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Ottawa resale market heats up in May Sales increase for the first time since February 2022



Members of the Ottawa Real Estate Board (OREB) sold 1,939 residential properties in May through the Board's Multiple Listing Service® (MLS®) System, compared with 1,830 in May 2022, an increase of 6%. May's sales included 1,477 in the freehold-property class, up 8% from a year ago, and 462 in the condominium-property category, a 1% increase from May 2022. The five-year average for total unit sales in May is 1,961.

"Typically the highest-selling month, May's transactions did not disappoint," says OREB's President. "This month we saw the first year-over-year unit sales volume increase since February 2022. It is a promising year for sellers barring any interest rate adjustments, as we saw a correlated drop in sales every time there was an interest rate hike in 2022."

"However, with only five to six weeks of inventory, we are in a strong seller's market. With the pent-up high demand and sales volume increasing, we are likely to see upward pressure on prices as demand continues to outstrip supply."

By the Numbers – Average Prices*:

The average sale price for a freehold-class property in May was \$745,902, a decrease of 7% from 2022, but still on par with April 2023 prices.

The average sale price for a condominium-class property was \$442,859, decreasing 6% from a year ago. However, it marks a 2% increase over April 2023 prices.

With year-to-date average sale prices at \$727,728 for freeholds and \$428,394 for condos, these values represent a 12% decrease over 2022 for freehold-class properties and a 9% decrease for condominium-class properties.

"We are not seeing steep price escalations yet. May's average prices stayed on par with April's, although prices are well over what we saw at the end of 2022. With demand mounting in Ottawa's chronically undersupplied market, I expect the average sale price will surpass last year's figures for a month over the same month in the latter half of 2023 again—provided we do not see interest rate hikes."

By the Numbers – Inventory & New Listings:

May's new listings (2,822) were 9% lower than May 2022 (3,117) and up 32% from April 2023 (2,140). The 5-year average for new listings in May is 2,922.

Months of Inventory for the freehold-class properties has increased to 1.5 months from 1.2 months in May 2022 but down from 1.9 months in April 2023.

Months of Inventory for condominium-class properties has increased to 1.3 months from 1 month in May 2022, although down from 1.9 months in April 2023.

Days on market (DOM) for freeholds decreased from 27 to 23 days and 33 to 26 days for condos compared to last month.

"Given our housing stock challenges, some neighbourhoods are again in multiple offer territory. REALTORS® have up-to-the-minute market data and are best positioned to help both buyers and sellers in this evolving competitive resale market."

Transitioning From Renter To Homeowner



Transitioning from renter to homeowner is one of the biggest decisions you'll make throughout your lifetime. That's why it's essential to surround yourself with a team of experts – including both a mortgage and real estate professional – to walk you through the steps to home ownership, answer all of your questions and concerns, help you decide what kind of home you can afford and get you pre-approved for a mortgage.

With interest rates still hovering around “emergency” levels – low rates never before seen by your parents and even your grandparents – now is an ideal time for first-time homebuyers to embark upon homeownership.

Down payment

The main reason many renters feel they can't afford to purchase a home has to do with saving for a down payment. But there are many solutions available today that can help first-time buyers with their down payments.

Many lenders will allow for a gifted or borrowed down payment. And of those lenders that will not provide this alternative, many offer cash-back options that can be used as a down payment.

Better yet, there are programs available from some financial institutions where they will offer a “free down payment” or a “flex down”. Of course, you will end up paying about 1% more in your interest rate, but

the program will help you get in the homeownership door and start accumulating equity earlier. You must, however, stay with the original lender for the full initial five-year term or else you'll have to pay the down payment back.

Educating and coaching

There's an endless amount of information available to prospective homeowners – through the Internet, friends, family members and anyone willing to voice their opinion on a given subject. What you really need, therefore, is education and coaching as opposed to being bombarded with more information.

Speaking to a mortgage professional in order to obtain a pre-approval prior to setting out home shopping can help set your mind at ease, because many first-time buyers are overwhelmed by the financing and buying processes, and often don't know what it truly costs to purchase a home. Real examples can go a long way in showing you what it costs to buy a home in your area versus what you're currently paying in rent. For instance, if a renter is currently paying \$800 per month, with that same payment (including taxes) they could afford to buy a \$120,000 home. And assuming real estate values increase 2% per year over the next five years, the new homeowner would have accumulated \$27,000 in equity in their home. If they continue renting, however, this \$27,000 has generated equity in someone else's home.

Last year, a \$5,000 increase was made to the RRSP Home Buyers' Plan, meaning first-time homebuyers can now withdraw up to \$25,000 from their RRSPs for a down payment – tax- and interest-free.

And if you're part of a couple making a home purchase together, you can each withdraw up to \$25,000 from your RRSPs.

