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Home sales set to rise Millennials to lead home buying charge

Toronto real estate sales were down by 39.5 per cent in March compared to a year ago, but a new RBC report indicates that will change soon. An annual survey by the bank found that home-buying intentions among Canadians is at its highest level since 2010, with 32 per cent of those surveyed saying they plan to buy within the next two years.

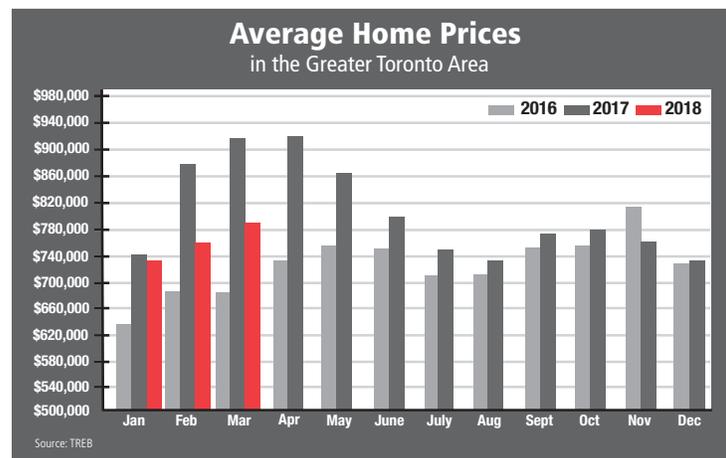
Millennials will lead the home-buying charge, with half of them hoping to buy a home soon, according to the survey. Eighty-four per cent of millennials say they believe buying a home is a “very good or good investment.” Millennials are also feeling better about their employment security and the economy in general, compared to last year. About one-third will get help from family for their down payment.

Looking back, March 2017 set records for sales as the market neared its peak before the introduction of new provincial housing policies along with the new mortgage stress-test regulations. Now, sales are down not only in Toronto but also across the country. Sellers are also taking a breather to assess the market, as new listings in the GTA were down by 12.4 per cent this March. Detached home prices in the GTA dropped by 17.1 per cent, to an average of \$1,005,779. Semi-detached homes sold for an average of \$782,831 in March, down by 8.8 per cent, while the average price for condo apartment was \$551,003 up 6.1 per cent compared to last March.

“Right now, when we are comparing home prices, we are comparing two starkly different periods of time: last year, when we had less than a month of inventory versus this year with inventory levels ranging between two and three months,” explains Toronto Real Estate Board director of market analysis Jason Mercer. “It makes sense that we haven’t seen prices climb back to last year’s peak. However, in the second half of the year, expect to see the annual rate of price growth improve compared to Q1 [first quarter], as sales increase relative to the below-average level of listings.” A big drop in luxury home sales also had an impact on prices. Half as many properties priced at \$2 million or more were sold this year compared to 2017, which dragged down the average selling price.

Many buyers rushed to close their deals in December, before the new stress-test regulations came into force. Now, some buyers must wait until they can qualify under the new rules. There’s also been a psychological impact as both buyers and sellers wait to see what happens in the market during the next few months.

But as RBC reports, millennials won’t wait long. REU



Monthly sales and average price by area

March 2018

Central.....	1,386	\$883,297
East.....	1,502	662,023
North.....	1,258	892,898
West.....	3,081	755,662

February 2018

Central.....	982	892,378
East.....	1,074	657,487
North.....	955	854,277
West.....	2,164	727,899

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

Source: TREB

Legalities

New standardized lease Landlords must use new form

Beginning on April 30, all private residential leases must use a new standard lease made mandatory by the provincial government. It applies to houses, apartments, rented condos and secondary units such as basement apartments. Existing leases are still valid and there's no need to switch to the new template. Landlords are not required to provide a standard lease if a signed lease is already in place, unless they negotiate a new one with their tenants.



"Renters told us that their leases were often confusing and contained illegal terms. Landlords, especially smaller ones, say a standard template makes it easier for them to do business. The new form we developed helps balance the interests and responsibilities of both parties," says Ontario housing minister Peter Milczyn.

The new 13-page document includes mandatory fields to be filled out which can't be altered later. These terms include the names of the landlord and renter, the tenancy term, rent amount and services provided, and other terms that the parties agree to, such as rent deposits, key deposits, smoking rules and renter's insurance.

There's a section for optional additional terms and a general information section that covers issues such as ending a tenancy, subletting, illegal charges, pets, guests and landlord entry rules. The form states that some often-used terms are void and unenforceable because they conflict with the Residential Tenancies Act. For example, landlords can't ban pets from rental units, except in the case of a condo unit that has rules prohibiting pets.

For more information, contact the Landlord and Tenant Board at 1-888-332-3234. REU

Condo investment

Buy old Better return on investment

A recent study found that buyers who purchased units in older condo buildings during the last five years saw better return on their investments than those who purchased in new buildings.

The study, by research firm Urbanation, looked at 23 buildings where units more than doubled in price since 2012. All were built before 1994 and three of the top five were constructed in the 1980s. Most of the buildings were in Etobicoke or Scarborough.

"From a statistical point of view, it makes perfect sense: a low base in a market growing quickly," Shaun Hildebrand of Urbanation told The Globe and Mail. "The starting point is something so low they get to

enjoy highest per cent gains as units appreciate and turn over."

A City of Toronto report found the average three-bedroom condo unit was 20 per cent smaller in 2014 than in 1996. Even close to the city centre, there's more living space in older units. Buyers of older condos often pay more in maintenance fees than those in brand-new buildings, but it's likely those low fees will start creeping up in a few years. Since older buildings already have a track record for repairs and maintenance costs condo boards will have a better handle on what must be charged in fees.

Buyers can also check the status certificate and accompanying documents to find out about recent improvements to the building and if any major expenses (such as a new roof) are expected soon. REU

GTA's housing supply problem

Land banking or red tape? In search of "the missing middle"

While higher priced homes saw sales and prices temporarily cool off, condos and less expensive low-rise homes continue to be in high demand. Builders and real estate experts say that government policies (density targets, the Greenbelt) and excessive red tape has limited the number of "gentle density" homes (townhouses, row houses, semi-detached units and low-rise condos) that could accommodate families. These homes have become known as the "missing middle."

A study by the Ryerson City Building Institute and Urbanation found that just nine per cent of planned condos are in mid-rise or low-rise buildings, down from 29 per cent in the 1990s. The study predicts if the trend continues families will have to "drive to qualify" to buy family-appropriate housing, not just detached homes.

Altus Group reports that the cost of medium-density land, used primarily for townhouse-oriented developments, set a record last year, and that this trend is likely to continue. David Wilkes, president of the Building Industry and Land Development Association says, "We encounter excessive red tape, out-of-date zoning and lack of developable land serviced with critical infrastructure."

Builders have been accused of holding vacant land (land banking) and waiting for the value to rise before

developing it, but some builders counter that they can't begin selling houses until they know how long it will take to get their plans through the maze of approvals.

With the provincial election approaching, TREB president Tim Syrianos says, "It will be especially important to hear policy directions related to the supply of housing in the GTA.



The Canadian Centre for Economic Analysis came up with a novel solution. It says there are more than five billion spare bedrooms in Ontario and more than 400,000 homes in Ontario that have three or more empty bedrooms. The centre suggests the government should incentivize current homeowners to "right size to more appropriate and desirable housing" while at the same time encouraging the construction of more "missing middle" homes. REU



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Mortgages

At April 9, 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	2.99%
5-year	3.19%
Prime rate	3.45%



Home inspections The top five misconceptions

GTA '18 totals

Home inspection is a professional consulting service that determines the present condition of the home's major systems, based on a visual inspection of accessible features. It focuses on the performance of the home, rather than cosmetic, code or design issues. This consulting service is now a standard part of most real estate transactions. While homeowners recognize the importance of home inspection services, few are familiar with the details, including what is involved and how it works. There are several misconceptions and we'll look at our top five here.

• Exclusively for home buyers

Home inspections are not just for home buyers and actually make great sense for sellers. There has been a dramatic increase in the number of sellers' home inspections in the last few years. During the spring and fall markets, up to 40% of inspections completed are for sellers. Sellers' home inspections work for both sellers and buyers. They help the process in many ways, resulting in faster sales, increased comfort levels, fewer renegotiations, reduced uncertainty, and lower liability.

• Only needed for older homes

Many feel that home inspections are only valuable for older homes. Newer properties often have problems, frequently the result of original construction issues or neglected maintenance. Home inspectors provide significant value for new homes,

including assistance with information for home warranties.

• You need a PhD to understand your report

Inspection reports don't have to be complicated. They don't have to include technical jargon, complex symbols and legends, illegible handwriting, or indecipherable notes. Many inspectors provide an easy-to read electronic report that includes photos, illustrations, and ballpark costs to address issues. Many reports are delivered the same day the inspection occurs. They include not only the information needed to make a buying decision, but great advice for the long term, helping you protect your largest investment.

• Take place Monday through Friday

The world of real estate does not operate on a Monday to Friday, 9-to-5 schedule, and neither should home inspectors. Many inspectors perform inspections on weekends as well as in the evenings, provided there is adequate daylight.

• Require planning and advanced notice

A large number of home buyers forgo their home inspection because they think they cannot schedule an inspection on short notice. In reality, home inspections can often be performed the same day they are requested. Many only require a few hours of notice, can be requested online.

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Sales activity of single-family homes

Most recent month, year to date

Active listings

March 15,971
YTD..... N/A

New listings

March 14,866
YTD..... 33,923

Sales

March 7,228
YTD..... 16,391

Average price

March \$784,558
YTD..... \$767,271

Median price

March \$670,000
YTD..... \$651,000

Average days on market

March 20
YTD..... 24

Average percentage of list price

March 99
YTD..... 99

Source: TREB

Housing market indicators

Single-family dwellings

Source: TREB

	Sales	New Listings
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Mar '17	11,954	16,978
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Mar '18	7,228	14,866
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% Change	-39.5%	-12.4%
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