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**Your Greater Toronto Real Estate Newsletter**

## GTA sales down but prices slightly up

**Prices expected to trend up when borrowing costs decline**

**GTA BY THE NUMBERS**

**DETACHED**

↑ **0.0%**  
Avg. Price Yr/Yr

**SEMIS**

↑ **3.1%**  
Avg. Price Yr/Yr

**CONDO APTS**

↓ **0.5%**  
Avg. Price Yr/Yr

**G**TA home sales in March came in 4.5 per cent lower than in the same month last year, due in part to Good Friday falling in March this year, which decreased the number of sales days. But, the main reason according to Jason Mercer, the Toronto Regional Real Estate Board's (TRREB) chief market analyst, is that buyers continue to wait for lower interest rates. "You have a lot of people on the sidelines not because they don't plan to purchase, but they have this wait and see attitude," he says. "Interest rate cuts are likely only a few months out, so people want to wait and evaluate mortgage carrying costs."

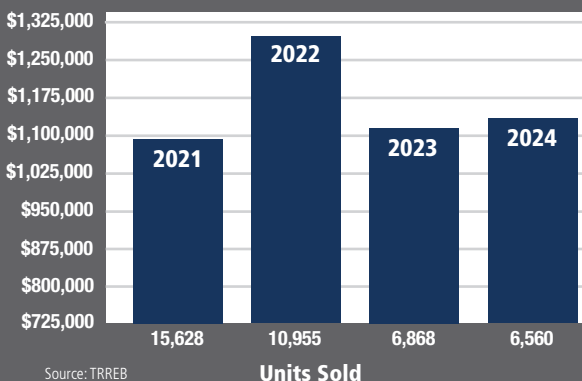
Rate cuts would help first-time home buyers get into the entry-level condominium market, Mercer adds. Sales were down predominantly in the condominium apartment sector by nearly 13 per cent year-over-year, followed by detached homes at 3 per cent, semi-detached and townhouses saw slight increases at 4 per cent and 1 per cent, respectively. "First-time homebuyers are sensitive for [to] borrowing costs and that's impacting sales in the condo market," Mercer says. "If rents continue to increase, more potential homebuyers will look closely at buying if borrowing costs for a mortgage become less than rent."

Despite sluggish year-over-year sales growth, there was enough demand and competition between buyers that the average home price rose in comparison to March 2023. The average GTA home selling price was up by 1.3 per cent to \$1,121,615. Breaking down the average price by housing categories on a year-over-year basis, a detached home in the City of Toronto sold for \$1,708,437 (up by 0.4 per cent) while in the 905 suburbs, it sold for \$1,396,674

(roughly on par with last year). The average price for a semi-detached home rose in both Toronto and the 905 areas, by 3 and 2.3 per cent respectively, selling for \$1,300,403 in the City and for \$1,010,485 in the 905 areas. The condominium apartment average price came in at \$729,392 in Toronto and at \$646,989 in the 905 areas, that is a drop of 0.5 per cent in the City while notching up 0.3 per cent in the suburbs.

New listings were up 15 per cent year-over-year, which Jennifer Pearce, president of TRREB, attributes to homeowners anticipating an improvement in spring market conditions. Pearce explains that if borrowing costs decrease later this year, sales will rise and new listings will be absorbed, causing tighter market conditions that will push selling prices higher. *REU*

**Average Home Prices - March**  
in the Greater Toronto Area



## Monthly stats

March average price by area

**416**

DETACHED

↑ 0.4%  
YEAR  
YEAR

\$1,708,437  
Average Price

CONDO APT

↓ 0.5%  
YEAR  
YEAR

\$729,392  
Average Price

**905**

DETACHED

↓ 0.1%  
YEAR  
YEAR

\$1,396,674  
Average Price

CONDO APT

↑ 0.3%  
YEAR  
YEAR

\$646,989  
Average Price

Source: TRREB



## Money matters

### Renovating rental properties Expenses that are deductible

**M**ore and more Canadians are looking to buy homes they can rent out, partially or wholly, in order to ease the burden of mortgage payments or create an additional revenue stream.

Rental income is not the only benefit of owning a rental property. As a rental property owner, you can typically deduct property tax, insurance, interest, condo fees, repairs, utilities and other related costs at the end of each tax year.

Such expenses are referred to as “current expenses,” which are expenses that generally recur after a short period. For example, painting the exterior of wooden window frames in a house is a current expense. You can also deduct the cost of labour and materials for any minor repairs or maintenance done to an income property.

However, there are different rules when it comes to renovations or major repairs to your rental home. You cannot deduct costs incurred for renos or repairs that are capital in nature, which means those that provide lasting benefits, such as a new roof, windows or siding. Generally speaking, if the renovation is done to improve the property, rather than to maintain it, it’s a capital expense. If the expense is in anticipation of a sale, it is more likely to be a capital expense. Although you can claim capital cost allowance for these, which can reduce your capital gain tax upon the property’s sale.

A rental property can even run at a loss allowing the taxpayer to claim deductions against their other sources of income. **REU**



## GTA’s housing crisis

### Home affordability Feds take a big step forward

**T**he housing crisis has become a matter of urgency for Canada’s federal government. Last year, the government implemented several programs designed to increase the supply of housing in Canada. The Rental Construction Financing Initiative offers low-cost loans for construction of sustainable rental apartments; the Rapid Housing Initiative provides capital contributions for the rapid construction of new housing; and the Canada Mortgage Bond allocation increase is directed at new rental housing construction. The government also imposed a two-year ban on foreign nationals buying homes in Canada.

These initiatives focus on the supply side of the housing crisis. However, recently, the government aimed their focus at the demand side, mainly Canada’s booming population fuelled

by immigration levels. While immigration is of intrinsic value to Canada, a population explosion counters any progress made on the housing supply side. Experts point out that it takes several years for supply programs to result in actual homes, while the lack of affordable housing is very much a “now” problem.

In view of this, the federal government announced plans to reduce the number of non-permanent residents (NPR) in Canada from the current 6.2 per cent share of total population to 5 per cent over the next three years, reducing it to roughly 450,000 people. Non-permanent residents are those with work or study permits and refugee claimants. Industry observers calculate that this will result in Canada’s population growing by 300,000 people each year versus the 1.2 million people who were added in the last quarter alone. **REU**



# Finances

## Reverse mortgage Should you say yes?

**M**any people have seen ads depicting the benefits of a reverse mortgage for seniors. The message tells seniors that this type of loan allows them to remain living in their home while at the same time enjoying the home's equity. It's billed as financial freedom without the stress of moving or downsizing.

What is a reverse mortgage? In a nutshell, if you are 55 or older, you can borrow as much as 55 per cent of the value of your home. Principal and compound interest don't have to be paid back until you sell the home or upon your death. While there are definite advantages to taking out a reverse mortgage, there are also some drawbacks to consider.

### Advantages

- A reverse mortgage is secured by your home's equity. Unlike a home equity line of credit it does not require any income proof verification.
- You don't have to make any regular mortgage payments. You can repay the loan at any time, but you - or your heirs - don't have to pay back the loan or interest costs until you sell the home or die.
- You can receive the loan as a lump sum, regular payments, or a combination of the two. The money you borrow is tax-free and does not affect your Old-Age Security or Guaranteed Income Supplement.
- The ownership of the home remains yours and the amount you owe can never exceed your property's value.

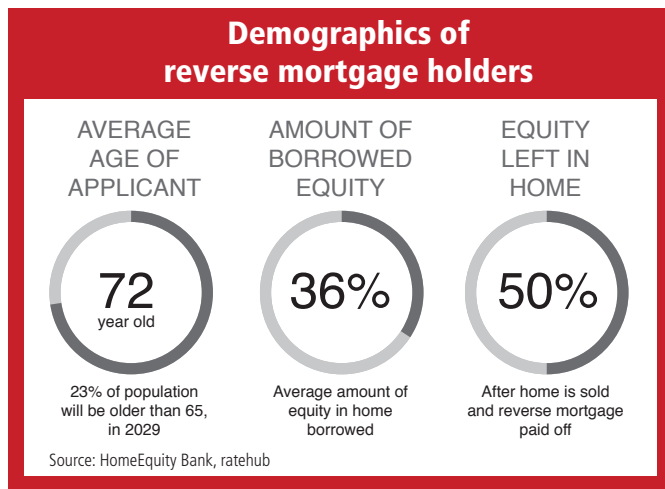
### Drawbacks

- There are limited options as only two financial institutions in Canada offer reverse mortgages: HomeEquity Bank and Equitable Bank.
- Reverse mortgages are more costly than other loans or mortgages. The interest rates are higher and are compounded. There are also start-up costs (application fee, home appraisal

fee, etc.), which are deducted from the principal received.

- Borrowing against your home will impact the amount available to pass on to your beneficiaries.

As long as you're older than 55 and have a home that's worth something, you'll be approved for a reverse mortgage. Still, the high interest rates and costs associated with this type of loan should be weighed carefully against the need for ready money. *REU*



## On the internet

### Interesting apps

#### YNAB

You Need A Budget (YNAB) is a paid budgeting app, a proven method to help you pay off debt, save more, and gain total control of your money.

#### Fever

Curates the best events and experiences in major cities. From concerts to secret pop-ups, it ensures users never miss out. Free

#### Giki

Make sustainable choices. By scanning products, users get insights into the environmental impact, helping them make informed decisions. Free

#### Wellen

Creates safe personalized fitness programs for people with osteopenia and osteoporosis, designed to meet your health and wellness goals.

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

## Mortgages

April 8, 2024

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

<b>Prime</b> .....	<b>7.20%</b>
<b>Variable</b> .....	<b>6.80%</b>
<b>1-year</b> .....	<b>7.29%</b>
<b>2-year</b> .....	<b>6.39%</b>
<b>3-year</b> .....	<b>5.49%</b>
<b>4-year</b> .....	<b>5.49%</b>
<b>5-year</b> .....	<b>5.44%</b>





## Vegetable garden Save money, keep fit and eat healthy

**W**ith today's high food prices, many Canadians are considering growing vegetables and other food crops in their backyards.

However, many vegetables are annuals and have to be replanted, which counters these cost-saving efforts and adds to the to-do list. Fortunately, we also have a variety of perennial food crops that reappear year after year and/or spread abundantly, improve the soil, produce large quantities of food and, in many cases, beautify the garden.

Before you start seeding or planting, make sure to prep your soil. Since the bed will contain plants for years to come, it's the only chance you'll get to thoroughly mix in compost or manure. Till in amendments to adjust the soil's pH. Dig weeds up by their roots without the risk of disturbing nearby plants.

One benefit of growing perennial crops is that they're generally low maintenance. Once you've planted a crop, there will be no need to plant it again, just sprinkle an inch or two of compost and, in most cases, a dose of fertilizer granules over the soil every spring.

Here's a primer on some perennial food crops you can easily make a part of your garden and kitchen!

**Asparagus:** can be grown from seed, but it is usually quicker and easier to buy two-year old crowns; prefers free draining soil; plants should be allowed to grow undisturbed for two full years before harvesting; once established provides a harvest for 20 to 30 years.

**Babington leek:** has a mild hint of garlic and is cooked in the same way as annual leeks.

**Caucasian spinach:** a climber; grows readily from seed; grows up to three metres.

**Jerusalem artichoke:** abundant growth and spread; grows to a height of two metres or more with sunflower-like flowers.

**Rhubarb:** one of the easiest perennial vegetables to grow; can be grown from seed but when you buy a rhubarb crown, harvesting can start much sooner.

**Currants:** berries that grow on attractive shrubs; should be kept fairly cool and moist; don't need full sun, so they are a great way of brightening up a partially shaded area.

**Chives:** very easy to grow from seed and spreads readily; its flowers are also edible; needs to be cut back, so harvest them monthly once they are established.

**Raspberries:** first to colonize a recently disturbed area, getting their roots into the soil before there is any competition; okay with sandy soil; most raspberries will ripen in July.

**Strawberries:** short-lived perennials but they spread boisterously and rapidly; can be grown from seed.

**Culinary Herbs:** woody-stemmed herbs like sage, oregano, marjoram, rosemary and thyme might even stay green through a zone 5 winter; all thrive on light, heat and extremely well-drained soil. Tender herbs like basil and dill will not survive frost.

There are many benefits to growing your own vegetables and other food crops from saving money on groceries to controlling how your food is grown to getting exercise in the garden and helping the environment. *REU*



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