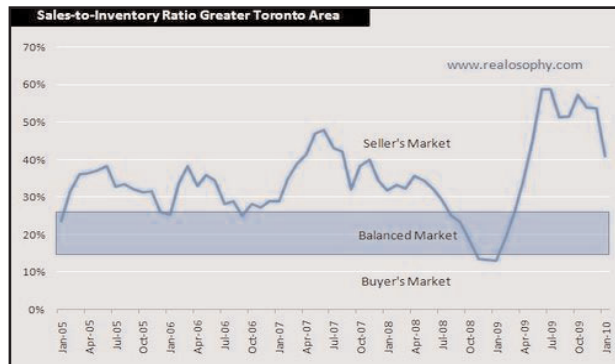




## Graph 1



## CRISP CORNER

Finance Minister Jim Flaherty announced tighter lending standards for mortgages, saying that while the housing market is 'healthy' the moves are needed to "help prevent negative trends from developing." I wanted to provide my own thoughts on the announcement by Jim Flaherty effective April 19, 2010. Three new changes to the mortgage insurance guarantee rules will take effect on this day.

**All borrowers will need to meet standards for 5 year fixed mortgages regardless of taking a loan with a lower rate and a shorter term.**

This is really not a new requirement. Most financial institutions have always qualified an applicant on what is called a market rate (or posted interest rate) when qualifying. Exceptions have been made due to client character and covenant. In this low interest rate environment that has lasted almost a decade, banks have always used the market rate to qualify an applicant.

**Refinancing capped at 90 percent of the value of a home rather than 95 percent.**

Refinancing has always been deemed to be riskier than a purchase. Refinances are generally used to consolidate debt and for the longest time it was always 90%. I have rarely processed refinances up to 95% for my clients, for the most part it has been 80% or less.

**Investment Properties changing from 15% down to 20% down.**

A very rare product and most insured investment properties need to meet certain criteria and the fees are more costly than your traditional primary residence. As a lender traditionally income/investment properties have been 35% down and on exceptions up to 25% down, and very rare that an investment property would be adjudicated with 20% down without insurance.

Amortizations and down payment for primary borrowers has not changed. The market rate has always happened behind the scenes - mind you some lenders have not always been doing this - it is however the right thing to do.

## Information for Graph 1

The Toronto Real Estate Board reported 4,986 transactions through the Multiple Listing Service (MLS) in January 2010. This result represented a large increase over the 2,670 sales in January 2009 when the home sales were slightly higher than the January average in the five years preceding 2009.

The average price for a Toronto home climbed by 19% over the last year to \$409,058.

"Expect strong annual growth rates for existing home sales and average price through the first quarter as we continue to make comparisons to the weak market conditions at the beginning of 2009," said Jason Mercer, TREB's Senior Manager of Market Analysis. "The rate of sales and price growth will be lower in the second half of 2010."

We did see more balance between supply and demand in January as measured by the sales - to - inventory ratio. 41% of homes available for sale actually sold in January compared to 54% in December.

## Graph 2



## Information for Graph 2

Looking at the appreciation in the Index from each city's market bottom in 2009, Toronto is leading the way with a 13.6% increase in house values. Vancouver prices increased 11% followed by Ottawa at 8.7%. Toronto's market bottomed in April 2009 versus June 2009 for Vancouver. This two month head start pushed Toronto's appreciation ahead of Vancouver's for November 2009, but prices in Vancouver are appreciating at a faster rate than Toronto.

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## Some Encouraging News and Numbers

No matter where your travels take you throughout the Greater Toronto Area, you'll find that real estate is on many people's minds. From office lobbies to restaurants to subway trains, snippets of conversations about the market can be heard. This is a reflection of how our city's real estate market affects all of us. Indeed, the quick rebound in the real estate market (GTA and Canadian) contributed greatly to the recovery experienced in the economy to date.

The Canadian Real Estate Association estimates that each resale home transaction in Canada results in more than \$46,000 in additional spending across many different sectors of the economy. Obviously, this spending also helps with keeping people employed and creating new jobs as we continue to recover from the recession. Regardless of whether you're planning a move in the near future, it's important to keep up-to-date on the GTA real estate market as it has such a tremendous impact on the broader economy.

In January, 4,986 homes changed hands throughout the Greater Toronto Area. This figure far exceeds last January's 2,670 sales, which took place in the depths of our short-lived recession. Most significantly, it is comparable to 5,075 transactions in January 2008 and the 5,173 sales that took place in January 2007, the latter of which was the strongest year on record. Breaking down the numbers, there were 1,973 sales in the 416 area and 3,013 transactions in the 905 region last month. Condominium apartments comprised 47 per cent of all sales in the 416 and nearly 13 per cent of all 905 transactions last month. By contrast, at this time a year ago, condominiums comprised 43 per cent of 416 sales and 11 per cent of 905 transactions, despite the fact that in last year's struggling economy, a condominium purchase may have been a more affordable option for many homebuyers. Condominium living is becoming an increasingly popular option for a broader array of households in the GTA.

With respect to prices, there is more encouraging news. Currently, the average price of a home in the GTA is \$409,058, which represents a 19 per cent increase over the January 2009 average price of \$343,632. The increase was even more significant in the 905, where last January's average price of \$328,935 rose more than 20 per cent to \$396,556 last month. In the 416, the average price rose 17 per cent from \$364,416 a year ago to \$428,151 in January.

There are 12,052 resale homes available for sale throughout the GTA as compared to 20,450 a year ago. As we move toward the spring market, we can expect more listings as homeowners react favourably to recent months' activity. The average home price will continue to grow in the GTA, but at a more moderate pace.

Source-Toronto Star

Contact me at

**416.419.0944**

to find out what your home is worth in today's market

## TIP OF THE MONTH

Don't let cool weather get you down. Brighten your day with fresh flowers. Research studies reveal that people feel more compassionate toward others, have less worry and anxiety, and feel less depressed when fresh flowers are present in the home.

The greatest mood-boosting effects are shown when fresh flowers are placed in common areas of the home such as the kitchen, dining room and family room.