



real estate UPDATE

Your Greater Toronto Real Estate Newsletter

COVID-19 impact on sales softens Prices trending upwards

Due to the continued impact of COVID-19, the GTA housing activity in May was down by 53.7 per cent in comparison to May 2019, but up from the previous month which saw a deeper decline of 67.1 per cent. Given the context of the coronavirus pandemic, this upward trend in sales is encouraging.

“While the public health and economic concerns surrounding COVID-19 continue to impact the housing market, the May sales result represented a marked improvement over April. TRREB released updated Ipsos consumer intentions polling results in May that indicated that 27 per cent of GTA households were likely to purchase a home over the next year. Providing we continue to see a gradual reopening of the economy, it is very possible that home sales will continue to improve in the coming months,” said Toronto Region Real Estate Board President Michael Collins.

Although listings and sales volumes were down (by about the same percentage) versus May 2019, average prices actually ticked up. The average selling price for all home types combined was up by 3.0 per cent compared to May 2019, to \$863,599. On a seasonally adjusted basis, the average selling price was up by 4.6 per cent month-over-month compared to April 2020. The average home price in Toronto registered at \$955,273 versus \$936,852 in May 2019, up by 2.0 per cent. In the 905 areas, the price reached \$819,719 up by 5.1 per cent from \$779,950.

After several months of hot activity and accelerated price growth, the Toronto housing market has shifted back

into balanced market conditions. “With home sales and new listings continuing to trend in unison in May, market conditions remained balanced. This balance was evidenced by year-over-year average price growth slightly above the Bank of Canada’s long-term target for inflation. If current market conditions are sustained during the gradual reopening of the GTA economy, a moderate pace of year-over-year price growth could continue as we move through the spring and summer months,” said Jason Mercer, TRREB’s chief market analyst.

In the City of Toronto, purchasing intentions were above the GTA average, with 34 per cent of respondents saying they would likely buy in the next 12 months. Younger buyers and households with children indicated the most motivation to buy, with 45 per cent and 37 per cent expressing interest, respectively. *REU*



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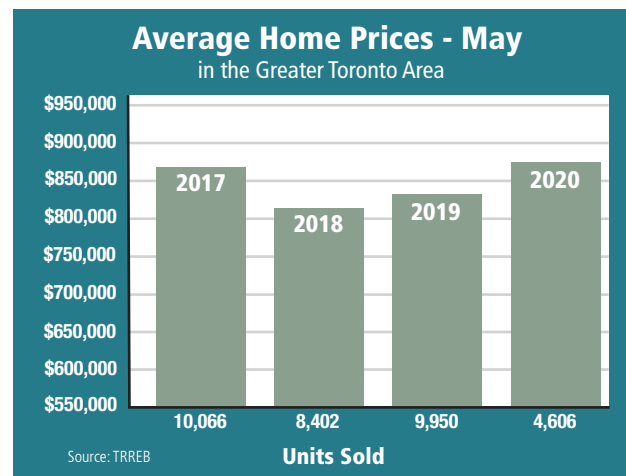
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GTA BY THE NUMBERS

DETACHED
↓ 0.9%
Avg. Price Yr/Yr

SEMIS
↑ 4.8%
Avg. Price Yr/Yr

CONDO APTS
↑ 6.0%
Avg. Price Yr/Yr



Monthly stats

May average price by area

416

DETACHED

↑2.7%

YEAR
YEAR

\$1,422,273
Average Price

CONDO APT

↑5.0%

YEAR
YEAR

\$674,028
Average Price

905

DETACHED

↑1.8%

YEAR
YEAR

\$942,668
Average Price

CONDO APT

↑3.9%

YEAR
YEAR

\$497,010
Average Price

source: TRREB

Financial matters

Determine your priority **Pay down the mortgage or invest?**

Paying off a mortgage quickly certainly has great rewards, like being mortgage free sooner and saving tens of thousands of dollars in interest payments.

Still, when borrowing costs are cheap - as they are now and likely to remain so for a while - it may be more financially savvy to make minimum mortgage payments and invest your money instead.

When long-term investments outperform low-interest rate

mortgage payments, putting extra funds into long-term equity investments could put you in a better financial position down the road.

According to certified financial planner Brian Fry, "If you project a higher rate of return for your investments than your mortgage's interest rate, then you should invest the savings. [But] If you project your mortgage's interest rate to outperform your investments, then you should pay the mortgage off aggressively." That means, for instance, if your mortgage rate is higher than the rate of return on your GIC, then paying down your mortgage early is the better option. But Fry also warns that it's crucial to consider how far you are from retirement and your unique personal financial situation before opting for investing instead of paying down your mortgage.

Rob Carrick, finance columnist for *The Globe and Mail*, says that while the comfortable move right now is to pay down the mortgage, homeowners may miss out "on a once-in-a-decade chance to build long-term wealth by investing in beaten-down stock markets. Those markets may get beaten down some more, but they'll come back with a vengeance at some point." [REU](#)



Condo update

Condo maintenance fees **Boon or bane?**

This happens to condo hunters all the time: you find a great condo unit in a perfect location at a reasonable price, but the maintenance fee gives you pause, and someone else snaps up the unit while you debate.

Maintenance fees are often seen as the bane of condo living. However, condo buyers should consider what these fees include and what costs they would incur for each of these items separately - such as paying for flood and wind-storm insurance, upkeep of the parking garage, lockers, gym, roof, maintaining security, and paying for electricity, gas, water and cable (often included in the fees).

It's not just that maintenance fees free you from mowing the lawn and shoveling the snow. You also avoid the headaches of dealing with overheads and maintenance costs.

Various things go into determining a building's condo maintenance fees, such as the number of units and a building's footprint. In general, buildings housing a large number of units often benefit from economies of scale. Larger buildings with many amenities can have lower maintenance fees as compared to smaller buildings with fewer amenities. After all, a concierge service shared between 50 units will be far more costly than when shared between 500 units. That said, the more units and common areas/amenities a building has, the more wear and tear is likely to occur.

Effective management of the condo building and its reserve fund (money put aside for big repairs, upgrades, renovations, catastrophe management, etc.) directly impacts the value of the building. [REU](#)



New realities

Contact-free home buying Realtors ensure your safety

With strict COVID-19 restrictions and social distancing, it must be surprising that properties continue being listed and sold in the GTA.

This prevailing market activity, although admittedly at less robust levels than the sizzling hot market of the pre-COVID period, is due to the fact that real estate is an essential service.

New protocols designed to ensure that buyers, sellers and realtors face as little risk as possible have been quickly adopted. Realtors had to get creative in showing listings to their clients, with most relying on digital technology like 3D tours, virtual home tours and video previews of listings. Apps for virtual home visits have become quite sophisticated, and sometimes properties are bought based on a virtual showing alone. However, buyers mostly still prefer to see their potential new home in person, and realtors have responded with taking steps to ensure the safety of all involved.

With showings starting up, many brokerages have COVID-19 disclosures in place with their clients. These documents confirm that in the last two weeks nobody travelled outside the country, had COVID-19 symptoms or had contact with anyone that showed these symptoms. Everyone must also agree not to use the washroom while in the home, not to bring extra family members, and to sanitize

their hands before entering the house.

In the COVID-19 era, everyone arrives at the showing separately, and realtors have extra masks on hand for the buyers. Realtors disinfect their hands, the lockbox and keys, and wear gloves to open and close all doors, turn on lights etc; this makes for a touch-less environment for their clients. Often, owners are asked to keep their children out of the house, and no more than two people are allowed in.



Buying a home has certainly changed because of COVID-19. Still, some changes are improvements to the home-buying process, and will likely become permanent. For instance, virtual showings do ensure that only serious buyers are actually taken through the house, after they've gone over the floor plans and virtual tours with their realtor. And this saves time for everyone concerned. *REU*



On the internet

Interesting websites

covid19.WSPS.ca

Offers critical information, resources and updates to help employers ensure safety of workers during COVID-19.

newsINTERACTIVES.cbc.ca/coronavirustracker/

Stay informed with the latest COVID-19 data to make sense of what is happening in Canada by province and around the world.

nike.com/ca/NTC-APP

NTC (Nike Training Club) App provides 185+ free workouts from bodyweight-only sessions, invigorating yoga classes and fitness routines.

headSPACE.com

Provides guided meditations on everything from stress and sleep to focus and anxiety with a goal to improve one's health and happiness.

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

Mortgages

June 8, 2020

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

Prime	2.45%
Variable	2.05%
1-year	2.49%
2-year	2.04%
3-year	2.39%
4-year	2.44%
5-year	2.29%



Returning to your workplace soon? Things will be different

As the Ontario government moves to re-start the economy, companies are planning for the return of temporarily laid-off and work-from-home employees. But given the COVID-19 physical distancing guidelines, the office environment will likely be quite different.

Over the last few years, the trend has been for companies - especially those in high-rent downtown cores - to squeeze as many workers into an open space as possible to save on real estate costs. Typically, the preferred layout had open spaces with workstations in close proximity, with few private offices. In some workplaces, dividers between cubicles are eliminated to encourage teamwork and collaboration. But, now amid fears of COVID-19, these types of densely populated environments are a health hazard.

The post-COVID-19 office space will (and should) look and function differently. There will be greater distance between desks and revised traffic flow, like one-way corridors. Many offices will either strongly recommend masks or make masks mandatory. Wherever possible, workplaces may introduce shift work or flexible hours to reduce the number of staff in the office at one time. This would

decrease crowding in places like elevators, copier rooms and cafeterias, it would also create shorter lines for temperature checks. Sanitization practices will have to be adopted after using copier machines and shared meeting rooms.

"It will be a very slow, graduated return to work with employees that are critical to the business," says Lisa Fulford-Roy, a senior vice-president with commercial real estate giant CBRE, based in Toronto. "A lot of the social areas that we use when we're at work - break spaces, lunchrooms, food courts, cafés - many of those will be coming back slowly, as well."

Re-configuring the office to allow space for social distancing and time for deep cleaning may get expensive for some companies, so remote work will most likely be continued by many companies.

Annie Bergeron, design director of Gensler, an architectural and design consulting firm in Toronto, advises her clients to modify office hours. "One of the strategies that we are recommending for re-entry into the workplace is either shift work or a balance of work from home and work from the office, so that you don't have too many people re-entering the workplace at the same time," she says.

"I think that this idea of maintaining physical distance is going to drive a lot of the decision-making, and for people who don't need to be in the office, there may be extended work-from-home situations," says Victoria Arrandale, assistant professor of occupational and environment health at the University of Toronto's Dalla Lana School of Public Health.

The bottom line? For better or for worse, it looks like for many their home will continue to double as an office space. *REU*

GTA '20 totals

Sales activity of single-family homes
Most recent month, year to date

Active listings
May11,448
YTDN/A

New listings
May9,104
YTD48,173

Sales
May4,606
YTD27,313

Average price
May\$863,599
YTD\$878,449

Median price
May\$754,500
YTD\$763,000

Average days on market
May32
YTD25

Average percentage of list price
May99
YTD101

Source: TRREB

Housing market indicators

Single-family dwellings

Source: TRREB	Sales	New Listings
May '19	9,950	19,394
May '20	4,606	9,104
% Change	-53.7%	-53.1%

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