

Smart Moves

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Your Community Real Estate News

Summer 2016

Market Watch

Toronto Real Estate Board President Larry Cerqua announced that Greater Toronto Area REALTORS® reported 12,794 residential transactions through TREB's MLS® System in June 2016. This result was 7.5% higher than the 11,905 sales reported in June 2015. In line with the prevailing trend so far this year, the number of new listings was down by 3.8%.

"There is no doubt that demand is at a record level, but would-be home buyers continue to face an uphill battle against a constrained supply of listings, which has perpetuated strong price growth. Buyers and sellers alike continue to benefit from the value a REALTOR® brings to a transaction," said Mr. Cerqua.

"As the federal, provincial and local levels of government discuss housing policy in the coming months, issues affecting the lack of supply in the GTA should be of paramount importance. TREB will be undertaking, and making public, results of additional research in the second half of 2016, with the goal of proactively adding to the housing policy discussion," added Mr. Cerqua.

The MLS® Home Price Index Composite Benchmark was up by 16% on a year-over-year basis. The average selling price for all home types combined was up by a slightly higher annual rate of 16.8% to \$746,546.

"When TREB surveyed consumer intentions for 2016, we found that the majority of GTA households who were likely to purchase a home continued to be pointed towards some form of ground oriented housing. This is why we continue to see strong competition between buyers in many neighbourhoods where supply remains constrained," said Jason Mercer, TREB's Director of Market Analysis.

At time of writing, the mid month numbers for July reported 4,428 home sales through TREB's MLS® System. This result represented a 3% increase compared to the same time period in 2015. Year-over-year sales growth was led by the condominium apartment market segment, with an increase of 10.9% in the TREB market area as a whole. New listings were also up over the same time period, but by a lesser annual rate of 1.5%. With sales growth outstripping growth in new listings, strong seller's market conditions persisted particularly with regard to low-rise home types, including detached, semis and town houses. Very low borrowing costs and a relatively strong regional economy compared to other metropolitan areas across Canada have kept GTA households confident in their ability to purchase and pay for a home over the long term. This confidence coupled with a lack of inventory in many neighbourhoods will see very strong price growth remain the norm in the second half of this year.

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Updates From Our Office

The whole Kaushansky Brown Team is saying farewell and good luck in school to Vanessa Clark, who leaves us this summer. In her place, we are very pleased to welcome Nicoletta Palozzi to our team as a full-time Business Administrator, working under our supergal Client Care Manager, Bridgette Leonetti. Nicoletta comes to us with over 5 years of real estate office experience and we are thrilled to have her on board to help serve the growing number of clients we are privileged to help every year. In fact, so far this year, we have sold 45 properties in the city's central core as well as east and west ends! The Kaushansky/Brown house is going to be busier than normal this summer, with the imminent arrival of Scouts and Leaders from Muff, Ireland. We're hosting part of the whole group of 45 calling Toronto home for 2 weeks this summer. In turn, next year we'll be bringing a big group of Etobicoke area Scouts and Leaders back over to Ireland.



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Financial Planning for Wealthy Investors



If you have \$1 million or more in investment assets, your financial situation is more complex than the average Canadian. You pay higher taxes and have a higher standard of living. Maybe you are an executive with a complicated compensation package or a business owner with an interest in a private corporation. In addition, you possibly own or plan to own more than one real estate property and likely have larger estate transfer and charitable giving desires.

To help stay on track to achieve your retirement goals, as well as other important financial goals, such as minimizing taxes or planning for the eventual transfer of your estate, consider the benefits of a having a comprehensive financial plan created for you.

Creating your financial plan

One of the best ways to start mapping out your financial planning strategy is to step back and have an expert look at your overall financial situation and prepare a comprehensive written financial plan for you and your family.

This type of financial plan addresses all aspects of your financial affairs, including cash and debt management, tax and investment planning, risk management and retirement and estate planning. It ensures that you leave no stone unturned related to your financial situation and potential strategies to enhance your wealth.

A comprehensive financial plan can address the following questions:

- > Can I retire when I want to and maintain my desired retirement lifestyle?
- > How can I ensure that I don't outlive my money?
- > How can I minimize the taxes I pay each year?
- > Is my investment mix appropriate?
- > If I were to die unexpectedly, would my family be taken care of?
- > How can I protect the value of my estate?

A higher level of customization

In many cases, the key to a professionally prepared comprehensive financial plan is the level of customization it offers. A customized, comprehensive financial plan should involve the following:

- > In-depth discovery discussion to ensure that your goals, aspirations and objectives are clearly identified
- > Projection of your financial situation (investment, retirement and estate) based on your current strategies and savings rate
- > Recommendation of key investment, tax, estate and retirement planning strategies that are aligned with your goals
- > Projection of your financial situation if the recommended strategies are implemented
- > An action plan that summarizes the key recommendations and a clear guideline for you and your advisor to help monitor their implementation

Financial planning for business owners

A comprehensive financial plan is essential if you are a business owner, as you have more complex financial issues due to owning an active business. This includes business succession issues, withdrawing money out of the corporation tax effectively, taxation of the corporation at death, and more. Like many business owners, you may not have a retirement savings strategy, since you are relying on the equity in your business to fund your retirement. A financial plan can help integrate your business and personal needs into a plan to ensure you are able to meet your goals.



*This article is an excerpt from the RBC Dominion Securities guidebook, **Family Wealth Management – Ten Strategies to Build and Protect Your Family's Wealth.***

Speak to us if you require more information about having a comprehensive financial plan prepared for you by one of our financial planning experts. Depending on your situation, you may only require a simple retirement plan or projection to determine if you are on track for meeting your retirement goals.

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Builder Bankruptcy Reveals Warranty Shortcomings

Bob Aaron, with information from a recent Toronto Star article.

Tarion warranties need to be improved, and a forthcoming report on improving consumer protections should address delayed occupancy compensation.

The recent insolvency of the Urbancorp builder group, and its impact on hundreds of would-be home buyers who wanted to complete their sales deal, has highlighted some gaps in the Tarion warranty coverage available to Ontario consumers.



Tarion recommended that homebuyers in Urbancorp projects “should retain legal counsel so that they are aware of all of their legal options.” It’s a sad situation when the warranty program will not stand behind the Urbancorp buyers but instead urges them to get involved in the delay, expense and frustration of the court system.

Last fall the Ontario government appointed retired associate chief justice J. Douglas Cunningham as a special adviser “to review protections for owners of new homes and identify opportunities to improve consumer protection measures.”

This past April and May, the Cunningham inquiry conducted a series of invitation-only focus groups. These groups were termed “industry consultation sessions.”

As well, two sets of industry and public sessions were held in nine cities around the province. Unfortunately, they were not well publicized and not all stakeholders were made aware of the opportunity to make presentations.

In December, Toronto real estate lawyer Mark Morris wrote Cunningham, asking to make a presentation about Tarion shortcomings. He was advised “we will be in touch with you once we have our schedule in place.” In March, he asked again and received no response. Finally, last week he was told that the industry consultations have been concluded although email input is still welcome.

The plan is to release an interim report early in summer. It will be posted on the website for the Ministry of Government and Consumer Services, and the public will have an opportunity to comment in writing before the final report is released next fall.

Here are a few recommendations I hope will make their way into the Cunningham report:

- Tarion currently protects deposits up to \$20,000 on condominiums and \$40,000 on homes. This protection hasn’t been changed in years, while home prices and deposit amounts have skyrocketed. Deposit amounts should be protected by Tarion up to \$200,000 on all purchases, whether freehold or condominium.
- Last week I closed transactions for clients where the agreements were signed nine years ago, back in 2007. At present, delayed occupancy compensation is \$150 per day up to a maximum of \$7,500. In order to encourage more realistic builder disclosure of possible delays and accurately reflect the cost of delays to purchasers, compensation should be doubled to \$300 a day, with no maximum, and no ability to contract out of entitlement.
- When a builder files for insolvency or bankruptcy, purchaser contracts may often be cancelled by the mortgage lenders or another builder who takes over construction at the site. The obligation to comply with the existing purchase agreements should be given to the new group responsible.
- Floor plans with measurements of unit square footage and room sizes must be attached to all purchase agreements.
- The first page of all purchase agreements should contain a clear statement of the maximum amount of all extra charges hidden in the paperwork.
- Builders should be prohibited from charging huge fees to consent to assignments of purchase agreements. And they should be required to report assignment agreements to Canada Revenue Agency so it can track profits which are frequently undeclared.

Bob Aaron is a Toronto real estate lawyer. He can be reached at bob@aaroon.ca.

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.