

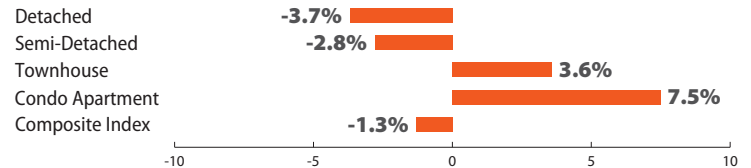
KATERYNA BORYSENKO'S MARKET NEWS

GTA MARKET CONTINUES TRANSITION TO HIGHER BORROWING COST ENVIRONMENT

Market Highlights

- October sales totaled 4,961 units - down significantly by 49.1% versus last year
- Average selling price of \$1,089,428 fell by 5.7% versus the October 2021 level but strengthened by 0.2% versus September 2022
- October marked the third consecutive month of month-over-month price increases indicating that prices have found some support near the \$1.1 million level since the late summer
- Persistent lack of inventory (new listings down by 11.6% versus last year and by 7.5% versus last month) helps explain why the downward trend in home prices experienced in the spring has flattened over the past three months

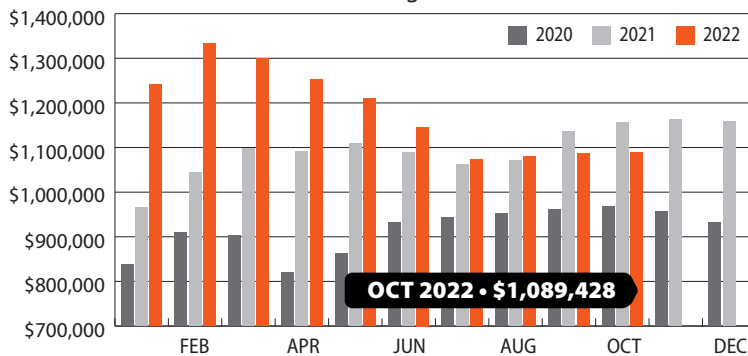
MLS® Home Price Index by Segment (versus Oct 2021)



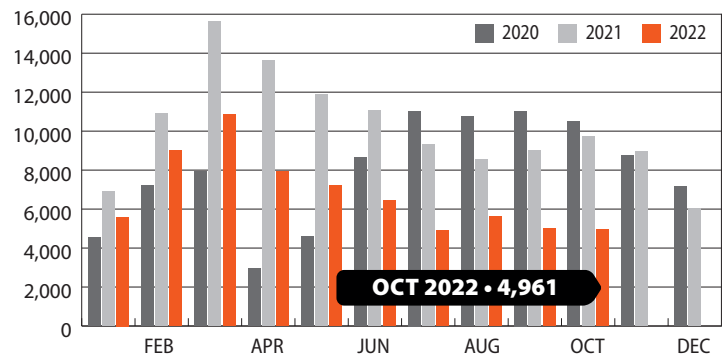
Resale Home Sales

| | Oct 2022 | Oct 2021 |
|---------------|--------------|--------------|
| -49.1% | 4,961 | 9,743 |

GTA Average Resale Price



GTA Resale Home Sales



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



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**LEGALLY
SPEAKING**

Thinking about renting out your basement? Here's how to do it legally

Moving into a house is an upgrade for most, promising plenty of space and a level of privacy that condo apartments can't match. So, why on earth would you rent out your precious basement to strangers? Becoming a landlord might sound like a headache but having a second form of income can be a great boon for those looking to pay off an expensive mortgage. However, there are certain complications and legal issues that must be met in order to qualify as legitimate. Here's what you need to know.

Pros

You don't have to live in a big city to have a large mortgage to pay off — real estate prices have steadily increased across the whole of Canada, meaning those monthly installments can really add up. If you're looking to offset some of the financial burden, renting out your basement can be a great option. It's particularly beneficial if your home is already large, meaning that you won't miss the storage or living space. And, if it already has its own entrance, the process of converting it will be relatively simple.

However, if you do need to do some renovations and repairs to get things up to scratch, your home's equity will get a nice little boost — meaning that when it's time to sell, your home will be even more valuable.

Cons

However informal you feel this new role to be, the fact of the matter is that you're now a landlord. Even if you find agreeable tenants who are quiet and respectful, you're still on the hook for anything that goes wrong while they're under your roof. A leaky faucet over the holidays? Either you're under the sink with a flashlight or you're paying a serviceman a premium to come and fix the problem.

You'll also need to prepare your basement so it's in decent living condition for a tenant. This might mean incurring renovations or costly wiring or plumbing to make sure it's up to code and qualifies as a legal living space.

Costs

In Toronto, you're looking at costs of \$40,000 and upwards (depending on the condition) to fully

furnish an existing basement up to code. If you're hoping to add a second dwelling from scratch, it could cost considerably more. It's a big investment, and while it could yield a better resale value, you should think it through before committing.

Codes and permits needed

Make sure you have the proper permits before embarking on this journey. Many basement apartments across the country were considered illegal simply because homeowners did not disclose their rental suites. Do your homework to ensure that you're not breaking any laws before starting any costly renovation projects

The legalities

In Ontario, your basement must be registered as a single rental unit. This means that it's a self-contained dwelling unit with a private kitchen, bathroom facilities and sleeping areas. In Ontario, this must meet Ontario Building Code requirements — for example, there must be at least 145 square feet of space, and 1.95 metres of ceiling height. Your building will also need to meet Fire Code standards.

In B.C., any secondary suite must be less than 90 metres in area, and less than 40% of the habitable floor space of the building. Ceiling heights must be at least 2 metres above the floor.

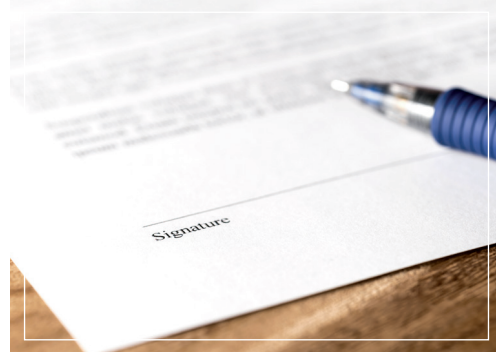
Lease agreement

Keep things above board by formalizing a lease agreement and having your new tenant sign it. This should include all terms and conditions that the tenant and landlord have agreed on, like sharing utilities (electricity and water) and liability insurance.

Taxes

Anyone renting out a second suite must pay rental income tax to the provincial government. Chat with an accountant to make sure you're choosing the most cost-effective route to reduce tax and make use of exemptions.

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.



How to pay off your mortgage faster (and what you need to consider)

When you first acquire a mortgage, monthly payments can feel financially burdensome. However, as time goes by and circumstances change, you may find that your money is freed up a little more, meaning you're able to pay off more of your mortgage. You can pay things off faster and reduce the lifespan of your mortgage — here are the ground rules to follow.

Understanding the breakdown

Your mortgage is split between the principal (the remaining balance of what you originally borrowed) and the interest (the rate you're charged while the principal is outstanding). The aim is to pay off as much of the principal to build equity and decrease the amount of interest accrued over time. Here are some options for paying off your mortgage faster.

Lump sum

Whether it's a tax refund, bonus or inheritance, there may be occasions when you acquire some extra cash. This can help to pay your mortgage off in the form of a lump sum. Check that your bank or lender allows lump sums and find out if you can pay it in installments over months or a year, or all in one go.

Accelerated payment schedule

Typically, borrowers choose to pay off their mortgage on a monthly basis. However, it may be

possible to speed this payment schedule up by paying bimonthly or even weekly. Doing so will chip away at your mortgage and save you thousands of dollars in interest over the course of its lifespan.

Increase your regular payment amount

Some financial institutions will allow you to increase the regular payment amount. So, if you are currently paying \$3,000 a month, you may be able to up this amount if you find yourself financially able to. It doesn't have to be a huge surge in payment — but even a couple of hundred dollars will really make a dent in your principal over time.

Get a lower interest rate

If you need to renew your mortgage, you may be able to switch over to a lower interest rate. Switching from a fixed-rate mortgage to a variable-rate mortgage rate may also mean that you're able to take advantage of fluctuating rates. Of course, recent variations have increased interest rates by as much as three-quarters of a percent at a time, making this a changeable — and frightening — feat for many variable-rate mortgage holders. Be sure you're able to deal with the financial uncertainty before changing.

Pay off your debt

By paying off your existing high interest rate debt such as credit card debt, your finances will be freed

up. Try to consolidate your debt or consider a home equity line of credit to pay off your debt and utilize your home equity.

Prepayment penalties

One fly in the ointment of paying off your mortgage faster is the prepayment penalty. Your lender may charge a prepayment fee on borrowers who pay their mortgage off quicker than the agreed upon lending period. Usually, these penalties are void after a couple of years. But to avoid a scenario where you are paying off your principal early only to find out that you are still forking out the same amount (or more) in terms of penalties, speak to a mortgage specialist.

Final thoughts

Paying off your mortgage early sounds like a dream scenario, but there's no use in racing to the finish line if it only throws up other complications in the process. Make sure your finances are in order — you'll need an emergency fund if you're thinking about increasing your monthly payments. And talk to an expert to guarantee there are no hidden fees.

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TO MY VALUED CLIENTS

Canada's foreign buyer ban not likely to move the affordability needle

Although still not well known, Canada's two-year ban on foreign investors purchasing residential property comes into effect on January 1st, 2023. Finance Minister Chrystia Freeland says the ban on foreign ownership of homes is needed to curb house prices in Canada and prevent them from rising so high as to push working-class and young Canadians out of the real estate market. The ban does come with notable exemptions for permanent residents and temporary residents as well as for recreational property, so it focuses on foreign investment in residential property only.

Canadian politicians have often looked at foreign investors as being a problem for housing in our country. That concern is mostly unfounded as research has consistently indicated that the number of transactions involving

foreign buyers who don't intend to live in a Canadian property is minimal and therefore never enough to move the needle on affordability. That said, foreigners are an easy target and it's much easier to point to them as being the underlying affordability problem (and to propose either a foreign buyer tax or an outright foreign buyer ban) rather than to deal with the real problem which is inadequate housing supply. Fixing the housing supply problem is complex as it involves coordination among all three levels of government – far easier to pin the blame on the foreign buyer! Also, it's worth noting that this legislation was enacted when markets were exploding and inventory was at an all-time low.

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 are no exceptions to the rule that everybody likes to be an exception to the rule."

– **William F. Buckley, Jr.**

"I'm not a snob. Ask anybody. Well, anybody who matters." – **Simon Le Bon**

"Never use a long word when a diminutive one will do." – **William Safire**

"The two happiest days in a man's life are the day he buys a boat and the day he sells it."

– **Luanne Rice**