

# UPDATE

Your Greater Toronto Real Estate Newsletter



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## Summer sales roar

### Real estate leads economic recovery

**D**uring the long real estate boom that ended last year, so-called experts kept predicting the sky was about to fall. For several years in a row, the experts said the real estate market was due for a major correction, yet there were still record sales.

The end of the boom finally came last year, and 2009 got off to a slow start. The experts predicted it would be a long time – probably sometime in 2010 – before the real estate market recovered. But with more affordable house prices and great mortgage rates, sales picked up dramatically in the early spring, and now we've had another record-setting summer for sales in the GTA.

"The turnaround in Canadian housing this year might be the single most surprising turnabout we've seen in any economic indicator I can think of," said Douglas Porter, deputy chief economist at BMO Capital Markets. "The extent of it is nothing short of amazing."

The experts are now saying that the current boom is "unsustainable" and that the market will soon slow down. But consumers don't seem to be listening. In July, there were 9,967 sales in the GTA, up from 7,806 last year. The average price in July was \$395,414, an increase of 6 per cent compared to 2008.

In the space of 18 months, the GTA went from being a sellers' market to a buyers' market and back again. There are fewer listings this year, which has led to a tight supply of homes in some of the most popular neighbourhoods. That, in turn, means that bidding wars are back in some communities.

Some of the most active areas include the City of Toronto's east end, particularly The Beach as well as Pickering, Willowdale and other central Toronto neighbourhoods.

Doomsayers predicted a huge real estate crash like the one in the early 1990s, in which prices dropped across the GTA by more than 20 per cent. But the big difference between then and now is interest rates. This time, the Bank of Canada pledged to keep rates down through the end of 2009. While mortgage rates did rise in the spring, they are still near historically low levels.

The federal government also helped by introducing incentives for first-time buyers and loosening the rules that allow first-timers to tap into their RRSPs for a down payment.

In July, although employment numbers still struggled, there was more good economic news than bad. The Bank of Canada essentially declared the recession over, and consumer spending rose. Confidence in the economy is returning, thanks to the roaring real estate market. *REU*

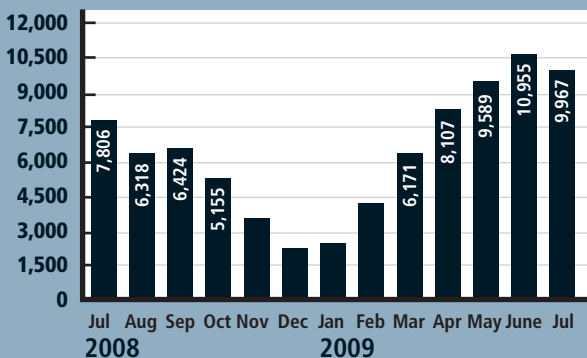
IN THIS ISSUE

**2 Refinancing your mortgage**  
Could it save you money?

**2 Planning a renovation**  
Some basic questions to ask

**3 Condo recovery complete**  
Sales up by 40 per cent downtown

### Single-family dwelling sales in the Greater Toronto Area



Source: TREB

## Monthly sales

and average price  
by area

### July 2009

Central	1,784	\$499,201
East	2,201	311,238
North	2,221	436,628
West	3,761	371,108

### June 2009

Central	2,049	518,423
East	2,360	317,748
North	2,449	434,392
West	4,097	378,215

### May 2009

Central	1,797	510,325
East	2,158	314,238
North	2,144	416,372
West	3,490	374,101

### April 2009

Central	1,496	493,103
East	1,820	306,890
North	1,713	405,462
West	3,078	368,945

### March 2009

Central	1,033	455,889
East	1,435	292,469
North	1,296	396,320
West	2,407	344,804

### February 2009

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

### January 2009

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

### December 2008

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

### November 2008

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

### October 2008

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

### September 2008

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

### August 2008

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

Source: TREB

## Mortgage matters

### Refinancing your mortgage **Could it save you money?**

**W**ith mortgage rates at almost record-low levels, it may be a good time to consider refinancing, either to reduce the cost of your mortgage or to consolidate some other higher-interest loans you may have.

If you must break an existing mortgage, dig it out of the filing cabinet and read the fine print. Then call your financial institution and find out what penalties you'll pay for refinancing. In most cases, the penalty is three months' interest or the interest rate differential (IRD), whichever is



more. The IRD is the difference between the mortgage's interest rate and the current rate, but there's no standard way among financial institutions to calculate it. Some lenders might also

take the time left on the mortgage and the outstanding balance into consideration.

When you calculate the cost of refinancing versus the money you'll save on the new mortgage, be aware that you could also be responsible for legal fees, appraisal fees and additional insurance premiums.

If you do take out a new mortgage, you may want to consider consolidating some of your other loans, such as credit card debt or lines of credit. You may be able to pay off these high-interest loans by taking out a larger mortgage, at much better rates than you are currently paying. Previously, a second mortgage was required to pay off these debts, but now that's not necessary. It's also a way to simplify your life, as you combine several payments into one lump sum payment.

Make sure your new mortgage includes pre-payment privileges and portability so it's as flexible as possible to match your future needs. The lowest mortgage rate doesn't necessarily mean that it's the best mortgage for you. Talk to a mortgage professional to see if this will work for you. **REU**

## Home improvements

### Planning a renovation **Some basic questions to ask**

**I**n 2008, almost \$21.3 billion was spent on home renovations, according to Canada Mortgage and Housing Corp. Despite the economic downturn, renovation spending may be even more this year thanks to the federal government's Home Renovation Tax Credit, which offers a tax credit of up to \$1,350 on eligible projects.

The new tax credit is keeping building contractors busy, and unfortunately that means that some not-so-great contractors are able to stay in business. To make sure your project goes smoothly, here are some contractor hiring tips to consider.

- Ask for references. Then, actually call them to see how their jobs went. Most people do not follow up on references.
- Get your renovation quote in writing. Make sure you know when the job will be done and what materials will be used.
- Check to make sure your contractor and his workers are

insured and are licensed to do the work. Make sure they are registered for workers' compensation insurance, and that they have liability insurance.

- Find out who you will be working with. Will it be the guy you sign the contract with, or his workers, or will it be subcontracted out?
- Resist the temptation to pay for the job in cash, to avoid paying taxes. If you do that and have problems with the work, you'll have no recourse for replacement or repair.
- Make sure all the necessary permits are obtained and necessary inspections are carried out. If you don't, the municipality may make you tear the work down.
- Ensure that you understand what warranties you're getting on building materials and workmanship.
- Keep deposits to a minimum (around 10%) and pay the rest when the work is completed to your satisfaction. **REU**



## Condo update

# Condo recovery complete **Sales up by 40 per cent downtown**

**T**oronto's resale condominium market has bounced back from a slow start to the year. Since May, sales have exceeded those of last year, and prices are climbing.

So far this has been the busiest summer for real estate sales ever, in large part because of the condominium market. First-time buyers who had been shut out of the market have been taking advantage of lower prices and great interest rates.

In June, condo sales were up 27 per cent over last year in the GTA. In the downtown core, sales jumped by 40 per cent. Prices are climbing too, but not just downtown; there have been price increases in neighbourhoods as diverse as Port Credit to the west and Guildwood to the east.

Listings are in short supply, which means prices are edging up. New condos are not selling as well as resales because they cost more, and as a result, some of the proposed new projects may not be built. This is expected to put even more pressure on the resale market.

Although there's often concern that the Toronto condo market is overbuilt, the current inventory of available condos is low relative to historic levels. It's also worth noting that rental vacancy rates are low, making

condominiums more attractive to investors.

Looking at the market in the longer term, a recent report says that immigrants to Toronto are buying homes faster than ever before. Immigrants are more than twice as likely to buy a condo as a Canadian-born homeowner, and the majority of new Canadians settle in Toronto, Vancouver or Montreal. Right now, immigrants account for about 60 per cent of the country's population growth, but that number is steadily growing and is expected to account for almost all population growth by 2030.

	Sales				Median prices			
	2008		2009		2008		2009	
	T.H.	Apt.	T.H.	Apt.	T.H.	Apt.	T.H.	Apt.
<b>Jan.</b>	416	1,293	187	661	248,000	238,000	230,000	227,000
<b>Feb.</b>	484	1,413	285	923	243,000	240,000	247,000	240,000
<b>Mar.</b>	548	1,548	403	1,379	250,750	243,000	252,000	239,000
<b>Apr.</b>	718	1,954	583	1,720	257,475	243,950	255,000	246,000
<b>May</b>	783	2,041	692	2,081	254,000	245,000	255,400	250,000
<b>June</b>	713	1,887	861	2,355	255,000	248,000	264,500	257,000

Source: TREB

There's no doubt that all Canadians want to get into homeownership, and that condos offer an affordable entry point. Luxury condos are also a very attractive option for baby boomers who no longer want to worry about the maintenance of a detached home. For seniors, condos offer convenience, amenities and safety. *REU*



## On the internet

### Interesting websites

**[cirquedusoleil.com/en/shows/ovo](http://cirquedusoleil.com/en/shows/ovo)**

Don't miss out on Cirque du Soleil's oVo, the teeming world of insects (Sept 3 – Nov 1).

**[yourmoney.cba.ca](http://yourmoney.cba.ca)**

Developed by the Canadian Bankers Association to bring financial literacy to homes and classrooms. Everything you need to know about money. SAVE IT. SPEND IT. PROTECT IT.

**[torontowaterfrontmarathon.com](http://torontowaterfrontmarathon.com)**

Flat, fast and festive! Sign up for this 20th anniversary of the Scotiabank Toronto Waterfront Marathon at Nathan Phillips Square (Sept 27).

**[www.macanxiety.com](http://www.macanxiety.com)**

Anxiety and Mood Disorders. Online referral to treatment centres and links to helpful resources.

*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

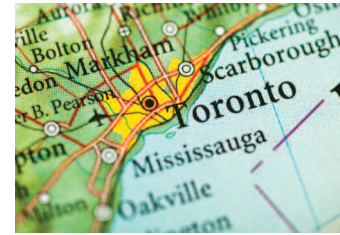
### 2009 Rates

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

At August 7, 2009

#### Mortgage Rates

6-month	.....	4.75%
1-year	.....	3.75%
2-year	.....	4.05%
3-year	.....	4.20%
4-year	.....	4.30%
5-year	.....	4.40%
Prime rate	.....	2.25%



## Adding a fireplace Things you need to know

**A** fireplace is a much admired house feature. It's not hard to understand that it's best to install one while the house is being built, but – luckily - if your home doesn't have one you do have a few options.

### Gas fireplaces

A gas fireplace is convenient, relatively easy to install, not too expensive, and can be used as a heat source. Gas fireplaces usually have sealed doors. One of the great attractions to a retrofit gas fireplace is that it can be installed just about anywhere. The main considerations are the location of the gas supply, and the venting to the outside.

Gas supply pipe options include flexible copper or plastic coated corrugated stainless steel tubing. These pipes can be bent to go around corners and such, making it a simple installation. One of the biggest challenges is a finished basement, as quite often the pipe is run across the basement until it connects with the fireplace. For a basement with a finished ceiling, this may require removing some drywall.

The most common option for the fireplace exhaust is to go straight through the wall directly to the outside. This is called direct venting, and is most simple if the fireplace is

located on an outside wall. But, if the unit absolutely has to be on an interior wall, a metal vent pipe can be run up and across to the nearest outside wall, or straight up and through the roof.

### Wood fireplaces

For some, a gas fireplace is about as alluring as simulated wood paneling. Purists require the smell of wood smoke and the crackle of burning sap.

The most cost-effective option is a "factory-built" wood-burning fireplace. These are insulated steel boxes (where the fire is made) with a hole on top to vent the smoke. The steel box's insulation keeps it relatively cool, enabling the unit to be installed on a wooden floor, and within a few inches of walls.

A "factory-built" fireplace comes complete with insulated metal chimney sections that screw together. These chimney sections attach to the top of the firebox, and must go straight up through the roof. Small bends, usually about 15 degrees at a time, are allowed. Since getting to the roof usually means passing through obstacles like, say, the second floor of the house, holes will often need to be made in a floor. Once in the attic, another hole is needed to get the chimney to the roof, and yet another hole allows the chimney to exit to the sky. These need to be made properly by a professional, in order to avoid the nasty side effects of burning the house down or letting wind, rain and raccoons in.

The floor in front of the fireplace needs to be protected from sparks by a material that doesn't burn, like ceramic or slate tile. The wall around the fireplace opening is also covered with a non-flammable surround. *REU*

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## GTA '09 totals

Sales activity  
of single-family  
homes  
Most recent month,  
year to date

### Active

July .....16,915  
YTD .....N/A

### Listed

July .....N/A  
YTD .....85,633

### Sales

July .....9,967  
YTD .....50,632

### Average price

July .....\$395,414  
YTD .....\$385,808

### Median price

July .....\$339,900  
YTD .....\$330,000

### Average days on market

July .....31  
YTD .....36

### Average percentage of list price

July .....98  
YTD .....97

Source: TREB

## Housing market indicators Single-family dwellings

Source: TREB	Sales	New Listings
July '08	7,806	14,830
July '09	9,967	12,174
% Change	28%	-18%

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