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Spring 2021

REAL ESTATE NEWS

March Resales Go Out Like a Lion

Members of the Ottawa Real Estate Board sold 2,285 residential properties in March through the Board's Multiple Listing Service® System, compared with 1,514 in March 2020, an increase of 51%. March's sales included 1,705 in the residential property class, up 47% from a year ago, and 580 in the condominium-property category, an increase of 65% from March 2020.

"A few factors contributed to the high number of resales in March," states Ottawa Real Estate Board (OREB) President. "Typically, real estate is heavily influenced by the weather, and we had remarkable and unseasonably warm temperatures last month, which facilitated Buyers' ability to view and purchase homes."

"Also, there was a significant uptick in the number of new listings that came onto the market. This total (2,798) was higher than the 5-year listing average, which hadn't happened since July 2020, when the first lockdown ended. Ongoing pent-up Buyer demand meant that most of the properties that came on the market in March were quickly acquired."

"Meanwhile, the 51% increase in transactions over last year can be attributed to the State of Emergency, which commenced mid-March 2020 and impacted overall sales that month. Measuring against a drastically reduced comparable made this year's figure jump," OREB'S President points out.

"Although the percentage of sales comparison may be somewhat skewed, multiple offers scenarios are undoubtedly escalating property values. Statistics show that in March 2021, almost 80% of the resales in the Ottawa area sold for more than the asking price compared to 60% at this time last year. However, this is not the case in every instance and the balance sold with 6% selling at the list price and the other 14% selling for less than the list price."

March's average sale price for a condominium-class property was \$437,041, an increase of 18% from last year, while the average sale price for a residential-class property was \$758,802, an increase of 35% from a year ago. With year-to-date average sale

year to date
highlights

MARCH 2021

With year to date average sale prices at **\$729,897** for residential and **\$415,054** for condominiums, these values represent a 32.2% and 16.9% increase over 2020, respectively.

BASED ON INFORMATION BY THE OTTAWA REAL ESTATE BOARD MARCH 2021



prices at \$729,897 for residential and \$415,054 for condominiums, these values represent a 32% and 17% increase over 2020, respectively.

"These accelerated price growths are purely a result of long-term inventory shortage. I don't believe that Ottawa's market is by any means out of control but rather is coming into its own. However, until there is action at all three levels of government to resolve our supply challenges, our housing prices are not going to stabilize. And this phenomenon is not occurring in our market alone; housing stock scarcity is a nation-wide issue."

(continued on next page)

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“We have already seen an upturn in new listings coming onto the market, and we are hopeful this trend will continue. In fact, there may be some pent-up supply as Sellers have held back during the pandemic even though the market has been more active than expected throughout.”

“Sellers will benefit from the advice of a REALTOR® who can ensure they are marketing and pricing their properties competitively and strategically. At the same time, Buyers continue to be challenged with a shortage of offerings and need to be equally strategic with the guidance of their REALTOR®,” OREB’S President concludes.

OREB Members also assisted clients with renting 1,079 properties since the beginning of the year compared to 746 at this time last year.

Royal LePage Survey: Nearly half of Canadians aged 25 to 35 own their home; one quarter of these homeowners have purchased a property since the onset of the COVID-19 pandemic

While Ottawa remains an affordable alternative to Toronto and Vancouver, it has seen its housing market appreciate over the last few years, due in part to increased demand from both local and out-of-town buyers, many in the age range of 25 to 35.

“Homes near Ottawa’s downtown have now become unattainable for some in this age group and many buyers look in the various suburbs outside the city centre, which are only a short drive away,” said a spokesperson for Royal LePage Team Realty “Since the start of the pandemic, clients’ priorities have shifted from location to space and affordability, and the lack of inventory is piling on added pressure to try and get into the market as soon as possible. There is a sense they may be priced out of certain areas if they don’t act quickly.

”He added that since last March, he’s seen an increase in younger buyers seeking larger properties, as well as current homeowners looking to upsize. They expect to see a shift back to the city once the pandemic is over, especially among this group.

Seventy-one per cent and 75 per cent of those surveyed in Ontario feel confident in their short-term and long-term personal financial outlook, respectively. Forty-three per cent say their desire to move to a less dense area has increased since the onset of the pandemic, and 56 per cent say the option of remote work has increased their likelihood of moving further away from their employer.

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Average Ottawa household spent 16% of its income on mortgage payments in 2020: study

The average Ottawa household spent 16 per cent of its income on mortgage payments last year, up slightly from 10 years ago but still well below the “affordability threshold” of 30 per cent, according to a new study.

Housing cost 14 per cent of the average household’s income in the capital in 2010, according to the report from real estate search portal Point2. While home prices jumped nearly 60 per cent in that 10-year span, the study said, household incomes failed to keep pace, rising about 37 per cent.

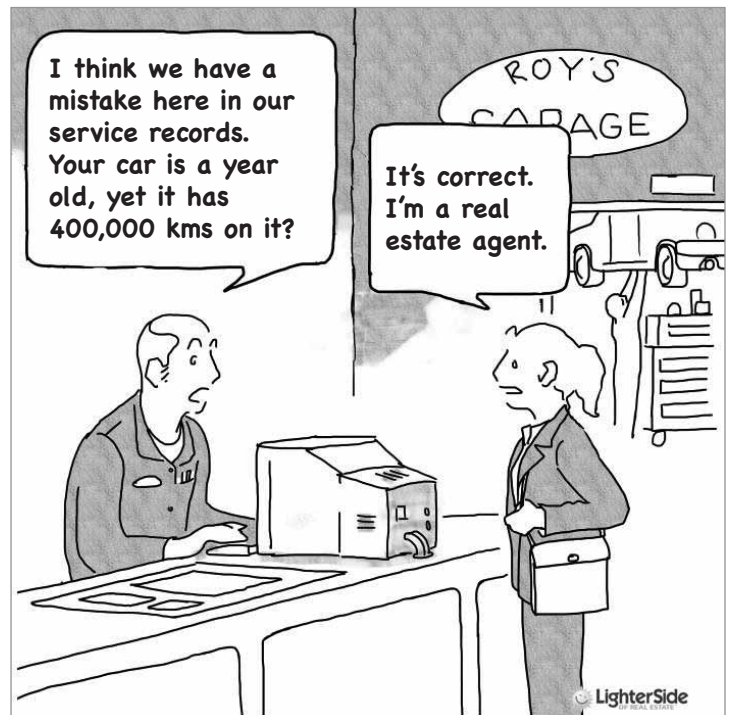
Point2’s study comes amid a sudden surge in local real estate prices in recent years that is raising questions about housing affordability in Canada’s capital, particularly for lower-income residents.

Canada’s least-affordable housing market is the Vancouver suburb of Burnaby, B.C., the study said. The average Burnaby household put nearly 45 per cent of its income into its mortgage in 2020.

Meanwhile, the Toronto suburb of Oakville topped Ontario cities on the unaffordability scale, requiring the average household to spend almost 44 per cent of its annual earnings on housing.

At the other end of the spectrum, Halifax took the crown as Canada’s most-affordable city. On average, households in the Nova Scotia capital spent less than 11 per cent of their income on mortgages last year, according to the study.

OBJ – Ottawa Business Journal



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