



# MMG

## MORTGAGES

Quarter 3 2022 Newsletter

## What to Know About the Latest Prime Rate Increase

The Bank of Canada did an aggressive increase of 1.00% to its overnight lending rate July 13, 2022 which was the largest increase seen since 1998. This brought prime rate to its highest level since 2008 at 4.70%. This was done in an effort to slow down inflation which is at a 40 year high. Many variable rate mortgage holders and those with lines of credit and home equity lines of credit (HELOC) will feel the impact of this change through higher payments. Those with a "true variable" that has payments that are static despite prime rate changes will see no impact to their mortgage payment, but will see their amortization increase as less will be going towards the mortgage principal. If you have a static payment to your variable mortgage, it would be prudent to think about increasing your monthly payment or put a lump sum down on your mortgage so that you can keep your amortization down.

The takeaway from the Bank of Canada announcement is that we can expect to see more interest rate increases to the overnight lending rate if inflation doesn't start to settle down. That being said, as of June inflation was at 8.10%. It has not increased as of today and the target is forecast for end of August to be 7.6%, showing a hopeful downward trend. It's also important to note that once inflation cools, prime rate can decrease which is the goal for many variable rate holders.

If your mortgage is coming up for renewal, you will likely be looking at a higher rate than what you currently have; however, with many property values having increased, and with being through another term in your mortgage, you may have the option to increase your amortization to reduce your payments if you have affordability concerns. We can lock in rates for up to 120 days, so please reach out and we can assess your situation and see what your best options are with your renewal.

Current Best 5 Year Variable: 3.60%

Current Best 5 Year Fixed: 4.49%

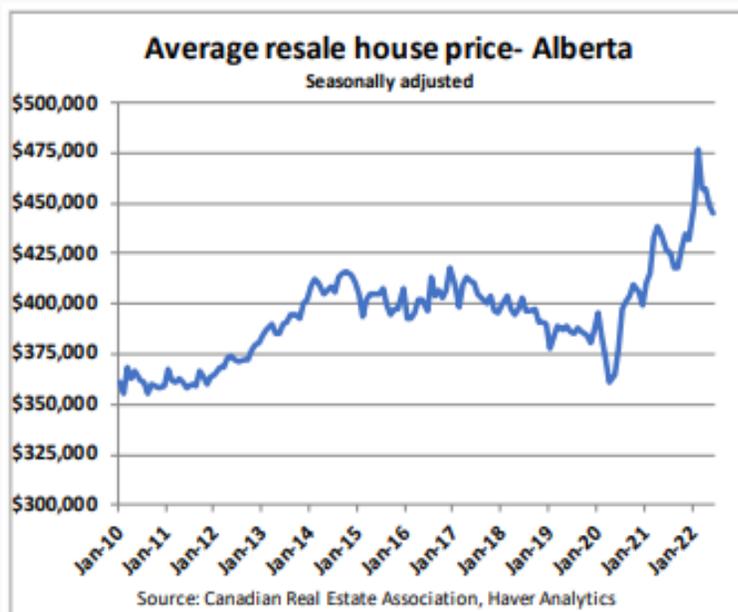
\*Rates subject to change without notice

## Current Market Report

Residential sales in Calgary continued to trend lower in June with a total of 2,909. Although there was a decline in sales, it was still a strong June only lower than the record high from June 2021 (2915).

Supply has increased and demand has waned increasing the months of inventory in Alberta from 2.8 to 3.1 months. Despite the increase in inventory, many markets in Alberta are still in a “sellers” market, but it looks like it is becoming a more balanced market than earlier this year. As of June, the average home price in Alberta was \$445,213 which is over 4% higher than last year (\$427,000)

Alberta has seen strong growth in it's population and has grown by 60,000 in the past year alone. This is due to strong immigration and also interprovincial inflows as Alberta's economy starts to improve and much more affordable housing compared to other parts of Canada brings workers and families from other parts of the country. The strong population growth supports long-term demand for housing.



Economic data courtesy of Ben Rabidoux. Ben is the founder and president of North Cove Advisors and Edge Realty Analytics. These boutique market research firms work with institutional and high net worth investors and aim to equip top Real Estate Professionals with timely research and insightful marketing.

## Fraud is on the Rise!

There is a growing problem with scams across Canada. Alberta ranks second in the country for dollars lost to fraud! One scam that is currently circulating is the Energy Rebate Scam:

The Alberta Government announced earlier this year that Albertans will be receiving 6 - \$50 rebates on their monthly utility bills in July until December. This is a new rebate that was introduced to assist with the rising cost of electricity.

The rebate will be applied to your utility invoices directly, but this isn't stopping fraudsters from trying to scam homeowners. Albertans have reported receiving texts claiming to be Service Alberta saying that they must apply for the energy rebate by clicking a link. This link leads you to a site that looks like an official site, but is created to steal your information.

Always be vigilant when receiving texts and emails from sources you aren't familiar with.

You can check out more about the energy rebate here: <https://www.alberta.ca/enabling-energy-rebates.aspx>