

The Return of Consumer Confidence Drives Recreational Property Prices Higher in British Columbia

Attractiveness of west coast lifestyle, low Canadian dollar, easing of the foreign-buyer tax and low inventory levels contribute to rising property values

BRITISH COLUMBIA, June 20, 2017 – The 2017 Royal LePage Canadian Recreational Housing Report¹ released today revealed that the majority of recreational property markets in British Columbia saw prices and sales activity climb when compared to the same time last year, as a high level of demand continued to intensify market trends across the province. In May 2017, the aggregate² price of a recreational property in British Columbia was \$595,077.

While sales activity within the province slowed slightly to begin the year, as many buyers remained on the sidelines in order to assess the effects of recent government intervention, inventory levels continued to dwindle, buoying prices across the region. Now, in many areas, months of pent up demand have been unleashed onto the market, propelling sales activity higher. This trend will likely continue for the remainder of the year.

“Low inventory levels and the return of consumer confidence are driving prices up in many recreational markets across the province,” said Jim Morris, manager, Western Canada, Royal LePage. “We are back to where we were a year ago, seeing a significant increase in prices across all product types. Affordability remains an issue in B.C., as demand and prices for recreational properties increase but incomes simply cannot keep pace. As a result, in our core recreational markets, we continue to see interest in micro condos and fractional ownership to fill in the gap.”

Demand stemming from Greater Vancouver’s residential housing market has increasingly influenced pricing and sales in many of the province’s recreational markets, as prospective buyers elect to capitalize on their home’s equity in search of a leisurely lifestyle. While many purchasers have traditionally “cashed out” of Greater Vancouver to buy properties in Fraser Valley or the Okanagan, now Fraser Valley residents, among others, are selling and looking to purchase recreational property on Vancouver Island or the Gulf Islands.

“As price appreciation across Greater Vancouver resumes its previous pace from a year ago, and homeowners accumulate more wealth, many prospective buyers have decided to forgo upsizing within the highly competitive Vancouver marketplace, electing to instead push outwards in search of a recreational property,” explained Morris. “Now, with the Fraser Valley feeling the heat, prospective purchasers are turning to the islands for relatively more affordable recreational properties, accelerating market demand within these regions.”

When asked, Royal LePage’s network of advisors unanimously agreed that foreign ownership within British Columbia accounted for less than 10 per cent of all recreational property sales. While this proportion has remained relatively similar to levels found last year, despite the

¹ The annual report compiles information from a cross-Canada survey of real estate advisors who specialize in recreational property sales

² Aggregate prices are calculated via an average of the values of homes for reported property types in the regions surveyed

implementation of a 15 per cent land-transfer tax on foreign nationals in late 2016, more than half (60 per cent) of the advisors polled believe that the number of U.S. buyers in their markets has increased.

“British Columbia will never go out of style as a recreational destination, with our mountains, our coastline and our West Coast lifestyle,” Morris continued. “Together, the softening of the foreign-buyer tax rules, the persistently low Canadian dollar and the introduction of a similar tax in Ontario are encouraging the return of buyers from outside of the country.

“B.C. continues to be a favoured destination for the U.S., particularly the prominent recreational markets near the border, where Americans have increasingly sought to capitalize on the Greenback’s strength, relative to the Loonie,” concluded Morris. “As part of the Pacific Rim however, our province attracts people from everywhere, including Asia and Australia.”

British Columbia Regional Insights

“There is considerable pent up demand for recreational property in the **100 Mile House** district due to the conservative approach to spending we have seen since 2008,” said Mel Grahn, sales representative, Royal LePage 100 Mile Realty. “Sellers have been waiting for strength to return to the market, and now that it has, we are seeing additional supply become available.”

“In the **Comox Valley**, prices for recreational properties have increased significantly when compared to last year,” said Gregg Hart, owner and managing broker, Royal LePage In The Comox Valley. “While prices are still relatively low when compared to other areas in the province, the upward trend is there, with significant demand coming from retirees and a lack of inventory as a result of very little lot development in the area.”

“The recreational property market in **Cranbrook and Kimberly** is largely unchanged from last year,” said Philip Jones, broker and owner, Royal LePage East Kootenay Realty. “Prices, sales activity and inventory levels all remain the same as we continue to wait for the Alberta economy to fully rebound.”

“We have seen the trickle-down effect of homeowners selling in Vancouver and buying recreational property in areas like **Denman Island**, causing a significant decrease in available supply this year,” said Sylvie Schroeder, sales representative, Royal LePage In the Comox Valley. “Younger families in particular are buying up local acreages in order to practice sustainable farming, which is a fast-growing trend in our area.”

“Recreational sales activity has increased significantly on the **Gulf Islands**,” said Janet M. Moore, real estate sales agent, Royal LePage Nanaimo Realty. “We have finally seen the return of buyers to smaller regions within the Gulf Islands, driven by both interest in recreational activities and retirement.”

“The availability of recreational properties in the **Hornby Island** area has decreased significantly year-over-year as old inventory has been sold off and current owners are holding on to their properties as investments,” said Donna Tuele, sales representative, Royal LePage In the Comox

Valley. “Hornby Island is a great place for families, and is a community that strongly supports recreational activities, making the decision to stand pat an intriguing one to say the least.”

“**Mount Washington** is Vancouver Island’s premier ski resort, and sits next to Strathcona Park, one of British Columbia’s oldest landmarks,” said Rick Gibson, sales representative, Royal LePage In the Comox Valley. “With the region’s skiing facilities sold to a U.S. firm with significant experience in resort development a year and a half ago, the potential benefits have driven the local recreational property market into a frenzy. Sales activity has increased significantly, and as inventory declines, we expect rising prices to follow.”

“The **Okanagan Valley** is still one of the most sought-after places to buy property in Canada, and we have seen two years of steady upward price movement,” said Mark J. Walker, sales representative, Royal LePage Kelowna. “We sit between an improving Alberta economy and what many consider an overheated market in Vancouver. Consumer confidence in our region continues to grow, but the supply of recreational properties has decreased significantly this year, as sellers are willing to wait in a rising-price environment.”

“Sales activity in **Rathrevor Beach and Horne Lake** has increased significantly this year,” said Marianne Keilty, sales representative, Royal LePage Parksville-Qualicum Beach Realty. “Even though the supply of recreational properties has increased year-over-year, sales activity would be even higher if more product were made available.”

“Proximity and accessibility to the mainland combined with relative affordability makes owning recreational property on the **Sunshine Coast** extremely attractive,” said John D. McKenzie, sales representative, Royal LePage Sussex. “Sales activity and prices have both risen significantly since last year, as the increase in the quality of local shops and services, an updated hospital, extensive senior services and an overall improvement in infrastructure have continued to draw people into the area.”

Average regional prices

The chart below provides average 2017 prices across Canada for six recreational property types studied in the report including lakefront, riverfront, oceanfront, island, woods cottage/cabin and resort/condo. The aforementioned segments that are not highlighted in the chart below did not have an associated value for any region studied within the province.

Region	Lakefront	Riverside	Oceanfront	Island	Woodland Cabin (non-waterfront)	Resort/Condo
100 Mile House	\$320,000				\$180,000	
Comox Valley			\$777,000			\$345,000
Cranbrook & Kimberly	\$800,000	\$400,000			\$400,000	\$250,000
Denman Island	\$548,000		\$683,500	\$480,000	\$393,000	
Gulf Islands	\$606,300			\$1,154,700		
Hornby Island			\$849,800		\$375,000	
Mt. Washington					\$671,000	\$200,000
Okanagan Valley	\$2,100,000					\$400,000

Region	Lakefront	Riverside	Oceanfront	Island	Woodland Cabin (non-waterfront)	Resort/Condo
Rathrevor Beach and Horne Lake	\$400,000					\$350,000
Sunshine Coast	\$600,000		\$900,000	\$1,100,000	\$450,000	\$450,000

Nationally, the report found that recreational property prices increased year-over-year in the majority of regions in the month of May. For the same period, the majority of markets saw a year-over-year increase in sales volumes, coupled with a drop in inventory levels – putting further upward pressure on prices in a number of regions. Looking ahead, sales activity is forecast to rise this year when compared to levels achieved in 2016.

“The Canadian recreational property market had a resounding start to the year, with the majority of markets nationwide witnessing healthy increases in both sales activity and pricing,” said Kevin Somers, Chief Operating Officer, Royal LePage Real Estate Services Limited. “Looking ahead, we expect this trend to stay in place for the remainder of the year, as warmer weather continues to heat up the market, constraining inventory levels across the country.”

Click [here](#) for a more in depth national analysis.

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For more information visit: www.royallepage.ca.

For further information, please contact:

Michael Jesus
 Kaiser Lachance Communications
 647-783-1807
michael.jesus@kaiserlachance.com