

ANDREA MORRISON'S MARKET NEWS

"REFERRALS ARE ALWAYS WELCOME!"



GTA RESALE MARKET REBOUND CONTINUES IN AUGUST

MARKET HIGHLIGHTS

- August sales volume was up by 8.5% versus last year, representing the third consecutive month of annual growth
- Average GTA home price increased by 4.7% in August, also representing the third consecutive month of annual growth
- Buyers have finally moved past the negative impacts of the Fair Housing Plan (Apr 2017) and the OSFI stress test requirement (Jan 2018)
- Annual rate of sales growth outpaced annual rate of listings growth, indicating that market conditions remain tight

Resale Transactions

+8.5% year
year

Aug 2018
6,839

Aug 2017
6,306

New Listings

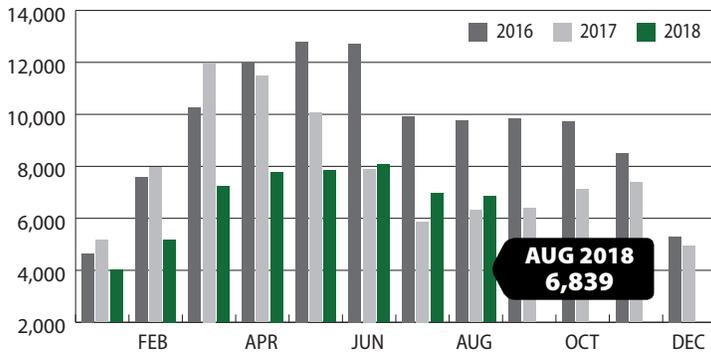
+6.0% year
year

Aug 2018
12,166

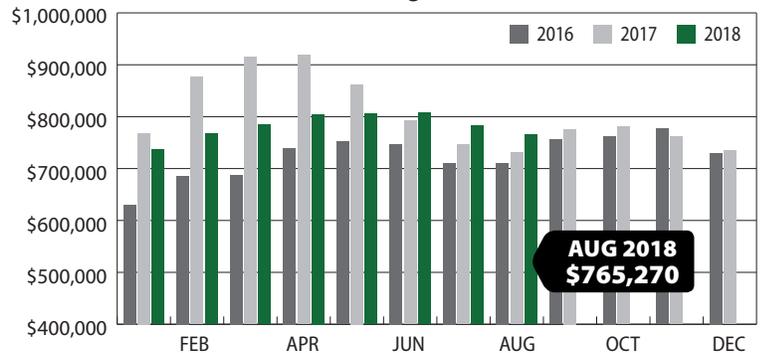
Aug 2017
11,481



GTA Resale Home Sales



GTA Average Resale Price



for more detailed GTA statistics: ANDREAMORRISON.INFO



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PERSONAL FINANCE

THE PROS AND CONS OF GETTING A MORTGAGE ONLINE

There was once a time when homebuyers had no choice but to walk to their local bank to get the mortgage they needed to purchase a home. Nowadays, people have more options at their disposal with the growing presence of online mortgages. Thanks to technological advances in mobile and electronic banking, homebuyers can apply for a loan, upload all the supporting documents, and close the mortgage in less than 15 minutes without ever having to come face-to-face with a lender.

More and more prospective borrowers are turning to online mortgages for its convenience and flexibility. Homebuyers who are already comfortable using search engines to compare rates and fill out mortgage payment calculators may find it easier to stay home and complete a mortgage application online. After all, by the time they make an appointment and drive to the bank to speak to someone in person, they could have already been approved for a loan online.

However, the reality is many Canadians still prefer to walk into their brick-and-mortar bank to secure a loan and they count their friends and families as their most trusted sources. According to an HSBC survey, millennials are more trusting of new mortgage technologies than other generations, but not by a huge margin.

It's important to weigh the advantages and disadvantages of going with an online mortgage. Here's some of what you need to know.

ONLINE MORTGAGES OFTEN HAVE LOWER RATES

Because Internet mortgages have no need for physical sales reps and brokers, they're able to reduce their costs and return those savings to their customers.

ROBO-ADVISERS CAN LEND A HELPING HAND

Some online lenders provide artificially intelligent chatbots that can answer all your mortgage questions. They can even learn what your needs are and recommend the right products for you. This feature is highly attractive to time-starved, independent borrowers who prefer to figure it out themselves rather than rely on someone else.

THE TURNAROUND TIME IS QUICK

When you apply for a mortgage at a bank, you may have to wait weeks before you hear back. The online mortgage process is much faster. Pre-approval only takes minutes and the time it takes to close is often faster than the industry average.

THERE'S AN INCREASED RISK OF FRAUD

As expected, there are fraudulent activities in the online mortgage lending space. Some online lenders advertise super-low rates to get you to fill out an application, only to jack up the rate once you've started the process.

YOUR CREDIT SCORE NEEDS TO BE PERFECT

Having a low credit score doesn't automatically mean you'll get turned down for an online loan like it might with a traditional lender. However, you may have to pay an extremely high interest rate for that loan. In that case, you'll lose out on the perks of an online loan—its low interest rates and flexible payment terms—at which point it might be a better idea to improve your credit before buying a home.

Some types of financing, such as loans for those with multiple properties or non-traditional income, may be more complicated to secure online, in which case a broker or bank may be a more reliable option. Weigh your mortgage options and choose the lender that best suits your needs and comfort levels.

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.

● HOUSE SMART

THE 10 SIGNS YOUR HOME MAY BE VULNERABLE TO THEFT

Why do some criminals target certain houses over others? Studies have shown that burglars tend to target newer neighbourhoods and houses in the middle of a block as opposed to corner lots. While some of these factors are out of your control, you may be attracting burglars to your house without realizing it. Here are some ways you could be making your home a target.

1 YOUR TRASH REVEALS YOUR SPENDING HABITS

Leaving the cardboard box of a new 75-inch TV or shopping bags from high-end designers on your curb could attract burglars looking to swipe valuable items. Spend some extra time breaking down large boxes and ensure all labels are hidden.

2 YOUR SHRUBS ARE TOO THICK

If you have thick shrubs that cover the front, back and sides of your house, this could invite burglars who are banking on taking cover behind your greenery. Keep your landscaping low enough so that your neighbours can be on the lookout for shady activity.

3 YOU DON'T COLLECT THE MAIL

A porch or mailbox overflowing with mail gives away the fact that you're on vacation—or that you're a neglectful homeowner and might not be as vigilant about your property.

4 YOUR SOCIAL MEDIA GIVES YOU AWAY

When you're away on vacation, it's natural to want to post pictures of your panoramic views and sun-kissed selfies. But to the eyes of a criminal, these pictures signal to them that your house is empty and unguarded. To avoid attracting this type of unwanted attention, make sure your social media profiles are private and only accessible to people you know.

5 YOUR WINDOWS ARE TOO EASY TO OPEN

After doors, the next most common entry point for burglars are windows on the first level. Jimmying a window open is surprisingly easier than you think, so aside from installing a home security system it's best to use a window jam that will prevent the window from being opened all the way.

6 YOUR PROPERTY IS TOO DARK

Criminals don't like operating around light, which makes a dark home an easy target. Turn your porch light on at night and install outdoor lights along your walkway or driveway. Even better, consider motion-activated lights that turn on when it detects a person.

7 YOUR DOOR LOCK IS NOT THAT GOOD

You can't prevent burglars from attempting to pick your door lock, but you can make it harder for them. Consider installing a secondary lock to stall criminals and choose one-inch-long dead bolts with a reinforced-metal box strike. Do the same for all your exterior doors.

8 YOUR PETS COULD MAKE YOU A TARGET

Many burglars will walk away at the sight of a loud dog, even if it's a barking miniature poodle. However, the sight of a cat or even a quiet dog might alert criminals to the fact that your home security system is off or that a door or window may be left open for your furry one. Keep pets away from windows and close the drapes.

9 YOUR DRIVEWAY LOOKS UNTOUCHED

If there's a pristine layer of snow on your driveway and no signs of tire tracks or footprints, it's a dead giveaway that the home has been empty for a while. Ask your neighbour to shovel your driveway or create tracks leading up to your house.

10 YOUR SECURITY KEYPAD IS IN PLAIN SIGHT

Make sure your security company installs the control pad in a discreet place away from the windows. If burglars take a peek inside and can easily spot the pad, they'll be able to tell if your alarm system is on or not, making your home vulnerable to a break-in. Better yet, make sure to turn your alarm system on every time you leave the house.

To My Valued Clients

Variable-rate mortgages are priced in terms of a discount to the lender's prime rate. For example, prime minus 50 basis points. The lender's prime rate moves in lock step with the Bank of Canada's overnight rate. That part is easy to understand. But what determines the actual discount that the lender applies to their prime rate? It's a question that mortgage shoppers ask all the time, but one which has a convoluted answer.

The simple answer is that the two main factors involved are the lender's actual funding costs and the lender's profit objectives. That said, sometimes a lender will deliberately trade profitability for market share gains, as with the Bank of Montreal's prime minus 1.00% variable rate sale this past May.

Once established, the discount will usually only change when there is a big economic event that impacts bank funding costs or variable-rate profits. Two good examples of this were the 2008 financial crash which was precipitated

by the U.S. mortgage crisis and the 2011 Standard & Poor's downgrading of U.S. credit. Both these events caused variable-rate mortgage discounts to scale back and, in some cases, to actually convert from discounts to premiums to the prime rate for a period of time.

Looking forward, it is truly impossible to predict where these discounts will actually be in the future. As stated above, they depend upon random economic events and mortgage market competition to a large degree. Having said that, history has shown that these discounts don't fall below their current long-term average for very long. That average, over the past 20 years, has been roughly prime minus 0.50%.

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

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Pearls of Wisdom



"To write songs, I usually need a reason. Like not having any money." – **Willie Nelson**

"A person whose ship has come in usually finds most of his relatives at the dock." – **Anonymous**

"Opportunity may knock only once, but temptation leans on the doorbell." – **Anonymous**

"I spent a lot of money on booze, birds and fast cars. The rest I just squandered." – **George Best**