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Ottawa's Market Warms Up with More Listings and Cautious Buyers

The number of homes sold through the MLS® System of the Ottawa Real Estate Board (OREB) totaled 617 units in January 2025. This was a 4.2% decrease from January 2024.

Home sales were 13% below the five-year average and 9.6% below the 10-year average for the month of January.

"Ottawa's market is seeing increased activity as more listings hit the market and buyers start to re-engage," says OREB's President . "Many buyers and sellers had been waiting for more conducive market conditions, but with the recent rate cut and potentially lower interest rates on the horizon, optimism is growing. While there's more supply, the availability of suitable properties in various market segments remains tight. This is reflected in some homes selling quickly while others linger on the market. Sellers should be prepared to price competitively and present their homes in the best light to capture buyer interest in this evolving market."

"The recent Bank of Canada rate cut, introduction of U.S. tariffs, along with upcoming provincial and federal elections, introduce factors of variability," adds OREB's President. "That said, confidence is growing, and more buyers are expected to return to the market in the coming months, leading to an increase in transactions."

By the Numbers – Prices:

The MLS® Home Price Index (HPI) tracks price trends far more accurately than is possible using average or median price measures.

The overall MLS® HPI composite benchmark price was $649,900 in January 2025, an increase of 5.2% from January 2024.

The benchmark price for single-family homes was $713,000 up 2.3% on a year-over-year basis in January.

By comparison, the benchmark price for a townhouse/row unit was $448,000, down 3.9% compared to a year earlier.

The benchmark apartment price was $436,900, up 4.5% from last year.

The average price of homes sold in January 2025 was $670,258, increasing 5.8% from January 2024.

The dollar volume of all home sales in January 2025 was $413.5 million, up 1.3% from January 2024.

By the Numbers – Inventory & New Listings:

The number of new listings saw an increase of 3.0% from January 2024. There were 1,359 new residential listings in January 2025. New listings were 14.1% above the five-year average and 9.3% above the 10-year average for the month of January.

Active residential listings numbered 3,312 units on the market at the end of January 2025, a gain of 57.3% from January 2024. Active listings were 90.6% above the five-year average and 48.9% above the 10-year average for the month of January.

Months of inventory numbered 5.4 at the end of January 2025, compared to 3.3 in January 2024. The number of months of inventory is the number of months it would take to sell current inventories at the current rate of sales activity.

Bank of Canada Makes Sixth Consecutive Cut, Lowering Key Lending Rate to 3.0%

In its first announcement of 2025, Canada's central bank lowered the overnight rate by 25 basis points

On January 29th, its first scheduled announcement of 2025, the Bank of Canada announced that it had lowered the target for the overnight lending rate by 25 basis points to 3.0%. This marks the sixth consecutive cut to rates since June 2024.

In December, Canada's Consumer Price Index (CPI) rose 1.8% on a year-over-year basis, down from a 1.9% increase in November, once again hitting under the Bank's 2% inflation target. In its announcement, the central bank stated that lower interest rates are helping to increase household spending, and as a result, the economy is expected to strengthen gradually and inflation to stay close to target. However, trade conflict from south of the border threatens to cause economic turmoil.

"A long-lasting and broad-based trade conflict would badly hurt economic activity in Canada. At the same time, the higher cost of imported goods will put direct upward pressure on inflation. The magnitude and timing of the impacts on output and inflation will depend importantly on how businesses and households in the United States and Canada adjust to higher import prices," said Tiff Macklem, Governor of the Bank of Canada, in a press conference with reporters following the announcement. "Unfortunately, tariffs mean economies simply work less efficiently — we produce and earn less than without tariffs. Monetary policy cannot offset this. What we can do is help the economy adjust. With inflation back around the 2% target, we are better positioned to be a source of economic stability."

Tariff conflict throws rate trajectory into question

Though lower borrowing costs will be welcome news for homebuyers in the immediate future, the course of interest rates and the broader economy remains uncertain in the face of looming tariff threats by the United States. With the spring housing market expected to get underway in a matter of weeks, trade conflict will be on the minds of many Canadian consumers.

"The Bank of Canada has dropped interest rates yet again, a decision that will further increase borrowing capacity for homebuyers and benefit mortgage holders whose loans are coming up for renewal. This latest decrease arrives just before the spring housing market – when demand typically picks up – which should spur buying and selling activity in the weeks ahead," said Phil Soper, president and CEO of Royal LePage. "However, the looming promise of hefty tariffs by the United States government is a source of uncertainty for the central bank and consumers alike. Not only is there debate on just how severe the tariffs might be, but how Canada will respond.

"We believe the Bank of Canada's focus will be a decided shift from an inflation battle to avoiding an economic downturn. A recession resulting from a tariff tit-for-tat could prompt additional cuts in the short-term to stimulate the economy. Though Canada's housing market would be insulated for the most part from trade turmoil, economic challenges could eventually cause activity to slow."

Two supersized rate cuts in the fall of 2024 helped to spur buying and selling activity in Canada's housing market during the final months of the year. According to the most recent Royal LePage House Price Survey, the aggregate1 price of a home in Canada increased 3.8% year over year to $819,600 in the fourth quarter of 2024. On a quarter-over-quarter basis, the national aggregate home price remained essentially flat, rising a modest 0.5%. While activity began to flourish again in the final months of 2024, following sluggish demand in most major markets over the summer, home price appreciation remained in check last quarter. Royal LePage is predicting home prices to appreciate across the country over the coming year, as lower borrowing costs bring buyers off the sidelines.

The Bank of Canada will make its next interest rate announcement on Wednesday, March 12th.