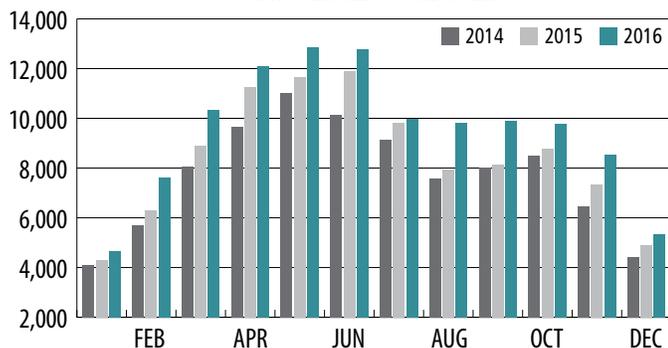


ANDREA MORRISON'S

MARKET NEWS

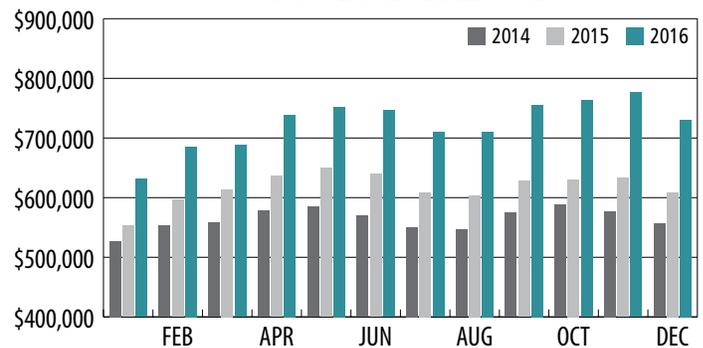
RECORD SALES, PRICES IN 2016

GTA RESALE HOME SALES



The second strongest December in history capped off a record year for TREB MLS® home sales in the GTA. December sales of 5,338 units (up by a solid 8.6% versus December 2015) brought the 2016 calendar year total to 113,133 (up by an eye-popping 11.8% versus full year 2015). This was the second consecutive year of record home sales in the GTA. Of the four key market segments, sales growth was strongest within condominium apartments followed by detached homes. Volume growth throughout 2016 was supported by a favourable mix of a strong regional economy, low unemployment, low borrowing costs and ongoing population growth. Offsetting these factors to some degree was an acute shortage of resale inventory, which actually worsened throughout the year. In fact, year-end resale inventory stood at its lowest level in a decade-and-a-half. Clearly, had the market benefitted from more listings throughout the year, the 2016 sales total would have been even greater.

GTA AVERAGE RESALE PRICE



The annual rate of growth for the MLS® Home Price Index (HPI) in the TREB market area accelerated throughout 2016 - from 10.7% in January to 21.0% in December. The overall average selling price for calendar year 2016 was \$729,922 - up by a staggering 17.3% versus 2015. The pace of the annual rate of growth for the average selling price also picked up throughout the year, ending with a 20.0% increase in December. Accelerating price growth throughout the year mirrored the accelerating decline in listings supply, noted above. In 2016, policy changes were implemented which were directed toward dampening the demand side of the market. However, the key to achieving sustained moderation in the pace of price growth will be an increased policy focus on the supply side. To put the inventory weakness into some sharper focus, 2016 average resale inventory declined by 30.3% versus 2015. This plunge was on the heels of a 9.6% decline in 2015 versus 2014, and an 8.1% decline in 2014 versus 2013.

for more detailed GTA statistics: **ANDREAMORRISON.INFO**



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HOUSE SMART

FIVE WAYS TO KEEP YOUR HOME WARMER IN THE WINTER



Turning up the thermostat isn't the only way to make your home feel warmer in the winter. Tricking the thermostat involves a bit of understanding as to how and where heat loss occurs through the home, as well as how your home heating system works. Here are a few tips to try when the temperature drops to feel warmer and save money on your electricity bills.

Windows

According to Sustainability Victoria, a single pane of glass loses ten times as much heat as an insulated wall of the same area. In contrast, double-glazed windows create better protection from the cold by sandwiching a layer of insulating air in between. Double glazing can, however, be a pricey upgrade but you can mimic the effect by using insulating shrink film – a thin plastic that's affixed with tape and a hair dryer. This creates a shrink wrap effect to trap air between the film and window. Unfortunately, this does render the windows inoperable so you will need to take down the film come spring and repurchase then reattach the film in the following winter. However, this insulating film is typically quite inexpensive and the utilities savings should more than make up for the cost.

Curtains

You can also help to stem further heat loss through windows by installing thick, heavy curtains. This offers yet another layer of protection and insulation through vulnerable window areas. Choose a material with a tight weave or look for curtains that are specifically designed with an insulating material to keep the heat



in. These curtains also block light effectively as well. You may want to install curtain rods that allow the fabric to fit snugly against the window against all sides. This prevents warm air from escaping. Pelmet – decorative window coverings across the top of the curtain – can also help prevent drafts and heat from escaping.

Sunshine

Take advantage of Mother Nature's free heating by harnessing the sunshine. On sunny days, make sure you open those insulating curtains to let in the light and warmth. But once the sun sets, close up the curtains to maximize heat retention.

Furniture arrangement

Large pieces of furniture like bookcases and sofas can have a significant impact on how heat is directed and dissipated throughout a room. If your home has traditional radiators, any large piece of furniture placed in front of the radiator will absorb a lot of the warmth emitted, preventing it from heating the room. Likewise, if your home is centrally heated with forced air, a sofa or bed placed above a vent will also hinder circulation. Keeping in mind that spots around windows will always be the draftiest, you can arrange seating areas or wherever you spend the most time in a room away from chilly windows.

Containing heat

If you have a larger home with some rooms used infrequently, consider closing off these areas to help retain heat where you're spending most of your time. Turn down, or off, radiators in those rooms or block forced air heating vents with a magnetic cover that can be purchased from the hardware store.

Wall coverings

As the fabric of curtains insulates from heat, any additional layer of material on your walls can also help to contain warmth. Heavy tapestries might not be the trendiest way to decorate your home, but any sort of wall art, framed photos or even mirrors can help. Consider repositioning artwork to external-facing walls as opposed to walls shared with other rooms in the home. Repositioning tall bookcases or shelves filled with books and other items can also help retain heat in the home if affixed to an external wall.



CONDO CORNER

HOW SOCIAL MEDIA IS CHANGING THE WAY WE SHOP FOR CONDOS

Whether we're celebrating major events, making significant decisions or simply passing time, social media has undoubtedly changed many facets of our life and condo shopping is no exception. A survey conducted by the Canadian Mortgage and Housing Corporation this year revealed that condo owners are increasingly using social media as a way to research real estate purchases and make important housing decisions.

The survey results showed that 29 percent of consumers used social media to gather mortgage information, up from 20 percent in 2015. Among the social media platforms, Facebook was the most popular at 53 percent, followed by YouTube at 30 percent and online forums, which made up 27 percent of use.

Unsurprisingly, younger consumers use social media for home buying research more often than older consumers. 45 percent of those under 35 report social media use when researching properties and buying a home versus 13 percent of those 55 to 64 years old and only 10 percent of those over 65. First-time homebuyers are also more likely to use social media – 38 percent compared to 29 percent of repeat home buyers. This, however, could also be correlated with the age of the buyer.

While the survey was conducted among all home buyers in general, the results certainly offer insight into the habits of condo buyers. The price point and lifestyle that condo living offers tends to attract younger, first-time homebuyers so it's likely that many condo shoppers employ social media when researching properties and making decisions.

There are a few ways that tech-savvy condo shoppers can use social media to aid and enhance the house-hunting experience. Buyers can gather advice from family and friends, posting a question that will reach hundreds and can theoretically solicit just as many replies and opinions. They can also learn more about the neighbourhood they're moving to and research the community, its schools, shops and recreation amenities to see if it's a good fit.

Homebuyers can also solicit advice from friends, 'crowdsourcing' research by posting questions on their pages, or the pages of

friends, and gathering opinions and comments. Referrals from trusted individuals like friends and family have always been a powerful tool in the home buying process and the ability of social media to connect with a wide network makes harnessing those referrals and opinions even more effortless.

The impacts of social media on home buying are seen worldwide. A report conducted by New York University showed that a buyer's social network impacts their perceptions of whether or not a property seems like a good investment. Researchers analyzed data on 1.4 million Facebook users (anonymized for privacy) as well as half a million housing transactions. The results revealed that those who had friends living in areas with large housing price increases were more likely to be interested in property investment and more likely to buy a house.



"a buyer's social network impacts their perceptions of whether or not a property seems like a good investment."

Research results from the NYU study also showed that the effect spanned significant geographic distance as Facebook allows users to be influenced by friends and family from around the globe. Facebook users with friends in cities that experienced an average five percent or greater appreciation in home value were more likely to buy a house of their own within the following two years. The researchers also found that impacted users bought a 1.7 percent larger house, paid 3.3 percent more for a given house and made a 7 percent larger down payment.

TO MY VALUED CLIENTS

The U.S. Federal Reserve raised its benchmark rate by 0.25% (from 0.50% to 0.75%) on December 14th and, as a result, Canada now has a lower central bank rate than our neighbour to the south for the first time since 2007. The U.S. Fed also forecast three more rate increases in 2017 as opposed to the two that it had previously been predicting.

In the week that followed the U.S. decision, the Bank of Canada announced that it was standing pat by maintaining its 0.50% rate. In its announcement, the Bank of Canada stressed that its decision was based on the possibility of an economic slowdown (or, at least, continued weak growth).

The question is what will this divergent monetary policy mean to the Canadian housing market and, in particular, to our interest rates?

The reason why we are so interested in what the Federal Reserve does, quite simply, is that U.S. interest rates do have an effect on long-term rates in Canada. Even though fixed-rate mortgages aren't traditionally directly impacted by changes to central bank rates (fixed-rate loans move in tandem with 10-year bond yields), the fact is that increases in central bank rates do put pressure on rates in general.

While these mortgage rate increases will take a while to materialize, the negative impact on the loonie will be more immediate. A weak Canadian dollar will help exporters but will make imports more expensive and, therefore, push inflation higher. This will put more pressure on the Bank of Canada to maintain its 2% inflation target and could eventually induce an increase in its overnight rate which will cause the prime rate (and all variable lending rates) to increase.

That said, the Bank of Canada recognizes that our economy is very fragile at the moment, with overall growth in very sluggish territory. So any anti-inflationary rate increase needs to be balanced against the potential negative impact that it will have in the way of economic growth. In a word, the Bank of Canada will be walking a tightrope in 2017 as it tries to balance conflicting priorities.

The bottom line is that we can expect our rates to inch up in 2017 – in fact, that process has already begun in the fourth quarter of 2016. However, by how much and within what specific time frame, remains to be seen.

As usual, your client referrals are both highly valued and greatly appreciated. Until next time, take care and have a wonderful 2017!

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WORDS OF WISDOM



“I always wanted to be somebody, but now I realize I should have been more specific.” – Lily Tomlin

“I would never die for my beliefs because I might be wrong.” – Bertrand Russell

“My theory is that all of Scottish cuisine is based on a dare.” – Mike Myers

“My doctor is wonderful. Once, in 1955, when I couldn't afford an operation, he touched up the X-rays.”
– Joey Bishop