



# real estate UPDATE

Your Greater Toronto Real Estate Newsletter

## Double-digit price growth forecast Inventory lowest since 2000

**T**oronto's real estate market is showing no signs of slowing down. The number of homes listed for sale is at the lowest point since 2000 and more than 100,000 people move to the GTA every year needing a place to live. The laws of supply and demand keep pushing up prices. The average home price went up by 17.3 per cent in 2016 compared to 2015 and the Toronto Real Estate Board (TREB) predicts double-digit increases - in the range of 10 to 16 per cent - will happen again this year.

January got off to a strong start as sales rose by 11.8 per cent compared to a year ago. The price of a detached home in the City of Toronto was \$1,336,640 in January, while the average in the 905 regions was \$999,102. Overall, listings are down 49.5 per cent compared to a year ago.

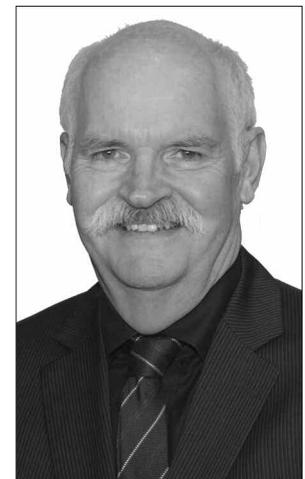
TREB states that, "In all likelihood, year-over-year price growth will be closer to 20 per cent in the first few months of the year. Price growth may ebb in the second half of the year if sales edge lower due to higher mortgage rates and stricter lending guidelines." That means the average selling price for all types of homes will be between \$800,000 and \$850,000 by year-end. However, if last year's trends continue, detached home prices will increase at a faster rate than other housing types.

The GTA's unemployment rate has trended downwards during the last few years and while TREB thinks the rate will be stable in 2017, economic uncertainty may cause it to flatline. The new mortgage rules may cause some buyers to put a hold on buying a house. But despite all those factors, the fundamentals that drive housing - a strong local economy,

very low mortgage rates, population growth and a severe shortage of listings - will continue to fuel strong demand for all types of housing across the GTA and further afield.

Last year first-time buyers accounted for just over half of all GTA home purchases. TREB believes this trend will continue in 2017. A TREB-commissioned survey by Ipsos concluded that despite rising prices, home ownership in the GTA is affordable for many households. The survey took the average purchase price, the average down payment and mortgage rate and calculated the share of average household income required for mortgage principal and interest to be 27 per cent, on a recently purchased home. "Even after adding property taxes and utilities costs, the share of income dedicated to major carrying costs would likely be well below the federally mandated affordability ceiling of 39 per cent," concludes

TREB. *REU*



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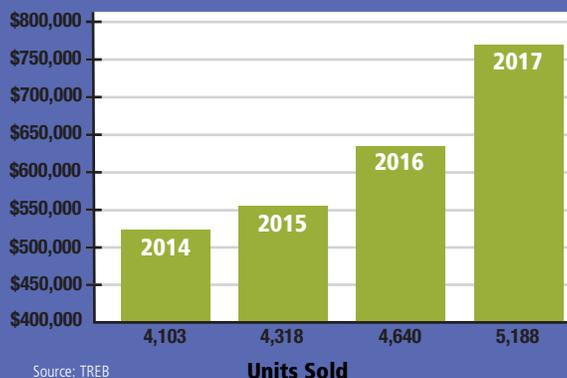
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### Average Home Prices - January in the Greater Toronto Area



## Monthly sales

and average price  
by area

### January 2017

Central.....	963	\$811,972
East.....	1,065	623,967
North.....	1,114	983,357
West.....	2,046	711,980

### December 2016

Central.....	1,082	790,734
East.....	1,009	604,624
North.....	1,180	895,773
West.....	2,067	665,993

### November 2016

Central.....	1,740	901,035
East.....	1,744	621,062
North.....	1,869	935,767
West.....	3,194	700,825

### October 2016

Central.....	1,853	857,596
East.....	1,968	617,054
North.....	2,125	945,746
West.....	3,822	690,617

### September 2016

Central.....	1,747	868,380
East.....	2,036	606,364
North.....	2,255	921,600
West.....	3,864	686,765

### August 2016

Central.....	1,743	737,422
East.....	1,961	568,498
North.....	2,222	904,959
West.....	3,887	658,678

### July 2016

Central.....	1,755	\$744,796
East.....	2,134	587,972
North.....	2,129	905,100
West.....	3,971	655,158

### June 2016

Central.....	2,286	874,834
East.....	2,661	599,933
North.....	2,772	903,744
West.....	5,075	679,770

### May 2016

Central.....	2,283	904,532
East.....	2,649	588,067
North.....	2,902	909,542
West.....	5,036	678,063

### April 2016

Central.....	2,129	873,681
East.....	2,413	585,908
North.....	2,840	896,544
West.....	4,703	661,653

### March 2016

Central.....	1,748	790,036
East.....	2,086	545,912
North.....	2,304	852,013
West.....	4,188	626,393

### February 2016

Central.....	1,448	836,045
East.....	1,528	537,590
North.....	1,647	816,821
West.....	2,998	615,694

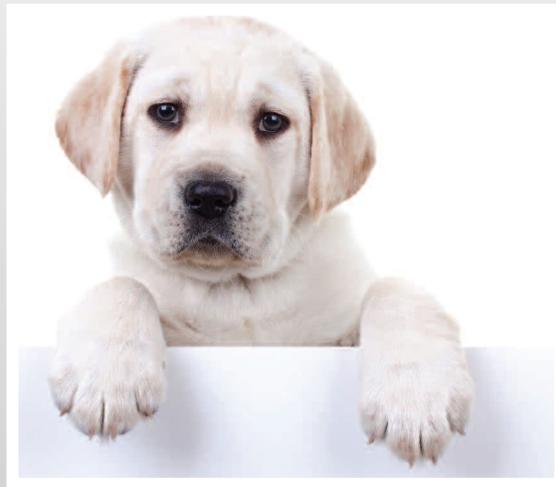
Source: TREB

## Condo matters

### Condo amenities sky is the limit

**A** condo development in Vaughan is proposing a unique amenity for buyers - a rooftop observatory with a high quality telescope. Faced with lots of competition, developers have come up with new and interesting ideas for the shared spaces in their condo buildings to attract buyers.

Most older condos have a party room that residents can use for special occasions, as well as a swimming pool and,



perhaps, a gym. Today, the standard swimming pool and gym have given way to lap pools, state-of-the-art fitness centres, yoga studios and golf simulators. Squash and tennis courts are available, but so are full basketball courts and rock-climbing walls. In some condos, rooftop pools are more for fun than fitness. Some have swim-up bars, cabanas, lounges and steam rooms. Communal gardening plots, some on rooftops, have become a popular amenity. For dog owners many condos now offer dog-washing rooms. These rooms include stand-up showers so dirty paws don't track mud all over the carpet.

A couple of developments are planning to include music studios so would-be or serious musicians can jam. Some condos also provide arts and crafts studios; communal kitchens from which residents can borrow seldom-used items; libraries; bicycle loaning and maintenance programs.

Developers recognize the changing nature of the work place by offering meeting rooms and shared communal workspaces for those who work from their homes. With more families with children now living in condos, it's expected more buildings will offer day care and play areas. *REU*

## Reducing your footprint

### Don't toss it, donate it! Someone can use what you don't need

**I**f you're downsizing or just clearing some space in your home, before you toss your old possessions in the garbage, consider donating them to a worthy cause.

The Furniture Bank helps women and children escaping abusive situations, people transitioning from homelessness, newcomers and refugees. It accepts gently used furniture, including beds, dressers, sofas, kitchen tables, dining room sets and armchairs. For a complete list of what they accept and to arrange furniture pick up or drop off, visit [www.furniturebank.org](http://www.furniturebank.org) or email [info@furniturebank.org](mailto:info@furniturebank.org).

If you have a lot of clothes you want to get rid of, Clothesline will send a truck right to your door to pick up your gently used clothing, electronics and small household items for free. Each year the national program raises more than \$10

million and diverts more than 100 million pounds of clothing and household items from landfill sites. The proceeds support the Canadian Diabetes Association research, education and advocacy programs. Pick-ups are scheduled at your convenience by calling toll free, 1-800-505-5525.

Other items you no longer need can be dropped off at various thrift stores across the GTA, including the Salvation Army Thrift Store. It supports many programs and services including food banks, shelters, children's camps, addiction treatment facilities and other community programs. The Salvation Army is Canada's largest non-governmental provider of social programs. Visit <https://thriftstore.ca/> for the closest location.

If what you are throwing away is of no use to anyone, check with your municipality to see if it can be recycled. *REU*



# Mortgages

## Interest rates forecast for 2017 **Hit bottom last year**

**M**ortgage interest rates have been at historically low levels for the last decade, but some observers think they hit bottom in 2016 and are poised to rise.

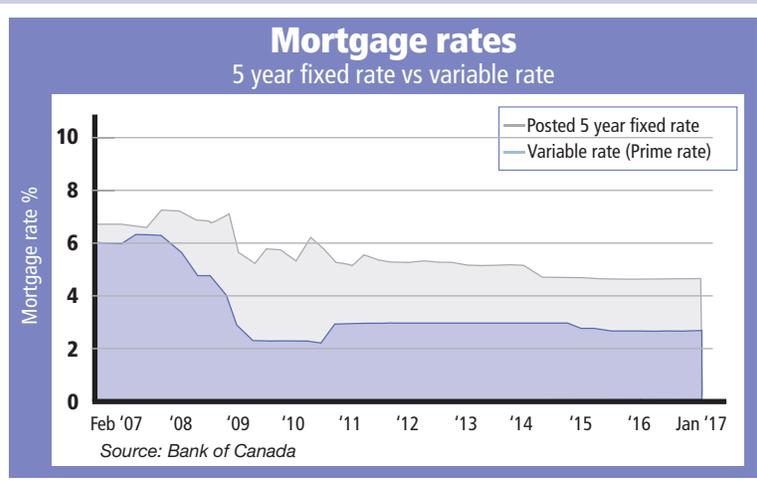
A report by RBC Economics explains, "The spike in Canadian bond yields following the surprise election of Donald Trump as U.S. president and attendant upward pressure on U.S. bond yields has prompted a number of financial institutions to raise certain mortgage rates since early November. We expect bond yields to rise materially further this year amid a tightening of monetary policy in the United States, which is bound to keep fixed mortgage rates on an upward trajectory in Canada."

A forecast by the Canadian Real Estate Association notes that "tightened mortgage regulations and lending guidelines are also expected to increase capital costs for lenders, resulting in modest increases in mortgage interest rates." The association found that mortgage rate discounting is widespread in Canada. In 2016, the average actual rate for five-year fixed mortgages (2.72 per cent) was 1.94 percentage points lower than the posted rates, which averaged 4.66 per cent. Fixed-rate mortgages are favoured by 80 per cent of homeowners, with 17 per cent holding adjustable rate mortgages. The survey also indicates that 84 per cent of

mortgages have amortization rates of 25 years or less.

Although rates are creeping up and we may not see the rock-bottom deals that were available last year, you can still get a great mortgage rate. A Mortgage Professionals Canada survey conducted last fall discovered that the average mortgage rate is 3.02 per cent. For mortgages purchased during 2016, the average rate is 2.76 per cent.

"Canadians are highly motivated to repay their mortgages as quickly as possible and these surveys find



consistently that each year more than a third of mortgage holders take actions that will shorten their amortization periods," notes the mortgage association.

The survey confirms that the rate of mortgage arrears in Canada is just 0.28 per cent, "which is close to the lows seen before the recession." **REU**



## On the internet

### Interesting websites

#### **tiff.net/kids**

TIFF Kids International Film Festival uses the power of film not just to entertain but also to foster new ideas about complex issues facing young people today. April 7 to 23

#### **howtopronounce.com**

A free pronunciation dictionary which helps you learn how to exactly pronounce any word or sentence in multiple languages.

#### **canada.ca/en/services/taxes**

Tax information for individuals, businesses, charities, and trusts.

#### **osteoporosis.ca**

Provides up-to-date information on the risks, prevention, diagnosis and treatment of osteoporosis.

*These sites are believed to be reliable but their accuracy cannot be guaranteed.*

## Mortgages

### At February 10, 2017

*Mortgage rates are negotiable with individual lenders. Rates are subject to change without notice. OAC E&OE*

<b>6-month</b> .....	<b>3.14%</b>
<b>1-year</b> .....	<b>2.49%</b>
<b>2-year</b> .....	<b>2.14%</b>
<b>3-year</b> .....	<b>2.34%</b>
<b>4-year</b> .....	<b>2.59%</b>
<b>5-year</b> .....	<b>2.49%</b>
<b>Prime rate</b> .....	<b>2.70%</b>



## Implementing a renovation Steps to take

**S**pring is a great time for performing maintenance tasks and taking care of home improvements. While home renovation projects are exciting, they can also easily become overwhelming. It's important to ensure that you put some careful thought into the implementation of the renovation. Here are some key steps to getting repairs successfully completed around your home.

### Know what you want done

If, for example, you need to repair a roof with a leaking valley flashing, decide whether you want the valley flashing replaced or just patched to last a few years until you get the whole roof re-shingled. If you know what you want done, you can compare apples to apples when reviewing quotations. Otherwise you will find it very hard to compare quotes if every contractor has a different repair strategy.

### Find at least three reputable contractors and obtain written estimates

Personal referrals from trusted people are a great starting point, but be sure the work you are planning is similar in size and scope to the work done for the person providing the referral. Many contractors who are geared to do major renovations are not well suited to do minor repairs,

and vice versa. Contractors' quotes can vary as much as 300% on any given job. As home inspectors, we are often faced with contractor opinions that differ drastically from the recommendations in our reports. A good option is to ask the contractor for a list of recent clients and get their opinions. Don't forget to ensure that the contractor has appropriate licenses and insurance.

### Choose the contractor

Don't base your choice on price alone. Look carefully at what work and supplies have been included in the estimates. Strongly consider choosing the contractor with the best reputation, provided that the price for the job is fair. Avoid paying cash. The benefit of a cash deal is typically far greater for the contractor than it is for the homeowner.

### Have both parties sign a contract

The contract should include a complete description of the work and details such as whose responsibility it is to obtain permits. If there is any doubt regarding the need for a permit, contact your local building department. The contract should include a start date and a completion date. (On larger contracts, there's sometimes a penalty clause for each day the job extends beyond the completion date). The contract must also contain a

payment schedule. The schedule should not demand very much money up front and the payment should be based on the stages of completion as opposed to pre-determined dates.

### Expect delays and have a contingency fund

Many home renovations end up taking longer than anticipated and unearthing something else that requires repair. While this is very common, ask lots of questions if your contractor is proposing additional work.

*The above article is reprinted with the permission of Carson, Dunlop & Associates Ltd., Consulting Engineers – Expert Home Inspections.*

## GTA '17 totals

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

### Active listings

January .....5,034  
YTD .....N/A

### New listings

January .....7,338  
YTD .....7,338

### Sales

January .....5,188  
YTD .....5,188

### Average price

January .....\$770,745  
YTD .....\$770,745

### Median price

January .....\$631,000  
YTD .....\$631,000

### Average days on market

January .....19  
YTD .....19

### Average percentage of list price

January .....104  
YTD .....104

Source: TREB

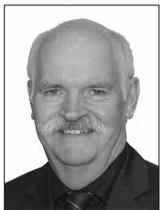
## Housing market indicators

### Single-family dwellings

Source: TREB	Sales	New Listings
Jan '16	4,640	8,906
Jan '17	5,188	7,338
% Change	11.8%	-17.6%

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**CHARLES SMITH**  
Sales Representative



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**Thank you!**