



# Mortgage Newsletter

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Annie Tan, Mortgage Professional  
778.889.2730 annie.tan@elitelending.ca

## Updates

### 1. Stress Test

- Stress test remained at 4.79% since Aug 17 2020.

### 2. Despite the economic growth, the Bank holds policy rate at 0.25%.

- The Bank believes that extraordinary monetary policy is still required for recovery. BOC continues to maintain policy interest rate and commits to buying at least \$4 billion a week in GOC bonds to keep interest rates low until the 2% inflation target is sustainably achieved.
- The Bank gave no indication when it might start tapering its bond-buying. The next decision date is on April 2021.
- Previously projected: The economy will continue to require stimulus until 2023. With current market growth at a faster pace, there is more than 50% chance that an increase will happen sooner by Q1 in 2022.

## Mortgage Rates

- 5 years Fixed  
As low as 2.15%
- 5 years Virm  
As low as 1.28%
- \*variable prime 2.45%
- 3 years Fixed  
As low as 2.09%

## Market Snapshot

### 1. Canadian home sales increased 6.6% m-o-m building on the largest winter housing boom in history.

- Sales activity was up since last summer. It is a new record for February by a considerable margin (over 13k transactions).
- Markets that posted y-o-y declines in February, minimal supply is the most likely explanation.

### 2. We have the most extreme demand-supply imbalance by a large margin. What is going on?

- Employment in higher-paying industries actually rose despite pandemic.
- Mortgage rates plumbed record lows.
- Dramatic shift in preferences toward more space, further outside major urban centers.
- Limited travel created demand for second homes.
- Future demand from younger households being pulled forward in search for a home base to ride out the pandemic and securing the low rates.
- FOMO and some speculative activity in the market. In January, 6% of all houses listed for sale in Toronto's suburbs had been bought in the previous 12 months, up from 4% a year earlier.

### 3. Home Prices: MLS® HPI in Feb 2021 rose by 3.3% m-o-m and, non-seasonally adjusted rose by 17.3% y-o-y.

- MLS® HPI this month. Largest y-o-y gains: above 35% range in red, 30 - 35% in blue, 25 - 30% in orange, 20 - 25% in yellow, 18.8% in purple, 16.1% in green, 10 - 15% in pink, 5 - 10% in brown, 3.5% in grey, 2.6% in black.

MLS® Home Price Index Benchmark Price								
Seasonally Adjusted		Percentage Change vs.						
Region	Composite HPI:	February 2021	1 month ago	3 months ago	6 months ago	12 months ago	3 years ago	
Aggregate	\$698,500	3.35	6.97	11.30	17.02	24.36	52.67	
BC	Lower Mainland	\$1,029,400	1.87	4.39	6.90	9.05	4.08	43.14
	Greater Vancouver	\$1,089,300	1.64	3.33	5.38	6.90	0.71	33.13
	Fraser Valley	\$939,600	3.12	5.80	9.43	12.07	10.03	47.15
	Chilliwack and District	\$608,400	4.84	7.17	12.02	15.94	14.94	81.30
	Vancouver Island	\$575,200	2.02	5.43	10.01	13.90	28.51	78.98
	Victoria	\$755,400	0.97	2.45	5.12	6.28	13.14	53.88
AB	Okanagan Valley*	\$578,800	2.32	6.01	10.59	12.96	17.94	49.69
	Calgary	\$430,000	1.38	2.69	4.04	4.04	-1.40	-2.95
SK	Edmonton	\$327,700	0.94	1.22	2.35	3.62	-1.61	-3.48
	Regina	\$278,100	1.66	0.80	2.65	7.16	-1.33	-3.97
MB	Saskatoon	\$313,800	4.04	4.04	5.08	9.08	6.25	1.19
	Winnipeg	\$303,900	2.33	4.68	5.78	12.42	13.54	20.41
ON	Bancroft and Area	\$342,700	1.15	6.76	12.59	30.79	76.12	113.21
	Barrie & District	\$678,100	6.05	11.82	25.07	33.56	43.54	82.69
	Brantford Region	\$558,000	3.85	9.92	16.13	28.86	54.22	104.01
	Cambridge	\$676,300	3.32	8.79	15.53	24.93	50.00	98.33
	Grey Bruce Owen Sound	\$419,900	3.89	10.83	19.56	29.91	59.37	100.07
	Guelph & District	\$733,900	4.09	10.44	16.37	26.03	46.60	88.24
	Hamilton-Burlington	\$831,400	5.67	12.26	18.30	29.82	48.25	90.56
	Huron Perth	\$455,900	2.45	8.68	17.05	27.08	67.57	105.97
	Kawartha Lakes	\$526,400	4.82	6.65	15.37	32.47	48.83	110.74
	Kitchener-Waterloo	\$691,400	3.73	10.79	17.64	26.80	52.42	107.16
	Lakeland	\$513,800	3.95	11.17	21.43	37.11	53.78	102.39
	London & St. Thomas	\$526,500	3.44	9.21	17.34	29.92	66.95	133.85
	Mississauga	\$1,022,000	2.90	5.46	10.18	13.26	37.09	70.50
	Niagara Region	\$581,200	3.84	12.71	20.65	30.85	54.29	123.15
	North Bay	\$290,900	2.99	9.25	15.95	33.15	38.50	40.87
	Northumberland Hills	\$592,300	0.93	8.49	18.88	30.19	48.35	99.38
Oakville-Milton	\$1,305,300	3.36	12.12	15.66	21.81	33.58	65.40	
Ottawa	\$582,200	3.79	7.19	13.13	24.82	53.25	71.60	
Peterborough & the Kawarthas	\$546,300	3.40	9.27	22.79	26.75	44.93	102.51	
Quinte & District	\$438,400	2.35	8.01	18.63	33.58	58.41	117.91	
ON	Simcoe & District	\$494,700	3.08	11.77	17.11	32.36	56.79	130.55
	Southern Georgian Bay	\$554,100	3.27	9.36	12.14	30.81	50.55	120.90
	Tillsonburg District	\$476,000	5.23	13.65	24.12	39.79	73.27	139.13
	Greater Toronto	\$973,100	3.41	6.50	9.50	14.72	28.74	64.26
OC	Woodstock-Ingersoll	\$520,400	5.62	10.93	20.86	36.49	69.68	131.64
	Montreal CMA	\$447,000	2.75	5.08	9.66	18.40	39.52	52.27
NB	Quebec CMA	\$276,900	1.31	3.21	6.37	10.95	14.16	14.73
	Greater Moncton	\$251,000	6.10	10.85	17.28	27.83	39.71	51.37
NF	Newfoundland & Labrador	\$286,200	-0.97	1.49	5.05	6.85	1.86	0.81
	St. John's	\$265,200	-1.52	-1.98	0.53	2.73	-3.63	-7.28

\*Include Central Okanagan, Northern Okanagan, and Shuswap/Revelstoke