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Toronto's 2006 HOT Neighbourhoods *By Brian Madigan*

There certainly are some hot neighbourhoods, but should you buy into them today.

Let's have a look at some of the one year returns across the city.

The neighbourhoods of Swansea, Roncesvalles or Parkdale enjoyed the highest one-year appreciation among single-

detached homes in the Greater Toronto Area in 2006. Are they still the places to buy?

The average price for homes in those neighbourhoods reached \$642,000 by the end of 2006. This represented an 18% increase from \$544,000 at the end of 2005. Overall, that was the highest percentage increase in the GTA certainly qualifying these areas as the "HOT" locations.

The downtown areas did fairly well, as did the central areas which gained about 7.5%. The average existing property (for all classes) in the Toronto area, increased by a much more moderate 5 per cent.

It would be important to note that some of the better areas appreciated earlier and now the secondary areas are playing "catch-up". So, don't be confused by short term returns. Forest Hill is still better than Parkdale any day, and over the next 10 or 20 years, place your bets on Forest Hill.

The second-highest one-year appreciation occurred in the north Toronto area around Hoggs Hollow, York Mills and the Bridle Path, where a single-detached home now commands an average of \$1.4 million, that is a 13.6% increase in 2006.

Let's look at some others:
Lawrence Park, 12.4% (\$1.08 million)
Bayview Village, 12.2% (\$582,000)
Scarborough Bluffs, 11% (\$351,000)

When it comes to real estate investments, you have to consider the longer term. You're going to be there for a while, so don't look at the one year performance. It's just about the same as buying last year's winners on the stock market one year too late. You're just chasing performance, and this is not "investing" or even buying astutely for that matter.

However, if you did happen to buy in Swansea, Roncesvalles or Parkdale last year, that was nice news to hear.

"How would you like a Free cottage in Muskoka"—article coming next month or view now at <http://OntarioRealEstateSource.blogspot.com>



Bargain Ontario Waterfront Properties *By Brian Madigan*

Where are the best deals?

With the prices of waterfront properties having risen so much since 2005, where are you going to find good deals now?

Well, actually, you're not! You would simply be well-advised to grin and bear it, pay the price and get in there.

If you need a little bit of a bargain because that is what your budget requires, where should you look?

Right now, there are 3 general areas in Ontario with moderate prices, affordable properties within reasonable commuting distance of Toronto. They host some of the Province's smaller lakes (and fewer of its hockey players in the summertime).

The three best bargain areas are:

- Bancroft
- Land-O-Lakes
- Ottawa Valley

That doesn't mean that they are the best values. You still may be better off buying in Haliburton, the Kawarthas or Georgian Bay from a longer term real estate appreciation perspective. However, these areas are worthy of consideration if you are looking to spend less than \$200,000. If you are planning to spend more, then perhaps you should look to locate elsewhere. There are many attractive waterfront properties in all three regions.



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The Two Spring Markets

By Brian Madigan

Just about everybody wants to know when the Spring real estate market begins. Actually, so do I. It's different each year!

If you were to examine the market from an historical perspective, you will probably find that there are two distinct markets. The first is the early market. This is the period when sellers are trying out new higher prices. It is also coincident with the time that new product enters the market for the first time. If these properties sell quickly, then there is a little pressure on the prices and you can soon find some market escalation.

The second phase will often occur as a result of the first phase. If the first phase has been strong, then the second phase will have substantially higher prices. In fact, a whole year's price escalation may often take place during this phase. So, if you're buying you will want to have bought before this phase, and if you're selling, this truly is the best time to sell.

However, there is of course a catch. No one can be sure what phase we are in until all the statistics have been compiled and analysed. Sure, it's easy to say that the height of the last boom was April Fool's day 1989, but who knew that in March of 1989. Economic analysis is a retrospective science. Unfortunately, economic prediction is still a lot of guesswork.

In a relatively stable market or a rising market, there are some general conclusions that can be drawn:

- If you are selling, wait until phase 2
- If you are buying, buy in phase 1
- If you are trading up, do both deals in phase 1
- If you are trading down, do both deals in phase 2

And, for those who can take on a little more risk:

- Trading up, buy in phase 1 and sell in phase 2
- Trading down, again buy in phase 1 and sell in phase 2

This is, of course, the traditional advice. Most of the time it makes sense. However, it is risky, if the market is going in the other direction. It is risky, when too many homes come on the market in phase 2. It is risky, when interest rates are rising. It was far too risky in 1989.

Let's assume normal market conditions. When do the phases begin and end? Phase 1 starts no earlier than the 15th of January and phase 2 ends about June 15th. Sometime in March, often the week following March break will be the beginning of phase 2. So, most years, the early Spring market is truly in Winter and the late Spring market really is Spring. But, there have been years when phase 1 was only two weeks in length and other years when phase 2 lasted until September.

And, for 2007? Sorry, I won't be able to tell you until the statistics are available in early August.

While it's helpful to know some the usual and predictable market factors, it is important to remember the exceptions and also to remember that it would be wise to buy the very best house that meets your circumstances whenever it happens to come on the market.

Barrie Outperforms All Major Cities in Canada since 1981

By Brian Madigan

Did you know that Barrie was *the* place to be over the last 25 years?

I thought that this was a little bit strange! Yet, facts are facts.

Over the last 25 year period (1981 to 2006) Barrie showed the greatest increase in the value of single family homes across the country. There has been a 372% increase from \$51,665 to \$244,000. The national average was 264 per cent over that same time.

Here are some the figures:

Barrie (372 %)
St. Catharines (329 %)
Hamilton-Burlington (325 %)
Ottawa (297 per cent)
Greater Toronto Area (290 %)
Greater Vancouver Area (242 %)
Halifax-Dartmouth (242 %)

By the way, most people will guess either Toronto or Vancouver.

Like many others, I would not have guessed that. So, I started to do a little bit of digging into the facts. On the face of it, I was suggesting to clients in 1981 that they not buy in Barrie if they were planning a daily commute to the GTA. Naturally, I didn't like the prospect that I was way off base on this.

However, there are a few facts that need to be considered:

- 1981 happened to be a good starting point for the Barrie comparison
- there had been a building boom
- then there was an oil crisis and spike in gas prices at the pump
- this resulted in an oversupply of housing
- and, the inevitable drop in prices
- no one wanted to be paying for the daily commute to Toronto (the time factor was bad enough)

Now, we also have to consider the Toronto numbers by comparison. Toronto is not one homogeneous area, but rather, it is made up of many smaller and distinct areas. Let's consider Lawrence Park, Moore Park, Forest Hill and The Kingsway. In fact, it's very important not to confuse Rexdale with Rosedale. For the very good neighbourhoods the returns are quite handsome, often in the range of 500 to 600% and sometimes more.

But, when it comes to statistics, these very fashionable areas are brought down by some of the rougher areas that have not fared too well. In my case, and perhaps in the case of others too, these less than fashionable areas of Toronto have been ignored. In fact, I have discouraged clients from purchasing in those areas. I have focused just upon those areas where I expect to see superior performance.

So, if you bought in any of the fashionable areas of Toronto, 25 years ago, then you did quite well, and you didn't miss out on anything in Barrie. Also, we would have to factor in all those commuting expenses.

And, for my friends and clients in Barrie..... Good Choice!

Want to Buy a Business?

Metal Fabrication \$3.145 million
Hair salon \$55,000
Bakery \$375,000

Cottage Properties

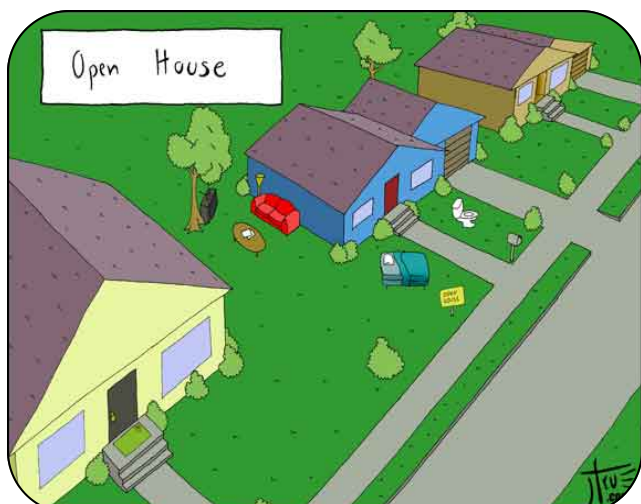
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a trusted local agent

Refinancing,

preferred rates from
institutional and private lenders

If you're considering a move, it would be my pleasure to provide you with a complimentary Market Evaluation of your home.

Sorry no recipes!



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