

Smart Moves

with **Kaushansky** **Brown**

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Winter 2013

Your Community Real Estate News

Market Watch

Greater Toronto Area REALTORS® reported 3,690 transactions through the Toronto MLS system for the month of December 2012. This number of sales was down from 4,585 in comparison to the same period in December 2011. “Stricter mortgage lending guidelines, including a reduced maximum amortization period and a one million dollar purchase price ceiling for government-backed insured mortgages, appear to have had the effect desired by Finance Minister Jim Flaherty. Some home buyers have put their home purchase decision on hold,” said Toronto Real Estate Board (TREB) President Ann Hannah. “In the City of Toronto, sales declines have been more pronounced as the effect of stricter mortgage lending guidelines has been compounded by the City’s additional upfront Land Transfer Tax,” added Hannah.

However, the average selling price for December was \$478,739, representing a six and a half percent annual rate of price growth. “Even with the dip in sales since the spring, tight market conditions in the low-rise segment of the increase in the market have driven year-over-year average price growth,” said Jason Mercer, TREB’s Senior Manager of Market Analysis. “While the average price for detached homes in the City of Toronto was down for the first two weeks of December compared to last year, this dip was due to a different mix of homes sold this year compared to last. There were fewer high-end detached homes sold compared to last year,” continued Mercer, which would affect the overall average.

Total sales for all of 2012 amounted to 85,731 – down from 89,096 transactions in 2011. But again, the average selling price for 2012 as a whole was up by almost seven per cent to \$497,298. “Robust annual rates of price growth were reported through most months of 2012. Price growth was strongest for low-rise homes, including singles, semis and townhouses. Despite a dip in the number of sales, market conditions remained tight for these home types with substantial competition between buyers,” said TREB’s Senior Manager of Market Analysis Jason Mercer.

More recently, there were 1,469 sales reported through the TorontoMLS system for the first two weeks of January 2013. This is a 2.4 percent increase over the 1,435 transactions reported during the same period in 2012. The average selling price during the first 14 days of 2013 was \$459,728, a gain of 4 percent compared to the same time last year.

Updates From Our Office

Inside This Issue

- ◆ Market Watch
- ◆ Updates From Our Office
- ◆ Ontario Reviews the Condominium Act
- ◆ U.S. New Home Sales
- ◆ Seniors Financial Checklist for 2013
- ◆ Super Service Professional Directory

By now, most of you have heard or read that our Team has partnered with The Farquhar Team (ex of Re/Max) to open the newest Keller Williams Brokerage, KW Neighbourhood Realty, in the Bloor West/Junction area. We will still be working with our sister Brokerage in The Leslieville/Beach area, and are super excited about extending our reach westward. I’ve also been travelling to Las Vegas, Nevada, researching investment opportunities for our clients in the vacation and residential rental property world. We’ve partnered with The Keene Team from Keller Williams Las Vegas (Henderson) and put together a comprehensive program that includes mortgage lending and property management services all out of one office. How good are the deals? We’ve just purchased a property that sold for roughly 30% of its value from 5 years ago. Factoring in all expenses, including property management and taxes, we are cash-flow positive from month one. Call or email us to find out more about this great investment opportunity.

Closer to home we ended off 2012 with a total of 43 transactions and a dollar volume of just under \$27m. We thank all of you for your continued support, referrals and trust in our services. We look forward to helping you and others you know buy, sell or invest in the coming year.



Irene Kaushansky B. Sc., A.S.A. & Philip Brown B.S.W., A.S.A.

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Ontario Undertakes A Full Review of The Condominium Act

The provincial government is currently reviewing the Condominium Act, and gathering feedback, with the intention of making changes to the Act. TREB recently met with the Minister of Consumer Services, and it was expressed that REALTOR® input to this process is welcome and encouraged. In this regard, TREB is working with the Ontario Real Estate Association to provide recommendations to the provincial government on this issue. The provincial government is consulting with the public and stakeholders, including REALTORS®, on options for updating the Condominium Act relating to matters such as:

- Consumer protection for buyers
- Condominium finances and reserve fund management

- Condominium board governance
- Expertise/accreditation of condominium managers
- Dispute resolution (e.g., between condo boards and owners)



U.S. New Home Sales Near 2-1/2 Year High

Housing activity in the United States is gearing up while Canada's residential real estate market appears to be in for a soft landing, Bank of Nova Scotia economist Adrienne Warren says in a new research note.

While average prices in the U.S. are still about 30% than their 2005 peak, the long road to recovery has begun. Real home prices in the third quarter were 5% higher than a year ago, acceleration from the 3% advance in the prior quarter, Ms. Warren noted. "At the same time, Canadian housing activity has geared down," she added. Average home prices nationally were moderately below those of last year in each of the first three quarters of 2012 after adjusting for inflation. [Compare that to the stats for our local market, on the previous page]

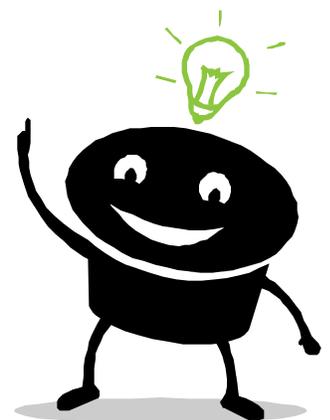
Sales are also weaker, and the moderation in activity mirrors a modest softening in labour market conditions over the summer, the note said. Moreover, "high and rising home prices combined with consecutive rounds of tightening in mortgage insurance rules in recent years have contributed to a deterioration in housing affordability, most notably for first-time buyers." And anecdotal reports point to a lower level of interest from foreign buyers or investors, although the accurate numbers on that are not available.

All told, Ms. Warren expects housing demand to remain on the softer side for now, as households become more cautious about adding to their already high debt loads. "This could put some further downward pressure on sale volumes as well as prices, especially in markets that have already shifted into buyers' territory (e.g. Vancouver) or in certain market segments that are potentially oversupplied (e.g. condominiums in Toronto)," she wrote. The pace of home construction activity is also likely to moderate over the next year. "However, with the Canadian economy continuing to post healthy job growth, and sellers proving responsive to the underlying shift in market conditions, a sharp decline in prices nationally is unlikely," the report said.



"Real Estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world."

U.S President, Franklin Roosevelt



A Seniors' Financial Checklist for 2013

If you are 65 or older, the following are some planning considerations which may help you to preserve and grow your wealth. Please note that while this checklist covers the most common situations, it is not meant to be exhaustive.

Old Age Security (OAS) benefits are available to anyone age 65 and over who meets the eligibility requirements. However, the OAS benefit is clawed back once your net income reaches a certain level. If your OAS is expected to be clawed back this year due to a unique one-time taxable situation (e.g. a large capital gain from selling your business or real estate property or your receipt of a severance payment) and your net income will be substantially lower next year, consider requesting a waiver by filing the Canada Revenue Agency (CRA) Form T1213 (OAS) - Request to Reduce Old Age Security Recovery Tax at Source. If approved by the CRA, Service Canada will reduce the amount of tax withheld from your monthly OAS payments in the following year.

If you worked in Canada, you may be eligible to receive Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) payments. Unlike OAS benefits, CPP/QPP payments are not income-based and are therefore not subject to any clawback. To even out retirement income and possibly reduce your family tax bill, consider sharing this government pension with your spouse. If your spouse is taxed at a lower rate, consider splitting eligible pension income with your spouse to reduce your family's overall tax bill. This also includes

RRIF (Registered Retirement Income Fund) payments that you receive in the year if you are 65 years or older. You may be entitled to receive a maximum federal non-refundable pension tax credit on your first \$2,000 of eligible pension income.

If you have a younger spouse and you are required to set up a RRIF as you are turning 71 this year, but you will not require the mandatory annual minimum RRIF payments, consider using your younger spouse's age when setting up the RRIF to minimize taxable withdrawals.

If you are 71 this year and still earning income, consider making a final RRSP contribution in December 2013 (based on your 2013 earned income) to maximize your RRSP before you convert to a RRIF and limit the 1% over contribution penalty to a single month. This is often known as making your "forgotten RRSP contribution". If you are 72 or older and can no longer contribute to your own RRSP but have a married or common-law spouse who is 71 years or younger, consider making an RRSP contribution to their Spousal RRSP, subject to your unused RRSP contribution room.

Consider taking advantage of the \$5500, 2013 contribution room being added to your Tax-Free Savings Account (TFSA). All TFSA investment growth, income and withdrawals are tax-free and do not affect your eligibility for federal government income-tested benefits such as OAS.

Consider purchasing an insured annuity as a tax-efficient method to increase your retirement income.

Explore creating a testamentary trust in your Will, which may allow for tax savings for the beneficiaries in high

brackets as the trust is taxed as a separate taxpayer and subject to graduated tax rates.

If you have philanthropic intentions, consider gifting publicly traded securities in-kind to a registered charity for a twofold benefit. First, the capital gains will be exempt from tax; and second, you will receive a donation tax credit equivalent to the fair market value of your in-kind security donation.

If you own any US situs assets (which includes, among other things, real estate in the US and US securities), it is important to also examine your potential US estate tax exposure and consider strategies to minimize or eliminate your potential US estate tax liability.

This article is supplied by Geoff Hartley, an Investment Advisor with RBC Dominion Securities Inc. Member-Canadian Investor Protection Fund. This article is for information purposes only. Please consult with a professional advisor before taking any action based on information in this article. If you have any questions regarding potential planning ideas, and how they may apply to you or your family, feel free to contact Geoff at geoff.hartley@rbc.com or 416.842.3573. Additional information is available on his website www.geoffhartley.com.



Our 4th Annual Family Day Skating Party



Hosts: Irene Kaushansky and Philip Brown

Location: Mastercard Centre for Hockey Excellence
400 Kipling Avenue, Toronto, ON M8V 3L1
Rink 2, Leaf Pad

When: Monday, February 18th, 2013 at 2pm

The Kaushansky/Brown Real Estate Team invites you, your family and friends to join us for a fun filled, pizza fuelled, 4th Annual open skate on the Toronto Maple Leafs personal practice rink at the MasterCard Centre.

Located at 400 Kipling Avenue, the MasterCard Centre has ample free parking on site, and is easily accessible by TTC from Kipling Station buses or the Lakeshore streetcar.

We're geared up for every age and skill level, including non-skaters and novices. Say goodbye to the winter blahs and come on out to snack and skate from 2 - 4pm. Warm up with hot chocolate, courtesy of the Big Guys Little Coffee Shop.

Please RSVP prior to the 11th of February, and let us know how many skaters you'll be bringing along.

Hope to see you there,

Irene Kaushansky, Philip Brown, Lesley Fisher and Bridgette Leonetti
Keller Williams Neighbourhood Realty, Brokerage

RSVP to admin@ireneandphilip.com or call 416-259-2444

Super Service Professional Directory

Our clients are consistently asking for referrals for trades and services. Many businesses promise high quality service and advice but then fail to deliver! When we take on new clients in our real estate practice, we promise them a high level of service. Please give us any feedback, positive or negative (we need to be certain they are consistently providing service), when you use any of these services and make sure to tell them Irene and Philip sent you!

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We're always interested in hearing your success stories from experiences you've had with service and trades people. Please let us know if you think someone you've worked with in the past would be a good addition to this directory.