



## Renovations during pandemic

### What spaces to upgrade

According to a new survey from TD Bank, home renovations are up nearly 40 per cent during the pandemic. Canadians are upgrading their homes en masse to accommodate their new pandemic-driven lifestyle. Buyers today want more room and more space, such as home offices with nice backdrops for video conferencing, home gyms, finished basements and backyard pools. People want their own little hideaway they can hunker down in.

But if you're thinking of renovations that will also provide long-term, post-pandemic value, bathroom and kitchen remodels will likely continue to have the biggest average return at resale.

Design experts at HGTV estimate that a minor bathroom remodel (replacing the tub, tile surround, floor, toilet, sink, vanity and fixtures), offers a 102 per cent average return at resale. A minor kitchen remodel (refacing for cabinets and drawers, a new wall oven, cooktop, sink and fixtures, laminate countertops and resilient flooring) provides a 98.5 per cent average return at resale. The average percentage return at resale from major remodels involving a gut job drops down to the low 90s.

If you want to accommodate your new pandemic lifestyle now and still want it ensure added value at resale in the long-term, a deck, patio or porch addition fits the bill. Not only do these additions provide extra living and entertainment space, the average return at resale in the pre-COVID era was 90.3 per cent. But, in the pandemic era when this type of space is

a draw for buyers, it might garner an even higher return on investment (ROI).

A basement remodel has a high average return pre-COVID (90.1 per cent), but is also likely to fetch a higher ROI if the resale takes place in the next little while. A nicely finished basement can accommodate all those activities that families are unable to enjoy during pandemic restrictions or lockdowns, such as working out, table sports, or theatre-style movie watching.

The boom in home renovations is good for the economy and the Ford government is supporting this trend. It recently announced a new home renovation tax credit for seniors. Seniors and their families are now eligible for up to a \$2,500 tax credit, if they spend \$10,000 on home improvements (such as grab bars around toilets, tubs and showers, wheel-chairs ramps and stair lifts) to make their living space more functional and comfortable. This might convince more older residents to remain at home or with family members during the pandemic and beyond – which would also reduce the strain on long-term care facilities. The government estimates that 27,000 people would benefit from the new tax credit.

With Ontarians using the money and time accrued during the pandemic restrictions and lockdowns to make their lives more comfortable, it is likely that the renovating boom will continue for a while, which is good news for the provincial economy. *REU*

## Wishing you and your family a healthy and happy *new year!*

Buyers continue to take advantage of historically low mortgage rates in this robust real estate market. If you have any questions, please do not hesitate to get in touch.

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Your Greater Toronto Real Estate Newsletter

## Sales and prices on the up-and-up

### Detached, semis, townhomes lead the way

GTA BY THE NUMBERS

**DETACHED**  
↑15.2%  
Avg. Price Yr/Yr

**SEMIS**  
↑12.9%  
Avg. Price Yr/Yr

**CONDO APTS**  
↓2.0%  
Avg. Price Yr/Yr

The GTA housing market continued to show impressive gains in November, despite renewed COVID-19 restrictions. On a year-over-year basis, sales were up by 24.3 per cent, and the average selling price for all home types combined was up by 13.3 per cent to \$955,615. Tight market conditions in the single-family market segments in November resulted in double digit increases in the average selling price for detached homes, semi-detached homes and townhomes year-over-year. However, condos saw a modest decline of 2.0 per cent in the average selling price.

In comparison to November 2019, average price of detached homes in the City jumped by 8.7 per cent to \$1,477,226. Semi-detached homes average price climbed by 8.8 per cent to \$1,160,911. Townhomes average price rose by 7.3 per cent to \$819,752. While condos saw a modest decline in value, down by 3 per cent to \$640,208.

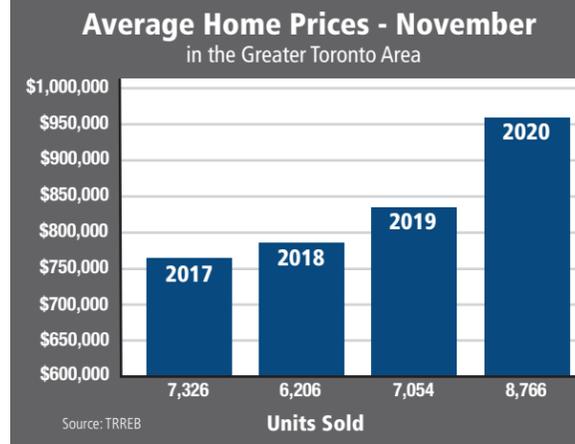
In the 905 areas detached, semis and townhome segments saw double-digit increases in the average price of 19.2 per cent to \$1,124,286, 16.0 per cent to \$816,367 and 14.9 per cent to \$729,557 respectively. Where as condo average price saw a lesser increase of just 4.8 per cent to \$533,984.

Lockdown-weary consumers searching for more space and easy access to green spaces, coupled with the current work-from-home trend and low interest rates, helped to make the single-family homes market in the GTA more robust. "Home buyers continued to take advantage of very low borrowing costs in November, especially

those looking to buy some form of single-family home. Competition between buyers for ground-oriented homes has been extremely strong in many neighbourhoods throughout the GTA, which has continued to support double-digit annual rates of price growth," says Lisa Patel, TRREB president.

According to a recent Leger survey, housing demand will continue. The survey results show that 52 per cent of Canadians believe real estate to be one of the best investment options in 2021, and expressed confidence that the market will remain steady next year.

Many experts are anticipating a healthy housing price growth in 2021. An ongoing housing supply shortage, particularly in the single-family home segment, is likely to continue, putting upward pressure on prices. *REU*



## Monthly stats

November average price by area

**416**

DETACHED

**↑8.7%**  
YEAR  
YEAR

\$1,477,226  
Average Price

CONDO APT

**↓3.0%**  
YEAR  
YEAR

\$640,208  
Average Price

**905**

DETACHED

**↑19.2%**  
YEAR  
YEAR

\$1,124,286  
Average Price

CONDO APT

**↑4.8%**  
YEAR  
YEAR

\$533,984  
Average Price

source: TRREB



## Legalities

### Sellers leaving furnishings behind Gift or a problem?

**W**hen homeowners sell their homes and move, they make sure that all their belongings go with them. But sometimes, especially in cases of downsizing, some still usable pieces are left behind in the hope that the new owners will find them useful. This is a real estate *faux pas* that can have legal consequences.

Unless otherwise indicated in the purchase agreement,



the buyer is entitled to receive the property completely empty and clean. Even if the left items are in good condition, it's a mistake to leave them for the new buyers, unless specifically agreed upon in writing. Left-behind items may result in a breach of contract.

On closing, the buyer expects to move their belongings in immediately and/or begin any planned work. The closing date is already a stressful day. The last thing any new owner wants is to deal with disposing of someone else's belongings. If the seller has items that are not included in the purchase agreement, they can be offered to the buyer, through the real estate agent, and the purchase agreement would be amended to reflect this inclusion.

If the buyer declines to accept these items, there are various options for the seller to dispose of them and even earn some money in the process. The seller can hold a content sale, list the items on digital market platforms or contact a consignment shop. You can also donate to a charitable organization. Some organizations will pick up both big and small items in good condition, and re-sell them or give them to those in need. **REU**

## In time of COVID

### Fixed mortgages Is now a good time to lock in?

**W**hen it comes to choosing between a fixed or variable rate mortgage, conventional wisdom tends to lean toward the latter, mainly because the variable rate is always lower and has more flexibility. If rates are going up, a variable rate mortgage holder can quickly and inexpensively convert to a fixed-rate term. It's not easy or cheap to do that with a fixed-rate mortgage. However, in the current pandemic era, this thinking has reversed.

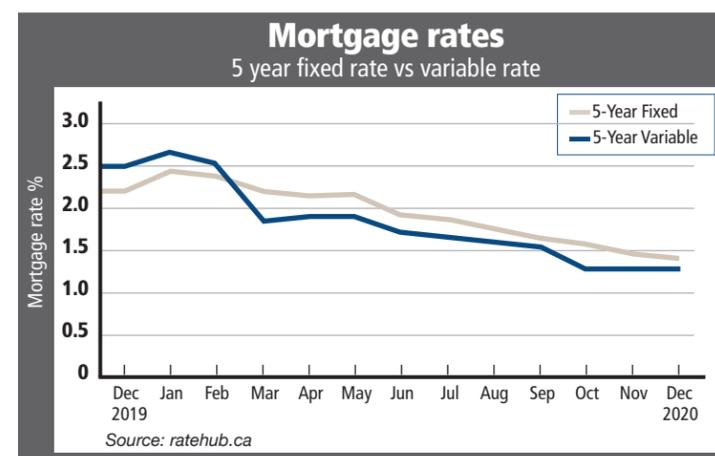
Due largely to the government's efforts to offset potential economic fallout from COVID-19, fixed, longer term rates, including five-year mortgage rates, have dropped significantly. They are now so low that experts believe they may have bottomed out and may start to rise as the economy recovers. "We're starting at the low point of a business cycle meaning interest rates are at a floor," says Beata Caranci, chief economist at TD Bank Group.

While the five-year fixed rate is usually higher than the variable rate because of the certainty it offers, right now there is little difference between them. "You're paying an historically small premium for rate certainty," says Robert McLister, founder of RateSpy.com. "There was a time not long ago when you could get a one per cent edge by going variable instead of

five-year fixed and you're not getting that right now."

While short-term and variable rates aren't expected to change much in the next couple of years, most economists think longer-term yields are likely to inch upwards, keeping in step with the economic recovery from the pandemic. That should result in fixed mortgage rates starting to rise.

With interest rates on a general downward trend in the past few years, lower variable rates saved the mortgage



holder more money than the higher fixed-rate mortgages over the term of the mortgage. But for now, it's a good time to go with a 5-year fixed mortgage since you are not paying a significant premium. You can lock in at an ultra-low rate and know exactly what your mortgage payment will be for the next five years. **REU**

## Condo update

### Condo market cools in city But not in suburbs

**R**ecent COVID-19-related softness in the City of Toronto condo market has some experts speculating that this may spread to the single-family homes market in the GTA. The assumption behind this is that if condo owners can't sell their units, they won't be able to move up the homeownership ladder and that will put downward pressure on the single-family housing market.

In theory, an uptick in condo listings and slower demand in the City should affect the rest of the housing market in the GTA. However, this has not happened. The demand for single-family homes continues unabated. November average prices in the GTA of detached, semis, and townhomes were up 15.2%, 12.9% and 12.6% respectively year-over-year.

There are basically two main reasons why the current soft

condo market is unlikely to bleed into the ground-level homes market. Firstly, not all homebuyers have to sell a condo unit in order to buy a house, as investors own about half of downtown condos. Secondly, the GTA's perpetual housing shortage ensures a buoyancy in the housing demand.

Housing starts that have trailed population growth for 30 years have fallen even further behind in the last year or two, says Robin Wiebe, the Conference Board of Canada's senior economist. So, the demand still outstrips the supply.

Furthermore, Wiebe notes that with the announcement of forthcoming COVID vaccines, many forecasters expect the economy to improve in 2021, and that Canadians' savings during the pandemic lockdowns could make their way back into the housing market. **REU**



## On the internet

### Interesting websites

**allTRAILS.com**

Search for local trails with trail information, maps, detailed reviews and photos curated by millions of hikers, campers and nature lovers like you.

**squareSPACE.com**

Easily create affordable websites or online stores. Award-winning templates. 24/7 support. Drag and drop. Free 14-day trial.

**makeGOODfood.ca**

Order meal kit delivery online. Goodfood delivers farm-fresh ingredients and original recipes right to your doorstep every week.

**betterHELP.com**

Professional private online counselling that is accessible, affordable, and convenient so anyone who struggles with life's challenges can get help.

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

## Mortgages

**At December 7, 2020**

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

Prime .....	2.45%
Variable .....	1.34%
1-year .....	1.99%
2-year .....	1.64%
3-year .....	1.79%
4-year .....	1.84%
5-year .....	1.64%