

Dear Clients,

There is a lot of speculation in 2017 as to the direction of the housing market. But experts say you shouldn't necessarily expect the same this upcoming year as we saw in 2016.

Here's what is likely to happen to the Calgary housing market in 2017.

1. Uptick in Home Sales.

Home sales will see a modest uptick in 2017 but prices will stay flat, according to the Canadian Real Estate Association.

The forecast rise in Alberta's sales in 2017 mostly reflects slow sales activity in the first quarter of 2016, a repeat of which is not expected.

CREA chief economist Gregory Klump says even with all the layoffs in Alberta recently, there has not been a mass sell-off of homes.

2. Breaking into the housing market will get even harder.

Those mortgage rule changes will result in first-time home buyers losing about 20 per cent of their purchasing power

Buyers will need 10 to 14 per cent more income to keep their debt-service ratio at an appropriate level.

But whatever the number, the bottom line is this: first-time home buyers are going to have to come up with bigger down payments and qualify for higher-rate mortgages.

And it's just going to get harder as the year goes on, mortgage rates will rise. We will finish 2017 with higher mortgage rates than we started 2017..

This is for two reasons:

The government reduced the number of mortgages that could be insured, and lenders will want to compensate for the added risk by charging consumers a little more.

The second reason is Donald Trump.



3. Donald Trump will indirectly affect the Canadian housing market.

Yes, Donald Trump could be partly — if remotely — to blame for rising mortgage rates in Canada.

Bond yields are pushing up from their rock-bottom lows, this was largely created by the Trump election and some of the policies that he has started to announce.

Higher bond yields mean higher borrowing costs for banks, and banks are passing those costs on to the consumer. The “Trump Bump” means even higher mortgage rates for Canadians.

If you’re looking to buy your first home in the next few months, you should get pre-approved for a mortgage now before rates go up. Anyone considering shopping in the springtime, in the next three or four months, they should get a pre-approval today because they can hold today’s rates for four months.

