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## More balance in 2018 housing market Strong economic fundamentals to drive sales

It was a crazy real estate market during the first four months of 2017. Prices soared, listings were scarce and bidding wars were routine. In April, the provincial government introduced several measures to cool down the market. Activity slowed but prices were still above 2016 levels.

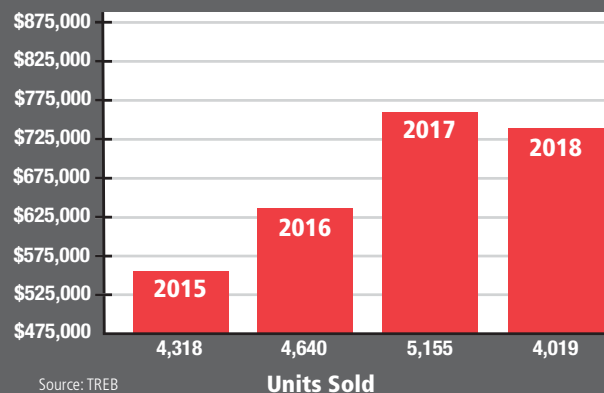
As we begin 2018 there are some more headwinds for buyers - new mortgage stress test regulations and higher interest rates - causing sales and average prices to drop. There are more homes for sale than last year, although new listings are still near historic lows. Well-priced homes in popular neighbourhoods sell quickly and there are still a few bidding wars but it's generally calmer and more balanced in the detached, semi-detached and townhouse markets than it was last year. Condo apartments continue to show double-digit price growth.

Looking at the numbers in January, overall sales were down by 22 per cent compared to last year. Detached homes in the City of Toronto sold for an average price of \$1,283,981, down 3.9 per cent from January 2017. In the 905 regions, detached homes sold for an average of \$879,048, down 12 per cent. In the city, semi-detached homes averaged \$936,623, up 3.7 per cent, while semis in the 905 sold for an average of \$638,899, down 3.4 per cent. Townhouse prices in the city averaged \$712,186, up 8.2 per cent from a year ago, while in the 905 the average was \$588,439, down 2.7 per cent. Condo apartments in the city sold for an average of \$543,279, up 15.1 per cent, while 905 condos averaged \$421,927, an increase of 11.3 per cent compared to January 2017.

What does the market look like for the coming year? The Toronto Real Estate Board forecasts that government mortgage policies and higher interest rates will undoubtedly have an impact, but don't expect prices to drop dramatically throughout the year. The board predicts that during the second half of the year, annual rates of price growth will be in the mid-single digits for most home types. Condo apartments, however, will continue to see double-digit rates of price growth because of strong demand and tight supply. The psychological impact of the Fair Housing Plan probably had more to do with the housing slowdown than, for example, the tax on non-resident buyers. Several studies show that foreign buyers represent less than five per cent of buyers.

Toronto's economy is healthy and growing, creating more jobs and keeping the unemployment rate low. The federal government is increasing its immigration targets, which combined with interprovincial growth, will boost the GTA's population. Another demographic factor is that millennials are approaching the prime age at which households are formed, creating even more demand. REU

### Average Home Prices - January in the Greater Toronto Area



## Monthly sales and average price by area

### January 2018

Central.....	746	\$857,361
East .....	811	611,414
North.....	733	821,399
West .....	1,729	707,690

### December 2017

Central.....	944	827,033
East .....	1,017	612,021
North.....	859	863,508
West .....	2,110	700,833

### November 2017

Central.....	1,740	910,508
East .....	1,744	624,941
North.....	1,869	877,410
West .....	3,194	719,284

### October 2017

Central.....	1,853	901,180
East .....	1,968	649,981
North.....	2,125	908,652
West .....	3,822	738,997

### September 2017

Central.....	1,250	906,357
East .....	1,479	643,346
North.....	1,108	935,945
West .....	2,542	718,223

### August 2017

Central.....	1,257	798,797
East .....	1,393	626,990
North.....	1,099	883,513
West .....	2,608	692,759

### July 2017

Central.....	1,144	820,906
East .....	1,334	621,778
North.....	937	897,574
West .....	2,506	721,771

### June 2017

Central.....	1,562	926,177
East .....	1,728	658,865
North.....	1,314	926,533
West .....	3,370	750,149

### May 2017

Central.....	1,958	1,022,740
East .....	2,210	701,423
North.....	1,747	1,024,017
West .....	4,281	809,811

### April 2017

Central.....	2,099	1,080,388
East .....	2,482	752,289
North.....	2,402	1,128,008
West .....	4,647	831,593

### March 2017

Central.....	2,166	1,003,774
East .....	2,330	743,897
North.....	2,803	1,121,479
West .....	4,778	841,025

### February 2017

Central.....	1,489	986,604
East .....	1,485	699,779
North.....	1,819	1,076,445
West .....	3,221	792,875

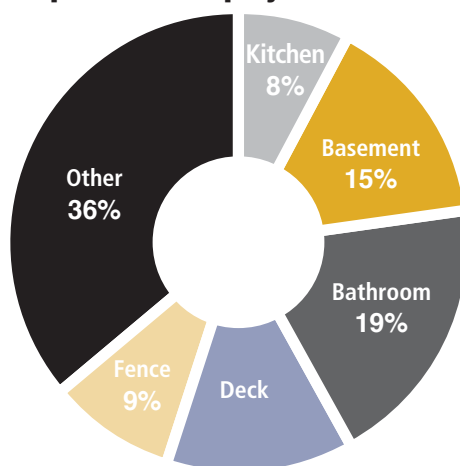
Source: TREB

## Home improvements

### Tips for a smooth renovation All about the planning

Most people who buy a home are eager to make some changes to make it their own. Whether it's a new paint job or undertaking major work such as a full kitchen remodel, the key to a successful renovation is planning.

#### Top renovation projects in Canada



Source: Money Sense

Many people underestimate renovation costs, so it's important to develop a realistic budget. Determine how much you want to spend and then add about 10 per cent to that estimate. If it's a big job and will require a loan, talk to your financial institution before starting so you know what you can afford and what loan product is best for you.

Next, figure out whether you are over-renovating or not. Once you start renovating it's easy to get carried away and add extra elements to the job. Decide what you truly need and want to accomplish. If you are renovating with your home's resale in mind, kitchen and bathroom upgrades offer good returns. Adding living space in the basement or building a backyard deck are also helpful when you sell your property.

Many homeowners believe that the only way to increase the value of their home is to spend a lot of money. But home renovations rarely offer a dollar for dollar return. In fact, sometimes the simplest updates give the best returns.

Always get multiple quotes before settling on one contractor. Ask what the contract covers and how potential problems will be dealt with. REU

## Legalities

### Garage sale time approaching By-law and safety restrictions

Garage sales are a great way to get rid of stuff you don't want or need anymore. Holding a sale is faster and easier than trying to sell items online. It also gives you a chance to chat with neighbours and passersby.

If you live in the City of Toronto, you can only hold two sales per year. (However, if you have a sale over two consecutive days, it only counts as one sale.) You don't need a permit or licence.

You are legally responsible for making sure that whatever you sell, new or used, meets current regulatory standards. Items that have been recalled by Health Canada cannot be sold and should be discarded.

Several products have been banned in Canada and it's

illegal to sell or give them away. They include baby walkers, infant self-feeding devices, jequirity beans or anything that is made with jequirity beans, lawn darts with elongated tips and polycarbonate baby bottles that contain BPA.

Some products - such as baby gates, car seats, cribs, cradles and bassinets - have had their safety requirements updated recently, making it illegal to sell older models of them. As well, old hockey helmets and face protectors, bicycle helmets, playpens, strollers and baby carriages may no longer be safe.

Cosmetics that are old or damaged should not be sold because they may contain bacteria that could cause skin rashes and lead to infections. Also avoid selling or buying children's jewellery that may be made of lead and sleepwear made of cotton, cotton blends or rayon.

Visit Health Canada's website and search for garage sales to get more information about what you can and cannot sell. REU



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### taxtips.ca

Canadian income tax, financial investment and real estate information for individuals and business.

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

## Condo update

### Condos for families More kid-friendly units needed

From 2006 to 2015, more than 80 per cent of the new condo units were in buildings higher than five storeys, and 50 to 70 per cent of them were bachelor or one-bedroom units. Many of the two- and three-bedroom units were considered too small for a family to live in.

The City of Toronto is developing guidelines to ensure future high-rise developments are safe and welcoming for children.

A staff report recommends that each new condo development of 20 units or more must have a minimum of 25 per cent two- and three-bedroom units (15 per cent two bedrooms and 10 per cent three bedrooms) and that these units be located on the building's lower floors. This reduces dependence on the elevator and provides easier access to the outdoors. It also could allow units to overlook outdoor playgrounds or public spaces to allow informal supervision of children. Developers need to "take advantage of deeper floor plates to provide wider common corridor space, enable layout flexibility and maximize unit size for laundry rooms, entrances and storage areas." The guidelines indicate the ideal two-bedroom unit is 969 square feet and the ideal three-bedroom is 1,140 square feet. A few Toronto condo buildings already have day care spaces. Amenities

such as games and crafts rooms, indoor and outdoor playgrounds and splash pads are also being added.

New buildings should "provide consideration for integrating community services and facilities such as child care and schools into developments," according to the report. Developers should be encouraged to provide flexible and diverse retail space on the ground floor, along with "a sense of joy and playfulness by incorporating



whimsical public art, building design, streetscapes, street furniture and open space features."

In the last quarter of 2017, three-bedroom condos accounted for 26 per cent of all apartment condo sales in the City of Toronto. The average selling price of a three-bedroom condo in the GTA was just under \$600,000. REU

## Mortgages

**At February 8, 2018**

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

6-month .....	3.69%
1-year.....	2.94%
2-year.....	2.99%
3-year.....	3.04%
4-year.....	3.19%
5-year.....	3.29%
<b>Prime rate .....</b>	<b>3.45%</b>





## Inspect Before You Renovate Separate the needs from the wants

## GTA '18 totals

Renovation season is fast approaching. As you start to think about how much better your morning coffee will taste in a bigger kitchen, it may be a good idea to consider having a home inspection done before you start your big project. For example, if you need to take out a wall in order to transform your cramped kitchen into your dream kitchen the questions to ask are: Is it load bearing? What about the electrical service – can it handle the SubZero fridge?

The best person to answer these questions is a building inspection engineer. While it may seem like an odd call to make, hiring an inspector to check out the house systems before you start ripping things helps you separate your needs from your wants.

One unpleasant aspect of home renovations is that doing what you want almost always leads to doing things you weren't planning. Sometimes it's because hidden problems are found when the work progresses. Often it is because it makes sense to do one thing while you are in the middle of doing another.

A building inspection engineer is trained to treat the whole house as a living system. He or she is uniquely qualified to understand how doing work on one part of the house will impact other areas. The engineer can also help you sort out what additional work is necessary, and what would be okay to avoid or defer.

### Mechanical Systems

You may have to decide that the electrical service, heating system, or plumbing should be upgraded to support the renovation. The inspector can guide you.

### Structure

Changes to interior walls may compromise structural support. An inspector can help you determine which walls are load bearing, and how you may work around them.

### Roof

Adding onto a house or simply providing a dormer or skylight will require roof work. Should you replace all the existing materials, or is it safe to tie in the new work with the old? The inspector can identify and explain your options.

### Basement

Finishing a basement in an old house can be the beginning of an experiment in mold growth. The inspector can advise you on how to reduce or eliminate dampness, often with easy to implement and low cost suggestions. He can also prescribe how to install basement finishes to minimize the risk of water damage and mold growth.

By taking stock of the house before you get started, you will be able to plan your work better. This will mean fewer unexpected repairs as the job proceeds. And you have the chance of making improvements to corollary systems as you go, increasing the efficiency of your upgrades.

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

## LePage & Stewart

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### Sales activity of single-family homes

Most recent month, year to date

#### Active listings

January ..... 11,894  
YTD..... N/A

#### New listings

January ..... 8,585  
YTD..... 8,585

#### Sales

January ..... 4,019  
YTD..... 4,019

#### Average price

January ..... \$736,783  
YTD..... \$736,783

#### Median price

January ..... \$625,000  
YTD..... \$625,000

#### Average days on market

January ..... 32  
YTD..... 32

#### Average percentage of list price

January ..... 98  
YTD..... 98

Source: TREB

### Housing market indicators

#### Single-family dwellings

Source: TREB      Sales      New Listings

Jan '17	5,155	7,314
Jan '18	4,019	8,585
% Change	-22.0%	17.4%

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