

MUSKOKA & AREA - MARKET REPORT

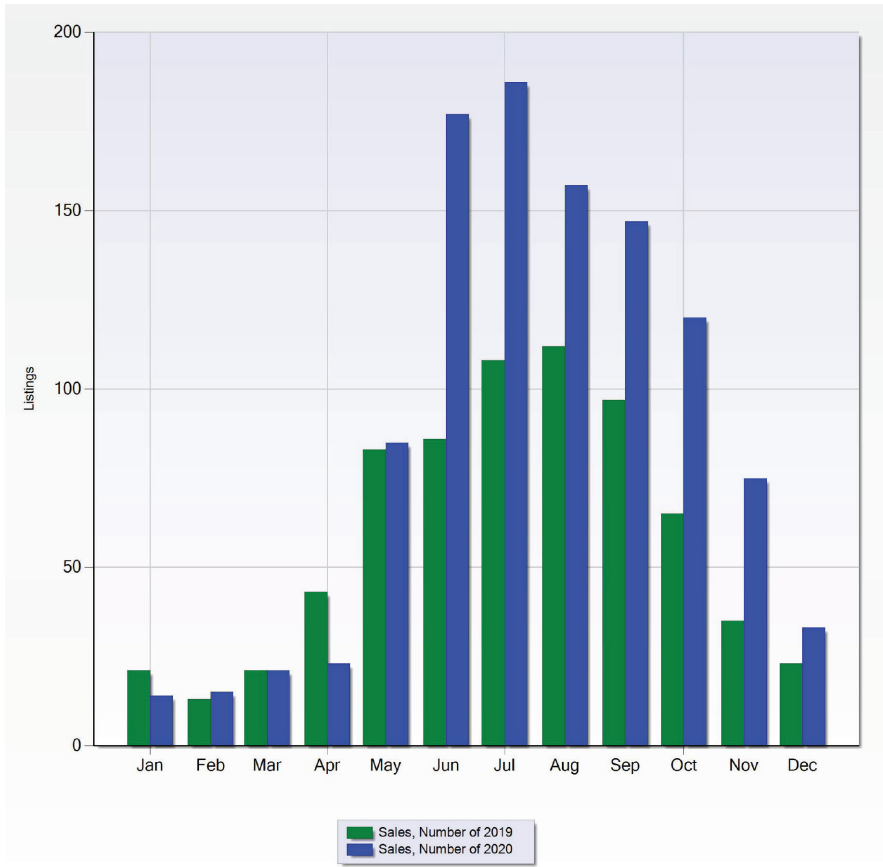
JANUARY - DECEMBER 2020

It would have been impossible a year ago to predict, no, even image the way the Muskoka and area recreational waterfront marketplace would unfold. Expectations were high that 2020 would perform well. As in recent, previous years, the concern was supply – would the available inventory throughout the year be sufficient to meet demand?

It was a year ago that an unheard of virus was spreading in China. By March, it had arrived, and in force. By late March the Province was in lockdown, a situation we are re-experiencing as this report is being prepared. The March lockdown had a stunning and immediate impact not only on the Muskoka and area recreational market but on all markets, rural and urban. But market stasis was only temporary. By the end of April the real estate industry, as well as buyers and sellers, would begin to adjust to the new order – more virtual viewings, virtual staging of properties, protective equipment (masks, gloves, sanitizers) for buyers, sellers and agents, and viewing protocols – and with that adjustment, sales of recreational waterfront properties skyrocketed.

By the end of 2020, almost 4,000 waterfront properties were reported sold for the region. This represented a significant gain of almost 45 percent as compared to 2019, and it surpassed the previous annual record for waterfront sales that was set in 2016. The chart below dramatically shows the increase in 2020 sales compared to 2019.

2019 - 2020 Sales



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Ironically, the inventory shortages that were anticipated did not materialize. In the District of Muskoka, 1,409 waterfront properties came to market in 2020. During 2019, 1,403 came to market. A number of the waterfront properties that came to market, and ultimately sold, were properties that had been previously listed, in 2019 and in some cases 2018, without success. The incredible demand for recreational properties generated by the pandemic, and corresponding rising prices, brought these properties back to market.

Sales in the Muskoka Lakes region increased by 53 percent as compared to 2019, from 673 waterfront properties sold to 1,027 this year. This market performance was consistent throughout the region. In Lake of Bays waterfront property sales increased by over 42 percent. Haliburton water property sales saw an even more dramatic increase, jumping by more than 79 percent year-over-year. Prices increased correspondingly. The lowest price increases were in the Muskoka Lakes region. This is no doubt due to the already high price point for properties in the region, particularly on Muskoka's three big lakes, Lakes Muskoka, Rosseau, and Joseph. The chart below sets out the listing and sales activity on Muskoka's big three lakes. Clearly the best market performance since 2017.

	# Waterfront Listings				# Waterfront Solds			
	2017	2018	2019	2020 to Dec 15	2017	2018	2019	2020 to Dec 15
Lake Joseph	92	55	78	83	44	32	28	44
Lake Rosseau	71	68	85	76	37	32	41	56
Lake Muskoka	248	180	203	178	139	101	93	132

Average sale prices throughout the region continued their upward trajectory, a pattern that started in 2018. The increase in average sale price was higher in those sub-markets with lower price-points. For example, waterfront property average sale prices in the Haliburton area increased by almost 30 percent compared to prices last year. In 2019, the average sale price for waterfront properties was approximately \$570,000. By the end of 2020 that same property now sells for more than \$720,000. With listings declining over the same period by almost 5 percent, and demand skyrocketing as a result of the pandemic, the pressure on prices was unprecedented.

Similar pressures drove sales and prices in the District of Muskoka, as well as in Lake of Bays/Huntsville and the other popular lakes around Lake of Bays (Mary Lake, Fairy Lake, Peninsula, and Lake Vernon). In the District of Muskoka average sale prices increased by over 20 percent to approximately \$1,250,000, while in the face of declining inventory sales increased by over 50 percent.

Price point did not stop the increase of average sale prices on Muskoka's three big lakes (Rosseau, Joseph and Muskoka). As heady as those prices were at the beginning of 2020, they continued to rise throughout the year:

	Average Sale Prices	
	2019	2020
Lake Muskoka	\$2,100,000	\$2,500,000
Lake Rosseau	\$2,850,000	\$3,600,000
Lake Joseph	\$2,550,000	\$4,150,000

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The average price increase for properties sold on Lake Rosseau was more than 26 percent, and the average sale price for properties sold on Lake Joseph can only be described as eye-popping. Overall the average sale prices for all properties sold on Muskoka's big lakes is now approximately \$3,200,000, 23 percent more than it was at the end of 2019.

Looking forward to 2021 much of a recreational real estate landscape is very similar to what it was during the year under review. Mortgage interest rates remain at all-time historical lows. Demand, due to buyers' need and desire to escape dense urban centers for more space and associated safety remains intense. Buyers have saved more capital than ever and are very eager to spend. Equity markets are at record-breaking levels. All these socio-economic factors point to a strong waterfront market for 2021. If there are concerns, they revolve around average prices – throughout the region they have reached record levels – and inventory. So many properties were absorbed by the robust demand in 2020 that there may not be enough new waterfront properties coming to market in 2021 to meet what no doubt will be a demand not dissimilar to what we witnessed in 2020.

Stay Tuned!