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HOME BUYER DEMAND CONTINUES TO DIFFER BASED ON HOUSING TYPE

Apartment and townhome activity is outpacing the detached home market across Metro Vancouver. This activity helped push total residential sales above the historical average in September.

The Real Estate Board of Greater Vancouver (REBGV) reports that residential property sales in the region totalled 2,821 in September 2017, a 25.2 per cent increase from the 2,253 sales recorded in September 2016, and a 7.3 per cent decrease compared to August 2017 when 3,043 homes sold.

Last month's sales were 13.1 per cent above the 10-year September sales average.

"Our detached homes market is balanced today, while apartment and townhome sales remain in sellers' market territory," Jill Oudil, REBGV president said. "If you're looking to enter the market, as either a buyer or seller, it's important to understand these trends and use this information to set realistic expectations."

There were 5,375 detached, attached and apartment

properties newly listed for sale on the Multiple Listing Service® (MLS®) in Metro Vancouver in September 2017. This represents a 12 per cent increase compared to the 4,799 homes listed in September 2016 and a 26.6 per cent increase compared to August 2017 when 4,245 homes were listed.

The total number of homes currently listed for sale on the MLS® system in Metro Vancouver is 9,466, a 1.2 per cent increase compared to September 2016 (9,354) and a 7.5 per cent increase compared to August 2017 (8,807).

"Detached homes made up 30 per cent of all sales in September and represented 62 per cent of all the homes listed for sale on the MLS®," said Oudil. "This dynamic has slowed the pace of upward pressure that we've seen on detached home prices in our market over the last few years."

For all property types, the sales-to-active listings ratio for September 2017 is 29.8 per cent. By property type, the ratio is 14.6 per cent for detached homes, 42.3 per cent for townhomes, and 60.4 per cent for apartments.

		MLS® SALES Facts																
		September 2017																
		Burnaby	Coquitlam	Delta - South	Islands - Gulf	Maple Ridge/Pitt Meadows	New Westminster	North Vancouver	Port Coquitlam	Port Moody/Belcarra	Richmond	Squamish	Sunshine Coast	Vancouver East	Vancouver West	West Vancouver/Howe Sound	Whistler/Pemberton	TOTALS
September 2017	Number of Sales	Detached 62	75	38	10	136	22	74	41	17	89	12	61	95	73	35	12	852
	Attached	66	43	5	1	55	16	29	27	12	90	29	9	41	64	4	27	518
	Apartment	191	109	13	0	32	117	107	55	24	200	17	6	129	403	17	31	1,451
September 2017	Median Selling Price	Detached \$1,677,500	\$1,308,000	\$1,226,976	n/a	\$824,960	\$1,205,000	\$1,734,250	\$928,000	n/a	\$1,790,000	n/a	\$699,000	\$1,610,000	\$3,662,500	\$3,240,000	n/a	n/a
	Attached	\$736,250	\$695,000	n/a	n/a	\$515,000	n/a	\$1,144,000	\$625,000	n/a	\$865,000	\$670,000	n/a	\$910,000	\$1,322,500	n/a	\$699,000	n/a
	Apartment	\$548,000	\$465,000	n/a	n/a	\$360,000	\$506,000	\$620,000	\$425,500	\$545,635	\$519,000	n/a	n/a	\$585,000	\$769,444	n/a	\$489,000	n/a

This communication is not intended to cause or induce breach of any existing agency agreement. Listing and sales data is from the Real Estate Board of Greater Vancouver MLS®



DOMINION LENDING
CENTRES

WE'VE GOT A MORTGAGE FOR THAT™

CHANGE OF SPACE: OSFI

Dominion Lending Centres continues to update our customers as new information arises on the regulatory changes announced by the Office of Superintendent of Financial Institutions (OSFI) on October 17th 2017.

Compliments of your
Dominion Lending Centres
Mortgage Professional:

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Each office is independently owned & operated.

MORTGAGE TERMS YOU NEED TO KNOW:

Insured Mortgage / High Ratio Mortgage = Less than 20% down payment

Non Insured Mortgage / Conventional Mortgage = 20% or greater down payment / equity

Bank of Canada Rate = the 5 year fixed posted rate (currently 4.89%)

Contract Rate = the actual rate offered by the lender to the consumer

Benchmark Rate/Qualifying Rate = Stress Test: Bank of Canada Rate **OR** Contract Rate +2%, whichever is greater

LTV (Loan To Value) = the size of a mortgage compared to the value of the property securing the loan

OSFI has implemented 3 new mortgage rule changes starting January 1, 2018:

CHANGE 1: QUALIFYING RATE STRESS TEST TO ALL NON INSURED MORTGAGES

Non insured mortgage consumers (buyers with a 20% or greater down payment) must now qualify using a new minimum qualifying rate. The minimum rate will be the greater of the five-year benchmark rate published by the Bank of Canada **OR** the lender contractual mortgage rate +2.0%.

How does this affect the mortgage consumer with a down payment of **20% or more**?

The biggest impact will be on the amount in which the homebuyer will be able to qualify. Previously, the homebuyer qualified at the rate offered by the lender. Now, the homebuyer must qualify at the benchmark rate which is the higher of the Bank of Canada Rate (currently 4.89%) **OR** the rate from the lender plus 2%. This applies to all terms, fixed and variable rates.

For example:

Mortgage Amount \$400,000	If Your Contract Rate is 3.44%	Benchmark Rate 5.44% (3.44% + 2%)
Monthly Payment	\$1,985.00	\$2,427.00
Minimum Income*	\$70,000	\$85,000

*The chart above is based on 35% GDS RATIO (Gross Debt Service Ratio) and a 25 year amortization.

Do I still have the option to **refinance** my home?

Yes, homebuyers will still have the ability to refinance up to 80% of the value of their property. You will have to pass the same stress test which is the higher of the Bank of Canada Rate (currently 4.89%) **OR** the rate from the lender plus 2%.

STRESS TEST SUMMARY

UNINSURED MORTGAGES

Homebuyers/owners qualify for a mortgage using the benchmark rate, which is the Bank of Canada rate (currently 4.89%) **OR** the lender rate +2%, whichever is greater.

INSURED MORTGAGES

You must qualify for a mortgage at the Bank of Canada rate (currently 4.89%)



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CHANGE 2:

LENDERS WILL BE REQUIRED TO ENHANCE THEIR LOAN TO VALUE (LTV) MEASUREMENT AND LIMITS TO ENSURE RISK RESPONSIVENESS

Mortgage lenders (excluding credit unions and private lenders) must establish and adhere to appropriate LTV ratio limits that are reflective of risk and updated as housing markets and the economic environment evolve. We are awaiting more details on this policy from lenders. As we have new information, we will update this document.

What does this mean?

OSFI directs lenders (excluding credit unions and private lenders) to have internal risk management protocols in higher priced markets (sometimes called “hot real estate markets” like Toronto and Vancouver). This is a continuation of a policy already in place. Many mortgage lenders have been following the principles of the policy for the last 10 to 12 months.

CHANGE 3:

RESTRICTIONS WILL BE PLACED ON CERTAIN LENDING ARRANGEMENTS THAT ARE DESIGNED, OR APPEAR DESIGNED TO AVOID LTV LIMITS

Mortgage lenders (excluding credit unions and private lenders) are prohibited from arranging with another lender: a mortgage, or a combination of a mortgage and other lending products, in any form that circumvents the institution's maximum LTV ratio or other limits in its residential mortgage underwriting policy, or any requirements established by law. This is often referred to as “bundling” or “bundle partnership”.

What does this mean?

For example: a consumer applies for 80% LTV mortgage and the lender can only approve 65%. The lender then partners with a second lender for the additional 15%. The original lender then “bundles” the 15% LTV mortgage with the original 65% mortgage to form the complete 80% LTV loan. This is no longer permitted as per OSFI.

HOW CAN DOMINION LENDING CENTRES HELP?

Now, more than ever, new homebuyers and existing homeowners are going to rely on mortgage brokers for their guidance and expertise in navigating through these regulatory changes.

There are differences amongst the many lenders that we have access to and the greatest value a broker can provide is the knowledge of the lending environment and in choosing which lender is best suited for your needs.

Dominion Lending Centres will continue to educate our mortgage professionals as new data arises. This way you can be kept up to date with all of the latest information. The content in this document is current as of the date at the top of page 1.

YES, WE'VE GOT A MORTGAGE FOR THAT!™

