

# The Canadian Housing Market Outlook

Although it's impossible to predict the future, current trends and statistics create a picture of the market's health.

## THE CANADIAN MARKET AS WE BEGIN 2019

**Home sales may increase modestly**, as lenders and buyers adapt to the 2018 mortgage regulations. Overall, national home sales are anticipated to rebound slightly, but will remain low compared to sales numbers over the last few years.<sup>2</sup>

**The Canadian housing market has reached a turning point.** While it may have corrected slightly, experts consider the housing market steady.<sup>1</sup> Additionally, the recent housing market corrections of 2018 will reduce the chance of overheated markets and improve the long-term health and stability of the overall market.<sup>1</sup>



**Gradual appreciation in 2019 and 2020.**<sup>1</sup> The national average sales price is expected to increase 3.8 percent to \$518,300 in 2019.<sup>2</sup> Provincially, home prices in Quebec, New Brunswick, Nova Scotia and Prince Edward Island are expected to increase modestly, while prices in Alberta, Saskatchewan, Manitoba and Newfoundland and Labrador will remain strong.<sup>2</sup> "Hot" markets, including Toronto and Vancouver, are expected to experience price corrections that will ultimately align prices with a more stable, long-term price trend.<sup>3</sup>

**Expect a steady housing market.** Millennial buyers will continue to comprise the majority of first-time buyers and are expected to keep the housing market going strong for the next few years, especially in "hot" markets like Toronto and Vancouver. The next decade is predicted to be steadier than the last; that is, not defined by sharp increases and decreases. The market may slow down slightly due to fewer first-time buyers and potential increases in mortgage rates.<sup>4</sup>

**For information about our local market, give me a call! I'd love to share my housing market insights with you.**

Source: 1. RBC Economic Research  
2. CREA, Quarterly Forecast  
3. Moody's Analytics  
4. Bank of Montreal

## KEEP AN EYE ON INTEREST RATES

Although the Canadian economic outlook is stable, strong wage growth and higher energy prices may cause the Bank of Canada to increase interest rates again in 2019. Experts predict the Bank of Canada will increase interest rates three more times in 2019.<sup>1,2</sup>



Scott Arial

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Royal LePage Team Realty  
Real Estate Broker  
484 Hazeldean Road  
Kanata, ON K2L 1V4  
613.592.6400  
613.850.4542

scottarial@royallepage.ca  
www.scottarial.com





# The impact of 2018's mortgage lending stress tests.



Initially, the new mortgage stress test prompted buyers to purchase a home before the rules took effect last year. (Home sales surged in December 2017 and reached the highest level ever recorded.) Once the regulations took effect, home sales fell dramatically in the first quarter of 2018. According to CREA, combined sales for spring 2018 fell to a nine-year low.<sup>2</sup>

This year, for the first time since 2008, Canadians with fixed-rate mortgages may face higher rates when they renew a mature five-year term. While this won't affect many Canadians, it'll likely have a stronger impact in markets where affordability is low and household debt is high.

## 3 reasons to ask me about our local housing market

- 1. National housing data is measured differently.** Each research firm has its own method of collecting and analyzing data. They may also rely on different indicators to reach conclusions and forecast trends. This can lead to confusion as to whether the market is doing great, holding steady or heading toward a slowdown.
- 2. National predictions should be taken with a grain of salt.** Although national trends provide some insight into our local market, the specifics often vary.
- 3. All real estate is local.** Markets can differ from neighbourhood to neighbourhood within the same city! The trends in our local market influence your home's value, ideal list price and level of market competition. The more you know about the local market, the more confidence you'll have in your decision to participate in the real estate process.

## If you have questions about the local market, give me a call!

### Are you thinking of **buying** this year?

Here are three things to do now:

#### 1. **Boost your credit score.**

This may help you secure a better interest rate, which will lower your payment and save you money each month.

#### 2. **Save more for a down payment.**

A bigger down payment equals a smaller mortgage and lower monthly payments.

#### 3. **Give me a call.**

I'll help you determine the must-have features of your ideal home and connect you with a reputable lender for mortgage preapproval.

### Are you thinking of **selling** this year?

Here are three things to do now:

#### 1. **Call me for a free comparative market assessment.**

I'll show you what your home is worth and how I obtain my assessment, as well as offer suggestions to improve your home's value.

#### 2. **Declutter your storage and living spaces.**

It may be easier to sort through and donate items now, instead of waiting until it's time to move.

#### 3. **Assess your home's condition and make a list of potential repairs.**

This will help you prioritize the home repair tasks you need to complete before you list your home.