

ADVICE FOR LIFE

Market Watch:
Spring mortgage outlook

Three misconceptions
about mortgages

How to navigate
the challenging
mortgage market

PLUS
**IS SWITCHING
YOUR MORTGAGE
THE RIGHT MOVE?**



HELLO!

In this issue you'll find:

[Spring mortgage outlook](#)

[How to navigate the challenging mortgage market](#)

[What to consider when switching your mortgage](#)

and so much more.



MARKET WATCH

According to Fitch Ratings, the anticipated correction in the Canadian housing market will continue and is not expected to rebound until the back half of the year. Canadian home prices are expected to fall another 5% - 7% in 2023, however home prices are still up 20% from pre-pandemic levels – supported by tight supply and continued strong demand. The Bank of Canada is unlikely to increase rates again in 2023, given declining headline inflation.¹

Here's something else Fitch noted: With rising interest rates causing larger monthly payments for homeowners, mortgage delinquencies have so far held steady despite higher mortgage payments for many borrowers. On average, borrowers have seen monthly payment increases of \$300 and \$700 for fixed rate mortgages and variable rate mortgages, respectively. Significant consumer savings built up during the pandemic have helped to cover higher payments, and borrowers now have sizable equity in their homes. Furthermore, the [mortgage stress test](#) has also helped “cushion” borrowers from higher payments.

Ontario home sales for February were down by 43.5% year-over-year and the average home price was down 20.4%.² This was attributed to higher borrowing costs and a decrease in new listings. The GTA saw average prices drop 17.9% year-over-year.³ Ottawa, London and Hamilton markets also had sales and prices well below last year.⁴

Housing forecasts for 2023 and 2024 by RBC indicate prices will decrease 13.7% in 2023 and increase 2.9% in 2024. RBC also forecasts that home sales in Ontario will decrease by 13.9% in 2023 and increase by 34.1% in 2024.⁵

1. <https://www.fitchratings.com/research/sovereigns/canada-rate-hikes-on-pause-bigger-us-downturn-would-test-resilience-31-01-2023#:~:text=Canada%27s%20inflation%2C%20Monetary%20Policy&text=We%20now%20expect%20the%20BOC,measures%20appear%20to%20have%20peaked.https://www.fitchratings.com/campaigns/outlooks/global-housing-and-mortgage>
2. <https://creastats.crea.ca/board/orea>
3. <https://trre.ca/index.php/market-news/market-stats>
4. <https://toronto.ctvnews.ca/these-ontario-cities-are-expected-to-see-the-biggest-home-price-declines-1.6302159>
5. <https://thoughtleadership.rbc.com/canadian-housing-market-outlook-the-bottom-of-the-downturn-is-in-sight/>

FACT vs FICTION

Three misconceptions about mortgages:

1. You need to be debt-free to qualify for a loan.

When applying for a mortgage, the lender takes a look at your debt-to-income ratio (the monthly amount that you owe versus the amount you earn).

2. Your only upfront cost is your down payment.

You will also need to budget between 2% - 4% of the home's purchase price for closing costs.

3. You need a 20% down payment.

With Mortgage Default Insurance you can put down as little as a 5% down payment.

SAVE THE DATE

April 20: First-Time Homebuyer Webinar

with Jessica Bird and Katie Gordon, Alterna Mortgage Advisors [Register Now](#)

Spousal Income Splitting

with Doug Carroll, Tax & Estate

Specialist, Aviso Wealth [Watch Video](#)



How to navigate the challenging mortgage market.

From the record low interest rates in 2020 and 2021, we now have rates that have more than doubled. Purchase demand and home prices are starting to decline, and borrowers are really feeling pressure from inflation. Here's how to navigate these turbulent times and maximize the current year.

1. Keep your credit in shape.

One of the keys to scoring the home you want in a difficult housing market is to keep your credit in the best shape you possibly can.

Steps to keep your credit in check:

- Request a free credit report
- Monitor your report for any discrepancies
- Don't max out your credit card limits
- Avoid applying for new credit
- Pay your debts on time

[Read more.](#)

2. Get pre-approved and lock in your rate.

If interest rates are going up it could make your approval challenging. Alterna offers a 120-day interest rate guarantee once you are approved for the loan you need.

[Get pre-approved.](#)

3. Consider different rate options.

Which is right for you: fixed or variable rate mortgage? Choosing a type of mortgage is a long-term commitment, with many different factors to consider. Fixed-rate mortgages are the most popular mortgage type in Canada. They provide a level of stability that many borrowers enjoy. With a variable-rate mortgage, your interest rate rises and falls, following movements in your bank's prime rate. That means the amount of interest you pay can differ from year to year—or even month to month—if variable rates rapidly change. [Read more.](#)

4. Consider a higher down payment if possible.

Some ways to help save up for your down payment include cutting your expenses, putting your money in a high-interest savings account, using the Home Buyer's Plan, withdrawing from your Tax-Free Savings Account and using the First-Time Home Buyer Incentive. [Read more.](#)



5. Buying a home with family can make it easier to qualify for a loan. Many people buy homes together – couples, siblings, parents and children, or even extended family. [Read more.](#)

6. Budget wisely. Buyers should be very clear on the difference between what they can qualify to borrow, and what they can comfortably afford to borrow. Take all things into consideration before you start looking: retirement plans, tuition for children, savings goals, emergency funds, car or home maintenance payments. [Read more.](#)

Meet an **ADVISOR**



At Alterna, we care about finding a mortgage solution that meets your unique needs. We offer competitive rate, pressure-free transparent advice and caring service for the life of our mortgage. At home, at work, evenings, and even weekends, we deliver expert mortgage advice where and when you need it. [Get advice.](#)

**QUICK
FACT**



Home ownership in Canada stands at around **66.5%**⁶. Even so, many Canadians are worried that the soaring house prices and increasing interest rates will make home ownership a distant dream. (Source: Statista) [Read more.](#)

6. <https://www.statista.com/topics/3139/residential-housing-in-canada/#:~:text=About%2070%20percent%20of%20Canadians,in%20the%20country's%20largest%20cities.> This information has been provided by the external sources listed above. Alterna Savings is not responsible for the accuracy, reliability or timeliness of the information supplied by these external sources. This information does not necessarily reflect the views or position of Alterna Savings. Anyone wishing to rely upon this information should consult directly with the source of the information.



What if?

My mortgage is coming due. Should I switch mortgage providers?

When your mortgage term comes to an end, it is a good time to review your mortgage needs and make sure you have the right product.

To help you find the right mortgage, consider if:

- your budget allows you to increase your payments to pay off your mortgage sooner, saving you on interest
- you want to change your payment frequency
- you're likely to make additional payments
- you're satisfied with the services and rates offered by your current lender
- you want to consolidate other debts that have higher interest rates and increase the amount of your mortgage
- you may need to consider optional life, critical illness, disability or employment insurance before you switch.

Switching your mortgage can save you money but there are also fees involved, so be sure to talk to a mortgage advisor to review your options at least 2-3 months prior to your current term expiring. [Read more.](#)

Did you know?

A reverse mortgage is a simple way to turn a portion of your hard-earned home equity into tax-free cash - with no ongoing payments required.

A reverse mortgage allows you to borrow **up to 55% of the current value of your home**. The maximum amount you can borrow depends on your age (you must be age 55 or older), your home's appraised value and your lender.

You pay back your loan when you move out of your home, sell it or the last borrower dies. This means you don't need to make any payments on a reverse mortgage until the loan is due. Bear in mind that the longer you go without making payments, the more interest you will owe, and at the end of your loan term, you may have less equity in your home. You always maintain title, ownership, and control of your home.

So if you're looking to improve cash flow, pay off an existing mortgage, clear balances on existing credit cards and loans, make home improvements, or gift a down payment to a loved one, a **reverse mortgage** might be the right solution for you. We can help!

REAL-TIME RATES

Rates frequently change. Here's how to stay updated on our featured promotional rates on mortgages, term deposits and more.



SCAN WITH
PHONE CAMERA
TO SEE RATES!

Book an appointment today: **1.877.560.0100**
or find out more at: **alterna.ca**

The best advice starts with a conversation. Alterna expert advisors are highly qualified.

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