

6 things every home buyer should know before buying a house

As housing prices fell for the first time since 2013 this past August, according to RBC, Canadians may think it's a good time to buy a new home.

But as homebuyers compete for properties, they risk overlooking some important details when undergoing the overwhelming homebuying process in haste – details that could make or break their experience.

It can be a stressful experience as well, especially for next generation homebuyers, a survey by Mortgage Professional Canada found. In fact, stress levels were the highest in Toronto, followed by the rest of Ontario and Vancouver – the lowest stress levels were found to be in Atlantic Canada and Quebec.

So to avoid getting lost down the rabbit hole, Dianne Usher, director at large on the board of directors for the Canadian Real Estate Association, offered some tips that will be beneficial to both first-time homebuyers and veteran homebuyers.

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What to buy and when

According to Usher, there isn't one golden opportune time to buy property but there are a few moments throughout the year that prove to be advantageous to home buyers.

"There's no real bad time to buy a house," Usher says. "It depends on why and where you're looking. Often markets are considered to be slow at certain times of the year, like the mid-summer or over the holidays and beginning of the year. If you're thinking of buying, often if somebody's on the market in the summertime for example, [homesellers] are highly motivated to sell so you can sometimes get a better deal."

However, come Fall and in the Spring, there are more options to choose from, Usher says.

"So you can wait and buy when there's a little bit more to choose from, but there's also more competition," she warns. "There are pros and cons to both approaches and it all depends on your situation."

The strongest type of dwelling in today's market, Usher says, continues to be the condo. Part of the reason for this is because society is becoming more urban.

"Secondly, what we got is two generations vying for the same product," she adds. "You've got the Baby Boomer generation wanting a more urban lifestyle and downsizing into condos. Then you got the Millennials that want to get their feet wet in the real estate market and they're buying condos as well. So that's why this market is a little stronger today than the freehold market."

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Do your homework

“Real estate purchase of a home – regardless of whether it’s a condo, a home or garden home – is a very emotional decision,” Usher explains. “So people forget sometimes to do their homework and to think things through.”

For example, it’s important to understand the historical data so that you know what you’re buying and where you’re buying so that you, the homebuyer, understands the nuances of the neighbourhood.

Know what you’re buying

“Ensure that you’re getting what you think you’re getting,” Usher says. “Get an inspection of the property – condo or freehold home.”

Even when it comes to a condo, it’s important to know the health of the condo building you’re buying in, Usher adds.

“This means knowing the financial health of the building, as well as the physical health of the building,” she says.

Understand your surroundings

Often buyers will go house shopping and visit open houses and start the process of buying right away because it’s an active market, Usher says. But before you do, research the neighbourhood.

“Get to know the neighbourhood of where you plan to buy,” Usher advises. “Figure out crime rates, parking lots – is that parking lot going to become a condo tower, for example. Also, understand the zoning and what you can and can’t do with property.”

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The financial aspect

“When you’re buying a property, it costs you to buy a property,” Usher says. “Understand those costs that come with buying a house, like legal fees, land transfer taxes in some communities, a possible foreign buyer’s tax, etc.”

A realtor can be a big help to guide any homebuyer through this process, Usher says, including getting pre-approved for a mortgage (which shopping homebuyers should do, Usher advises).

Even condos come with extra fees like condo fees.

“It’s a good idea to have a realtor help you because even building developers are only working for the building developer,” Usher points out. “They don’t have any obligations to the buyer. So there are often some hidden costs associated with new constructions.”

Don’t get emotional

The most common mistake homebuyers will make is to get caught up emotionally in the process, Usher says.

“Particularly if it’s a multiple offer situation, it’s easy to get caught up in the emotion and for homebuyers to get caught up in themselves,” she adds. “You might not be able to close the property if you require financing. They’ll get caught up in the emotion even before checking if they can afford the property.”

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