



**IMAGINE  
ROTARY**

# *Spinoff*

**ROTARY CLUB OF WEST OTTAWA**

**Graeme Fraser, President**

January 10 2023, Editor: Don Butler

**Hybrid: Zoom and Best Western City Center Macies**

Program: The Prognosticators: Linas Pilypaitis, BMO-finance; Rick Eisert, Royal LePage- real estate; **Rocco Disipio**- sports

Video: <https://youtu.be/ac31wtnlb4Q>

## **We begin**

At 1230 , **President Graeme Fraser** opened the 25<sup>th</sup> meeting of this Rotary year (and the first of 2023) and went straight to **Larry Chop** to introduce prognosticator Rick Eisert who had to leave early.

## **Real Estate**

**Larry** told us that Rick had been a realtor for 40 years, had been president of the Ottawa Real Estate Board and was currently president of the Westboro BIA.

Rick told us that he remembered preparing a briefing for us before but he had been ultimately unable to come to our 2022 prognosticator meeting and Royal LePage colleague **Rocco Disipio** had had to deliver it for him.

Rick thought the Ottawa real estate market, since 2019 has been different from anything in Rick's 40 year experience. Here are the 2022 annual reports for condos

<https://portal.clubrunner.ca/512/Documents/en-ca/42aa54a4-0927-4b1b-85b2-f452da0895de/1/>  
and other residential properties <https://portal.clubrunner.ca/512/Documents/en-ca/470e938f-a3da-44bf-b222-9954c56dd67e/1/>

Ottawa reached 1 million population in 2019 and began to be seen as a major city which attracted investors who then had to find workers. So the real estate market went from balanced (4-6 months inventory) to a sellers' market with houses attracting multi offers often over asking. In 2020 the market quieted a bit when covid first hit and then "exploded" with houses attracting many offers. Low interest rates meant buyers could handle rising prices. End 2021- beginning 2022 saw the hottest market ever. Over 2022 inflation and rising interest rates damped down the market. This was the first time Rick had seen a major rise and then dip in Ottawa though Toronto and Vancouver have experienced this several times. End 2022 saw an almost balanced market with 3.9 months of inventory. When markets change like that initially sellers expect to receive prices of 4 months previously while buyers think prices have fallen more than they have. By December 2022 expectations had evened out so that sales volume was only 5% less than 12 months before while in September volume had been 25% down.

Looking ahead, Rick saw the current balance of expectations continuing to early summer. He expected inflation to slow and then interest rates in December 2023 to decline to about 1½ percentage points below 2022 which will allow some additional buyers to enter the market. In 2024 sales should pick up. Ottawa real estate is still undervalued when measured by prices v incomes compared to other big Canadian cities. Immigration to Ottawa by newcomers to Canada and from other Canadian cities will keep housing supply less than demand and prices will rise a bit. The market for \$1.5-2.0 million properties has been stable since about 2019. In general Rick sees a steady market for real estate in 2023.

### **President's remarks**

**President Graeme** had enjoyed our Christmas program Dec 13 and hoped we were all rested and refreshed after the Christmas and New Year's festivities. He complimented **Ron Doll** on the success of the Levee the previous Saturday which over 30 of us had enjoyed. He had watched the soccer World Cup and expressed some ideas on how the game might be improved. After O Canada sung by Mark Donnelly and the fans at a hockey game **President Graeme** recognized

**our guests:** speaker Rick Eisert, speaker Linas Pilypaitis and his BMO Nesbitt Burns colleagues, Ryan Nobbs, Derek Ralph, Patrick Kelley and Alyssa Wu on line, and former WO-er Phil Bronsther .

**Larry Chop** took the mic and told us that Linas Pilypaitis is a former naval officer, is now wealth adviser for BMO Nesbitt Burns that he joined our Club in 2009, received a Paul Harris award in 2016 and left our Club for RC Bytown, closer to his home, in 2017 but has continued to help our Club. He is on the board of the Rotary Home.

### **Finance**

Linas gave us a slide presentation which started with the names of BMO colleagues who would be available to answer questions and then reviewed the past year and suggested considerations for investing in 2023 <https://portal.clubrunner.ca/512/Documents/en-ca/03349136-51a1-45bf-8a16-c5909583cc2d/1/>. He began with a review of his forecasts the previous January, bravely X-ing the ones turning out wrong. Inflation, interest rates, stock prices and others had been surprising while it remained true that there was no need to invest outside North America. 2022 had been a year of repricing- bonds and stocks. Housing was repriced down 15% from the peak. 2023 should be a year of normalization as we get used to higher interest rates. Linas thinks rates will go down but only after they have gone up another ½ %.

Now one can make money on bonds. In 2022 bonds had gone down and only energy stocks had made money. For 2023 Linas's expectations include stock market rise, inflation peaking, interest rates stable after initial rise, appreciation of Canadian dollar and commodities neutral. The business cycle indicated by new orders declined since February 2022 but should pick up in the latter half of 2023.

An old adage says you make more money when things go from bad to mediocre than from good to great. So stay invested. Stay in North America as too much "going on in Europe" and China is a "wild card".

An investment strategy for 2023 would be a mix of value (low P/E, consumer discretionary, energy), high quality (dividend growth) and growth (supply chain, hybrid lifestyle, cyber security). He suggested some bonds and stocks to own and some investments for speculation.

**Larry Chop** took back the mic and thanked Linas saying questions would come later. He cited next speaker **Rocco Disipio** as a long serving fellow Club member involved in many Club activities, as an athlete in his own right and a keen follower of professional sports.

## Sports

**Rocco** expressed dissatisfaction with the success rate of his 2022 predictions and hoped this year's "painstaking research" would produce better results. In 2022 he had been close on the NFL and correct in selection Georgia Bulldog for the college football championship played last week. For the NHL he had been a year too early in selecting the Colorado Avalanche to win the 2022 Stanley Cup. His choices for the various NHL awards to individuals were solid but correct less often than he hoped. He had similar results with the Memorial Cup and the Grey Cup and a number of US contests and the soccer World Cup.

Looking forward he consulted New Jersey oddsmakers and a few others and did a lot of analysis which concluded that:

- the Cincinnati Bengals win the 2023 NFL Super Bowl.
- For the NHL Toronto will be in the playoffs but not at the finals which will be won by the Carolina Hurricanes.
- The Memorial Cup will be won by Winnipeg.
- In CFL football Blue Bombers will again play Toronto in the 2023 Grey Cup but this time winning it.
- the Boston Celtics beat the Denver Nuggets for the NBA championship.
- San Diego Padres win baseball's World Series

There is much more on the above sports and also soccer, tennis, golf and curling available to the interested fan for listening closely to the recording.

## Q&A

### . **Rocco**

-agreed with **Rich Fisher** that the Ottawa Titans played good baseball and worthy of fan support.

**Rocco's** nephew Davide is a broadcaster for the team.

-Thought Tom Brady (NFL Tampa Bay Buccaneers) would not retire this year. Brady still had work to do.

Linas thought the Canadian dollar could reach 80 USA cents in 2<sup>nd</sup> half of 2023 with economic recovery and higher oil prices.

- **Gavin Schnobb** asked what would happen to those who bought houses at high prices. **Rocco** said that was a real concern as house values fell below the mortgage amount and payments were not covering interest costs. He thought the worst was yet to come.

**Larry** thanked our speakers and told them of our donation to End Polio to mark their visit

## Happy \$

-**Nigel Lever** wished us all a happy New Year from Florida and said he would be back in May

- **Jen Ahde** had had the full 10 day version of Covid but found that a holiday in Guadeloupe was great to complete her recovery and would be happy to answer any questions on it.

**We end**

**President Graeme** recommended our speaker next meeting and adjourned with his usual health and safety advisories

**Cash Calendar winners**

<http://www.ottawarotarycalendar.com/2022-winners.html>

**Next Meeting**

**Hybrid. In person at Best Western Plus, City Center (Macies)**

**January 17 2023**

“Doors open” 12:00. Meeting proper starts @ 12:30

**Theresa Jamone** Classification Talk

Intro and thanks **Linda Flynn**

Spinoff: **Don Butler**

Zoom at <https://us02web.zoom.us/j/81365346181>

Meeting ID: 813 6534 6181

See **President Graeme** email for log-in details