



August Amazes

New Home Sales \uparrow 35.6% • YTD Sales \uparrow 27.2% • Resales \uparrow 3.8%

New Home Sales in August 2017 reached 461, a significant 35.6% increase compared to the same month last year with sales at 340. August sales were also 33% higher than the previous five-year average of 347 and recorded the highest volume of sales since 2009. Ottawa South and West led the market with 36% and 32% of sales, respectively.

According to CMHC, August housing starts are trending at 9,144 units, compared to 4,463 in August 2016. Actual starts in August were 802, a substantive 95.1% increase from August 2016.

Comparative market figures indicate a strong performance from builders such as EQ, Phoenix, Richcraft, Uniform and Urbandale which have increased their sales volume by more than 50% from this time last year.

This year marks CHEO's 27th annual Dream of a Lifetime lottery (launched September 12th), which showcases the Minto Dream home as part of the approximate \$1.8 million Grand Prize.

This year's model will be Minto's Red Maple, a 5,392 square foot, 4 bedroom home in their Mahogany community.

Resale sold 1,538 residential properties in August compared to 1,481 in August 2016, an increase of 3.8%. The five-year average for August sales is 1,343. The breakdown of August sales is 350 condominiums and 1,179 residential.

The average sale price of a residential home was \$420,335, an increase of 7.6% over August 2016. The average price for condominium properties was \$270,768, a 0.4% decrease in one year.

Market Wrap-Up Again, already? The Bank of Canada raised its interest rate by another 0.25% for the second time in less than two months, bringing its overnight lending rate to 1.0%. The hike came earlier than expected, but according to the BOC, "...recent economic data have been stronger than expected", and Canada's growth is broad-based and sustainable. Despite recent increases, and possibly a third hike in October, interest rates remain comparatively low. The small, incremental increases have motivated many buyers to purchase now rather than later.

Touted as the "biggest rule change of all time," borrowers with down payments of over 20% may need to be qualified based on a rate 200 basis points (2%) above their contract rate. But the [new rule](#) from the Office of the Superintendent of Financial Institutions (OSFI) is getting pushback from the industry, which may postpone the change.

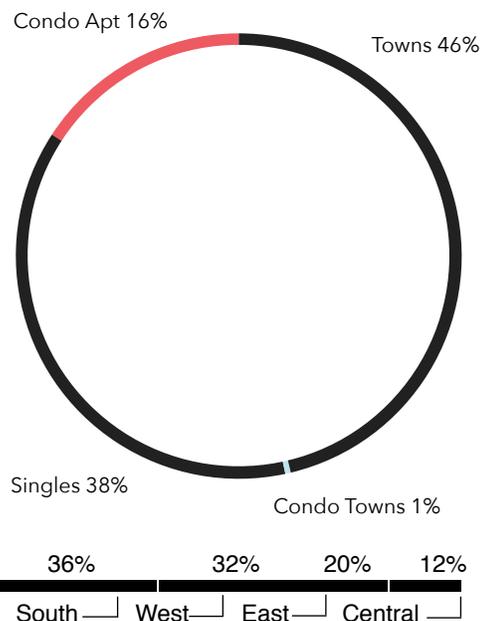
The Altus Group, in its August housing report, reported that Canada's economy is growing at its fastest pace in the last seven years. Altus Group's forecast for Ottawa in 2018 is that federal government spending will continue to fuel job growth and increased resales and new home sales.

After several hyperactive months of sales, some Ottawa new home builders are taking a deep breath while others prepare to open new projects and release new products this fall. Ottawa's new home builder community is on a roll, and just as PMA had predicted at January's "Hello Goodbye" GOHBA Conference, builders will finish 2017 with a bang and top 5000 unit sales for the first time since 2011!

live positive!

Cheryl Rice, President
Ariana Luna, Research Director
inquiries: cherylr@pmabrethour.com

NEW HOME SALES **461** (+35.6%)
YTD 3826



RESALES **1538** (+3.8%)
YTD 12458
August 2017

August 2014

residential \$420,335 | condo \$270,768

KEY ECONOMIC INDICATORS

- mortgage rate 1yr **3.14%** (+0.0%)
- mortgage rate 5yr **4.84%** (+0.2%)
- new home pricing index **102.4** (+0.9%)
- consumer pricing index **130.0** (-0.1%)
- unemployment rate **6.6%** (-0.1%)
- avg weekly earnings **\$1120**(+0.5%)

Sources: PMA Brethour Research, Ontario Real Estate Board, CMHC, The Canadian Press, Financial Post, Altus Group