



GET USED TO LOW MORTGAGE RATES

Amidst a cooling housing market in both Greater Vancouver and the Fraser Valley this summer comes word that "historic low" mortgage rates should continue for at least a year.

Pointing to a "deepening recession" in Europe and slowing economies in both the U.S. and China, Central 1 Credit Union forecasts that the Bank of Canada will keep rates at or near the "current floor" until mid-2013.

Earlier this month, some Canadian lenders cut five-year term mortgage rates to sub-3 per cent, (though they were later increased). The move was linked to fall-

ing bond yields - and rising competition in the mortgage market.

Central 1 forecasts posted one-year and five-year fixed term mortgage rates will average 3.2 per cent and 5.3 per cent, respectively, for the rest of this year. Modest rate increases are expected in 2013 but "will remain near historic lows", according to Central 1 Credit Union chief economist Helmut Pastrick.

A continuation of lower mortgage rates, combined with the traditional back-to-school upturn in housing sales may help spark local housing markets.

In July, for instance, sales through MLS in Greater Vancouver marked the lowest July total since 2000. With 2,089 sales last month, action was down 18.4 per cent from July 2011 and 31 per cent below the 10-year average for July.

The MLS Home Price Index composite benchmark price for all residential properties in Greater Vancouver over the last 12 months has increased 0.6 per cent to \$616,000 but declined 0.7 per cent compared to June of this

year, reports the Real Estate Board of Greater Vancouver. The price of a "typical" detached house increased 1.4 per cent from July 2011 to \$950,200 last month.

The Fraser Valley saw 1,393 home sales last month, up 5 per cent from a year earlier, but down 5 per cent from June of this year.

According to the Fraser Valley Real Estate Board, stratas led the sales curve. "We sold 25 per cent more townhomes in July and 7 per cent more condos compared to the same month last year," noted Board president Scott Olsen. He added that more than half of the townhomes sold for less than \$325,000 and half of the condos for less than \$210,000.

Sales of detached houses increased by just 1 per cent from a year ago. "We are seeing a reduction in sales of higher-end homes," Olsen confirmed.

With more buyers shopping in the lower price range, continued low mortgage rates could prove a particular boon, Realtors say.

Fall colours could herald an upturn in housing sales, as mortgage rates continue at historic lows.

