

# Oakville & Burlington Market Watch

## Bank of Canada Holds Rates

Page 1



### Bank of Canada Holds Rate

The Bank of Canada left its benchmark interest rate unchanged Wednesday following two straight hikes, but suggested future increases are still likely, albeit at a more-gradual pace.

In its scheduled announcement, the central bank said it held off this time in part because it expects the recent strength of the Canadian dollar to slow the rise in the pace of inflation.

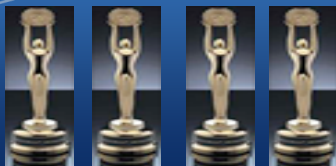
To make its case, the bank also pointed to the substantial, persistent unknowns around geopolitical developments as well as U.S.-related fiscal and trade policies, such as the renegotiation of the North American Free Trade Agreement.

Governor Stephen Poloz has introduced two rate hikes since July \_ at consecutive policy meetings \_ in response to the economy's impressive run over the last four quarters. The increases removed the two rate cuts introduced in 2015 as insurance following the collapse in oil prices.

Continued on page 2

### What's Inside

- Page 1 Bank of Canada Holds Rates
- Page 3 More Canadians Opting to Rent
- Page 7 Oakville is the 5th Most Expensive City in Canada
- Page 8 Stress Test to Hit Move Up Buyers the Most



**Darlene Darragh**

**Award Winning Sales Representative 2013 - 2016**



## Bank of Canada Holds Rate

Continued from page 1

The bank warned Wednesday it expects to stick to its rate-hiking path, although at perhaps a more-tentative pace.

“While less monetary policy stimulus will likely be required over time, governing council will be cautious in making future adjustments to the policy rate,” the bank said in a statement.

The bank stressed it will pay particular attention to incoming data to assess the unfolding impact of higher interest rates, the evolution of economic capacity, wage growth and inflation. Its next rate announcement is set for Dec. 6.

The central bank also released updated projections Wednesday that forecast economic growth to moderate after Canada's powerful performance, particularly since the start of the year.

It now expects growth, as measured by real gross domestic product, to slow from its robust annual pace of 3.1 per cent this year to 2.1 per cent in 2018 and 1.5 per cent in 2019.

The economy expanded at an annual rate of 3.7 per cent in the first three months of 2017 and 4.5 per cent in the second quarter. The bank's latest outlook now predicts real GDP to grow at an annual rate of 1.8 per cent in the third quarter and 2.5 per cent in the final three months of 2017.

“Real GDP growth is expected to moderate to a still-solid pace close to two per cent ... over the second half of the year,” the bank said.

The bank forecasts declining contributions from residential investment and consumption, which largely fuelled Canada's recent growth spurt. These changes will largely be consequences of higher borrowing rates, higher household indebtedness and policy measures aimed at cooling hot real estate markets, the report said.

The bank provided an estimate for the economic impact of incoming guidelines to reinforce mortgage underwriting practices, which were announced recently by the Office of the Superintendent of Financial Institutions. The changes, which will take effect Jan. 1, are expected to trim 0.2 per cent from GDP by the end of 2019, the bank said.

Moving forward, the bank said economic activity will advance on a “more-sustainable” trajectory led by rising foreign demand, recent increases in commodity prices, still-low borrowing rates and government infrastructure spending. It also projects steady growth in business investment, which rebounded in early 2017.

The weaker-than-expected roll out of federal infrastructure spending will provide a smaller boost for the economy in 2017 than the bank had anticipated. The commitments, however, are expected to lift growth over the coming quarters, the report said.

Source: The Canadian Press

## More Canadians opting to Rent

Not everyone wants to own a home these days, Evan Siddall concedes, not even his own millennial-age son. For the head of the Canada Mortgage and Housing Corp., that's really saying something.

But Siddall's experience is far from uncommon, the latest census figures show: 30-year-old Canadians are less likely to own a home today than their baby boomer parents did at the same age, mirroring a modest but unmistakable decline in the national home ownership rate.

At age 30, 50.2 per cent of millennials owned their homes, compared to 55 per cent of baby boomers at the same age. Young adults today are more likely to live in apartments than their 1981 counterparts, are less likely to live in single-detached homes, and, as Statistics Canada revealed over the summer, more likely than ever before to still be living at home.

The figures should change the way Canada thinks about its real estate sector, said Graham Haines, research and policy manager at the Ryerson City Building Institute in Toronto. Policy-makers have focused almost exclusively on policies to promote home ownership over the last 20-plus years, he said, pointing to tax policy and incentives.

"We have to start thinking about \_ if rent is going to start becoming a more important part of our real estate sector once again \_ how we make sure we're building the right type of rental, rental where we need it and rental that's affordable for the people who are going to be using it," Haines said.

In 2016, more than 9.5 million of the 14.1 million households captured in the census owned their homes, an ownership rate of 67.8 per cent \_ down from 69 per cent in 2011 after 20 steady years of baby boomers flooding the real estate market.

Since 2011, the census shows, the value of homes has steadily increased to a national average of \$443,058, up from \$345,182 in 2016 dollars. Vancouver had the highest prices in the country with the average home valued at over \$1 million; Toronto was at \$734,924 and Calgary at \$527,216. Montreal came in at \$366,974.

Continued on page 5

## Award Ceremonies



*"Now is the time to list your property with the inventory being so low".*

### Centurion Award Recipient of a 2016 Centurion® Award

"To achieve Centurion status is to earn one of the most prestigious awards presented to a producer, individual, or team. Only a small number of sales professionals in the system ever reach this elevated status."

**PROMISES KEPT,  
RESULTS  
DELIVERED**

**YOU  
ONLY  
LIST  
ONCE**

WHEN YOU LIST WITH ME

# Darlene Darragh

Award Winning Sales Representative 2013 - 2016

CENTURION® Producer 2016

\*

Contact me at  
905-484-4653  
for details



## More Canadians opting to Rent

Continued from page 3

As values have climbed in cities like Toronto, Vancouver, Calgary, Edmonton and Ottawa, so too have the percentage of renters, even though the supply of purpose-built rental units nationally has been on a decades-long decline as developers build more condominiums than apartments.

Census data showed renters are more likely to be over-stretched financially to keep a roof over their heads.

Almost 40 per cent of renters captured in the census spent more than 30 per cent of their average monthly income on housing \_ a figure largely unchanged from 2011 and more than double the approximately 17 per cent recorded for homeowners.

Overall, affordability remains an issue for almost a quarter of Canadian households, a figure that hasn't changed much in a decade, with the pressure most acute in the hot housing markets of Toronto and Vancouver.

The federal Liberal government has promised to address affordability issues as part of an \$11.2 billion, 11-year housing plan to be released in the coming weeks. It's expected to have a heavy focus on building affordable units, with a new portable housing benefit that would be tied to individuals, rather than properties.

Continued on page 6



## “Lets Talk Real Estate” Podcasts

I am thrilled to expand my online marketing to now include podcasts in addition to video.

Starting in July we launched the “Let’s Talk Real Estate – Let’s Get Real Podcast series.

The response has been overwhelming. We are talking about topics submitted by the viewers and includes topics such as:

- Staging
- Selling your home on your own
- Discount brokerage pitfalls
- Renovating
- Buying a home for your children
- Buying investment properties

You can listen to these podcast by:

- Following my social media sites
- Accessing a direct link from the [www.OakvilleDailyHouses.com](http://www.OakvilleDailyHouses.com) or [www.BurlingtonDailyHouses.com](http://www.BurlingtonDailyHouses.com) website posts or emails if you are on my automatic daily listing emails
- Selecting Podcast on the [www.DarleneDarragh.com](http://www.DarleneDarragh.com) or [www.HomeSaleDivas.com](http://www.HomeSaleDivas.com)

## More Canadians opting to Rent

Continued from page 5

Speaking earlier this fall about work on the strategy, Siddall said that the focus wasn't solely on helping the ranks of homeowners.

"Rent or own, a home is a home," Siddall said in an interview.

"When we think about housing we have got to think about renters who need support to rent, renters who rent on a market basis, and make sure people can migrate and own homes who should own homes."

The migration to home ownership is likely to pick up for millennials in the coming years as they start families and look for homes or condominiums \_ a class of home that saw a 1.2 per cent increase in households from 2011 \_ to fit their growing brood. At the same time, seniors will be looking to downsize.

That means the baby boomers will continue to fuel changes in the housing market by how long they remain homeowners and whether their children and grandchildren decide to rent or buy.

Haines said the two age groups, even though they are at different points in their lives, are likely to compete for the same kind of two-bedroom units that are a rarity in the market, potentially driving up costs. That may require policy-makers to get more involved in the market to make more family-friendly housing gets built instead of a heavy focus on studios and one-bedroom units, Haines said.

"We've fallen into this trap of building (condo) units for investors rather than end users," Haines said.

"There are positive signs that we're starting to recognize that over the last 20 years, we've sort of let the market do what the market wants and maybe we need a little more attention (to make sure) that we're actually getting what we need for our population."

Source: The Canadian Press

## Oakville Makes the Top 5 Areas in Canada



Oakville has shown the largest growth in price-per-square-foot in the past 20 years, the data shows. There has been a 493% rise from \$105.77 for a typical detached home in 1997 to \$627.33 now.

Oakville came in 5<sup>th</sup> on the list for the most expensive areas to live in Canada.

## Stress Test to Hit 'move-up' Home Buyers the Hardest

The newest set of mortgage restrictions announced by the Office of the Superintendent of Financial Institutions (OSFI) will hit home buyers looking to upgrade to new properties the hardest, according to BMO financial group chief economist Doug Porter.

OSFI's latest rules state that even home buyers who don't require mortgage insurance because they have a 20% down payment will have to prove they can make meet their commitment if interest rates rise above the five-year benchmark rate published by the Bank of Canada or 2% higher than their contracted mortgage rate, whichever is higher.

Move-up buyers would be disproportionately impacted because they would be most likely to have home equity and qualify for an uninsured mortgage, Porter explained.

The economist noted that last year's restrictions took 5% to 10% out of the housing market's buying power, and that OSFI's latest changes will have a comparable effect.

The guidelines, similar to OSFI's draft release in July, are scheduled to take effect on January 1, 2018.

"This is potentially more wide ranging and it will dampen the housing market in 2018, probably more significantly than we saw (with) the earlier federal measures," Porter told the Toronto Star.

However, he emphasized that the changes are "another reason to believe the [Bank of Canada] will hold off on rate hikes this year. Between the uncertainty around NAFTA and between these measures I think the bank will take a bit of a pause at this point."

And although the Canadian economy is projected to experience some slowdown in 2018, the housing market's fundamentals remain robust.

"We have strong population growth, we still have relatively low interest and job growth has been robust. Consumers are confident, so it's not as if this will drive the market down abruptly but it will have a significant dampening impact," said Porter.

For the past half-decade, the OSFI has been tweaking underwriting standards for home loans amid the introduction of cooling measures in Vancouver and Toronto by both federal and provincial authorities.

"Our mandate is focused on the safety and soundness of the federally regulated financial institutions," OSFI superintendent Jeremy Rudin said, adding that he might re-evaluate the stress testing as market conditions change.

Source: Canadian Real Estate Wealth



# Your trust means so much to me

Selling your home is a privilege.

Real estate is my passion because I truly believe that once my clients' home life is settled, everything else falls into place.

With a passion for homes and over 30+ combined years experience in real estate sales, communications, marketing, negotiations, website design, social media marketing, relocations, decorating and staging, I know your home and your needs are as unique as you are!



*My experience, dedication and attention to detail throughout the entire sale and/or buying process will provide you with the results you expect.*

## What kind of Realtor am I?

When most people think of the word "REALTOR®", the image of a professional helping someone buy or sell a home comes to mind. Of course, that's a big part of the job! But as your REALTOR®, I also consider it my job to help you enjoy your home between transactions.

How do I do that?

This informative newsletter is one way. Another is to invite you to give me a call when you have questions about the real estate market or want to know the current market value of your home.

If you need some work done around the property, I may also be able to recommend a good contractor from amongst the reputable home professionals I know.

Is there any other way I can be of service? Please let me know!

## Darlene Darragh

Sales Representative

Right At Home Realty, Brokerage

Office: 905-637-1700

Direct: 905-484-4653

[DarleneDarraghHomes@gmail.com](mailto:DarleneDarraghHomes@gmail.com)

[www.HomeSaleDivas.com](http://www.HomeSaleDivas.com)

[www.DarleneDarragh.com](http://www.DarleneDarragh.com)

[www.OakvilleDailyHouses.com](http://www.OakvilleDailyHouses.com)

[www.BurlingtonDailyHouses.com](http://www.BurlingtonDailyHouses.com)

[www.OakvilleMarketWatch.com](http://www.OakvilleMarketWatch.com)

