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COVID-19 pandemic pushes Canadian interest rates to near historic lows



The pandemic that ravaged Canada's economy and caused widespread unemployment has also caused interest rates to fall to near historic lows.

"We now have a five year fixed rate at 1.99 percent that's the lowest it's even been in Canadian history," James Laird, co-founder of RateHub.ca, said.

The Bank of Canada reacted to the pandemic by slashing the key interest rate three times in March, but variable mortgage rates didn't follow. In fact, mortgage rates went up as banks tried to build in protections against losses due to COVID-19. However, now rates have dropped to near historic lows.

RateHub.ca tracks rates from dozens of lenders and as of this week, on a five-year fixed mortgage HSBC was offering the lowest rate at 1.99 per cent. On a five year variable again HSBC had the lowest rate at 1.75 per cent.

Depending on your situation these low rates could mean huge savings. "It's a great opportunity for anyone who has a mortgage

coming up for maturity or is looking to buy a house," said Laird. It could also be an opportunity for some homeowners to refinance and consolidate debt.

"Some experts will tell you there is still a little room for them to come down a little bit more, but two percent is historically low and if you have a mortgage up for renewal or you're looking to refinance now is the time to do it."

If you're locked in to a long-term mortgage, you may be tempted to break it to take advantage of lower rates, but Laird says after paying the mortgage differential penalty to break your mortgage you may not be further ahead. "If the market rate today is a lot lower than what you have, than your penalty to break your mortgage is going to be quite large and so you are going to be neutral at best" said Laird.

With an uncertain economy and COVID-19 still a threat to prosperity, low rates are likely to remain for some time. "When we see poor economic news and unemployment numbers staying high, that's going to be good news for interest rates as they will have to stay low to help in the recovery," Laird said.

If you're signing up for a new mortgage, it can pay to do your research. Even if you don't switch to a new lender, it's good to know what others are offering as it could help you negotiate a lower rate with your bank.

JUNE'S RESALE MARKET REBOUNDS

Members of the Ottawa Real Estate Board (OREB) sold 2,052 residential properties in June 2020 compared with 2,096 in June 2019, a decrease of 2%.

"With safety protocols firmly in place, and Buyers and Sellers more accustomed to our new normal, the resale market has rebounded to meet pent up demand" states OREB's President. "While unit sales were down 55% in April and 44% in May, June's sales results are within 2% of figures from this time last year"

"June's new listings doubled compared to April and increased 45% from the number of listings that came onto the market in May. A consequence of these rapid sale turnarounds is that housing inventory does not have an opportunity to build. Residential inventory is now 52% lower than last year at this time, and condominium supply is down 42%. We continue to be in a strong Seller's Market, with less than one month's supply currently available.

The average sale price of a residential-class property sold in June in the Ottawa area was \$575,623, an increase of 15% over June 2019. The average sale price for a condominium-class property was \$360,922 an increase of 17% from June 2019.

"The manifestation of the Seller's Market is certainly evident when you look at average property prices, which continued to increase, albeit less significantly, in the past couple months. We are once again witnessing double-digit percentage growth over last year, and the average residential price is now in the high five hundreds," OREB's President acknowledges. "Additionally, multiple offer situations are influencing market values as statistics show approximately 56% of properties sold over asking in June."

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REAL ESTATE NEWS

Basement basics to elevate your home



Finishing an underutilized basement makes financial sense in certain situations, and may add to your home's resale value. For a family who has outgrown their current space and wants to avoid buying a more expensive, larger home, finishing the basement can be worthwhile. Yet, there are considerations to ensure your project will be worth the time, effort and expense.

Use these guidelines to determine if your basement is a good candidate for a renovation and will deliver adequate return on your investment:

Is there enough headroom? A finished floor-to-ceiling height of at least 7.5 feet is required. Include in your calculation 2.5 inches for flooring and ceiling finishing materials. If you own an older home with insufficient floor to ceiling space, you may need

to consider additional costs to lower and underpin the foundation to create sufficient headroom.

Is your basement wet? You'll want to address any moisture problems before you begin. In older homes, moisture issues can be severe. In some cases, you'll need to waterproof the foundation from the outside. Waterproofing can add substantially to the cost as excavation, waterproofing, weeping tile and backfill may be required.

Are your windows adequate? The outside bottom edges of all basement windows should be at least six inches above the soil. Consider the size and condition of the windows. Are any large enough for fire escape? Are they operable, damage-free, airtight and energy-efficient? Be sure to calculate the cost of any needed window upgrades when estimating your costs.

Finished basements provide a myriad of possibilities including guest rooms, nanny suites, play rooms and home theatres. Whether you're looking to increase the value of your home, or enhance your living space, do your research to ensure a successful project.

Maximize summer enjoyment with a screened patio



The first summer evening on the patio is often accompanied by the arrival of mosquitos. Rather than retreating indoors, consider your options to create a bug-free area with a screened-in patio or porch.

A big part of the appeal of owning a home becomes ultra-apparent during the summer months when we can spend time outdoors. You can extend your summer enjoyment with screens

that are fitted to patio and porch openings. When done right, these options appeal greatly to future buyers.

Set a budget, then exploring a variety of options to fit your pocketbook and tastes. With a wide range of products on the market – from motorized retractable screens to do-it-yourself kits from your local building store – there's something to fit every budget. Start with a trip to the library and research ideas through books and publications on decks, porches and patios.

As far as dos and don'ts, obtain more than one quote if you are looking to engage a professional service to plan and install your screens. If you plan to do the project yourself, make sure your basic structure is in good shape. If not, be sure to budget for additional material costs and make repairs before you begin. Measure accurately and ask to see assembly instructions in the kit you buy.