

Real Estate Monthly



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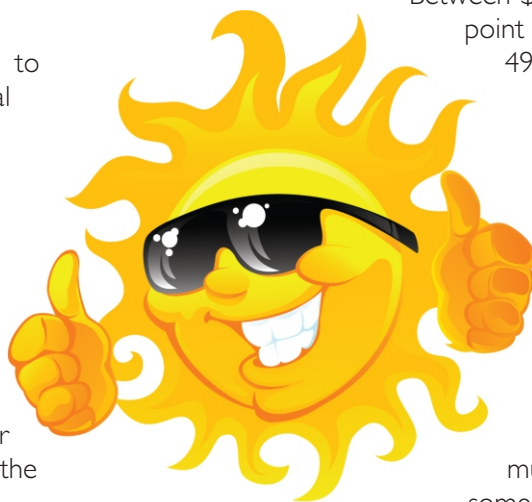
A Sizzling Summer for Ottawa Real Estate

Members of the Ottawa Real Estate Board sold 1,614 residential properties in July through the Board's Multiple Listing Service® System, compared with 1,524 in July 2017, an increase of 5.9 percent. The five-year average for July sales is 1,501. July's sales included 1,238 in the residential property class, an increase of 3.6 percent from July 2017 and 376 in the condominium property class, an increase of 14.3 percent from a year ago.

"Ottawa's condo market continues to positively impact overall residential sales trends with year-to-date condo unit sales up 16.5 percent from this time last year," states Ottawa Real Estate Board (OREB) President. "As well, our overall inventory levels in both the residential and condo market are improving which will help ease pressure on prices. Units available are currently down 16 percent down from July 2017 rather than the 24 percent we were down at the beginning of the year."

The average sale price of a residential-class property sold in July in the Ottawa area was \$441,206, an increase of five percent over July 2017. The average sale price for a condominium-class property was \$280,526, an increase of 5.3 percent from July 2017.

"We are noticing a surge in unit sales in the rural areas, particularly the



west end," notes OREB's President. "This is not only driven by availability but likely includes other attractive aspects in these well-established communities such as reasonable commute times, convenient shopping options, and great schools and recreational facilities which aren't overtaxed."

Between \$175,000 to \$274,999 was July's most active price point in the condominium market, accounting for almost 49 percent of the units sold. While the \$300,000 to \$449,999 range remained the most robust price point in the residential market, accounting for 45 percent of home sales. In addition, the \$500,000 to \$750,000 price range represented almost one in five residential home sales.

"Ottawa's healthy real estate market is a reflection of its strong economy which is consistently firing on all four cylinders due to a secure employment base," reflects OREB's President. "It remains a competitive market, and multiple offers (when priced right) are still the norm in some neighbourhoods. Buyers and sellers alike require a REALTOR® to pave the way through the complexities of the market."

In addition to residential and condominium sales, OREB Members assisted clients with renting 1611 properties since the beginning of the year.

New tax on Ottawa Airbnb rentals

Airbnb users are now paying a tax on their nightly rental in Ottawa.

Starting today, Airbnb will collect a four per cent "municipal accommodation tax" on all Ottawa listings. The tax will then be remitted to the City of Ottawa to help support Ottawa tourism.

Ottawa was the first Ontario city to enter into a Municipal Accommodation Tax collection agreement with Airbnb.



In January, the City of Ottawa imposed a four percent Municipal Accommodation Tax on hotel rooms in Ottawa. The money is used to support the tourism industry.

Airbnb has an agreement with the province of Quebec to collect and remit taxes.

Airbnb estimates the city would have received \$850,000 if a municipal accommodation tax was in place in 2017.

REAL ESTATE NEWS

CMHC moves to make it easier for self-employed to get a mortgage

People who work for themselves often hampered in mortgage market because income is variable, unpredictable

Self-employed Canadians seeking to buy a home may soon find it easier to secure a mortgage after changes announced by Canada Mortgage and Housing Corp.

CMHC said self-employed people make up about 15 per cent of Canada's population, but they may have difficulty qualifying for a mortgage because their incomes may vary or be less predictable. Changes unveiled last week by the federal mortgage insurance agency are aimed at giving lenders more guidance and flexibility when it comes to self-employed borrowers.

In the changes, CMHC said several factors could be used in future to support a lender's decision to give a mortgage to self-employed borrowers who have been operating their business for less than two years or have been in the same line of work for less than two years.

CMHC said those factors could include things such as:

- Acquisition of an established business.
- Sufficient cash reserves.
- Predictable earnings.
- Previous training and education.

CMHC said that previously, those types of applications could be accepted, providing that a "solid rationale" was noted in the lender's loan file.

Document options

Additionally, the housing agency also laid out a broader range of document options that could be used to satisfy income and employment requirements to qualify self-employed borrowers for a loan.

When the changes take effect on Oct. 1, those documents will include such things as a notice of assessment accompanied by a T1 General tax form, a proof of income statement from the Canada Revenue Agency, and a form T2125, which is a statement of business or professional activities.

"These policy changes respond to that reality by making it easier for self-employed borrowers to obtain CMHC mortgage loan insurance and benefit from competitive interest rates," said Romy Bowers, the agency's chief commercial officer, in a statement.

Borrowers who have a down payment of less than 20 per cent of the value of the property they're buying are required to obtain mortgage insurance.

Cynthia Holmes, chair of the real estate management department at Ryerson University's Ted Rogers School of Management, said the main challenge facing self-employed potential mortgage

borrowers today is income documentation, adding that the changes announced seem to increase the flexibility in what lenders can accept.

Young self-employed people

Holmes said she is particularly pleased that CMHC is signalling that they will be more flexible when it comes to potential self-employed mortgage borrowers who have been operating their businesses for less than two years.

"This change could especially help young self-employed people access a mortgage more quickly, which supports innovation and entrepreneurship," she said.

Mortgage comparison website RateSpy.com said the new changes from CMHC will apply to self-employed borrowers who:

- Have a down payment of less than 20 per cent and require high-ratio default insurance.
- Have a down payment of more than 20 per cent and are using a lender that insured all of its mortgages.
- Are switching to a lender that insured all of its mortgages.

RateSpy.com also pointed out that other mortgage default insurers, including Genworth Canada and Canada Guaranty, have programs for self-employed borrowers.

"These insurers have long allowed more liberal proof of income," such as more flexible documentation requirements, RateSpy said in an online post.

"But, unlike CMHC, Genworth and Canada Guaranty require the borrower to have been in business for at least two years, in order to benefit from this flexibility."

