

# Smart Moves

with Kaushansky Brown

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Winter 2016

Your Community Real Estate News

## Market Watch

**Record TREB MLS® Home Sales in 2015 - January 6, 2016** - The second best sales results on record for December capped off a record year for TREB MLS® home sales in the GTA. Toronto Real Estate Board President Mark McLean announced that there were 4,945 sales reported in December bringing the 2015 calendar year total to 101,299 – a substantial 9.2% increase compared to 2014 as a whole. Strong annual sales increases were experienced for all major home types last year.

"Home ownership is a quality long-term investment that families can live in while the value increases over time. A relatively strong regional economy in the GTA coupled with low borrowing costs kept a record number of households – first-time buyers and existing homeowners alike – confident in their ability to purchase and pay for a home over the long term," said Mr. McLean.

"If the market had benefitted from more listings, the 2015 sales total would have been greater. As it stands, we begin 2016 with a substantial amount of pent-up demand," continued Mr. McLean.

The average selling price for 2015 as a whole was \$622,217 – up 9.8% compared to the \$566,624 recorded in 2014. The MLS® HPI (Home Price Index) Composite Benchmark Price was up by a similar annual rate of 10% in December. GTA home price growth was driven by the low-rise segments of the market, but condominium apartment price growth was generally well-above the rate of inflation as well, through 2015. Keep in mind these are averages: it does not mean that every house in Toronto went up by that amount. In some areas, the price increases were less while in others, they were greater.

"TREB will release its official 2016 outlook later in January, but suffice to say that the demand for ownership housing is expected to remain very strong in 2016. Despite stricter mortgage lending guidelines and the possibility of slightly higher borrowing costs, on average, there will be many buyers who remain upbeat on the purchase of ownership housing," said Jason Mercer, TREB's Director of Market Analysis.

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The Kaushansky/Brown Team has grown! As anyone who may have called us since November likely knows, Vanessa Clark has joined Irene, Bridgette and I as a full-time Team Administrator. She comes to us from Bosley Real Estate, with a great background in office systems. She also has an extensive volunteer history with Seniors' groups, a great match for our own Seniors' Service Program here.

2015 will go into the record books for a bunch of reasons. Irene and I closed 2015 as the #1 Team in Canada for Keller Williams Realty, and we have all of you to thank. Thank you for trusting us with your home buying and selling, and for introducing us to so many *amazing* new clients this year! We certainly covered more ground than any year previous. We successfully closed deals in Milton, Georgetown and Burlington, and worked closely with referrals in Durham, Prince Edward County and beyond. If we don't cover a specific area, we know the best of the best who do and will connect you with them, while still supervising from the sidelines to make sure that everything goes smoothly. *Happy 2016 from all of us here!*

**Don't forget on Monday, February 15th  
we will be hosting our 7th Annual Family Day  
Skating Party! See inside for all the details.**



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## New Mortgage Rules

New mortgage rules introduced by the Federal Government back in December are meant to further strengthen the Canadian mortgage system. The change is targeted at Buyers who do not have a 20% down payment and therefore require CMHC or other mortgage insurance. As of Feb. 15, 2016 there will be additional down payment requirements for homes that sell between \$500,000 and \$1 million. The current 5% minimum down payment for the first \$500,000 of the house price will be maintained, while requiring a 10% minimum down payment for the portion of the house price in between \$500,000 and \$1 million. This will ensure that Buyers have more equity in their homes at the time of purchase, and hopes to reduce the risk for the mortgage insurer. All purchases above the \$1 million mark require a full 20% down payment.

***Here is how the change will affect the average buyer without a 20% down payment:***

- Purchasers of a \$700,000 property under the previous rules could get a mortgage with a 5% down payment, or \$35,000. Under the new rules, the same buyer would be required to make a down payment of 5% on the first \$500,000 (\$25,000) and 10% on the remaining \$200,000 (\$20,000). That would equal a total minimum down payment of \$45,000, an increase of \$10,000 from the previous set of rules.
- The 5% minimum down payment for properties up to \$500,000 remains unchanged and Canadians who already have a mortgage, or applied for and were approved for one prior to February 15th, won't be affected.
- These changes are targeted at the big 3 markets in Canada: Vancouver, Toronto and Montreal, where average prices hit this threshold or above. From a buyer impact, estimates show that only 4% of the buying population is likely to be affected. Likely, these effects are going to be felt hardest among new buyers in Toronto and Vancouver, and move up buyers going from condos to traditional homes.

***Here are the likely reactions to the new rules for those without the ability to stretch within the new guidelines***

- Buyers will come up with the additional down payment through a gift from family, borrowing from investments or other sources of credit
- Delay their purchase until they have saved the additional funds
- Keep their purchase price at or just slightly above the \$500,000 limit
- Purchase before the new rules come into effect February 15th

From a Seller's perspective, this is likely to increase the number of Buyers actively searching for properties to purchase prior to the new rules coming into effect, so that they can still qualify for mortgages with only 5% down. This should give an early kick-start to the 2016 real estate market as Buyers try to get purchases between \$500,000-\$1 million firmed up (but not closed) prior to February 15th. If the shortage of inventory in our market continues during that time, it's possible that there will be yet another increase in the level of competition between buyers vying for one home. On both sides, this is a compelling reason to not wait until the Spring to start prepping to sell, or to start your search for your next place, or your next investment property.

## Mortgage Rates...What's the Story Behind Recent Increases?

As we've all read in the news over the last few weeks, all of the major banks have now raised the rates on some of their mortgage products. While many media outlets used this as the bugle call for their monthly "the market is crashing" march, the business sections actually got the analysis right by going into detail. The interest rate hikes of between 10 and 30 basis points were relegated to only new mortgages, and only to specific "special rate" options, which were mostly promotional mortgage products that were often tied to the Bank of Canada overnight lending rates. So why pick these when the Bank of Canada has been dropping its rates, thus decreasing the costs for carrying these mortgages? Profits. Pure and simple. The banks win on two levels. These rates are still incredibly low, so there is no reason to not get into one of these special products. It will just cost a fraction more (in the case of RBC, they moved their special 5 year fixed from 3.04 to 3.05% or \$10 annually for every \$100,000 of mortgage). That fraction though, multiplied over thousands of mortgages in the coming year, is a nice little bonus for the bank. Secondly, the move may push some variable rate borrowers into fixing their mortgages. If the Bank of Canada further drops their lending rate, as is predicted, the locked in mortgages will begin to pay better returns. While the banks have suggested that the reason for rate increases is due in part to new regulations requiring banks to increase deposit thresholds, those limits will be added to as new mortgage applicants are asked to put larger down payments for insurable mortgages. But it's a good story.



# How Did Real Estate in Toronto Fair Against the Stock Markets?

I hear or read regularly that money is better off in the world of equities than in real estate. Usually, the person promoting that position is in the business of managing wealth, financial planning, or is a trader. I am a real estate agent. So naturally, if I disagree, I'm accused of having a vested interest. Truth be told, I saw real estate as a superior investment before I joined the profession, based on math. I'm a numbers guy. Don't get me wrong, we invest regularly in the other markets, and think it's prudent to do. What I've never understood is the all or nothing approach promoted by more than a few business writers. I believe both have an important role to play in wealth creation. But I'll let the numbers speak for themselves. And, of course, I realize that one year does not a financial picture make. But, for fun...

Here is a year-end snap shot of the 2015 performance of the Stock Market versus our local real estate market for the same period. The Stock information provided is directly from The Wall Street Journal, which rarely has an anti-stock market bias.

- Toronto Real Estate Market: Up 9.2%; TSX: Down 2.2%; S&P 500: Down .7% (excluding dividends).
- S&P 500: Up 1.38% (including dividends); Dow Jones: Down 2.2%
- Of note: The last time the Dow posted an annual decline was 2008, when it fell 34%.
- The S&P 500 rose 1.38% this year including dividends, the smallest total return since 2008.
- In the S&P 500, 220 stocks posted gains, 281 posted losses and 3 were flat.
- U.S. crude oil futures declined 30.47% to \$37.04 a barrel.
- The energy sector was the biggest decliner in the S&P 500, falling 24%.
- Gold posted its **third consecutive annual loss**, falling more than 10%.
- And most of all, if you invest in the markets, you still have to pay to live somewhere.

## 7th Annual family Day Skate 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 15th, 2016 at 2pm

The Kaushansky/Brown Real Estate Team invites you, your family and friends to join us for a fun filled, pizza fueled, 7th 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.

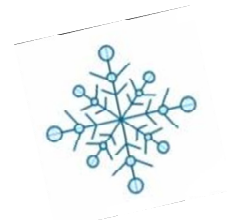
We're geared up for every age and skill level, including non-skaters and novices. Say goodbye to the winter blahs and come on out to snack and skate from 2 - 4pm.

**Please RSVP prior to the 10th of February, and let us know how many skaters you'll be bringing along.**

Hope to see you there!

RSVP to [admin@ireneandphilip.com](mailto:admin@ireneandphilip.com) or call 416-259-2444

*This event is proudly being sponsored by:*



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# 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!*

## Cleaners

Nordic Cleaners 416-404-1075  
Claus Olsen info@nordiccleaning.ca

Clean Scene 416-509-8797  
Maggie Wiecha cleanscene@rogers.com

Kati Darvas 416-618-7070  
thenaturallife@hotmail.com

## Granite and Marble Supply

City Home Granite Depot 416-259-0800  
Cathy Li

Makomo Marble Care 416-620-6677  
andrew@makomomarble.com

## Hardwood Flooring

PK Flooring 416-330-1340  
Paul Kelly

## Heating and Air Conditioning

Atlas Air Climate Care 416-626-1785 x 210  
Steve Crozier  
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## Home Inspectors

Peter Yeates Inspections 416-422-1571  
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All Seasons Home Inspections 416-752-4663  
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Keystone Inspections 416-410-5714  
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## Home Stagers and Decorators

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## Mortgage Consultants

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Jason.friesen@premiermortgage.ca

Royal Bank 647-893-9233  
Shafraz Madhani shafraz.madhani@rbc.com

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Saffron Painting 647-801-2410  
Don Hayward glennhayward@rogers.com

Alexander and Tencate, Custom Builders 647-204-8923  
Seth Alexander seth@alexandertencate.com

Alex Pappot 647-262-0750  
Smaller & medium sized jobs pappot1@gmail.com

## Pool Installation

Simply Pools 905-257-8558  
Vince Camastra info@simplypools.ca

## Residential Rubbish Removal

JustJunk.com Call Centre 416-744-8080  
Tom Dickson (mobile) 647-294-7466  
tomdickson@justjunk.com

## Roofers

Canadian Roofing Company 416-485-0811  
Jason Hunter 416-712-2225  
jason@canadianroofingcompany.ca

## Transition Professionals

Red Coats 416-920-1317  
Vicky Riley Keyes info@redcoatsmoving.com

## Waterproofing

The Waterproofer 416-820-2090  
Stephen Ksiazek Stephen@thewaterproofer.ca

## Wealth Management

Royal Bank Dominion Securities 416-842-3573  
Geoff Hartley Geoff.hartley@rbc.com

**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.**