

The good sides of the new mortgage stress rules introduced by OSFI

From Jan. 2018, the new policy will affect all forms of mortgages, whether high ratio with down payment below 20% or low ratio with down payment above 20%.

TORONTO, ON, CANADA, November 8, 2017 /EINPresswire.com/ -- [Ali Salarian](#), Real Estate Broker and Vice President of Pay Per Service Realty, explains how the new mortgage stress rules introduced recently by OSFI are not all bad news. From Jan. 2018, the new policy will affect all forms of mortgages, whether high ratio with down payment below 20% or low ratio with down payment above 20%.

“I [projected](#) the price growth for the condos following the first mortgage rules introduced in Oct. 17, 2016. The second stress rules to be executed from Jan. 2018 will push condos price higher and freeholds lower” said Ali Salarian.

Salarian’s projection did prove itself this year, even after the market slowed down in April 2017. For the first time, the GTA condos market has been able to exceed the [20% growth](#) and to go ahead of freehold property till today due to less affordability. This trend continues with the new mortgage stress rules, which have a stronger effect since the rules cover all forms of mortgages. This means there will be more pressure on the bottom line price within \$700,000 price mark and below. This can also be translated into more price reduction for any property above the said price, especially a million dollar property and above. Those out of the GTA market like Kitchener-Waterloo, Niagara region, and London-ON will experience higher growth as well, which may include freehold property since their prices are still within the affordable price. As a result, we may see families with 6

members and above moving out of GTA. The remaining months of 2017 might experience increase in demand and supply. However, this demand and supply will later decrease by the first quarter of 2018 due to the implementation of the new rules. The condos market in GTA will continue growing till 2020 / 2021 when there will be increase in the supply of under construction units in the market; this might be the turning point for condos to slowdown, leading to a future of no big deference in price between freehold and condos and eventually the rental market will become more stabilized.

I agree with the federal government’s mandate to reduce the Canadian overall debts and make the property affordable for the next generation nationwide, but this has affected the metropolitan markets more than the other markets by imposing blanket policy on all markets. I believe in introducing different policies for different markets and allowing the provinces manage their domestic markets



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Ali Salarian

based on their economic performance.

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