



Your Greater Toronto Real Estate Newsletter

GTA housing market cools down further Supply still a longer-term concern

Rising interest rates continued to affect the GTA housing market in November. Home sales were down markedly in comparison to the same time last year and new listings and prices also saw downward pressure. Although sales were down 49 per cent year-over-year, the sales volume only dropped 8.4 per cent from October, in line with the usual seasonal downward trend in late fall.

New listings were down 11.6 per cent in comparison to November 2021 and 14.5 per cent below October's listings. "This does suggest that higher borrowing costs have not prompted a spike in listings due to affordability issues," explains Jason Mercer, Toronto Real Estate Board's chief market analyst. Low listings have also propped up the average selling price, which has remained in the \$1.08 to \$1.09 million mark since August. In November, the average GTA home price clocked in at \$1,079,395, down 7.2 per cent year-over-year.

In the City of Toronto, the average price for detached homes registered at \$1,560,548, down by 13.8 per cent in comparison to November 2021. In the 905 areas, the average price of a detached home was \$1,329,165, down by 10.9 per cent.

Various industry experts maintain that the current market trends will improve home affordability. The interest rate increases and the resulting price adjustments are good for prospective homebuyers as there are fewer competitors, reduced prices and more options. With the slowdown in listings, sellers have less competition, a better chance to get their preferred terms and a trade-up advantage.

"Increased borrowing costs represent a short-term shock to the housing market. Over the medium- to long-term, the demand for ownership housing will pick up strongly. This is because a huge share of record immigration will be pointed at the GTA and the Greater Golden Horseshoe (GGH) in the coming years, and all of these people will require a place to live, with the majority looking to buy. The long-term problem for policymakers will not be inflation and borrowing costs, but rather ensuring we have enough housing to accommodate population growth," says TRREB President Kevin Crigger. The concern still remains one of supply given the huge share of record immigration that will head to the Toronto area. *REU*



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GTA BY THE NUMBERS

DETACHED

↓11.3%
Avg. Price Yr/Yr

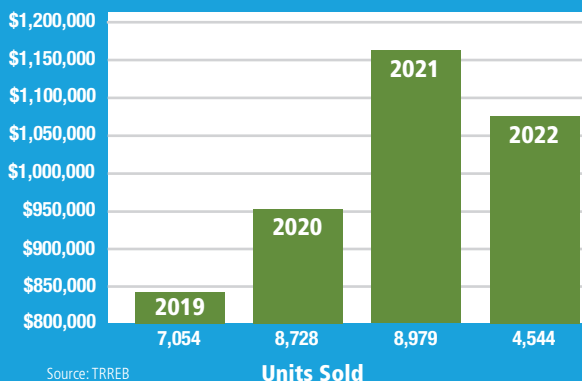
SEMI

↓13.9%
Avg. Price Yr/Yr

CONDO APTS

↓0.9%
Avg. Price Yr/Yr

Average Home Prices - November in the Greater Toronto Area



Monthly stats

November average price by area

416

DETACHED

↓13.8%
YEAR
YEAR

\$1,560,548
Average Price

CONDO APT

↓1.5%
YEAR
YEAR

\$734,797
Average Price

905

DETACHED

↓10.9%
YEAR
YEAR

\$1,329,165
Average Price

CONDO APT

↑0.3%
YEAR
YEAR

\$648,332
Average Price

source: TRREB



Your carbon footprint

Don't waste, donate **Recycling done right changes lives**

The average Canadian throws out 37 kilos of clothes annually. Value Village, a nationwide thrift shop, states that when clothes are thrown into landfill that the reusable item and the natural resources used to create it are both wasted. In other words, for every old t-shirt you throw out, you are wasting 700 gallons of water needed to make that t-shirt.

An estimated 3.8 million pounds of used textiles are

generated annually by Canadian households, according to Diabetes Canada. "This not only represents a significant amount of material being sent to landfills, but it is a missed opportunity to generate revenue for critical, life-saving diabetes research," says an official.

This principle also applies to electronics, furniture, food, plastic, paper, and other recyclable items. When you replace your old sofa instead of opting for the quickest disposal method by throwing it into the dumpster, spare a thought about how to help others by donating the sofa instead. Furniture Bank outlets throughout the GTA are improving the living conditions of deserving, struggling families by providing them with discarded reusable furniture. The Furniture Bank will even pick up your goods for a small fee.

What is often overlooked is the impact recycling has in changing the lives of those who can't afford what you can. Ninety-five per cent of lightly worn clothes can be donated to charitable organizations, yet only a fraction of it ends up there. Donating helps provide for those in need, while reducing your carbon footprint on earth. [REU](#)



Rental market frenzy

Condo rents rise **With no relief in sight**

Double-digit year-over-year rent increases continued to be the norm in the GTA. With many would-be first-time buyers temporarily on the sidelines in the Greater Toronto Area (GTA), due to higher borrowing costs, rental demand has remained strong in the face of falling supply. Competition for condo rentals has intensified as a result and negotiated rents have increased dramatically.

The average one-bedroom condominium apartment rent in Q3 2022 was up by 20.4 per cent year-over-year to \$2,481 according the TRREB rental report. The average two-bedroom apartment rent, at \$3,184 was up by 14.5 per cent compared to the same period in 2021. As anyone who has signed a lease, or tried to lately can attest, rent is going up across

GTA at an unprecedented pace.

Normally, a slowing real estate market might be good news for renters, as landlords might be more eager to find good tenants. But that's not happening now because demand continues to outpace supply. "Interest rates are actually working to elevate rent inflation because many people are not buying, so they are renting more," says CIBC economist Benjamin Tal. People who would normally love to own are finding themselves priced out of the market by higher lending rates, which is causing them to either enter or stay in the rental market. When demand surges, it's often met by a corresponding increase in supply, but that's not happening right now because builders and owners are fearful of the risk. [REU](#)

On the internet

Interesting websites

interiorDESIGNshow.com

This event showcases the newest trends, products and ideas driving design today. Promises to delight with world-renowned designers and architects as keynote speakers.

Jan 19 - Jan 22

charityINTELLIGENCE.ca

Researches Canadian charities for donors to be informed and give intelligently.

lastPASS.com

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

mindBODYgreen.com

Lifestyle media dedicated to inspiring you to live your best life - mentally, physically, spiritually, emotionally, and environmentally.

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

Mortgage rate hikes

Borrowers Slow to ditch variable rate mortgages

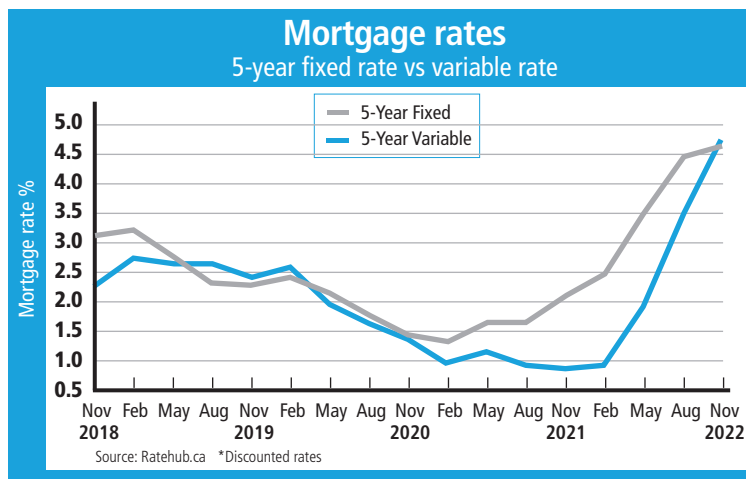
Since March 2022, the Bank of Canada (BoC) has been raising its key lending rate, driving up mortgage interest rates. The variable-mortgage rate, which fluctuates in tandem with BoC rate changes, has seen a substantial uptick.

Borrowers often opt for a variable rate because it's usually lower than the fixed rate and there are no significant penalties when switching to a fixed rate. Although fixed rates allow both principal and interest payments to remain constant, which provides peace of mind for the borrower, they are usually much higher. Variable rates lock in the payment, but the borrower's interest rates fluctuate with the rate changes. However, lately the 5-year variable rate has actually exceeded the 5-year fixed rate.

With interest rates climbing you would have expected borrowers to opt for fixed-rate mortgages en masse. But that, surprisingly was not the case. According to a briefing by housing analyst Ben Rabidoux for Mortgage Professionals Canada, August figures showed that variable-rate mortgages accounted for 44 per cent of new mortgages, mortgage renewals and mortgage refinances. At True North Mortgage, for instance, variable mortgages made up 45 per cent of loan applications, according to CEO Dan Eisner and this despite the spread between the fixed and variable rates was disappearing.

Choosing a floating rate may make sense if you believe interest rates will soon start to decline, suggests James Laird, co-CEO at Ratehub.ca, a financial products comparisons site. If that happens, those who chose a variable rate today would see their interest charges decline, while those who opt for a fixed rate would be locked into higher rates for the duration of their mortgage term.

Samantha Brookes, CEO of Mortgages of Canada, points out that variable rates are less risky for borrowers with the



bulk of the mortgage principal paid down, because interest charges make up a smaller portion of their monthly payment. As well, homeowners may prefer variable rates because they offer the option to refinance mortgages down the road without the penalties fixed-rate borrowers have to pay for breaking their mortgage. [REU](#)



Mortgages

December 10, 2022

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

Prime	6.45%
Variable	6.05%
1-year	5.84%
2-year	5.54%
3-year	5.44%
4-year	5.39%
5-year	5.29%



GTA '22 totals

Sales activity
of all home
types

Most recent month,
year to date

Active listings

November11,910
YTDN/A

New listings

November8,880
YTD148,796

Sales

November4,544
YTD72,058

Average price

November\$1,079,395
YTD\$1,195,945

Median price

November\$920,000
YTD\$1,025,000

Average property days on market

November33
YTD21

Average percentage of list price

November98
YTD105

Source: TRREB

Housing market indicators

Single-family dwellings

Source: TRREB	Sales	New Listings
Nov '21	8,979	10,044
Nov '22	4,544	8,880
% Change	-49.4%	-11.6%

Pre-inspected listings Benefit sellers

Home inspections have traditionally been for the benefit of the purchaser. Pre-inspected listings benefit all parties – buyers, sellers and real estate agents.

Deals won't fall through: Home inspections performed as a condition of the offer, can kill deals. Sometimes this is because the buyer gets cold feet due to a big problem no one knew about. Sometimes it is because the house has been misrepresented; sometimes it is because the buyer's home inspector scared the buyers by not explaining that minor and typical problems are just that – minor and typical. If the home inspection is performed prior to the house being listed, all parties will be aware of the physical condition of the house before an offer is drawn. There will be no surprises after the fact. Deals will not fall through.

Pre-inspected listings avoid renegotiation: In a buyers market, most houses have to be sold twice. It takes a lot of work to get a signed Agreement of Purchase and Sale. Then the buyer's inspection is done and the buyer wants to renegotiate. If all parties know the condition of the house prior to the offer, there is no need for renegotiation.

Renegotiation can be difficult. Sellers have already mentally sold the house; buyers are plagued with doubts and suspicion. Egos, pride and frustration can muddy the already emotional waters. With the inspection in hand, you can demonstrate that the home is in great shape and worth the price you have set. It also speeds up the selling process.

Help price the home correctly: Pricing your home is one of the most important parts of the sales process. Priced too high keeps buyers away. Priced too low and you make less money. But how do you price something when you do not know what state it is in? With a pre-inspection, you will have a much better understanding of any negative aspects of the house, and can price accordingly. You may also be able to price the home higher if you discover that it is in top condition.

Repairs prior to sale: Sometimes, the home inspection will reveal items which should be repaired immediately. A pre-inspected listing allows the seller to repair the problem prior to putting the house on the market. If the inspection occurs after the Agreement of Purchase and Sale, the buyer could walk, renegotiate or, depending on the inspection clause, the seller may have the option to repair. A repair done in a rush may not meet the buyer's expectations. This has caused more than one deal not to close.

For the buyer: There is no doubt that part of the value of a home inspection is a guided tour of the house for the prospective buyer. The inspection company can return to do a walk-through with the buyer, if requested.

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

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