

REAL ESTATE NEWS



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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. The five-year average for total unit sales in March is 1,688.

"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 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."

"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.

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Royal LePage: Canadian recreational house prices forecast to increase 15% in 2021

According to Royal LePage, the aggregate price of a house in Canada's recreational regions is forecast to increase 15 per cent in 2021 to \$502,730, as demand continues to rapidly outpace inventory.

The aggregate price of a house in Canada's recreational property regions increased 16.0 per cent year-over-year to \$437,156 in 2020 compared to 2019. During the same period, the aggregate price of a waterfront property increased 9.8 per cent to \$813,385 and the aggregate price of a condominium rose 10.5 per cent to \$310,257.

In many areas, supply shortages are forcing buyers into multiple-offer situations, which often result in properties selling above the asking price. In Ontario, 87 per cent of recreational real estate professionals said that more than half of properties available on the market are selling above the asking price. In Quebec and British Columbia, 65 and 52 per cent respectively reported the same.

"The low inventory, high demand scenario that is defining Canada's current real estate landscape can be frustrating for buyers and their agents," said Phil Soper, president and CEO, Royal LePage. "Without enough supply to meet demand, prices continue to increase at above normal rates. And with so few listings to choose from, owners are concerned they will have nowhere to go if they sell before buying, so they hesitate to list. This cycle makes it difficult for anyone to move ahead.

"Life during the pandemic has made cottage country and country living more desirable than ever, in every part of Canada. The flexibility provided by working remotely, excess savings from months sitting at home, and low interest rates have left Canadians young and old alike to seek properties with more space, easy access to nature, and the ability to achieve that ever-elusive work-life balance. And, an increasing number of new owners intend to use these escapes for both weekend play and Monday to Friday work."

"According to our research, access to high speed internet and the ability to work remotely are among the top criteria for those seeking properties in Canada's recreational regions, followed closely by four-season usability," said Soper. "There is no doubt the pandemic has had an impact on our lifestyle, but also our mindset. The more time Canadians spend in their homes, the more apparent their needs and priorities become."

The aggregate price of a house in Ontario's recreational regions is forecast to increase 17 per cent in 2021 to \$547,207. In 2020, the aggregate price of a house in the province's recreational markets increased 19.4 per cent year-over-year to \$467,698 compared to 2019. During the same period, the aggregate price of a waterfront property increased 21.5 per cent to \$673,400, while the aggregate price of a condominium increased 8.5 per cent to \$406,188.