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Your Greater Toronto Real Estate Newsletter

GTA housing market sees stability On a month-to-month basis

GTA BY THE NUMBERS

DETACHED
↓ 3.2%
Avg. Price Yr/Yr

SEMIS
↓ 2.0%
Avg. Price Yr/Yr

CONDO APTS
↓ 2.4%
Avg. Price Yr/Yr

The Greater Toronto Area (GTA) housing market experienced a period of stability on a month-over-month basis in May, with volume of transactions remaining at a low 7,013 similar to 7,114 in April, according to Toronto Regional Real Estate Board (TRREB). The average price was also relatively steady at \$1,165,691 in May compared to \$1,156,167 in April. This trend was reflected across all housing categories.

But the year-over-year comparison showed a dip in sales and average prices across the board. It might be germane to note that the comparison is to May 2023, when Bank of Canada's decision to stop raising interest rates generated a short-lived pick-up in market activity. In March 2023, after the Bank of Canada made eight consecutive hikes to the key rate that saw it go from a pandemic rock-bottom of 0.25 to 4.5 per cent, the central bank announced it was holding the key rate, driving a jump in demand which pushed the prices up. When the bank resumed hikes in June, the trend was reversed. The bank has since maintained the key rate at 5 per cent until it cut the lending rate by 25 basis points in early June.

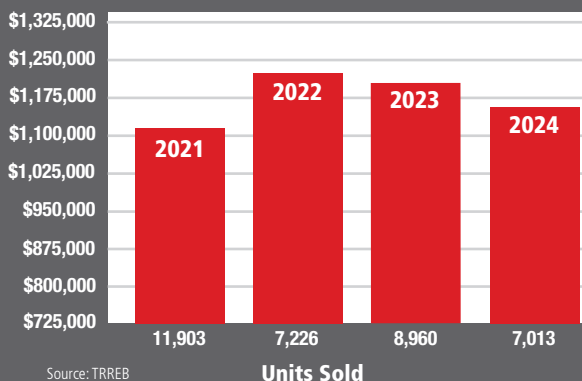
The response to the rate cut from housing experts largely fell into two camps: those who believe that relaxing interest rates will strengthen the softening real estate market, and those who believe the cut is not large enough to influence market outcomes this summer, say industry veterans Murtaza Haider and Stephen Moranis.

"Housing markets are extremely sensitive to movements in interest rates, which subsequently affect mortgage rates and monthly mortgage payments. Sales, too, have tended to react strongly to changes in rate

regimes. So estimating the impact of declining rates, along with the expectation of future rate changes, is paramount for lenders and mortgage-seekers," explain Haider and Moranis. "With a supportive environment, new homebuyers - those who were previously inactive - as well as individuals who had deferred purchasing in anticipation of more favourable interest rates are likely to re-enter the market this summer in search of deals."

New listings continued to climb as GTA sellers anticipated an interest rate drop and subsequent bump in demand. New listings jumped by 21.1 per cent in May year-over-year. More inventory means more choice for buyers and puts the brakes on competition and price growth. However, as demand picks up, we will likely see renewed upward pressure on home prices. **REU**

Average Home Prices - May in the Greater Toronto Area



Monthly stats

May average
price by area

416

DETACHED

↓ **4.5%**
YEAR
YEAR

\$1,826,370
Average Price

CONDO APT

↓ **2.3%**
YEAR
YEAR

\$767,064
Average Price

905

DETACHED

↓ **3.5%**
YEAR
YEAR

\$1,392,699
Average Price

CONDO APT

↓ **3.0%**
YEAR
YEAR

\$657,925
Average Price

Source: TRREB

Home improvements

Home renovations Tax incentives that you can claim

Did you know that provincial and federal governments can help you enhance your home? If you qualify, you could recoup some of your renovation expenses through various tax credits.

The Home Accessibility Tax Credit (HATC) is a non-refundable tax credit for homeowners who make renovations, such as wheelchair ramps, grab bars and widened doorways, designed to improve the living conditions and increase the

accessibility for a senior or a person with a disability. If you qualify, you may claim a tax credit of up to \$1,500.

There is the Multi-Generational Home Renovation Tax Credit which assists with expenses related to building a secondary suite for a senior family member or an adult with a disability. The tax credit will provide a 15 per cent tax refund on expenses (up to \$50,000) to a maximum of \$7,500.

The Canada Greener Homes Loan provides up to \$40,000 of interest-free financing to improve a home's energy efficiency. Qualifying upgrades are: better home insulation, air sealing, replacing windows and doors with ENERGY STAR® certified models, and more.

The Ontario Seniors Home Care Tax Credit is a new government program introduced to promote home support for seniors aged 70 and over. You may qualify for a credit of up to \$1,500. This amount is 25% of eligible expenses up to a maximum of \$6,000.

As a Canadian homeowner you can recoup some of your home improvement expenses through these programs, assuming you've met qualifying criteria. Something to keep in mind for the next tax season! **REU**



Condo update

Condo sales down Rental market still balanced

The GTA condominium market in May saw the same trends as the rest of the housing categories: sales and average price down in comparison to the same month last year and inventory significantly up.

Condo sales in the GTA were down by 24.1 per cent in May, with the City of Toronto experiencing a 23.2 per cent decline and the 905 areas seeing a 25.8 per cent drop. The average price saw a nominal 2.3 per cent dip to \$767,064 in the City and a 3 per cent dip to \$657,925 in the 905 areas. New listings surged across the region's housing categories in May, offering more choice for buyers. New listings reached 5,844 in May, up 34 per cent versus the same month last year, but close to April's listings of 5,542.

The rental market continued to be balanced from the

sky-high market of last year. According to Urbanation, a one-bedroom rental went for \$2,459 in May, down 0.5 per cent from April and down 2.7 per cent from May 2023. A two-bedroom unit went for \$3,224, down by 0.7 per cent month-over-month and 2 per cent on a year-over-year basis. Urbanation's research showed that to combat increased rents, tenants are moving to smaller units. Studio and one-bedroom units without dens saw the biggest year-over-year increases.

"As first-time buying activity increases with lower borrowing costs later this year and into 2025, inventory will be absorbed and market conditions will tighten. Increased competition between condo buyers will result in upward pressure on selling prices," says Jason Mercer, TRREB's chief market analyst. **REU**



Mortgages

High-interest rate world How to get lowest mortgage rates

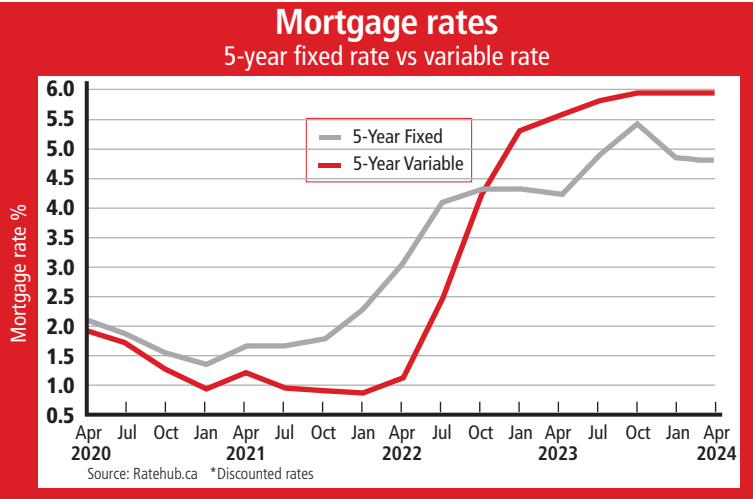
When it comes to securing the best mortgage rate in today's high-interest rate environment, all experts agree: research and negotiation is the key. This is especially true since borrowers lost an aggressive rate advertiser after HSBC Canada was taken over by RBC.

In pushing back against criticism that the bank's takeover of HSBC Canada would lower mortgage competition, RBC CEO Dave McKay explained that the international bank's low rates were a marketing ploy and that it generally didn't move from them. "They didn't negotiate with the customer a better rate off the posted rate, whereas all the other banks, including ourselves, we put a posted rate out there, and then we negotiate with the customer off that rate."

But the loss of HSBC Canada does make it a little trickier to find out what the lowest rates might be, says mortgage strategist Robert McLister. "A lot of people inadvertently overpay if they don't see those low advertised rates." McLister advises that finding the absolute best rates will take some work. You'll need to make a lot of calls, starting with a couple of brokers and lenders directly, along with checking comparison sites, and getting offers in writing. "It takes some leg work ... you need competitive intel; that's your ammunition."

Claire Celerier, an associate professor of finance at the University of Toronto's Rotman School of Management, says customers are generally aware of the importance of mortgage rates, so banks will strive to keep them attractive, at least for those who push.

Mortgage seekers should be cautious about an offer with a rock-bottom rate, according to Leah Zlatki, mortgage



broker and LowestRates.ca expert. "There's certain mortgages out there that are very specialized products that offer you insanely low rates, but you have to sell the property or die to get out of that mortgage. If you don't truly understand why you're getting a low rate, or why that rate is so much lower than everybody else's, well, then you should really be asking those questions," she advises. **REU**



On the internet

Interesting apps

Todoist

Organize your work and life to prioritize what's important with this task manager and to-do-list app

Appy Pie

With AI Website Builder **Appy Pie**, turn your text into a fully-functional website in seconds, without any coding or design experience required.

Seven

All of the workout routines in **Seven** take only seven minutes to complete - over 200 workouts in total. Don't need any extra equipment.

WaterMinder

Gives you a visual of your water intake throughout the day. Your goal is set by your weight and activity level, so differs from person to person.

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

Mortgages

June 8, 2024

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

Prime	6.95%
Variable	6.55%
1-year	7.29%
2-year	6.39%
3-year	5.49%
4-year	5.49%
5-year	5.44%



Home buyers' alert Terms you should know

Every industry has its own specialized vocabulary. If you are buying a home or starting to invest in real estate, understanding the industry's jargon is critical. Here are some basic terms you should know:

Benchmark home price: A benchmark home price calculation looks at factors like a specific geographical area or type of home. It's a more representative price for homes in a particular area than a strict average, which can be skewed by a small number of very expensive properties.

Buyers' market; balanced market; sellers' market: These terms refer to the number of homes for sale (also known as housing inventory) relative to sales taking place. More inventory is better for a buyer (buyers' market is > 6 months of inventory); lack of inventory is better for the seller (sellers' market is < 4 months of inventory); a balanced market has 4 to 6 months' worth of inventory on the market.

Comparative market analysis: The process of looking at properties in a targeted area to determine an appropriate asking price or offer to buy.

Appraised versus assessed value: The assessed value of a property is what a local municipality uses for the purposes of calculating your tax. The appraised value is based on previous sales in your targeted area over a shorter time period, usually six months, which is a more accurate estimate of the price.

Area's rental wage: It shows what your prospective renters can afford or are expecting to pay.

Debt service coverage ratio (DSCR): It's the ratio of your net operating income to your mortgage payment, basically a measure of how cash-flow

positive your property is. A typical ratio is 1.25, which is what a commercial lender will expect to see on a real estate investment.

Internal rate of return (IRR) and cash-on-cash analysis (CoC): These numbers determine the true rate of return the investor gets after considering the financing.

Conventional mortgage: A mortgage loan for up to 80 per cent of the value of a property. Mortgage loan insurance is usually not needed for this type of mortgage.

High-ratio mortgage: A mortgage loan for higher than 80 per cent of the value of a property. This type of mortgage usually requires mortgage loan insurance.

Open mortgage: A mortgage that can be prepaid, paid off or renegotiated at any time without an interest penalty. The interest rate on an open mortgage is usually higher than on a closed mortgage with an equivalent term.

Assumption agreement: A legal document that requires a person buying a home to take over responsibility for the mortgage of the previous owner.

Status Certificate (or estoppel certificate): A certificate that outlines a condominium corporation's financial and legal status.

There are many other terms to know. The Canada Mortgage and Housing Corporation (CMHC) is a good starting place to learn about them. Understanding the terminology of an industry you are about to dip your toe into can be your shortcut to success. **REU**

Referrals are an important part of my business. Anyone you refer will receive special attention and the finest service possible. For professional real estate advice please call, any time.

Thank you!

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