



Real Estate Talk: Country home opportunities

Description

Why now is a good time to buy that second home

By **Joseph Marovitch**

December 8, 2022

Montreal home sales have declined by 35%, according to the **Quebec Association of Real Estate Brokers (APCIQ)**. The bank of Canada has raised the interest rate another half point this week to 4.25% in an attempt to bring down soaring inflation. The problem is that inflation is affected by politics, war, and the pandemic. These issues do not just go away and they are not controllable, which is why the **Bank of Canada** is having such a difficult time controlling inflation with just interest rates.

However, what is affected by interest rates and inflation is the real estate market. While borrowing and carrying costs are more expensive, real estate prices are declining with demand. This provides an opportunity to purchase a country home at a discount for those who can afford it.

... the average price of a country home has decreased even more than in the city. If a buyer has the cash to put down, or strategizes with a 2- or 3-year mortgage, the opportunity to purchase a country home at a discount is there.

Where there was a movement to relocate outside the city during the height of the pandemic, there are now sellers interested in moving back to the city. However, realistically examining the market, sellers may notice that demand is lower as interest rates and inflation are higher. This means that the average price of a country home has decreased even more than in the city. If a buyer has the cash to put down, or strategizes with a **2- or 3-year mortgage**, the opportunity to purchase a country home at a discount is there.

Another point is that eventually, interest rates will decrease and when this occurs, demand will rise, and homes will



be more expensive.

Another factor is as we get closer to summer, demand for second homes increases, therefore it is better to purchase now with a later possession date. Sellers will be relieved to know their property is sold and there is a chance that by the time the buyer takes possession, interest and inflation may decline.

The information I provide in these articles is a summary. Should you have questions or comments, please refer to the comments section at the bottom of the page. As well, to view past articles, [click here](#).

Next article: **Purchasing a country home**

State of The Market

CPI today (inflation rate) 6.9%

Prime lending rate 6.45% for major banks

The bank of Canada introduced another rate hike this week to combat inflation. The bank of Canada rate was raised by half a point to 4.25%. At the same time, the Quebec Association of Real Estate Brokers announced that real estate home sales are down by 35%.

The revised interest rate should bring home sales down even lower. Until the inflation rate drops significantly, both home purchases with financing, and carrying costs will continue to be expensive.

'With interest rates as high as they are, sellers may be deterred from selling since they will be in the same boat as other buyers searching for another affordable property.'

The only upside is those who must purchase a property, will be able to negotiate a good price if they can find the right property. With interest rates as high as they are, sellers may be deterred from selling since they will be in the same boat as other buyers searching for another affordable property.

Patience is required to ride out this storm unless one has the capital to take advantage of the situation.

Have a great week.

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Joseph Marovitch has worked in the service industry for over 30 years. His first career was working with families from Westmount and surrounding areas, hosting children between the ages of 6 to 16 as the owner and director of Camp Maromac, a sports and arts sleep away summer camp established in 1968. Using the same strengths caring for the families, such as reliability, integrity, honesty and a deep sense of protecting the interests of those he is responsible for, Joseph applies this to his present real estate broker career. Should you have questions please feel free to contact Joseph Marovitch at 514 825-8771, or josephmarovitch@gmail.com



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2. real estate opportunity
3. second home
4. state of the real estate market

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