

# 2012: A watershed year *...and what's ahead*

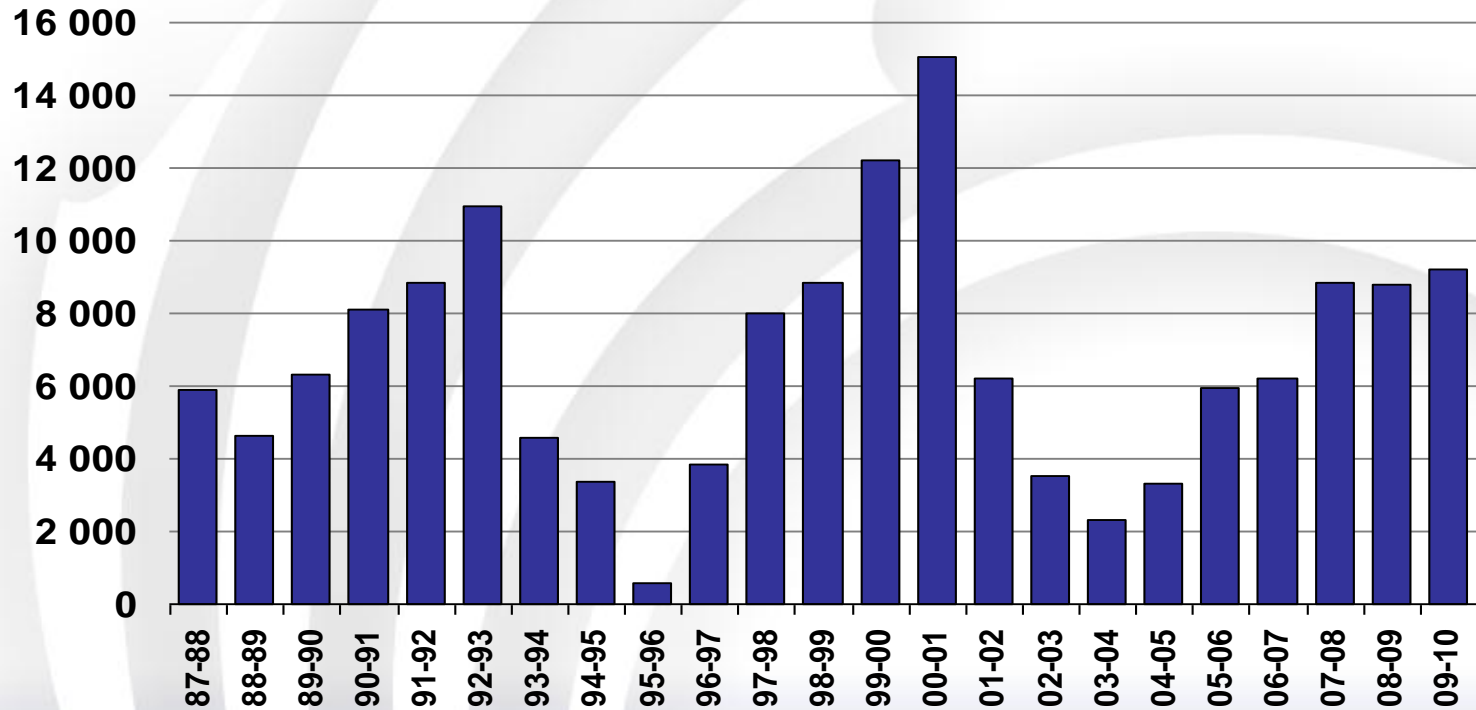
January 15<sup>th</sup> 2013

# Themes for today

- The housing market
- The condo market
- Anticipated in 2013
- 10 tips for home buyers

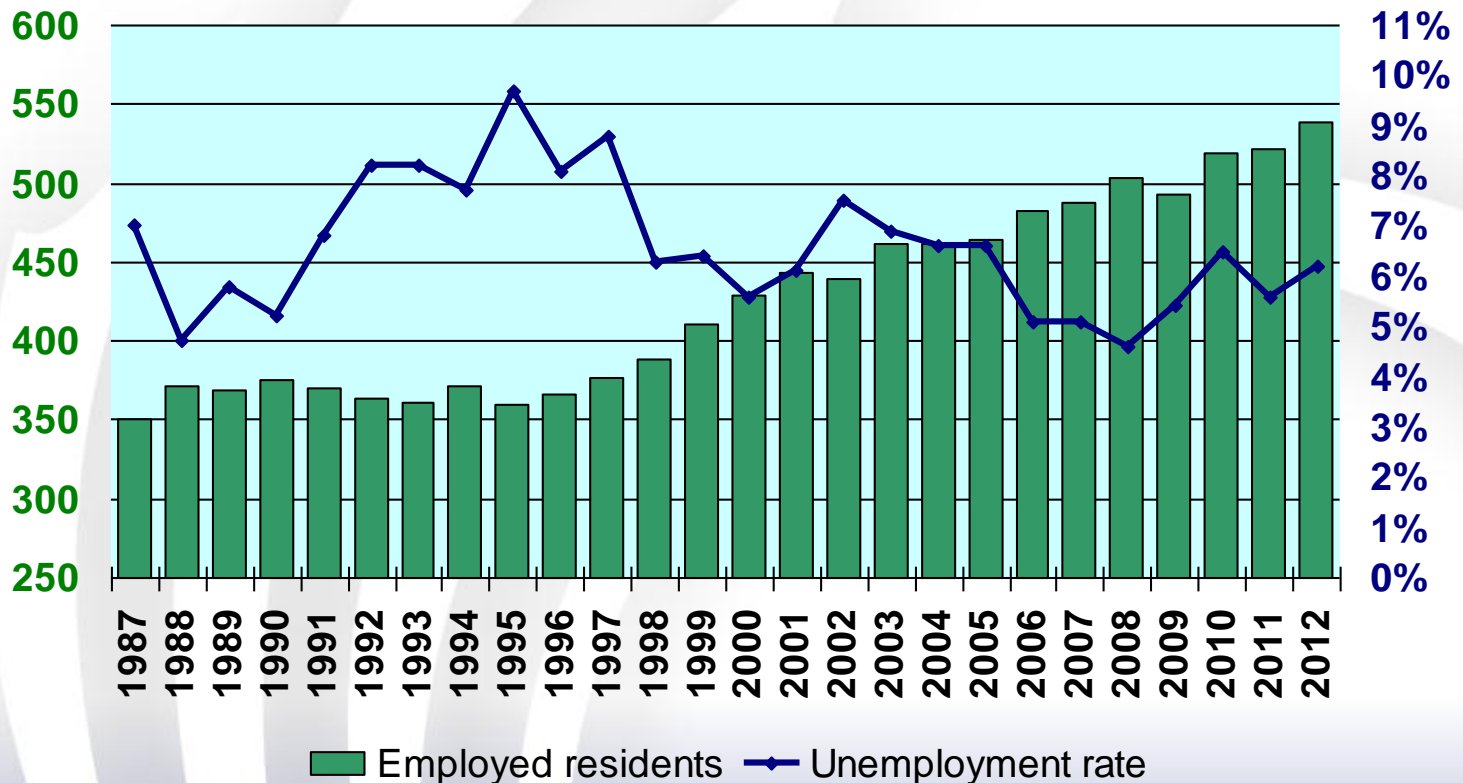
# Housing driven by population, and migration is at healthy levels

Net migration, Ottawa



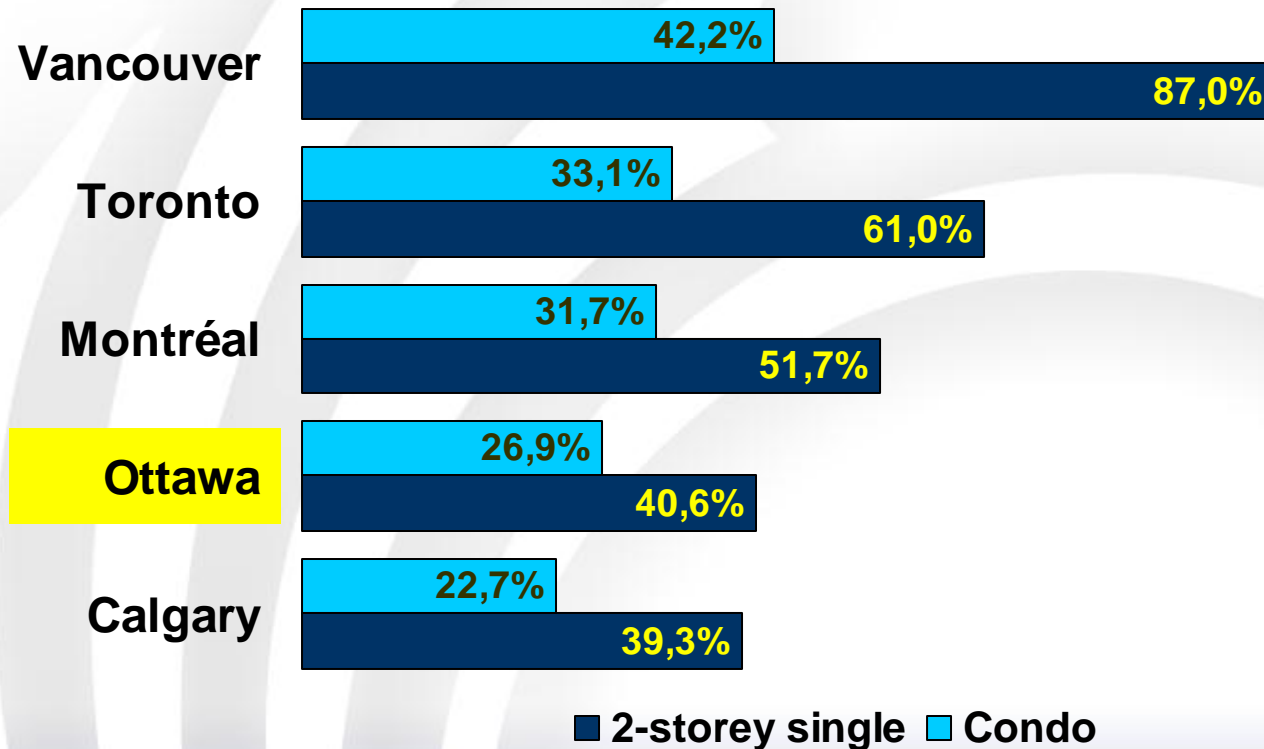
# Ottawa's job market is resilient

Employment and Unemployment rate, Ottawa



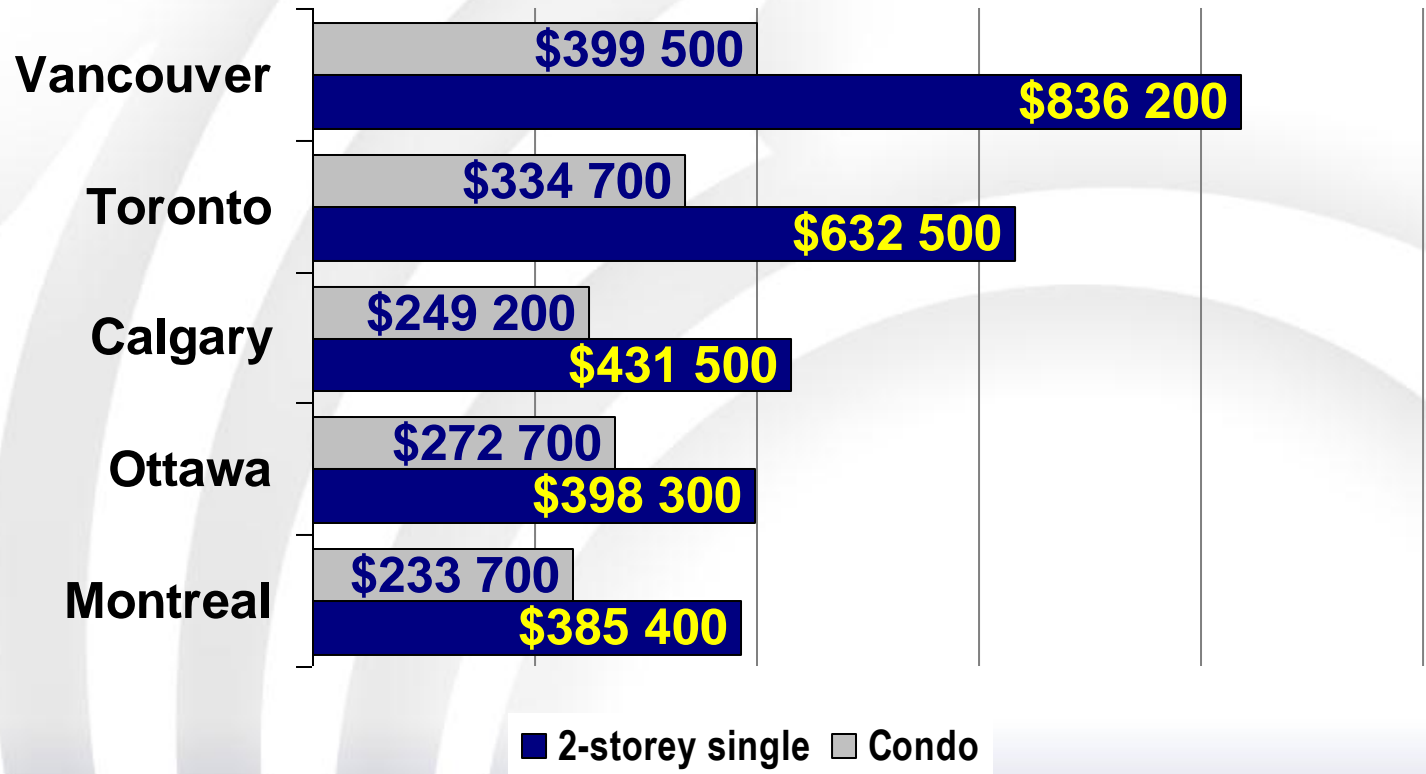
# Ottawa still the 2<sup>nd</sup> most affordable big city in Canada for housing

% of income taken up by ownership costs

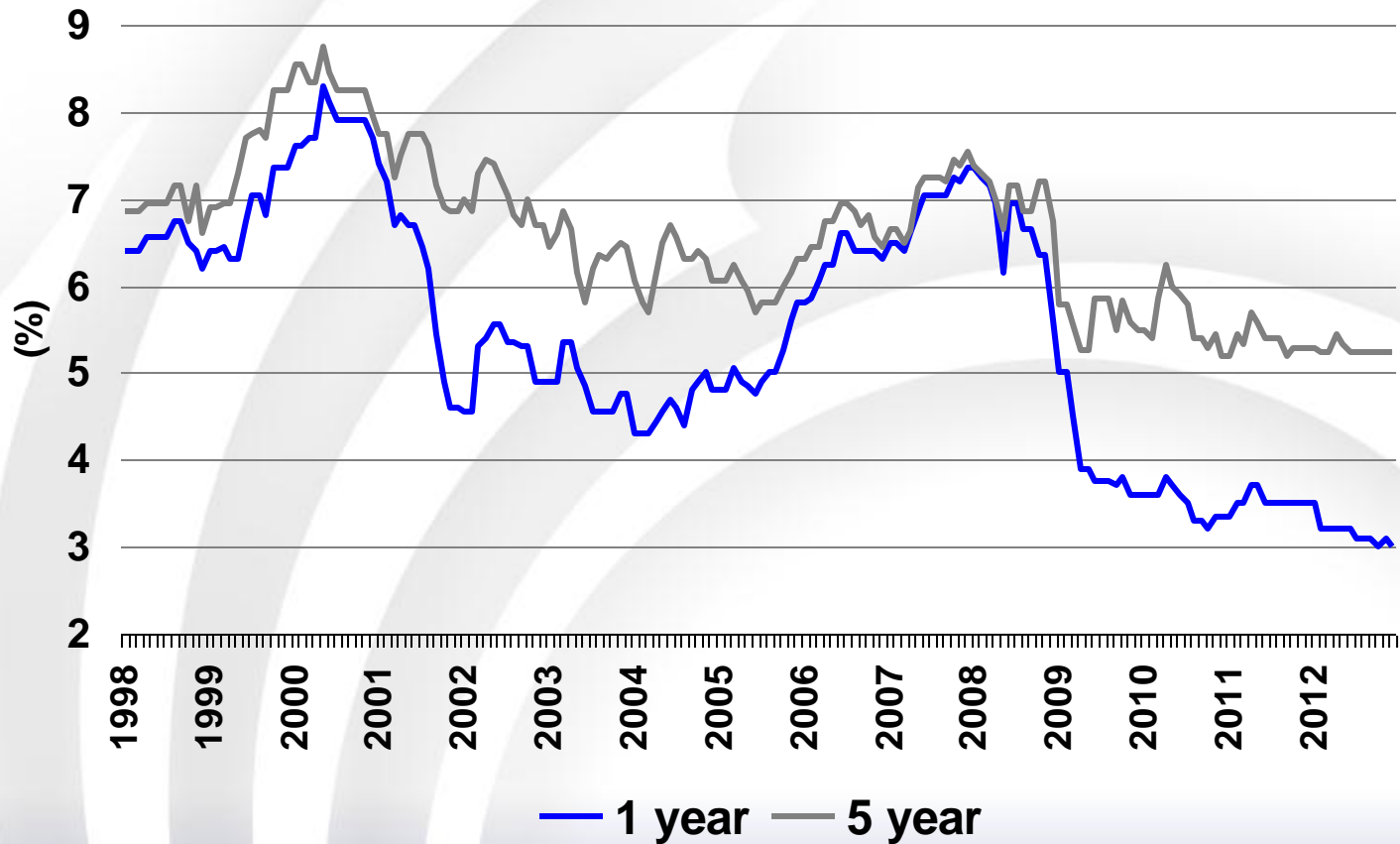


# Ottawa still the 2<sup>nd</sup> most affordable big city in Canada for housing

MLS average price, 2012 Q3



# Mortgage rates remain a big incentive



# Ottawa's house price-to-income ratio supports the housing market

Price-to-income ratio	2001	2012	Avg. price change since 2001
Vancouver	5.4	9.9	151%
Toronto	4.3	6.7	91%
<b>CANADA</b>	<b>3.2</b>	<b>4.8</b>	<b>101%</b>
Montréal	2.4	4.7	162%
Calgary	2.8	4.3	122%
Saskatoon	2.1	3.7	183%
<b>Ottawa</b>	<b>2.4</b>	<b>3.5</b>	<b>96%</b>
Winnipeg	1.7	3.3	170%

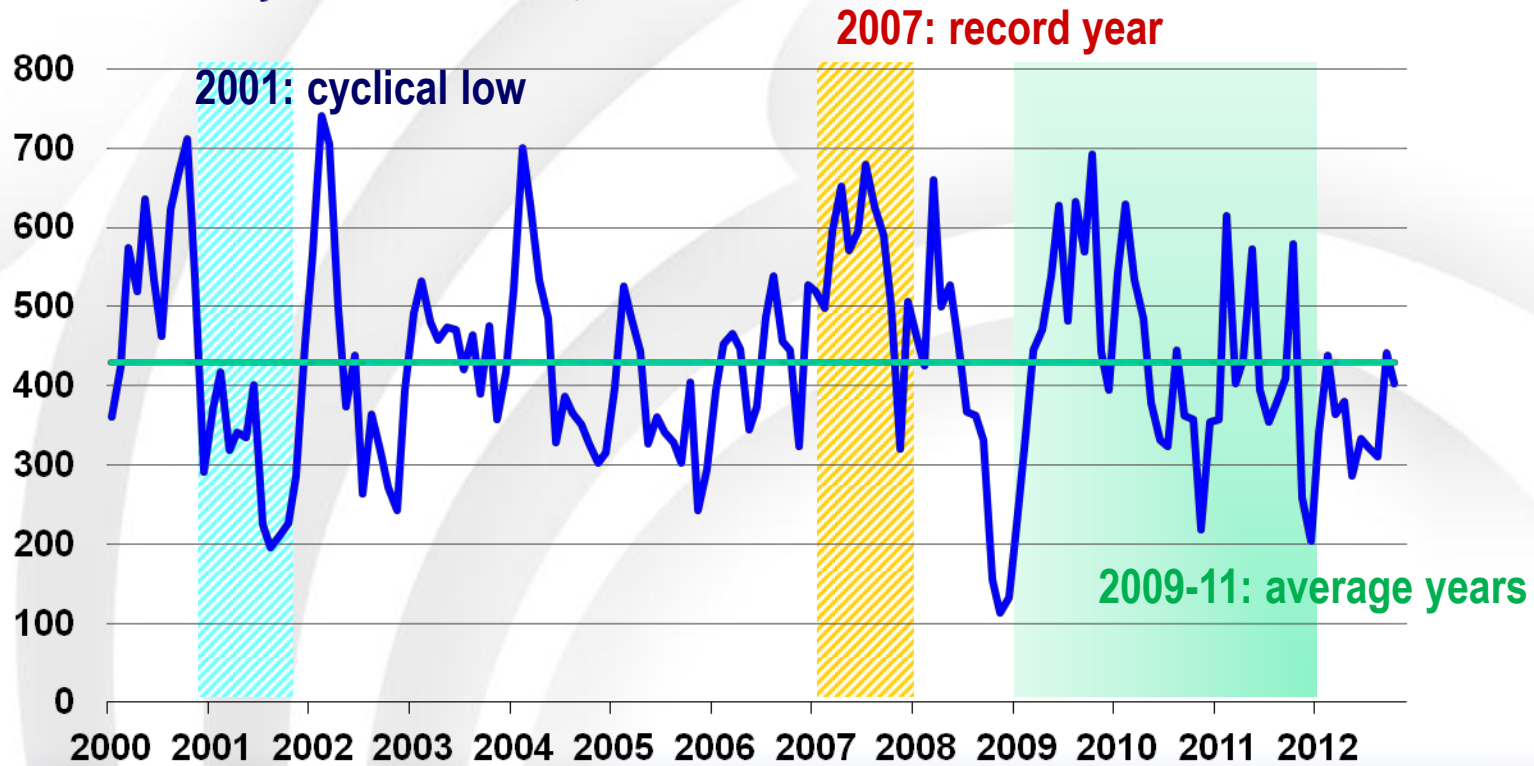


Source: BMO Capital Markets



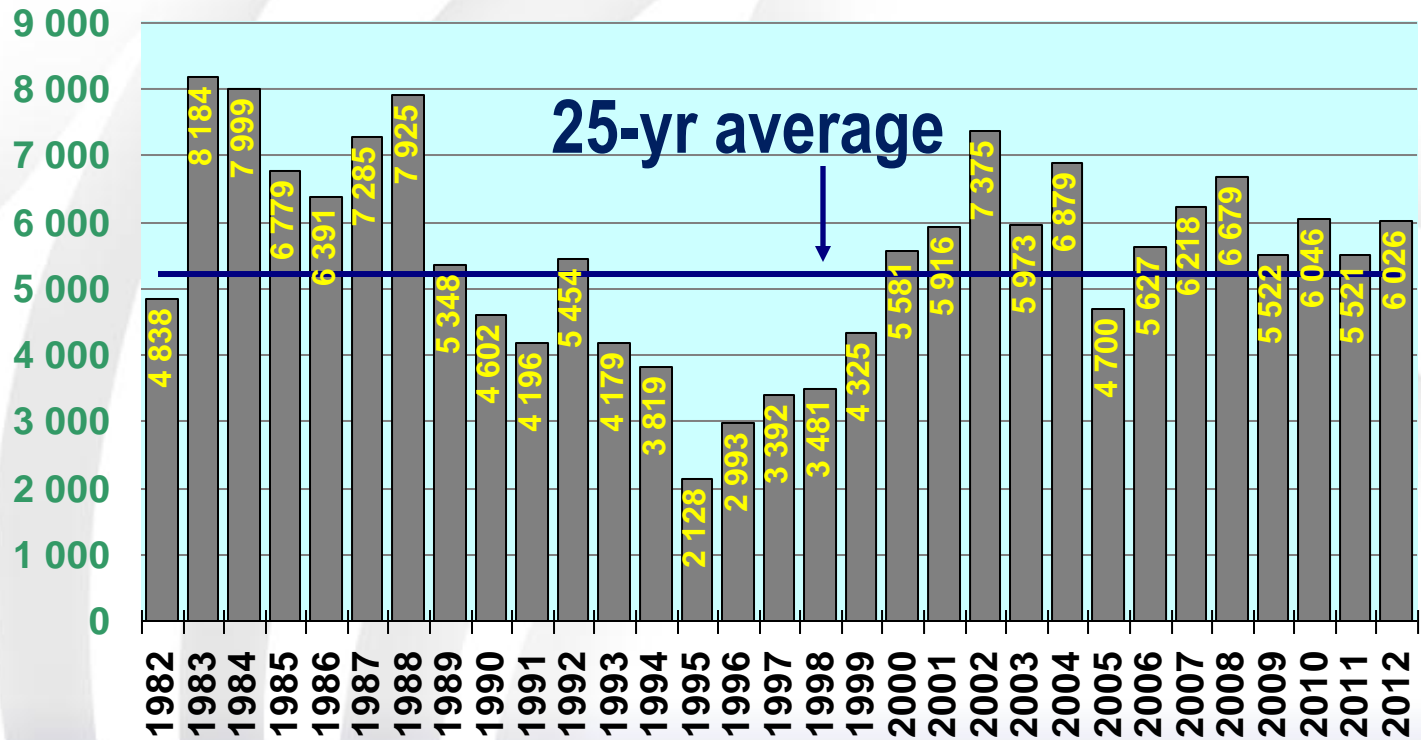
# New home sales stumbled momentarily, then bounced back

Monthly new home sales, Ottawa

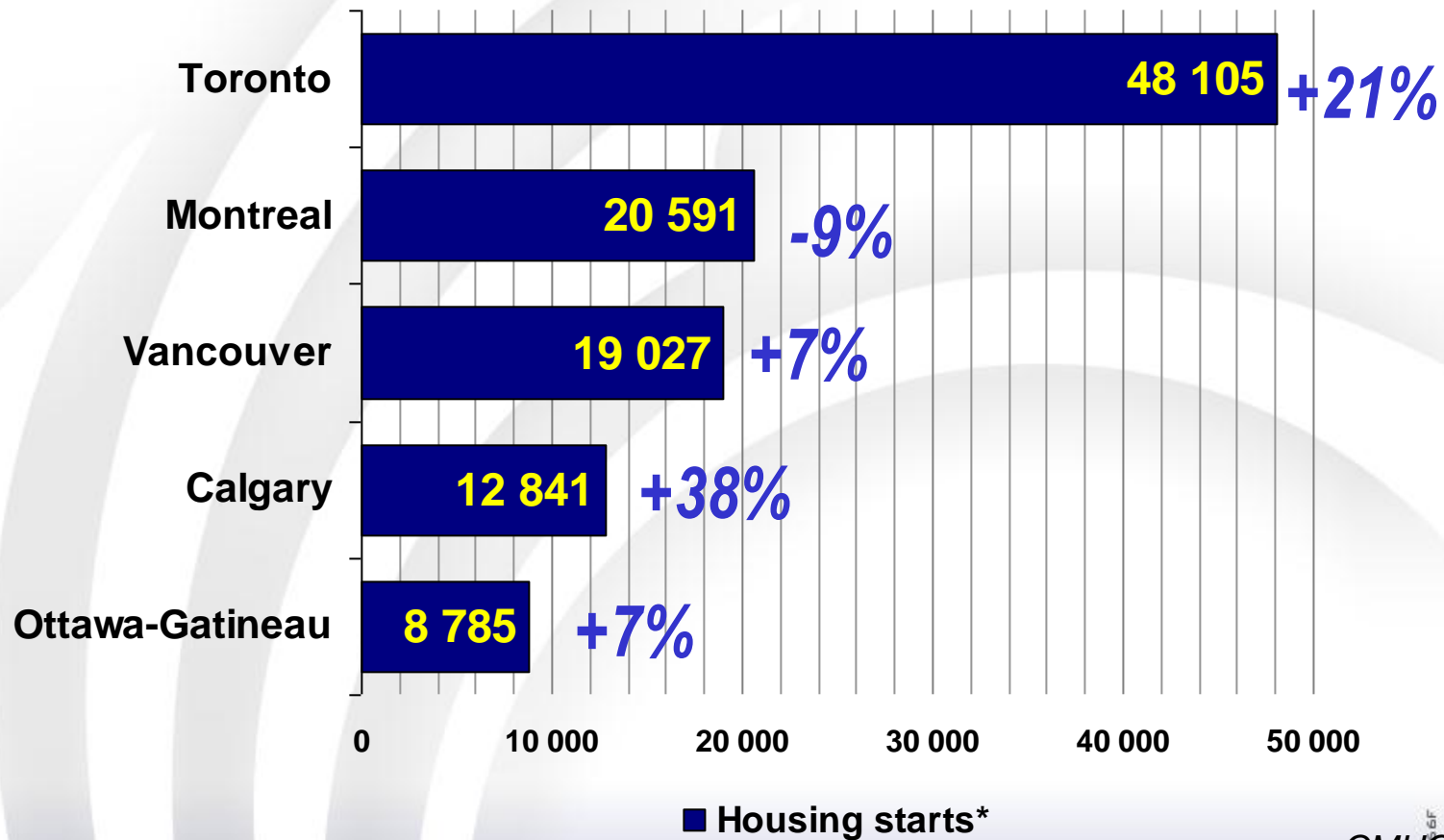


# Housing starts are slightly above long-term average...

Housing starts

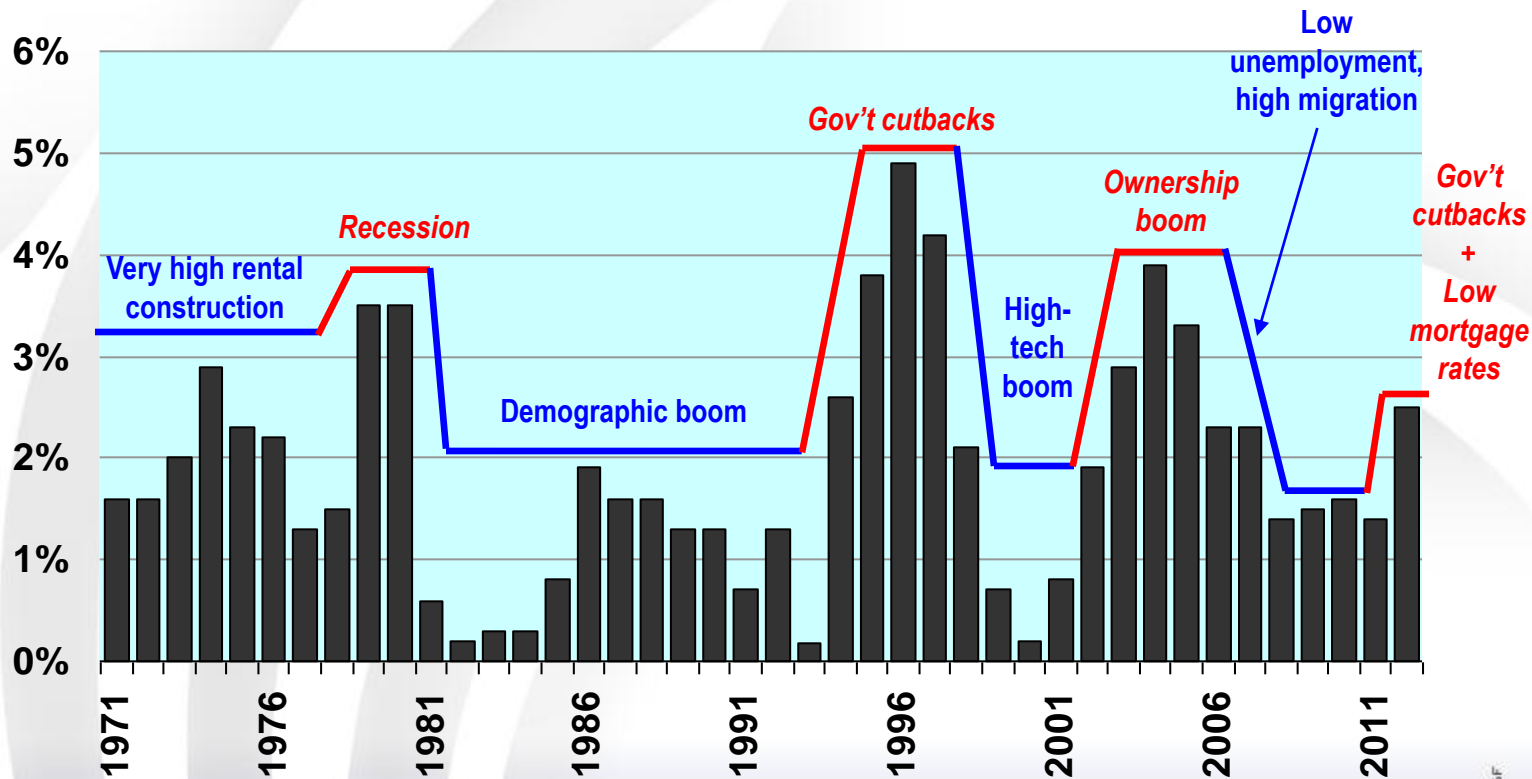


...but grew in 2012 below the national average (11%)



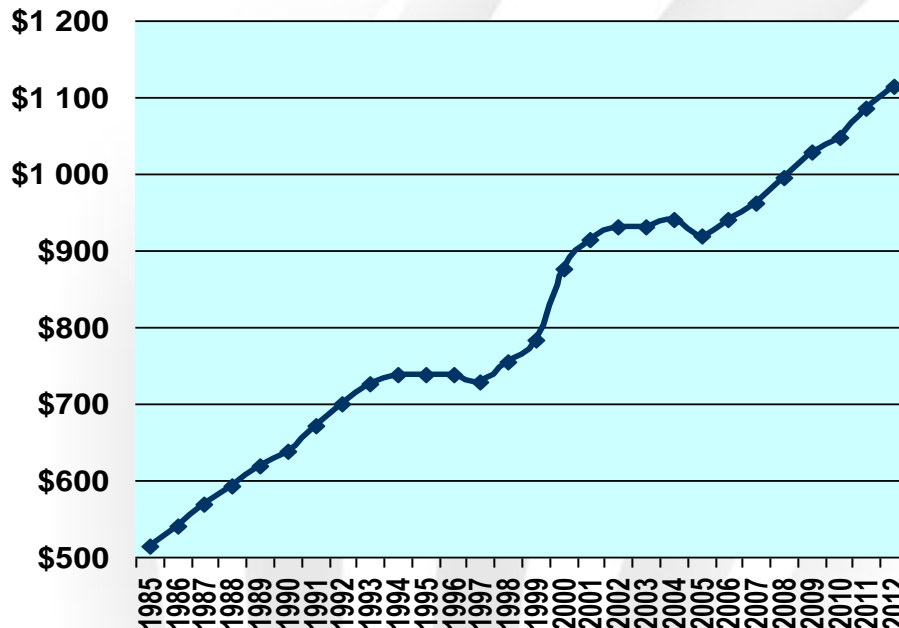
# Rental vacancies back up, but rental market still “balanced”

Rental Vacancy Rates (%), Ottawa, 1971-2012



# Our rental market ranks 4<sup>th</sup> most expensive

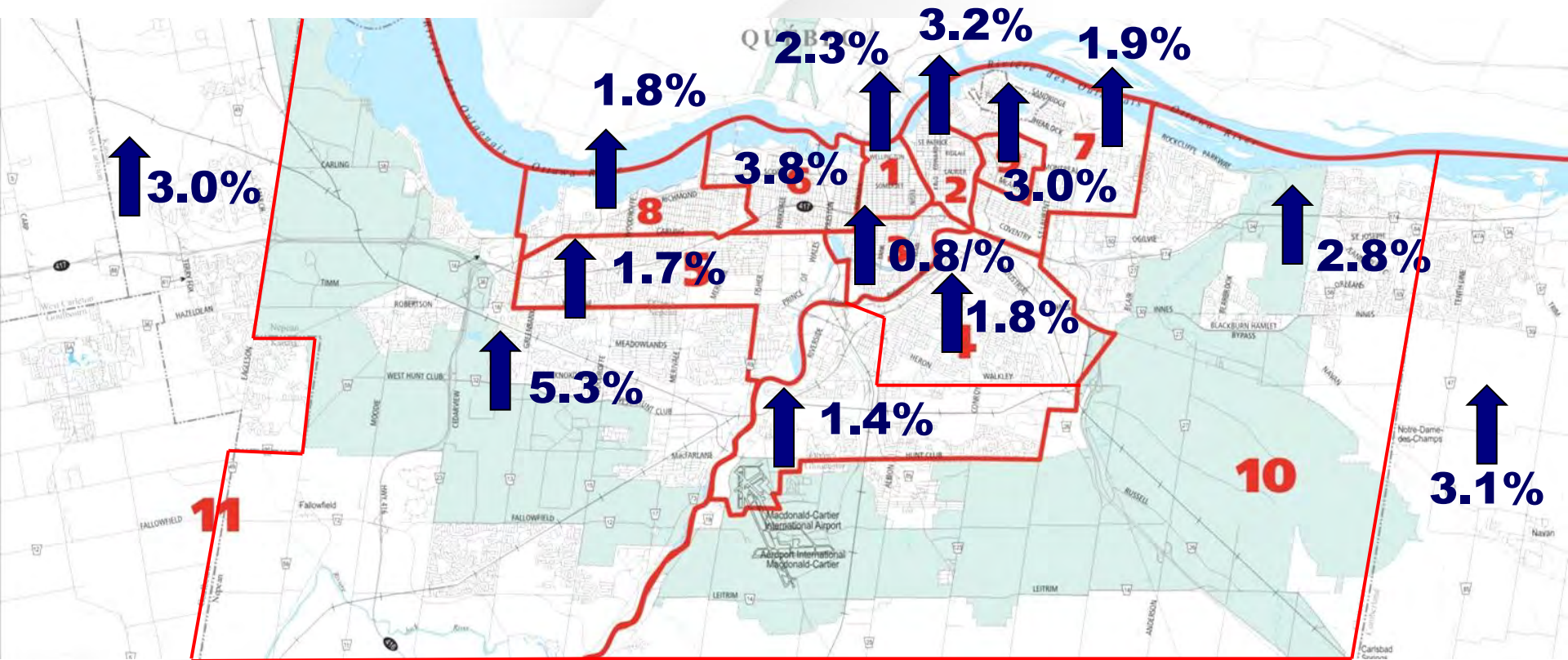
Average rent, 2-bedroom apartment, Ottawa, 1985-2012



City	Avg. rent 2br apt. (2012)
Vancouver	\$1,261
Toronto	\$1,183
Calgary	\$1,150
Ottawa	\$1,115
Edmonton	\$1,071
Gatineau	\$743
Montréal	\$711

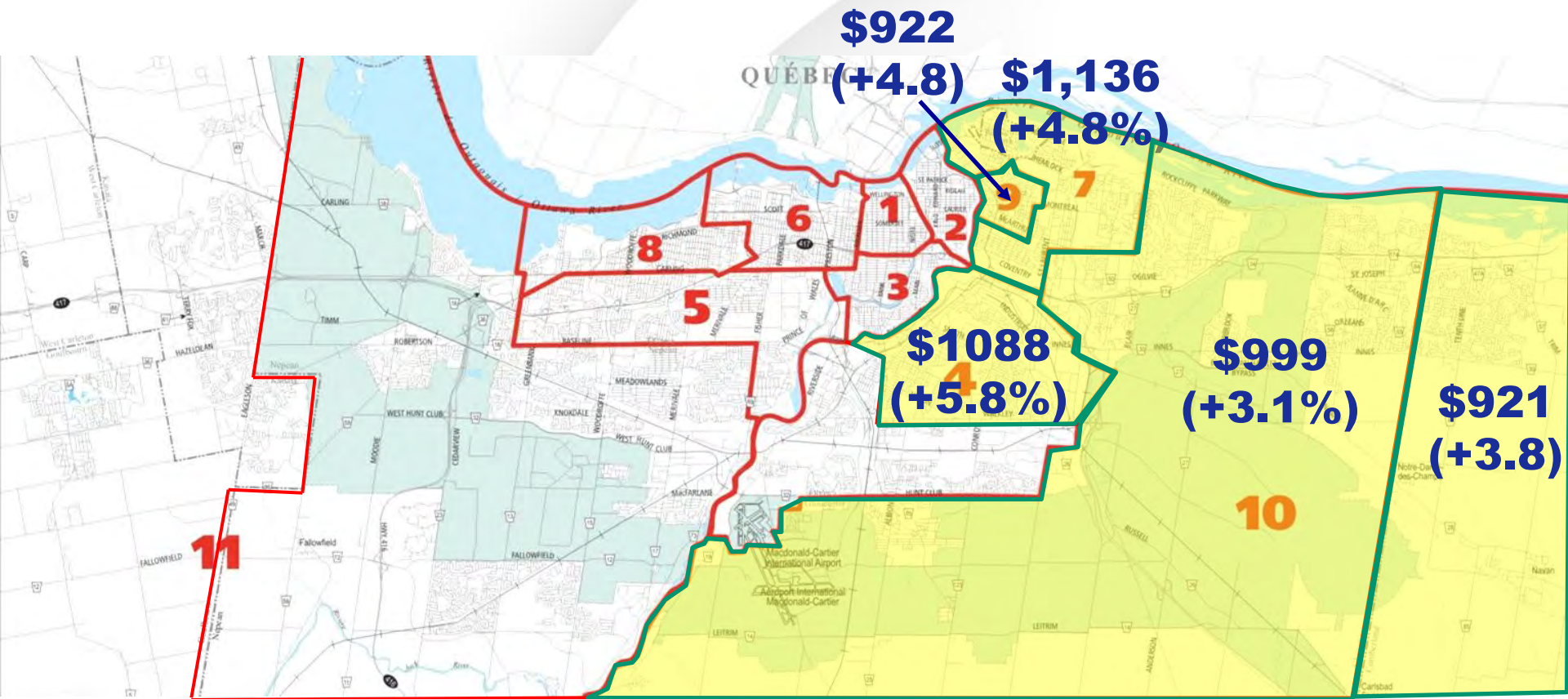


# Rental Market: Vacancy Rates

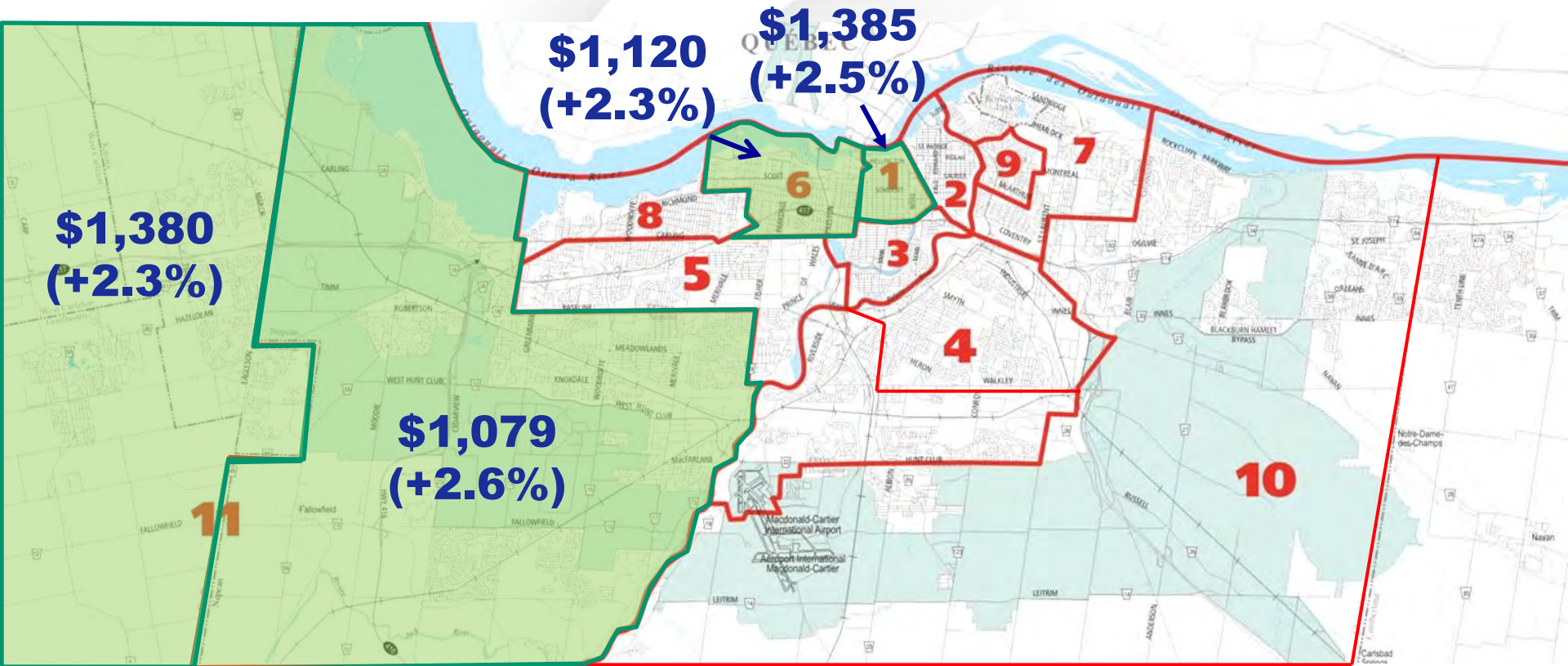




# Rental Market: Rents (2-br.), 2012



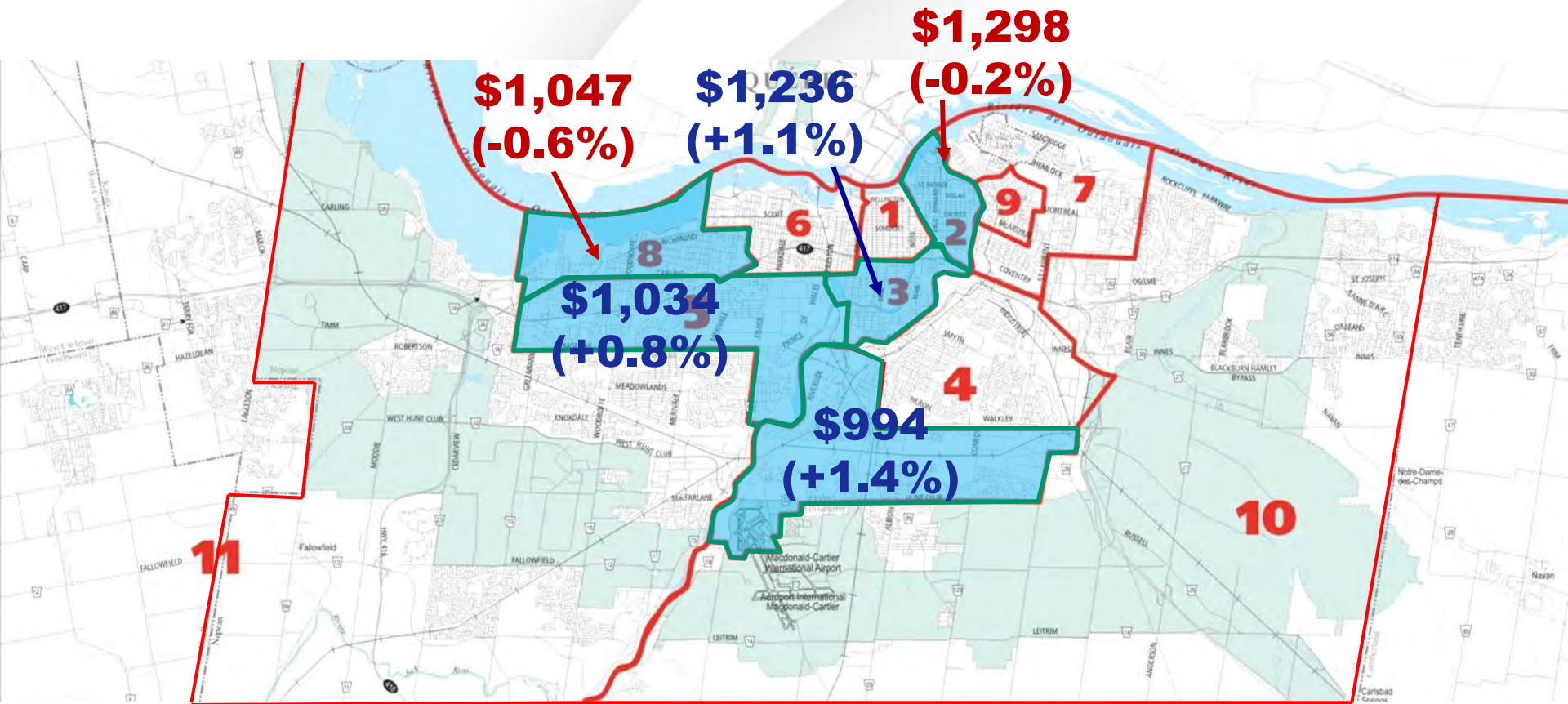
# Rental Market: Rents (2-br.), 2012



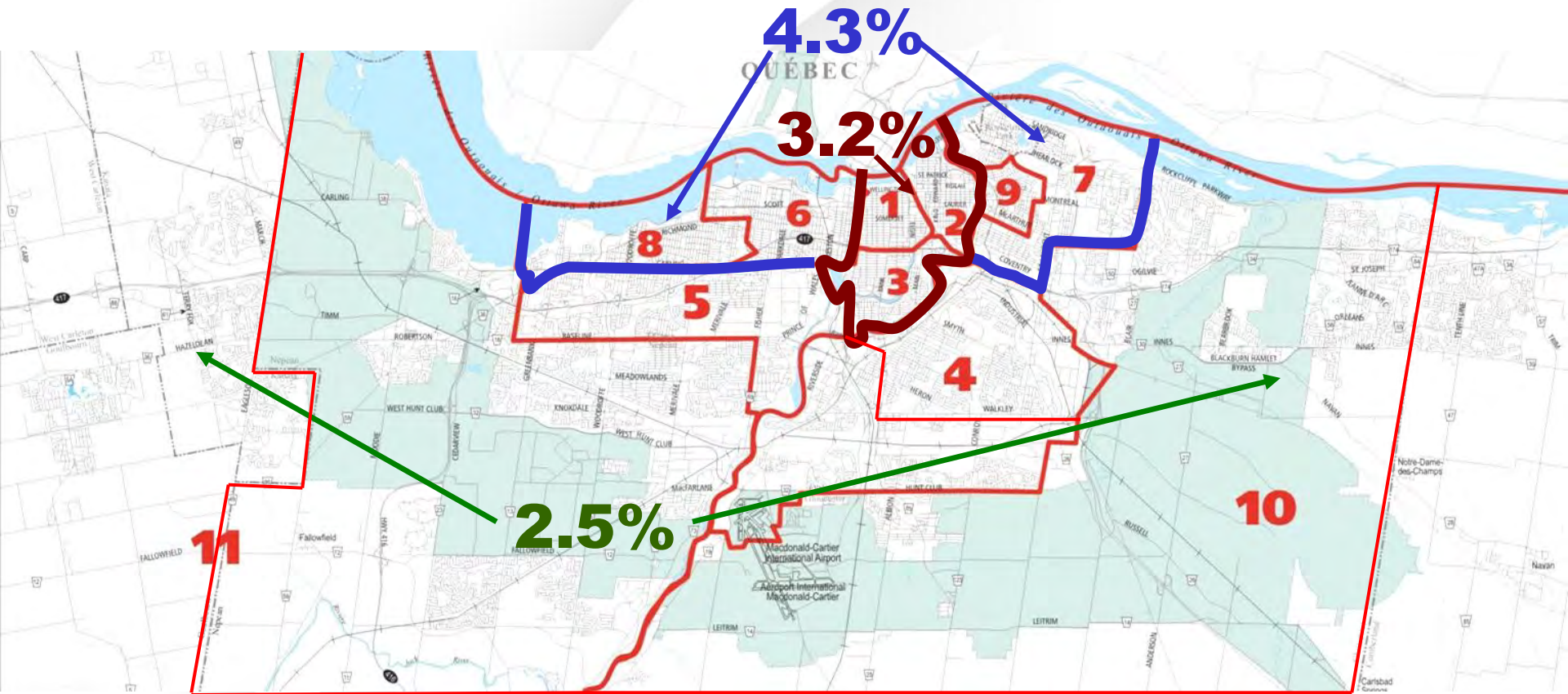
**City average: \$1,115 (+2.7%)**



# Rental Market: Rents (2-br.), 2012

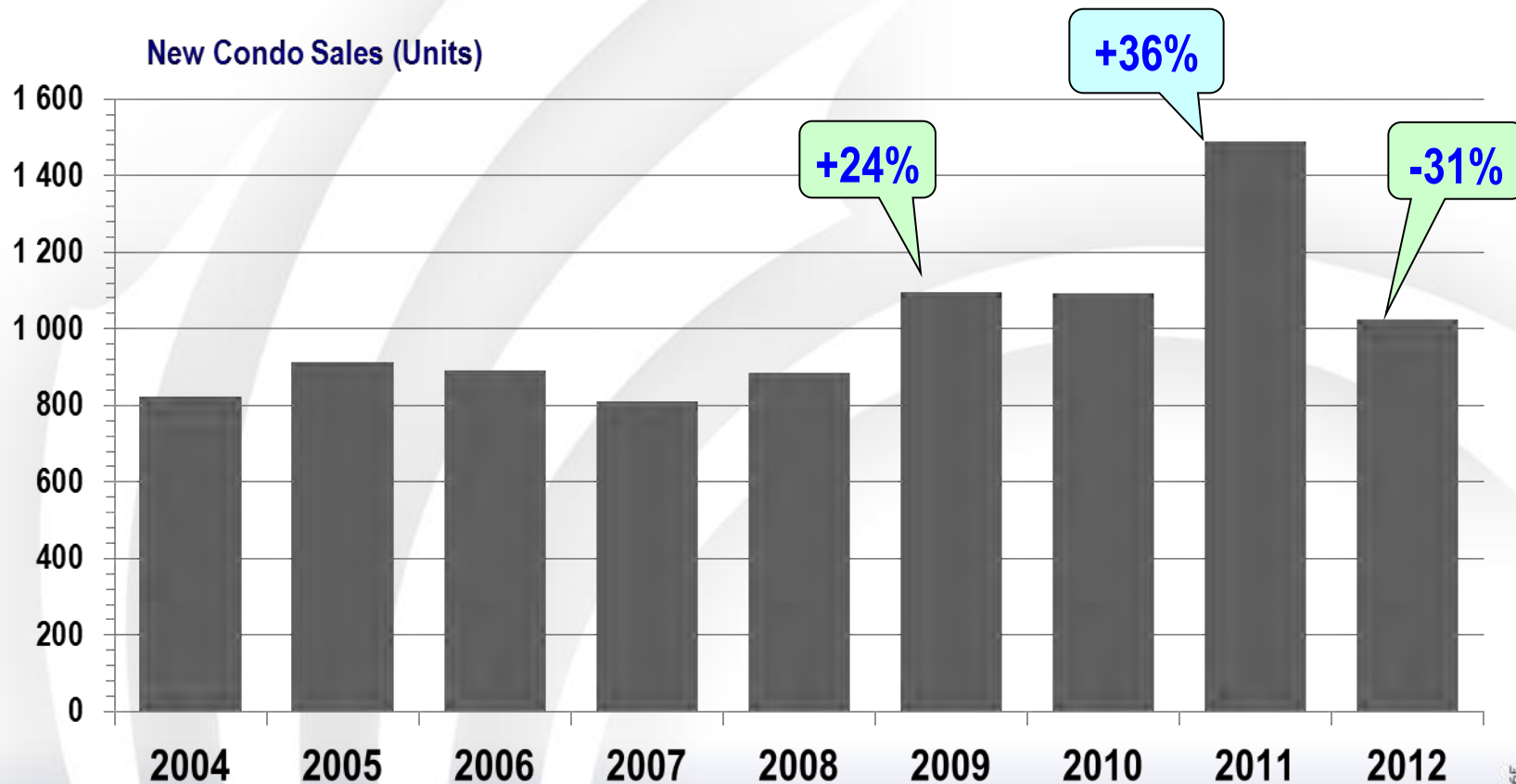


# Rented Condos Vacancy Rates: Lower in the outer suburbs



**City average: 3.2%**

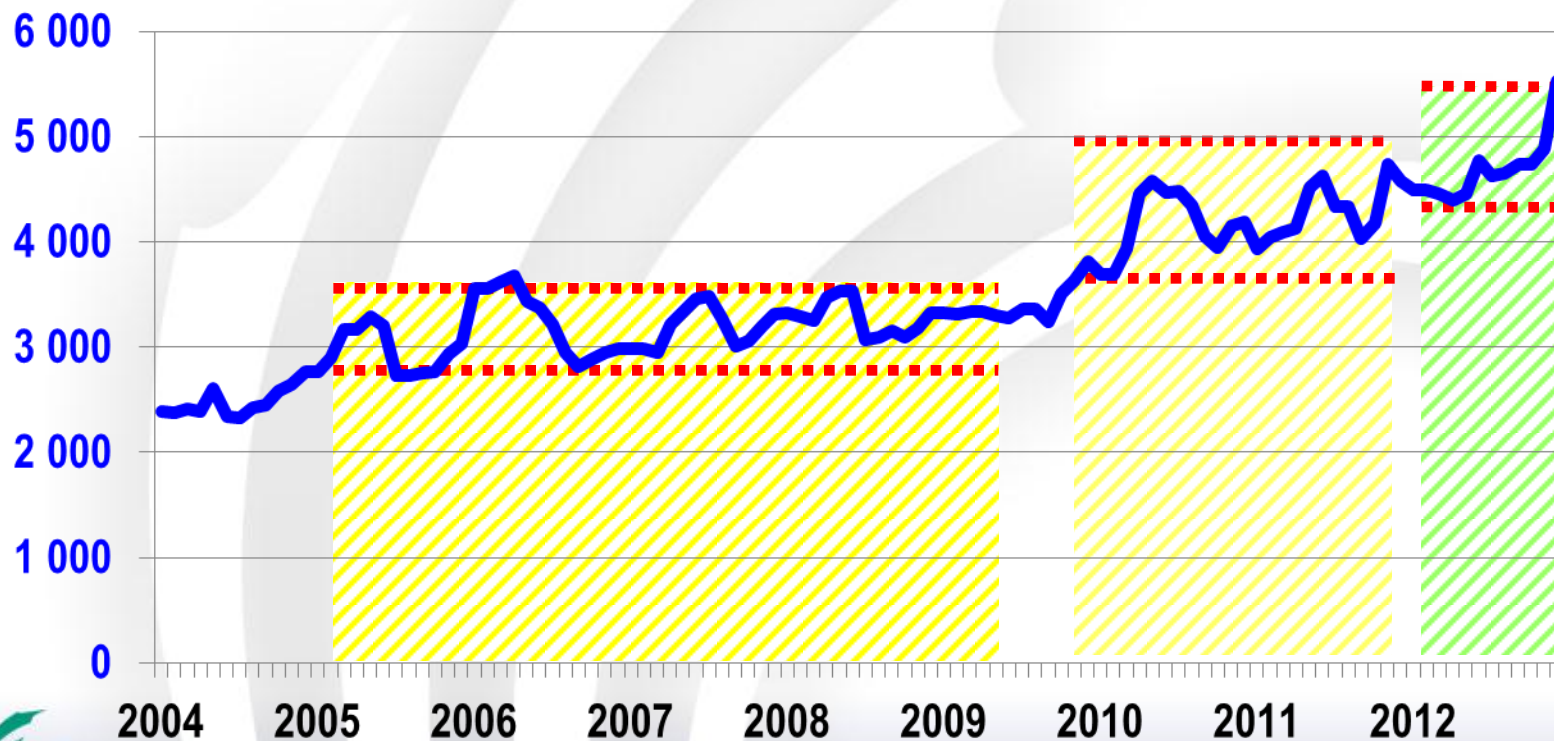
# The Ottawa condo market





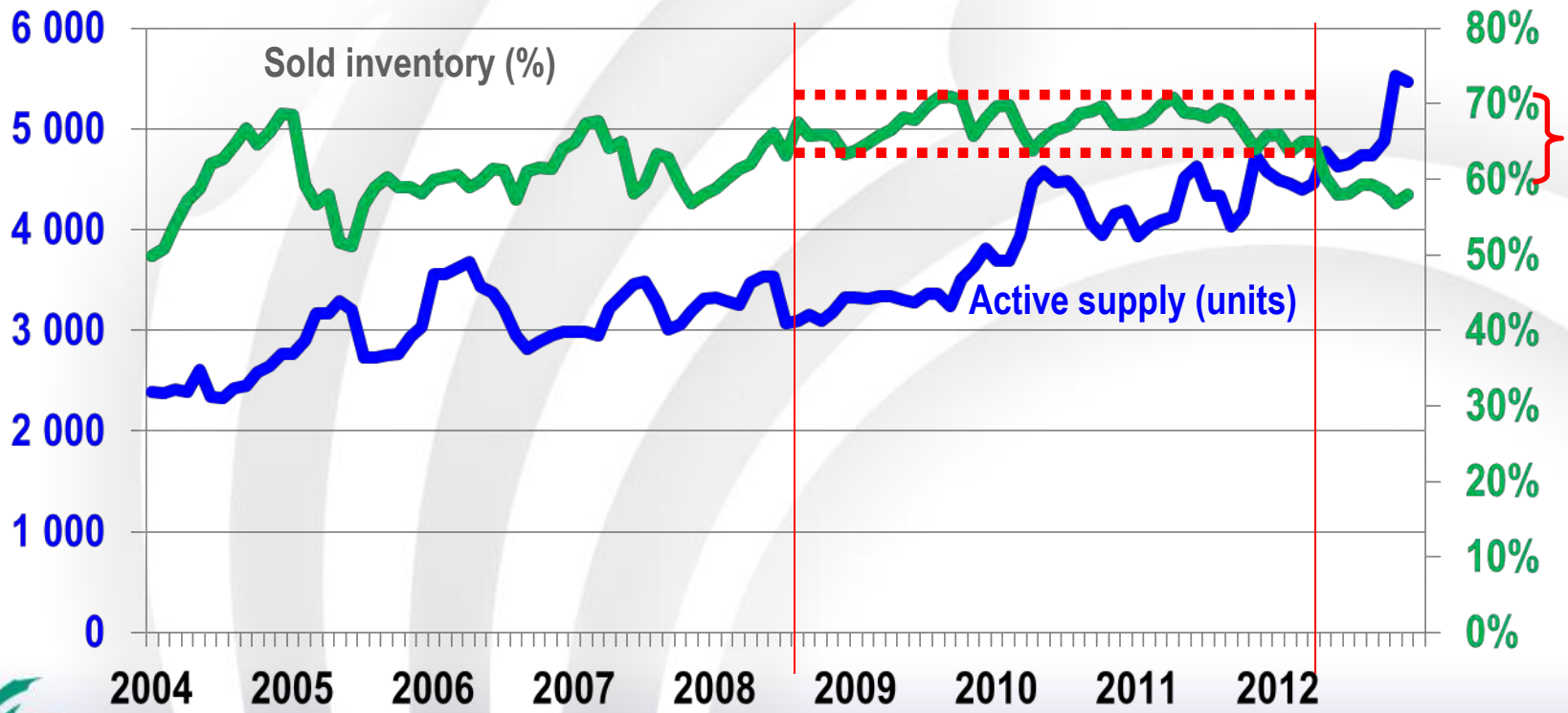
# The Ottawa condo market

Active new condo supply (units), Ottawa



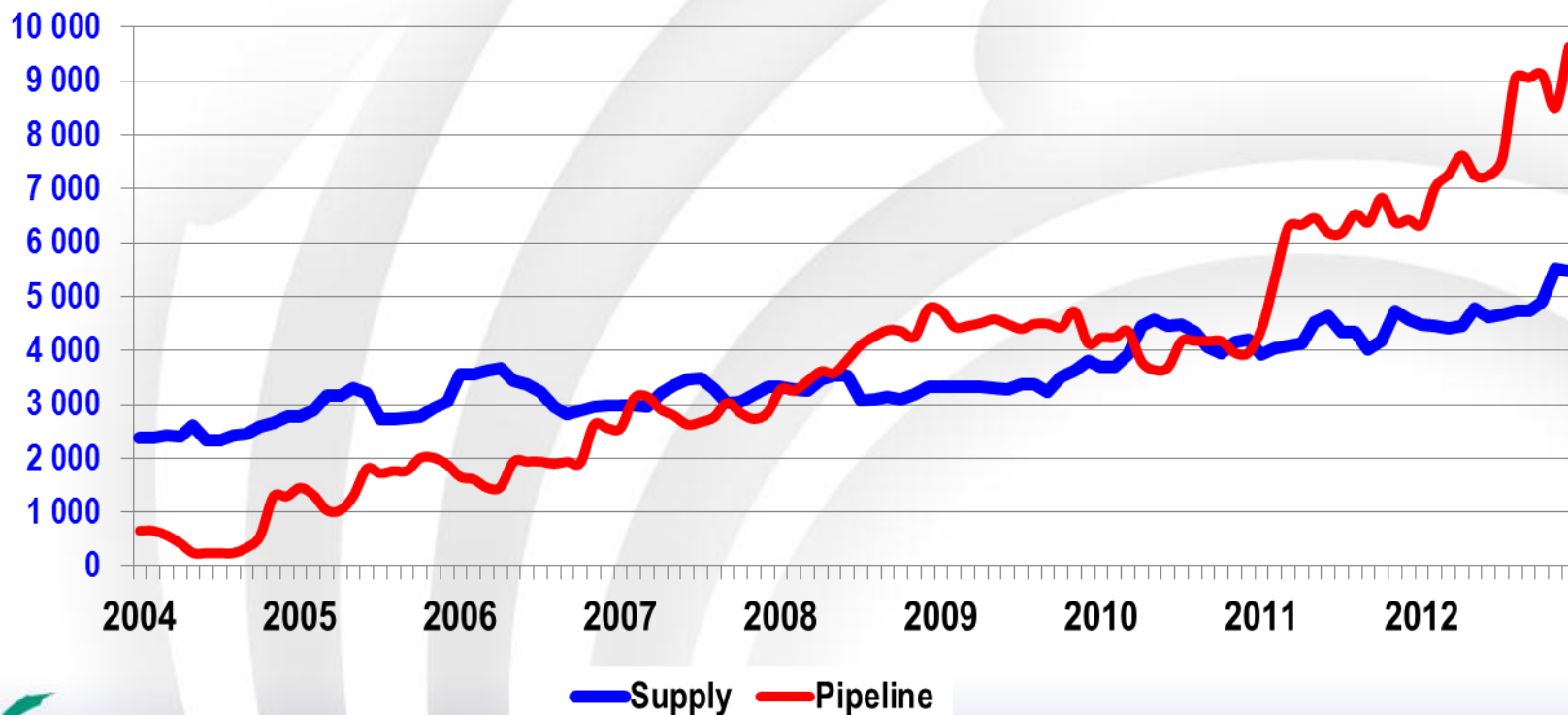
# The Ottawa condo market

## Active new condo supply (units) and % sold inventory

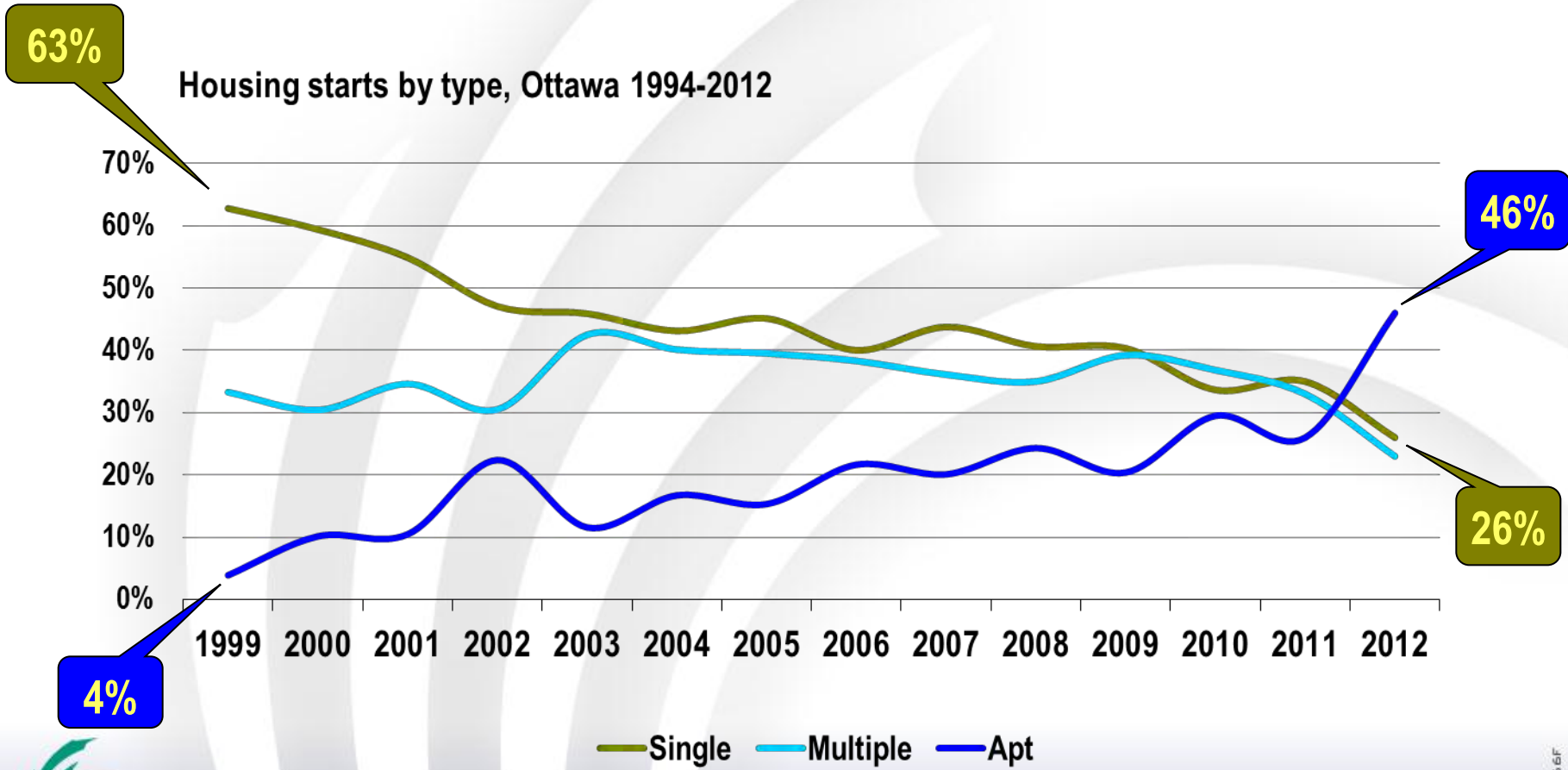


# The Ottawa condo market

## Active new condo supply (units) and pipeline, Ottawa

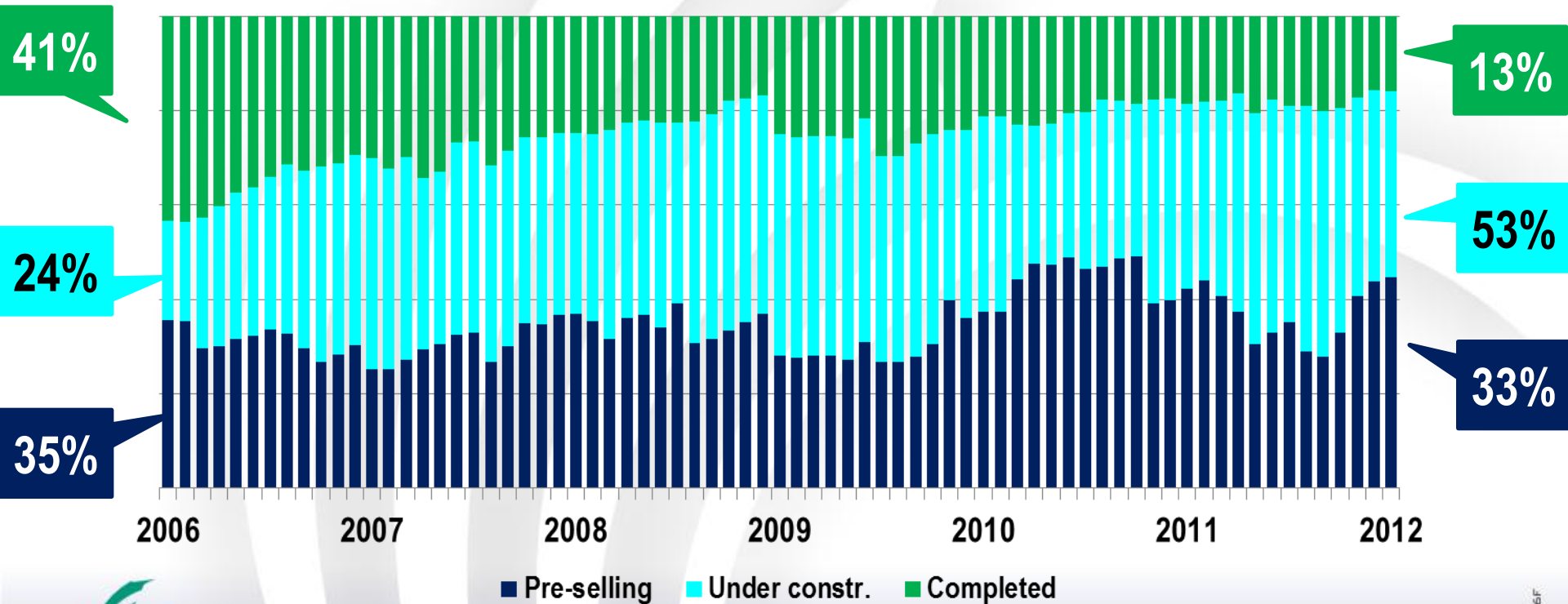


# The Ottawa housing market



# The Ottawa condo market

Active new condo supply (units), Ottawa





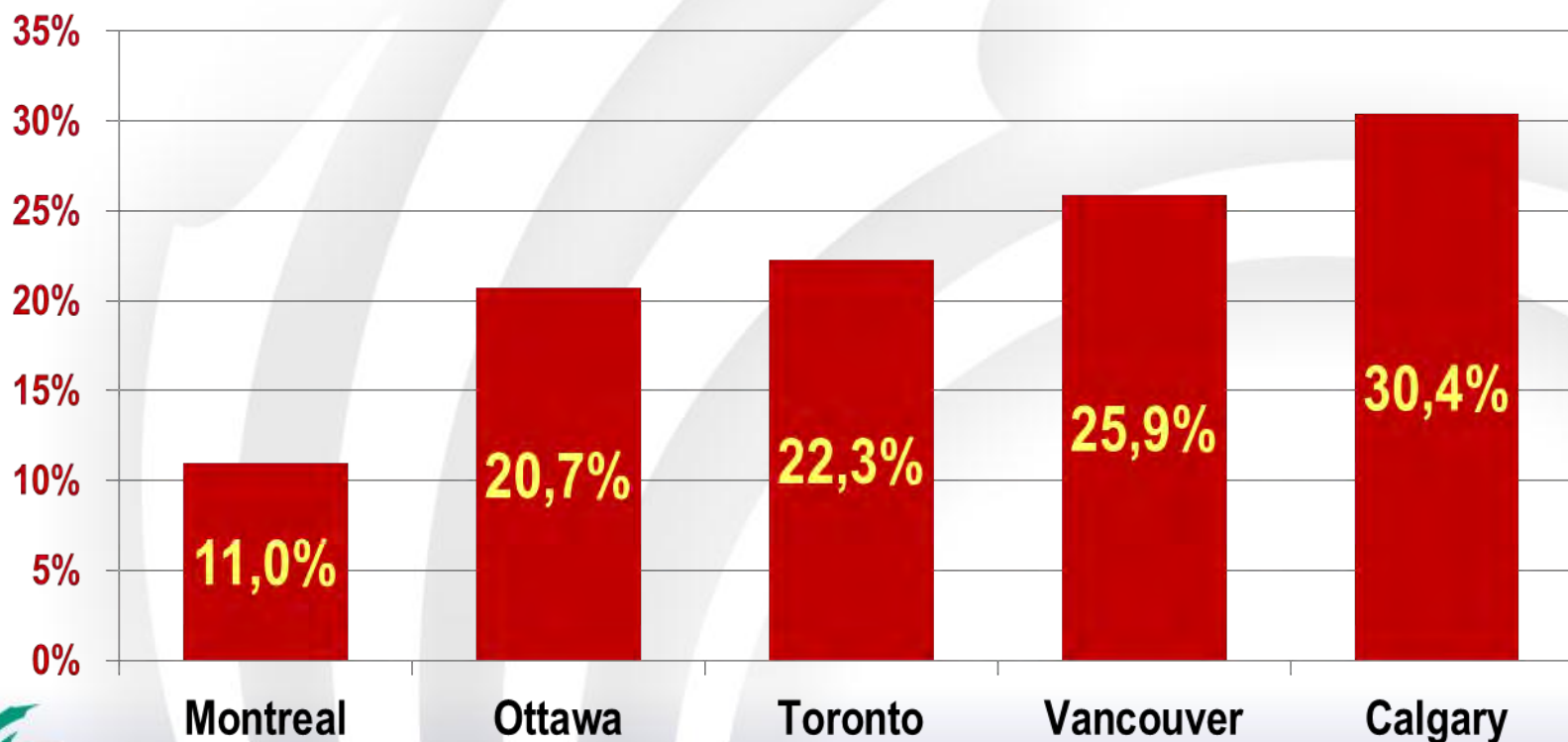
# The Ottawa condo market

Avg. \$/sq.ft. including parking, New Condos, Ottawa



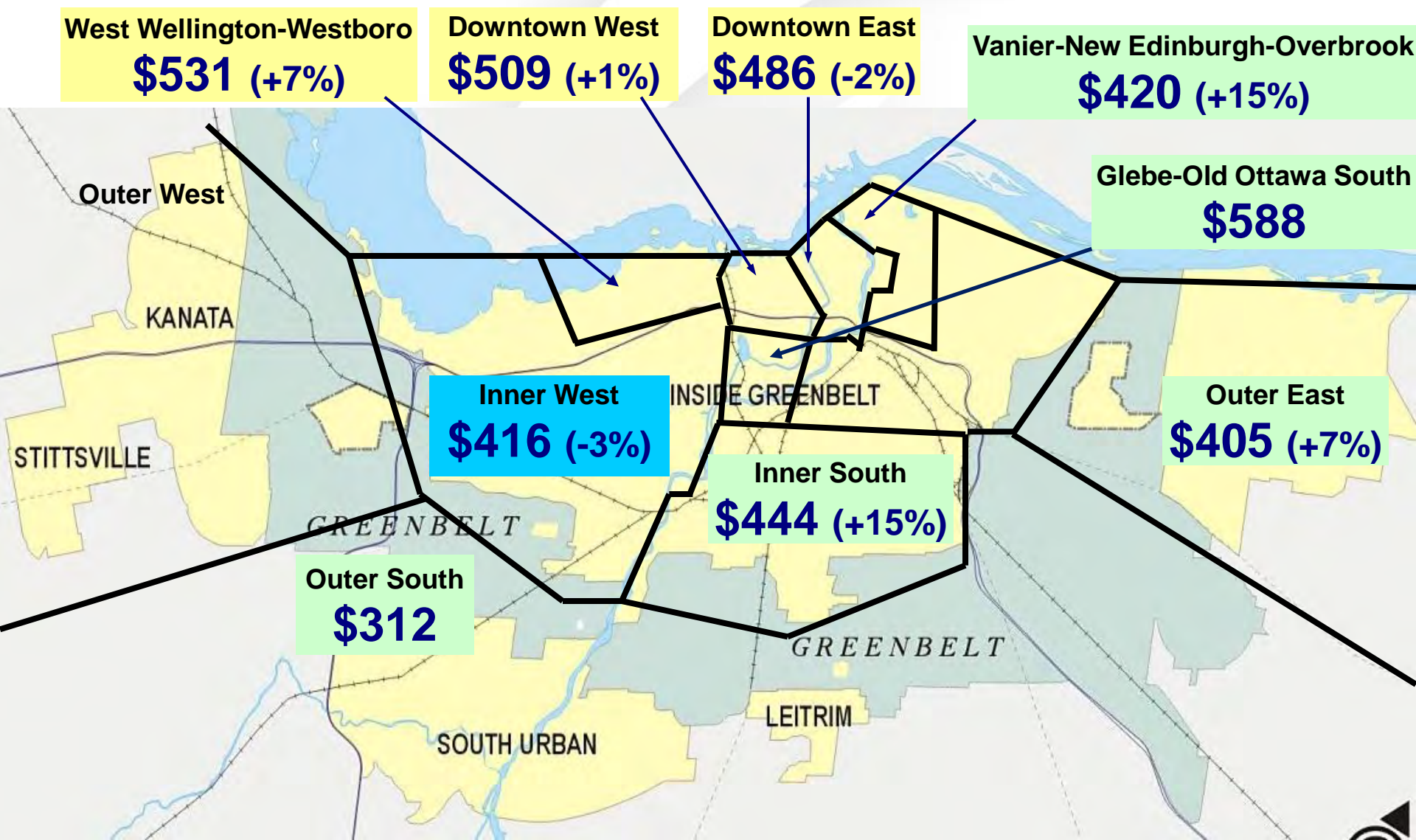
# The Ottawa condo market

## Investor-held condos, 2012



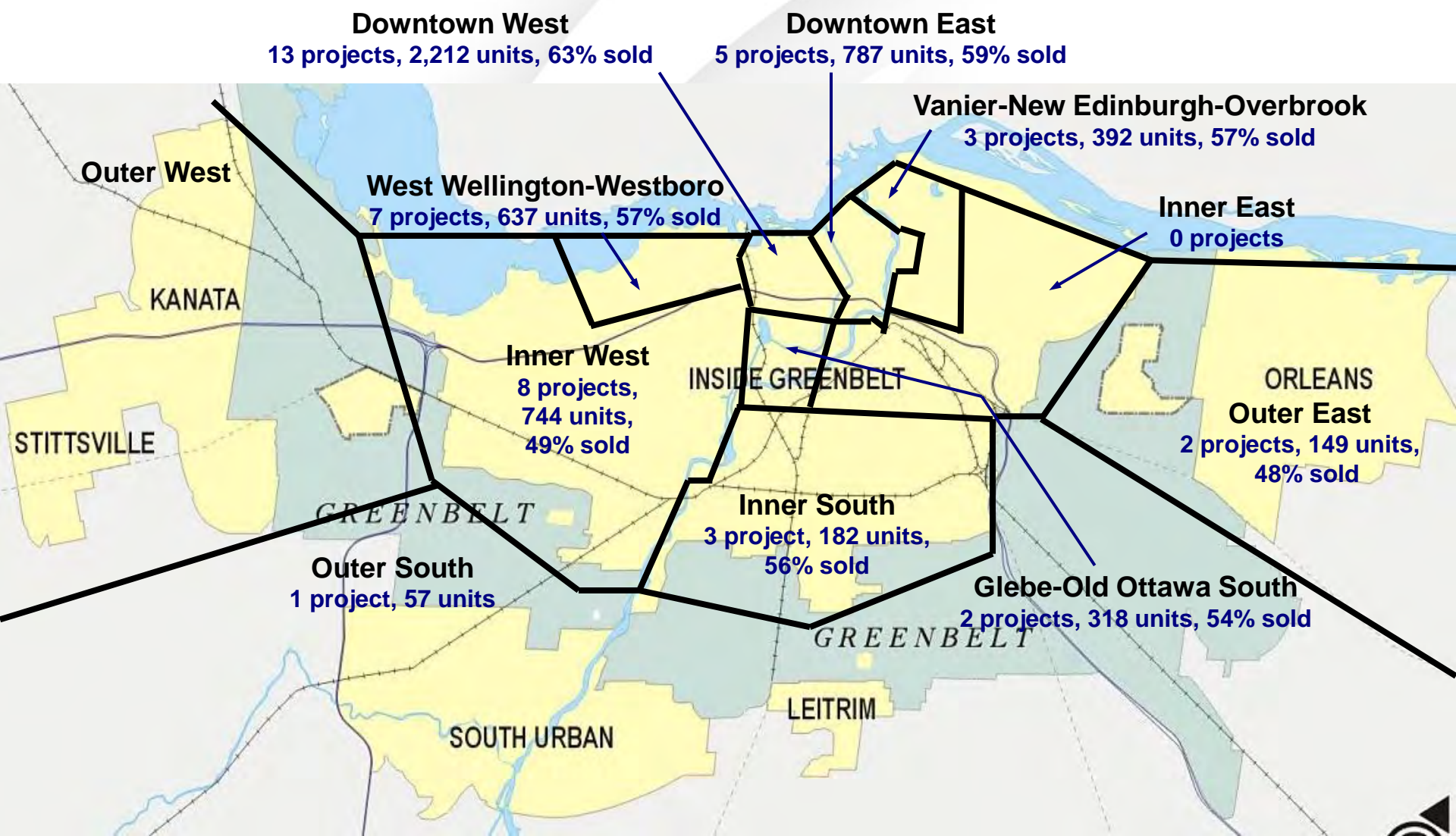
# Apartment Condo Market, January 2013

Average **\$487/sq.ft.** including parking (+4% from 2012)



# Apartment Condo Market, January 2013

44 projects 5,478 units 58% sold





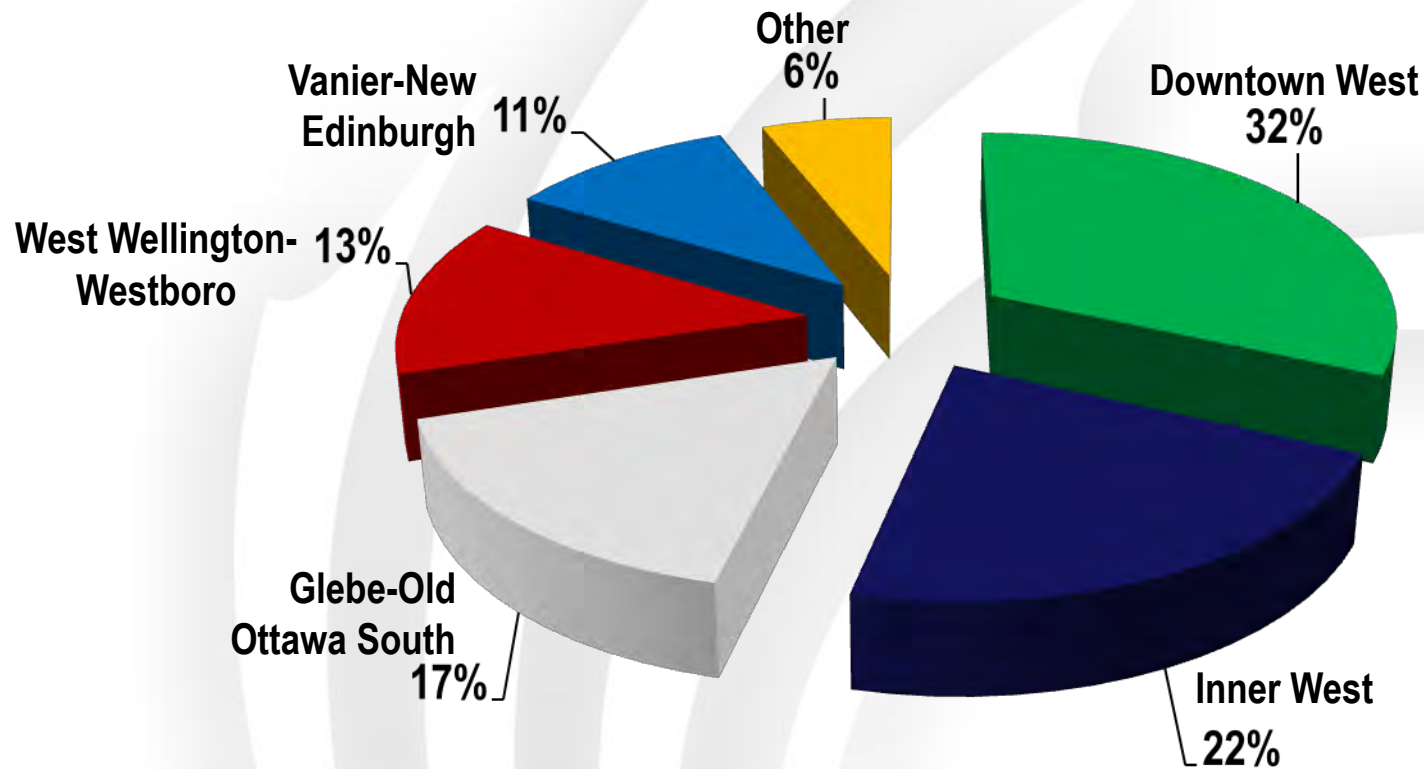
# The condo market in 2012

## *HIGHLIGHTS*

- **16 new projects** launched with 1,920 units
- Avg. project 120 units
- 34% of those new units are sold
- Avg. \$500/sq.ft. incl. parking
- Half the projects are mixed-use

# The condo market in 2012

## 2012 new projects by Area



# The Ottawa condo market

## Average size and unit types, 2012 new projects

Zone	Avg. Sq.ft./unit	% SMALL UNITS (Studio-1br-1+den)	% LARGE UNITS (2br +)
Downtown West	687	68%	32%
Inner South (Alta Vista)	749	80%	20%
West Wellington-Westboro	759	74%	26%
Vanier-New Edinburgh	781	54%	46%
Inner West	830	42%	58%
Glebe-Old Ottawa South	847	40%	60%
Outer East	1297	41%	59%

# The condo market in 2012

## *HIGHLIGHTS:*

- Slower, Larger, Stronger
- Despite economic conditions, **good projects** find buyers
- Suburbs: still some trial and error



# The condo market in 2012



*What is a "good project"?*

- Broccolini - **"The Slater"**
- Hotel + condo combo
- Slick architecture
- AA+ location, views
- Mostly small units
- 58% sold in 2 months

# The condo market in 2012



*What is a "good project"?*

- **Minto @ Lansdowne**
- AAA location
- Dynamic architecture
- Mostly large units
- 54% sold in 2 months

# The condo market in 2012



*What is a "good project"?*

- Windmill **"The Eddy"**
- Hip neighbourhood
- Funky architecture
- Small building (57 units)
- Mostly small units
- "Pioneer" building?



# The condo market in 2012



- Lamb Dev'ts **“SoBa”**
- ‘B’ location, with A+ views
- Adventurous architecture
- Mostly small units
- Part of south Centretown comeback

# The condo market in 2012



- Ashcroft **“The Next”**
- Urban, mixed-use project facing Experimental Farm
- ‘C’ location, A+ views
- Lots of jobs nearby
- ±50-50 split between small and large units
- Sleek architecture

# The condo market in 2012



- Minto – “Upper West”
- Westboro + Water + Views + Green space = *Can't go wrong*
- Only ¼ of the units are 2+ bedrooms
- Crisp & clean architecture



# The condo market in 2012



- Domicile **“The Kavanaugh”**
- First on Beechwood
- Appeal to Rockcliffe
- 55%-45% split between small and large units
- Supportive neighbourhood hoping for “Westboro effect”
- “Safe” architecture

# The condo market in 2012



- Longwoods – “**Sonia**”
- McArthur Ave. – Vanier, near downtown, near river
- “Safe” architecture, triangular building
- 55%-45% split between small and large units
- Aging demographic nearby



# The condo market in 2012



- Richcraft – “Edge”
- A+ location downtown
- “Safe” architecture
- 60%-40% split between small and large units

# The condo market in 2012



- Claridge – “**Stirling Park**”
- Aimed at populous West End older demographic
- “Safe” architecture
- Mostly large units – avg. size 1024 sq.ft.

# The condo market in 2012

- Great Wise – “Qualicum Woods Crossing”
- Still difficult to find sweet spot in the suburbs
- Redesigned with shorter buildings, “safe” architecture
- About 50-50 between small & large units





# The condo market in 2012

- Phoenix – “**Pointe West**” – Greenbank @ Craig Henry
- About  $\frac{2}{3}$  large units, “safe” architecture



# The condo market in 2012

- Melkart – “**Place Belcourt**” – Orleans, Innes Rd.
- Mostly large units – avg. 1297 sq.ft.
- “Safe” architecture









# Launching in 2013?

*\* If approved*



# Launching in 2013?

*\* If approved*





# Launching in 2013?

*\* If approved*





# Launching in 2013?





*\* If approved*

**Launching in 2013?**



# Launching in 2013?

*\* If approved*





# Launching in 2013?



 Ottawa

 FineLine  
perspectives



## &gt;&gt; BUSINESS

# Cooler housing market's pitfalls

Jobs and retirement savings could get hurt while real estate slows down, economists caution

**DANA FLAVELLE**  
BUSINESS REPORTER

Canada's housing "bubble" is more likely to develop a slow leak than actually burst, some of Canada's top chief economists predict.

But a cooler residential real estate market poses other kinds of risks to the economy, the Economic Club of Canada heard Friday.

Slowing residential sales means fewer jobs in construction and lower prices will cut the value of most households' key retirement asset, the club heard.

"It's not a trivial matter," Avery Shenfeld, chief economist with

CIBC, told a packed room at the Sheraton Hotel in Toronto during the club's annual economic outlook.

The club invited the chief economists from Canada's five largest banks plus the New York-based chief economist for European bank BNP Paribas to share their views.

Even if Canada doesn't see a U.S.-style wave of mortgage defaults, which few economists are predicting, a slowdown in sales will mean a slowdown in new residential construction, the club heard.

That could shave up to half a percentage point off Canada's already

tepid 2 per cent economic growth rate in 2013, Shenfeld said.

The construction slowdown could come as soon as midsummer, said Warren Jestin, chief economist with Scotiabank. It hasn't shown up yet because so many condos are pre-sold, he said.

"By the time we get into the second half of this year, you're likely to see housing construction down very substantially," Jestin said.

Lower house sales also mean lower sales of new couches and other house-related items, Shenfeld added. "When you throw that all in, that's quite a hole in the GDP growth rate," he said.

Canada's residential real estate market began cooling last spring as affordability soared out of reach.

Fears of a housing "bubble" caused Ottawa to tighten mortgage lending rules. That's why most of Canada's leading economists are hoping for an upturn in global economic activity, which would create greater demand for Canada's exports.

A prolonged period of little or no growth in house prices could also hurt Canadians' retirement savings, especially if interest rates also remain low, Jestin cautioned. "Low interest rates are a gift to borrowers, but they're a penalty to people trying to save for retirement," he said.

It's one of the unintended consequences of an unprecedented period of record low interest rates, the panel said.

While the Bank of Canada's deci-

sion to lower its trendsetting rate helped the country survive the worst of the financial crisis of 2008 and the Great Recession that followed, it may have also created other more far-reaching problems down the road, Jestin cautioned.

The central bank's benchmark rate has been at 1 per cent for more than two years, fuelling a borrowing binge that has left households with record high debt levels.

BNP Paribas economist for the Americas, Julia Coronado, sounded the lone negative note on future U.S. economic growth during the breakfast panel. The U.S. economy slowed to 1.5 per cent during the final three months, and Americans are facing tax hikes that lock in a weak start to the year, she said.



# HOUSING MARKET OUTLOOK

## Canada Edition



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fourth Quarter 2012

### Canadian Housing Market: Starts to slow, resales stable in 2013

#### Overview<sup>1</sup>

#### Housing Starts:

**2012:** 213,700

**2013:** 193,600

#### Resales:

**2012:** 457,400

**2013:** 461,500

**Resales:** Sales of existing homes through the Multiple Listing Service® (MLS®)<sup>2</sup> have moderated so far in 2012. Going forward, existing home sales are expected to remain relatively stable. MLS® sales in 2012 are expected to total 457,400 before rising modestly to 461,500 in 2013.

**Resale prices:** Consistent with a relatively stable outlook for sales, the existing home market will remain in

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# Buffers to the slowdown

- **LRT construction**

- 20,000 jobs
- Trains will be assembled in Ottawa

- **Lansdowne**

- 2,600 jobs

- **Federal contraction**

- Many are early retirements with fully indexed pensions









































































# 10 tips for home buyers

1. **Who are the neighbours?** *Look at the community around the property.*
2. **Is there a community association?** *See their website, what are their issues?*
3. **View the Ottawa Police Crime Map**
4. **Is the street a transit route?** *A school bus route?*
5. **How 'removed' is the street from activity?** *Closer = convenient but busier; removed = quieter but last for snow*

# 10 tips for home buyers

6. **How wide** is the street? *Does it have sidewalks, a bike lane? What's the speed limit? Parking restrictions?*
7. **Local parks and paths:** *How far? How many?*
8. **Are there dog parks?** *On- or off-leash?*
9. **Park features:** *Good match? Play structures? Splash pad? Community garden? Sports field?*
10. **Think 4 seasons:** *where will snow go? How will Halloween or Christmas decorations fit? Where will BBQ's take place? Is there shade for summer?*



# Questions?

*Thank you for your attention.*