

## **Baby Boomers and Ontarians driving the Recreational Housing Market Quebec**

*Rising prices in the Greater Toronto Area and Quebec's strong economic performance leading to increased purchases from Ontario and the United States*



*Photo credit: Royal LePage Région Mont-Tremblant*

**Montreal, June 20, 2017** – *The Royal LePage 2017 Canadian Recreational Housing Report*<sup>1</sup> released today showed that recreational real estate markets across Quebec were supported by purchases from Baby Boomers preparing to retire and renewed interest from Ontarians and Americans, drawn to the province's relative affordability.

At the provincial level, the aggregate<sup>2</sup> price of a recreational property in Quebec reached \$318

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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>The national aggregate price is calculated via a weighted average of the values of homes for reported property types in the regions surveyed

700 in May 2017. Compared to the previous year<sup>3</sup>, 43 per cent of respondents noted that prices for recreational properties in Quebec increased slightly. The increase in prices is attributable in part to lower inventory levels as well as to an increasing number of Baby Boomers electing residence in recreational markets in the province, planning for retirement. In some cases though, the gloomy and chilly spring has dampened some potential buyers enthusiasm, but there is every reason to believe that the market is set to warm up as the summer weather resurfaces, along with demand.

The limited recreational property sales activity this year can be attributed to a slight decline in listings as reported by 71 per cent of the real estate brokers surveyed. Only 14 per cent reported that sales remained stable, while an equally low number (14 per cent) reported a considerable increase. Despite this, sales are expected to remain stable in the year to come according to 57 per cent of respondents, while nearly half (43 per cent) are calling for a slight increase by the end of 2017.

### **Ontario neighbours seizing purchase opportunities**

The strong economic performance of Quebec, coupled with a healthy appreciation of real estate prices in a number regions, is attracting people from outside the province, particularly from Ontario, where the aggregate price of a recreational property currently sits at \$413,000.

“The Mont-Tremblant and Charlevoix regions saw an increase in buyers from Toronto, possibly a result of the staggering rise in property prices in Ontario that has crossed well beyond the major centres,” said François Léger, agency owner, Royal LePage Humania. “Our American neighbours have also shown interest in the Quebec region because of the weak Canadian dollar, affordable prices and Canada’s calm social climate.”

According to the survey, nearly half of respondents (43 per cent) indicated a slight increase in buyers from the United States in their area compared to 2016. This trend is expected to increase further in the next few years in certain areas.

### **Baby Boomers are dominating the recreational housing market**

Unlike the majority of the rest of Canada, where Generation X (36 to 51 years old) represents the largest share of recreational property buyers, 71 per cent of respondents in Quebec listed baby boomers (52 to 70 years old) as the primary clientele for this market segment. “It is common knowledge that Quebec has a considerable proportion of Baby Boomers, and the majority have left or will soon leave the labour market. Our survey revealed that this clientele purchases recreational properties for the purpose of making them their primary residence upon retirement,” remarks Léger.

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

Moreover, survey respondents answered almost unanimously regarding the reasons why current homeowners are putting their properties up for sale; 86 per cent emphasized the aging of their clientele, as well as the arduous task of maintaining their property. Conversely, the report found that 67 per cent of professionals indicated that impending retirement was the most important factor in the decision to purchase a recreational property, also citing in the same proportion financial security as basis for their decision. “Life stage, including within one demographic cohort, is a strong driver of recreational property transactions. Our assessment shows that depending on whether the buyers or sellers are in the first or last wave of the Baby Boomer generation, they are either looking to buy a recreational property for their retirement, or to sell their property in order to downsize, reduce maintenance and capitalize on their investment,” explained Léger.

### **Recreational Housing Markets Trends in Quebec**

The slight increase in prices and sales in **Mont-Tremblant** indicates the return of a more active market, supported primarily by Greater Montreal Area buyers, as well as in part by buyers from Ontario and the United States. Its proximity to Montreal, the restoration of the road coming from Ottawa and direct flights from Toronto and New York, are attracting affluent families who want to enjoy the year-round sports facilities. The acquisition of Intrawest, the former owner of the ski centre, by Aspen Skiing and KSL Capital Partners this spring is expected to lead to an increase in investment in infrastructure and generate renewed attractiveness in the area, according to Paul Dalbec, agency owner, Royal LePage Région Mont-Tremblant. In this region, the average price for a lakefront property is the highest in the province at \$850,000, while a riverfront property is approximately \$450,000. For a woods or mountain cottage, buyers will have to pay around \$375,000, also the average price for a condominium in the region.

A little further south, the **Saint-Sauveur, Sainte-Adèle, Saint-Adolph d'Howard Sainte-Marguerite-du-Lac-Masson** regions saw a sharp increase in sales during the first quarter of 2017, but a slight decrease compared to 2016. “With prices falling slightly throughout the year, certain sellers have been waiting for the market to become more active before selling their property,” explained Ronald Lécuyer, agency owner, Royal LePage Plus. Buyers could expect to pay around \$302,500 for a lakefront property in this area. A woods or mountain cottage is about \$295,000, while condominiums are currently selling at around \$175,500.

In the **Memphrémagog** region, prices for recreational properties remained stable, while sales declined slightly. However, “the revitalization of downtown Magog is expected to increase the region’s attractiveness,” said Christian Longpré, agency owner, Royal LePage Au Sommet. Interestingly, the \$500,000+ property market showed an increase in sales compared to 2016. “The region is attracting more and more families and professionals from Montreal who are choosing it for its proximity to the city centre and its full range of sports facilities and services,” Longpré adds. In Memphrémagog, the average price of a lakefront property is \$384,500. Buyers should plan a budget of approximately \$307,100 to purchase a woods or mountain cottage, and

\$201,400 for a condominium.

In **Lanaudière**, affordable secondary home prices have attracted Baby Boomers, leading to higher sales since the beginning of the year. “The proximity to Montreal is very attractive to our clientele, who often buy a secondary residence to settle down permanently,” said Guylaine Pelletier, agency owner, Royal LePage Harmonie. The average price of a lakefront property in Lanaudière is \$350,000, and \$200,000 for a riverfront property. A woods or mountain cottage has an average price of \$150,000, while a condominium is at \$225,000.

The **Lac Brome, Sutton and Bromont** regions of Estrie real estate sales activity slowed down in the spring due to adverse weather conditions. Despite this, recreational property sales and prices remained stable. “The region offers services of remarkable quality and proximity, attracting both Baby Boomers and couples with teenagers,” said Steve Breton, real estate broker, Royal LePage Action Courtier. It also has the highest percentage of foreign buyers, ranging from 5 to 10 per cent, among the Quebec markets studied in the survey. “Older sellers want to capitalize on their investment before they can no longer maintain it, while buyers in the market justify purchasing a recreational property as an investment.” The average price of a lakefront property is \$800,000, while a riverfront property costs an average of \$450,000. Buyers can expect to pay around \$345,000 for a woods or mountain cottage, and \$200,000 for a condominium.

The **Petite-Nation** region in Outaouais saw prices and sales of recreational properties remain stable this year even though the region has been affected by recent spring floods. “The stable market is partly the result of affordable prices making some homeowners reluctant to sell their properties, as relocating themselves into a similar property in a neighbouring region would require a greater investment,” explained Richard Beaulieu, agency owner, Royal LePage Vallée de l’Outaouais. “We are seeing some Baby Boomers putting their property up for sale to focus more on recreational vehicles and travel.” Nevertheless, Beaulieu notes that “the region's appeal for Baby Boomers and pre-retirement couples is not uncommon, particularly with small farmhouses, which account for 10 to 15 per cent of sales in the region.” The average price of a lakefront property in the region is \$300,000, and \$200,000 for a riverfront property. An island property has an average price of \$100,000, while a woods or mountain cottage sells for around \$225,000. Country homes and farmhouses were \$225,000 and \$350,000, respectively.

In **Charlevoix**, prices rose slightly, while sales activity levels declined, due in particular to the late start to spring weather. “However, the aging population has led to a considerable increase in the number of properties for sale,” said Jean-François Larocque, real estate broker, Royal LePage Inter-Québec. He also notes that more and more buyers are purchasing recreational properties to turn them into seasonal rentals and reduce property expenses. “Many buyers will do weekly rentals an average of 10 to 15 weeks out of the year; however, they must contact their municipality, as some prohibit seasonal rentals,” he concluded. The average price of a lakefront property in the region is \$177,000, while a riverfront property is \$135,000. The average price of a property on the St. Lawrence River shore is \$635,000. A woods or mountain cottage has an average price of \$219,000, while condominiums in the area sell for \$83,000.

## 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.

Region	Lakefront	Riverside	Oceanfront	Island	Woodland Cabin (non-waterfront)	Resort/Condo
Charlevoix	\$177,000	\$135,000	\$635,000		\$219,000	\$83,000
Lac Brome, Sutton & Bromont	\$800,000	\$450,000			\$345,000	\$200,000
Lanaudière	\$350,000	\$200,000			\$150,000	\$225,000
Memphrémagog	\$384,500				\$307,100	\$201,400
Mont-Tremblant	\$850,000	\$450,000			\$375,000	\$375,000
Petite-Nation	\$300,000	\$200,000		\$100,000	\$225,000	
Saint-Sauveur, Sainte-Adèle, Saint-Adolph d'Howard & Sainte-Marguerite-du-Lac-Masson	\$302,500				\$295,000	\$175,500

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