



Direct: 613.898.0503

Office: 613.592.6400

giselep@royalpage.ca

www.giselepoirier.com

Summer 2024

REAL ESTATE NEWS

Is it Time to Downsize Your Home? Seniors are not the only ones downsizing.

When the word “downsizing” comes up, most people immediately associate it with seniors. However, research suggests that many individuals start contemplating downsizing as they approach retirement, typically in their late 50s to early 60s. This often involves moving to smaller homes, condominiums, or rental properties.

Baby Boomers and Gen Xers may also consider downsizing as they near retirement. Some may dream of retiring at a cottage, while others may want to utilize the equity from the sale to boost their RRSPs or assist with their children’s post-secondary education.

Traveling is another motivating factor for downsizing. Tapping into their equity enables individuals to have the financial means to visit the destinations they’ve always longed for. The idea of having someone take care of a large

home and property might not be ideal, making a smaller home or condo a more appealing choice.

Job loss, business failures, divorce, the death of a partner, or health problems are additional factors contributing to the decision to downsize.

With high interest rates, many homeowners find themselves needing to renew their mortgages soon, especially after benefiting from record low interest rates a few years ago. The increased monthly mortgage payments can be overwhelming, leading homeowners to feel burdened by the costs of maintaining a large home. Opting for a smaller home with lower payments can alleviate some of this stress.

There are numerous reasons why people choose to downsize, and it’s not necessary to wait until reaching senior age to make this decision.

Could your Home have Poly B™ Plumbing?

Poly B™ (polybutylene) was a common type of plumbing material used to supply hot and cold water in residential and commercial buildings built between 1978-1995.

It was banned by the National Plumbing Code, which oversaw all plumbing trades in Canada and refused to recognize Poly B™ after 1997. The government of Canada officially banned Poly B™ in 2005.

Poly B™ pipes are flexible, which can make them difficult to install correctly. The connections of the pipes are also so fragile and high-risk points for the structure to pop.

It’s recommended to get Poly B™ pipes replaced as soon as possible. Replace them even if you haven’t experienced any noticeable problems. Usually within 10-15 years, most Poly B™ systems burst or leaked causing extensive water damage and mold behind the walls.

Most insurance companies will not insure a homeowner that has Poly B™ and they may not cover the damage caused if it leaks.

Check if your plumbing has PB2110 stamped on it if built between 1978-1995. You can usually find the exposed piping in the utility room and it’s usually 1/2” to 1” in diameter.

“Your referrals are important to me. I value your support and trust.”

www.giselepoirier.com



484 Hazeldean Road
Kanata, ON K2L 1V4

Fixed or Variable Rate? Here's How to Prepare for Your Mortgage Renewal

More than half of Canadian mortgages will renew before the end of 2026, and with the Bank of Canada lowering its key interest rate from 5.0% to 4.75% on June 5th, many homeowners are now wondering which mortgage type they should opt for upon renewal – a fixed or variable rate.

Current Situation

While variable rates were historically lower during the height of the pandemic real estate boom, the trend has recently reversed, with variable rates now higher than fixed rates. The average five-year variable interest rate offered by mortgage lenders currently hovers around 6.7%, while most fixed rates are typically 5.6%. A variable mortgage rate depends on a number of economic factors, such as the key overnight lending rate, which is set by the Bank of Canada.

What You Need to Know About Variable Rates

When it comes to variable-rate mortgages, when the prime rate rises – which is influenced by the Bank of Canada's overnight lending rate – mortgage payments automatically increase. However, with variable loan structures with fixed-payment options, monthly payments remain unchanged, even in the event of a rate increase. Instead, this type of variable-rate mortgage adjusts the mortgage amortization period (the

time it takes to repay the mortgage in full). This is due to the fact that a smaller proportion of each payment is allocated to repaying the mortgage principal.

Understanding Your Needs

The choice between a fixed- and variable-rate mortgage largely depends on the borrower's risk tolerance and personal situation. Since variable rates are subject to fluctuations, is your lifestyle conducive to these changes? Even if interest rates begin to fall, there are many economic factors influencing their direction, which can occur at various times during your mortgage term. The right mortgage product for you depends on your short- and medium-term situation. If you're currently in a period of transition (career change, separation, etc.), you may want to opt for a fixed-rate that offers you some stability.

Strategic Options for Borrowers

Fixed-Rate Mortgage with a Shorter Term

Amidst economic uncertainty, more borrowers are opting for fixed-rate mortgages with shorter terms (one, two or three years). This way, in an environment where rates are quickly changing, borrowers can lock in predictable monthly payments without the need to stay with the same rate long term.

Hybrid-Rate Mortgage

This option combines customized features of both a variable and a fixed rate – part of the mortgage has a fixed interest rate and the other has a variable interest rate. This way, the borrower can benefit from the best of both worlds.

Convertible Mortgage

This type of loan offers the possibility of converting a variable interest rate loan into a fixed-rate mortgage, or vice versa, before maturity, thus allowing borrowers to adapt their mortgage financial strategy to market conditions.

Consult a Professional

It is advisable to consult a mortgage broker to explore scenarios best suited to each individual situation. Anticipating interest rate fluctuations and adjusting your financial strategy accordingly can make a big difference in managing your long-term mortgage.



Daylight LED bulbs makes everything bright.

No need to replace your floors or paint your cupboards. By changing the lights to LED daylight bulbs your kitchen will appear less orange. If you're sensitive to bright 5000k bulbs put them on a dimmer. Same great results and so much cheaper.

To download a PDF version of this newsletter to share with family and friends, please visit www.giselepoirier.com > News

Master Certified Negotiation Expert® (MCNE®) | Seniors Real Estate Specialist® (SRES®)

www.giselepoirier.com