

THE C21 EXECUTIVES REPORT

*The official publication of the Century 21 Executives Realty Ltd.
Okanagan Shuswap*

OUR MISSION: TO DEFINE AND DELIVER

THE GOLD STANDARD

IN CANADIAN REAL ESTATE.

TOP OF THE DAY TO YOU, FOLKS

The Real Estate Industry, the government, CMHC, and the banks have been anticipating increasing interest rates for years. In "BC" (Before Covid), they began to creep up, then Covid hit, and they took a nosedive and stayed down for a while. Those of us with hair growing in the wrong places remember the early 80s with interest rates hovering around 20%. I had a mortgage of 19%. It was not pretty. We will not see rates get anywhere near those rates for a very long time, if ever. However, we saw bank mortgage rates rise slightly last year.

The Bank of Canada has now increased the overnight lending rate (ONL) from .25% to .5%. The overnight lending rate is the banks' rate when they loan money back and forth between each other. The rate is set at eight specific times each year. It is one of the many factors banks use to set mortgage rates.

*What's in this
newsletter:*

MARKET UPDATE - 1

BOC & INTEREST
RATES -2

MARKET STATS - 3



Spring has sprung - Okanagan Shuswap - Vernon Morning Star

Bank of Canada increases ONL rate 0.25%

The rise in the ONL rate in February tells us two things. On the one hand, this is very significant and shows that interest rates are definitely rising. However, on the other hand, it also indicates that those increases will not be substantial. My expectations for 2022 are probably to see one or two more rises in the overnight lending rate put out by the Bank of Canada this year. It will likely be .25 % for each. We will probably see another 1/2 to 3/4 percentage point increase in the mortgage rates that the various lenders' post. However, the rates are still ridiculously low compared to historical rates.

The biggest question on people's minds is how much of a difference this will make to the real estate industry in our local area and across this country?

I can sum that up with two words, "not much." If you look at the stats machine attached, the absorption for February is up again in all three zones. The total inventory is down again compared to last February. These statistics tell us that supply is continuing to decrease, and demand is continuing to increase. Supply and demand are the two fundamental driving forces to the RE Industry. Interest rates will have to rise substantially to make a difference with these two forces.

Additionally, we are now seeing Edmonton and Calgary in full recovery mode as well. Both these cities have been struggling for a while and are reporting an increase in multiple offers on a single property; prices, sales and absorption are also rising. Demand is increasing, and supply is decreasing. Most of the country is in either a strong recovery or a boom Real Estate Market. I don't see that changing any time soon.

However, that is just the world, according to Bill.

“

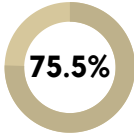
The biggest question on people's minds is how much of a difference this will make to the real estate industry

”

Residential Market STATS

FEBRUARY 2022

CENTRAL OKANAGAN



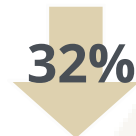
ABSORPTION RATE %



DAYS ON MARKET

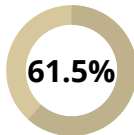


AVERAGE PRICE



INVENTORY

NORTH OKANAGAN



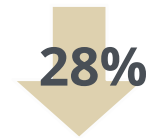
ABSORPTION RATE %



DAYS ON MARKET

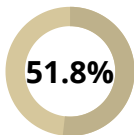


AVERAGE PRICE



INVENTORY

SHUSWAP



ABSORPTION RATE %



DAYS ON MARKET



AVERAGE PRICE



INVENTORY

***ABSORPTION RATE** is the percentage of the total inventory that sells on a monthly basis.

CENTURY 21.
Executives Realty Ltd.