



The Ottawa Region Report

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Direct: 613-794-8890



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Dan Mayer, Sales Representative

Lysanne Brault, Broker

WHAT'S IN THE NEWSLETTER

Ottawa Market / New measures that may affect the Ottawa Market/A Little Funny+

Ottawa Board Residential & Condominium Sales Year-To-Date up to March 2022 and % change since last year

TYPE	# UNITS 2022	# UNITS 2021	% OF CHANGE
1.5 Storey	44	34	29.4
2 Storey	924	1,078	-14.3
3 Storey	102	96	6.3
Bungalow	273	344	-20.6
Double/SBS	2	3	-33.3
Duplex-Up/Down	17	14	21.4
Hi-Ranch	48	56	-14.3
Split	67	63	6.3
Other	0	1	-100.0
Condominium	518	577	-10.2

***The Board cautions that averages sale price information can be useful in establishing trends over time but should not be used as an indicator that specific properties have increased or decreased in value. The average sale price is calculated based on the total dollar volume of all properties sold.*

Ottawa Market

The market started strong in mid-January 2022 and seems to be losing some steam since March both on the supply and on the demand side, as a combination of factors came into play at the same time: 1. the release of many Covid measures, 2. the slight increase in interest rate and 3. the March break which for the first time in 2 years brought many Canadians to travel and take their attention to entertainment activities. This reduced both the number of homes coming on the market as well as the number of buyers shopping in March and in April which lead to lesser number of competitive "bidding wars", in some price ranges, house/condo categories and areas than others. For Ottawa, it is also worth noting that the military transfers are back in 2022 (after a quasi-halt in 2020-21). However postings are delayed by a few months and should impact the market later, e.g. May-July transactions rather than spring figures. The number of days on the market on average is increasing, in some cases to double digits. So, all in all, we may get a delayed "spring market".

In addition, it is worth mentioning that Covid accelerated many moves: both Millennials and generation Y (leaving home), as well as Boomers (fast tracking retirement move). The first-time buyers impressive demand provided an incentive for second time buyers to move to a larger home that provided much sought after "home office" space. This high activity may have borrowed from the future demand, and we may live a bit of a lull this spring.

New measures that may affect the Ottawa Market

With the year 2022 came many policy changes and budget proposals which may affect the Canadian Real Estate market. Which ones will affect the Ottawa market?

1. The Foreign buyer measure will now apply to all over Ontario will marginally affect the demand is the economists' consensus
2. Bank of Canada will continue to raise the bank rate this year possibly to a total of 2% to counter inflation. This may have two effects to those buyers who were buying at their ratio's limits*, either they will postpone their purchase, or they will reduce their expectancies and buy something less expensive. Either way, the impact of a cumulative increase by 2% is significant



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Direct: 613-794-8890

Toll Free: 1-888-830-8757

E-mail: lbhome@lbhome.ca

Website: www.lbhome.ca

New measures that may affect the Ottawa Market (continued)

and means on a \$800,000 purchase with 10% down payment, an increase in monthly payment of about \$800 per month on a \$742,320 mortgage (4.5 to 6.5% rate increase). For Ottawa owners, who are at least 50% employed at some level of government on a fixed salary, this will be difficult to absorb. Therefore, a reduction of expectancies or delayed purchase is more than likely for anyone who had planned to buy anywhere close to their maximum debt ratios*

3. Ottawa ban on vacant homes (more than 6 month) entering effect in 2023, will have a good short-term effect in both dampening the interest of investor doing “buy and hold” added to the foreign investor measure, will help the supply side and rental market

4. Ontario government first phase of “More homes for Everyone Act” will tackle the housing shortage by implementing measures, including working with municipalities to get homes built faster. This is a good start.

5. The support measure to the demand side are a bit counter intuitive as it will increase demand, but likely aligned to the medium term of increased supply: First time buyer Tax free savings account to help with down payment (on top of existing RRSP plan) allows for easier accumulation of downpayment

6. Finally the immediate saving offered by the doubling of the First time Buyer Tax Credit may help counter the interest rate increase (retroactive to Jan.1st 2022)

7. Other funding will have either a mid to long terms effect or on a both large and specific pockets of the population (double house building in next 10 years, co-op housing, homelessness funding etc)

*GDS: gross debt service ratio- TDS: total debt service ratio

Reminder: if you are thinking of buying an investment property? The City of Ottawa has new Landlord and

Tenant Rules: <https://ottawa.ca/en/news/tenants-and-landlords-both-need-review-new-city-law>

Feel free to give us a call if you have any questions.

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PRICE RANGE	2022 # OF SALES	2021 # OF SALES	% CHANGE
Under \$100,000	1	10	-90.0
\$100,000-\$149,999	6	16	-62.5
\$150,000-\$199,999	16	20	-20.0
\$200,000-\$249,999	19	93	-79.6
\$250,000-\$299,999	81	158	-48.7
\$300,000-\$349,999	178	231	-22.9
\$350,000-\$399,999	186	305	-39.0
\$400,000-\$449,999	226	348	-35.1
\$450,000-\$499,999	246	298	-17.4
\$500,000-\$549,999	256	304	-15.8
\$550,000-\$599,999	240	404	-40.6
\$600,000-\$649,999	340	467	-27.2
\$650,000-\$699,999	368	371	-0.8
\$700,000-\$799,999	728	567	28.4
\$800,000-\$899,999	521	384	35.7
\$900,000-\$999,999	305	252	21.0
Over \$1000000	645	394	63.7
Total	4,362	4,622	-5.6

Two little funnies:

How did doctors come to the conclusion that exercise prolongs life? The rabbit is always jumping, but it lives for only 2 years. The turtle that doesn't exercise at all, lives 400 years.

AND: TEACHER: Donald, what is the chemical formula for water?

DONALD: H I J K L M N O. TEACHER: What are you talking about?

DONALD: Yesterday you said it's H to O.