



Real Estate Talk: Tales from 2022

Description

Real estate stories both inspiring and challenging from the past year

By **Joseph Marovitch**

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There are novels in each transaction a real estate broker works with. Some stories are inspiring, others challenging.

We will start with the inspiring. For years, close friends of mine expressed a desire to move to the country and live on a ranch. They had a very nice property in Montreal, and both were busy entrepreneurs with challenging but stressful jobs. They have a horse, which is ridden almost daily and provides an outlet and reprieve from the daily grind. Finally, when they were ready, I was requested to start searching for a property. Well, this year, a property was found.

The ranch was not far from the city and permitted both of my friends to commute back and forth for business and family. However, instead of dealing with traffic to get into the city, they are now able to enjoy a scenic and peaceful drive by lakes and through mountains to arrive at a large spread of property situated between panoramic views of the land and a river behind. The property includes a warm and inviting home as well as a barn for their horse. There is space for a corral or three, and a long inviting driveway up to the house. The property is inspiring in its beauty and quiet tranquillity, and the couple is very pleased that they achieved a life goal.

It is amazing how fast we find meaning in the simpler things when we face our mortality, as we all did during the pandemic.

The next story is just as inspiring. It is inspiring when people achieve their dreams and acquire a place to live that makes them truly happy.



During the pandemic, people re-assessed their lives. We decided what is important and has meaning and what does not. Before the pandemic, many believed their work was their life or worried about what others thought of them. Then we all wore masks because we thought life itself is important. Not just existing and meeting daily challenges but quality of life. It is amazing how fast we find meaning in the simpler things when we face our mortality, as we all did during the pandemic.

In this context, many decided it was time to find a property away from the densely populated cities, not just to avoid getting COVID but also to breathe fresher air, find peace and quiet, and try to get back a clear perspective.

'It is inspiring when people achieve their dreams and acquire a place to live that makes them truly happy.'

I bike ride daily during the summer. One day I was biking with a friend of mine. As we took a break by the river and sat on a park bench, my friend expressed that they would like to sell their home in the city and move to a beautiful rural town in the Townships, surrounded by mountains and friendly people. The idea was to purchase property and build a house.

At the height of the pandemic, many people were thinking the same thing, so with high demand, low supply, and a broken supply chain for labor and materials, the costs would have been high and the time to completion would have been long.

After a period of searching for the right location, we concluded that it might be cheaper and easier to purchase an existing home. Then, by being on the lookout for new properties, luck smiled on them and they found a beautiful house near a lake, with a breathtaking view of the mountains, beautiful bike routes, friendly neighbours and within a fifteen minute walk of the heart of the village – a true sanctuary.

The next story was the challenge, which many buyers probably experienced through the pandemic.

I met a wonderful family that recently arrived in Canada. They arranged an apartment to live in upon their arrival and expressed that they wished to purchase a permanent home. They had a specific style and location in mind, so the search was easily narrowed to what they wanted.

However, the pandemic caused the market to change drastically. Demand grew exponentially, and supply reduced due to sellers not wishing to sell during COVID. The effect of this was that for every house new to the market, there were 15 to 20 buyers.

'... the pandemic caused the market to change drastically. Demand grew exponentially, and supply reduced due to sellers not wishing to sell during COVID.'

Purchasing a house was no longer a negotiation but instead a bidding war. Over one year, we visited countless homes and provided several offers. The challenge was that there being so many buyers, each property would receive several offers within 48 hours or less. Near the end of the year, as the pandemic eased and interest rates rose, multiple offers ceased, and prices decreased. In the end they purchased a beautiful home in the location they wanted.

Sometimes you must wonder if the expression "Meant to be" is accurate.



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State of the market

CPI today (inflation rate) 6.8%

Canada prime rate 6.45%

TD 5-year fixed 5.56%

The December 12, 2022 *Financial Post* states that **Tiff Macklem**, the Bank of Canada Governor, indicated rate hikes will continue until the inflation rate is at 2%. Well, today the inflation rate decreased to 6.8%, so we have a way to go.

'With the current rate hike and further rate hikes to come, as Macklem states, we will see more and more mortgage defaults and foreclosures along with falling real estate prices.'

Once again, note that the inflation rate is influenced by interest rates, however, it is also influenced by world events. War and politics affect the supply chain and world economies. While the U.S. is about to supply Patriot missile systems to Ukraine in a \$1.8 billion security assistance program, the result is unforeseen and can affect the supply chain further, along with the Canadian economy and the real estate market.

Some economists believe we are at the end of the pricing correction, however, there are just too many geo-political variables to know. With the current rate hike and further rate hikes to come, as Macklem states, we will see more and more mortgage defaults and foreclosures along with falling real estate prices. Have faith! We are in a correction and caught up with world events, however, eventually, everything works out for the best.

Have a great week, happy holidays and see you next year.

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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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