



SUSTAINABILITY NEIGHBOURHOOD ARCHITECTURE COMMUNITY

Ryan Roberts

real estate newsletter



Q3 TORONTO REAL ESTATE MARKET UPDATE

What a summer! The weather was cool but the real estate market was incredibly hot!

We set real estate transaction records in June and July – nearly 40% of this year's activity happened in these two months. With interest rates still very low I suspect we will continue to see a hot market through to November. Many buyers are ready to purchase, although there is very little inventory. Consider this: the amount of transactions is up 27% while active listings is down 37% - no wonder values are up with so few homes to choose from.

June Stats: 10,955 transactions with an average value of \$ \$403,972 – up by two per cent over June of 2009

July Stats: 9,967 transactions with an average value of \$395,414 – up by six per cent over last July.

August Stats: 8,035 transactions up 27% over last August. Average value of \$387,921 – value is up 6% over last August.

Year to date (as of August 31st): There were 58,421 transactions, which is up 2 per cent compared to the first eight months of 2008. Considering the slow start through to mid March of 2009, this is incredible.

Other important things to consider: the statistics from TREB reflect the GTA; the central Toronto values are even higher. Also, historically speaking the summer months are typically one of the quietest times of the year in a transaction sense. So, these numbers are truly staggering.

WHAT IS DRIVING THIS REAL ESTATE MARKET?

First time buyers are the key to any strong real estate market. Without the upward pressure from the lower home values it is difficult for current owners to move into a higher value bracket. As our current market has shown us over the last 4 months first time buyers are lined up and waiting for condos between \$240-330K to come available and first time buyer couples are on the hunt for homes between \$400-600K. The biggest reason for market is that interest rates are so low; a secondary reason is that general economic confidence has returned to many people in Toronto.

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When renters compare their monthly cost of renting versus owning a home in many cases the monthly debt servicing of the mortgage can be equal or even cheaper than the monthly cost of rent (especially with a 2.25% variable mortgages that are currently available). Example: a mortgage of \$500K at 2.25% would cost less than \$2000/month. It would be very difficult to rent a \$500K+ home for under \$2000/month.



WHAT WILL HAPPEN IN THE NEAR FUTURE?

We expect that home values will continue to rise through to the end of the fall. Typically the real estate market takes a dip in late October in a reaction to the global stock market annual hiccup. However, we do believe this will be temporary, as November looks strong. CMHC is predicting that the latter part of 2010 will bring a slow down in the real estate market. Their expectation is that interest rates will begin to climb therefore making mortgage carrying costs more difficult for the average home owner or buyer looking to get into the market.



GREEN TIP

Consider getting a green audit of your home. Many companies now offer this service. It is especially worth while if you are thinking of renovating your home as different levels of government offer eco rebates in addition to the tax credit in place (up to \$1350). A green audit company will come in and assess the eco friendliness of you home then suggest tips to get your home running greener. A second visit can be booked after the upgrades have been made. If your house has passed the necessary test tests the government will give you some money back for you good deeds.

If I can be of any assistance to you, a friend, family member or work colleague please let me know. I respect referrals as a key to my current and future success in the real estate business. Feel free to contact me with any real estate related questions you have. Whether you need a contact to repair a household item or another service provider I will do my best to suggest quality contacts. I can be reached by clicking the email address or the telephone number provided below.

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