



The Ottawa Region Report

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2018 HAS ARRIVED!

MAY IT BE A GREAT YEAR FOR YOU, YOUR FAMILY AND FRIENDS.

MARKET UPDATE

2017 showed improvements in both the Freehold and condo market in Ottawa, in number of transactions. Some price increase has occurred on the freehold side while the condo market has reached a steady balanced market condition leading to stability in prices. 2018 promises to continue to improve as the listing inventory keeps shrinking. The New construction activity will be critical in their effect on the inventory situation of each of those markets.

Stress Test 2018

... Where do they find these expressions?? ! ... as if buying a home wasn't stressful enough, now we have a "stressing" test to get a mortgage!

Keep this article handy if you have any dealings with mortgages in 2018. In summary:

STRESS TEST SUMMARY:

UNINSURED MORTGAGES; Homebuyers/owners qualify for a mortgage using the benchmark rate, which is the Bank of Canada rate (currently 4.89%) OR the lender rate +2% , whichever is greater.

INSURED MORTGAGES; You must qualify for a mortgage at the Bank of Canada rate (currently 4.89%).

The good news is that, as you can see, the first-time buyers appear to be somewhat advantaged Stress Test strictly speaking, as first-time buyers rarely have the 20% down required for an uninsured mortgage. The interesting potential loophole is what if you decide to put only 18% down. The CMHC premium is low at "19% downpayment level" and the stress test is much easier. Ask your mortgage specialist to work out some scenarios for you.

Now, most of you already have a home, and 2018 may be the year where you want or need to renew your mortgage. If you apply to another institution and want to shop around you will have to qualify in the same way.

WHAT'S IN THE NEWSLETTER

Market Update /Stress test for your next mortgage/A Little Funny

Ottawa Board Residential & Condominium
Sales Year-To-Date up to Dec. 2017 and % change
since last year

TYPE	# UNITS 2017	# UNITS 2016	% OF CHANGE
1.5 Storey	375	389	-3.6
2 Storey	7,908	7,208	9.7
3 Storey	695	639	8.8
Bungalow	3,286	3,126	5.1
Double/SBS	32	26	23.1
Duplex- Up/Down	107	74	44.6
Hi-Ranch	432	424	1.9
Split	556	585	-5.0
Other	27	31	-12.9
Condominium	3,588	2,938	22.1

***The Board cautions that averages sale price information can be useful in establishing trends over time but should not be used as an indicator that specific properties have increased or decreased in value. The average sale price is calculated based on the total dollar volume of all properties sold.*



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**Residential and Condominium Sales
(Year-to-date up to Dec. 2017)
And % change over last year**

PRICE RANGE	2017 # OF SALES	2016 # OF SALES	% CHANGE
Under \$100,000	153	174	-12.1
\$100,000-\$124,999	123	147	-16.3
\$125,000-\$149,999	291	284	2.5
\$150,000-\$174,999	548	499	9.8
\$175,000-\$199,999	738	715	3.2
\$200,000-\$224,999	822	834	-1.4
\$225,000-\$249,999	793	807	-1.7
\$250,000-\$274,999	886	885	0.1
\$275,000-\$299,999	1,158	1,233	-6.1
\$300,000-\$349,999	2,893	2,819	2.6
\$350,000-\$399,999	2,291	1,979	15.8
\$400,000-\$449,999	1,789	1,548	15.6
\$450,000-\$499,999	1,225	980	25.0
\$500,000-\$749,999	2,508	1,996	25.7
\$750,000-\$1 Million	583	462	26.2
Over \$1 Million	282	164	72.0
Total	17,083	15,526	10.0

What about refinancing? Yes, homebuyers will still have the ability to refinance up to 80% of the value of their property. You will have to pass the same stress test which is the higher of the Bank of Canada Rate (currently 4.89%) OR the rate from the lender plus 2%, whichever is greater.

If you are in difficulty because of those changes, call your mortgage specialist or call me and I will direct you to people who can help depending on your situation.

The message from the Canadian government is clear: Pay down your mortgage and be ready for rate increase.

Let's take an example to understand the effect on your buying power:

I borrowed the following calculations from a Dominion Lending's recent article.

"Mortgage Amount \$400,000

If Your Contract Rate is 3.44% and the Benchmark Rate 5.44% (3.44% + 2%) . The Monthly Payment \$1,985.00 becomes \$2,427.00 for the Stress Test only. So the Minimum Income* goes from \$70,000 to \$85,000. *These numbers are based on 35% GDS RATIO (Gross Debt Service Ratio) and a 25 year amortization"

The other good news is that if the rates are increasing it is because the economy is doing well . The Financial Post says: "The surging Canadian economy added almost 80,000 jobs in December for the second month in a row, boosting chances the Bank of Canada could hike interest rates in the first quarter of 2018 for what would be the third time in less than a year.

Statistics Canada on Friday reported 78,600 new positions in December, smashing analysts' expectations of a modest 1,000 jobs gain. The jobless rate dipped to a 41-year low of 5.7 per cent.

The Bank of Canada raised rates last July and September after sitting on the sidelines for almost seven years and analysts expect more hikes this year after improvements in the labour market and inflation. It is expected the rate will go up in April 2018.

**Lysanne Brault,
Your broker for Life**

If you think this newsletter may be useful share it with friends and family. *Please visit my website at: www.lbhome.ca or feel free to contact me directly at 613-794-8890.*

A little funny

Q: Why did the school kids eat their homework?

A: Because their teacher told them it was a piece of cake.



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