



# REAL ESTATE NEWS

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## REALTORS SAY CANADA'S HOUSING MARKET CAN STILL GROW

Home sales and prices are expected to still grow over the next two years, albeit at a slower pace, says the national organization that represents realtors.

The Ottawa-based Canadian Real Estate Association says sales are forecast to reach 463,700 in 2014 which would represent a 1.3% increase from 2013. The national average home price is forecast to be \$397,000 in 2014, a 3.8% increase from a year earlier.

CREA said a particularly tough winter and the fact consumers pushed purchases forward into the summer of 2013 to take advantage of low rate pre-approved

mortgages may have contributed to sluggish sales to start off 2014.

But the group, which represents about 100 boards across the country, says the market should bounce back with mortgage rates heading down.

"I expect fixed mortgage rates will edge marginally higher in the second half of 2014 as evidence confirms an anticipated pick-up in economic growth," said Gregory Klump, chief economist with CREA, in a statement. "Marginally higher mortgage rates are likely to counterbalance that lift provided by stronger economic and continuing job growth and restrain the momentum of sales activity."

By 2015, sales are expected to reach 469,400 units which would be a 1.2% increase from a year earlier. By 2015, the national average price is forecast to be \$401,400 which would be another 1.1% increase.



### THE SPRING HOME-BUYING SEASON IS COMING INTO BLOOM

Members of the Ottawa Real Estate Board (OREB) sold 1,126 residential properties in March 2014 compared with 1,160 in March 2013, a decrease of 2.9 percent. There were 870 home sales in February 2014.

"Sales picked up month over month, with 256 more properties switching hands in March than in February" said OREB's President. "That's a 29.7 percent increase, which is to be expected of a spring market", he added.

The average sale price of residential properties, including condominiums, sold in March in the Ottawa area was \$359,051, an increase of 0.3 percent over March 2013. The average sale price for a condominium-class property was \$251,381, a decrease of 2.1 per cent over March 2013. The average sale price of a residential-class property was \$386,690, an increase of 0.2 percent over March 2013.

"A total of 2,776 properties were listed in March, indicating that sellers were getting ready for the busy spring market" explains OREB's President. "The average days on market stood at 49 for the month of March, lower than the average of 61 days in January and February, indicating that properties are starting to move faster as we enter the second quarter of 2014."

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## MORTGAGE RATES - FIXED OR VARIABLE?

### UNDERSTANDING YOUR RATE

In a recent study, the Canadian Association of Accredited Mortgage Professionals (CAAMP) found that 82% of purchasers in 2013 opted for a fixed rate mortgage. More recent CAAMP statistics show that 67% are choosing fixed and more are leaning towards variable.

You may have a friend or neighbour who swears that fixed is the way to go because that was their choice. However, that doesn't necessarily mean it is the best for you. The first step to assessing what is best is to understand the real difference between fixed and variable rates.

### FIXED RATES

The fixed mortgage rates that lenders offer are closely tied to the Canadian bond market. The bond market fluctuates daily, and fixed mortgage rates can too. When you obtain a fixed rate mortgage the rate gets locked in for the term of the mortgage, regardless of the activity in the bond market. Many Canadian home buyers like the peace of mind that comes with the guaranteed stability. When you renew your mortgage after the term is up, you will be renewing at a rate indicative of the current state of the bond market.

### VARIABLE RATES

Variable rates are calculated using the lender's prime rate, which in turn is determined by the Bank of Canada's benchmark lending rate, also known as the "overnight" rate. Unlike with fixed rates, variable rates are not locked in and adjust as the benchmark rate fluctuates. In other words, when you choose a variable rate mortgage, you are receiving a rate that has the potential to rise or fall over the course of your mortgage term.

The benchmark rate has been holding steady at 1% since September, 2010 and is not expected to spike any time soon. This news is making variable rates more popular, as Canadians feel comfortable with the probability that their mortgage rate will stay at virtually the same level for the foreseeable future.



## KEEP YOUR HOME FLOOD-FREE THIS SPRING

**Spring is typically the wettest time of year thanks to melting snow and frequent rain. Use these tips to reduce your risk of a flood around your home.**



- Remove snow from around the foundation and clear the areas around window wells.
- Clear eavestroughs and downspouts. Repair leaks and make sure water can flow off your roof and away from your foundation and basement windows towards the street or backyard.
- Make sure your sump pump and/or backflow valves are working properly before the snow begins to melt.
- Clear drainage ditches and culverts of all debris to keep water flowing into sewers.
- Wait until the possibility of frost has passed before re-opening valves to outside water hose connections to avoid pipes freezing and bursting.
- Make sure the land around your home slopes away from the foundation.
- Check that your sidewalks, patios, decks and driveway haven't shifted to cause water to drain back towards your house.
- Take stock of the items in your basement and consider moving valuable items to a higher area.