



Low inventory puts upward pressure on prices in the capital

Two-storey home prices increased 18.6% in Ottawa in the first quarter of 2021

OTTAWA, April 13, 2021 – According to the Royal LePage House Price Survey released today, the aggregate¹ price of a home in Ottawa increased 16.1 per cent year-over-year to \$589,240 in the first quarter of 2021.

Broken out by housing type, the median price of a two-storey home increased 18.6 per cent to \$630,961 in the first quarter of 2021, while the median price of a bungalow increased 15.1 per cent to \$604,931, and the median price of a condominium increased 5.2 per cent to \$385,040 during the same period.

“Ottawa has a strong housing market bolstered by stable, healthy household incomes,” said John Rogan, broker of record, Royal LePage Performance Realty. “We are continuing to see very low inventory across all housing types; about forty per cent less than this time last year. Unless interest rates increase dramatically, I don’t anticipate the supply will be able to catch up with the growing demand.”

Rogan added that in this type of market, the potential for borrowing costs to increase is enough to motivate buyers to act quickly. Low inventory remains a driving factor.

“Many local homeowners are reluctant to sell because the current market is so competitive. This is contributing to the supply shortage in Ottawa, along with continued migration from Toronto and huge pressure from first-time buyers,” said Rogan.

Royal LePage is forecasting that the aggregate price of a home in Ottawa will increase 14.0 per cent in the fourth quarter of 2021, compared to the same quarter last year.

Nationally, the aggregate price of a home in Canada increased 14.1 per cent year-over-year to \$749,165 in the first quarter of 2021, as strong demand continues to outpace supply in virtually every market across the country. More than two thirds of the regions surveyed (67%) saw year-over-year double-digit aggregate price gains, driven largely by the single-family property segment. Seventy-seven per cent of regions surveyed

¹ Aggregate prices are calculated using a weighted average of the median values of all housing types collected. Data is provided by RPS Real Property Solutions and includes both resale and new build.

reported median price appreciation of standard two-storey homes of ten per cent or more.

The Royal LePage National House Price Composite is compiled from proprietary property data, nationally and in 64 of the nation's largest real estate markets. When broken out by housing type, the median price of a standard two-storey home rose 15.9 per cent year-over-year to \$894,140, while the median price of a bungalow increased 14.1 per cent to \$628,341, and the median price of a condominium increased 2.0 per cent year-over-year to \$509,364. Price data, which includes both resale and new build, is provided by Royal LePage's sister company RPS Real Property Solutions, a leading Canadian real estate valuation company.

"2020 was a year like no other in Canadian real estate, with its unprecedented demand for homes, and month after month of record-setting sales and price appreciation," said Phil Soper, president and CEO of Royal LePage. "The usual winter slowdown was non-existent, and that momentum was carried forward through the first quarter of 2021."

Forecast

Royal LePage is forecasting that the aggregate price of a home in Canada will increase 13.5 per cent to \$805,000 in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast, released in December, 2020, has been revised upward to reflect the current state of the market.

A return to pre-pandemic levels of immigration; the vaccine rollout's impact on economic stability and confidence in the labour market; and, continued low interest rates are supportive of home price growth through 2021. The Canadian government plans to welcome 401,000 new permanent residents in 2021². While home prices in Canada's largest urban areas continue to appreciate, growth in secondary cities is outpacing that of major centres.

"The winter of '20/'21 was one of the most imbalanced real estate markets in our country's history, with so many people wishing to improve their living conditions, and a pandemic-driven shortage of homes for sale," said Soper. "We expect this extreme seller's market to moderate as the year progresses. Some buyers will step away from the market in the face of sharply higher prices, and the supply of new listings should improve as people feel more confident that the health crisis is under control.

"It is important to note that the surge in housing demand over the past year was organic - buyers looking for family homes to live in. With borders closed, foreign investment was near non-existent, and speculative investment was very low. Yet new Canadians are

² Government of Canada, <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2021-2023.html>

beginning to arrive once more, and investors are regaining confidence and returning to the market. This should sustain the current real estate boom well into 2022,” continued Soper. “This will be especially supportive of the condominium segment in our large urban centres.”

Housing supply crisis

There is emerging consensus that Canada has nowhere near the housing supply necessary to provide shelter for our growing population now and over the decade ahead. Widespread housing shortages will drive prices higher, pushing home ownership out of reach for many.

“Fewer young Canadians will own their home in the future, and rental rates will climb rapidly, if we drag our heels in adopting public policy aimed at improving the speed of housing development and underlying regulatory costs of bringing on new projects,” said Soper.

Royal LePage Home Price Data:

Royal LePage House Price Survey Chart: rlp.ca/house-prices-Q1-2021

Royal LePage Forecast Chart: rlp.ca/market-forecast-Q1-2021

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About the Royal LePage House Price Survey

The Royal LePage House Price Survey provides information on the three most common types of housing, nationally and in 64 of the nation’s largest real estate markets. Housing values in the Royal LePage House Price Survey are based on the Royal LePage Canadian Real Estate Market Composite, produced quarterly through the use of company data in addition to data and analytics from its sister company, RPS Real Property Solutions, the trusted source for residential real estate intelligence and analytics in Canada. Commentary on housing and forecast values are provided by Royal LePage residential real estate experts, based on their opinions and market knowledge.

About Royal LePage

Serving Canadians since 1913, Royal LePage is the country's leading provider of services to real estate brokerages, with a network of over 18,000 real estate professionals in over 600 locations nationwide. Royal LePage is the only Canadian real estate company to have its own charitable foundation, the Royal LePage Shelter Foundation, dedicated to supporting women's and children's shelters and educational programs aimed at ending domestic violence. Royal LePage is a Bridgemarq Real Estate Services Inc. company, a TSX-listed corporation trading under the symbol TSX:BRE. For more information, please visit www.royallepage.ca.

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