

# BRIAN BUFFINI'S REAL ESTATE REPORT



CANADA EDITION  
2<sup>ND</sup> BIENNIAL 2023



Today's buyers and sellers face unique challenges, and it's up to trusted real estate professionals to guide them through these conditions. To help with this mission, I produce the Brian Buffini Real Estate Report twice a year. This is a guide that provides relevant information to help you understand what's going on in your region and at the national level. Dive in and learn all you need to know about the current state of the market.

**It's a Good Life!®**



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# State of the Real Estate Market

Over the past two years, Canadian home prices and home sales set record highs. Home prices have increased 3.2% year-over-year. Demand continues to outpace supply and is anticipated to continue doing so due to anticipated economic growth and increased immigration.



**National Average Home Price\***

**\$729,044**

**+3.2%**

Year-Over-Year

Excluding the Greater Toronto Area and Greater Vancouver cuts more than \$150,000 from the national average price.

## Analysts Forecast

- Aggregate national home price to increase: **+4.5%** Year-Over-Year
- Greater Toronto Area to have highest increase: **+7.5%** Year-Over-Year
- Regina, Sask. to have lowest increase: **.05%** Year-Over-Year
- Number of newly listed properties is at 20-year low

\*As of May 2023

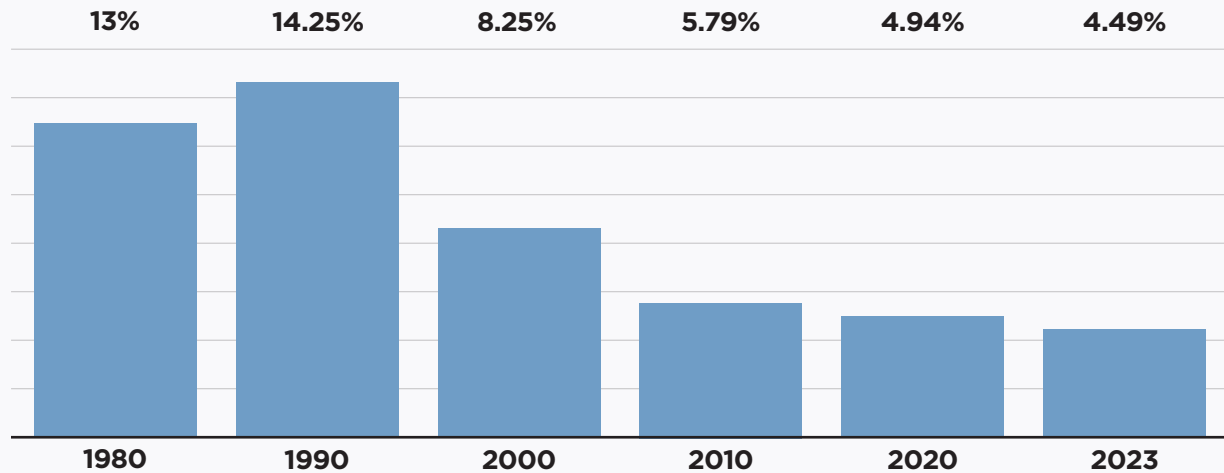
# Mortgage Stats

The Bank of Canada is projected to hold its interest rate at 4.5% until the end of 2023 in an effort to curb inflation. That move pushes more buyers out of the real estate market who cannot afford increased rates. Many potential buyers are also choosing to wait and see if rates stabilize and home prices go down.



## Average Fixed-Rate Mortgage for a Five-Year Term\*

The 5-year fixed mortgage rate is the most popular rate in Canada.



\*All rates are as of first week of June.

## Rates

2-Year Fixed Rate:

**4.99%**

5-Year Fixed Rate:

**4.49%**

5-Year Variable Rate:

**5.75%**

# Mortgage Stress Test Protects Buyers

The mortgage stress test regulations were created by the Canadian government to protect buyers from obtaining a mortgage they can't afford. These regulations pertain to a consumer who is applying for a new mortgage or refinancing their current mortgage with a federally regulated lender.

Qualifying rate for uninsured mortgages (less than 20% down): 5.25% or two percentage points above their contracted rate, whichever is higher.

The federal government is considering measures to strengthen these regulations and protect those with short-term loans who may be more adversely impacted by rising interest rates.

21% of potential homebuyers said due to those anticipated changes/tighter restrictions, they may be making a real estate move sooner than they originally planned.



**Mortgage delinquencies are still low.**



## Borrower Credit is Strong

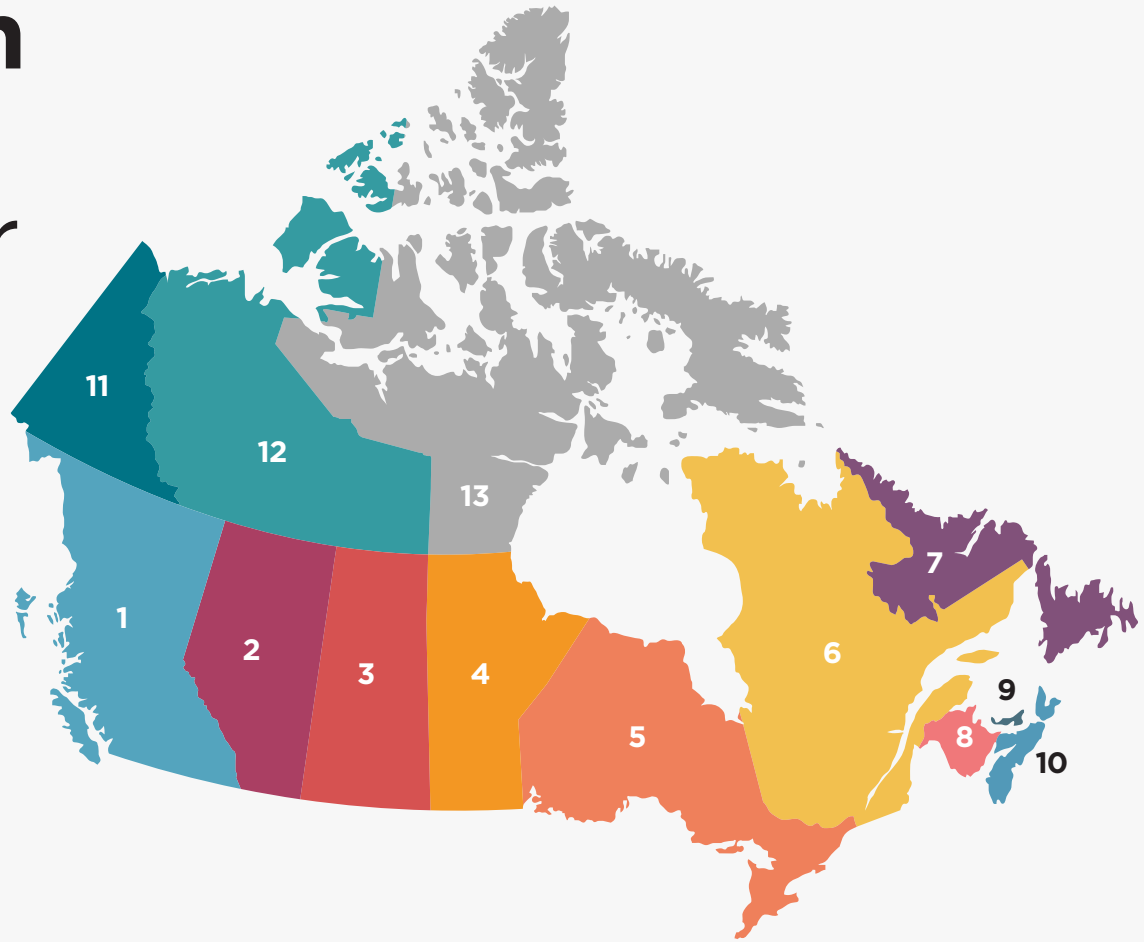
**89%** of current borrowers and **87%** of new borrowers have a **700+** credit score.

Existing Mortgage Holder's Average Credit Score: **767**

New Mortgage Holder's Average Credit Score: **752**

# Home Prices in Your Area Year-Over-Year

Most provinces are expected to see a drop in sales and prices. Saskatchewan, Newfoundland & Labrador and Manitoba are expected to see a slight price increases.



## Average Price by Province\*

<b>1</b> British Columbia: <b>\$1,017,979</b> (+2.9%)	<b>6</b> Quebec: <b>\$489,974</b> (-2.9%)	<b>10</b> Nova Scotia: <b>\$400,500</b> (-3.2%)
<b>2</b> Alberta: <b>\$465,198</b> (+2.7%)	<b>7</b> Newfoundland & Labrador: <b>\$280,400</b> (+3.3%)	<b>11</b> Yukon: <b>\$525,911</b> (-6%)
<b>3</b> Saskatchewan: <b>\$329,600</b> (-1.4%)	<b>8</b> New Brunswick: <b>\$279,500</b> (-5.4%)	<b>12</b> Northwest Territories: <b>\$496,100</b> (+3.9%)
<b>4</b> Manitoba: <b>\$358,391</b> (-8.2%)	<b>9</b> Prince Edward Island: <b>\$358,200</b> (+3.3%)	<b>13</b> Nunavut: No data available
<b>5</b> Ontario: <b>\$928,897</b> (-1.1%)		

\*As of May 2023. Not seasonally adjusted.

# State of the Buyer

## Programs for First-Time Homebuyers

The First-Time Home Buyer Incentive is a shared-equity mortgage with the Canadian government. Depending on the buyer's circumstances it may offer:

5% or 10% for a first-time buyer's purchase of a newly constructed home.

5% for a first-time buyer's purchase of a resale (existing) home.

5% for a first-time buyer's purchase of a new or resale mobile/manufactured home.



### Millennials are Eager to Buy a Home

Millennials are the fastest growing category of Canadians as well as the largest share of the working-age population.

**7%** are already homeowners.

**51%** plan to purchase a home within 5 years.

**45%** will be first-time homebuyers.

**47%** would like to remain in current city or town.

**41%** are willing to move.

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**60% of urban Canadians believe residential real estate will perform the same or better in 2023.**

# The Impact of Immigration

The Canadian government has set a goal of attracting over 1 million new permanent residents over the next three years in response to labour shortages.



The government had passed a policy, which went into effect in January, that would restrict non-Canadian residents from buying residential properties over the next two years. That policy was amended in March and now allows non-Canadians to:

- Purchase property if they are in the country on a work permit that has at least 183 days or more left on it.
- Purchase residential property for the purpose of development.

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## Population Increase

Every province has seen a growth in population since the 2016 census, according to 2022 data. The provinces in order of most populated are: Ontario, Quebec, British Columbia, Alberta, Manitoba, Saskatchewan, Nova Scotia, New Brunswick, Newfoundland, Prince Edward Island, Northwest Territories, Yukon and Nunavut.



# State of the Seller

## The Impact of Rising Rates on Potential Sellers

Rising mortgage rates also affect those who currently own a home. Many are delaying selling their homes as they wait to see how the market reacts for the remainder of 2023.

The rate increase also affects homeowners with variable rate mortgages as they will see a higher share of their monthly payment go toward the interest on their loan instead of their principal.

Homeowners with a home equity line of credit (HELOC) will also pay a higher interest rate on their loan because most HELOCs usually have variable interest rates. As a result, many Canadians are starting to pull back on using their HELOCs.



## Nearly 27% of homeowners have a HELOC. According to a survey:

- 10% borrowed between \$50,000 and \$100,000.
- 10% borrowed more than \$100,000.
- 80% borrowed less than \$50,000.

## Renovations have the potential to increase a property's value:

- Kitchens: **75%-100%**.
- Paint: **60%**.
- Investing and ensuring roof and windows are in good shape, gutters and drains are functioning properly and the foundation is dry: **75%**.
- Doors and hardware: **50%**.
- Landscaping/outdoor improvements: **10%**.

## The Value of Staging:

- May help sell a house faster and for a higher price.
- Allows potential buyers to envision themselves living there.
- High-quality photography and videos are important because many buyers start their search online.

# State of the Agent

Both homebuyers and sellers stated that while online tools are important, they want real estate agents to offer more “human-centric” support during a transaction.



## Top Factors When Choosing a Real Estate Agent:

- 1** Trust and familiarity.
- 2** Quick to respond and easy to get a hold of.
- 3** Good reviews online.
- 4** Ethical credentials.
- 5** Personal connection.

# Why I Work by Referral

## **Relationships are more important than transactions.**

My business is built on relationships, so I work to provide my clients with outstanding service and care both during and long after a transaction.

## **Service that continues after the sale.**

I am devoted to serving your needs even after the sale is complete. If you need a referral for a contractor, helpful advice or an agent for your friend or family member, I am here to help.

## **You control my business.**

Your referrals are the foundation of my business, so I aim to exceed your expectations every step of the way.

“There is no lead more powerful than one referred from someone you know — someone who knows you, trusts you and will put their name to you.”

### **BRIAN BUFFINI,**

Founder & Chairman of Buffini & Company

In Canada, there are approximately 160,000 real estate agents who are members of the Canadian Real Estate Association across all the provinces and territories.