



# Market Update JANUARY 2020

A Bank Of Canada interest rate drop is expected in the first couple of months of 2020. The last few months of 2019 saw record high levels of household debt and rates of insolvencies not seen since 2008-2009 in Canada. The 2-3 year lag between changes in interest rates and the impact on insolvencies are showing that impact now from the increases in 2017-2018.

The industry forecasts the rate drop will continue the trend towards lower mortgage rates. Currently at 1.75% we should see a 25 basis points drop to 1.5% .

Lower rates could accelerate home price appreciation in hotter real estate markets in and around the GTA. The real estate market seemed to have adjusted to the stress test last year and the volume of sales has started to trend upward again. Sales in December 2019 were up 3.9% in RAHB and Sales of Detached Homes in TREB were up 25% year over year and TREB trends typically flow east to RAHB. Typically with the cold weather and holidays we see a dip in December but this year bucked that trend.

The influx of people coming into the GTA and declining mortgage rates have resulted in increased sales during the second half of 2019. Analysts are raising concerns that should the undersupply persist, it could set the stage for unsustainable price growth once again.

The number of sales for single family properties with the entire RAHB market increased by 6.8% in December 2019 compared to the same month last year and the average sale price increased by 8.2%. The one notable market that didn't fare well the last year was Ancaster with the Average Sales Price decreasing by 11% December 2019 over December 2018. This market has been a Buyer's market for quite some time now and may be a good market to find an opportunity in 2020 for a new home or investment property.

If you have any questions about your local market please feel free to give us a call anytime and we would be happy assist you any way we can!

2019 RESIDENTIAL SALES ACTIVITY, NEW LISTINGS AND AVERAGE PRICE FOR RAHB MARKET AREA



# HOW MUCH HOUSE CAN I REASONABLY AFFORD?

Buying a home is the largest transaction most of us will ever make in our lifetimes. Knowing what amount of a mortgage you can comfortably afford is paramount before you decide to buy a home or move up to a bigger home. Mortgages are the main driver of consumer debt. Statistics Canada shows that for every dollar of household disposable income there is about \$1.79 in credit market debt.

**According to RBC's Housing Affordability Measure the share of income a household would need to cover ownership costs in Canada averaged 51.9%.**

This measure shows the proportion of median pre-tax household income that would be required to service the cost of mortgage payments (principal and interest), property taxes and utilities based on the average market price of a home. This number varies depending on the market you live in for example, it is 84.7% in Vancouver, 66.1% in Toronto while in Edmonton it is 34.8%.

## Nobody wants to be house poor so how do you determine an affordable or comfortable mortgage?

The first step is talking to a mortgage broker or trusted Bank representative. One of the first things they will do is run your credit score and from there they have some guidelines for lending. If your score is below 680 then you are allowed to use 34% of your gross income to account for housing payments and if the score is above 680, that percentage can be stretched to 39%. These rules are set by the government and you have to have a credit score in order to acquire a mortgage unless you are new to Canada.

Your Mortgage representative will also require from you valid photo ID or other verification of your person, two current pay stubs and depending on what you do for employment 2 years of income tax forms.

Factoring into what you can afford will be how much of a deposit you have to put down and how the balance on the home owing would affect the above ratios. You also have to consider the various costs associated with owning a home such as house insurance, utilities, and your current lifestyle.

If you want to play around with some numbers for introductory sake, there are a number of websites with mortgage calculator's that can help approximate what you can afford. REALTOR.ca's mortgage affordability calculator can help guide you through the process.

If you are about to start house hunting it is highly advised you to get a formal pre-approval based on all the information provided to a lender before you start. Some past clients start out telling us that they are approved by a lender for 'X' amount, to which we encourage further exploration only to find that their reality is far different then what a simple lender approval had them believing could be had by them. This reality check will save time and emotional drain for everyone. So an earnest approval will ensure you start down the right path to home ownership. Your Realtor can help guide you into appropriate neighborhoods or perhaps outlying cities posed for growth but still affordable today to get you into that first home or the home your family can grow in for years to come and live and maintain a comfortable lifestyle at the same time.



## Thinking About Making a Move?

First time buyers, up-sizing or downsizing Call Geoff & Katrina Today

[info@yourrealpro.com](mailto:info@yourrealpro.com)

**905-689-0011**

# TOP 10 REASONS TO BUY A HOME IN THE WINTER

Every year the fall hits and we hear a number of buyers (especially the elderly) say they would like to wait until the spring to buy. I mean most buyers come out after the spring thaw so that must be the best time to buy right? Well we are here to tell you that isn't always the case so here are our top 10 reasons to buy Real Estate in the Winter!

## Sellers are Motivated

Usually homes that are on in December or come back on the market in January have had a history and/or trouble selling, and may be eager to sell. This means the seller might be more willing to negotiate on their price, closing date or even the terms of the sale.

## Less Competition

There are fewer sellers in the winter months but there are also fewer buyers. The listings pop back up in January and the Buyers don't generally start looking till the snow is off the ground leaving a possible window of opportunity for most Winter Hungry Buyers.

## Less Chance of Multiple Offer Situation

With fewer Buyers and a bump up in Listings starting in January a Winter Buyer is less likely to find themselves in a multiple offer situation on the house they love.

## Hidden Value

Landscaping is covered or dormant and a well-manicured property in the summer months may sell for much less in the winter months as the added value of the properties full potential is hidden away.

## Test Homes Winter Durability

Buying a home in the winter months lets you see firsthand how the home functions in the winter months. Are there any drafts coming into the home? Is the home evenly heated throughout? These factors are easier to evaluate in the winter as all the major systems of the home are put to the test.

## Hiring Movers is Easier

Less moving households means less competition when looking to book a mover perhaps generating a better rate being offseason if you shop the movers in your area.

## Your Realtor May Be More Focused on YOU!

The winter is generally a slower time of year for most Realtors and this will allow your Realtor to devote more of their focus solely on your needs more so during the winter months.

## Buyer Process Should Be Easier and Faster

With less action the peripheral services to be performed such as home inspections, mortgage approvals, lawyers services etc. can be expected to be done in a timelier manner and more accommodating to your busy schedule.

## Move In Before Summer

Be honest – come summer you don't want to be moving, you want to be enjoying your time, your new home and the warm weather outside vs. moving into your new home. Buying in the winter with a pre-summer close makes that vision a reality.

## Possible Flexibility

Sellers are more likely to be flexible or add incentives to achieve their completion date. If the Sellers are indeed more motivated they may offer up the perfect closing date for you or add in incentives for you to move in earlier than you may ideally prefer such as allowing a rent, roof, renovation or appliance allowance to induce you to close when they need to close.

Perhaps the benefits of Buying a Home in the Winter may swing you into a more current timeline and you too can explore the benefits of buying a home in the offseason.

Call Geoff and Katrinna today to see if now is the right time to buy for you!

[info@yourrealpro.com](mailto:info@yourrealpro.com) 905-689-0011



## Receive a FREE Sellers Consultation!

Let Geoff and Katrinna get your home **SOLD** Call Today!

[info@yourrealpro.com](mailto:info@yourrealpro.com)

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## TOP 10 ONTARIO CITIES TO RETIRE TO

MoneySense Magazine

1. Ottawa
2. Kingston
3. Windsor
4. London
5. Peterborough
6. Niagara Region
7. Cobourg
8. Port Hope
9. Collingwood & Surrounding Area
10. Stratford

### CONTACT US TODAY

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