

F A L L 2 0 1 0

# THE Real Estate Your Way

## NEWSLETTER

### What's The Latest?

Hi Everyone,

It's that time of year again when the leaves have changed colour and the air is getting a little fresher... Welcome to Fall, my favorite time of the year ☺.

As we begin Q4, it is often a time for reflection – where have we been, what's happening now, and where are we going?

The beginning of the year saw four key factors at play, which made for the "Perfect Storm" if you were a seller. First, it was Spring, and historically this is the busiest time of the year for New Listings, highest Average Selling Price, lowest Days-on-Market (DOM) and highest Sales-to-Inventory Ratios (S-I%).

Second, a combination of three important changes came into effect regarding mortgage rules that ended up pushing sales earlier this year, before the changes took place on April 19th.

- a. Buyers must now qualify first for the posted mortgage rates as opposed to previously being allowed to qualify for the best rate they could find.
- b. To purchase a non-owner-occupied residential rental property you now need to put 20% down, up from 5% previously.
- c. New refinancing limits were changed to 90% of the home's value versus the 95% that was previously allowed.

Third, there was a lot of misinformation around the introduction of the HST. Many people thought that HST would affect them on the price of purchasing a resale home, but in actuality, it only affected new homes, preconstruction and fees related to buying a home (Realtor, lawyer fees, etc...). This mistake caused many people to buy before July 1<sup>st</sup> to avoid paying HST on their home purchase.

And fourth and finally, there was a growing speculation that interest rates were going to increase. Money was cheap at the beginning of the year and the rumour was that rates were going to increase as the economy continued to climb out of the recession. A home you could afford in March would be more expensive in July simply because borrowing that money would be more expensive, even if the price of the home didn't change. The crazy thing is, while the rates did go up in Q2, they dropped in Q3 to historical lows, which were even lower than in Q1.

*"The level of sales in the second half of 2010 has been lower, representing a balancing out period following a record level of sales in the latter half of 2009 and first few months of 2010."* -Toronto Real Estate Board President, Bill Johnston.

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**I'm very excited to officially launch my new website:**

[DavidDutton.ca](http://DavidDutton.ca)

Who would have thought that three months of back and forth with my web designer was all it would take to make my website a reality...

I created the site with the vision of providing the people in my life with a place to start their home searches. Be it pre-construction, new construction, government grants or green options, this site has lots of links that will get you where you need to go.

Soon I will be hosting a blog and other real estate info. So please check it out. I would love to hear feedback as I hope that my website will take on a life of its own.



IF YOU KNOW OF ANYONE THAT MIGHT BE INTERESTED IN SPEAKING WITH A REAL ESTATE PROFESSIONAL, PLEASE DON'T HESITATE TO PASS ALONG MY NAME. REFERRALS ARE ALWAYS APPRECIATED!

**What's the Latest, continued...**

So all in all... the sky doesn't seem to have fallen. Yes, you heard correct, a Realtor® being positive about the market. Biased? I try not to be, as it doesn't help my clients make the right decisions. Researched? Yes, I do a lot of data crunching to analyze the trends. Current? I'm always reading about what the economists and experts have to say, and keeping an eye on what my fellow Realtors® are up to.

**What does the Fall market look like?** This was to be the "tell" on how healthy the Real Estate market truly is. Bubble talk has been ramped up the past few months with many buyers and sellers deciding to wait and gain a better grasp on the market's reality before deciding what action to take. I can't blame them. The indicator would be the amount of new listings hitting the Fall market. Could the market absorb them or would the increased supply drive down prices, popping the "bubble"?

Now that the Fall session is underway, has the market bubble burst? No. In certain neighbourhoods in Toronto I'm seeing a larger amount of New Listings holding off offers, similar to what was being seen earlier this year. Homes that show well and are priced right are going for over asking. Others that don't sell the night of offers sit for awhile until they sell or the price is reduced. Although DOM are still higher than in the Spring, the number is decreasing compared to slower months in July and August.

Average DOM for a home in the GTA now sits at 33 days in September versus 38 days in August, but higher than the 21 days the Spring market averaged. Overall, sales are 4% higher compared to the first three quarters of 2009. The Average Selling Price for a home in the GTA currently sits at \$427,329, compared to the first six months of 2010 that averaged \$403,972.

**Where are we heading?** After reading many write-ups from many different news outlets and top economists, I feel Adrienne Warren of Scotia Capital best sums it up...

"Sales, while still at a high level, have trended steadily lower alongside reduced affordability and exhausted pent-up demand. Meanwhile, increased listings are tilting overall market conditions back in favour of buyers. We expect demand to remain at a lower ebb into next year, and prices on average to be roughly flat."

-Adrienne Warren, Scotia Capital, Senior Economist and Manager

Consumer fatigue and more importantly affordability are two key issues to watch as housing affordability levels (GTA) are now trending to exceed long-term averages, which are being "red flagged" by many an economist. I'm still sticking with my opinion from my Summer Newsletter! Short-term: Buyers should look to purchase between now and the 2011 Spring market, while Sellers, ideally, should aim to hold off until just before Spring. The Fall market should peak in a few weeks and then go into a lull. Sellers should spend the next few months getting projects done around the house in preparation of listing in February or March. Buyers, meanwhile, should sit back and wait for good product to come on the market at a time when interest rates are very low and Average Sales Prices look to flatten out as the market slows for Winter.

Have a safe and Happy Halloween!  
David

## Fall Maintenance Checklist

Doing routine seasonal maintenance can keep your home in good shape and help to hold value. Here are a few pointers to keep your house in good shape this Fall. (Check the box when you're done!)

- Vacuum electric baseboard heaters to remove dust
- Remove the grills on force-air systems, vacuum inside the ducts and change furnace filters
- Check smoke, carbon monoxide and security alarms, and replace batteries
- Clean portable humidifier if one is used
- Winterize landscaping, for example, store outdoor furniture, prepare gardens and, if necessary, protect young trees and bushes before winter
- Clean debris from eavestrough and make sure that the drainage area around the downspout is functioning properly
- Close off any exterior water faucets and drain hoses
- Clear away all debris from around the foundation of the house. It will only sit and cause moisture to leach into the foundation materials

### GREEN Living:

LJ and I came across this great website [www.earthlab.com](http://www.earthlab.com), that allows you to calculate your carbon footprint, and then start taking steps to reduce it. Our current output is 7 tonnes per year, but we are committing to being carbon neutral by 2013.



We challenge you to see what you can do!

### Quote of the Quarter:

*"Character is the ability to do the right thing when no one's watching."*

Craig Robinson: Basketball Coach.  
(Barack Obama's brother-in-law)



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