

## **MARKET UPDATE: December 10<sup>th</sup>, 2020:**

Hello Again! I hope you are all doing well and staying healthy, safe and sane in these crazy times. We have almost made it through 2020! How time flies when you are having fun!! (\*sarcastic font\*)

The Bank of Canada (BOC) met yesterday and decided not to change rates again this month. They already lowered their Overnight Rate by 1.5% back in March. It appears we will be at this level for a long time until the economy is on strong enough footing to start increasing rates again...which could/should be years off. Most economists AND the BOC are predicting 2023 at the earliest.

Vaccines are beginning to be rolled out around the world. And that should help things return to our "old normal". But even when they are rolled out, the economy is going to take time to improve. And the BOC needs to give time to those struggling people and industries to get back on their feet. So that is why we are a long way off from rates increasing, as unfortunately that is not going to happen overnight.

HAVING SAID THAT, just because variable rates won't be increasing anytime soon, there is some speculation by economists that fixed rates could increase slightly (0.20%-0.25%) over the next 12 months. This is due to optimism the pandemic will actually end and the economy can begin to improve.

Mortgage rates have been stable since around Mid-September. But there was a small drop late last week to some rates.

For a purchase with less than 20% down payment we are seeing 5 year fixed rates around 1.69% and 5 year variable terms around 1.70% (Prime less 0.75%).

For purchases with 20% down payment, we are seeing 5 year fixed rates around 1.89% and 5 year variable terms around 1.75% (Prime less 0.70%).

So that is down slightly since my last update in October.

In the short-term, many analysts believe the next 6 months are going to be rough for many.

The Covid numbers are going to increase and we might see more restrictions going forward which will only hurt small businesses further....many of which are already barely hanging on.

But once vaccines are fully rolled out in Canada (the hope is by the 2<sup>nd</sup> half of 2021), the economy should start to improve quickly. That is the hope anyway!

There is a ton of cash sitting on the sidelines (I've read as much as \$90 billion dollars in excess cash in consumer's pockets), waiting to be spent by those who have managed to save money during this pandemic. So that should help kick-start the economy once confidence is up and things start to return to normal.

## **IN GTA REAL ESTATE NEWS:**

*TORONTO, ONTARIO, December 3, 2020 – The record pace of home sales in the fall continued with 8,766 sales reported in November by Greater Toronto Area REALTORS® through the Toronto Regional Real*

*Estate Board's (TRREB) MLS® System. This result was up by 24.3 per cent compared to November of last year.*

*Generally speaking, year-over-year growth in sales was stronger for single-family homes in the GTA regions surrounding the City of Toronto, but annual single-family growth rates remained robust in the '416' area code as well.*

*"Home buyers continued to take advantage of very low borrowing costs in November, especially those looking to buy some form of single-family home. Competition between buyers for ground-oriented homes has been extremely strong in many neighbourhoods throughout the GTA, which has continued to support double-digit annual rates of price growth," said Lisa Patel, TRREB President.*

*The MLS® HPI Composite Benchmark was up by 10.6 per cent in November 2020 compared to November 2019. The average selling price for all home types combined was up by 13.3 per cent to \$955,615.*

*Market conditions tightened in many single-family market segments in November, resulting in double-digit year-over-year increases in average selling prices for detached houses, semi-detached houses and townhouses.*

*In contrast to the single-family market segments, buyers continued to benefit from much more choice in the condominium apartment market compared to last year, particularly in the City of Toronto. The number of new condominium apartment listings in November was almost double that reported in November of last year. More options in the condo apartment market translated into a small year-over-year decline in the average condominium apartment selling price in the '416' area code.*

*"The condominium apartment market is certainly more balanced than in previous years, with some buyers benefitting from lower selling prices compared to last year. However, this may be somewhat of a short-term phenomenon. Once we move into the post-COVID period, we will start to see a resumption of population growth, both from immigration and a return of non-permanent residents. This will lead to an increase in demand for condominium apartments in the ownership and rental markets," said Jason Mercer, TRREB Chief Market Analyst.*

*"The real estate market and broader economy in the GTA certainly experienced an unprecedented year in 2020. As we move toward 2021, we're obviously thinking about what the next year will bring. In this regard, TRREB will once again be releasing its Market Year in Review and Outlook Report in early February. The report will include a housing market outlook for 2021, up-to-date consumer polling results on buying and selling intentions, and new research on housing supply in the GTA," said John DiMichele, TRREB CEO.*

S000...the market continues to chug along. Cheap borrowing and very few listings for single-family homes continues to drive prices up in most markets. People are seeking out more space and more land

as many of us continue to work from home. Working from home might continue even after vaccines are rolled out.

The condo market continues to soften as listings increase. There are also a large number of new-construction projects that are slated to be completed in 2021. Many of those units purchased by investors might flood the market as well, as they seek to sell instead of renting them out for less than their ongoing costs.

But as mentioned above, this could only be a short-term blip. It is possible the condo market in Toronto is booming again later next year when immigration resumes.

We have mixed messages as to the direction of the housing market in 2021. Some economists and analysts believe prices will begin to drop in the next few months, whereas some believe the market will continue to chug along due to pent up demand and ultra-low borrowing rates.

We should have a better idea as to who is correct in the coming 3 months.

So that is it for this month. The next BOC Meeting is on January 20<sup>th</sup>, so I will be in touch after that.

Wishing you and your family a Happy, Healthy and Fun Holiday Season and a healthy AND Prosperous start to 2021!!

And I am hoping and praying that everyone stays safe and that Santa is good to you all!

Take care,  
Happy Holidays!

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Your mortgage....Consider it done!

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