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New Info On The First-Time Home Buyer Incentive

In the Budget Plan 2019 announcement made by the federal government earlier this spring, an announcement was made in regard to a new first time home buyers assistance program. Though at the time, few details were made available more information has now been released regarding the proposed \$1.25 billion dollar equity sharing program.

The program, which gives the government stake in thousand of homes to ease the cost of home ownership, allow previous homeowners to qualify under certain conditions, permit purchases of a building of up to four units, and have a maximum purchase price of \$565,000 based on government calculations among other parameters.

The program is slated to begin September 2, 2019 with first payments beginning November 1st, which means it would start just days before the potential start of the federal election campaigns where cost of living will likely be a central issue.

The program will be structured as a first come, first-served model which will have federal funds pick-up 5% of the mortgage for existing homes (10% for new construction) for households earning less than \$120,000 per year on a mortgage no larger than \$480,000.

The component of the first-time home buyers incentive that has been missing has been the issue of repayment terms for the interest free loan. The government have now stated that no repayment of the loan is required until the homeowners sell OR have lived 25 years in the home - which ever comes first. Early repayment of the loan will carry no penalties.

The central piece that has also been in question is "how much" do homeowners have to repay? According to the program, if the value of the home increases so does the amount of money owed. If the value decreases, the opposite will apply.



CONDO SALES CONTINUE TO DOMINATE RESELL MARKET

Members of the Ottawa Real Estate Board (OREB) sold 2,105 residential properties in June 2019 compared with 2,064 in June 2018, an increase of 2%.

"Year to date residential resales are virtually the same as this time last year with 7,565 transactions so far" states OREB's President. "Increasing by 8.3%, condo resales are the driving force for the upturn in units sold in the first half of 2019. Combined residential and condo year-to-date sales of 9,876 show a 1.8% increase from June 2018," he adds.

The average sale price of a residential-class property sold in June in the Ottawa area was \$500,716, an increase of 11.4% over June 2018. The average sale price for a condominium-class property was \$308,482 an increase of 6.2% from June 2018.

"Although, the percentage increase in average price for a residential property climbed into the double digits in June, year to date figures indicate a steady growth of 7.6% and 7.5% for residential and condominiums respectively."

"In the past decade, we have seen an approximate 52% increase in average prices for residential properties and 34% for condominiums, indeed an excellent return on investment for homeowners," OREB's President points out. "With a population reaching one million residents according to the City of Ottawa, we truly enjoy a high quality of living and remain one of Canada's most affordable major cities – that's no small feat."

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REAL ESTATE NEWS

Canadian Recreational Property Prices Forecast to Rise 4.7%

- *Low inventory results in 7.2% price gain in Ontario's cottage country*
- *Despite spring flooding in Quebec, prices are projected to remain strong (5.6%)*

Recreational property in Canada saw healthy price gains leading up to the 2019 spring market, rising 5% to \$411,471 compared to the previous year. Royal LePage is forecasting another year of solid gains (4.7%) as high demand in Ontario and Quebec continue to put upward pressure on prices, offsetting softer market conditions in British Columbia. Low inventory in Ontario and weak demand in British Columbia were the primary drivers of a decline in Canadian recreational property sales (-8.3%).

In most of the country, young families are competing with baby boomers for homes in popular recreational property regions.

“With the youngest baby boomers a decade away from retirement, and their older peers well on their way, we are seeing robust demand for cottage, cabin and chalet-style retirement properties,” said Phil Soper, president and CEO, Royal LePage.

“Young families have traditionally made up a significant portion of the demand for recreational property, as they look to create a special place for children to grow up,” Soper continued. “Today they find themselves having to compete with their parents for that spot on the water, with boomers leveraging the significant equity from their existing urban homes. In Ontario and Quebec, this has resulted in exceptional demand and upward pressure on prices.



Both Ontario and Alberta saw greater aggregate price increases than other provinces, rising 7.2% and 10.2%, respectively. Royal LePage forecasts the aggregate price of a single-family home in recreational regions in Canada to increase by 4.7% by spring 2020, rising from \$411,471 to \$429,714.

Most provinces witnessed a year-over-year decline in recreational property sales. While a lack of inventory to meet demand resulted in a sales decline in Ontario, British Columbia's sluggish sales mirrored

trends in the province's residential real estate market. The exception was Quebec, which experienced a 6.3% year-over-year sales increase in single-family properties in reporting recreational communities as supply met demand.

Regional Summaries

Ontario

Although sales are down 7.9% among reporting recreational regions across the province, the aggregate price for a single-family home rose 7.2% to \$393,253. The reason most often cited by Royal LePage recreational property experts for the price increase is low inventory, as retirees compete with young families looking to get away from the city.

Demand is high in the province and buyers have not been put off by late spring weather, rain or even flooding. Royal LePage is expecting the aggregate price of a single-family home in the province's recreational regions to rise a further 8.0% over the next twelve months, rising to \$424,905.

Quebec

Both sales and prices were up in the province's recreational regions, reflecting the overall health of the economy. The aggregate price for a single-family home in the province's reporting recreational regions rose 4.5% to \$194,315. With a good supply of inventory to meet demand, sales increased 6.3%, well above the national average, which decreased 8.3%.

“Quebecers are benefitting from one of the healthiest economies in the country right now and are confident investing in real estate and long term projects, including recreational property,” explained Dominic St-Pierre, vice president and general manager, Royal LePage, for the Quebec region.

Despite the floods that affected several regions in the province this spring, demand for recreational properties is expected to remain strong, with experts forecasting a 4.4% increase in sales activity over the next twelve months. Over the same period, Royal LePage is forecasting the aggregate price of a single-family home in the province's recreational region to rise 5.6% to \$205,148.

“The increase in sales activity is driven by Quebec's job market strength, where the unemployment rate in April sat below 5% for the first time since 1976. Salaries continue to rise in the province due to full employment, providing further consumer confidence,” said St-Pierre. “We are also noticing a surge of buyers between the ages of 40 and 60 looking to enjoy the cottage lifestyle and spend more time with the family.”