

## Recreational Property Prices in Prince Edward Island Increase in 2017

*Interest from out-of-province and American buyers drives prices and sales upwards*

**PRINCE EDWARD ISLAND, June 20, 2017** – Recreational property prices in Prince Edward Island (PEI) saw year-over-year<sup>1</sup> price increases when compared to the same period last year, rising to an aggregate<sup>2</sup> price of \$225,500 in May 2017, according to the 2017 Royal LePage Canadian Recreational Housing Report<sup>3</sup> released today. Increased demand from out-of-province and American Baby Boomers has caused sales to increase slightly, while the number of listings also saw a significant uptick, as residents looked to capitalize on current market conditions and sell their properties.

Unlike most provinces, where foreign buyers make up under five per cent of the market, foreign ownership in Prince Edward Island is slightly higher, accounting for between five and 10 per cent of the recreational property segment. For the remainder of the year, sales are forecasted to continue their upward ascent as interest from other Canadian regions and the U.S. heats the market.

The typical buyer purchasing recreational property in Prince Edward Island is in the process of retiring or is at a point of financial security where owning additional property is viewed as a good investment, and one that is supported further by a continued low-interest rate environment. According to real estate experts in the province, 15 to 20 per cent of recreational property buyers made purchases as an investment strategy, with the intention of renting them out throughout the year.

“Prince Edward Island’s affordable price points coupled with low interest rates have led to a notable increase in foreign investment in the province in recent years,” said Hamish Redpath, broker and co-owner, Royal LePage Prince Edward Realty. “We offer an affordable alternative to cottage country in provinces like Ontario or British Columbia, or recreational regions in America like the Hamptons or Cape Cod. At the end of the day, buyers can get more ‘bang for their buck’ here, finding a spectacular property for considerably less than they would expect to pay elsewhere.”

The family status of the typical recreational property buyer within the province is a couple with older children, and the most prevalent cohort of current buyers are Baby Boomers (52 to 70 years old), representing a shift from the demographic of Generation X (36 to 51 years old) in previous years. Purchasers in the market are often able to find property one to two hours from their primary residence due to the province’s condensed geography.

Recently, a strong level of demand for high-end recreational properties has drawn buyers into the Prince Edward Island recreational market in order to find significant value and the potential for

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<sup>1</sup> The survey specifies year-over-year as May 2017 over May 2016

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

<sup>3</sup> The annual report compiles information from a cross-Canada survey of real estate advisors who specialize in recreational property sales

high rental income, with owners renting out cottages for weeks at a time.

“PEI is Canada’s best kept secret for recreational properties,” continued Redpath. “Offering considerable value to prospective homeowners, buyers from all over have begun to enter our market to purchase higher-end recreational properties, enjoying them for a few months out of the year, and then turning around and renting them out for the rest.”

### 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	Oceanfront	Woodland Cabin (non-waterfront)
Prince Edward Island	\$289,000	\$162,000

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.

### About Royal LePage

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