

Dear clients,

Spring is typically a busy time for home sales, so lenders are competing fiercely right now for new business — and that's adding up to low rates for borrowers.

With home prices in Calgary holding steady, Canadian homebuyers are being offered some of the lowest mortgage rates seen in years as lenders battle to drum up new business.

Rates on a standard five-year fixed-rate mortgage have fallen to their lowest level in two years.

This is partly for seasonal reasons, in that the spring months are typically the best ones for home buying, as families try to get moved and settled before summer vacations and then the new school year sets in.

Clients will usually see promotions in April, May and June, this is when all mortgage companies try to make sure they are on track to hit their annual targets, any lenders who are behind at this point would be aggressive with the margins they're willing to fund mortgages at. This is the time of year you may see very different rates. Banks who have hit their annual targets will be less aggressive.

A big reason why rates have fallen is the bond market. Fixed-rate loans are based on the rates they can get in the bond market. Essentially, they'll borrow money themselves at one rate, loan it out to a borrower at a higher rate and make money on that spread.

So current rock-bottom interest rates on fixed loans are no coincidence, considering the yield on a five-year Government of Canada bond dipped below 1.3 per cent this month. If a lender can borrow funds for as little as 1.3 per cent then turn around and make money by loaning it out for twice that rate, they have every incentive to keep offering those deals.

Remember, you can have a rate held for up to 4 months, so if you believe you may purchase a property in that window, it would be a good idea to hold today's rate specials.

Have a great week.

