

Helping First Time Home Buyers in Niagara: Preparation, Realism, and Optimism



Buying your first home can be a bit overwhelming. Particularly for those of us in Niagara right now.

Throughout 2016, Niagara residents had to deal with GTA residents branching out and claiming Niagara communities as their suburbs. While we may not be ready to let go of our small fry status – we may not have a choice! GO Train expansion plans and residential developments in several communities are making Niagara a desirable destination. Not to mention that a home in Niagara may cost nearly [\\$1 million less than the equivalent home in the GTA](#).

Our communities have a lot to offer to both native and new Niagara residents. Unfortunately, this real estate trend also offers a [host of challenges for Niagara](#)'s first time home buyers.

Availability & Affordability

With fewer homes for sale and an influx of buyers, an extremely competitive market has emerged. In the search for a first home, Niagara residents are struggling with the issue of affordability. For years, Niagara's real estate market was undervalued. That has changed in the last 2 years, with the average sales price jumping from \$272,813 in 2015 to \$337,888 in 2017. These prices remain small potatoes for GTA buyers, but may seem like huge vats of boiling oil for Niagara residents. In

a region that faces lower average incomes, residents often struggle to save the necessary down payments and secure the proper financing for first time home purchases.

As [Niagara realtor Jordan Clark](#) surmises, “We are currently experiencing the lowest market inventory we have had in Niagara in 15+ years, mixed with the quickly increasing prices this does not allow for a great deal of selection or time for lengthy consideration. When a buyer does find a house that fits their criteria they have to act diligently and with speed to ensure they can obtain the property. Many listings end up in competition which adds to the difficulty and causes many purchasers to drop their home inspection and financing condition rights as well as put down a hefty offer to ensure they secure what they want, often times even this does not guarantee a successful purchase!”

Areas	Number of New Listings		Number of Sales		Average Sale Price		Average Days on Market	
	2015	2016	2015	2016	2015	2016	2015	2016
Fort Erie	1,080	1,051	692	826	\$233,122	\$270,935	81	58
Fonthill/Pelham	449	407	283	325	\$403,110	\$461,127	67	45
Lincoln	496	448	391	388	\$365,112	\$419,923	43	36
Niagara Falls	2,185	2,190	1,563	1,976	\$264,327	\$324,387	59	46
Niagara-on-the-Lake	658	580	422	439	\$504,416	\$620,419	98	68
Port Colborne/Wainfleet	624	560	406	474	\$220,328	\$264,404	65	52
St. Catharines	3,210	2,925	2,327	2,536	\$254,645	\$299,182	40	28
Thorold	528	553	360	459	\$240,255	\$298,210	52	34
Welland	1,099	1,138	845	1,018	\$217,658	\$237,880	51	33
Niagara Total:	10,329	9,852	7,289	8,441	\$272,813	\$321,395	56	40

Note: Numbers of sales reported on properties listed on the Multiple Listing Service (MLS) of the Niagara Association of REALTORS (NAR).

Source: [Team Berkout Bosse](#)

Financing

Adding to the woes of Niagara’s first time home buyers, CMHC introduced new mortgage guidelines for buyers in 2016. For mortgage applicants that cannot afford a 20% (or more) down payment, they must now pass a stress test. They must be able to afford the bank rate of their potential mortgage (around 4.64% now), instead of the promotional rates (around 2.5% now). This means first time home buyer’s purchasing power is reduced. The guidelines were meant to protect buyers from overspending today in case mortgage rates rose in the future. Unfortunately, this means that many first time buyers can’t buy anything until the future when they have bigger down payments.

How to Get Ahead

So with a real estate market akin to vats of bubbling oil, how do Niagara residents wade through the potatoes to find the perfect small fry of their own?



Build up your down payment:

Meet with a financial advisor to create a plan for saving for a home (it may include investments, preauthorized savings withdrawals, fewer trips to Beechwood Donuts, etc.) and start saving early in any way you can.

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Above all, remain optimistic and flexible... and try not to get overwhelmed or discouraged. Realtor Jordan Clark notes that "I find myself more and more acting as a counsellor and life-coach to ensure my buyers are keeping in a positive state of mind so they don't abandon their search and remain a life-long renter handing over the majority of their hard earned money to some landlord instead of building equity and truly having a place they can call their home." Homes may be more expensive, and competition may be steep, but we are a resourceful bunch. With the help of a good financial advisor, a dedicated realtor, preapproved financing, and a dash of planning and patience, the majority of Niagara residents can look forward to owning their first home.