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## CREB Statistics

Calgary Real Estate Board

### December 2016

Total Sales	Change (%)
2015 879	+6.14
2016 933	

New Listings	Change (%)
2015 1,491	-33.40
2016 993	

Benchmark Price	Change (%)
2015 \$452,800	-3.84
2016 \$435,400	

Days on Market	Change (%)
2015 56	+25.11
2016 71	

Inventory	Change (%)
2015 4,340	-13.25
2016 3,765	

Take advantage of the low inventory by listing your home now!



## Talkin' 'bout my generation

In a sense I'm a middle child. I'm squished between Baby Boomers (born 1946-1964) and Millennials (born after 1980). I'm part of Generation X (born between 1965-1980). Our claim to fame is that many of us are raising children while looking after aging parents. The majority of us make a good income, are home owners, many of us even own a business. We're known as being stable and resilient, which is why you don't hear about us too much.

Then there are the Baby Boomers. They have the spending power because wisely they saved and invested their money. They renovate their homes, in fact they spend more on home improvements than any other age group. If they do sell their home, it's because they want to downsize, or find a home with more accessibility as they grow older. They have life experience, are known to be loyal and have a strong work ethic.

Then there are the Millennials. They are the largest living and most educated generation. They live through social media and are tech-savvy. They research, educate themselves, and pay attention to what their friends are doing. They like living in walkable communities, are open-minded, and are accepting of change. With record debt though, often due to college loans, this generation is the hardest pressed to purchase a home.

Millennials find themselves in a situation neither Baby Boomers or Gen Xer's (in general) ever did. Getting ahead has become increasingly difficult. Some things though are worth saving for. According to Canada Mortgage and House Corporation (CMHC) the average house price across the country, year after year, has increased by 5.4% over a 30-year moving average. The message is, if you can buy a house, especially with historically low interest rates, then do it!

An article in the Globe and Mail showed in practical terms how Millennials could save for a down payment in one year with these suggestions:

- 1) Move in with your parents or in-laws (savings \$7200)
- 2) Move down one level of rental, example going from 2 bedroom to 1 bedroom (savings \$1800)
- 3) Sell your car and take the bus (savings \$3500)
- 4) Stop buying lunch (savings \$1250)
- 5) Dial down vacations (savings \$2000)
- 6) No pets (savings \$500)
- 7) Put a \$100 limit on birthday gifts (savings \$500)
- 8) Cut your cable and landline (savings \$1090)
- 9) Cut your spending in half at restaurants and bars (savings \$1500). Savings in one year? As much as \$17,540.

In 1965, Pete Townshend of the English band, The Who, wrote a song that was considered to be one of the best ever written, "My Generation". Years later he said, "It was very much about trying to find a place in society." This is how many people feel, one generation to the other. Everything is moving faster, it seems. Our world isn't just changing, it's metamorphosing. 70 years ago Baby Boomers had their start; then the middle child, the Gen Xer's arrived on the scene. Now here we are all the way to the year 2017 and we're talkin' 'bout this generation, and I think we will for years to come.

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### Make Homeownership Affordable

*The Home Buyer's Plan makes home ownership more affordable. A first time home buyer can withdraw money from their RRSP to help purchase or build a qualifying first home. Money withdrawn essentially serves as a zero interest self-loan. This can reduce or eliminate the need for costly mortgage insurance and reduce the amount of interest paid to lenders.*

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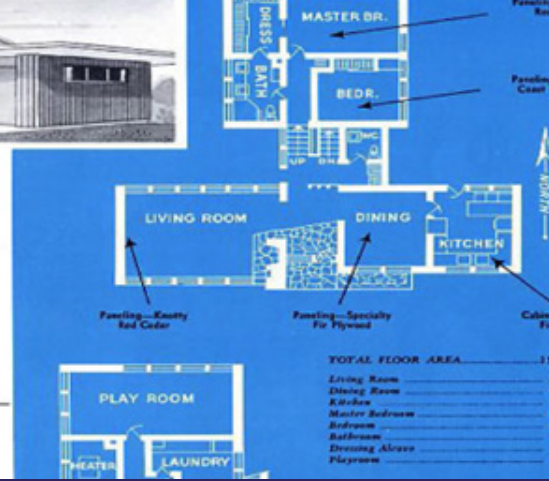
Dominion Lending Centres Regional Mortgage Group



FROM THE STREET—Clean, straightforward design enhances the rich, natural beauty of the knotty Western Red Cedar, which provides warm contrast to the cut masonry of the gracious entranceway.



Looking from living room to entrance hall. Roof construction of Western Red Cedar planking and glued-laminated fir joists makes the interesting sloping ceiling. Wall on right is Douglas Fir Plywood. Hanging box, which is made of knotty Western Red Cedar, is suspended from ceiling.



## The Stress Test, The Implementation of New Mortgage Regulations

Calgary literally has been living the “stress test” since 2015 with our economy. Yet as we move ahead in 2017, we start the year with many positives that will turn around both our economy and the real estate market. Fact is many of us moved ahead in 2016. Clients upgraded properties to meet the needs of changes in their families. First time buyers made the leap to their first home, enjoying a calm and stable market place. Prior to 2015 with low rates buyers had to make rush decisions and compete with multiple offers. Even with the soft rental market, I had savvy clients with a long term outlook invest in rental properties.

Since 2008 mortgage financing/qualification has become more difficult with the loss of special programs such as \$0 down, cash back, 40 year amortizations, no restrictions GDS ratios, refinances up to 95% loan to values and 5% down for rental properties.

**So what is the Stress Test?** Didn't Canadians already pass the stress test back in 2008 when repercussions of the US Subprime Market rippled through world economies? As DLC's mortgage guru, Dustan Woodhouse put it, “What fire is the government trying to put out?” In 2009 mortgage delinquency rates hit 10.57% in the US compared to 0.45% in Canada. In 2016 delinquency rates in the US were 4.55% and Canada only 0.28%.

So why do we Canadians need a “Stress Test” with a higher qualifying rate of 4.64%? We are responsible. Was the Stress Test implemented to simply cool off the hot markets of Vancouver and Toronto? They did say the test would literally “suck” the demand out of these markets. Why implement restrictions on Canadian's outside of those markets?

So let's clear up some misconceptions on the stress rate of 4.64%. This is not the actual rate used to calculate your mortgage payment, just the rate used to cap your total debt servicing. Conventional buyers and non-insured products will still be qualified at a lower actual rate. So unfortunately the people it will hurt are first time buyers at lower income levels. Did we need government intervention? Canadian buyers have proven in the stats that very few default.

**So how do you work around the “stress test” and still enter an attractive price point for your insured purchase?** Go into the market prepared well in advance of your purchase sit down with a Mortgage Professional. Look at reducing credit card or consumer debt, maybe pay off a car loan or student loan in advance. Bring on a parent as a cosigner. There are a lot of lenders willing to drop a cosigner on the mortgage a year or two down the road with a proven payment history and increased income. The cosigner can be very temporary/short term. Or maybe we simply redefine our expectations slightly. The easiest way to climb the property ladder is with that starter property. Build equity and appreciation and move up as income dictates.

Clearly these new regulations may be unnecessary and premature as default by Canadian home owners seems almost a negligible issue. The Ministry of Finance Standing Committee has decided to undertake a study on the implications of the recent mortgage insurance and eligibility changes. Hopefully they come to the obvious conclusion that these changes are unnecessary and are putting out a fire that doesn't exist.

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