

TO MY VALUED CLIENTS

Scant housing supply could dampen rate hike impact on real estate market

The current record mismatch between housing demand and supply (in both Canada and the U.S.) is causing some economists to re-evaluate the typical effect of rising interest rates on house price growth. Typically rising rates cool a hot housing market by making mortgages more expensive. However, the current supply of homes is so low relative to pent-up demand that this traditional economic model might not apply.

In the U.S., mortgage rates have already jumped to 5 per cent, which is an 11-year high. Ronnie Walker, a U.S. economist at Goldman Sachs, wrote the following in a recent note to clients: "Standard economic models suggest that an increase of that magnitude should weigh substantially on housing. However, the extreme supply-demand imbalance in today's housing market will likely dampen the hit to activity from higher rates. Using state-level data, we show that existing home sales are only one-third as sensitive to changes in rates in a supply-constrained environment."

While this is the point of view of a U.S. economist, there are a lot of housing market similarities between the two countries at the moment. U.S. housing inventory is at a record low, and Canada is close to its own record low. Nationally, at the end of March, there were 1.8 months of inventory in Canada, only slightly higher than the record low of just 1.6 months in the previous three months. The long-term inventory average is more than five months. Meanwhile, demand in both countries continues to be relatively strong by historical standards. So, it is very possible our rate hikes may also not be as effective they have been in the past in cooling the hot market.

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



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PEARLS OF WISDOM



"There is no psychiatrist in the world like a puppy licking your face." – **Ben Williams**

"Anybody who doesn't know what soap tastes like has never washed a dog." – **Franklin P. Jones**

"A dog is the only thing in the world that loves you more than he loves himself." – **Josh Billings**

"If there are no dogs in heaven, then when I die I want to go where they went." – **Will Rogers**

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MAY/JUNE 2022

REAL ESTATE NEWSLETTER

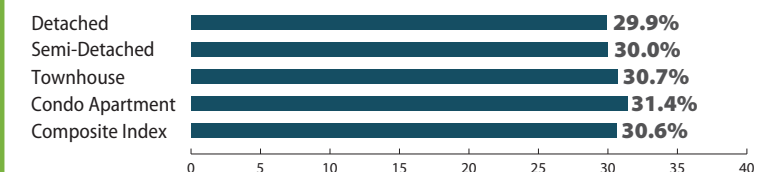
KATERYNA BORYSENKO'S MARKET NEWS

HIGHER BORROWING COSTS WEIGH ON GTA MARKET

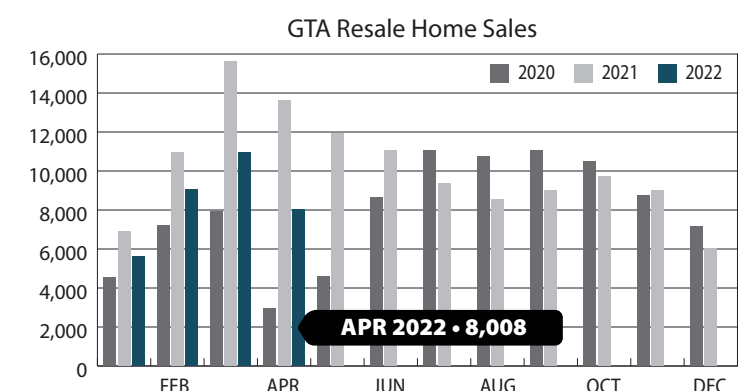
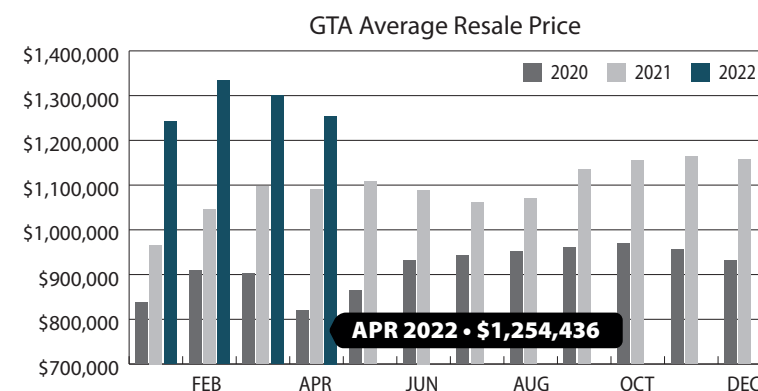
Market Highlights

- Higher borrowing costs moved some buyers to the sidelines in April causing volume to decline both versus last year (-41.2%) and last month (-26.8%)
- Despite slower sales, market conditions remained tight enough to support higher selling prices compared to last year
- April MLS® Home Price Index continued its massive upward year-over-year trend (+30.6%) although it softened slightly versus last month (-0.1%)
- April average price of \$1,254,436 was also up by 15.0% versus last year but down by 3.5% versus last month

MLS® Home Price Index by Segment (versus Apr 2021)



Resale Home Sales	Apr 2022	Apr 2021
-41.2% year year	8,008	13,613



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



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6 THINGS TO CHECK OUT BEFORE BUYING A CONDO

You’ve viewed the apartment, scoped out the neighbourhood, and started imagining where you’re going to put your furniture. But before you pull the trigger, there are a few very important considerations to make that have absolutely nothing to do with your individual unit. Buying a condo means buying into a building — one which has the power to make your time living there a blissful experience or a pain in the neck. Here’s what to suss out before you make an offer.

What is the building’s reputation like?

It might seem like the dream location, but make sure you do a quick bit of reconnaissance to find out what credibility your condo building has. A simple Google search might show you that it’s routinely rented out to Airbnb guests, meaning that your morning commute finds you waiting in line for the elevator behind a gaggle of tourists.

What kind of visitor parking is available?

Having a visitor parking spot available when friends and family come to visit you in your new home might seem like a given, but not every condominium offers this. For a lot of buildings, allocating and avoiding the misuse of designated parking spots can be time consuming and, as a result, some condos have chosen to forgo them completely. Find out if you are entitled to parking permits and how much ahead of time these need to be secured. Or if your building only has paid parking, determine if this is a viable option for you.

“...do a quick bit of reconnaissance to find out what credibility your condo building has.”

Are there enough elevators?

Two elevators probably seem like enough, right? However, in a 25-storey condo building, you can count on one unit moving in or out fairly often. That

means that one of those precious machines will be out of service most weekends. Factor in busy times, repairs and COVID health measures preventing the number of people allowed in elevators, and you could be lining up to get into your apartment. If you live on the third floor — and are in reasonably good health — the occasional walk down the staircase won’t be a problem. But for those located on double digit floors, those precious minutes can really start to add up.

How close is your unit to the garbage chute?

Convenient, yes. Noisy? You bet. Even if your building restrictions try to prevent tenants from throwing out their trash at nighttime, not everyone will play by the rules. Plus, when garbage chutes are out of service, let’s just say that not everyone is willing to wait to dispose — meaning you could be in the firing line for some not so pleasant sniffs.

What are the amenities?

Don’t just check out your unit when you view apartments — make sure you get a good look at the amenities. While it’s certainly not the only factor, you could be looking at higher condo fees with more condo amenities. If you’re a huge gym-goer, a state-of-the-art fitness centre might be a great asset. However, if you’re a swimmer — or know you’ll have friends visiting who may want to make use of any guest suites — your priorities probably lie elsewhere.

Is the concierge friendly?

It might not seem such a big deal, but finding a friendly front desk is like gold dust. From helpfully assisting your guests when they arrive in your building to holding on to packages when you’re not available to sign for them, a concierge that cares about its tenants and owners can sometimes be the difference between a carefree or stressful life in your building. If you appreciate their work, make sure you tip them or leave a gift card over the festive period.



Is the concierge friendly?



What are the amenities?



THE PROS AND CONS OF BUYING A CORNER PROPERTY

We have all heard the expression “location, location, location”. However, the often-used real estate term doesn’t just apply to the city or part of town you’re buying in. Where it’s situated can hugely impact the liveability — and the selling price — of a home. Choosing the location of a house within a neighbourhood can affect the day-to-day enjoyment of the buyer, and a corner lot is no different. Here are the best and worst parts about buying a corner property.

Pro: Extra space and light

Due to the positioning, corner properties are often a lot bigger than their counterparts in the neighbourhood — and, often, have a larger front yard. Corner lot homes usually benefit from more sunlight, meaning you can soak up those morning rays from your living room for longer. Due to the unique layouts and floor plans, a corner lot can also lead to some unusual configurations — but from a design standpoint, the architectural potential is very desirable.

Con: Maintenance and backyards

While you might enjoy a larger front yard than your neighbours, a corner lot also means extra land to tend to and maintain throughout the year. From twice as much grass that needs mowing to extra sidewalks that must be shovelled in the winter, upkeep can quickly become a headache for homeowners on a corner property. In addition, while many corner lots have large front yards, they often have very small backyards and/or side yards.

Pro: Great view

If your property is situated on the corner of more than one street, your view could (literally) give you the edge compared to your neighbours. Having more of a panorama can yield exciting options. If you’re planning to build your home on a corner lot, or you’re open to significant renovations, you might want to consider developing these unique vantage points by adding balconies and split levels.

Con: Reduced privacy

Corner lots are visible on two separate streets, meaning that plenty of neighbours (and passersby) will be able to see into your home. If your living areas are exposed to public view, you might feel like you’re on display when the blinds or drapes are open. Plus, those larger front lawns offer a lot less privacy and practical space than a closed off backyard.

Pro: Transit options

Corner lots located on the intersection of busy streets can provide you with double the transit links. Bonus: If your home is serviced with bus or streetcar routes on your doorstep, you could potentially spend less time out in the cold waiting for transport.

Con: Foot traffic

The downside of living on an intersection is that your property could become a thoroughfare for people walking by it. Corner lots and intersections are also a popular location for bus stops, meaning that you could see a lot of noise pollution as people get on and off transit. Front yards can also be a shortcut for the general public, who could trample across your lawn without second thought for all of your diligent mowing.

Pro: Parking

Having double the amount of street in front of your house often means extra space for parking, which can come in handy if you plan on entertaining a lot of guests.

Con: Noise

A corner lot might sidestep being crammed in between two neighbours, but two streets could mean twice as much noise. If you’re looking at homes in a quiet neighbourhood, this probably won’t be an issue — but a property in a busy neighbourhood may require deeper contemplation (or some quality earplugs).