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REAL ESTATE NEWS



Almost one third of young Canadians have altered their home purchase plans due to the rising cost of living

29% of Canadians aged 18-34 have delayed or deprioritized their home buying plans since the start of the year



Home buying plans are being put on hold for many Canadians as they reassess their finances and hope for home prices to decline further. Since the start of 2022, the increased cost of living – including higher interest rates and rising inflation – has forced nearly one in five Canadians (19%) to delay or deprioritize the purchase of a home, according to a recent Royal LePage survey, conducted by Leger. When broken out by age, respondents between the ages of 18 and 34 were significantly more likely to say they have delayed or postponed a home purchase since the start of the year (29%).

Late last month, the Bank of Canada increased its overnight lending rate for the fifth time this year. While monetary policy has had a cooling effect on home prices over the last five months, the

cost of consumer goods, including food and fuel, continue to rise. Meanwhile, it has become more challenging to qualify for a mortgage as interest rates go up.

"A large portion of homebuyers have moved to the sidelines since the cost of borrowing began its rapid increase in March. Everyday expenses have gone up, and compared to periods of pandemic lockdown, Canadians are saving less and spending more money on services today, including travel and entertainment," said Karen Yolevski, COO, Royal LePage Real Estate Services Ltd.

Of those who have delayed the purchase of a home, 40% say they still plan to buy... just at a later date. Meanwhile, 60% say they have put their home buying plans on hold indefinitely.

"In the most expensive markets in the country – Toronto and Vancouver and the surrounding areas – part of the sidelined demand is putting increased pressure on the rental market. However, many of those buyers are expected to return to the market once interest rates stabilize and buyer confidence is regained," added Yolevski.

RESALE MARKET CONTINUES TO SLOW AS BUYERS REMAIN WATCHFUL

Members of the Ottawa Real Estate Board (OREB) sold 1,080 residential properties in September 2022 compared with 1,601 in September 2021, a decrease of 33%.

"September's lower sales performance reflects continued hesitancy among Buyers as they watch interest rates rise and consider the speculation surrounding price trends. With rising interest rates, the mortgage stress test has sidelined some potential Buyers, while others are likely scrutinizing their budgets for affordability amidst inflation and cost of living increases," states OREB's President. "On the other hand, we have seen an uptick in the number of new listings entering the market, which were not only higher than last month but also last year, and the five-year average. This trend continues to bring the resale market into more balance, which generally means more time for Buyers and Sellers to weigh their options and to adjust according to their needs."

The average sale price of a residential-class property sold in September in the Ottawa area was \$706,658, an increase of 0.5% from a year ago. The average sale price for a condominium-class property was \$450,987 an increase of 6% from September 2021.

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