

## TO MY VALUED CLIENTS

### Make energy efficiency a priority when planning your next renovation

Many homeowners are looking for ways to lower their energy bills these days. If you are one of them, you will want to maximize energy efficiency during your next renovation. Equipping your home with energy-efficient windows, insulation, heating, ventilation and air conditioning will not only help you reduce energy usage and cut costs, but will also make your home more comfortable and will help lower the emissions that contribute to climate change.

Before you start your renovation, schedule an EnerGuide home energy evaluation with a registered energy advisor. He or she will conduct a thorough assessment of your home, measuring and collecting data about all of the elements that impact its energy performance, from airtightness to insulation to heating and cooling systems. Once the assessment is complete, you will receive an EnerGuide label with a rating of your home's energy consumption.

The label will show the proportion of energy consumed by each system in your home and will compare your home's performance to that of a typical new house.

The energy advisor will also give you a renovation upgrade report, with a customized action plan to improve the energy efficiency of your home, and will complete any forms required to receive applicable rebates from utility companies. When your renovation is finished, you can schedule another assessment to see how your home is performing and obtain a new EnerGuide rating.

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



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## PEARLS OF WISDOM



"Cross country skiing is great if you live in a small country." – **Steven Wright**

"I was a vegetarian until I started leaning toward the sunlight." – **Rita Rudner**

"You know you're getting old when you get that one candle on the cake.

It's like, see if you can blow this out." – **Jerry Seinfeld**

"A person who won't read has no advantage over one who can't read." – **Mark Twain**

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APRIL 2023

REAL ESTATE NEWSLETTER

# YORK REGION HOME FINDER MARKET NEWS

## RENEWED PRICE GROWTH ACROSS GTA'S HOUSING MARKET AS NEW LISTINGS REMAIN DORMANT

### Market Highlights

- March sales totaled 6,896 units - down substantially by 36.5% versus March 2022
- The March MLS® average resale price, while down by 14.6% versus last year, trended up by 1.1% versus February for the second consecutive month of price growth
- Modest current year price growth is surprising as it is occurring in a high interest rate and sluggish sales environment
- That said, current year price growth can be explained by extremely weak new listings performance (44.3% annual decline) as many potential sellers seem to be waiting for more favourable market conditions

### Resale Home Sales

**-36.5%** year  
year

Mar 2023

**6,896**

Mar 2022

**10,862**

### Average Resale Price

**-14.6%** year  
year

Mar 2023

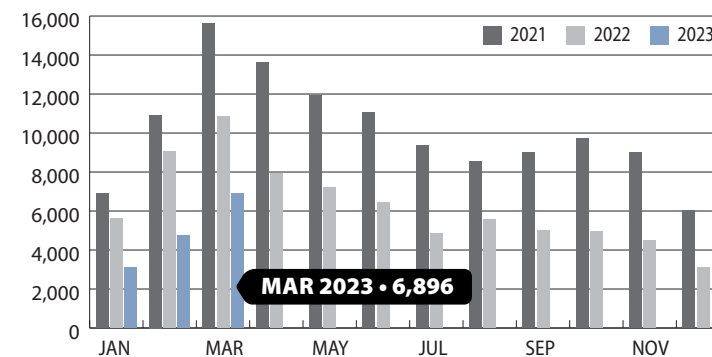
**\$1,108,606**

Mar 2022

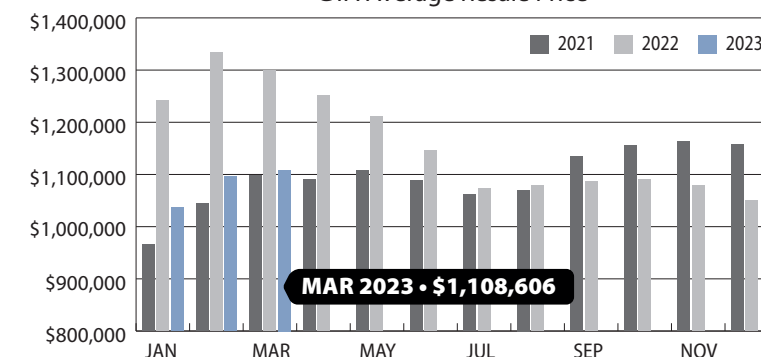
**\$1,298,666**



GTA Resale Home Sales



GTA Average Resale Price



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



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## What is the mortgage stress test?

In a climate of increasing interest rates, a mortgage stress test has never been more important. In short, it's an assessment that determines how much you can afford and in what circumstances. The mortgage stress test provides guidelines for mortgage providers that allow them to calculate if someone qualified for a mortgage and how much they are permitted to borrow. It was introduced by the federal government in 2018 to regulate mortgages and was updated to reflect the current housing market conditions in 2021.

### Who needs one?

Regardless of how much you earn, everyone must take the mortgage stress test — it's actually a legal requirement in Canada. Another way to think of it is a financial worst-case scenario. Your mortgage might seem manageable now, but what would happen if you or your partner took a pay cut, became unemployed, or the interest rates spiked, meaning you need to refinance your home?

### Why is it important?

The mortgage stress test helps to protect you against defaulting on your mortgage should increase rates rise, and your payments increase dramatically. By taking into account the amount the mortgage payments will be, any existing debt that must be paid off, plus monthly living expenses, the test can assist home buyers in purchasing a home they can truly afford, come what may.

### How it works:

When you apply for a mortgage, you will be offered a contracted rate. But before you are offered this, the bank (or mortgage provider) needs to check that you are able to pay back your mortgage, even if mortgage rates rise during your mortgage repayment period. In order to make this assessment, they make some calculations based on the Office of the Superintendent of Financial Institutions (OSFI)

minimum qualifying rate (MQR). They base this on the average 5-year fixed rates from Canada's big banks or your contracted rate plus 2% — whichever is higher.

### What is taken into consideration?

Your mortgage provider will make two calculations. The first is a Gross Debt Savings (GDS) ratio, which works out how much of your income — before tax — you'll use to pay for housing costs, inclusive of your mortgage, utilities and property taxes. This should be no more than 39%.

The second is your Total Debt Service (TDS) ratio, which amalgamates all of your outstanding personal debt — credit cards, car loans, lines of credit, plus any other mortgages you're paying off. This should not exceed 44% of your pre-tax income.

### The mortgage stress test results:

Though a high GDS and TDS ratio may not disqualify you from getting approved for a mortgage, you may need to reassess the purchase price of the homes you're looking at.

Meanwhile, a low GDS and TDS ratio means you may qualify for a mortgage or could even mean you are able to afford a more expensive property.

### How can you improve your stress test results?

If your stress test were unsatisfactory — and if you're still set on purchasing a home in your desired price range — there are ways to improve your results. The best way to increase the amount you can borrow is by earning more and saving up for a downpayment. This will lower your monthly mortgage payment and your GDS and TDS ratios.

You can also pay off as much of your existing debt before applying for a mortgage or look for someone to co-sign on your mortgage.

*The mortgage stress test helps to protect you against defaulting on your mortgage should increase rates rise, and your payments increase dramatically.*



## 6 factors that could affect your home insurance premium



Since owning a home is one of the most expensive purchases you'll ever make, you'll want to make sure you insure it against any damage (and having home insurance is actually a requirement for mortgage lenders). Your home insurance premium is the amount you pay to an insurance company to insure your home. However, they're not all created equal — home insurance premiums are calculated on several factors, like the condition of your property and your claims history. Here are some of the factors that determine a home insurance premium

### Location of home

If you're living on the edge of a cliff, expect your home insurance premiums to be more significant than that of a property located in a gated community. Several factors can affect your premium based on your neighbourhood or environment, and it's your insurance provider's job to track the number (and cost) of claims in your postal code. If you're about to purchase a home in a high-crime area or flood-prone area, it's certainly something to consider.

### Age and construction of your home

Leaky pipes and faulty electrics are more common if you live in a property that has already celebrated its 100th birthday. While new homes certainly aren't immune to wear and tear, as your home ages, the risk associated with it increases — as do your insurance premiums. Whether a property was built to code or using fire-proof materials will also factor into things.

### Having a finished basement

If you've taken the time (and money) to renovate your basement, your home insurance premiums could increase. Just as you would want to insure

your upstairs living room and bathroom against damage, you'll need to insure your basement — and any amenities like a home gym or home theater room that reside in it. Basements by their very nature are more prone to flooding, so don't skimp on coverage.

### Pools, hot tubs and other additions

Having a pool, outdoor hot tub, spa or other addition in your home might sound like a lot of fun. But to a home insurance provider, this presents extra risks and legal concerns. Slipping or drowning incidents could become a major legal expense, so make sure you have the correct type of coverage to protect against injury and loss.

### Good credit score

Even though the two may seem totally unconnected, having a poor credit history could have a negative impact on your home insurance policy. However, people with a good credit history tend to make fewer insurance claims. Your credit score provides a snapshot of your financial health and — if good — could net you lower insurance rates. However, if your score is low, any inquiries for insurance purposes will not affect your credit rating.

### Previous claims

It may seem counter-intuitive to worry about previous claims — after all, isn't the whole point of having home insurance that it can cover financial loss in unexpected loss or damage? However, a history of frequent claims over the course of a few years could raise alarm bells for insurance companies. Too many claims in certain areas, like theft or water damage, could have a big impact on your policy rates.