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Summer 2022

# REAL ESTATE NEWS

## Bank of Canada Rate Hike on June 1st, 2022

The Bank of Canada increased its key interest rate by 50 basis points on June 1, 2022, bringing the central bank's policy rate to 1.50%. This half a percentage point hike follows up on the Bank's April 2022 rate hike announcement of 50 basis points, which was the largest individual rate hike since 2000. The Bank of Canada's latest outsized hike comes amid lofty housing prices and soaring inflation.

With inflation at a 31-year high at 6.8% it's affecting the housing market. In May residential properties saw a decrease of 19 per cent. "Ottawa's resale market is shifting away from the blazing pace of 2021." states Ottawa Real Estate Board President Penny Torontow.

Watch the dates on the Bank of Canada Meeting Schedule. If you're looking to renew your mortgage or are looking at getting a pre-approved, do it now. Your mortgage broker can assist you in getting an interest rate that will be guaranteed for 120 days until closing date. You will need to get this in writing to guarantee the rate. Expect the next Bank of Canada meeting on July 13th to bring another rate hike. Some analysts are predicting this to be .75%.

### Bank of Canada Meeting Schedule for 2022

Date	Target Overnight Rate	Change
March 2, 2022	0.50%	0.25%
April 13, 2022	1.00%	0.50%
June 1, 2022	1.50%	0.50%
July 13, 2022	To Be Decided	--
September 7, 2022	To Be Decided	--
October 26, 2022	To Be Decided	--
December 7, 2022	To Be Decided	--



### Inflation Rate for 2022

Year	Jan	Feb	Mar	Apr	May
2022	5.1%	5.7%	6.7%	6.8%	7.7%

Canada's annual inflation quickened to 7.7% in May of 2022, the highest since January 1983 and above market expectations of 7.4%.

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## Should I Lock In To A Fixed Rate?

When interest rates begin to rise, mortgage brokers get asked this question a lot. There is no right answer and every person's own situation is unique and could have a different answer. Typically, you would need to assess your own situation to find which answer is best for you. We've put together some questions and scenarios you should consider to find out what would work best.

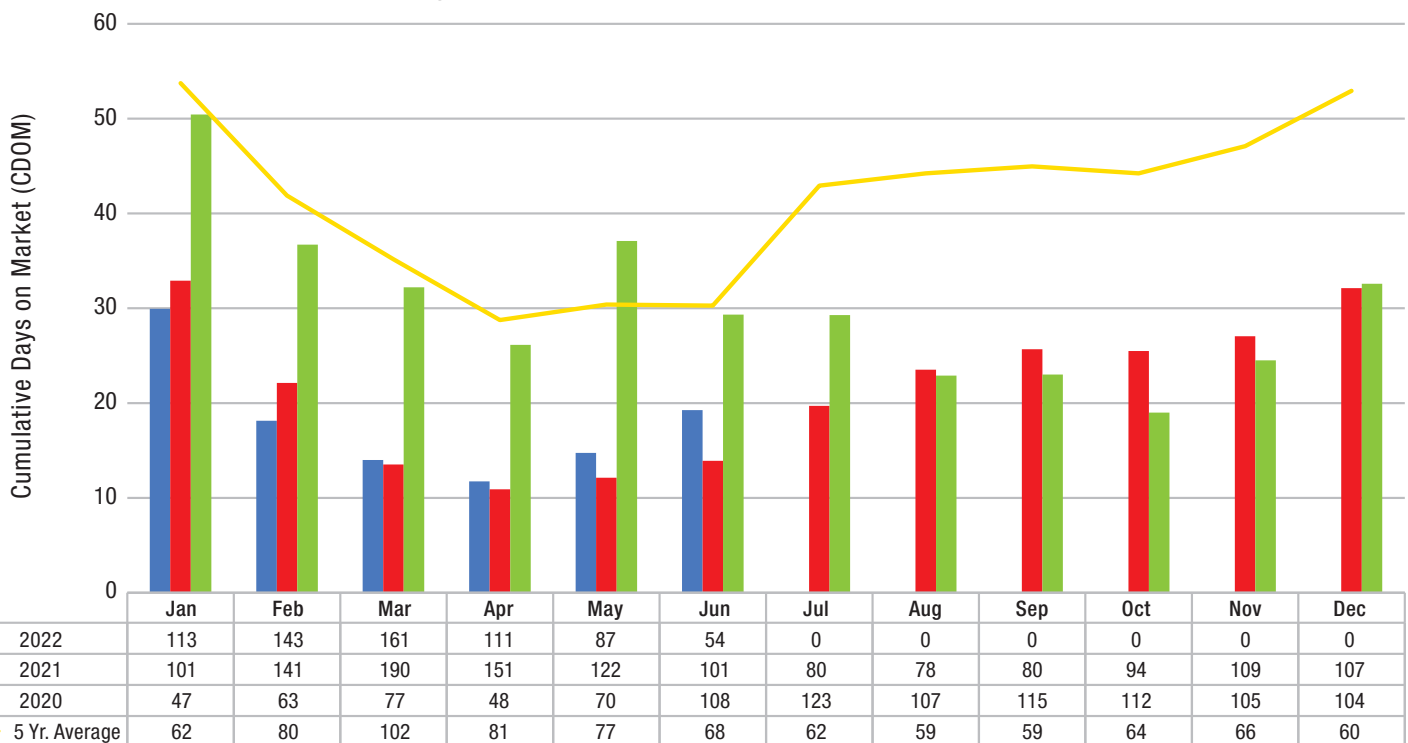
Have you had any sudden life changes? Did a spouse stop working? Did you have an additional income added? If you are in a situation where you are losing a spouse's income and are down to one income source, it may be best to increase your monthly payments using the prepayment privilege feature afforded with your mortgage. Why? If rates will be increasing from 2% to 4% over the next year, you may find it's best to increase your own payments to that 4% amount now, so that when the increase happens; you are insulated against the increase. Furthermore, all additional payments go straight to paying down the principal on your mortgage.

Are you having trouble affording your payments? If you are already maxed out and don't have much breathing room for the rates to increase, it may be best to lock in your current rates. The rates are forecasted to rise over the next year or two, so you know now this will be the lowest rate you're going to get for a while. It may be best to lock in your rate.

Is the fluctuation of rate changes stressing you out? There is no point in stressing over things that you have some control over. If locking into a rate would give you peace of mind, then it may be worth doing so. Variable rates can save you some money, however, if it's causing stress to you on a day-to-day basis then it may be worth locking in for your own worries.

Every person has their own unique situation, and different strategies suit certain situations more appropriately. If you want more information for your specific situation, contact your mortgage broker for expert advice.

**Average Selling Time (CDOM)**  
By Month – Residential and Condo Combined



June 2022

Source: Ottawa Real Estate Board

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