

# THE INVESTOR'S APPROACH



## REAL ESTATE MARKET REPORT

Fall Edition





## Fall Real Estate Market Report – Province Wide

The real estate market in Ontario has experienced a wild ride in 2017. It started off red hot and peaked in April when bidding wars and record appreciation ruled the day in most parts of the province. Then came a drastic slowing in the market – due to Ontario's Fair Housing Plan. Buyers got nervous – in some cases rightfully so – and the market cooled with sales dropping drastically around the province.

By the beginning of August sales, as well as average selling prices of homes, hit the low mark for the year but by the end of the month things started to rebound nicely as buyers started coming back to the table.

The crazy hot spring housing market should serve as a cautionary tale for buyers moving forward. And that is if the market gets crazy hot again and your specific city/area is setting new records for sales prices every week – you need to take an unemotional and Investor's Approach to the home buying process – instead of simply getting caught up in the frenzy and becoming part of the emotional craze.

Without digging too much into it, you want to remember:

1) When downsizing, moving to a cooler market, or making the transition to renting - selling in a hot market is a major victory and will result in you making more money when the process has been completed.

2) First time home buyers, buyers looking to upsize, or people making the move from a cooler market to a hot housing market – do everything in your power to ride it out and wait until the market cools off before making your move.

The real estate market has bounced back nicely since August. Total sales as well as average selling prices are up around the province and appreciation has shown a steady growth when looking at prices from a year ago at this time.

It is also very important to look closely at these numbers because certain cities/areas have performed much better than others and specific housing types play a major roll in how well these assets are performing.

Here are some of the major issues that are affecting our fall housing market here in Ontario:

New Mortgage Regulations Coming – OSIF (Office of the Superintendent of Financial Institutions) has created new mortgage borrowing rules that will take effect January 1st 2018. These rules will make it more difficult for borrowers to qualify for mortgages – as well as reduce the size of the mortgage people can qualify for.



What does this mean?

It means that whatever size mortgage you can qualify today will be reduced by 21% when these regulations are implemented. For example, if you qualify for a mortgage of \$400,000 right now, you will only be able to qualify for a mortgage amount of \$316,000 after January 1st, 2018.

If you are a first time home buyer, or are wanting/planning on upsizing your home (buying a more expensive home than the one you currently live in) you need to take action right away. More specifically, you need to contact a mortgage broker as soon as possible to see what size of mortgage you qualify for today...and what you will be able to qualify for come the new year.

The reason this is so important to do right away is so you know whether or not you should be buying before the new rules take effect.

For sellers, it means that if you are thinking about selling, and own a home that has a higher price point than the average home in your city, now might be a good time to get it listed as the number of potential buyers is almost sure to shrink come the new year. At the same time, if you own an affordable home in your area, it might be a good idea to hold off on selling until the spring as your house will probably be in higher demand because of the additional buyers only being able to afford a house in that specific price range.

Rising Home and Rental Prices – Despite a summer slow down of the real estate market, prices once again have risen from the same time last year. Ontario is adding around 100,000 residents every year through immigration and all the economic factors show that the real estate market will stay strong and prices will continue to grow. At the same time, these new mortgage rules have made it more difficult for first time home buyers to enter the market, resulting in a heating up of the rental market. Rental rates have risen throughout the province and will continue to do so.

What does this mean?

If you are currently renting, the time is NOW to purchase a property. The market has cooled significantly since the spring – which provides a great opportunity to purchase a home at or below market value (depending on the approach you take to the process). And all economic drivers point to a continued growth in the real estate market for the foreseeable future.

Combine this with the rising rental rates and it becomes an absolute must to enter homeownership before the end of the year - if you are able to do so.



## Fall Market Report – GTA

Although the GTA (Greater Toronto Area) is located in Ontario and it affects our overall housing market, it must be looked at separately. The population is so dense in the GTA, it allows for very good and in-depth market analysis of the area specifically, instead of the more general provincial statistics.

The real estate market in the GTA has rebounded nicely since it bottomed out at the beginning of August. As you will see from the statistics discussed below, year over year (from 2016 to 2017) prices rose in the GTA. But from the high point of the market in April, prices are still way down.

Here are some of the Real Estate Market Highlights from in and around the GTA:

**Sales Are Down...Days On Market Is Up** – The number of sales has drastically declined compared to 2016. Detached home sales are down over 40% while condo and townhouse sales are down 28% and 25.7% respectively. In correlation to these statistics, average days on market are up throughout the GTA; rising to 25 days compared to 18 days during the same month of 2016 (Days on market are up 177% compared to April of this year).

**Appreciation Is Up Year over Year but Big Decline Since April** – Prices in September for the GTA were up 2.6% from September of 2016 – but down 15.8% from the market peak in April.

**416 is doing much better than the 905** – Detached house prices rose 13.8% from August to September in the city of Toronto (416 area code) while remaining virtually unchanged in the 905 region surrounding the city. Another troubling trend in the 905 area code is that some properties are not being appraised at the selling price – which throws financing into jeopardy. Lowball offers are more common today in the 905 because of these market trends.

**Condo Market is “Insanely Strong”** – The condo market jumped 21.4% year over year and shows no signs of slowing down. The most coveted condo units are the larger ones that measure 1,000 square feet or more. Buyers are willing to pay \$1 million for a two-bedroom in a good location but those are in “extremely short supply”.

**\$4 Million+ Market is Dead While \$1.5 Million – \$2.5 Million Is Booming** – Above \$4 million few properties have changed hands since April while the segment between \$1.5-million and \$2.5 million is very active in desirable neighbourhoods in the GTA.



## What does this mean for Sellers?

If you are thinking about selling your condo, now is as good a time as any to do so. The market has appreciated almost 10 times as much (21.4%) as the rest of the properties in the GTA (2.6%). When you factor in the new mortgage rules taking effect in the new year, it might be smart to get your place sold before the new regulations take prospective buyers out of the market.

Sellers in the 416 area code can operate with confidence through the new year. The market is strong and the statistics show that you can stay firm in your negotiations. At the same time, realize that comparables from April are not accurate and you are much better off basing your asking price off of more recent sales.

If you currently have your property listed in the 905 area code, be prepared for your listing to be on the market longer and to deal with low ball offers. Depending on your motivation to sell, you might be wise to wait until the spring to relist your property. If you have to sell now, be sure to engage in the negotiation process and have your agent work hard in negotiations to get the best possible price for your property.

If you are considering listing your property in the 905 area, you want to be sure to put the time and effort in to taking a strategic approach to getting it ready for sale. Buying a home is an emotional process and with the slowing of the market in your area, it is extremely important you do everything in your power to make sure your house sells for top dollar. The days of simply listing your home as is and getting multiple offers on it regardless of the condition are over for now.

## What does this mean for Buyers?

If you are considering buying in the 416 region realize that you will be paying at or above fair market value in most instances. The market is very strong and it is difficult to find motivated sellers to negotiate with. At the same time, prices are down considerably since the high mark in April, making it as good a time as any to purchase a property as prices are projected to rise in 2018.

Potential buyers in the 905 area need to act now. The market conditions in this area strongly favor buyers right now and that can change quickly. Average days on market are up and there are motivated sellers available to negotiate with. Combine this with the borrowing changes that are set to take place at the beginning of the new year, you have every reason to get out and start looking as soon as possible! There is a massive opportunity to purchase a property significantly below fair market value provided you start immediately.



## A Few Random Thoughts:

The homeowner group in the best position to take advantage of current market conditions are those that own condominiums and are interested in purchasing a home in the 905 area code. You are able to cash in on the 20% appreciation of your property over the last 12 months and go out and negotiate with motivated sellers to ultimately purchase your next property below market value. This will result in you making big money when you sell AND when you buy.

Another group primed for success with current market conditions are those not living in the 905 area but are interested in purchasing there. Right now, there are more motivated sellers in this area than there has been in years. This is not to say that all sellers are motivated, but if you take the strategic approach there is a massive opportunity to purchase a home below market value.

For ALL sellers across Ontario, it is incredibly important to put the necessary time and effort into getting your homes ready to sell. If you simply list your property without doing the necessary work, there is a chance your house will sit on the market for weeks and ultimately you will lose out on thousands of dollars in potential tax free profits.

## Resource Articles Used For This Report:

[Tougher Mortgage Rules Coming In January 2018](#)

[Home Buyer's Are Back In Toronto's Real Estate Market](#)

[Toronto House Price Slump Ends With September Real Estate Rise](#)

[Amazing Buying Opportunity - Near Bottom Home Prices](#)

[Home Ownership Rates Take Historic Dip As More Canadians Opt To Rent](#)



## Free Resources From The Investor's Approach

The Investor's Approach has some fantastic free resources that you can use to purchase your next home – and sell your current place. Simply Click on the links below, submit your information and we will instantly send them to you.

[The Investor's Approach To Homeownership](#) – This simple and straightforward book will teach you how to make an additional \$30,000 - \$50,000 of TAX FREE profits by taking a strategic approach to your next home purchase. You will learn a step-by-step formula for selling your home for maximum profits AND how to use the FENAR system to get an amazing deal when purchasing your next home. This book retails on Amazon for \$16.95 but today I am giving it to you for FREE!

[The Ultimate Home Seller's Guide](#) – This guide provides you with a proven and repeatable step-by-step formula for selling your home for maximum profits.

[Home Buyer's Checklist](#) – There are so many things to do when purchasing your new home that it is next to impossible to remember everything. And forgetting to do one thing can literally cost you thousands of dollars! This step-by-step Checklist is the PERFECT resource for you to use as you go through this exciting home buying process.

[First Time Home Buyer's Guide](#) – Purchasing your first home can be an overwhelming experience. This step-by-step guide walks you through this complex process and provides you with the knowledge necessary to make sure you are doing everything the right way.

[The Investor's Approach Facebook Page](#) – Join our growing community and stay up to date on what is happening in the real estate market and so much more! Taking an Investor's Approach helps you to be successful in all areas of your life.

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