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Have You Considered A 50/50 Mortgage?



Hybrid mortgages – also known as 50/50 mortgage products – include an equal mix of fixed-rate and variable-rate components within your single mortgage. This means you get the best of both worlds – the security of fixed repayments with the flexibility of a variable rate. Although there was a time in recent years when mortgage experts considered a variable-rate mortgage as the obvious choice to save mortgage consumers money over the long term, with fixed rates remaining near historic lows, a 50/50 mortgage may be a great alternative for you.

In essence, since it's extremely difficult to accurately predict rates over the long term, a 50/50 mortgage offers interest rate diversification, which can help reduce your level of risk.

If you opt for a 50/50 product, half of your mortgage is locked into a five-year fixed rate and half is at a five-year variable rate. You can lock in your variable-rate portion at any time without paying a penalty. As well, each portion of the 50/50 mortgage operates independently – like two separate mortgages – yet the product is registered as only one collateral charge.

The 50/50 mortgage product is well-suited to a variety of borrowers, including those who:

- Would normally go fully variable but are afraid prime rate is at its bottom
- Aren't comfortable being locked into a fully fixed rate
- Can't decide between a fixed or variable mortgage
- Savvy first-time homebuyers

Some features of the 50/50 mortgage include:

- 20% annual lump-sum pre-payment privileges
- 20% annual payment increase ability
- Portability (the option to transfer your existing loan amount to a new property without penalty)

As the 50/50 option is a fairly new offering, according to a recent study by the Canadian Association of Accredited Mortgage Professionals (CAAMP), 5% of Canadian mortgage holders have 50/50 mortgages compared to 28% with variable-rate mortgages and 68% with fixed-rate mortgages. But many experts believe the 50/50 mortgage is quickly gaining momentum.

If you would like a mortgage agent to take a look at your credit situation and give you suggestions - contact a mortgage broker today.

JUNE'S RESALE MARKET EASES INTO SUMMER

Members of the Ottawa Real Estate Board (OREB) sold 1,658 residential properties in June 2023 compared with 1,493 in June 2022, an increase of 11%.

"Although June's transactions surpassed last year's, the number of sales, average prices, and new listings declined on a week-to-week basis over the course of the month. Compounded by the typical summer decline in activity, the Bank of Canada's interest rate adjustment at the beginning of the month may have also flattened the curve says OREB's President.

"Supply is trending in the right direction. The increase in inventory is encouraging and indicates sellers have confidence in the market. A growing resale housing stock will result in more selection for buyers and more sales."

"We are looking forward to a strong second half of 2023 in terms of sales volume and prices compared to last year. Whichever side of the transaction you are on, the advice of a professional REALTOR® who has their pulse on the week-to-week variabilities in Ottawa's resale market is priceless."

The average sale price of a residential-class property sold in June in the Ottawa area was \$746,445, a decrease of 4% from 2022, but still on par with May 2023 prices. The average sale price for a condominium-class property was \$448,380 an increase of 2% from a year ago and up 1% over May 2023 prices.

Call today for real estate advice and information!

Should you buy or sell your home first? Here's how to decide

If you're a homeowner who's thinking about moving, then you've probably pondered the age-old question — should I sell my home before I buy a new one, or buy my next property first?

Whichever option you choose, it's an intensely personal decision that should take into account individual finances, risk tolerance and current market conditions. Some homeowners who have a strict timeline or budget may take comfort in selling their current residence first, while others who have more flexibility will opt to buy their next home before selling.

If you're on the fence about which option works best for you, here are a few insights that can help you make this crucial decision.



Buying your new home first

For homebuyers who are looking for a specific property and want certainty on their moving timeline, buying their new home first may be the best option.

Buying your next home before selling your current one allows you to take your time searching for a property. This is especially beneficial to buyers who want to be in a particular neighbourhood, school district, or desire specific features in a home. Once you've bought your new home, you'll know exactly when your closing date will be, which will help with coordinating the sale of your existing residence.

While the major advantage of buying first is a pre-determined timeline, this can force a short runway for preparing your current home for sale. That means updating, staging and marketing your property will need to happen within a defined time frame, possibly a short one. The risk: if you are unsuccessful in selling your property quickly, you could be stuck with paying two concurrent mortgages. Although bridge financing can be used as a temporary solution to cover the payments of your new and current home, it is expensive and is

not applicable in cases where your property hasn't sold yet.

Buying a new property first is best suited to a seller's market, where demand is higher than the number of homes available, and your property has a better chance of selling quickly. For anyone who is working with a strict budget and is relying on the sale of their existing home to determine how much they can afford to buy, purchasing before selling is not recommended.

Selling your current home first

If you're someone who prefers certainty regarding your finances and the sale of your home before making any big real estate decisions, then selling your home before buying a new one may be best.

The obvious benefit to selling your home first is gaining a clear financial picture before your next property purchase. Once you sell your home, you'll know exactly when your closing date is and how much you can afford to spend on a new place. If you're relying on the capital from the sale of your current property, or you're not in a position to financially bridge the gap between the two homes, then selling first may be the best choice for you.

On the flip side, selling first can create pressure to quickly buy a new home. This can be especially tough in markets with low inventory, where homeowners may feel rushed to snap up whatever property is available. For those who are looking for a very specific property that may require more time to find, selling their current home before buying may not be in their best interest. However, if you feel more comfortable selling first, it's a good idea to have a backup plan in place in the event that you can't find a new home quickly. Consider living with family or friends temporarily, or securing a short-term rental.

How your realtor can help

Whether you decide to buy or sell first, your real estate agent is a great resource and can help you make this important decision by outlining each scenario, and determining which option is right for you based on the current market and your unique situation. Their expertise on local market trends will help you determine whether buying or selling first is best for you.

Want to speak with a Royal LePage agent in your community? Reach out. Helping you is what we do!™