

Real Estate Monthly

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Ottawa Housing Prices Score Well in Survey

Ottawa is the 49th most affordable city for home buyers in a 227-city international survey based on prices and average incomes.

The fourth annual **Demographia International Housing Affordability Survey** examined cities in the United States, Canada, Ireland, New Zealand and Britain.

In Canada, Ottawa is tied for 12th place with Oshawa, not as affordable as Thunder Bay, Saint John, Regina or Windsor.

But it does much better than Victoria, Vancouver and Kelowna -- all ranked among the least affordable communities in all countries surveyed.

Sandra Perez, senior market analyst for Ottawa at Canada Mortgage and Housing Corp., said that she expects Ottawa to continue to be an affordable location for residents despite concerns over a U.S. economic slowdown's effect on Canada.

"Although Ottawa's economy is going to be growing at a slower rate, it is still going to be one of the best cities to live in Canada," Ms. Perez said.

In the survey, communities are ranked based on the ratio of median

house price to median household income. The lower the ratio, the more affordable the city.

Ottawa's median house price of \$215,400 and average income of \$71,700 give the city a ratio of 3.0, bringing it within the affordable category.

In contrast, B.C. cities have the worst affordability ratios in the 29 Canadian cities examined. Kelowna has an affordability ratio of 8.5, Vancouver 8.4 and Victoria 7.3.

David Seymour, a policy analyst with the Winnipeg-based Frontier Centre for Public Policy, which co-produces the Demographia report, said Ottawa's affordability ratio has moved marginally downward over the last few years.

Since many cities in Canada have seen their ratios slowly creeping up, Mr. Seymour said that "Ottawa's performance is very good."

Ms. Perez says affordability won't be affected too much by any minor slowdown in Ottawa's economy because of the many government jobs here. "That gives us a lot of stability."

She says that house prices are forecast to increase by 4 percent, or slightly over the inflation rate.

Decreases in interest rates also help people afford homes, Ms. Perez said, and an ample supply of new listings will also hold prices down.

To compare housing affordability for cities in Australia, United States, and Canada, go to www.fcpp.org/main/citycal.php.



Focus on Ottawa Home Sales

According to statistics just released by the Ottawa Real Estate Board (OREB), 654 homes were sold in January, compared with 764 in January 2007, a decrease of 14.4 percent. There were 583 sales in December 2007.

"As predicted by the Canadian Real Estate Association, home sales are expected to level off to roughly 2006 levels this year," said OREB's President. "January's numbers are right in line with what we saw in 2006, which is still the second-strongest year on record. When you put it into context, there were 647 sales in January 2006, so this number is right on track with expectations."

The average price of residential properties, including condominiums, sold in January in the Ottawa area was \$284,340, an increase of 9 percent over January 2007.

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Winter Recreational Property Prices Remain Red Hot

While sunshine states such as Florida and Arizona have long enticed Canadians to purchase their winter retreats in warmer-weathered American cities, the uncertainty clouding the U.S. housing market has many Canadians favouring properties north of the border. In fact, 36 percent of Canadians who own a winter recreational property or who are considering purchasing one cite that they are more inclined to buy a property in Canada than in the United States because of the economic uncertainty plaguing our southern neighbours, according to the newly released **2008 Royal LePage Winter Recreational Property Report**.

The sky's the limit when it comes to buying mountainside

For those looking to enjoy their own winter wonderland, Quebec, Ontario, Alberta and British Columbia offer the greatest selection of recreational areas, with real estate prices increasing from east to west. Strong demand combined with limited mountain-based properties has prices ranging from \$180,000 to \$850,000 in Quebec, \$400,000 to \$1 million in Collingwood, and \$450,000 to \$2 million in British Columbia for a standard detached, mountainside, three-bedroom chalet.

“High levels of demand combined with limited inventory have pressured winter recreational property prices upward – a trend expected to continue well into the future,” said Lisa da Rocha, vice president, marketing communications, Royal LePage Real Estate Services. “Local buyers and foreign investors alike are taking advantage of Canada’s iconic snowy winters and realizing that winter recreational properties are a sound long-term investment.”

Let it snow, let it snow, let it snow – or not

While snowfall levels in North America have decreased over the past few decades, when asked, “Are you less likely to purchase a winter recreational property if a reduced level of snowfall continues?”, 66 percent of Canadians who own a recreational property or are considering purchasing one are clearly committed to the cold climate and answered that regardless of snow, a winter recreational property

would still be their winter retreat.

Not so little cabin in the woods

While everyone’s idea of a winter retreat may differ, there are a variety of property types available across Canada, from rustic chalets to grand lodges to maintenance-free condominiums, to satisfy every need. Canadians list their top three features as a traditional chalet structure with a rustic charm, extra rooms for guests and grand fireplaces.

Buyers in areas including Whistler,

TOP SEVEN WINTER RECREATIONAL PROPERTY FEATURES

1. Traditional Structure with Rustic Charm
2. Extra Bedrooms for Guests
3. Grand Fireplaces
4. A Large, Open Great Room
5. Outdoor Hot Tub
6. Office with Internet Access
7. Professional Kitchen



Vernon and Big White are demanding luxury properties with features including granite countertops, heated floors and stainless steel appliances.

Additional report findings

More than 4 in 10 (43%) of respondents find the idea of owning a condo over a chalet attractive. Canadians aged 55+ (46%) find condos more appealing than standard chalets compared to those 35-54 years (38%), presumably for their maintenance-free lifestyle. However, in some markets such as Collingwood, there is an increased pressure on detached residences, versus the traditionally popular condominium.

Eight percent of Canadians own a winter recreational property or are considering purchasing one in the next three to five years, with residents of British Columbia representing the largest purchaser population (13%) and Atlantic residents making up the smallest (4%). Quebec and Ontario residents comprise 9 percent and 7 percent of winter recreational owners and future buyers, respectively.

Winter recreational markets, including Mont Tremblant, Canmore, Whistler and Fernie, are increasingly attracting European buyers.