

# ANDREA MORRISON'S MARKET NEWS

"REFERRALS ARE ALWAYS WELCOME!"



## GTA VOLUME, PRICES CONTINUE TO REBOUND IN OCTOBER

### MARKET HIGHLIGHTS

- October sales volume was up by 6.0% versus last year, representing the fifth consecutive month of annual growth
- All four key market segments displayed growth, with the semi-detached segment showing the biggest bump at 12.7%
- Average GTA home price increased by 3.5% in October, also representing the fifth consecutive month of annual growth
- However new listings continued to sag (-2.7% versus last year) indicating tighter overall market conditions

### Resale Transactions

**+6.0%** year  
year

Oct 2018  
**7,492**

Oct 2017  
**7,069**

### New Listings

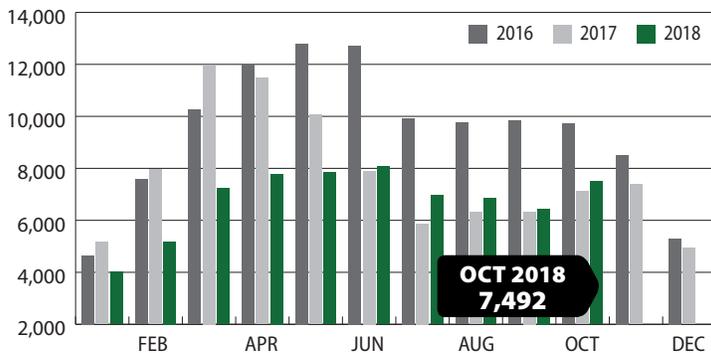
**-2.7%** year  
year

Oct 2018  
**14,431**

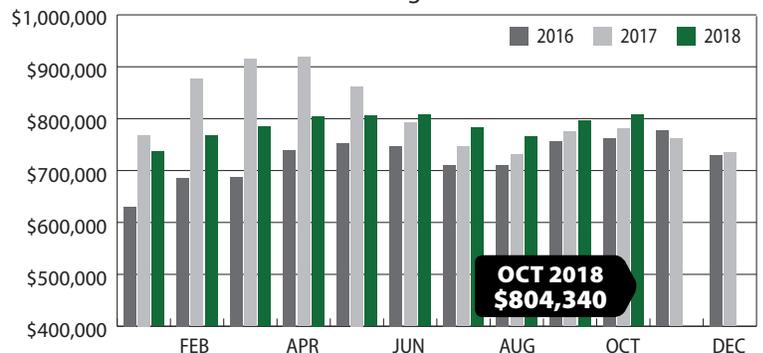
Oct 2017  
**14,837**



GTA Resale Home Sales



GTA Average Resale Price



for more detailed GTA statistics: [ANDREAMORRISON.INFO](http://ANDREAMORRISON.INFO)



# ANDREA MORRISON

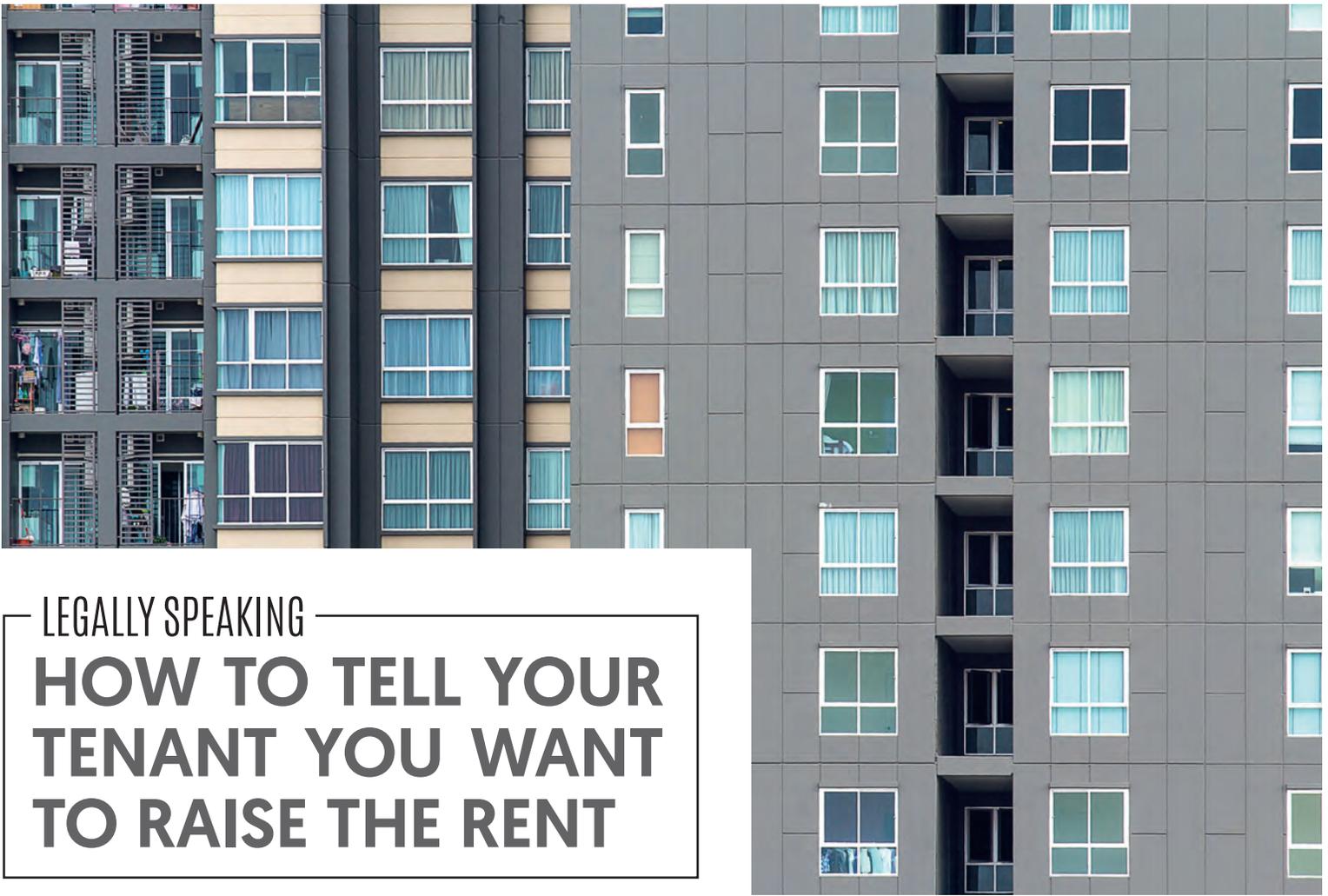
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## LEGALLY SPEAKING

# HOW TO TELL YOUR TENANT YOU WANT TO RAISE THE RENT

You're renting out your property and you think it's time to increase the monthly rent. This is not an easy thing to do, especially if you like your tenants and want to keep them around. If you're a landlord, there are several things you should consider when bumping up the rent, from how much you're legally allowed to raise the rent to how much notice you should give your tenants. Knowing your responsibilities as a landlord and the rights of your tenants can go a long way in ensuring you maintain a good relationship with your tenants. Here's how you can tactfully and effectively raise the rent without losing your tenants.

### Follow the rules

As a landlord, you have legal obligations when it comes to rent increases. It's best to check your province's rental guidelines, but in most cases landlords can only increase the rent 12 months after the last rent increase or after the tenant first moves in. The allowable rent increase percentage varies by province and by year. For instance, in 2019, landlords in Ontario can only increase the rent by 1.8 percent whereas landlords in British Columbia can increase it by 2.5 percent.

### Give them a head's up

You're also legally obligated to give them written notice of a rent increase at least 90 days before it takes effect. For example, if the rent were to increase on February 1<sup>st</sup>, then tenants would have to be notified by November 1<sup>st</sup>, which gives them a whole three months of notice. Though you're not obligated to give them any more notice than legally required, your tenants might appreciate being given more time to get their finances and budgets in order.

### Word your letter carefully

No one wants to hear that their rent is going up, but the way you break it to your tenants can help soften the blow of this bad news. It's important to give your tenants a good reason for why you're raising the rent, so they don't assume you're a money-grubbing landlord who just wants to make some extra cash. Point to facts that make your case with phrases like "to keep up with other rental prices in the area" or "the new rent level has been determined by thorough market research." However you want to word your letter, it never hurts to thank them for being great tenants.

### Fix unresolved problems

Before you raise the rent, make sure you've been a good landlord. Have you dealt with maintenance and repair issues promptly? Do you communicate with your tenant in a professional manner? Do you give them 24 hours notice when you or a maintenance person needs to enter their space? Tenants who enjoy where they live aren't going to leave because of a small rent increase. They're more likely to leave if there have been a string of issues leading up to the rent increase notice.

### Put yourself in their shoes

Imagine how you would feel if your bank told you it was spiking your mortgage rate. You probably wouldn't be too happy about it. So don't be surprised if you tell your tenants you're raising the rent and they give you a hard time about it. Stand firm while showing some empathy.

*This information should not be relied on as legal advice, financial advice or a definitive statement of the law in any jurisdiction. For such advice, please consult your own legal counsel or financial representative*



## PERSONAL FINANCE

# WHY DO CREDIT SCORES VARY BETWEEN PROVIDERS?



Canadian consumers have several options when it comes to obtaining their credit score. They can get their credit scores via the two national credit reporting agencies, Equifax Canada and TransUnion. In addition, they can get them through free credit score providers such as Borrowell, Mogo and Credit Karma.

Each provider uses slightly different models to weigh credit score factors, which is why consumers can get different results from different providers, even if they requested their credit scores on the same day. For example, a consumer might get a credit score of 760 on Equifax, 800 on Borrowell and 770 on TransUnion.

So why do we have more than one credit score? And which provider should we use if we're applying for a mortgage?

To answer those questions, we first have to explore the models that are used to calculate credit scores. Anyone who has a credit account, such as a credit card or a loan, has a credit report. This credit report indicates how you manage your money and it's used to create your credit score. Mortgage lenders rely on these credit reports and scores to determine whether or not to extend you credit.

The FICO Score is one of the credit scoring systems used in Canada by banks and lenders. Formerly called the Beacon Score, it's a mathematical formula that pulls numbers from your credit report to assign you a score between 300 and 900. Consumers with a score of 650 and higher are placed in the lower risk category because they have demonstrated responsible credit behaviour in the past. Of course, the higher your score, the better you look to mortgage lenders.

Another scoring system is the Equifax Risk Score (ERS), which is a credit score model by Equifax that's used by lenders and institutions to determine

a consumer's likelihood of going 90+ days delinquent within 12 months. This model is used by Borrowell, a free credit score provider and partner of Equifax. Unlike scores available through Equifax.ca, Borrowell's scores are calculated using information about a consumer's mortgage repayment history. If you're applying for a mortgage, it might be more beneficial to get your credit score through providers that include mortgage repayment information into their calculations.

There are many more scoring models on the market. Different providers simply use different scoring models that weigh information differently but in general, these algorithms look at similar factors when calculating a consumer's credit score. These factors have set percentage weights and include things like the consumer's payment history, utilization rate, current debts, length of credit history, new credit accounts, and types of credit used.

The next time you pull up your credit score and you get different results from different providers, don't fret. It's perfectly normal. It doesn't mean that one score is more accurate than the other score. They are simply calculated based on different scoring models. Some scores are used for educational purposes, while others are based on certain lending criteria. What's important is that if you do plan to compare scores across different providers, make sure to do so at the same time since your credit report can change from month to month.

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# To My Valued Clients

As of October 17<sup>th</sup>, it became legal to smoke, possess and grow marijuana in Canada. Each Canadian household is now allowed to cultivate up to four marijuana plants. There are no limits at all on the actual size of these four plants.

That said, the fact that it is now legal to grow up to four plants per household does not necessarily mean that Canadians who are looking to purchase a home are comfortable with it being a "legal grow op". In fact, there is a growing amount of research that indicates that a majority of Canadians would be less likely to consider specific houses for sale if they knew a legal amount of cannabis was grown in it.

This is particularly true among Baby Boomers (54-72 years of age) and Gen Xers (38-53 years of age), where approximately 6 out of 10 say they would have a problem. It is less true among Millennials (22-37 years of age) where approximately 1 in 3 are opposed.

There are also many questions regarding potential mortgage and insurance consequences which are merely adding to the "murky" picture.

Given all of this, it is likely a good idea to tread softly in this area until these issues get clarified. Also, since different financial institutions and insurers may take different positions, it is strongly recommended that you check with them first before you undertake a "legal grow op" in your home.

Even if you do get a "green light", there is still, of course, the issue of the potential impact to your home's value to consider. Remember also that cannabis plants do possess a pungent, unique smell that is highly recognizable and difficult to neutralize.

Finally, you should also research potential risks associated with cultivating cannabis plants, such as the spread of mould and fungus through ventilation systems. A development of this nature could produce significant property damage.

As usual, your client referrals are both highly valued and greatly appreciated. Until next time, take care!

*Andrea Morrison*



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## Pearls of Wisdom



"Science may never come up with a better office communication system than the coffee break." – **Gene Perret**

"All of us have moments in our lives that test our courage. Taking children into a house with white carpet is one of them." – **Erma Bombeck**

"I was feeling irritable and moody. It was that difficult time of the month when the credit card statement arrives." – **Julie Walters**

"The chief distinction of a diplomat is that he can say no in such a way that it sounds like yes." – **Flip Wilson**