

## Recreational Property Prices in Ontario Continue to Rise in 2017

*Low inventory and demand from retirees contribute to increased prices*

**ONTARIO, June 20, 2017** – According to the 2017 Royal LePage Canadian Recreational Housing Report<sup>1</sup> released today, recreational market trends across Ontario heated up earlier this year, as characteristics stemming from the Greater Toronto Area (GTA) increasingly influenced pricing and sales activity well beyond its borders.

Provincially, Ontario saw its aggregate<sup>2</sup> recreational property price climb year-over-year to \$413,000 in May 2017, with property values and sales activity in the majority of markets rising over the same period of time. Inventory levels across the province have also declined when compared to last year, placing significant upward pressure on pricing and causing market factors to intensify. For the remainder of 2017, it is anticipated that these trends will accelerate, pushing the majority of markets' sales activity higher.

Overall, in Ontario, demand remained highest for recreational properties within a two- to three-hour drive of the GTA, where high price appreciation has allowed many prospective purchasers to cash in on their home's equity, and look towards the recreational property market. Armed with a considerable accumulation of wealth, these purchasers have increasingly begun to view this market segment as a great investment, and one that can bring them significant joy through its associated lifestyle.

Recently however, this trend has extended beyond those looking for rest and relaxation, as a growing number of retirees have begun to trade their homes in for recreational properties with the intention of using them as their primary residences. This trend, when coupled with a general increase in demand, has created a highly competitive marketplace across many recreational areas in Ontario, where multiple offers – as seen in the GTA's residential market – have recently become more frequent in certain regions.

“Significant interest within many markets across Ontario has been driven by retirees looking to either benefit from the sale of a business, or unlock the value of a home in Toronto and reinvest their money into a property outside of the city,” said Bob Clarke, president, Royal LePage Lakes of Muskoka Realty – Clarke Muskoka Realty. “Demand for recreational property across Ontario is extremely high. Now, with homeowners across the GTA having accrued significant equity in their homes, many are beginning to look for their weekend retreat. This is eating into available inventory in the majority of regions and creating a competitive environment where properties may receive multiple offers - something that historically has been very rare when it comes recreational property transactions. In certain markets, any property with a purchase price of less than \$1 million sells very quickly, and while fewer purchasers require mortgages to finance new properties, low interest rates do create an upward pressure to pricing as well.

“We have had an unusually cool and wet start to the selling season,” continued Clarke. “This has

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

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

had two effects. Firstly, it has meant that builders could only work two or three days at a time, reducing the amount of new inventory. Secondly, it has delayed the opening of cottages, and in many cases, the return of many potential purchasers from their winter homes. As a result, we expect to see sales activity increase in short order, as a great deal of demand is unleashed onto the market.”

According to Royal LePage’s network of advisors, foreign ownership within Ontario’s recreational market has remained relatively flat when compared to last year, predominantly accounting for less than ten per cent of all property purchases in the majority of regions.

“The recreational property market here in Ontario is pretty unique, with eight million people living in urban and suburban areas just a few hours away from some of the world’s most beautiful landscapes,” added Clarke. “Muskoka to Toronto is what the Hamptons is to New York, or Cape Cod is to Boston. Americans and other foreign nationals who tend to buy here usually already have some connection to Canada, and the vast majority of demand is created by the lifestyle and social scene a recreational property provides to residents across the province.”

### **Ontario Regional Insights**

“Unlike other areas in Ontario, the recreational property market in **Blind River** is currently in the midst of a buyer’s market, with both cottages and undeveloped shoreline available,” said Catherine Green, sales representative, Royal LePage Northern Advantage. “Lakes in the region have a high proportion of American owners, as the strong U.S. dollar continues to attract buyers from Canada as well as the Indiana – Ohio – Michigan corridor and from as far away as Florida and California. With prices continuing to grow elsewhere within the province, we have also seen increased interest from the areas south and east of Sudbury, as well as west of Sault Ste Marie.”

“The typical purchase of a recreational property in the **Bruce Peninsula** involves the whole family,” said Steve Dickie, broker and manager, Royal LePage RCR Realty. “We are attracting buyers who are facing rising prices in areas closer to Toronto, as the lower cost of living combined with access to excellent services makes our region an ideal destination for retirees.”

“People in the **East Kawarthas** have been very reluctant to sell their cottages, as the region offers a relaxed lifestyle at a reduced cost of living,” said Gail Burton, sales representative, Royal LePage Frank Real Estate. “Prices have increased significantly this year as there are very few listings, and the impending connection of Highway 407 to Highway 115 will provide easier access to the area and drive up demand.”

“We have seen significant year-over-year<sup>3</sup> price increases for recreational properties in the **Haliburton** area, driven by the combination of increased demand and decreased supply,” said Anthony Vanlieshout, broker of record, Royal LePage Lakes of Haliburton. “Increased sales in 2016 eroded inventory levels, and Baby Boomers are continuing to buy here for both lifestyle and investment reasons.”

“In 2016, **Honey Harbour** had one of the most active years we’ve seen in a long time, and 2017

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<sup>3</sup> The survey specifies year-over-year as May 2017 over May 2016

seems to be continuing in the same direction,” said Laurie Paul Belsey, broker, Royal LePage In Touch Realty. “The vast majority of recreational properties here are boat access only, so we are seeing more couples with young children buying in the area, and less retirees who prefer road access.”

“Prices for recreational properties in **Kawartha Lakes** have increased significantly this year,” said Linda Duncan, sales representative, Royal LePage Kawartha Lakes Realty. “Demand is quite high, but there is a shortage of listings. I think many owners would be pleasantly surprised by the current value of their properties in our area.”

“Recreational properties in **Kingston** are in demand right now, as buyers are coming in from nearby large urban ‘hot markets,’” said Tammy Gurr, sales representative, Royal LePage ProAlliance Realty. “While prices are still reasonable here, the supply of properties has been significantly reduced, resulting in an environment where there are more competitive offers and properties are selling quickly.”

“Demand is far outstripping supply in **Meaford, Thornbury and Collingwood**, and the surge in sales activity we have seen has been fueled by the strength of GTA housing prices,” said Rick Crouch, broker and manager, Royal LePage Locations North. “The four-season recreational nature of our market is what makes the Georgian Triangle unique, and having full year-round use makes a permanent move to the area easily justifiable.”

“Market trends from across the GTA have significantly influenced recreational property pricing in **Niagara-on-the-Lake**,” said Brad Johnstone, broker of record, Royal LePage Niagara Real Estate Centre. “While we have seen increased interest from international buyers, it is Baby Boomers looking to downsize and capitalize on home values in the strong Toronto market that are driving prices higher.”

“Recreational property prices in the **Land O’ Lakes** area remained moderate compared to other regions of Ontario, but they have increased significantly since last year,” said Chris Winney, broker, Royal LePage ProAlliance Realty. “While local amenities allow for year-round use, the isolated nature of the area, its access to pristine lakes and the vast amount of Crown land makes Land O’Lakes ideal for recreational purposes.”

“A strong fourth quarter last year for recreational property sales in **Orillia and South Muskoka** has resulted in the region currently experiencing lower-than-normal inventory levels, which have not yet been replenished,” said Stewart R. McNeely, broker of record, Royal LePage Real Quest Realty. “When coupled with a wet spring, this shortage in supply has created a significant amount of pent up demand, causing prices to increase.”

“We have seen a slight increase in prices for recreational property in **Parry Sound**,” said David Kingshott, broker of record, Royal LePage Team Advantage Realty. “While the number of listings currently on the market are relatively comparable to last year, the prolonged period of low interest rates has elevated demand within the region.”

“We are seeing more Generation Xers and Millennials looking to buy in the **Rideau Lakes area**,

but they are very specific about the type of cottage they want and their searches are taking longer,” said Pauline Auger, broker of record, Royal LePage Advantage Real Estate. “These searches are made more difficult with less cottages for sale this year, as many owners have not made the move to list their properties due to the ongoing wet weather.”

“The dynamics between supply and demand in **Southwestern Ontario** remain relatively unchanged from last year,” said Richard James Lobb, broker of record, Royal LePage Heartland Realty. “Our market attracts a wide range of buyers looking to move out of urban areas, from young couples with no children right through to Baby Boomers looking for a better lifestyle in retirement.”

“Market conditions on **St. Joseph Island and Lake Huron** have not changed since last year,” said Carl Thomas, broker of record, Royal LePage Northern Advantage. “Neither prices nor sales activity have increased, as unemployment, particularly as it relates to the steel industry in Sault Ste. Marie, is high, affecting not only steel workers, but also businesses that rely on the industry’s health to prosper.”

“Both prices and sales activity for recreational properties in **Sudbury** have increased slightly this year,” said Alex R. Dumas, broker, Royal LePage North Heritage Realty. “While low interest rates have certainly helped, it has been the expansion of Highway 69 that has really attracted buyers to 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	Island	Woodland Cabin (non-waterfront)	Resort/Condo
Blind River	\$250,000	\$175,000	\$200,000	\$125,000	
Bruce Peninsula	\$464,400				
East Kawarthas	\$625,000	\$300,000	\$375,000	\$300,000	
Haliburton Highlands	\$425,000	\$300,000	\$350,000	\$200,000	\$350,000
Honey Harbour	\$477,000		\$310,000		
Kawartha Lakes	\$550,000	\$350,000			
Kingston	\$300,000	\$600,000	\$200,000	\$250,000	
Land o' Lakes	\$440,200			\$110,000	
Meaford, Thornbury & Collingwood	\$801,500	\$525,100			\$342,200
Muskoka	\$1,500,000	\$800,000	\$650,000	\$300,000	\$600,000
Niagara-on-the-Lake	\$1,200,000	\$611,000			
Orillia & South Muskoka	\$608,000	\$400,000		\$212,500	
Parry Sound	\$500,000	\$400,000	\$400,000	\$250,000	

Region	Lakefront	Riverside	Island	Woodland Cabin (non-waterfront)	Resort/Condo
Rideau Lake	\$400,000	\$300,000	\$250,000	\$250,000	
Southwestern Ontario	\$594,200	\$408,700			
St. Joseph Island & Lake Huron	\$160,000				
Sudbury	\$275,000	\$250,000	\$200,000	\$150,000	

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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