

Economic recovery fuels significant upswing in sales in Canada's recreational property markets, says RE/MAX

79 per cent of markets report upward trending in recreational sales in 2010

Serious year-over-year gains have characterized sales in most major Canadian recreational property markets this year, according to a report released today by RE/MAX.

The 2010 RE/MAX Recreational Property Report, highlighting sales, prices, trends and developments in close to 50 markets from coast-to-coast, found that 79 per cent of recreational areas reported an upswing in the number of properties sold during the first three months of the year. Starting prices for recreational product were also on the move, with 43 per cent posting a nominal increase. Inventory levels, with the exception of the coveted entry-level price point, were healthy and balanced market conditions prevailed in most areas.

Stronger than expected economic recovery, combined with additional incentives such as rising interest rates, stricter lending criteria, and a new sales tax, have served to kick-start activity in recreational property markets from coast-to-coast. Entry-level product is experiencing the greatest demand this year, as value-driven purchasers look to stretch their dollar as far as it will go. This is especially true in Western Canada, where values have softened considerably year-over-year, but are now starting to firm up.

The rebound in stock portfolios and greater stability in personal finances has added fuel to the fire. Baby boomers and Generation X – aged 35 to 55 years – are working in tandem as a result, snapping up modest properties located on prime waterfront. Despite the upward pressure on starting prices, the RE/MAX Report found that one in every four recreational property markets still offers winterized, waterfront product priced below \$250,000.

Opportunities exist for savvy purchasers across the country at virtually every price point. Recreational property buyers in the mid-to-top end have a definite edge in the market, with greater purchasing power than in years past. Those in the lower end will find that there are more waterfront options available than ever before.

The most affordable starting prices were found in: Newfoundland Coast, NL (\$105,000), Shediac Bay (\$230,000), and South Shore/North Shore, NS (\$230,000 to \$240,000) in Atlantic Canada; The Laurentians (\$175,000) in Quebec; Prince Edward County (\$200,000 - \$250,000), Elliot Lake (\$215,000), Parry Sound (\$219,900), East Kawarthas (\$225,000), and Bancroft (\$235,000) in Ontario; and South Central Cariboo (\$180,000), Lake Winnipeg (\$250,000), Canmore (\$270,000) and Ucluelet (\$499,000 for oceanfront) in Western Canada.

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While sales have been strong out of the gate, the number of waterfront cottages, condominiums, and back lot properties sold in the first quarter still fall short of pre-recession levels. However, with peak season fast approaching, stimuli such as softer values, greater selection, and relatively low interest rates may prove difficult for recreational property buyers to resist.

Similar conditions existed in residential housing markets across the country last spring, setting the stage for heated second, third, and fourth quarters of 2009. Affordability was top of mind then, as it is now, with many prospective purchasers cautiously venturing into the market.

Highlights:

- Of the markets that experienced an increase in starting prices, half were value-priced, with winterized waterfront product available under \$350,000. The remainder was typically comprised of prime, sought-after markets favoured among purchasers such as the Georgian Bay and Lake Simcoe areas and the Muskoka Region.
- The most expensive recreational property markets included: Sylvan Lake, AB (\$1.2 million); Vernon, BC in the North Okanagan (\$1.15 million); Tofino, BC (\$875,000); Cultus Lake/Harrison Lake, BC in the Fraser Valley (\$800,000); Whistler, BC (\$799,000) and Salt Spring Island, BC (\$750,000).
- Americans have virtually fallen off the map in Canadian recreational properties. Only Shediac Bay, where recreational property values are a fraction of those in the US, continues to draw eager purchasers from the eastern seaboard of the United States.
- Bargain-priced properties in the Southern United States are still having an impact on Canadian recreational property markets, drawing some purchasers south of the border to areas such as California, Arizona, Nevada and Florida.
- Pent-up demand will continue to prop up recreational property sales in markets from coast to coast this season, as buyers who sat on the sidelines in 2008 and 2009, finally enter the market, spurred on by better prices, good affordability, and economic recovery.

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