

## 2023 HIGHLIGHTS



Little Mermaid Client Movie Event



Client Fall Event



8th Annual Client Santa Party



Team at Family Reunion in CA



Proud Sponsor of the 9runrun



Chris at KW Mega Camp in Austin

## PERSONAL NOTE

Celebrating another year in real estate! I embarked on this incredible journey 19 years ago when I sold my first home. Gratitude overflows for the wonderful clients who've been a part of this journey. Despite the challenges presented by our local real estate market in the past year, our team achieved growth and we were able to host three amazing client events. Our passion lies in giving back to our clients and community. We have some exciting plans for this year, including our most significant giveaway to date. All the best in the New Year!

*Chris Scott*



# ANNUAL REAL ESTATE REPORT OTTAWA



CHRIS SCOTT TEAM  
REAL ESTATE SERVICES

# OTTAWA OVERVIEW

The Ottawa real estate market underwent notable changes in the past year, transitioning from a sellers' market to a more balanced one. This shift was influenced by multiple interest rate hikes by the Bank of Canada, which promptly led to a slight decrease in home prices and demand as they adjusted to the rising rates. The heightened cost of living and escalating mortgage costs caused many individuals to delay their plans for buying or selling homes. Thus, you can see a large decrease in houses sold in 2023, down 11% from 2022. Let's look at the key indicators of our market.

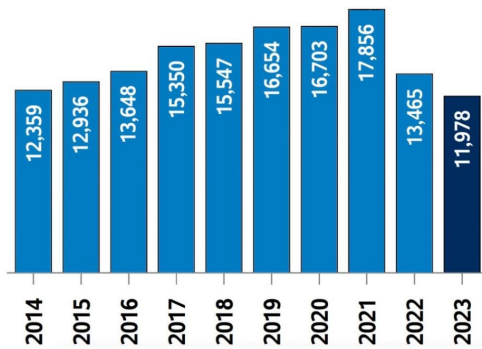


**RESIDENTIAL**  
**\$667,794 DOM: 41**  
 ↓ **-5.5%**

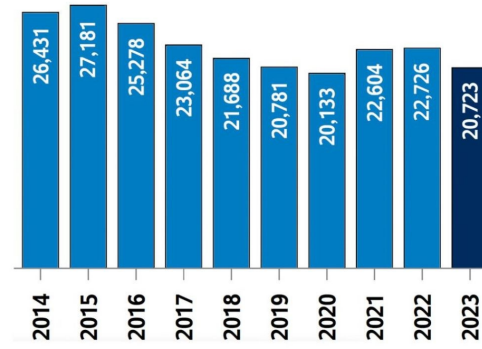


**NUMBER OF UNITS SOLD**  
 ↓ **11,978**  
**-11%**

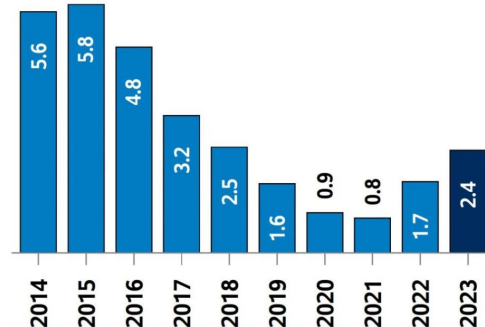
## Sales Activity



## New Listings



## Months of Inventory



## INTEREST RATES AND INFLATION

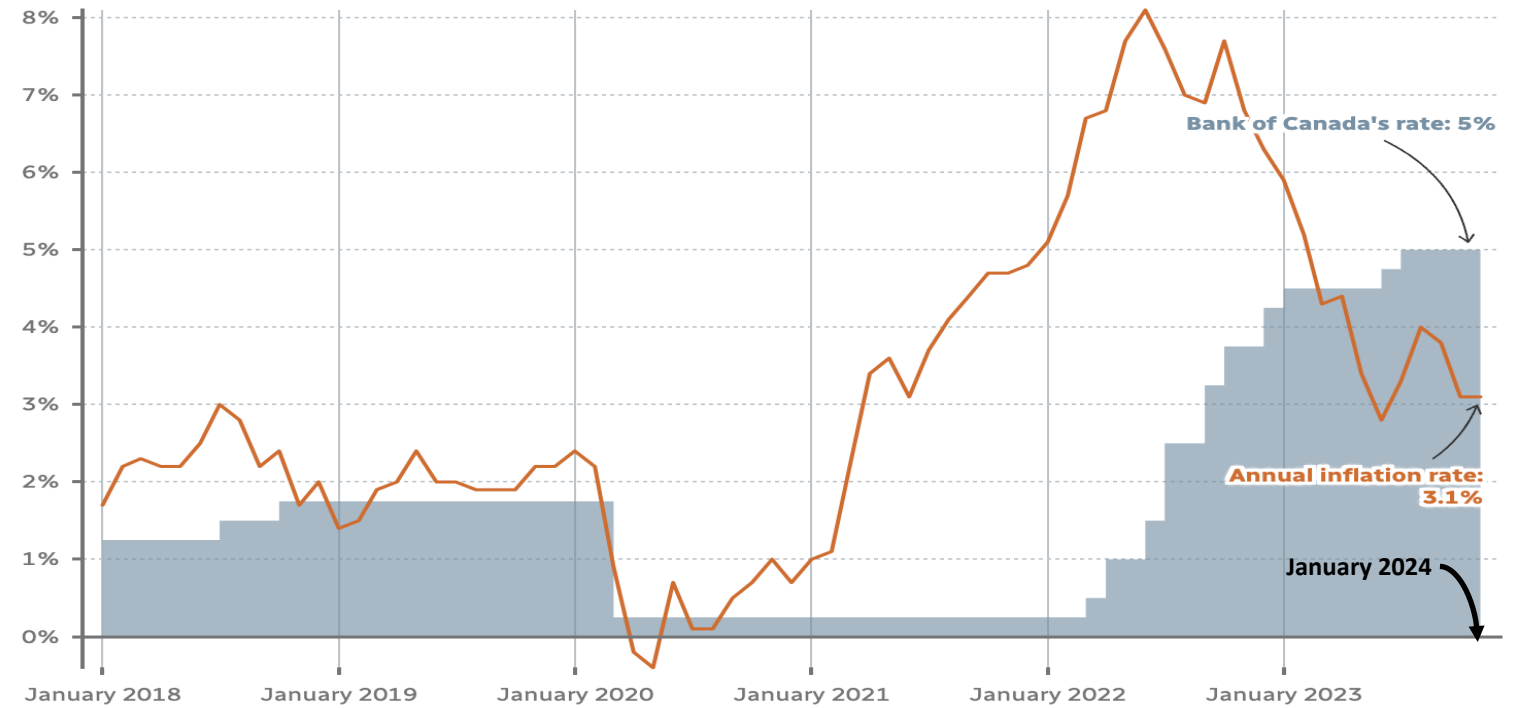
As inflation has risen the Bank of Canada has hiked interest rates to cool the market. So far they have managed to get inflation down from a high of 8% to 3.1%. Still off from their 2% target. CMHC reports that only 300,000 homeowners have renewed mortgages at new higher rates. In the next two years, 2.2 million households will face increased rates. That is a big number and if the rates don't fall soon it will cause lots of financial pain for many Ottawa home owners. Analysts suggest this may prompt the BOC to cut interest rates in the first half of the year. I believe our housing market hangs in the balance with BOC decisions. If rates fall our market will be robust. If they stay the same I think it will be a very balanced market. If they rise again this year, God help us! My prediction is that rates will come down in time for the Spring market and will stay in the 4-4.5% range indefinitely.



## IMMIGRATION & POPULATION GROWTH

Canada continues to lead G7 countries in population growth with record immigration this past year. If this continues we will see our 40 million population double in 25 years. Big cities like Ottawa will grow to accommodate but will our major cities grow fast enough? With newcomers we will see supply challenges continue in the future with added pressure on rent and housing prices. My belief is the housing shortage will be the number one issue in the years ahead unless the city, province, and federal governments get serious about changing course now. In Ottawa builders are facing high costs and ridiculous wait times to get permits and develop. The added costs go back directly to the consumer.

## Inflation and interest rates in Canada



Source: Bank of Canada, Statistics Canada (Graeme Bruce/CBC)



## SUPPLY AND DEMAND

The fundamental economic principle of supply and demand lies at the heart of economic dynamics. Over the past 5 to 6 years, Ottawa has grappled with a shortage of supply, reaching its lowest point in February 2021. Coincidentally, prices have experienced a rapid ascent, reaching a peak frenzy when inventory levels were at their lowest. Interestingly, steady demand characterized the early months of last year, gradually waning as time progressed and interest rates hiked. During this time many individuals opted against selling their homes, thus eliminating much of the supply as well. In short we ended the year with a balanced market with lower than average sales and less supply available. However, if historical trends are any indication, this equilibrium may be short-lived, as the continuously growing city of Ottawa is likely to revert to a seller's market sooner rather than later. Especially if we see some rate decreases from the BOC.

## MLS® HPI Composite Benchmark Price and Average Price

