

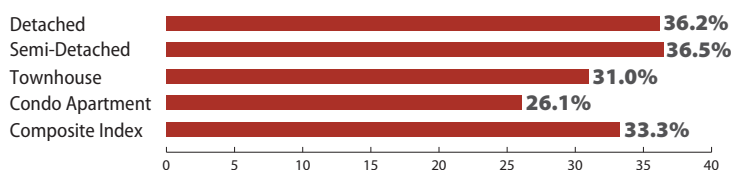
# KATERYNA BORYSENKO'S MARKET NEWS

## GTA RESALE PRICES CONTINUE TO SMASH RECORDS AMID CONTINUED LOW INVENTORY

### Market Highlights

- January MLS® Home Price Index (apples-to-apples reading) was up by an eye-popping 33.3% versus last year to a new record high; average selling price of \$1,242,793 (also a new record) was up by a comparable 28.6%
- All major market segments recorded double digit price increases both in terms of the MLS® Home Price Index and average selling price
- Active listings totaled 4,140 units at the end of January - down by 44.0% to the lowest level in more than two decades
- January volume of 5,636 units was down by 18.2% versus last year's all-time high but was still the second best in history for the month

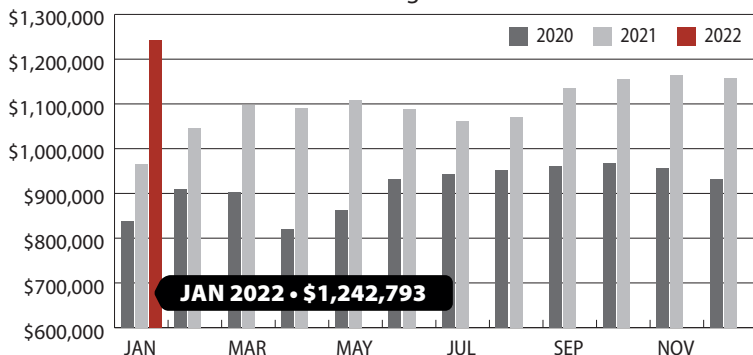
### MLS® Home Price Index by Segment (versus Jan 2021)



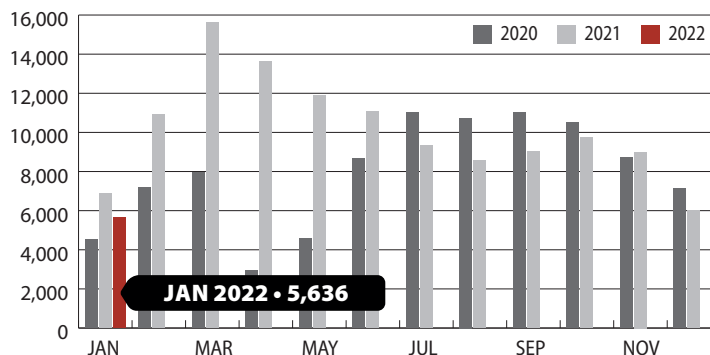
### Average Resale Price

	Jan 2022	Jan 2021
+28.6%	\$1,242,793	\$966,068

GTA Average Resale Price



GTA Resale Home Sales



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



*Kateryna Borysenko*

Sales Representative

d: 416.803.1249 • o: 647.479.8477

results@yorkregionhomefinder.ca • yorkregionhomefinder.ca



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# THE PROS AND CONS OF SPLIT-LEVEL HOMES

Have you ever been inside a split-level house? If you haven't, you'll know it when you see it. A split-level house features staggered floors that are connected via short sets of stairs. If none of the floors covers the entire footprint of the property, then you've likely got yourself a split-level house.

This style of home was popular from the 1940s to the 1970s, then fell out of favour for traditional two-storey homes. However, they've made somewhat of a comeback in recent years thanks to their affordability compared to traditional, single-family homes of the same size. They also make great starter homes for young families, as well as those seeking more segmented living. Here's what else you need to know about split-level homes.

## **PRO: THEY CAN BE MORE AFFORDABLE**

Split-level homes are typically more affordable than single-family homes of the same size. For the space that you get, you'll get tons of value. Plus, they make great starter homes for those looking to own their first piece of real estate.

## **CON: THERE ARE LOTS OF STAIRS**

Living in a house with multiple staircases can be a nuisance for some people. For aging populations or people with mobility issues, it can be downright inaccessible.

## **PRO: THERE'S TYPICALLY MORE YARD SPACE**

Since these homes are built with a stacked design, they make efficient use of vertical space, which maximizes the amount of yard space you get. This is a big plus for gardeners, as well as people with dogs and kids.

## **CON: THE HOMES COULD BE OUTDATED**

Because most of these homes were built many decades ago, the interior and exterior might be outdated. If you were to purchase a split-level house, you may need to invest in repairs, upgrades, and renovations to bring it up to date.

## **PRO: SEPARATE LIVING SPACES**

With more of us working and learning from home, people want privacy more than ever. The great thing about having staggered floors separated by short stairs is you naturally get segmented rooms. You may have bedrooms on completely separate floors, a living room that's on a different level from the kitchen, and a foyer that's separated from the rest of the house.

## **CON: RENOVATIONS CAN BE LIMITED**

While you can improve many things about a split-level house, from remodelling the kitchen to upgrading the floors, you can't do much about the layout. That's because of the stairs. You're pretty much stuck with where they're positioned unless you're willing to spend the money and energy to move them, which may or may not be possible in the first place.

## **PRO: WIDE OPEN SIGHT LINES**

There's something grand about being able to see so much of your house from one vantage point. From the top level, you could get a birds'-eye view of all the living spaces below, including your living room, kitchen, dining room, and entryway. This is not always possible in a traditional two-storey home, which makes it a truly unique experience.

## **CON: SELLING COULD BE CHALLENGING**

It might be harder to sell a split-level house compared to a traditional two-storey house. Buyers could see the outdated layout or multiple stairs as a deal-breaker. However, every market and every buyer is different. With the right strategy and real estate agent, you may have no problems selling a split-level house at all.



# Can you afford to buy in this market?

## Here's how to tell



You've probably heard by now that the housing market has been red-hot since the Covid-19 pandemic began and 2022 is going to be no different. This year is set to see a continuation of low supply, high competition, and rising home prices. If this forecast has you thinking you won't ever be able to buy this year, don't write yourself off just yet. You may be in a better financial situation than you think.

Sit down and take a look at your overall financial picture. Review the following questions below. Knowing the answers to these questions will give you a clearer picture of what you can and can't afford. Once you've done the math, you'll have a better understanding of whether or not you're in a good position to buy a home this year.

### Can you come up with a 20 percent down payment?

This is one of the most important questions to ask yourself. If you have been able to save a good amount of money—enough to put 20 percent down on a home—then you likely have room in your budget to buy a new home. Plus, having a down payment of at least 20 percent means you'll pay less interest on the mortgage, avoid paying mortgage default insurance, and your monthly payments will be more affordable.

### Do you have an emergency fund on top of your down payment?

Even if you have a good chunk of savings ready to go, you should still have money set aside for emergencies. Your down payment should not come from your rainy-day funds. It's important to set this aside in case any financial issues arise that could keep you from making your monthly mortgage payments, whether it's an unexpected house repair or a sudden job loss. It's recommended to have three to six months' worth of expenses saved up.

### What will be your total monthly housing expenses?

When calculating whether or not you can afford a house, you have to think

beyond the down payment and real estate fees. What will it cost you every month to keep a roof over your head? Add up the mortgage payment, homeowners' insurance, utilities, property taxes, and maintenance. Don't forget to factor in other monthly expenses such as phone, cable, and internet. It's also a good idea to think about those one-time expenses such as furniture, appliances, and decor. Make sure you add up all these expenses so you know exactly what you owe after you've moved in.

### What percentage of your income is going to housing?

Once you've determined how much your monthly housing expenses are, you can then figure out what percentage of your income is earmarked for that. For instance, if you make \$5,000 a month and your housing expenses total \$1,500 a month, then 30 percent of your income is going towards housing. It's recommended that you spend no more than 30 to 32 percent of your gross annual income on housing expenses (mortgage principal, interest, property tax, home insurance, and utilities). If a property you're eyeing pushes you past this threshold, then the house may be outside of your budget.

### What is your debt-to-income ratio?

You'll need to consider any other debts you have too, including credit cards, personal loans, and car loans. Ideally, your total debt should not exceed 37 to 40 percent of your gross annual income. If you're buying a property that doesn't leave you with enough money to pay off your other debts, then you'll have to look for a less expensive house or increase your monthly income.

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*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.*





# TO MY VALUED CLIENTS

## Building Wealth With Real Estate: The Good, The Bad And The Ugly.

### The Good:

The demand for real estate will grow. In Canada supply cannot catch up with demand and this will create an everlasting pressure. Everyone needs to have a place they can call home. With investing you can build a great portfolio and set your family's future for success.

### The Bad:

Purchasing real estate is a great idea if you are in it for the long haul, not a quick return. Market and economic conditions along with mortgage rates are changing and these must be considered. There are no guarantees with your purchase, and if someone promises you future income on assignment or another short-term purchase, be cautious and exercise your due diligence. Approach real estate with the intention to hold it for as long as possible. Also, managing properties comes with its challenges. There are times when, for instance, a disgruntled tenant can take you to court or vice versa. A good solution is to hire a property management company, but doing so can cost you 8-10% of your profit.

### The Ugly:

Many businesses collapsed in the last couple of years. People lose their jobs in the blink of an eye. There are tenants who won't care about your property as you had hoped. Repairs are costly and time-consuming. Sometimes hot markets cool unexpectedly.

### Ready To Start Investing?

Real estate investment is a rewarding long term opportunity where rental payments are applied towards your mortgage balance. Equity growth and cash flow over the years are other amazing benefits of holding your investment.

Exercising your due diligence, ensuring respectful relationships with your tenants, and your patience will set you up for amazing results. Good luck with your plans!



*Kateryna Borysenko*

Sales Representative

d: **416.803.1249** • o: **647.479.8477**

results@yorkregionhomefinder.ca • yorkregionhomefinder.ca



**HomeLife Classic Realty Inc., Brokerage**  
1600 Steeles Avenue West, #36  
Concord, ON L4K 4M2

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## PEARLS OF WISDOM



"The difference between an optimist and a pessimist is that the optimist thinks this is the best possible world. A pessimist fears that this is true." – **Unknown**

"I think we consider too much the good luck of the early bird and not enough the bad luck of the early worm." – **Theodore Roosevelt**

"Don't worry about avoiding temptation...as you grow older, it will avoid you." – **Winston Churchill**

"By the time a man is wise enough to watch his step, he's too old to go anywhere." – **Billy Crystal**