

Rate hikes won't stop inflation says real estate president

by Chris Cooke

Bank of Canada interest rate increases will impact the real estate and housing markets but will do little to curb inflation.

That is the view of Rob Longo, a Coldwell Banker broker and president of the Sarnia Lambton Real Estate Board.

Real estate sales flattened during the past month down 20 per cent as interest rates increased.

"As the Bank of Canada increases it impacts real estate but does little to curb inflation," adding "housing prices remain stable in Sarnia Lambton but new listings are increasing and eventually the market will shift from seller to buyer."

And while that hasn't happened he expects it will. "A lot of buyers are unhappy with the Greater Toronto Area and are discovering Sarnia," says Longo. "The migration is just beginning and the pandemic led buyers and potential buyers to discover they could work from home and not necessarily in the GTA."

The median Sarnia house price recently topped \$520,000 and properties that sold in a day or two earlier in this year are averaging eight or nine days and selling slightly above asking.

"We aren't seeing the highs and lows of Greater Toronto. I like to believe we are getting back to a more traditional market. There is a lot of inventory, the market has cooled and buyers can take their time and look around."

In recent weeks, new listings were up substantially from last spring.

Longo describes recent price increases as "healthy" compared to surrounding areas. Sarnia remains "affordable".

He views it this way.

"When you look at Strathroy and Sarnia and Strathroy is \$300,000 higher where would you prefer to live? Sarnia is more affordable and has amenities. Sarnia has a waterfront, parks and a beautiful location that is attracting the attention of those trying to get out of the traffic and congestion of Toronto."

Longo describes working from home as the "great equalizer". He says, "the neat thing is it attracts young people and younger families. It isn't all about retirees and pickle ball courts."

But Longo is concerned about the Bank of Canada and its focus on interest rates. There have been four increases in recent months and he suggests it is causing buyers to "pause".

Longo asks "does raising rates help you (First Monday) buy paper? Does it curtail supply chain shortages? Does it curtail inflation?"

Other than hurt the housing market Longo suggests it does little else. "It will cool housing prices and disincentive home builders but it won't slow inflation."



Rob Longo

Longo says the problem continues to be too many buyers and not enough houses adding that Sarnia's new official plan which is being forwarded to Lambton County and the Province of Ontario for approval won't provide a solution for eight to 10 years. "It will be that long before we see bulldozers in Brights Grove."

Longo says the city was originally "shortsighted" with its draft official plan which curtailed growth to a small area in Heritage Park. Following protests from realtors and home builders the city expanded its urban boundary to include Brights Grove.

"As much as the city tries it can't stop growth," says Longo. "It can't say no. It might as well build in Brights Grove and at least get the revenue out of it instead of all the expense."