contractor. You'll likely see improvements and save some money too. **WH**

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GTA real estate

Mid-year update

Condos

Is renting out a good idea?

Real estate deposits

Show me the money

Garage sale rules

Council limits sales

Don't find yourself

in the gutter

Eavestroughs must also perform properly. They should be cleaned at least twice a year (fall and spring); more often if you live in a neighbourhood with mature trees. If you find water is still not draining well after cleaning, check the slope. If they don't carry water toward the downspouts, water can pool and potentially spill over during a heavy rainfall.

Downspouts should always carry

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