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Ottawa Resale Market Stalls in August, Supply Challenges Persist



Members of the Ottawa Real Estate Board (OREB) sold 1,196 residential properties in August through the Board's Multiple Listing Service® (MLS®) System, compared with 1,130 in August 2022, an increase of 6%. August's sales included 903 in the freehold-property class, up 7% from a year ago, and 293 in the condominium-property category, a 2% increase from August 2022. The five-year average for total unit sales in August is 1,525.

"Sales activity was up marginally on a year-over-year basis in August but remained well below the historical average for this time of year," says Ottawa Real Estate Board (OREB's) President. "There is no shortage of demand given increased immigration and the large Canadian population cohort entering the market. The lack of suitable, affordable housing is a hindrance. High borrowing costs and economic uncertainty are impacting both sellers and buyers, which we expect will continue to result in further market fluctuations."

Janice Myers, OREB CEO, highlights that these latest figures coincide with the City of Ottawa's allocation of \$110 million for affordable housing. "Even if interest rates were to drop and the economy stabilized, housing will remain out of reach for many Ottawa residents. Collaboration among all levels of government and stakeholders is vital to improving affordability for homeowners and tenants alike. And we need to expand provincial regulations, allowing four or more residential dwelling units on serviced lots, to promote higher-density housing."

Average Prices*:

The average sale price for a freehold-class property in August was \$709,739, an increase of 0.5% from 2022, and a 5.6% decrease over July 2023 prices.

The average sale price for a condominium-class property was \$425,968 an increase of 1% from a year ago, although 1.4% lower than July 2023 prices.

With year-to-date average sale prices at \$732,220 for freeholds and \$432,571 for condos, these values represent an 8% decrease over 2022 for freehold-class properties and a 5.5% decrease for condominium-class properties.

Inventory & New Listings:

August's new listings (2,228) increased 7% over August 2022 (2,090) and were on par with last month (2,234). The 5-year average for new listings in August is 2,177.

Months of Inventory for the freehold-class properties has increased to 3 months from 2.9 months in August 2022 and 2.7 months in July 2023.

Months of Inventory for condominium-class properties remains on par with August 2022 at 2.2 months, a slight decrease from 2.3 months in July 2023.

Days on market (DOM) for freeholds have increased to 31 days from 25 days in August 2022 and 26 days in July 2023.

Days on market (DOM) for condos have increased to 29 days from 28 days in August 2022 and 28 days in July 2023.

REALTORS® also help with finding rentals and vetting potential tenants. Since the beginning of the year, OREB Members have assisted clients with renting 4,571 properties compared to 4,172 last year at this time, an increase of 10%.

Canadians are combining their buying power and co-owning homes with family and friends to combat unaffordability



High property prices, elevated interest rates and the rising cost of living has prompted many Canadians to rethink their lifestyle and housing needs. For some, this means pooling financial resources with other family members and friends in order to gain access to the housing market. By co-owning a property (with someone other than their spouse or significant other), homebuyers can not only divide the expense of homeownership among more people, but potentially access larger homes in more desirable locations that they may not have been able to afford on their own.

According to a recent Royal LePage survey conducted by Leger, 6% of Canadian homeowners co-own their property with another party, not including their spouse or significant other. Of this group, 89% co-own with family members and 7% with friends. Another 8% co-own with someone who is not a friend or family member.

Seventy-six per cent of co-owners say that affordability was a major motivating factor in their decision to co-purchase their property. Not surprisingly, that number rises to 83% for co-owners between the ages of 25 and 34.

“Households group together for many reasons, including communal care for elderly parents, help raising children, cultural preferences or simply to be together. However, the decision to live together, including co-owning a home, is a decision increasingly made for financial reasons,” said Karen Yolevski, COO, Royal LePage Real Estate Services Ltd. “In an environment where home prices and interest rates have risen quickly and sharply, and where the threshold to qualify for a mortgage has become much more challenging, Canadians are pooling their resources

and buying homes together. In cases where homebuyers cannot afford to purchase on their own, they are combining their buying power with their parents, children, siblings or even friends.”

Concerning their co-owning situation, 44% of co-owners say that they and all fellow co-owners live in the home together. A smaller percentage (28%) say that they co-own a home with another person(s), but they do not cohabitate. Six per cent of respondents say that they co-own a home with another person(s) and neither party uses the home as a primary residence, rather as an investment or recreational property.

According to a residential real estate broker, cohabitation combinations are becoming increasingly diversified these days in order for buyers to gain access to home ownership, which for some means letting go of the option to live in complete solitude, a trend that emerged for many households during the pandemic and has remained permanent for some.

“The decision to buy jointly with family or friends nevertheless requires careful thought and the establishment of clear rules for living together,” said the Broker. “Preparing a cohabitation agreement – ideally notarized – can be beneficial to ensure that rules and obligations are respected by all parties. It is also essential to provide private and common living spaces so that all co-owners can pursue their respective daily routines without encroaching on each other.”

Here are a few highlights from the 2023 Canadian Co-owners Survey:

Almost one third (32%) of co-owners who were motivated by low affordability purchased their home after the Bank of Canada began raising interest rates in March of 2022

Nearly two-thirds (65%) of Canadian co-owners say they own a single-family detached property

56% of co-owners co-own a home with their parent(s) or parent(s)-in-law; 18% co-own with their adult child(ren)