

Welcome Home

Your Greater Toronto Area Real Estate Newsletter

Hot summer sales top previous years On track for record-setting year

Once again “defying all expectations”, as one journalist put it, Toronto’s housing market is on course to set an all-time sales record this year.

There were more existing home sales in May and June of this year than during all of 1977.

Naysayers will point out that sales are always slower in the second half of the year, and that the poor performance of the U.S. housing market is going to have an impact here. It’s true that Ontario’s manufacturing sector is being hurt by the high Canadian dollar and the slower U.S. economy, and that may result in some job losses here. But so far Toronto’s employment rate has been able to withstand the pressure and it hasn’t dropped significantly.

The U.S. housing situation was caused primarily by the sub-prime mortgage market in that country. So-called “exotic mortgages”, with low or no-interest loans, were given to many homeowners who couldn’t afford them when borrowing costs went up. As a result, there have been many foreclosures in the U.S. and the resale market has suffered.

It’s a different story here. Led by the oil-rich Western Provinces, Canada’s economy is performing well and interest rates have remained extremely low. In Toronto, consumer confidence is strong. The GTA is also the number one destination for immigration to this country, boosting the number of potential home buyers.

With the hot real estate market comes stories about bidding wars in the city’s most sought-after neighbourhoods. A well-publicized case featured a house in the Beach that sold for more than \$600,000 over the asking price.

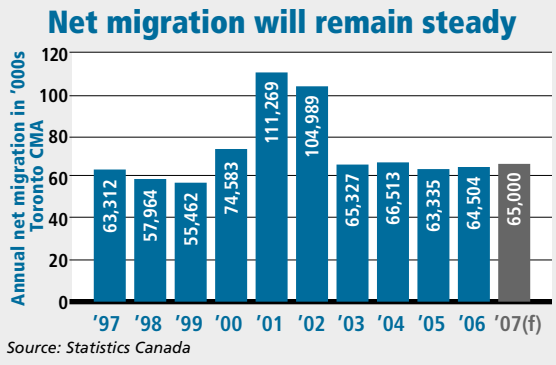
While it’s true that bidding frenzies happen in some communities, don’t let it put you off if you’re in the market for a house. In the GTA, the average time on the market for new listings is about 30 days – plenty of time for you to take a good long look at the property and make a sound buying decision based on your own circumstances.

Don’t get too carried away by the “thrill of the chase”; there are plenty of other homes on the market – more than 20,000 of them throughout the GTA.

Average prices continue to rise – they are currently up about five per cent over last year, and that’s expected to continue through to the end of the year.

Some of the best-selling neighbourhoods this summer included southern Etobicoke, Rexdale and the Annex. Suburban areas are also hot sellers, led by Oshawa, Vaughan and North York Centre.

Some analysts think the market could get even hotter in the fall, when a small increase in interest rates is expected. The City of Toronto’s controversial decision to defer a proposed land-transfer tax to October may also come into play. If the tax measures are passed, buyers may want to close their deals before the measures are implemented. *WH*



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Sept/Oct '07

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Housing market indicators for single-family dwellings

Source: TREB

	July '06	July '07	% Change
Sales	7,082	8,912	+26%
New Listings	12,556	12,600	-0%

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 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 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

Home insurance news

Home insurance How to cut your premium

Home insurance doesn't get very exciting until you need it. However, it's a good idea to review your policy every year. You may be able to cut your insurance premium.

If you're a loyal, claims-free customer with the same company for a number of years, you may qualify for several discounts, and there are other ways you can save money, such as increasing the deductible on your policy. The deductible is the amount you agree to pay toward the total amount of a claim, and it is designed to eliminate 'nuisance' claims for small amounts of loss or damage. It does not apply to liability insurance. A typical deductible is \$500, but increasing it could save you some money on your premium.

Another way you could save is by buying other products, such as car insurance, from the same company. Depending on where you live, you may also be able to get a discount for having smoke alarms, sprinkler systems and monitored intruder alarms. And, you may get a break for being a "mature policyholder"; for being mortgage-free; for insuring a house that's less than 25 years old; for having no smokers in your house; or for belonging to a group, profession, union or organization that offers affinity discounts.

If you currently have insurance but are annoyed with the insurance company, don't cancel the policy by not paying your premium — that will label you as a 'bad risk' and could cost you in the long run.

The Insurance Bureau of Canada (IBC) lists types of home insurance policies. A comprehensive policy covers the building and contents for all risks that are not specifically excluded (such as furnace oil spills, sewer back-ups and earthquakes). A basic/named perils policy costs less, and covers only perils such as theft and fire, that are specifically mentioned in the policy.

The IBC says that if a comprehensive policy is too expensive but a named perils policy is too risky, one mid-price compromise is a broad policy. It provides comprehensive coverage on buildings and named perils coverage on contents. The named perils could

include aircraft or vehicle impact, electrical current, explosion, falling objects (not including those caused by snow slides or earthquakes), fire, lightning, and smoke from malfunctioning cooking or heating devices. It does not cover fireplaces, transportation of your personal property while it's temporarily away from your house, vandalism, some water damage, wind and hail, and window glass.

For more information about insurance coverage, visit the Insurance Bureau of Canada's website at www.ibc.ca. *WH*

Condo update

Condo sales steady Hottest sector of market

Unlike the detached homes market, you don't see a lot of bidding wars for condominiums because there's a healthy supply of them on the market. That's good news for first-time buyers, who can take their time. However, condos are the

GTA condo market

	Sales				Median Price			
	2006		2007		2006		2007	
	TH	Apt	TH	Apt	TH	Apt	TH	Apt
Jan	367	1,030	351	1,143	220,000	209,000	229,900	214,500
Feb	551	1,372	538	1,439	222,000	214,950	238,450	222,000
Mar	728	1,820	728	1,831	226,750	215,000	238,000	225,000
Apr	717	1,649	764	1,921	232,000	210,000	244,500	227,500
May	803	1,858	898	2,242	230,800	215,000	244,500	231,000
Jun	767	1,764	859	2,173	237,000	214,000	251,000	230,000

Source: TREB

hottest sector of the market.

This summer, sales were up more than 20 per cent versus the same time period a year ago. In downtown Toronto, sales were up almost 30 per cent and the sales-to-listing ratio was over 75 per cent. That means more than 75 per cent of the condos listed within a month were sold within that same month.

Condominium apartments currently account for about one-fifth of the market in the GTA, while townhouses are responsible for just under 10 per cent of all residential real estate sold. About half of the homes sold in the GTA are single-family dwellings.

The long-term outlook for condominiums is bright. For those who work in the city centres and are fed up

fighting traffic to get to work, there are many condominiums available in downtown Toronto, and increasingly in suburban centres in Mississauga, Scarborough City Centre and York Region.

For first-time buyers, condos continue to be an affordable entry into the housing market, and luxury condos are attracting the baby boomer set, who are downsizing and preparing for retirement.

Condos are also a popular choice for investors. It's estimated that 25 to 40 per cent of new condominiums are being purchased for investment purposes.

A recent forecast by TD Economics predicts that condominiums will appreciate by 4.2 per cent this year. Another forecast, by RBC, suggests that prices will rise by six to 10 per cent this year as the robust market continues. *WH*

Reno report

Renovation fever

\$5.8 billion spent in Toronto in '06

About 1.5 million households in 10 Canadian centres completed renovations last year, costing an average of more than \$11,000, says a new survey by Canada Mortgage and Housing Corp. (CMHC). The survey says almost two out of five households underwent some kind of renovation.

"More than \$17.3 billion was spent on renovations last year across the 10 major centres surveyed," says Bob Dugan, chief economist at CMHC. "As well, 46 per cent of homeowners in these 10 centres surveyed indicated that they intend to spend \$1,000 or more on renovations this year."

About half of the households reported that the cost of renovations was in line with what they had budgeted. More than a third of households went over their planned budget. Of the \$17.3 billion that was spent, \$5.8 billion was in Toronto.

Twenty-four per cent of households that undertook a renovation project were do-it-yourselfers who hired a contractor for a portion of the work. Slightly more households contracted out the renovation work (40 per cent of respondents) as opposed to doing the work themselves (34 per cent).

The main reason given by households for renovating in 2006 was to update, add value or to prepare to

sell the residence (61 per cent). Thirty per cent of respondents said the main reason was that their home needed repairs. The top three renovations completed last year were remodelling of rooms (34 per cent), painting or wallpapering (32 per cent), and hard surface flooring and wall-to-wall carpeting (32 per cent).

The survey also asked residents in five cities, including Toronto, about their intentions to renovate this year. Not surprisingly, owners of older homes are most likely to renovate. The majority of those planning renovations are in the 35 to 44 age bracket. The survey found that those intending to renovate are well informed and have done some research about the project already, such as talking about it with a contractor and pricing out the cost of building materials and labour.

Another survey, conducted for the Canadian Real Estate Association (CREA), found that the resale housing market generates \$15.3 billion per year in spending. That includes purchases of furniture and appliances, moving costs, renovations and taxes.

"Purchases and sales of homes trigger additional expenditures that have broad economic impacts," says CREA Chief Economist Gregory Klump. "Job creation is also a major factor of the sale of a home. The study shows that more than 94,000 jobs are created in Canada each year as a direct result of resale housing transactions." *WH*

Home safety

Check your detectors Smoke & carbon monoxide

October is Fire Safety Month, reminding us that it is law in Ontario that all homes have working smoke alarms, at least one on every level of your home and outside sleeping areas.

Smoke and carbon monoxide detectors should be checked once a month to make sure they are in working order. Batteries should be changed once a year. It's also a good idea to vacuum them out from time to time.

The National Fire Protection Association says smoke and carbon monoxide alarms should be replaced every 10 years. It says some newer alarms come with a "hush" button that helps you silence a nuisance alarm caused by shower steam or burnt toast. Upgrading to the newest alarm takes advantage of the latest fire safety technology. *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.

torontohydro.com/smart

Find out about smart meters and why we need them.

airfarewatchdog.com

Use this site to scour the web for the best flight deals departing from Canada and the U.S.

the-cma.org

The Canadian Marketing Association site has a great feature. Click on "Do Not Contact Service" and within six weeks you should see an 80% reduction in telemarketing calls and junk mail.

cra-arc.gc.ca

The Canada Revenue Agency's site lists various personal tax credit amounts indexed for 2007.

Mortgages

2007 Rates

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

At August 7, 2007

Mortgage Rates

6-month6.15%
1-year5.65%
2-year5.70%
3-year5.75%
4-year5.85%
5-year5.85%
Prime rate6.25%

GTA '07 totals

for sales activity
of single-family homes

Most recent month
Year to date

Active

July.....20,694
YTDN/A

Listed

July.....N/A
YTD99,408

Sales

July8,912
YTD59,339

Average price

July.....366,012
YTD372,326

Median price

July.....318,000
YTD317,000

Average days on market

July.....31
YTD31

Average percentage of list price

July.....98
YTD98

Source: TREB

Next Issue

Fall market update

For the GTA

Condo board of directors

What they do

Closing costs

Know what to expect

Getting ready to move

Small changes make
a big difference

Estate planning

Protection for yourself
and your loved ones

Home maintenance

Arc fault interrupters

Protect entire circuit

In the last issue, we talked about fuses, breakers and ground fault interrupters and how they made electrical systems safer. But there is another cause of tens of thousands of house fires and hundreds of deaths each year in North America: electrical arcing.

Arcing occurs when electricity has to jump through the air – even a small gap – to get to the circuit's other side because of a poor electrical connection. Whenever electricity has to jump, it creates sparks and, naturally, heat. Electricity flows well through a wire, which is a conductor, but it does not flow well through a resistor. The more resistance to electrical flow, the more heat is generated. The wire will glow if enough heat is generated, and if you plotted a chart of electrical flow through a circuit with electrical arcing, you would see the electricity persistently jumping across the gap.

Arc faults occur because of damaged or deteriorating wiring, poorly wired switches and outlets, extension cords, and appliance cords. Think of all those cords that get squeezed by doors or crushed by furniture pushed up against loose outlets.

An arc fault circuit interrupter can detect this pattern of arcing, and shut off the electricity if the arc fault is dangerous.

This is pretty cool technology, because there are insignificant arcs that occur all the time in your electrical system, such as turning on a light switch or pulling the vacuum cord

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out of the wall when the vacuum is operating. An arc fault circuit interrupter has to be smart enough to differentiate between the two.

Arc fault interrupters have been required by some electrical codes since 2002. These requirements are for new construction, and only for circuits that feed bedrooms (mainly because fire tends to kill people who are sleeping).

Eventually, arc fault circuit interrupters will likely be used everywhere and will likely be combined with ground fault circuit interrupters to provide the best protection possible.

Arc fault circuit interrupters protect the entire circuit, and look very similar to ground fault circuit interrupters (special circuit breakers that also protect the entire circuit).

Ground fault interrupters in electrical outlets are very common. Arc fault interrupters in a similar form will likely be commonplace soon. In

the meantime, we would suggest arc fault circuit interrupters should be installed in your electrical panel to protect the bedroom circuits – and your family – while they sleep. **WH**



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