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A remarkable year in real estate

What to expect in 2016

In November 2015, Toronto's remarkable real estate market set an all-time record for sales in one calendar year, and there was still more than five weeks left in the year. Average sale prices also hit an all-time high. Will we see another record-breaking year in 2016 or has the market run out of steam? There will always be doomsayers, but most economists and housing observers believe that although the market will slow down this year, sales will remain above average and prices will likely rise at about the rate of inflation.

First, let's take a look at November's sales figures. As we saw throughout all of 2015, average prices for detached and semi-detached homes continued to climb. The average detached home in the GTA sold for \$829,241, an increase of 10.7 per cent over November 2014. Semi-detached homes sold for an average of \$600,435, up 11.8 per cent. Condo apartments sold for an average of \$385,506 in the GTA in November, an increase of 4.1 per cent compared to 2014.

Canada Mortgage and Housing Corp. (CMHC) found that the strongest price growth for all housing types during the last five years has been in York Region, where it averaged more than 10 per cent. In the GTA, prices have grown at an annual rate of about 8 per cent.

Lots of luxury homes have sold, which is pulling up the average price. For detached homes, the gap between the average price and the median price (half sold for more, half for less) is almost \$150,000.

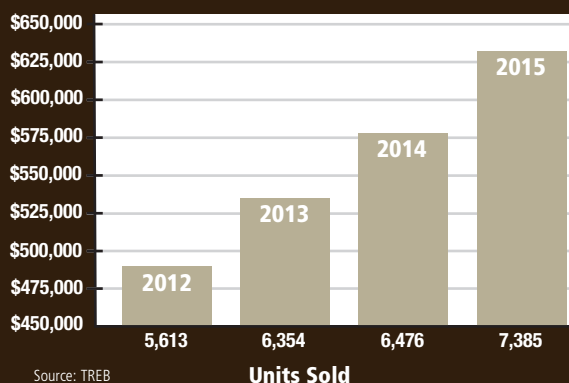
A lack of good listings has created a market where many move-up buyers are staying in their current homes and renovating instead of moving. CMHC numbers show the number of people aged 55 to 64 who moved in the last five years has, over the last 20 years, dropped by about five per cent.

Most economists believe that mortgage interest rates are as low as they can go, and will gradually start rising this year. CMHC believes a "soft landing" in the GTA housing market is "the most likely scenario."

Concerns about household debt and housing affordability are expected to slow sales. From about 100,000 sales in 2015, CMHC predicts sales will drop to 91,000 in 2016 and to 87,500 in 2017.

The Toronto Real Estate Board and BILD, the organization which represents new home builders, recently banded together for the first time to address concerns about affordability. Their calculations show that government fees and taxes amount to about one-fifth of the cost of a new home in the GTA, which later trickles down to the resale market. The City of Toronto also has its own Land Transfer Tax on homes. *REU*

Average Home Prices - November
in the Greater Toronto Area



Monthly sales

and average price
by area

November 2015

Central.....	1,359	\$751,747
East.....	1,562	508,707
North.....	1,479	769,725
West.....	2,985	575,454

October 2015

Central.....	1,658	770,399
East.....	1,884	506,969
North.....	1,826	740,108
West.....	3,436	573,440

September 2015

Central.....	1,474	791,431
East.....	1,852	504,282
North.....	1,625	752,864
West.....	3,249	560,398

August 2015

Central.....	1,376	683,031
East.....	1,708	480,966
North.....	1,694	751,482
West.....	3,220	554,443

July 2015

Central.....	1,645	696,678
East.....	2,134	489,381
North.....	2,164	746,906
West.....	3,937	561,996

June 2015

Central.....	2,009	806,764
East.....	2,706	507,422
North.....	2,075	645,320
West.....	4,768	581,863

May 2015

Central.....	1,986	855,942
East.....	2,452	512,037
North.....	2,629	747,874
West.....	4,639	578,279

April 2015

Central.....	1,887	794,693
East.....	2,432	509,580
North.....	2,542	737,918
West.....	4,452	579,755

March 2015

Central.....	1,554	770,403
East.....	1,933	476,542
North.....	2,037	719,031
West.....	3,416	557,826

February 2015

Central.....	1,093	757,272
East.....	1,413	465,320
North.....	1,397	689,707
West.....	2,435	546,093

January 2015

Central.....	776	675,100
East.....	913	450,904
North.....	903	641,094
West.....	1,763	505,957

December 2014

Central.....	821	666,569
East.....	971	438,092
North.....	920	684,420
West.....	1,734	503,084

Source: TREB

Home safety

Toronto crime rate drops Breaking and entering cases down

You might not believe it if you watch the TV news every night, but Toronto's crime rate is dropping. Of particular interest to homeowners is the fact that Toronto has one of the lowest break-and-enter rates in all of Canada.

Statistics Canada reports that since peaking in the early 1990s, the rate of police-reported breaking and entering has declined steadily across the country. Between 2004 and 2014,

the rate dropped by 51 per cent, including a 4 per cent decline from 2013 to 2014.

Ontario has the lowest break-and-enter rate number in the country, with Barrie enjoying the lowest rate in the province with 202 incidents per 100,000 population. Ottawa comes second at 213, followed by Toronto at 224. Compare that rate to some of the country's other major cities: Vancouver's rate is 729, Montreal's is 434, Calgary's is 413 and the rate in Halifax is 279.

And there is more reason for optimism. The Toronto Police Service's most recent statistics, to the end of September 2015, show that break-ins have dropped another five per cent compared to the year before.

Statistics Canada cautions that some of the decline may be because fewer people are reporting their losses to the police.

Toronto is the safest of Canada's big cities when it comes to all crime and has a better crime severity index than Hamilton, London, Kitchener-Waterloo, Windsor, Kingston and Peterborough. Barrie gets bragging rights as the city with the lowest crime rates. **REU**



Money matters

RRSP, TFSA or mortgage? Where to put your cash

Mortgage interest rates are continuing at historic lows, so it's not surprising that a survey found that 72 per cent of respondents are concentrating on paying down their debts rather than saving for retirement.

If you have a high-interest debt, such as a credit card balance, it's a no-brainer; pay that debt off as fast as you can. But if you are trying to decide between paying extra toward your mortgage or contributing to your RRSP or TFSA, it's a little more complicated.

Jamie Golombek of CIBC Wealth Advisory Services says the question boils down to this:

Can you get a higher rate of return on your RRSP or TFSA investment than the interest rate on your mortgage? And

are you comfortable with that risk?

Paying down your mortgage is risk-free and provides peace of mind as you are increasing the equity in your home. Depending on your RRSP or TFSA, it may be worthwhile to take some risks to achieve long-term investment goals, and you have a variety of diversified options. Golombek explains if your retirement date is still a few decades away, choosing to invest in your RRSP or TFSA could result in more money when you hit your senior years.

Taxes are also a consideration. RRSP contributions provide an income tax deduction now, but you pay taxes when you take out the funds. You don't have to pay tax on a TFSA or when you sell your principal residence. **REU**



Condo update

Condo townhome Advantages of house and apartment

In this sellers' market, it is becoming increasingly harder for buyers especially those with young growing families to find exactly what they want in a home. Prices for detached and semi-detached homes have climbed significantly during the last year, making them an unaffordable option.

Condo apartments offer location and affordability, but may not have certain features like an extra bedroom or direct access to a backyard or patio. You may find the solution for this in a condo townhome. Most condo townhomes have at least three bedrooms and many have a small yard or access to a larger common area where kids can play and dogs can be walked.

The Toronto Real Estate Board reports that the average price for a two-bedroom condo apartment in the downtown core is about \$575,000, while three-bedroom units cost more than \$700,000. In the North York City Centre area, two-bedroom condo apartments cost an average of almost \$450,000 and three-bedroom units are almost \$600,000.

The average price for a condo townhome in the city, in October was \$479,327. Condo townhomes offer many of the same advantages as apartments. Condo fees pay for maintenance of the common areas. You don't have to worry

about landscaping or snow shovelling, and some townhome developments offer amenities such as swimming pools and fitness centres. Though, you may find rules about outside decor, such as painting your garage door or building a backyard deck.

And then there are also freehold townhomes - their advantage is no condo fees, and you are free to plant gardens or paint your home's exterior the colour you want.



However, they are priced higher than condo townhomes. In October the average price for a freehold townhome in the city was \$789,245.

Condo townhomes offer the living space of a small home with the convenience of condo living at a much lower cost, making them an option definitely worth exploring. *REU*



On the internet

Interesting websites

houzz.com

Browse 8 million interior design photos, home decor, decorating ideas and local home professionals online.

airbnb.ca

This site is for people to rent or list unique and local accommodations in over 34,000 cities in 190 countries.

obsi.ca

OBSI is Canada's trusted independent dispute-resolution service for banking services and investment complaints.

diabetes.ca

Supports people affected by diabetes by providing information, diabetes research, education, service, and advocacy.

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

Mortgages

2015 Rates

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

At December 10, 2015	
6-month	3.14%
1-year	2.84%
2-year	2.79%
3-year	2.84%
4-year	2.79%
5-year	2.74%
Prime rate	2.70%



Adding a Fireplace

Gas vs. Electric

Historically, fireplaces were used to heat homes. Today, fireplaces are primarily recreational. Before homeowners choose to install a fireplace, they first need to understand their reasons for having one. Often it does not make sense to install a fireplace for the sole purpose of additional heat as there are usually other more cost-effective options to achieve this goal. Usually a fireplace makes most sense for purely decorative or recreational purposes.

Fuel Sources

There are many fuel source options for fireplaces, including solid (wood or coal), gas and electric. Depending on the fuel source, efficiencies and fire safety requirements can vary widely. We will focus on gas and electric systems since they are most popular for new installations or upgrades from older wood and coal units. (Very few homeowners will install a brand-new wood or coal fireplace.) We will outline and compare both gas and electric systems.

Gas Fireplaces

If a homeowner wishes to convert an existing solid fuel fireplace to gas, it can be an insert or a gas log unit. The fuel is usually natural gas, but can also be propane. Inserts are well-sealed with a glass door and combustion air is usually obtained from inside. The exhaust may be at the exterior wall or through a chimney. Gas log units are vented and mimic actual wood burning units with the exhaust typically through the existing

chimney. With no pre-existing fireplace, new installations are "factory built," which is also known as "zero clearance," and installed on site.

Electric Fireplaces

Electric fireplaces can be standalone units available through retailers or custom inserts. These do not differ dramatically from typical baseboard electric heaters, although many include a fan system to help distribute heat more effectively. These systems are becoming increasingly popular because of their ease of use.

Gas vs. Electric

Gas fireplaces provide a more realistic fire but require more maintenance compared to electric units. Gas systems have the potential danger of gas or carbon monoxide leaks; therefore, greater precaution is required. Electric fireplaces are simple to install and use, but lack the aesthetic appeal of a gas system. There are differing opinions regarding efficiency. Some argue that a gas fuel source is more cost-effective than electricity. Others argue that since gas systems use already-conditioned indoor air for combustion, any cost savings in fuel are eliminated. When choosing between the two options, homeowners should decide what is of greater importance; a more realistic fire or reducing maintenance and safety concerns. Ultimately, however, it should be understood that you will get more in terms of aesthetics than functionality with a fireplace.

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

Referrals are appreciated and an important part of my business. I have built a network of specialists to enhance the value of your home. I look forward to helping you and your friends with your real estate needs.

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