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RealEstate*Views*

Ottawa's Resale Market Thrives Despite Pandemic



Members of the Ottawa Real Estate Board (OREB) sold 1,002 residential properties in December through the Board's Multiple Listing Service® System, compared with 757 in December 2019, an increase of 32.4%. December's sales included 710 in the residential property class, up 33.7% from a year ago, and 292 in the condominium property class, an increase of 29.2% from December 2019. The five-year average for total residential unit sales in December is 779.

"Our market performance in December capped off a year for resales that clearly shows a market that continued to thrive even through the challenges of 2020. December sales brought our year-to-date numbers at year-end to within 2% of 2019. There was a slight slowdown typical of December around the holiday season; however, the market continued its overall momentum and remained more active than usual," states Ottawa Real Estate Board's (OREB's) 2021 President.

"At the start of the pandemic, we didn't know what to expect. We had a momentary stall as did most businesses; however, once real estate was deemed to be an essential service, REALTORS® worked with Buyers and Sellers to ensure safety in the process, and the market picked back up and accelerated past all expectations throughout the remainder of the year."

The total number of residential and condo units sold throughout 2020 was 18,971, compared with 18,613 in 2019, increasing 2%. Residential property class unit sales went up by 3%, with 14,455 properties exchanging hands last year compared to 14,030 in 2019. Condominium property class sales decreased slightly by 1.5%, with 4,516 units sold in 2020 versus 4,583 in the previous year.

December's average sale price for a condominium-class property was \$355,982, an increase of 14.4% from a year ago, while the average sale price of a residential-class property was \$603,880, an

increase of 20.6% from December 2019. Year-end figures show an average sale price of \$582,267 for residential-class properties and \$361,337 for condominium units in 2020. These values represent a 20% and 19% increase over 2019, respectively.

"When analyzing the year-end figures, what clearly stood out was that although the number of units sold was only slightly higher than last year, the Total Sales Volume topped a record-breaking \$10 billion compared to \$8.2 billion at the end of 2019. This is, in effect, a stark illustration of the increase in Ottawa property values over the course of the year. For example, in 2019, 35% of properties purchased were sold at or below \$400K, while in 2020, only 16% of homes were. The market is certainly exhibiting a major shift in terms of availability in lower price ranges," OREB's President points out.

"At the end of 2020, average prices increased by 19-20% over this time last year. In 2019, we saw a 9% overall increase for both residential and condo properties compared to 3-5% in 2018 and 3-7% in 2017. These substantive increases in property prices from year to year can be attributed to a variety of factors: the inventory shortage triggering economic supply and demand realities, the multiple-offer phenomena, the record-low mortgage rates increasing purchasing power of Buyers, migration of Buyers from larger markets with high returns to spend, and so forth."

"I believe that Ottawa is just coming into its own as a national capital city. As such, it is resilient and sheltered in a way that other markets are not – with consistent government and tech sector employment that is particularly conducive to working from home as our current circumstances have required. We may have been privileged with lower price thresholds in previous decades, but perhaps the market is now beginning to reflect the real estate property values of a national capital."

"Going forward, I fully expect Ottawa's resale market will continue to be robust in 2021. There are no indicators to suggest that this is an overheated market – it is simply very active, insulated, and strong. One that has only been mildly shaken by a world-wide pandemic," OREB's President concludes.

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REAL ESTATE NEWS



Royal LePage: Canadian home prices forecast to rise 5.5% by the end of 2021 as low inventory and unmet demand set to fuel price increases

Tech and government sector expansion to drive Ottawa prices up 11.5%

According to the recently released Royal LePage Market Survey Forecast, the aggregate price of a home in Canada is set to rise 5.5% year-over-year to \$746,100 in 2021, with the median price of a two-storey detached house and condominium projected to increase 6.0% and 2.25% to \$890,100 and \$522,700, respectively.

"The leading indicators we analyze are pointing to a market that favours property sellers in the all-important spring of 2021," said Phil Soper, president and CEO, Royal LePage. "Across the country, a large number of hopeful buyers intent on improving their housing situation were not able to find the home they were looking for this year, as the inventory of properties for sale came nowhere near to meeting surging demand. With policy makers all but promising record low, industry supportive interest rates to continue, we do not see this imbalance improving in the new year. The upward pressure on home prices will continue.

"There was a clear shift towards larger properties and single-family dwellings in 2020, as families repurposed homes to become their office, school classroom, gymnasium and restaurant during the pandemic," Soper continued. "We expect this trend to moderate as life returns to normal in the months ahead.

The value of single-family houses and homes outside of major urban markets are forecast to continue to outpace city core condominiums in the year ahead, driven both by Canadians seeking larger homes in a time where remote work has become more commonplace, and broad-based demographic trends, including baby-boomer retirement.

"The first half of 2021 will be something of an economic and social tug-o-war between advancing medical science and surging housing demand," concluded Soper. "The real estate brokerage

industry has developed protocols that allow us to safely sell property during the pandemic, yet some would-be sellers will remain cautious and not list their properties while high levels of COVID-19 transmission remain the norm, restricting available housing supply."

The Ottawa Market

In Ottawa, the aggregate price of a home in 2021 is forecast to increase 11.5% year-over-year to \$624,000. During the same period, the median price of a condominium is expected to increase 7.5% to \$417,900, while the median price for a two-storey detached home is forecast to rise 12.0% to \$656,300.

"Ottawa real estate continues to see high demand from Toronto buyers who are looking for less density and more outdoor spaces. Living in Ottawa gives you access to great schools and healthcare, a good job market and you can maintain a city lifestyle while affording a much larger home than what is offered in the GTA," said Jason Ralph, managing partner, Royal LePage TEAM Realty. "Many local buyers struggled to find what they were looking for in 2020 due to low inventory. With their return to the market in the spring coupled with continued demand from the GTA, prices are forecast to rise significantly."

Ralph added that while inventory is critical to a healthy spring market, demand is expected to continue to outpace supply.

"Ottawa has very low inventory across all housing types, and the single-family home market is especially competitive," said Ralph. "We do not see inventory relief coming in the spring, which is expected to result in multiple offers and further price increases. However, despite price gains, Ottawa remains very affordable compared to capital cities internationally, as well as large urban centres in Canada."