

TO MY VALUED CLIENTS

Canada's inflation rate falls for the second month in a row

Figures released by Statistics Canada on September 20th revealed that our inflation rate in August fell to 7.0% - a second consecutive month of slowing price growth. That rate was even better than the consensus 7.3% rate that economists had predicted. The major contributor to the decline in the Consumer Price Index (CPI) was plummeting gas prices – which saw a 9.6% decline on a month-over-month basis. On the other side of the spectrum was rising food prices – which were up by 10.8% versus last year. Major factors contributing to the food cost increase were extreme weather, the Russia-Ukraine conflict, and continued supply chain snarls. Core inflation – which strips out volatile aspects of the CPI such as food and energy and which therefore give a better sense of underlying inflation trends – also fell to 5.2% from 5.4% in July.

This new data came just two weeks after the Bank of Canada announced a fifth consecutive rate hike aimed at bringing inflation down, with the central bank having now increased its trendsetting rate by a full three percentage points since March. The news that inflation has fallen for two consecutive months appears to be a clear vindication of its rate-hiking path so far in 2022. Despite the slower pace of inflation, most analysts expect the Bank of Canada to hike again at its meeting in late October given that consumer price growth is still far above the bank's 2 percent target.

As usual, your client referrals are both highly valued and greatly appreciated. Until next time, take care!



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PEARLS OF WISDOM



Great truths that little children have learned:

- No matter how hard you try, you can't baptize cats.
- When your Mom is mad at your Dad, don't let her brush your hair.
- Never ask your 3-year old brother to hold a tomato.
- You can't trust dogs to watch your food.

OCTOBER 2022

REAL ESTATE NEWSLETTER

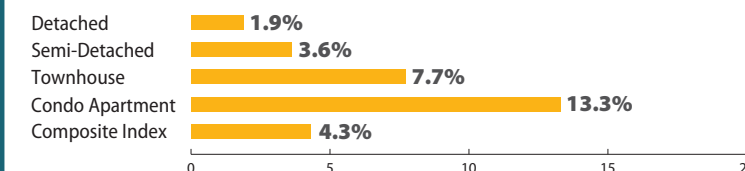
KATERYNA BORYSENKO'S MARKET NEWS

GTA HOUSING MARKET CONTINUES ADJUSTMENT TO HIGHER BORROWING COSTS IN SEPTEMBER

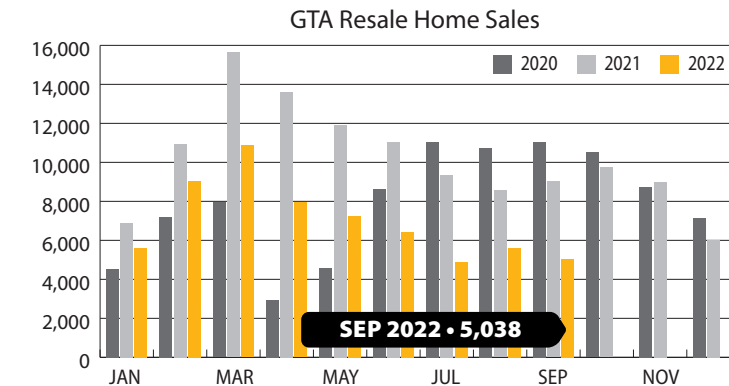
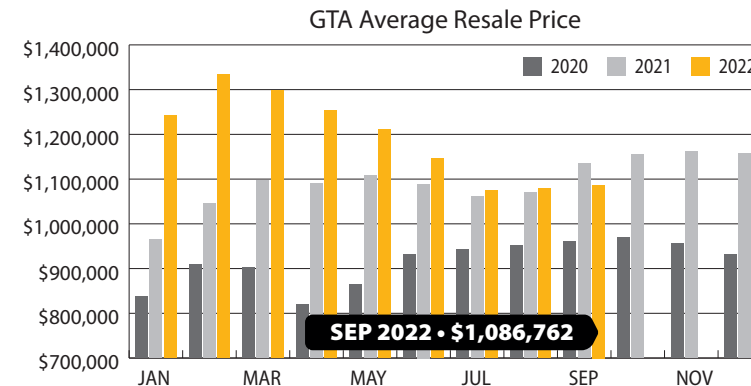
Market Highlights

- September sales totaled 5,038 units - down significantly by 44.1% versus last year
- Average selling price of \$1,086,762 fell by 4.3% versus the September 2021 level but strengthened by 0.7% versus August 2022
- September MLS® Home Price Index Composite Benchmark (apples-to-apples price comparison) was up by 4.3% versus last year, led by the condominium segment's 13.3% increase
- New listings of 11,237 units were down by 16.7% versus last year; this was the lowest number of new listings reported for the month of September since 2002

MLS® Home Price Index by Segment (versus Sep 2021)



Resale Home Sales	Sep 2022	Sep 2021
-44.1%	5,038	9,010



for more detailed GTA statistics: **KATERYNABORYSENKO.INFO**



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What is the trigger rate and how could it affect your mortgage?

In an attempt to cool our inflation rate, the Bank of Canada has increased the central bank rate several times this year. So, what does this mean for homeowners and their mortgages? As a result of increased interest rates, some homeowners may see their monthly payments affected. Those particularly affected will be homeowners who have a variable-rate mortgage, since their lender's rate will directly mirror the central bank's rate. Variable-rate mortgage holders with a fixed payment schedule will see an increase in the interest portion of their payments.

What is a trigger rate?

Fortunately, not everyone needs to worry about trigger rates. Fixed-rate mortgages or adjustable-rate mortgages do not have a trigger rate. However, if you have a variable-rate mortgage with fixed or static payments, this applies to you. Rising interest rates may not increase the monthly payments of homeowners with this type of mortgage, but it will mean that they pay more towards the interest and less towards the principal of their mortgage (the amount of money borrowed when you originally take out a home loan). The trigger rate is the rate at which regular mortgage payments will no longer cover the accumulated interest. The trigger rate is what happens when you're no longer paying any of the principal and are instead just paying interest. As a result, your mortgage is no longer shrinking over time since your monthly payments aren't able to cover all of the interest on your loan.

What is a trigger point?

Just to confuse homeowners even more, there is a trigger point that means

something different than a trigger rate. While a trigger rate is worrying, there's no need to take any action at this stage. A trigger point, however, is a little more concerning, and it's around this time that you might expect to hear from your bank or lender. This is the point where your outstanding balance on your loan has exceeded the principal.

How is it calculated?

What represents a trigger point — be it a loan-to-value ratio or an exact figure — will vary between lenders. As a general rule, though, a trigger point tends to be reached when interest rates increased by at least 2 per cent from when you first secured a loan with your lender.

What happens next?

When your lender contacts you once you reach the trigger point, there are typically a number of options. You can alter your payment so that some of it is going towards the principal. Your bank may advise you to increase your amortization period (from 15 to 20 years for example). This is a good option for those with equity in their home. If this is not an option, you can increase your monthly payment.

Alternatively, you can make a prepayment — most banks will have rules around this but if you have privileges, you may be able to prepay a percent to the original principal. As a result, the most likely option for many looking to escape their trigger point would be to switch to a fixed-rate mortgage. While it may not be possible, you should ask your lender if you can do so without incurring a penalty.



HOW TO USE LIGHTING TO CREATE MOOD AND AMBIENCE IN YOUR HOME

As the evenings draw in and the clocks go back, our days of unbridled sunshine are numbered. But it's not all bad news — while we might need to turn on the lights earlier than we did in the summer, it's a great time to rethink the lighting in your home and make things as cozy as you possibly can. From accent lamps and chandeliers to layered lighting and accentuated areas, there are so many ways to change up the mood and add ambience to your home this fall.

Try a range of light sources

Just because your home previously installed a central light fixture doesn't mean you have to stick to that. Using a combination of wall lights, potted lights, floor lamps and table lamps will help to create ambience and avoid unnecessary glare. Create levels by having multiple light fixtures, particularly in bigger spaces where dark and dingy corners can't reach with traditional light sources. Table lamps should ideally be placed around the eye level to provide soft mood lighting for relaxing. Floor lamps are better off in alcoves and corners to brighten up a room.

Use task lighting

Lighting isn't a one-size-fits-all situation, so make sure you have light sources and strengths that help to provide ambient light for every scenario. Cooking dinner, doing a jigsaw puzzle, working, or watching the television all require very different levels of brightness, so task lighting can play a significant role in creating mood — and saving your eyeballs from unnecessary strain. Under cabinet lighting doesn't take up any counter space and it's great in kitchens. Mounting light fixtures over your bed can produce a less harsh light when you want to read and decompress before bed, while dangling pendant-style lighting adds an instant mood to dining rooms and dinner parties.

Dimmer switches

With the best will in the world, you can't cater to every single lighting scenario in each room. Some areas of the house will have dual functions and needs — which is when dimmer switches really come into their own. Take your bathroom for example: You'll want bright light when you're using the mirror but perhaps you don't need things dialed up to 11 when you're having a relaxing soak in the tub. A dimmer switch allows you to take control, and many systems allow you to control the level of light from your phone meaning you don't even have to pause Netflix.

Think about temperature

Not all lightbulbs were created equally. Light is measured in degrees kelvin (or K) — this is different to the watts per lightbulb which indicates how much power it takes to power it. The next time you're shopping for them, pay attention to that number so you can control the temperature you want, based on the mood you're looking to set. Anything above 5000 K will be on the cooler blue end of the scale, which can be harsh for an area where you want to promote relaxation. Yellower temps are around the 3000 K mark will feel a lot more cozy and create less shadows.

Choose your lampshades wisely

You're almost there, but lampshades are the final fix when it comes to creating the perfect ambience in your well-lit home. Choose a lampshade that matches the base of your lamps — or purposefully and tastefully clashes with it. Make sure that your shade covers the switch underneath or any tags to avoid an eye sore. And try to mix and match so they're not all the same. You can have a lot of fun pulling out accents and textures in your rooms using great lampshade choices.