

# Welcome Home

## Your Greater Toronto Area Real Estate Newsletter

### Near-record sales pace continues

#### Market isn't slowing down

Interest rates are creeping up and sharply rising energy prices are expected to slow consumer spending. Yet, the resale housing market in Toronto is still as hot as a firecracker.

Sales figures through September show the market is within one per cent of last year's pace – and last year was the best ever. Once again, economists and real estate experts are revising their forecasts as the market performs much better than expected.

Mortgage rates will likely go up another quarter or half per cent by the end of the year, but even then, borrowing money is cheaper now than at almost any other time during the last 50 years. GTA job growth has also grown consistently, despite a strong

Canadian dollar that hurts Canadian exporters. It all adds up to heavy demand for real estate.

As shown on the chart, prices are also climbing. They are increasing at a pace of five to seven per cent annually. Prices would be even higher, but more houses on the market has moderated price gains somewhat. Canada Mortgage and Housing Corp. analysts say that rising home equity and an ageing population will encourage more people to sell their current homes, which will keep price gains close to the rate of inflation in 2006. It will also keep the condominium market hopping, since many of those who are downsizing from single-family homes will move to townhouse or apartment condos.

It may come as a surprise to some that despite the

active market, housing affordability in the Toronto area actually improved in the second quarter of the year.

According to the RBC Financial Group's Housing Affordability Index, Toronto saw the largest gain in affordability in the country last spring. The index is based on the cost of owning various styles of homes, including mortgage payments, utilities and property taxes.

Although it costs about half of household median

income to carry an average Toronto two-storey home, RBC says, "the attractiveness of condominiums came shining through." The average condo in Toronto requires just 27.3 per cent of income to carry, which is less than in Montreal or Vancouver.

In September, the Toronto Real Estate Board reported that the hottest neighbourhoods were Davisville, where transactions were up 38 per cent over September 2004; Downsview, where sales of semi-detached houses and condos contributed to a 55 per cent increase compared to last year; and Markham South, with sales shooting up by more than 90 per cent over September 2004.

The consistent housing market, combined with the strength of the Canadian economy and healthy consumer confidence, should put to rest any talk of a 'housing bubble' in Toronto. A good supply of listings and continuing low interest rates will keep prices down while sales continue at an almost-record pace. If you're thinking of getting into the market or selling your home, now's the time to do it. **WH**

### Toronto area sales Average and median prices of single-family dwellings

	2004			2005		
	Sales	Avg.	Median	Sales	Avg.	Median
July	7,329	312,418	274,000	7,387	326,034	282,500
Aug	6,743	304,509	270,000	7,498	323,255	285,000
Sept	6,588	320,911	275,000	7,326	338,267	290,000

Source: TREB



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Nov./Dec.'05

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### Housing market indicators for single-family dwellings

Source: TREB

	Sept.'04	Sept.'05	% Change
Sales.....	6,588	7,326	+11%
New Listings.....	14,107	14,798	+5%

## Monthly sales and average price by area

### January 2005

Central.....699	\$436,264
East.....1,007	258,824
North.....895	351,153
West.....1,552	297,770

### February 2005

Central.....1,074	447,007
East.....1,498	268,559
North.....1,264	355,188
West.....2,335	313,254

### March 2005

Central.....1,373	433,384
East.....1,924	269,991
North.....1,616	355,771
West.....2,991	308,660

### April 2005

Central.....1,536	455,153
East.....2,193	270,293
North.....1,775	380,778
West.....3,330	316,446

### May 2005

Central.....1,618	470,806
East.....2,296	276,739
North.....1,809	370,678
West.....3,486	322,137

### June 2005

Central.....1,673	458,775
East.....2,174	274,128
North.....1,812	368,340
West.....3,494	322,687

### July 2005

Central.....1,211	405,182
East.....1,799	265,090
North.....1,536	372,455
West.....2,841	305,789

### August 2005

Central.....1,241	387,424
East.....1,708	265,685
North.....1,608	371,849
West.....2,941	303,042

### September 2005

Central.....1,295	430,000
East.....1,766	273,201
North.....1,456	374,135
West.....2,809	318,293

### October 2004

Central.....1,136	441,051
East.....1,675	264,084
North.....1,291	350,790
West.....2,564	298,351

### November 2004

Central.....1,201	413,445
East.....1,478	254,278
North.....1,221	347,481
West.....2,401	296,689

### December 2004

Central.....782	417,999
East.....1,049	247,715
North.....800	365,112
West.....1,601	285,749

Source: TREB

## Legalese

### Power of attorney Three types in Ontario

**W**hen writing their wills, many people also take the opportunity to think about Power of Attorney. This allows them to designate someone to make financial or personal decisions for them, if necessary.

In Ontario, there are three different kinds of Power of Attorney. A Continuing Power of Attorney for Property covers financial affairs and allows the person or people you designate to act on your behalf, even if you become mentally incapable. A non-continuing Power of Attorney covers financial affairs and may be used if, for example, you are out of the country for an extended period and need someone to manage your finances. However, it can't be used if you become mentally incapacitated.

The third option is a Power of Attorney for Personal Care which enables someone to make decisions about your health care and/or where you're going to live.

Power of Attorney is different from a 'living will', which is a written document stating what your wishes are if you become ill and can't communicate. Many people use 'living wills' to let medical staff know they do not want life support systems, for example. These documents are also called 'advance directives' or 'proxy directives' and are sometimes combined with Power of Attorney.

However, the actual Power of Attorney document must name one or more people to act as your 'attorney.' This is the person you choose to look after your affairs; they don't have to be a lawyer, that's just a term.

You must sign and date the document, and two witnesses who saw you sign the document must also sign it. A witness cannot be your spouse, partner, child, or 'someone you treat as a child', nor can it be the attorney or the attorney's spouse or partner. The witnesses must be 18 years of age or over, and can't be someone who has been deemed not mentally capable to look after their personal care decisions or their property.

If you don't have a Power of Attorney and you become unable to manage, a family member or guardian may apply to become your guardian. If no one is willing to take on this responsibility, the Office of the Public

Guardian and Trustee, which is part of the Ontario Ministry of the Attorney General, will take the role.

You don't need a lawyer to create a Power of Attorney document. Forms are available online from the Ministry at the web address below. However, you may want to get impartial legal advice before you make this important decision.

For more information and the Power of Attorney forms, visit [www.attorneygeneral.jus.gov.on.ca](http://www.attorneygeneral.jus.gov.on.ca) and click on Power of Attorney on the right side of the page. **WH**

## Matters of interest

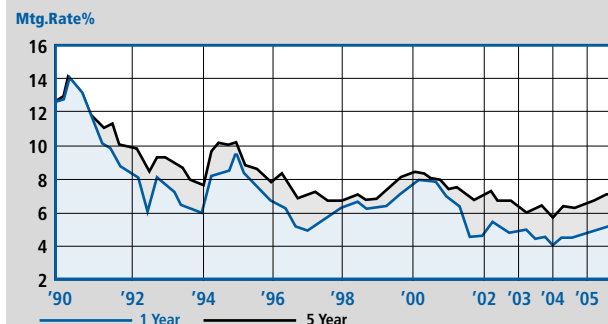
### Interest rate outlook Rates likely to edge up slowly

**A**s outlined in our front-page story, it's expected that interest rates will continue to edge up for the rest of this year and into 2006.

Inflation is rising in Canada, and the economy is

### Mortgage rates

On the way up but still low historically



Source: Bank of Canada, CMHC forecast

performing well. The Canadian dollar is also heading up and may hit 90 cents US before long. With energy rates also rising, it's widely believed that these conditions will force interest rates up.

Increases are expected to be gradual, and even by the end of next year, rates will still be at levels much lower than historic averages.

Recently a survey found that 69 per cent of Canadian mortgage holders chose a fixed-rate mortgage over a variable-rate loan. With rates at such low levels during the last few years, the fixed-rate terms provide homeowners with peace of mind. The survey said that while most people lock in for a five-year term, longer terms are also increasing in popularity. There are many mortgage options available, some with 25-year terms.

Although there has been much written about the fact that Canadians are carrying more household debt than in the past, the rate of residential mortgage arrears in Canada stands at 0.25, which is the lowest rate since 1990. This shows that even though many people have bought homes during the current real estate boom, they are being responsible about their purchases and not taking on more than their finances can handle. **WH**

## Condo update

### Condo reserve funds How much is enough?

**A**nyone who buys a home knows there are ongoing costs involved in maintaining it. If you buy a condo, you'll be required to pay maintenance fees. The condominium corporation also must have a reserve fund to provide financing for maintenance and repairs of the building's common elements. Just how much money should go into that fund has been the subject of some controversy recently.

Developers selling new condos often estimate the contribution to the reserve fund at 10 per cent of the operating budget, but some in the industry think it should be closer to 25 per cent. It's in the developer's best interests to low-ball the estimate so that buyers will see low maintenance fees. Since the developers are only responsible for making up a budget shortfall for the first year of the condo's reserve fund, some owners have had a shock as costs increased by anywhere from 10 to 70 per cent in the second and subsequent years of their condo ownership.

The Canadian Condominium Institute is reportedly coming up with recommendations to present to the provincial government, and new legislation may be introduced that would help protect condo owners against such unexpected increases.

In the meantime, if you're in the market for a condo, it's important that you ask about the reserve fund. By law, condo corporations must do reserve fund studies to determine how much money to set aside for long-term costs. This information must be made available to potential buyers.

You wouldn't buy a house without having an idea of how much it will cost to keep it in good condition, and it should be no different when you're buying a condo. **WH**

## De-energizing

### Trimming energy bills Help the environment and save

**T**he following are ways in which you can not only save on your household energy bills – but help the environment.

- **Install a low-flow showerhead.** It uses 60 per cent less water than a standard fixture.
- **Keep your furnace well maintained.** If you need a new one, get a modern energy-efficient model.
- **Keep your window blinds and curtains open during winter days.** Passive solar energy can cut your heating costs by five per cent.
- **Lower your thermostat.** For every 1°C (2°F) you lower the thermostat, it saves two per cent on your heating bill.
- **Remove your air conditioners in winter.** If they are fixed in place, insulate around them to avoid heat loss.
- **Use caulking and weatherstripping** to reduce air loss, particularly around doors, windows and baseboards. Seal electrical outlets and switches on outside walls with foam gaskets.
- **Switch your dishwasher to the 'no dry' cycle** and let the dishes air dry.
- **Look for the Energy Star label** when buying new appliances and office equipment.
- **Make sure your refrigerator is well maintained.** Keep the coils on the back clean. Make sure the rubber door seals are tight. If the seal can't hold a piece of paper snugly, without it falling out, it should be replaced.
- **Switch to energy-efficient compact fluorescent light bulbs.**
- **For outdoor lights, use timers** to switch them off when not needed, or use motion sensor lights that will switch on and off as required.
- **Install a ceiling fan** to push down warm air in winter.
- **Upgrade your insulation.** By adding insulation to basement and attic spaces, you can reduce heating bills by up to 30 per cent.
- **Turn it off!** Don't keep lights burning if you don't need them. Switch off the computer if you won't be using it for awhile, rather than keeping it running. **WH**

Source: Office of Energy Efficiency, Natural Resources Canada. For more information, visit <http://oee.nrcan.gc.ca/english/>

### Our pick of... interesting websites

*These sites are provided for your interest and entertainment only. The information is from various sources believed to be reliable, but their accuracy cannot be guaranteed.*

#### **[fuelconomy.gov](http://fuelconomy.gov)**

US Department of Energy site provides gas mileage, greenhouse gas emissions, air pollution ratings and safety info for new and used vehicles.

#### **[labour.gov.on.ca](http://labour.gov.on.ca)**

Ontario Ministry of Labour site with info on family medical leave, employment standards, safe workplace practices, and health and safety issues.

#### **[TorontoGasPrices.com](http://TorontoGasPrices.com)**

Provides the highest and lowest regular gas prices within last 24 hours. Also provides helpful tips and related links.

#### **[seniors.gc.ca](http://seniors.gc.ca)**

Government of Canada site helps seniors and their caregivers access authoritative and trusted information.

## Mortgages

### 2005 Rates

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

#### At October 5, 2005

##### Mortgage Rates

6-month	.....	5.15%
1-year	.....	4.25%
2-year	.....	4.50%
3-year	.....	4.60%
4-year	.....	4.70%
5-year	.....	4.80%
Prime rate	.....	4.50%

## GTA '05 totals

for sales activity  
of single-family homes

Most recent month  
Year to date

### Active

Sept.....22,860  
YTD .....N/A

### Listed

Sept.....N/A  
YTD .....122,209

### Sales

Sept. ....7,326  
YTD .....66,480

### Average price

Sept.....338,267  
YTD .....335,334

### Median price

Sept.....290,000  
YTD .....286,000

### Average days on market

Sept.....35  
YTD .....34

### Average percentage of list price

Sept.....98  
YTD .....98

Source: TREB

## Next Issue

### 2005 Review

Predictions for 2006

### Status certificate

Important condo document

### Doing a spring reno

Start planning now

### Mortgage or RRSP

Which should you pay first?

### Rent increase

New guidelines for 2006

## Home maintenance

# Hot water safety

## What the Ontario Building Code says

We have come a long way from lead-lined Roman aqueducts. Yet, our basic need for clean, safe water remains critical. Technological advances have ranged from indoor plumbing to reverse osmosis filtration. Recently, there has been a notable change to Ontario's Building Code to address the safe delivery of hot water.

In Ontario, the water heater is usually a stand-alone device whose sole function is to heat water for plumbing fixtures. (There are exceptions.) The water tank has a heat source – either electrical or gas or oil burners – that heats the water, normally to above 140°F. Then, the heated water just sits there until it's needed. The heat source will come on either as the hot water is drawn out or to maintain the water temperature in the tank.

If this sounds inefficient, it's because it is. But all our conventional water heaters have to be set high enough to maintain the tank's water temperature above 140°F in order to prevent bacterial growth.

Therein lies the rub. Water in your heater at, say, 150°F, may come out of your kitchen sink tap at 149°F.

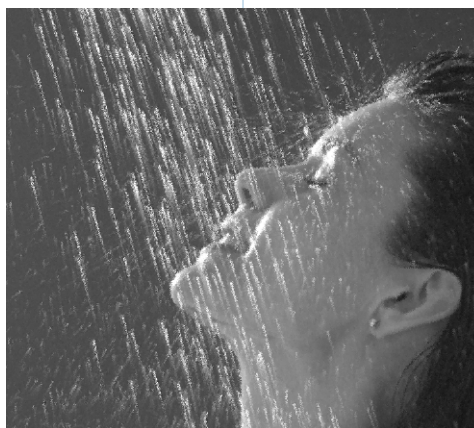
This is more than hot enough to scald skin. Those most at risk include children and the elderly.

The Ontario Building Code has been amended to specify that the maximum hot water temperature supplied to fixtures in homes shall not exceed 120°F (49°C). This requirement exempts installed dishwashers and washing machines.

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

Some common options for compliance with the new requirement include installing:

- **pressure-balanced or thermostatic-mixing shower valves** for shower heads and an anti-scald device at each hot water faucet
- **an anti-scald mixing valve** at the outlet of the water heater to lower the temperature to 120°F (49°C).
- **a water heater** with an integral anti-scald device.



In Europe, instant hot water devices have been used for many years. Finally, these devices are being used in Canada, which means water can be heated as needed, eliminating the need to maintain a tank full of hot water.

In an existing home, any work done to the system must conform to the Code. If

old plumbing is replaced, or if new plumbing is installed, the new or replaced plumbing must conform. Be aware that simply setting the water heater thermostat to 120°F (49°C) or lower is not sufficient to comply with the new Code.

These requirements came into effect on September 1, 2004. Projects with building permits taken out prior to that date are exempt. *WH*

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