



# The Ottawa Region Report

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## Ottawa Market- how is it going?

The scenario we described earlier has unfolded.

They say "a picture (or graph in this case) is worth a thousand words". The market is slowing down for the summer and the phenomenon started in April when we saw a small dip in Sale prices which in what we witnessed expressed: 1. Buyer exhaustion of multiple offers and some just abandoning the idea of buying, 2. More inventory coming on the market, providing some options for buyers and allowed them to discriminate a bit and holding back for better next listing. The announcement of the tightening in mortgage qualifying rate policy did create a bit of a short-term rush in May when buyers wanted to beat the 1<sup>st</sup> of June deadline, particularly once it was clear that insured mortgages (purchases with less than 20% down) by CMHC would also be affected by this policy.



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## Ever wonder why the Ottawa market reacts differently than Toronto or many other cities in Canada?

The answer is simple. Real Estate is a local matter mostly. First it reacts to "security of income", which thanks for the federal, provincial and municipal government presence here provides to

## WHAT'S IN THE NEWSLETTER

### Ottawa Market- how is it going? / Ever wondered why the Ottawa market reacts differently/A Little Funnyx2

Ottawa Board Residential & Condominium Sales Year-To-Date up to June 2021 and % change since last year

TYPE	# UNITS 2020	# UNITS 2021	% OF CHANGE
1.5 Storey	145	221	52.4
2 Storey	3,519	5,251	49.2
3 Storey	364	515	41.5
Bungalow	1,358	1,942	43.0
Double/SBS	6	9	50.0
Duplex- Up/Down	43	77	79.1
Hi-Ranch	178	292	64.0
Split	257	304	18.3
Other	8	16	100.0
Condominium	1,797	2,771	54.2

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**Residential and Condominium Sales  
(Year-to-date up to June 2021)  
And % change over last year**

well over 50% of employment security. The second parameter is "interest rate" and we know that one has been pretty stable and low for over two decades now. Interest rate directly affects your monthly payments. Posted rate was much higher in 80's, 90's and has remained under 6% since 2010. Discounted rates of course being well below that. Consequence: The buying power is basically stable for over a decade.

What pushes the prices up? Or down?

Generally speaking: an imbalance in demand and supply. A sudden surge in supply or a sudden surge in demand.

On the supply side: Ottawa has had the benefit of much sprawling since the 70's supported by municipal and provincial policies, allowing to a lot of land supply for builders. Recently it has been done mostly through intensification (increasing the number of units that can be on a given lot- change of zoning has been prevalent since the announcement of the LRT).

On the demand side, demographics (boomers and Millennials are larger groups), employment growth (high tech & government employment growth mostly) and immigration to the City (immigrants are attracted by prices of home, employment type and stability) has been drivers for most of increase in demand in Ottawa. The fact that Ottawa is considered a "green city" with lots of accessible green space makes it a destination for many people wishing to leaving the Toronto belt or other denser urban centres.

Covid-19 accelerated what was to happen: Millennials and some Generation Y leaving home, Boomers accelerating the retirement plans due to availability of work from home and the opportunity to sell high and buy in less expensive area, Cottage/Rural living now possible with Hi -speed internet improving.

We hope this continues to be a useful read for you all. Any suggestions on topics you would like us to address is welcome.

Feel free to give us a call if you have any questions. We will keep you informed on development, and of course we remain in constant contact with our clients who are/plan to buy or sell this year.

**Lysanne Brault and Dan Mayer**

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PRICE RANGE	2020 # OF SALES	2021 # OF SALES	% CHANGE
Under \$100,000	27	17	-37.0
\$100,000-\$149,999	62	33	-46.8
\$150,000-\$199,999	145	59	-59.3
\$200,000-\$249,999	350	179	-48.9
\$250,000-\$299,999	508	345	-32.1
\$300,000-\$349,999	700	531	-24.1
\$350,000-\$399,999	640	714	11.6
\$400,000-\$449,999	902	834	-7.5
\$450,000-\$499,999	1,021	721	-29.4
\$500,000-\$549,999	805	832	3.4
\$550,000-\$599,999	598	1,031	72.4
\$600,000-\$649,999	493	1,120	127.2
\$650,000-\$699,999	384	955	148.7
\$700,000-\$799,999	473	1,433	203.0
\$800,000-\$899,999	226	927	310.2
\$900,000-\$999,999	143	631	341.3
Over \$1000000	240	1,084	351.7
Total	7,717	11,446	48.3

**A little funny:** I sent the "Ancestry" site some information on my Family Tree and they sent me back a bag of seeds and suggested I just start over

**Another one for luck:** I accidentally rubbed some ketchup in my eyes and now I have Heinzsight.