

Calgary family home sells easily

Prominence Patterson named one of Calgary's top 10 neighbourhoods of 2013



by Romana King



(www.NancyBall.ca)

Area: Prominence Patterson, SW quadrant, Calgary, Alberta

Address: 119 Patterson Dr. SW

List Price: \$849,900

Sale Price: \$849,900

Sold for 100% of list price

Days On Market: 8

Number of offers: n/a

House size: 2448.8 square feet

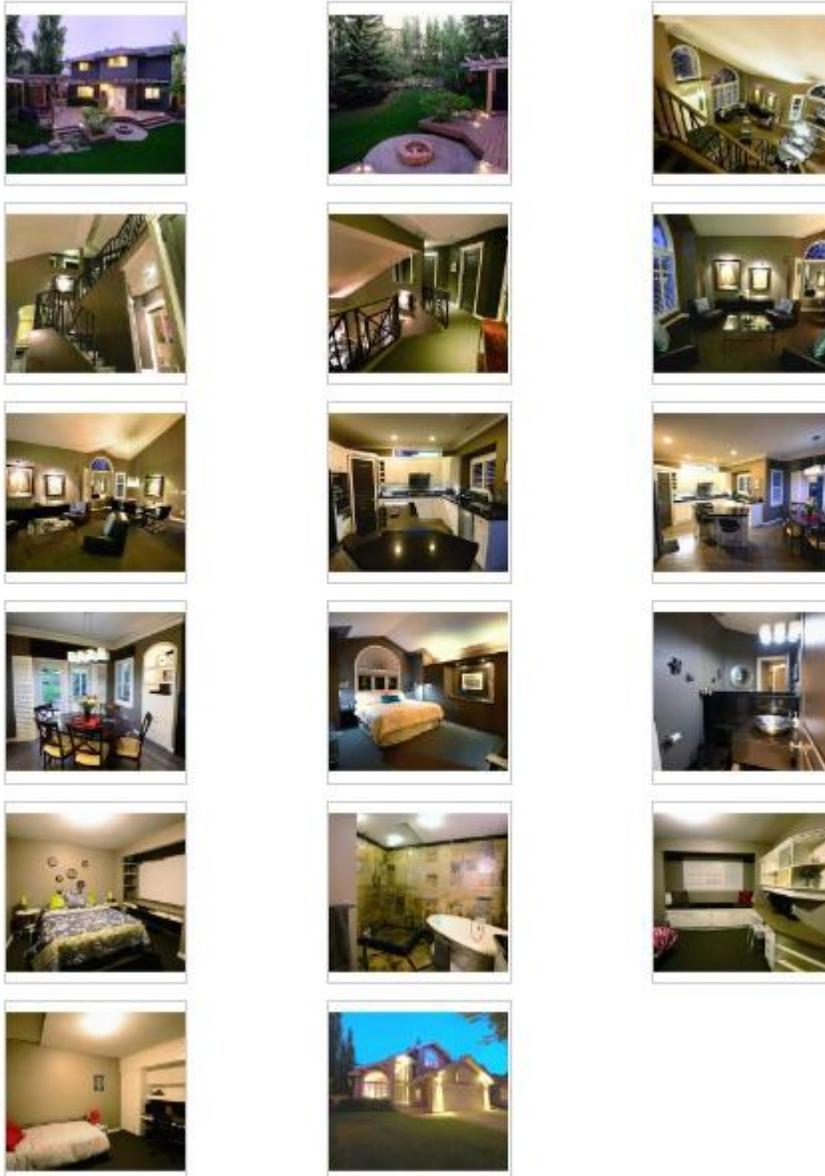
Lot size: n/a

Bedrooms: 4

Bathrooms: 3

Property Taxes: \$4,280 (2013)

Listing Agent: Nancy Ball, CIR Realty, Calgary, AB



What you need to know:

A modern, updated detached 4-bedroom in an neighbourhood MoneySense magazine identified as one of the Top 10 Best Deals in Calgary real estate in 2013. The renovated home, which includes 9-foot ceilings, built-in cabinetry, a landscaped backyard retreat and a grand staircase, prompted a sale in just over a week.

Money matters:

Since the new owners bought it as their new family home, they only needed to make a down payment of 5% (which works out to \$42,495), however, for our calculations we assume a 20% down payment (which works out to \$169,980).

For qualification purposes all lenders are now required to qualify borrowers based on the current 5-year fixed posted rate (currently at 4.79%) and based on a 25-year amortization. That means the new owners would've needed to show that they could afford monthly mortgage payments of \$4,462.

However, the new owners would've gotten a much better rate, such as a 5-year fixed at 3.19%, which would've dropped their monthly mortgage payments to \$3,284. If they made monthly payments and no pre-payments throughout the term at the end of five years the balance on the mortgage would be \$583,265.

Bottom line:

This neighbourhood was ranked #8 in MoneySense's Best Places to Buy Now (2013) ranking (the full list was not published online, but the article that lists the top 5 neighbourhoods can be found here). The Prominence Patterson neighbourhood is predicted to hold its value over the next five years, so, assuming a conservative annual appreciation of just 2%, this home could be worth \$938,358 in 2019. After mortgage payments, the owner's equity would be \$583,499.

However, the new owner will need to keep in mind the impact of interest rate creep. Assuming mortgage interest rates will start to rise at the end of 2015, and will rise no more than 0.25% in any one quarter, the new owner could be faced with renewing a \$583,265 mortgage at rates closer to 4% or 5% (assuming a discounted interest rate). If they didn't extend and kept their amortization at 20 years, they could be looking at monthly mortgage payments between \$3,525 to \$3,833 per month. They can afford the impact of interest rate creep now, by increasing their current mortgage payments or making lump sum payments during the next five years. By doing this they would increase the equity in their home and reduce their monthly mortgage payments when it comes time to renew, and they'd still be living in a beautiful home in one of Calgary's best value neighbourhoods.

<http://www.moneysense.ca/spend/real-estate/family-home-in-sw-calgary/>