Laurie & Dan
COVEDUCK
Broker/ABR, SRS, SRES
Certified Negotiation Expert
Sales Representative
e-Agent

Real Estate News

Office: 613.825.7653
laurieanddan@coveduckhomes.com
www.coveduckhomes.com

ROYAL LePAGE
Team Realty
Independently Owned and Operated, Brokerage

Top 2% in Canada, 2021 **Lifetime Award of Excellence**

Down Payment And Mortgage Default Insurance

For most people, the hardest part about buying a home (especially the first one) is saving for the down payment. Many people will not have 20% of the purchase price saved for a down payment. With mortgage loan insurance you can put as little as 5% as a down payment.

Mortgage loan insurance protects the lender from default; most Canadian lending institutions are required by law to have it. If the borrower defaults (fails to pay) on the mortgage, the lender is reimbursed by the insurer. The cost for this coverage is in the form of an insurance premium which is often added to the mortgage, or you can choose to pay in a single lump sum at the time of closing. Canada Mortgage and Housing Corporation (CMHC), Sagen and Canada Guarantee are three major providers of this type of insurance in Canada.

CMHC premiums are as follows:

LOAN-TO-VALUE RATIO	STANDARD PREMIUM
Up to and including 65%	0.60%
Up to and including 75%	1.70%
Up to and including 80%	2.40%
Up to and including 85%	2.80%
Up to and including 90%	3.10%
Up to and including 95%	4.00%
90.01% to 95% - Non-Traditional Down Payment	4.50%

Minimum Down Payment: Homes Over $500,000

This applies to home buyers who have a down payment of less than 20% and thus require mortgage default insurance. The minimum down payment is 10% for the portion of a house price that exceeds $500,000.

Example:

To break this down, the minimum down payment for a $600,000 home would be $35,000. That's 5% on the first $500,000 ($25,000) and 10% on the next $100,000 ($10,000) in price. That would be a blended down payment of 5.8%.

Ottawa's MLS® Market Activity Shows Strong Start to the Year

Members of the Ottawa Real Estate Board (OREB) sold 886 residential properties in February 2024. This was an increase of 15.2 % from February 2023.

"Even with higher prices and the interest rate holding steady, Ottawa is a strong, active market" says OREB's President. "With metrics across the board up from last year, it's clear both buyers and sellers are making moves. The metrics, however, don't tell us about all the people relegated to the sidelines because affordability remains out of reach for many."

The overall MLS® HPI composite benchmark price was $628,500 in February 2024, a gain of 2.8% from February 2023.

The benchmark price for single-family homes was $708,500, up 3.1% on a year-over-year basis in February.

By comparison, the benchmark price for a townhouse/row unit was $495,000, up slightly at 0.6% compared to a year earlier.

The benchmark apartment price was $417,000, up 2.7% from year-ago levels.

The average price of homes sold in February 2024 was $651,340, increasing 2% from February 2023.

The number of new listings saw an increase of 29.5% from February 2023. There were 1,539 new residential listings in February 2024. New listings were 10.3% above the five-year average and 3.3% below the 10-year average for the month of February.

Active residential listings numbered 2,158 units on the market at the end of February 2024, a gain of 16.3% from February 2023. Active listings were 59.6% above the five-year average and 17.7% below the 10-year average for the month of February.

Call today for real estate advice and information!

Half of sidelined homebuyers waiting for interest rate cuts to resume their purchase plans

51% of Canadians who put their home buying plans on hold the last two years say they will return to the market when Bank of Canada reduces key lending rate.

The increased cost of borrowing over the last two years has forced millions of Canadians to reconsider or readjust their plans to purchase a home. Since the Bank of Canada began raising its key lending rate in March of 2022, more than a quarter of the country's adult population (27%) has been active in the market, and more than half of them (56%) say they've been forced to postpone their property search as a result of rising interest rates, according to a recent Royal LePage survey, conducted by Leger.

With the rate of inflation having come down over the past year, close to the desired 2% target, it is expected that the Bank of Canada will make its first cut to the overnight lending rate later this year – a welcome relief for variable-rate mortgage holders and those who have been forced to put off their home buying plans. Among those who have had to postpone their purchase, 51% say they will resume their search if interest rates reverse – 10% say a mere 25-basis-point-drop will prompt them to jump back in, 18% say they are waiting for a cut of 50 to 100 basis points, and 23% say they need to see a cut of more than 100 basis points before they will consider resuming their search.

"Following the first rate hold by the Bank of Canada in March of last year, we saw an immediate surge of activity in the market as consumer confidence strengthened. I expect a similar wave of buyer demand at the first indication that highly-anticipated cuts by the central bank are on the horizon," said Phil Soper, president and CEO, Royal LePage. "Buyer behaviour is strongly linked to their confidence that the home they want to buy today will not be less expensive tomorrow. We expect the spring will mark that pivotal moment."

One fifth (20%) of sidelined buyers say they no longer plan to purchase a home, while another 12% say they are prepared to jump back in if the BoC's key lending rate remains unchanged.

Among those who plan to re-enter the market once rates come down, 44% intend to obtain a four-year or five-year fixed-rate mortgage, the most popular mortgage type and term in Canada. That's double the number of respondents who say they will choose a variable-rate mortgage (22%). Another 12% say they will obtain a short-term fixed-rate mortgage.

"In the first few weeks of the year, we have seen activity pick up in markets large and small, right across the country. Appointment bookings, property showings and requests for mortgage pre-approval through our lending partners are all up sharply. Our people on the front lines report that today's real estate consumers are well informed, watching trends and fully prepared to engage when they perceive conditions are improved," added Soper.

Of those who have postponed their home buying plans due to rising interest rates, 65% remain engaged in the home buying process. This includes those who are casually browsing listings (39%), continuing to save for a down payment (19%), have applied for a mortgage pre-approval (12%) or have obtained a mortgage pre-approval (7%). However, some have disengaged from the home shopping process entirely – 26% of respondents say that they have abandoned their home buying plans for the time being.