

Welcome Home

Your Greater Toronto Area Real Estate Newsletter

November/December 2008

All real estate is local Focus on your personal situation

There's a saying that, like the weather, all real estate is local. We're bombarded with news about the economy, and the impact the U.S. financial crisis will have on Canada. We hear about how prices have plummeted in some western Canadian cities, and how Ontario's manufacturing sector is hurting.

It's easy to get caught up in all this and think real estate is simply a commodity that you buy and sell based on market conditions. But what really matters is what's happening with your family right now. If you think it's time to move up from your current home or downsize, you need an accurate assessment of your home's worth and how much it will command in the current market. If you're buying, what's important is what's happening in the specific communities where you want to live.

It's good to know overall trends and the direction the market and mortgage rates are headed, but take a close look at local conditions. In the GTA, overall prices dropped in September for the first time in a decade. The City of Toronto's prices fell by six per cent from the record levels set in 2007 – but in the 905 regions, prices were actually up slightly over last year.

Although overall activity is down in 2008 – com-

pared to the red-hot markets seen in 2007 – some GTA neighbourhoods continue to see plenty of activity and price gains. Since January, communities such as Forest Hill, Rosedale, Leslieville, Swansea, Bowmanville and Streetsville have seen steady sales activity and some price appreciation. Traditionally popular neighbourhoods such as The Beach, Bloor West Village, The

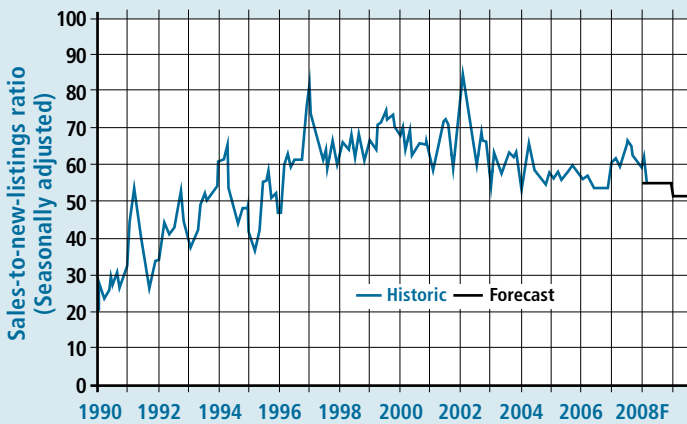
Kingsway, Riverdale and High Park continue to hold their own.

The biggest difference this year is the increase in the number of listings. There were 27 per cent more listings in the GTA this September than last year, which means

the market is much more balanced this year. Buyers now have more time to look around and make a decision on which house is right for them. Bidding wars are mostly a thing of the past. The average time that a house is on the market has gone up from 31 days last year to 36 days. Real estate gets a lot of media coverage, but when you compare it to the volatile ups and downs of the stock market and even gas prices, it has remained quite stable.

A number of factors have an impact on real estate such as the employment level, mortgage interest rates, and consumer confidence. But when it comes right down to it, your decision about whether it's the right time to buy or sell must depend on your own family's situation. Think about what you'll be doing in five years, and then ask yourself if this is the right time to make a move. It's best to make a decision based on the facts that matter to you. [WH](#)

More choice in existing GTA home market



Source: CREA CMHC Adjustment and Forecast



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Nov/Dec '08

**2 Rent
or buy?**

Saving requires discipline

2 Condos

Something for everyone

3 Electric shocks

What you need to know

**3 Agents must
verify ID**

New money laundering laws

**4 Jumping
Jack Frost**

A winter tune-up treatise

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	Sept '07	Sept '08	% Change
Sales	6,866	6,424	-6%
New Listings	13,653	16,236	+19%

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 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 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

Money matters

Rent or buy?

Saving requires discipline

A study by the Sauder School of Business at the University of British Columbia concludes that on average, Canadians who own their homes become wealthier over time than renters. The study 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 renter costs. It looked at nine Canadian cities and created several scenarios to allow for variations between owners and rental costs, type of renter investment and types of mortgages. The study covered the period from 1979 to 2006.

"The results of this research show that only renters who are highly disciplined, savvy investors are able to match the wealth that owners can accumulate simply by making their mortgage payments," says the study. In addition to avoiding spending money on consumer goods, renters would also have to invest in high yield assets with very low fees, the study says. "The challenge for renters to accumulate the same wealth as owners, while surmountable, does not seem to be realistic for the vast majority of renters who even have the income and wealth to buy."

Tsur Somerville, the study's lead author, says that home ownership provides a unique opportunity for people to accumulate wealth. "The significant benefit of home ownership for individuals is that a mortgage effectively forces them to save and build equity through mortgage payments," he explains. "It's not that renters cannot build wealth similar to that of owners, but it requires a level of discipline and sophistication in investing that most North American households have shown themselves unable to achieve."

Renters are also at a disadvantage because the current tax laws favour home ownership. Canadians don't have to pay a capital gains tax when they sell their principal residence. "The social benefits of home ownership may well justify this subsidy," says the study. "Still, it is striking how much tax policy contributes to the gap in wealth between what renters and owners can amass." *WH*

Condo update

Condos

Something for everyone

Condominiums continue to be extremely popular with buyers, even though overall sales are down from the record-setting levels of 2007.

The condo lifestyle appeals to people of all ages and income levels. You can live in the downtown core, steps from shopping, restaurants, galleries, and all kinds of entertainment and sports offerings, with prices that start at less than \$300,000. For those who want something quieter, there are larger, more luxurious upscale communities in midtown and the northern parts of the City of Toronto. Suburban



condos offer affordable housing as well as access to transportation and local shopping malls. Many condos also offer amenities such as swimming pools, health clubs and party rooms.

For those who love a view and don't want to worry about shoveling snow or cutting the grass, high-rise apartment options are plentiful. For those who crave large volume spaces and something a little different, loft condominiums fit the bill. If you want a garage and your own patio, townhouse condos are the ideal solution.

While new condominiums are sprouting up everywhere, there are many advantages to buying a resale unit. Buying new means waiting until the condo is

built and registered, which can take years. And while you may get to choose finishes and layouts in a new condo, often builders must make changes to the designs and buyers don't get exactly what they thought they would. In a resale, you can take occupancy within a couple of months and you can already see the layout, views and surrounding amenities of the unit. Resale units also tend to be larger than the new condos that are being constructed. *WH*

Home safety

Electric shocks

What you need to know

If only one-tenth of the current flowing through a 100-watt light bulb passes through a heart for more than one second, it's enough to be fatal, according to Hydro-Quebec. If you're doing renovations or minor repairs around the house, make sure you respect the power of electricity and follow some basic safety tips.

It's obvious that you must turn off the power when doing any work to outlets or fixtures. What's not so obvious is that outlets may be connected to two different circuits in the house, so make sure you test both sides of the outlet before proceeding with any work. If the outlet or switch is warm to the touch or hot, turn off the power and call an electrician.

Make sure any new outlets, switches or fixtures have the mark of a recognized certification agency. You can find those marks on the Electrical Safety Authority's website at www.esasafe.com.

Fuses and circuit breakers in your electrical panel are designed to switch off when they are overloaded to prevent fire. If you are constantly blowing fuses or tripping a circuit breaker during everyday use, have an electrician take a look. You may need to upgrade your electrical system.

The ESA also has warnings for anyone who has had a flood where electrical equipment has been exposed to water. Stay away if the water is covering outlets, extension cords or power bars. The water could be energized. You'll need to contact the local hydro utility to disconnect the power to your home. Once the power is off, an electrician will have to determine if you'll need to replace the outlets and equipment. The ESA further warns not to plug in or try to

use appliances that have been exposed to flood water until they have been checked by an electrician.

An electric current can produce heat reaching up to 2000°C, and many people have been electrocuted by 120-volt circuits, which are the standard in most houses. Take care! *WH*

Legal matters

Agents must verify ID New money laundering laws

The next time you're involved in a real estate transaction, you will be asked for more personal information. Under the new federal government regulations, real estate agents are required to ask these questions.

The regulations are part of the government's effort to control money laundering and terrorist financing. The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) requires real estate agents to ask for proof of identity of all buyers or sellers involved in a transaction. If a corporation is involved, the agent must collect corporate documentation and the names of all the corporation directors. Agents must also report if a third party is involved in the transaction.

Even if one of the parties to the transaction is not represented by a real estate agent, both sides must provide the agent with proof of identity.

There's also an onus on the agent to verify personal information, even if they never personally meet the client. For example, a client in another country might buy or sell a property here without ever coming to Canada. In this case, the buyer or seller must meet with an official agent of the Canadian real estate broker, and provide proof of identity.

Agents must also complete a report on the receipt of all funds received during a transaction, such as deposits. Under previous rules, only transactions involving more than \$10,000 in cash had to be reported.

Real estate agents and brokers are required to keep the proof of identification records and receipt of funds information on file for five years, and turn it over to FINTRAC if requested. To make sure that real estate brokers comply with the new rules, FINTRAC does surprise inspections of the office files.

In following these regulations, real estate agents are helping to keep our communities safer. *WH*

On the internet

Interesting websites

TorontoGasPrices.com

Surely you want to know where the cheapest gas in town is!

cruisecritic.com

Are you thinking of a cruise? This site offers tips and information for first-time cruise goers.

Toronto.ca/special_events

Click on Cavalcade of Lights, for city-wide holiday events plus sparkling displays beginning November 29th.

alzheimer.ca

The Alzheimer Society's website provides information on support, services, educational and awareness programs.

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 October 6, 2008

Mortgage Rates

6-month	.6.20%
1-year	.5.30%
2-year	.5.30%
3-year	.5.40%
4-year	.5.50%
5-year	.5.50%
Prime rate	.4.75%

GTA '08 totals

Sales activity of single-family homes

Most recent month, year to date

Active

September27,373

YTDN/A

Listed

SeptemberN/A

YTD132,589

Sales

September6,424

YTD63,595

Average price

September\$368,549

YTD\$382,930

Median price

September\$322,000

YTD\$327,000

Average days on market

September36

YTD31

Average percentage of list price

September97

YTD98

Source: TREB

Next issue

GTA real estate

What to expect in 2009

Condo checklist

Questions to ask when buying

Mortgage brokers

New Ontario regulations

Rental properties

Rent increases for 2009

Home maintenance

Jumping Jack Frost

A winter tune-up treatise

Winter can be tough on you and tough on your home. These suggestions will make life easier for you.

Roof

Have a roofer check the roof as part of an annual maintenance program. This is a chance to correct minor shingle damage and any problems, which often occur at changes in direction and materials. Chimneys should also be checked for problems with bricks, caps, flashings or rusted metal.

Eavestroughs and downspouts

Managing the roof water is an easy and surprisingly effective basement leakage cure for many older houses.

Eavestroughs collect the rain and melting snow so it doesn't accumulate on the ground near the foundation, and downspouts should carry water well away from the building (water always seems to find its way into the basement if it collects against the building). Clean, repair and secure the eavestroughs to avoid this.

Grading

Speaking of the basement, make sure the ground around the home slopes slightly down away from the building. You don't want melting snow and rain water on the ground funnelling toward the house. Bad grading is another common and preventable cause of basement leakage.

Walls, windows and doors

Check the exterior for deteriorating paint and dried out caulking. If you find this, check for rotted wood. The goal is to keep the water on the outside, shifting quickly away from the house to promote drying once the rain or snow stops. Turn off the water to outside faucets, unless they are the frost-free type.

Heating and cooling

Fall servicing by a specialist can avoid sudden failure during the heat-

ing season, improve comfort, and reduce energy consumption. An annual service contract makes great sense as you don't have to remember to make the call.

On forced air heating systems, make sure supply and return registers are not obstructed. If you have high and low cold air returns on the same wall, there is typically an adjusting damper on the lower return. This should be closed for the summer and open in the winter.

If you have air conditioning, you may need to re-balance your system. Also, don't forget to shut off the electricity to the air conditioner for the winter. There is a small electric heater in the outdoor part of the air conditioner and if you leave the power on, the heater runs all winter, consuming energy and wasting money.

If you have a humidifier near the furnace, there may be a duct damper that should be closed in the summer and open in the winter. If you have such a damper, make sure it is in the proper position.

If you have radiators, consider installing inexpensive reflective barriers behind the radiators. These direct the heat from the radiator into the house rather than through exterior walls. Why try to heat the outdoors?

These few steps can prevent leaks, extend life and make your home comfortable and energy efficient. **WH**

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