

Your Greater Toronto Real Estate Newsletter

**Prices rising in GTA
But no evidence of a bubble**

In what one economist calls “the mother of all rebounds”, real estate has bounced back from the downturn in a big way. Some of the final months of 2009 had sales that were more than double those of the year before, as real estate continued to lead the economic recovery. The market was back in line with sales levels seen from 2004 to 2006. The average price of a home in November was up 14% to \$418,460 on year-over-year basis.

Two major factors driving the housing market are low interest rates and a lack of listings. The number of active listings in November was just 13,827, down 49% from the previous year and the average number of days that a home was on the market dropped to just 26, compared to 41. Low inventory is also responsible for bidding wars which has frustrated a lot of would-be buyers who were not able to compete for the home they wanted.

The rapid rebound has some people worrying that a housing bubble is forming although some recent research says that underlying conditions do not support this concern.

A report by the Canadian Association of Accredited Mortgage Professionals found that the average mortgage rate is 4.42% for homeowners who financed or renewed a mortgage during the last 12 months. Assuming that rates remain at current levels and borrowers make the same choices for type and term of mortgages, the report predicts 69% of borrowers would see a reduction in their mortgage rates the next time they renew, 28% would see increases and 2% would have no change.

“It is quite possible that interest rates will increase during the coming two years and that future renewals will be at rates higher than at present. However, this analysis indicates that most mortgage borrowers will be very able to cope with any changes in interest rates,” says the report. Canada Mortgage and Housing Corp. (CMHC) forecasts that mortgage rates will gradually increase in 2010.

New homeowners worried about getting in over their heads at renewal time should build some leeway into their mortgage. By not borrowing to their limit, they can absorb future increases, and in the meantime can use any extra funds to make lump sum payments or increase regular payments, thus lowering the principal on the mortgage.

CMHC is predicting house prices will continue to rise in 2010, forecasting increases of 6% for detached homes and 3.5% for apartment condominiums. Sales should begin to moderate as more listings come on the market, so if you are thinking of selling your home, now is the time to make your move. *REU*



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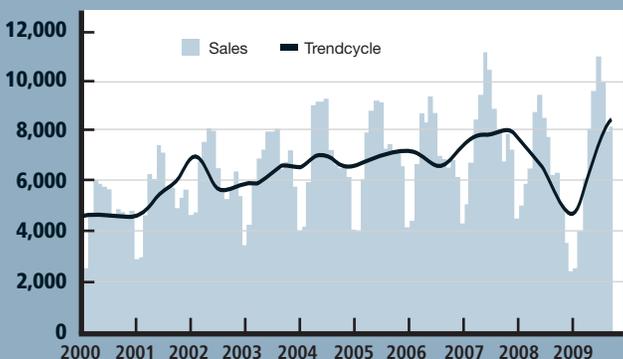
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MLS® Sales Greater Toronto Area



Source: CMHC, adapted from MLS® data supplied by CREA

Monthly sales

and average price
by area

November 2009

Central	1,466	\$532,019
East	1,623	328,153
North	1,455	449,947
West	2,902	395,614

October 2009

Central	1,642	556,402
East	1,898	329,720
North	1,756	460,138
West	3,180	390,775

September 2009

Central	1,501	519,583
East	1,857	323,805
North	1,730	442,187
West	3,108	382,425

August 2009

Central	1,394	472,648
East	1,818	303,896
North	1,756	439,160
West	3,067	369,882

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

Source: TREB

Home insurance

Know your stuff Record home inventory online

The Insurance Bureau of Canada's (IBC) website offers free software that allows you to record and store a room-by-room inventory of your personal possessions.

Insurance brokers say it's important that you have an up-to-date list of your possessions so that if they are stolen, lost or destroyed, you'll have a record of them for insurance purposes. A thorough list of your valuables, including



photos if possible, will help get insurance claims settled faster, says IBC. You can also use the list to ensure you have enough insurance to replace your belongings.

Click on www.knowyourstuff.org to start recording valuables room-by-room, with descriptions and photos. The information is stored on a secure web server, and you can access the site any time to update the inventory. The site also provides suggestions to help you remember everything that you should include in your inventory.

The IBC recommends saving your receipts whenever you purchase something new. If you don't want to use the website above, you can do an inventory by simply making a list describing each item. Another fast and easy way to make an inventory is to walk around your home with a video camera, describing everything as you photograph it. A copy of your final record – whether it is on paper or a DVD or video tape – should be stored in a safe place outside your home, such as a safety deposit box.

The IBC says expensive items such as jewellery and art should be insured separately. Ask your insurance broker for more information. **REU**

Condo update

Buying a condo Rules you need to know

Home buyers in the GTA love their condos. For first-time buyers, condos offer an affordable entry into homeownership, and for empty-nesters, it's an opportunity to cash in their equity in a larger home and start enjoying maintenance-free living.

However, buying a condo is not the same as buying a house. It's important to know the rules of the condo corporation before you sign that offer to purchase. You are entering into a shared ownership arrangement, and that means getting along with everyone else who lives in the condo complex. The rules cover everything from pet policies to whether you can rent out your unit. These rules are spelled out in official documents that you'll receive, and you should review them carefully with your lawyer.

Most of the rules are common-sense regulations designed to keep residents happy and safe, but you may be surprised at

some of the things you cannot do in your new condo.

There will probably be restrictions on any renovation plans – if the work involves structural changes, such as moving an interior wall, they will need the approval of the condo's board of directors before you can go ahead. There may be restrictions on what colour you can paint your doors or any other exterior features. There may be restrictions on what you can place and do on your balcony, how much noise you can make and what you can store in your locker.

There will also be separate rules governing parking – always a contentious issue – and common areas, such as entrance foyers, hallways and swimming pools.

These documents also spell out what repairs and maintenance are your responsibilities and what is covered in your maintenance fees. **REU**



Money matters

Mortgage vs. RRSP **Both have advantages**

It's the age-old question when it comes to household finances. Is it better to pay off the mortgage or contribute to your RRSP? The answer: it depends.

If you are a young homeowner with a large mortgage, it is probably better to concentrate on paying the mortgage first. If you are closer to retirement and already have a lot of equity in your home, you may be better off with the tax advantages of an RRSP. If you get matching contributions from an employer on your RRSP, it may pay to put more money there.

For those who hate the idea of having a large debt, paying into the mortgage provides better peace of mind. Every time you make an extra payment against your mortgage principal, you are saving money on the interest you would have paid. Although you do not get the tax advantage of an RRSP contribution, it can be argued that you get benefit of not paying extra interest with after-tax dollars – so you save not only the extra interest, but the tax on that interest too.

Another way to look at it, is that if you are risk-averse, paying down your mortgage is a sure way to save money, while an RRSP does not offer a guaranteed return on investment. Generally the RRSPs with the largest return are the most risky investments.

But if your mortgage interest rate is lower than the RRSP's rate of return, contributing to the RRSP may be the way to go. Interest rates are at rock-bottom right now, so your RRSP return could be more. And it's never too soon to start thinking about saving for retirement.



Your decision will also depend on the rest of your financial situation. If you have other debts, such as credit cards or other high-interest loans, they should be tackled first.

Generally, experts agree that your risk tolerance and the existing investment climate are the two most important factors to consider when making a decision. Several banks and mortgage companies have calculators on their websites, on which you can enter your mortgage and RRSP information to see which route is best for you. **REU**



On the internet

Interesting websites

kids.nationalgeographic.com
National Geographic Kids is a fascinating site that appeals to young net surfers. They'll have lots of fun and learn too.

caregiver.on.ca
This is a comprehensive resource site for aging and long-term care planning that helps caregivers meet the challenges of aging and eldercare.

harbourfrontcentre.com/nextsteps
Toronto Dance Theatre - World Premier presents ten extraordinary dancers in a work by Christopher House. Fleck Dance Theatre (Feb. 16-20).

www.sja.ca
St. John Ambulance provides courses in emergency first aid, standard first aid, CPR, safety and health promotion training.

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 December 8, 2009

Mortgage Rates

6-month	.....	3.60%
1-year	.....	2.65%
2-year	.....	3.15%
3-year	.....	3.49%
4-year	.....	3.99%
5-year	.....	3.99%
Prime rate	.....	2.25%



Tankless water heaters

"Greening" our environment

Given the recent trend towards "greening" our environment, many are shifting their focus into their own homes. Not only is going green good for the environment it can also be good for your pocketbook. It's not as easy of a decision as it may seem and you may want to consider the following before taking the plunge.

You need to consider:

- How much hot water does your family use?
- Is more than one hot water appliance (shower, washing machine, etc.) under use at the same time?
- Are you ready for a change?

How much water do I need?

This is a tough question to answer since we all have different demands for hot water. Some people like long, hot showers and do multiple washes while others wash their clothes in cold water and shower for 5 minutes.

The single most advertised advantage of the tankless (or instantaneous) hot water heater is the fact that as long as there is a demand for hot water, the unit provides it.

While this may be true, not all tankless heaters are cre-

ated alike and some may not be able to provide enough hot water to run more than a single appliance at a time.

The important factor to determine when shopping for a unit is its flow rate, usually measured in gallons per minute (GPM). The higher the GPM, the more appliances you can run simultaneously.

Unwanted side effects

Since tankless water heaters are only on when there is a demand for hot water, it creates some interesting side effects.

The most pronounced is the "cold water sandwich". This occurs when a person finishes a shower the tankless heater shuts off. If another person enters into the shower while the water in the line is still hot, there is a brief delay before the hot water is created in the tankless heater causing some cold water to flow out of the heater followed by hot water - hence the "cold water sandwich".

Another side effect is that some units don't guarantee an outlet temperature but instead promise to raise the incoming water by X amount of degrees. So in the winter when the incoming water is 10 degrees centigrade, your unit may not be able to raise the temperature to what you want. This is becoming less of an issue as the units become smarter.

Another downside to the tankless units is that they require a certain amount of flow through the unit in order for it to activate. Green shower heads may not allow enough hot water through to get the unit to run efficiently.

The bottom line

If you want to reduce your energy footprint do your homework. *REU*

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GTA '09 totals

Sales activity of single-family homes

Most recent month, year to date

Active

November13,827
YTDN/A

Listed

NovemberN/A
YTD129,526

Sales

November7,446
YTD81,929

Average price

November\$418,460
YTD\$394,464

Median price

November\$353,800
YTD\$337,500

Average days on market

November26
YTD33

Average percentage of list price

November99
YTD98

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB	Sales	New Listings
Nov '08	3,640	9,925
Nov '09	7,446	9,923
% Change	105%	0%

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service possible. For professional real estate advice please call, any time.

Thank you!

REALTOR NAME
Salesperson



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