



K.M. (KEN) CARMICHAEL

B.Sc., M.B.A

#1 in Sales in Ottawa (2006, 2003: RE/MAX Individuals)
 RE/MAX Chairman's Club (2006, 2002)
 RE/MAX Lifetime Achievement Award (2004)

Ontario

Ottawa

Despite a shortage of entry-level product, first-time buyers continue to be a driving force in Ottawa's residential real estate market this year. Affordability is not yet a serious concern, as homeownership remains in reach for most two-income households. Year-to-date, more than half (1,638 units) of all sales have occurred under the average price of \$283,000. The majority of those sales involved single-family homes, while the remainder (348 units) were condominium apartments or towns. Despite low inventory, purchasers have not been pressured by a sense of urgency. While some are compromising on their choice of home or location, most are getting what they want with few concessions. Buyers have demonstrated their willingness to wait for the right product to come on stream. Popular neighbourhoods offering affordable detached homes include Vanier and Overbrooke (starting at \$184,900), the outlying areas—including Osgoode, Metcalfe, Vernon, Richmond and Elmont (starting at \$184,900), Stittsville (starting at \$210,000), Orleans (starting at \$222,500), and Barrhaven (starting at \$239,000). Most entry-level homes will require some updating. Plenty of alternatives are available at lower price points including smaller, two-bedroom homes, semidetached homes, half-duplex, town homes, and apartment condominiums. Condominiums are gaining in popularity, with prices from \$124,900 in Vanier/Overbrooke, from \$136,000 in Beacon Hill South, from \$127,000 in Orleans, and \$149,000 in Bell's Corners. In recent years, more first-time purchasers have been settling in the suburbs, which typically offer greater value. The longer commute seems a reasonable trade-off for most. Budget-minded buyers can still enter the market near the \$100,000 price point in Ottawa, as evidenced by some of the city's least expensive sales and listings to date. The lowest-priced detached home sale, at \$128,000, netted a three-bedroom home requiring TLC in Vanier, while a one-bedroom condo in an older building was snatched up for just \$80,000 in Beacon Hill South.

Ottawa Financing/Carrying Cost Analysis	
Starting Price*	\$184,900
10 % Down payment	\$18,490
Mortgage Amount**	\$166,410
Monthly Carrying Cost by Amortization Period***	
25 Years	\$1,061
30 Years	\$985
35 Years	\$936
40 Years	\$902
<small>Source: RE/MAX, TD Canada Trust. *Starting price based on a three-bedroom, single-detached home. **Mortgage amount excludes high ratio insurance premium. ***Carrying cost represents the principal and interest payment based on a five-year closed mortgage, financed at 5.75 per cent.</small>	

Currently, the lowest sticker prices in Ottawa's residential marketplace include an older, small, two-storey requiring TLC in Cumberland, listed at \$110,000 and a one-bedroom condo at \$112,900. There are approximately 20 detached homes for sale under \$200,000 in Ottawa. Over 400 residential units (primarily condominiums) have sold under that price point to date. With a vibrant employment picture and stable local economy, a growing number of purchasers are anteing up—the bulk of first-time activity is now occurring between \$200,000 and \$300,000.

For the full Canadian Affordability Report please visit the below link at Re/Max Ontario Atlantic:

http://www.remaxevents.ca/08/PR/Affordability/REMAX_Affordability08_RPT.pdf