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## Residential Resale Market's Shifting Benchmark Reality



Members of the Ottawa Real Estate Board sold 1,508 residential properties in June through the Board's Multiple Listing Service® System, compared with 2,122 in June 2021, a decrease of 29 per cent. June's sales included 1,138 in the residential-property class, down 31 per cent from a year ago, and 370 in the condominium-property category, a decrease of 23 per cent from June 2021. The five-year average for total unit sales in June is 1,966.

"After the frenzy of the past two years, we are witnessing Ottawa's resale market normalize in 2022 and shift towards the more traditional seasonal ebb and flow cycle. While June transactions do typically taper as many look towards their summer holidays, last month's sales were at a slower pace than we have seen in well over a decade," states Ottawa Real Estate Board (OREB) President.

"We can likely attribute the decrease in unit sales to economic factors such as rising interest rates and cost of living/inflation. Other dynamics could include Buyer fatigue combined with a wait-and-see approach towards home prices, lack of confidence amongst consumers, and perhaps the uncertainty surrounding back-to-work arrangements as a long commute with rocketing gas prices will certainly affect decisions about where to live," she adds.

The average sale price for a condominium-class property in June was \$438,977, an increase of 1 per cent from 2021, while the average sale price for a residential-class property was \$772,861, increasing 6 per cent from a year ago. With year-to-date average sale prices at \$815,797 for residential and \$465,573 for condominiums, these values represent an 11 per cent and 10 percent increase over 2021, respectively.

"It's no secret that price increases have become more modest in the last two months—there's a new benchmark reality in Ottawa. While our average price statistics provide an overall picture, as the market settles, there will be adjustment differences in various pockets of the city. For example, what happens in Westboro will not likely mirror Findlay Creek," advises OREB's President.

"But even as prices fluctuate, historically, real estate in Ottawa has always been and will continue to be stable and dependable in the long term. We aren't likely to ever experience the significant dips that other regions may see. Prices won't fall out; they are prone to level off to the reasonable rates of increase that we have historically experienced."

"With an influx of 3,213 new listings in June, we are moving (albeit gradually) towards the goal of a more balanced market. Residential inventory has increased by 38% over last year at this time and is sitting at an approximate 1.9 months' supply currently. Condominium housing stock has risen 14% to a 1.6 months' supply for that property class. Once government-pledged supply measures are enacted, we are optimistic that goal is within reach."

"Buyers, if you have been waiting on the sidelines, this may be an optimal time to venture back into your home search. There is more selection, fewer bidding wars, and less pressure to make a warp-speed decision. As for Sellers, your neighbourhood has its own characteristics and attributes that should weigh into the calculation of your property's value.

REALTORS® also help with finding rentals and vetting potential tenants. Since the beginning of the year, OREB Members assisted clients with renting 2,919 properties compared to 2,252 last year at this time.

Call today for real estate advice and information!



# 5 Questions You Need to Ask Your Mortgage Broker

Referring to a mortgage broker is one of the best ways to get a great deal on a mortgage. Whether you're looking to buy a new home or refinance an existing mortgage, brokers will help you navigate the entire (often tricky) process. Not only are licensed mortgage professionals' experts in the field, but they will also do all the work on your behalf.

A mortgage broker acts as the intermediary between you and your mortgage lender. They will shop around and negotiate a deal to save you time and money. Once you decide to use the services of a broker, they will ask you questions relating to your financial situation and needs to get you a competitive mortgage rate. However, it is always helpful to go armed with questions so you have more clarity throughout the process.

## Five important questions :

### 1. What are the fees associated with your services?

Every deal is different. We offer competitive rates that are tailored to each client based on the complexity of the deal and the lender involved. We disclose all of our fees upfront to ensure all parties are informed of the full cost of obtaining a mortgage.

The fees associated with our service will depend on a variety of factors, but we are committed to offering the most competitive rates possible without sacrificing the quality of our service. Generally speaking, depending on the nature of the deal, the broker can be compensated by either the lender or the borrower, or a combination of the two.

### 2. Which is better, a fixed or variable rate mortgage?

A fixed-rate mortgage implies that your mortgage rate and payment will remain the same for your mortgage term, which is typically around 5 years. A fixed-rate mortgage will make the most sense for first-time homebuyers, as it is a low-risk option. It does come with a higher initial rate, however, so be sure to get all the fine print from your broker.

On the other hand, a variable rate mortgage can have your mortgage rate and payment fluctuate or change at any point during your term. If you happen to hit the market at a great time, your payment will go down when rates go down, and, vice versa, if the market rates go up. Variable mortgages will have a lower rate, but get your broker's advice on if any change in the rate makes sense for your needs.

Ultimately, the mortgage you decide to go with depends on your personal situation and the level of risk you're willing to undertake.

### 3. How do I get approved?

After you've been pre-approved, it's time to work with a realtor to figure out where you'd like to live. After accepting an offer, your mortgage broker will decide on the lender to submit your mortgage application. Two to three days after submitting your mortgage application is when you should expect the initial approval. You are then able to secure the mortgage rate and term, and the legal process to help with closing will begin.

### 4. Is there any prepayment deal for this mortgage?

Prepayment is great because it helps you become mortgage-free faster. Check if your lender offers good prepayment privileges, such as increasing your regular payment and making a lump sum payment. Different lenders will have different rules on how often the payments can be made and if they can be doubled up, so be sure to check on that as well.

### 5. What's the penalty for breaking my mortgage?

It's not an uncommon situation for a borrower to end the mortgage early. If you're looking for a mortgage refinance or decide you want to sell your home, then you may face a penalty.

The penalty, which occurs if you break your mortgage before your renewal date, can vary greatly depending on your rate. In Ontario, for variable rate mortgages, the penalty can be around 3 months' interest. Fixed-rate mortgage penalties are tricky to calculate, as they involve the interest rate differential or IRD. This amount is calculated on the posted rate when you sign your deal, which is usually a little higher than the rate you actually get. Simply put, it can result in a higher penalty than a fixed-rate mortgage if you decide to break the agreement.

Every lender uses a different method to calculate penalties, so be sure to discuss rates and terms with your mortgage broker in case you decide to refinance or sell. There is sometimes a fee associated with prepayment, so that's another important question for your mortgage broker as well.

