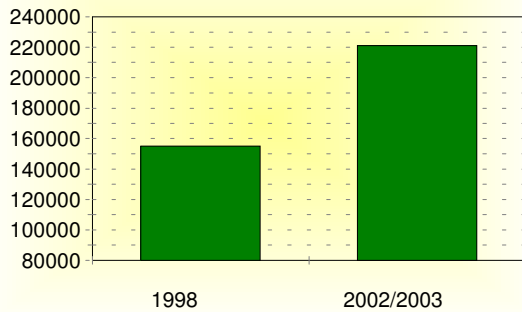


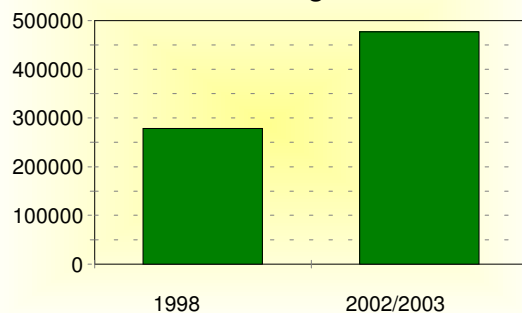
Barrhaven

42% Increase in Average Sale Price



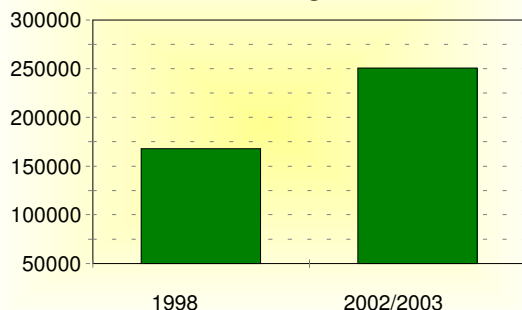
The Glebe

71% Increase in Average Sale Price



Chapel Hill

49% Increase in Average Sale Price



While the frantic pace has slowed somewhat and a more balanced market is emerging, activity in the Ottawa region remains strong, driven by low interest rates, the continued creation of new jobs and strong consumer confidence. For instance, with 1020 residential units sold, September 2003 was one of the busiest Septembers ever. Year to date, the average sale price of an Ottawa home has increased by nine percent (source: REBOC).

Over the past five years we have witnessed phenomenal growth in the price of homes. It is particularly illustrative to compare this dynamic period with the housing market doldrums of the early and mid-1990s. Using data from three popular Ottawa neighborhoods, we compare sale prices of five randomly selected two story detached homes that sold in both 1998 and 2002/2003. The results are presented in the three charts on the left.

Will the upward march continue? While it is never easy to predict the future, current trends do offer a good prognosis. According to the Canada Mortgage and Housing Corporation, the housing market will benefit from positive developments in two categories of indicators: *housing demand factors* and *housing market conditions*.

Housing demand factors include job growth and income, demographic trends and affordability. Job growth in the Ottawa region is respectable and is predicted to remain so into the new year. In 2003 there were over 25,000 jobs created, with an increase in the number of full time over part time positions. These job gains reinforce an already above average family income for the Ottawa area. Demographic trends in Ottawa include an increase in the number of second round buyers (45-64 age group), and a rebounding 15-24 age group whose constituents will soon be purchasing their first homes. Immigration to the city – both domestic and international, also contributes to the pool of potential homebuyers.

Further driving demand is that homes are still affordable to Ottawa residents. Consumers are buying large ticket items and business bankruptcies are close to a decade low. Low interest rates continue to offset rising home prices and stimulate demand.

Housing market conditions also favour strong sales into 2004. Demand for condominiums has outstripped supply, driving up prices. The market for freehold sales is also tight, suggesting a prolonged seller's market.

Negative influences on the housing market include a high Canadian dollar and a pessimistic manufacturing sector. However, US demand is expected to pick up, bolstering Ontario industry.

What can we expect in the coming months? Re/Max predicts that the average resale price of an Ottawa home will reach \$234,300 in 2004 – an increase of 7%. Total home sales are expected to number 13,000 units for 2003 – up 0.8%. A slight decline to 12,500 units is forecast for 2004 (source: Re/Max).

While it seems inevitable that the bubble will eventually burst on the local real estate market, the question of "when" yet remains. With record breaking sales in September and October and little movement in interest rates, the short term certainly looks good.

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