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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.

Earlier this week, the Ottawa Real Estate Board reported that the average resale price of a residential-class home in the city was nearly $680,000 last month, up from $516,000 in January 2019.

But Ottawa homeowners can't complain too much, at least relative to their peers in other parts of the country, according to Point2.

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 – Feb 4, 2021*

## February Resales Snapped up Quickly

*Members of the Ottawa Real Estate Board (OREB) sold 1,390 residential properties in February 2021 compared with 1,134 in February 2020, an increase of 23%.*

*"Resale properties are virtually flying off the shelves" states OREB's President. "Even though our inventory is significantly lower than 2020 – a combined 46% decrease in housing stock for residential and condos – we witnessed a record number of sales in February 2021. How is that possible? Simply put, properties that come onto the market are selling very quickly."*

*"With less than a month's supply in both categories, residential homes, in particular, are experiencing the quickest turnarounds. This is evidenced in the sharp decline of Days on Market (DOM) from 30 days in February 2020 to 14 days last month. Interestingly, DOM for the condo market has gone up slightly from 19 to 22 days, likely due to the fact that the condo market was thriving and moving very quickly prior to the pandemic spread in Canada. We saw Buyer desire for more house space dampen that market temporarily; however, it is clear the condo market has stabilized and is starting to rebound with a 19% increase in transactions compared to last year at this time."*

*The average sale price of a residential-class property sold in February in the Ottawa area was $717,914, an increase of 27% over February 2020. The average sale price for a condominium-class property was $407,671 an increase of 17% from February 2020.*

*With supply constraints continuing to place upward pressure on pricing, there is no doubt that this economic fundamental is driving the price increases. This is also reflected in February's total sales volume for residential and condos, which combined was at $885,592,105, 54% higher than the same month in 2020. There is no denying that scarcity is leading to a more rapid price acceleration. This scarcity combined with Buyers' willingness to pay and compete in this market will continue to drive up the sales prices," OREB's President asserts.*

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# 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

According to a recent Royal LePage demographic survey nearly half (48%) of Canadians aged 25 to 35 currently own their home, and 25 per cent of these homeowners purchased a property during the pandemic. Among non-homeowners, there is a strong intention to purchase in the future (84%), with 68 per cent planning to make the move in the next five years. Sixteen per cent say they plan to purchase a property within the year, while 14 per cent say they will buy within one to two years, and 39 per cent are looking to purchase in two to five years.

"The pandemic provided an unexpected prize for young Canadians — a path to home ownership," said Phil Soper, president and CEO, Royal LePage. "Mortgage rates fell to historically low levels and the competition for entry-level housing lessened. Many investors sought to divest of property as traditional renter groups such as foreign students, new immigrants and short-term renters disappeared behind closed borders."

"Measures necessary to prevent the spread of COVID-19 have motivated many of our younger Canadians to buy, while the health crisis dissuaded many of our older homeowners from selling," continued Soper. "Some young people living with parents or roommates found their work-from-home environment uncomfortably crowded. Others saw a once-in-a-decade affordability window open on their dream of home ownership.

"In many ways, the pandemic has sucked the joy out of our normally kinetic young adults' lives. No dining out, no concerts with friends or winter escapes to the sunny south. Even retail therapy has lost its luster when no one will see those new shoes on the next Zoom call. The silver lining is in soaring savings; unspent money that is finding its way into real estate investments," said Soper.

"Younger buyers are exceedingly comfortable with online research, be it for the latest personal tech, a pair of running shoes, or a home," said Soper. "This group has had no problem adapting to our enhanced use of virtual tours and electronic contracts.

In Ontario, 44 per cent of residents aged 25 to 35 own their home. Of those homeowners, 26 per cent purchased a home since mid-March of last year. Among those who do not currently own a home, 68 per cent say they intend to buy within the next five years.

Ottawa

While remaining an affordable alternative to Toronto and Vancouver, Ottawa 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.