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Calm, cool and collected Prices holding steady

The real estate market in the GTA continues to stabilize, with fewer sales than last year but prices holding steady or rising in some communities. BMO Capital Markets economist Douglas Porter says predictions that prices would plummet have been wrong. "Despite the very loud gnashing of teeth and excessive wringing of hands for well over a year on the topic, Canadian home prices remain incredibly calm, cool and collected," he explains.

Detached homes in the GTA sell for an average price of about \$680,000, while semi-detached homes average about \$500,000 and apartment condos sell for about \$350,000.

"Despite fewer sales this year compared to last, competition between buyers in most segments of the market remained strong enough to promote annual rates of price growth above the rate of inflation," says Ann Hannah, president of the Toronto Real Estate Board. "A household earning the average income in the GTA can comfortably afford the mortgage payments associated with the purchase of an average priced home." The overall average price - for all types of homes - is about \$540,000, up about five per cent compared to the same time last year.

Doom and gloom forecasters have been predicting a real estate crash for years, but it hasn't happened for the simple reason that there has been no catalyst for it. "Unlike the early 1990s experience with double-digit unemployment and mortgage rates, or the more recent U.S. sub-prime credit debacle, Canadian homeowners are under no pressure to sell amid record-low interest rates and relatively low joblessness," says Bank of Montreal economist Sal Guatieri.

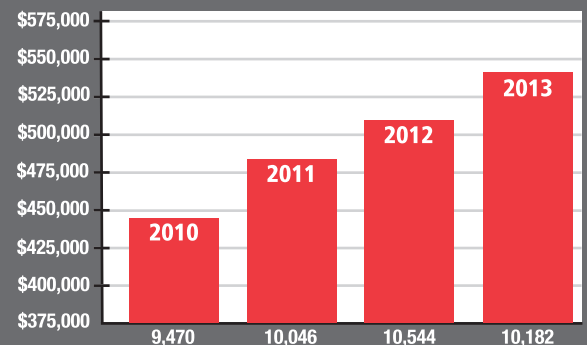
For most of the last year sellers remained on the sidelines, which resulted in fewer listings on the market, particularly in the low-rise market. This increased competition among buyers and pushed prices up. However, even the better-supplied high-rise condo market has not seen a steep drop in prices.

Last summer, the federal government introduced new mortgage restrictions in a bid to cool down the market. The changes made it more difficult for first-time buyers to qualify for a mortgage and caused an immediate drop in home-buying activity.

The Canadian Association of Accredited Mortgage Professionals (CAAMP) believes the government went too far. "Canadians with mortgages are managing debt responsibly, negotiating low interest rates and paying down their mortgage faster than required," says Jim Murphy, president and CEO of CAAMP. A recent survey shows that homeowners' average mortgage rate is currently 3.52 per cent. REU

Average Home Prices - May

in the Greater Toronto Area



Source: TREB

Units Sold

Monthly sales and average price by area

May 2013

Central.....	1,725	\$720,990
East.....	2,276	416,452
North.....	2,070	589,293
West.....	4,111	513,020

April 2013

Central.....	1,596	688,116
East.....	2,306	409,362
North.....	2,106	587,372
West.....	3,803	495,569

March 2013

Central.....	1,319	676,257
East.....	1,777	400,051
North.....	1,594	583,892
West.....	3,075	488,866

February 2013

Central.....	992	673,149
East.....	1,398	396,636
North.....	1,200	563,775
West.....	2,169	480,239

January 2013

Central.....	706	606,299
East.....	969	375,643
North.....	933	558,459
West.....	1,767	451,894

December 2012

Central.....	650	582,861
East.....	846	368,854
North.....	750	570,650
West.....	1,444	448,510

November 2012

Central.....	1,003	612,603
East.....	1,407	378,502
North.....	1,144	547,825
West.....	2,239	463,511

October 2012

Central.....	1,214	634,288
East.....	1,642	385,549
North.....	1,362	568,952
West.....	2,678	483,189

September 2012

Central.....	1,012	658,196
East.....	1,453	386,097
North.....	1,180	578,792
West.....	2,234	470,440

August 2012

Central.....	1,005	576,960
East.....	1,588	376,764
North.....	1,257	566,787
West.....	2,568	461,152

July 2012

Central.....	1,172	579,837
East.....	1,811	378,671
North.....	1,527	561,461
West.....	3,060	453,529

June 2012

Central.....	1,519	682,341
East.....	2,165	389,443
North.....	2,001	571,565
West.....	3,737	473,352

Source: TREB

Home improvement

Renovations Have a plan

If you are planning a renovation, the Canadian Home Builders' Association (CHBA) says the secret to success is "careful planning based on a solid understanding of what you want to achieve." The CHBA has found that most renovation problems are a direct result of poor planning.

Your first step is to decide why you want to renovate, and then start thinking about how to solve the issue. Don't



forget to think ahead about repairs or replacements that might be needed in 5 to 10 years, so that you can afford to handle those future concerns as and when they arise. You must be prepared to accept trade-offs between the lifestyle improvements you want and the more boring but essential maintenance costs to keep your home in good shape.

Don't worry about renovation trends. "Design trends come and go. First and foremost, plan for comfort, ease of living and personal satisfaction," says CHBA.

Once you know what you want to accomplish, research your project online and by visiting kitchen, bathroom and other retail showrooms. Check out local home shows. Talk to friends and family who have been through the renovation process to see what issues they had to deal with. Collect magazine photos of rooms or products that appeal to you, and keep all the material in a file so you can show it to your designer, architect or builder.

Don't sacrifice quality in your building materials to save money – it will not pay off in the long run. Good luck with your renovation! REU

Money matters

Reverse mortgages How they work

If you are over 55 years old, and find yourself "house rich but cash poor," you might consider a reverse mortgage. A reverse mortgage is a loan that is secured by the equity in your home (the portion of your home's value that is debt free). Both you and your spouse must be over 55 to qualify.

You can borrow up to 50 per cent of the value of your home. Although you don't have to make any regular loan payments, as time goes by the interest accumulates and your equity in your home decreases. If you sell the house or it is no longer your principal residence, you must pay back the loan and accumulated interest.

The borrowed money is tax-free and the income does not affect your Old-Age Security or Guaranteed Income

Supplement benefits. The reverse mortgage allows you to stay in your home while receiving either a lump-sum payment or regular income.

There are some disadvantages. Reverse mortgages have higher interest rates than most other types of mortgages. You may also need to pay a home appraisal fee, application fee or closing fee, and fees for independent legal advice. There may also be a repayment penalty if you sell your house or move out within three years of obtaining a reverse mortgage.

When you die, your estate must repay the loan and interest in full, so you will have less money to leave to your heirs.

For more information, visit ww.chip.ca. REU

beachesjazz.com/

Celebrate jazz culture and music at the 10-day Beaches International Jazz Festival – sure to be a highlight of your summer. (July 19-28)

brightnest.com

Provides tons of helpful articles and guides for your home – everything from caulking the bathroom to creating a pallet garden.

redtag.ca

Search for cheap flights, last minute vacation packages and discounted cruises.

aaia.ca

Allergy/Asthma Information Association empowers individuals and provides education to create safer environments and improve quality of life for Canadians affected by allergy, asthma and anaphylaxis.

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

Condo update

Living the good life Condos part of long-term trend

The boom in condominium construction has completely changed Toronto's downtown core, as well as many other communities around the GTA. Developers don't just decide to buy land and plunk a high-rise condo on it - they carefully research the area to make sure the building is in a location that attracts buyers.

What those buyers want, according to recent surveys, is close access to public transit and other amenities. First-time buyers, who are generally condo buyers, also want a short commute to work.

Condominiums satisfy these requirements. In the downtown core, the surge in residential condos has created a pool of young professionals - just what many progressive companies are seeking. Toronto has more high-rise buildings under construction than any other city in North America, and there are now more than 15 major office buildings under construction or in the planning stages downtown.

The companies that move into these buildings are hiring nearby condo dwellers, many of whom don't require a car to get to work each day.

Office buildings are also cropping up in other parts of the GTA where condos have flourished, including Mississauga and York Region. In these areas, in

addition to the office buildings, new retail outlets, restaurants and entertainment venues are opening to serve the new condo residents.

A safe neighbourhood is of the highest priority for homebuyers, according to a recent BMO survey. Condo buildings often provide extra security measures such as on-site staff and CCTV cameras.

The condo lifestyle has also created a strong rental market. New rental housing has not been built in



Toronto for many years and condos have filled the void. Despite all the talk about the condo market being overbuilt, investors have not been trying to sell their condos in great numbers.

The average downtown condo is on the market for about 31 days before it sells, compared to 27 days a year ago. Condo prices across the GTA have held steady and are about the same as they were a year ago. REU



Mortgages

2013 Rates

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

At June 6, 2013

6-month	4.00%
1-year	3.00%
2-year	3.00%
3-year	2.79%
4-year	2.99%
5-year	3.08%
Prime rate	3.00%



Implementing a renovation **Steps to take**

Summer 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.

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GTA '13 totals

Sales activity of single-family homes

Most recent month, year to date

Active listings

May 22,677
YTD..... N/A

New listings

May 19,216
YTD..... 73,623

Sales

May 10,182
YTD..... 37,224

Average price

May \$542,174
YTD..... \$521,418

Median price

May \$455,000
YTD..... \$439,000

Average days on market

May 23
YTD..... 26

Average percentage of list price

May 99
YTD..... 98

Source: TREB

LePage & Stewart

Rob LePage, Broker | Jill Stewart, Broker

Please call if you have questions about your next move – or just simply curious about the market conditions in your neighbourhood.

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Housing market indicators

Single-family dwellings

Source: TREB

	Sales	New Listings
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May '12	10,544	19,075
May '13	10,182	19,216
% Change	- 3.4%	0.7%

