

HOUSING MARKET ASSESSMENT

Ottawa¹

CANADA MORTGAGE AND HOUSING CORPORATION

Third Quarter 2019

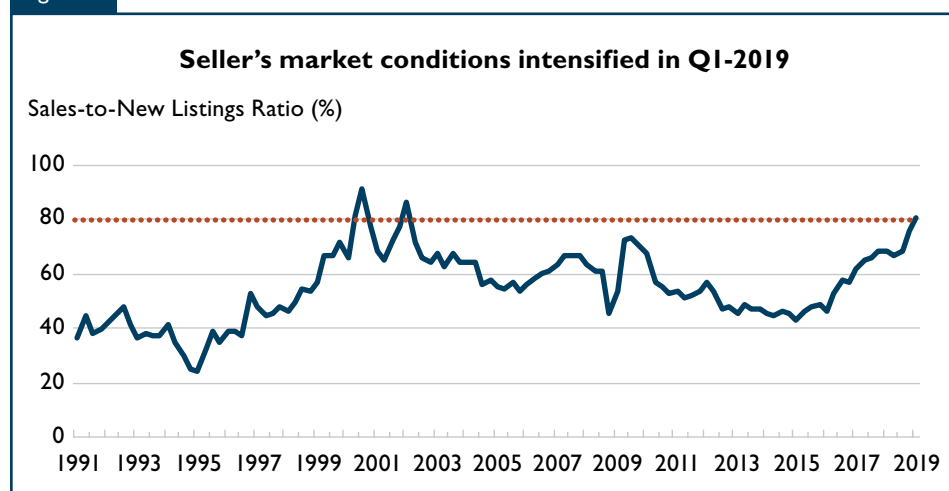
Low evidence of overvaluation in the first quarter of 2019²

- Sellers' market conditions intensified in Q1-2019 relative to Q4-2018 as the number of newly listed homes dropped and sales grew. This shifted the sales-to-new-listings ratio higher and slightly above our threshold for overheating (see Figure 1) for the first time since Q1-2002. However, it was not flagged due to this only occurring for a single quarter and would need to be observed in the subsequent quarter as well to determine if it is persistent. Recent data to May 2019 points to a moderation in the intensity of this measure.
- Fewer listings and a greater number of buyers, led to greater upward pressure on prices. In Q1-2019, the average MLS® home price increased by 5.3% compared to the same quarter a year ago. However, this was not enough to signal evidence of price acceleration, which remained well below the threshold.
- The growth in the average MLS® home price in Q1-2019 coincided with stagnant personal disposable income. We continued to detect low evidence of overvaluation because improvements in other fundamentals, such as lower borrowing costs and strong population growth among those aged 25-34 years kept demand strong.

Increasing absorption of condominium apartments reduced unsold inventory

- In the new home market, the number of completed and unsold units in Q1 2019 declined from the same quarter a year ago. The number of completed and unsold units per 10,000 population was 3.9, down from 5.6 a year ago.

Figure 1



Sources: CREA and calculations (threshold) by CMHC
Last data point: 2019Q1

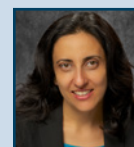
¹ Ontario part of Ottawa-Gatineau CMA

² Results are based on data as of the end of March 2019 (the annual rental apartment vacancy rates are from October 2018) and market intelligence up to the end of June 2019. A detailed description of the framework is available in the appendix of the [National edition](#).

**Results Overview
Ottawa CMA**

	May 2019	Aug. 2019
Overheating	Low	Low
Price Acceleration	Low	Low
Overvaluation	Low	Low
Overbuilding	Low	Low
Overall Assessment	Low	Low

Degree of vulnerability
■ High ■ Moderate ■ Low



Anne-Marie Shaker
Senior Analyst
Economics

"Low evidence for all indicators of vulnerability is maintained for Ottawa as strong population growth and lower borrowing costs supported an active housing market."

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