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Real Estate Review

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Toronto Market ~ May 2007



The Toronto market is hot! That was clear in the month of May. The sales amounted to 11,146 single family homes. That's a record for any month, anytime. The average price reached **\$382,787**. Again, that's a record for any month, anytime.

Let me give you the relevant figures. These are the average sale prices for single family homes in the GTA:

January 2006.....	\$332,687
May 2006.....	\$365,537
April 2007.....	\$379,025
May 2007.....	\$382,787

So, if we look at the percentage increases, that's 15.1% from January 2006, 4.7% from May 2006, and about 1% from April 2007.

In most markets, the Spring is the best and that's where the price gains take place. Frequently, the prices hold steady for the rest of the year.

Many prospective purchasers will buy in early in the year. For anyone who purchased in January 2006, and then closed in May 2006, they would have seen a remarkable increase in their equity. With a 90% mortgage, their equity would have been \$33,269 when they completed their transaction. Now their equity would be \$83,269, that's a \$50,100 increase or a **151% rate of return on equity** in one year.

In a rising market, you can easily see the benefit of leverage.

Opportunities

Land for development, 6 acres	\$5.3 million
Highway commercial zoning, 3.6 acres	\$3.2 million
Ontario Winery,	\$4.99 million
Retirement Home	\$2.8 million
Caledon Bungalow	\$510,000
Bakery	\$375,000
Toronto Bungalow	\$308,000
Spa	\$199,000
Maternity/Baby Superstore	\$ 85,000

The Canadian Housing Market ~ May 2007



It seems like the market is going crazy in some places. Out west, record highs are being achieved everyday.

The one year percentage increases (April 2006 to April 2007) have been significant:

British Columbia	11.1 %
Alberta.....	29.8 %
Saskatchewan.....	23.8 %

The prices in British Columbia are the highest in the country and are more than double Saskatchewan. But, for the last 12 months Saskatchewan was the better performer.

Ontario turned in average results with increases of 4.7% over that same period of time.

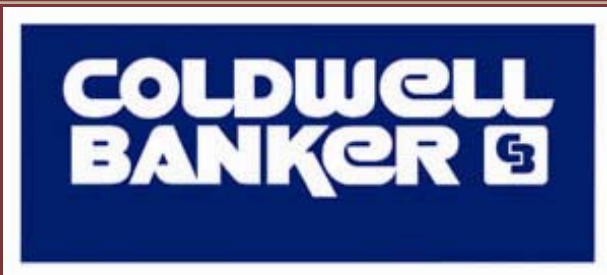
The least expensive Province in which to buy a house is Prince Edward Island at \$135,019. Last year there was a 7.1% increase. It's just as desirable as Saskatchewan and its local economy is taking off. And, don't forget the bridge. It's no longer an "island". When you had to get over there by ferry, it took the best part of the day to get there, and same thing on the return trip. Now, it's a matter of hours.

So, in my view **Prince Edward Island** is poised for a significant upward trend in prices and values.

By the way, there's no point hearing about things after the fact. The same place in B.C. would cost you \$431,909. However, I appreciate that P.E.I doesn't have any mountains, but it does have nice beaches.

Canada's Best Real Estate 2007

The hottest area so far this year is Timmins, up 29%, followed by Sudbury 22% and North Bay 10%, (Toronto is up 4%). But, that's just "catch-up" for the northern communities. Don't chase short term performance, real estate is a long term investment. What does this mean for cottage country? Call me!



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Squatter Makes Millions!

And you thought squatter's rights were abolished years ago. In part, you're right, but you must remember that there are two systems of land registration. Under the land titles system, squatter's rights were abolished, as they should be. However, under the registry system these rights have been preserved and accorded a rather exalted status.

Did you hear about the case?

Harry Hallows a homeless man from Ireland took up residence in what he believed to be an abandoned old building in a park. Now Harry was a good judge of real estate, and he certainly knew what it meant when realtors would say "location, location, location", so the location he chose was not that far from Buckingham Palace, in a neighbourhood known as Hampstead Heath that would be just about one of the most expensive neighbourhoods in the world. It's filled with multi-million dollar estates in a rather idyllic, parklike setting. And, the privacy of the park is what Harry liked about the place.

Harry moved into his "residence" in the late 1980's and lived there for 18 years. According to the Courts, that's enough for him to be declared the "true owner" of the property.

In accordance with the old common law rules, an individual who occupies a piece of property for a period of 7 years or more may be declared to be the owner. In England, this was later changed by legislation to 12 years. In Ontario it's 10 years. Other common law jurisdictions use other time periods, but the basic rules are all the same. The **occupation** of the lands must be **open**, that is, it cannot be secret or surreptitious in any way. It must be **peaceable**, that is, no one is trying to throw you off the property, either physically or through the Courts. It must be **continuous**, otherwise the time period starts all over again. It doesn't mean that you can never leave the property. So long as you leave enough of your "stuff", you are still considered to be "there".

This ancient remedy was helpful in resolving disputes in the latter part of the middle ages. If one farmer continued to cultivate a piece of land at the back of his farm, and the neighbouring farmer did not object, then after seven years he owned it. At that time of course, it wasn't worth much. The purpose of the rule was to regularize the boundaries of the properties. The added value of the cultivation of the property over a period of years was considered to be an investment and an improvement to the land.

After the crusades, many people had been dispossessed from their properties, and many others never returned, so squatter's rights were a good way to redeploy the lands into active use (and revenues for the King) once again.

Dwyer Asset Management bought the property in 2005 and wanted to build condos. That seemed like a fine plan, until they met up with Harry. They said they had a deed to the property. He said he wasn't moving and that he owned the property. He liked living in the woods. In fact, he was just like the "forest people" referred to the 1215 Magna Carta. The Courts agreed and Harry now has a new deed in his name.

Waterfront Property!



Talk about Truth in advertising.
New Orleans, after the storm.



If you are interested in receiving new listings by email for an area of interest to you, please contact me.

The property is worth millions. But, Harry still doesn't want to move. By the way, he doesn't have doors, windows or a proper roof on his dilapidated old ruins, nor does he have water, sewers, plumbing, electricity or heating (unless he sets up a campfire).

Nevertheless, a man's home is his castle and in this case Harry's castle is worth millions.

PS. If you live on a big property, don't forget to check the back shed to see if someone's living there!



GTA ~ Undiscovered Areas

You might be inclined to think that there are no undiscovered areas in the Greater Toronto Area. At least, that's what most people think.

How would you like an area about 25 minutes from downtown Toronto, with TTC and Go Train service, that's close to the lake, all single family homes on big 50, 60 and 70 foot lots with mature trees? Sounds impossible! And, expensive too!

Maybe, not so expensive. How about prices in the \$300,000 to \$350,000 range for single detached homes.

Well, if you look very carefully you can find it. So, where is it? It's **Guildwood Village** in Scarborough that was developed in the late 1950's and completed in the mid 1960's.

When it opened on August 28, 1957, there were twelve model homes ranging in price from \$25,000 to \$ 30,000 on display. That was the largest presentation of model homes in Canada, and the prices were expensive at the time. In fact, the first weekend attracted over 30,000 visitors.

People moved into the neighbourhood, had children, raised their families and the area matured. Many of the original purchasers still live there today. And, in part that's the problem. That's why it's a secret. No one moves out. No one needs to build an addition or renovate, pretty much the status quo will do.

For comparison purposes, what has happened to other areas in the GTA? Basically, all areas start out at the top of the market and then fall into decline. The houses get older, they fall into some disrepair, the designs are no longer contemporary and the residents become older too. The next step is the rejuvenation of the community. The older residents begin to move out, only to be replaced by younger singles and those with young families. This brings life back into the neighbourhood.

Lawrence Park, Moore Park, York Mills, the Kingsway and Thorncrest Village are all examples of Toronto areas that underwent such a decline followed by a rejuvenation. The best time to buy in those areas was before the prices went up.

What is commonplace? Location, location location! In all cases, the areas were well-located within the GTA. The lots were a good size. The trees and landscaping were mature.

What kind of evidence should you look for? First, you will see young families moving in. You will witness redecorating, followed by renovations, followed by additions and towards the end of the cycle, new replacement homes.

If you are looking for some kind of a prediction for good price escalation over the next decade, *Guildwood Village* is a prime candidate. Right now, the young, newly married couple starting their families in the late 1950's have indeed matured themselves. When they decide to move out, Guildwood Village will become "hot" in real estate terms.

At the moment, it's still an **undiscovered "gem" in the GTA.**

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