

January to March - 2018*

MUSKOKA AND AREA

REAL ESTATE MARKET REPORT



CHRISTIE'S
INTERNATIONAL REAL ESTATE

This report begins with a disclaimer. These reports are prepared using, amongst other sources, data provided by the Lakelands Association of Realtors. In late 2017 the Association moved to a new multiple listing provider, and unfortunately ever since the Association has experienced difficulties producing reliable market data.

What data we do have appears to indicate that the market patterns that have developed in the last two years are continuing into 2018. The Association reports that in the first quarter of 2018 it has processed 1,689 waterfront listings. This a 42 percent decline compared to the 2,892 listings that were processed during the same period in 2017. There were 1,227 recreational property listings processed during this same period, a 38 percent decline compared to 1,994 listings processed last year.

Given this lack of recreational inventory it's not surprising that sales have proportionately declined. To date 556 waterfront property sales have been reported. Last year 1,272 sales took place, a decline of more than 56 percent. Recreational property sales are equally in decline. Last year there were 951 reported sales for the entire region administered by the Lakelands Association. This year only 415 sales were reported in the first quarter, a decline of over 56 percent.

The data emerging from the Association's various sub-regions in the Muskoka and area markets is consistent with the overall market. In the Haliburton region 128 recreational properties were listed for sale in the first three months of 2018, a 23 percent decline compared to the 167 listed in 2017. Over the same period sales have declined even more dramatically. Last year 91 recreational properties were reported sold, this year only 44, a decline of more than 50 percent.

In Lake of Bays 84 recreational property listings were processed in the first quarter of last year, this year only 39, a decline of 53 percent. Last year 33 properties sold, this year only a shocking 7, a decline of almost 80 percent.

On Muskoka's big lakes, Lake Rosseau, Lake Joseph and Lake Muskoka, 97 new recreational property listings were processed in the first quarter of 2017. This year that number has dropped to 56, a decline of over 42 percent. The decline in sales resembles the decline in sales on Lake of Bays. Last year there were 40 reported sales, this year only 14, a decline of 65 percent.

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Notwithstanding that sales have declined in all trading areas year-over-year, the supply shortage has caused average sale prices to increase. For reported sales in the Haliburton region, the average sale price has increased by 13 percent. In Lake of Bays the average sale price for reported sales increased by 90 percent. (This number is accentuated by the fact that it is based on only 7 sales in 2018 as compared to 22 last year.) The same is true for reported sales on Muskoka's big lakes. The average sale price has increased by 33 percent. Lack of supply coupled with strong demand will invariably put upward pressure on average sale prices.

It is interesting to note that Chestnut Park and its sales representatives have far out paced the performance of the overall market. Whereas sales in all regions have decreased dramatically in the first quarter of 2018, Chestnut Park's Port Carling office has seen increases in both the volume of sales and in dollar value of recreational property sales. During the first quarter sales increased by 36 percent while the dollar value of all properties sold increased by 33 percent.

Going forward the big story for cottage and recreational property sales will be supply. If supply does not increase there will be many frustrated buyers forcing average sale prices higher. The two factors limiting supply are demographics and the almost finite number of recreational properties. Baby boomers represent a large number of recreational property owners. Unlike urban markets, there is little to compel these cottage owners to sell and move. Coupled with a more or less finite supply of recreational properties, with limited potential for new development, it maybe a number of years before supply levels increase dramatically. The second quarter results will be instrumental in determining the manner in which the remainder of the 2018 recreational resale market will unfold.

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