



# Mortgage Newsletter

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## Updates

### 1. Stress Test

- Jan 2018: Stress Test 5.34%
- May 25 2020: Stress Test 4.94%
- Aug 17 2020, stress test dropped from

4.94% to 4.79%. This is a 1.5% increase in purchasing power from May 25th and a 5.5% increase from 2018!

### 2. CMHC wants to expose the "Dark Economic Underbelly"

In an effort to avoid risk of exposing too many people into foreclosure due to the current unemployment and gov't income support. CMHC narrowed eligibility criteria for insured mortgages (down payment < 20%):

- Higher Credit Scores: min 680, previously min 650.
- Lower Debt Burdens: (GDS/TDS: 35/42), previously 39/44.
- Borrowed money as down payment is not allowed (i.e. LOCs), allowed previously.

## Mortgage Rates

- 5 years Fixed Mid/High 1s – Low 2s
- 5 years Virm Mid/High 1s – Low 2s \*variable prime 2.45%
- 3 years Fixed High 1s - 2% range
- 2 years Fixed High 1s - 2% range

**Genworth and Canada Guaranty (other Mortgage Insurers) did not follow along with CMHC's rule changes. Therefore, qualifications for many high ratio purchases remain unaffected. They can still be qualified by Genworth & CG based on the old rule.**

## Market Snapshot

- Forecasted: Average sales price to fall 9%-18% in 2020. But what's actually happening? As people who are most affected during this time are low wage workers and youth which are not the typical homebuyers or sellers. Housing market continues to be strong and contributes to the recovery in economic activity.
- Telecommuting becoming the new normal and record low mortgage rates. Slowdown in condo market as buyers move to more suburban locations where their dollars buy more space. Most significant increase reflected in outer suburb of Toronto.

Seasonally Adjusted	MLS® Home Price Index Benchmark Price						
	July 2020	1 month ago	3 months ago	6 months ago	12 months ago	3 years ago	5 years ago
Composite HPI:	\$623,000	0.50	0.17	2.31	3.65	6.36	36.69
Aggregate	\$954,300	0.11	-0.53	1.07	3.52	6.79	54.98
Lower Mainland	\$1,013,600	-0.23	-1.13	0.61	3.63	2.74	46.57
Greater Vancouver	\$842,000	0.60	0.11	1.02	3.30	14.48	74.92
Fraser Valley	\$507,200	0.68	0.88	1.21	3.59	25.30	66.29
Vancouver Island	\$171,100	0.13	-0.26	0.98	3.01	14.19	56.15
Victoria	\$508,400	0.92	-1.65	-1.04	2.70	9.71	40.17
Okanagan Valley*	\$403,500	-0.39	-1.48	-2.17	-2.60	-7.45	-10.17
Calgary	\$313,900	0.29	-0.74	-1.18	-2.07	-6.71	-9.03
Edmonton	\$261,200	0.13	0.77	0.64	-1.54	-10.39	-9.64
Regina	\$288,600	0.14	0.43	0.52	-0.19	-4.22	-8.30
Saskatoon	\$277,500	1.67	2.55	2.32	3.11	5.97	11.27
Winnipeg	\$589,800	1.33	0.17	3.43	4.43	17.94	57.04
Greater Moncton	\$669,700	2.26	3.34	6.52	10.73	19.59	66.03
Hamilton-Burlington	\$1,099,300	0.67	-0.52	5.78	8.99	9.40	51.10
Oakville-Milton	\$517,200	1.32	2.71	5.53	11.71	2.34	52.35
Barrie and District	\$852,900	-0.18	-0.50	2.69	8.27	7.15	55.23
Greater Toronto	\$457,600	1.79	1.43	4.68	11.45	21.60	88.48
Niagara Region	\$487,800	1.14	2.74	8.09	16.08	35.60	44.20
Ottawa	\$390,200	1.40	1.71	6.31	11.65	26.30	34.00
Montreal CMA	\$252,700	2.25	1.06	2.69	1.93	5.30	4.44
Quebec CMA	\$205,800	1.47	3.36	6.55	10.58	18.23	33.41
Greater Moncton							

\* Includes Central Okanagan, Northern Okanagan and Shuswap/Revelstoke.  
Interactive tables and charts for ASPI Home Price Index data on Composite, Single Family Homes (including separate indices for one- and two-story homes), Townhouses/row units, and Apartment units are available at <http://www.cma.ca/housing-market/realtime-home-price-indexes/>.  
Data table available to media upon request, for purposes of reporting only.

