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More listings wanted Prices continue to climb

Toronto's real estate market continued at a torrid pace in May, setting a new sales record and pushing detached home prices up by 18.9 per cent compared to last year. The number of new listings for all types of housing to come on the market was down by 6.4 per cent.

The average price of detached GTA home was \$986,691 in May. In the City of Toronto, prices rose by 15.2 per cent, to an average of \$1,285,693. Buyers unable to afford a home in the city are looking to the suburbs, where detached home prices rose by 21.2 per cent compared to last May, to an average of \$891,870. Multiple offers are being seen in both the homes and condo markets across the GTA. For the entire market, the average property spent just 15 days on the market in May and sold for 104 per cent of the listed price.

Recently Beata Caranci, chief economist of TD Bank Group, wrote about how the lack of real estate listings is creating buyer gridlock in Toronto for move-up buyers. She says that although all homeowners are enjoying rising equity in their homes that "would-be sellers of entry-level homes have seen less price appreciation relative to homeowners within the trade-up segment." Caranci says of the few detached homes that are available on the market, a smaller share are listed for less than the median price. "The widening price gap between an entry-level home and a trade-up home becomes a 'barrier to entry' for existing homeowners," Caranci says. "This reduces churn in the market, elevating prices and scaling back the selection of choices. This buyer gridlock effect is made worse as homeowners respond by renovating their entry-level homes."

The renovations often turn an entry-level home into the category of a trade-up home, further tightening availability at the lower end of the market, she adds.

The latest forecast from Canada Mortgage and Housing Corp. (CMHC) predicts that the conditions that created this roaring housing market are likely to continue for some time. Most importantly, mortgage interest rates are expected to stay near current levels until some time next year, according to CMHC. Other economists agree that any rate increase will not happen until late in 2017. CMHC believes that Ontario's economy "is poised to grow at one of the fastest paces during this post-recession period," which means net migration to the province will grow by more than 100,000 in each of the next two years.

For frustrated would-be buyers, the best bet is to work with a real estate professional who knows the neighbourhood and the market and can help them find their next home. For those who are thinking of downsizing or moving out of town, there's never been a better time to put their homes on the market. **REU**

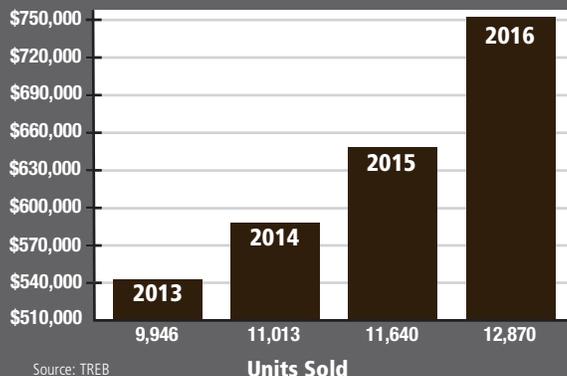
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Average Home Prices - May in the Greater Toronto Area



Monthly sales

and average price
by area

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

January 2016

Central.....	838	731,243
East.....	975	489,520
North.....	994	781,575
West.....	1,865	579,898

December 2015

Central.....	943	727,405
East.....	1,069	488,477
North.....	952	745,039
West.....	1,981	552,572

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

Source: TREB

Legalities

Title insurance what's included and what is not

Title insurance is a little understood product designed to provide home buyers with confidence that the title of the home or condo they are buying is free from challenges.

Traditionally when buying a home, your lawyer conducts a search for any problems with the title and then issues a lawyer's opinion letter stating that everything looks okay. Title insurance goes beyond that opinion and protects the buyer against:

- encroachments discovered with a new survey, such as a neighbour's fence that is on the property
- fraud and forgery
- zoning issues
- easements
- existing liens against the title.

Title insurance also includes a "duty to defend," which means that if there is a challenge to the title, it's the insurance company's responsibility to cover all legal costs to defend the challenge.

Some insurance policies also cover legal costs if the lawyer involved in the transaction makes a mistake. Without the insurance, the homeowner would have to sue the lawyer to recover their loss. Title insurance is a one-time cost, paid during closing when buying a house or refinancing a mortgage. It protects the homeowners for as long as they own the property.

There are some things that are usually not covered by title insurance, including: issues that were known prior to closing; some government rights, such as the ability to expropriate the land; zoning issues caused by renovations made by the buyer; and environmental hazards. *REU*



Condo update

Condo market red hot Multiple offers now common

Condo apartments in the GTA still offer an affordable way for first-time buyers and investors to get into the real estate market, but prices are rising and multiple offers are now common on the most popular units and locations.

Like the detached home market, prices are being driven up by the lack of listings. New listings are down by 9 per cent compared to this time last year, while sales are up by about 15 per cent. When supply can't keep up with demand, prices rise. Condo apartment prices are currently up by more than 7 per cent compared to 2015.

Canada Mortgage and Housing Corp. (CMHC) estimates that 22,000 to 24,000 new condo units will be completed during the next two years and will be absorbed by eager buyers and investors. The high-profile failure of developer

Urbancorp means that more than 1000 units currently under construction are in limbo and that many other projects have been cancelled or delayed, leading to fewer options for buyers.

CMHC's newest forecast states that condo price growth will pick up as the gap between prices for low-rise properties and condo apartments increases.

"A strengthening labour market, historically low mortgage interest rates and steady increasing population growth will increase home buying demand," reads CMHC's forecast. "The resale market will also benefit from employment growth of those aged between 25 and 44 years - the key first-time buyer demographic. This age group has had considerable gains in full-time employment in 2015 and many will consider buying their first home this year." *REU*



Foreign investment

Chinese buyers Tremendous new opportunity for sellers

In the past few years, Chinese buyers have started to make their presence felt on the global property market, snapping up everything from luxurious homes, vineyards, to more modest condominiums and investment opportunities. For many Chinese, global property investment is a stable vessel for disposable cash - 70 per cent pay cash for property purchases, says Charles Pittar, CEO of Chinese international property portal Juwai.com. Second only to the US in terms of international buying power, Chinese buyers represent a tremendous new market opportunity for property sellers around the world, including the GTA.

Some people are concerned about foreign real estate investment and call for a special tax on buyers. Late last year, Prime Minister Justin Trudeau told Global News that without "concrete data," it would be risky to put limits on foreign ownership. "You know you have to be cautious about decisions like that that are based on a single factor because at the same time [it] would potentially devalue the equity that a lot of people have in their homes right now," Trudeau said.

Recent reports predict that Chinese investment in Toronto real estate will likely increase. Last year Ontario had an increase of 143 per cent in buyer inquiries made to property sellers via the site. "In total last year, Chinese buyers made inquiries to property sellers like agents and developers worth US\$14.9 billion. Not every one of those would have converted into a sale, but the number does give you a sense of the scale

of Chinese interest," Pittar says. "Toronto is the most popular Canadian city for Chinese buyers, although I think sometimes Vancouver feels like it is the leader," he continued.

National Bank of Canada economist Peter Routledge suggests that in 2015 Chinese buyers shelled out 8.4 billion, on real estate in Toronto, representing 14 per cent of sales.

Dominion Lending Centres economist Sherry Cooper says that despite capital controls that the Chinese government



implemented, it "is simply not enforcing these controls and the continued devaluation of the Chinese Yuan continues to trigger massive outflows. Much of that money is moving to housing in Toronto..."

There's a lot of guessing and speculation, but data remains scarce about how much real estate is actually purchased by foreigners. *REU*



On the internet

Interesting websites

toronto.com/events/summerlicious

One of Toronto's favourite culinary celebrations. For two mouth-watering weeks savour delicious three-course price fixed menus served by more than 200 top restaurants. (July 8 - 24)

lastpass.com

A free password manager that allows you to store multiple passwords in a secure online location.

yourmoney.cba.ca

This site developed by the Canadian Bankers Association to bring financial literacy to homes and classrooms. Learn more about how to use money wisely to reach your goals.

aaia.ca

Allergy/Asthma Information Association's mission is to improve quality of life for Canadians affected by allergies and asthma.

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

Mortgages

2016 Rates

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

As of June 10, 2016

6-month	3.14%
1-year	2.84%
2-year	2.79%
3-year	2.84%
4-year	2.79%
5-year	2.89%
Prime rate	2.70%



Air Conditioning

What you need to know before talking to a contractor

When it comes to buying central air conditioning, what do you really need to know? It all boils down to choosing the right contractor, and the right equipment.

While you may have some brand preferences, the major components of most air conditioners come from the same suppliers. A good contractor will help you with the three big issues: size, efficiency and environmental considerations.

Design Criteria – What is it supposed to do?

During the heating season, the goal is to keep the house at roughly 21°C (70°F) regardless of how cold it is outside.

During the cooling season, believe it or not, the goal is to have an 8°C (15°F) differential between the outdoor temperature and indoor temperature. If this is achieved, the house will feel relatively comfortable. Therefore, when it's 38°C (100°F) outside, an indoor temperature of 29°C (85°F) is acceptable.

You are probably thinking, "I'll just get a bigger unit to cool down my house more." As you will find out, that would be a big mistake.

Sizing: Bigger Is Not Better

An alarming number of contractors do not size cooling systems correctly. The biggest problem with air-conditioning systems is that they are oversized.

When listening to a weather forecast, during a summer heat wave, we all hear

about the humidity index or "humidex". The temperature is high, but it feels much higher because of humidity.

An air-conditioning system that reduces the humidity, even if it does not lower the temperature in the house, will make you feel significantly more comfortable.

Oversized air conditioners cool a house quickly, but leave the humidity. The result is a cold and clammy environment. To add insult to injury, they cost more to install and even more to operate. Smaller air conditioners, on the other hand, run longer to achieve the same drop in temperature. The result is a cooler and drier environment. This also means fewer equipment stops and starts, and therefore a potentially longer life.

Efficiency: SEER Rating (Seasonal Energy Efficiency Ratio)

With air conditioners, ignore terms like "high efficiency". Instead, pay attention to the SEER rating. SEER stands for Seasonal Energy Efficiency Ratio, which is how the efficiency of air conditioners is measured. The higher your SEER number, the more efficient your air conditioner is at converting electricity into cooling power.

Cooling: What factors affect it?

The amount of cooling required depends on many factors. These include the outdoor temperature; the outdoor humidity; the level of insulation in the house; the amount of air leakage into or out of the house.

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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