

Recreational Property Prices in Newfoundland and Labrador Decline in 2017

Weak economy, low oil prices and slow spring weather contribute to soft market

NEWFOUNDLAND, June 20, 2017 – The 2017 Royal LePage Canadian Recreational Housing Report¹ released today found that recreational property sales and prices across Newfoundland and Labrador fell slightly year-over-year² to an aggregate³ price of \$191,700, as a result of weakening oil prices and an unstable economy.

Across the province, inventory is up slightly this year over last, as owners continue to sell their summer residences in an attempt to ease their financial burden. Looking ahead, recreational property sales are likely to continue their decline over the next 12 to 24 months as many would-be buyers shy away from taking on additional expenses amidst a period of considerable economic uncertainty.

“Currently, the recreational housing market in our province is very soft as a result of poor spring weather, lower oil prices contributing to an already weak economy and Newfoundland-based workers not being called back to Fort McMurray,” said Glenn Larkin, realtor, Royal LePage Professionals 2000. “We experienced a big deficit last year as a result of our provincial budget, which dramatically cooled the market and threw everything into a standstill. People aren’t buying residential properties right now, let alone summer cottages.”

While the number of foreign buyers within the province’s recreational segment has decreased slightly this year over last, the region has recently witnessed an uptick in the number of U.S. buyers entering the market in search of a summer home. Backed by a strong dollar, these purchasers often look to the Newfoundland market because of its close proximity to the border and extremely low property prices.

“Demand from buyers outside of Canada continues to influence the Newfoundland and Labrador market,” Larkin continued. “While we have seen a slight decrease in the number of foreign-buyers purchasing recreational properties in our market, the number of U.S. buyers has increased slightly when compared to last year as a result of the low dollar differential.”

Within the province, those who typically purchase recreational properties are Baby Boomer couples with children, looking to take advantage of Newfoundland and Labrador’s affordability by finding a summer home within a one- to two-hour drive from their primary residence. Less than five per cent of first-time buyers in the province look to purchase a recreational property with the intention of using it as a primary residence due to affordability in other housing segments.

“Newfoundland is home to some of the lowest recreational property prices in the country,

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

² The survey specifies year-over-year as May 2017 over May 2016

³ Aggregate prices are calculated via a weighted average of the values of homes for reported property types in the regions surveyed

offering many financially-stable buyers a great incentive to to enter the market,” said Larkin. “People aren’t travelling to the U.S. or U.K. like they once did because of its high travel costs and associated issues. Instead, some are choosing to nest and turn to the recreational market.

“We have many ponds, rivers and lakes that buyers can take advantage of within two hours of the city,” continued Larkin. “With thousands of miles of ocean frontage and a vast range of properties available, the recreational lifestyle is very achievable in Newfoundland.”

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
Newfoundland	\$250,000	\$200,000	\$300,000	\$150,000	\$150,000	\$100,000

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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