



Canadian recreational house prices soar 11.5% as remote work drives demand in cottage country

- Canada's recreational property market forecast to increase 8% in 2021
- 86% of recreational property regions are reporting lower inventory as demand outpaces supply
- 54% of recreational property regions are reporting a significant increase in buyers who are purchasing a new primary residence where they will work remotely

TORONTO, ON, November 30, 2020 - According to Royal LePage, year-over-year price appreciation in Canada's recreational property markets soared during the first nine months of 2020, driven by Canadians' ability to work remotely. The aggregate price of a single-family home in Canada's recreational market rose 11.5 per cent to \$453,046 and the aggregate price of a condominium rose 9.7 per cent to \$280,830. The aggregate price of a waterfront property increased 13.5 per cent to \$498,111.

"The pandemic has effected enormous economic and health challenges upon the nation; it has also opened a world of possibility for thousands of Canadians," said Phil Soper, president and CEO, Royal LePage. "On lake and on sea, upon soaring mountain tops and on expansive farmlands, many Canadians are embracing a bold, new work-from-home doctrine: 'I can live anywhere in this huge land.'

"In addition to the new wave of pandemic-era buyers, simple demographics have been buoying the exurban market as more and more of the giant Baby Boom generation retire," Soper continued. "Interest in all types of recreational property is soaring, and I have never seen the number of cottages, cabins, chalets and farmhouses for sale at such a low level relative to demand."

Eighty-four per cent of Royal LePage recreational property experts, representing 45 of Canada's most popular recreational markets, reported an increase in buyers who were interested in working remotely from the property. Fifty-four per cent of regions surveyed reported a significant increase in buyers who sought to purchase a primary residence in a recreational market, enabled by their ability to work remotely.

Recreational property markets also saw an uptick in retiree buyers. While retirees are historically a significant buyer demographic for the recreational property market, the pandemic has spurred demand as retirees advance their plans to improve their quality of life by moving to cottage country. Sixty-eight per cent of regions reported an increase in retiree buyers compared to last year.

As a result of the COVID-19 pandemic, the typically brisk spring market was pushed to late summer and early fall with many regions seeing record-breaking autumn sales. As demand outpaced supply, 86 per cent of the regions surveyed reported less inventory than the previous year.

Nationally, Royal LePage is forecasting that the price of a recreational property in 2021 will increase 8 per cent year-over-year.

Atlantic Canada

During the first nine months of the year, the aggregate price of a single-family home in Atlantic Canada's recreational property market increased 8.6 per cent year-over-year to \$187,564, although those searching for waterfront can expect to pay more.

"Inventory levels are the lowest I've seen in 15 years," says Heather FitzGerald, real estate professional, Royal LePage Atlantic in Moncton, New Brunswick. "The price of a recreational property is rising due to increased demand from local buyers looking to move away from the city and closer to nature and the water. There has also been an increase in buyers from Ontario and Quebec who are choosing the Maritimes as a great place to live and work remotely."

All regions surveyed in Atlantic Canada reported an increase in buyers seeking a property where they could work remotely and most surveyed regions saw a significant increase in buyers seeking to purchase a recreational property in the region as a primary residence.

"Buyers from outside of the Maritimes, who expect to be working remotely for the foreseeable future, are flocking to the area," said Corey Huskison, real estate professional, Royal LePage Atlantic in Halifax, Nova Scotia. "Properties are attracting not only retirees, but working-aged Canadians who realize they don't have to sacrifice space to be close to the office. They are taking advantage of the fact that they can now work from cottage country."

Royal LePage is forecasting that the price of a recreational home in Atlantic Canada will increase 7 per cent in 2021.

Quebec

During the first nine months of the year, the aggregate price of a single-family home in Quebec's recreational property market increased 14.7 per cent year-over-year to \$236,628, while the aggregate price of a waterfront property increased 15.1 per cent to \$255,502. The aggregate price of a condominium increased 13.1 per cent to \$236,187.

"During the first wave of COVID-19, Quebec was subject to the longest lockdown period in the entire country. This sparked an urgent desire for many city dwellers, in need of more living space, to relocate to the suburbs and cottage country," said Éric Léger, sales representative, Royal LePage Humania, in the Laurentians. "The Laurentians and Pays d'en-haut regions were among the areas to see the most interest throughout this period, on account of their vast landscape, available pre-pandemic inventory, and excellent market conditions."

Léger says the vast majority of recreational property markets in the province of Quebec have also seen a significant increase in sales since the start of the year.

"Additional demand for cottage country properties, generated by increased safety restrictions in an already strong sellers' market, has created even more aggressive activity in regions across the province," confirms Léger.

All regions surveyed in Quebec reported an increase in buyers seeking a property where they could work remotely. Seventy-five per cent of the surveyed Quebec regions saw a significant

increase in buyers seeking to purchase a recreational property as a primary residence and most regions saw an increase in retirees purchasing in the area.

As this unprecedented year comes to a close, Léger predicts that prices and demand in Quebec will continue to increase in 2021, but likely at a slower pace than what we've seen in 2020.

"Remote work, which is here to stay for the most part, will continue to attract buyers toward the countryside, and continued low interest rates will once again be a driving factor in the demand for real estate this year," concludes Léger, suggesting the only thing that could cool this market is an injection of inventory; a solution that cannot be produced overnight.

Royal LePage is forecasting that the price of a recreational home in Quebec will increase 5.5 per cent in 2021.

Ontario

During the first nine months of the year, the aggregate price of a single-family home in Ontario's recreational property market increased twenty per cent year-over-year to \$450,127, while the aggregate price of a waterfront property increased 16.7 per cent to \$571,266. The aggregate price of a condominium increased 17.6 per cent to \$253,055.

One of Ontario's most sought-after destinations for recreational properties is Muskoka. Bob Clarke, real estate professional, Royal LePage Lakes of Muskoka says the region has been booming for the last several years, and COVID-19 has only amplified that demand.

"Retiring baby boomers have been putting upward pressure on prices and reducing inventory for the last few years. Retirees are now finding themselves competing against remote workers. Both demographics have seen their savings grow through less travel and entertainment during the pandemic," said Clarke. "We are also seeing an increase in current Muskoka owners who are looking to purchase larger properties, as their children have returned after job loss or the ability to work remotely. The most common question used to be 'is the property West-facing?' Now my clients' biggest concern is internet quality."

Most regions surveyed in Ontario reported an increase in buyers seeking a property where they could work remotely. Seventy-three per cent of the surveyed regions saw a significant increase in buyers seeking to purchase a recreational property as a primary residence. While retirees are historically a sizable demographic of recreational property buyers, 83 per cent of the surveyed regions reported an increase in retirees looking to purchase during the first nine months of 2020 compared to the previous year.

Royal LePage is forecasting that the price of a recreational home in Ontario will increase 10 per cent in 2021.

Prairies

During the first nine months of the year, the aggregate price of a single-family home in the Prairies' recreational property market increased 27.6 per cent year-over-year to \$338,170. The aggregate price of a waterfront property increased 10.8 per cent to \$322,292.

"Price and proximity to Winnipeg are top of mind for buyers looking to get away from the city and work remotely in cottage country. The region has a lot to offer buyers, many of whom can now

work by the lake,” said Tyler Bucklaschuk, broker, Royal LePage JMB & Associates. “The recreational real estate market has been strong for a number of years. Brisk sales and declining inventory is putting upward pressure on prices.”

Of the reporting regions, half saw an increase in remote workers. Demand in the Prairies has been largely driven by locals choosing cottage life over travel as vacationing abroad has become difficult due to COVID-19 travel restrictions.

“Saskatchewan’s recreational market is driven by its affordability and its pristine lakes. Highway developments have reduced the drive from Saskatoon to 1.5 hours, which makes working remotely more possible for those who still have to go into the office a few days a week,” said Lou Doderai, broker, Royal LePage Icon Realty. “With the increasing ability to work remotely, Saskatchewan’s lakeside communities are becoming more popular with Albertans who don’t mind the drive to access our sandy beaches and affordable property. You can purchase a beautiful lakefront home in Saskatchewan for \$500,000.”

Royal LePage is forecasting that the price of a recreational home in the Prairies will increase 4 per cent in 2021.

Alberta

During the first nine months of the year, the aggregate price of a single-family home in Alberta’s recreational property market decreased 7.6 per cent year-over-year to \$724,921. The decline in aggregate price reflects a shift in Canmore’s buyer and construction activity, where a surge of smaller affordable homes were built and sold while demand for luxury properties softened until the beginning of the fourth quarter. The aggregate price of a waterfront property in Alberta increased by seven per cent year-over-year to \$506,607. The increase was driven by popular lake regions within commuting distance to Edmonton.

“Demand for recreational real estate in Alberta has never been this strong. Since the end of June, we have been seeing record high sales volume as remote work reshapes the market. In Canmore, Alberta-based buyers are increasingly competing against buyers from across Canada since the onset of the pandemic,” said Brad Hawker, managing broker, Royal LePage Rocky Mountain Realty. “Canmore is well-known for its charm, outdoor pursuits and access to Banff National Park. It’s the perfect place to reimagine your life when you can work from where you want to play.”

Compared to 2019, both Canmore and Pigeon Lake reported significantly more buyers seeking recreational property as primary residences where they can work remotely.

“People are looking for a change of scenery and some relief from the busyness of the city. That’s what is fueling sales right now,” said Tom Shearer, broker, Royal LePage Noralta Real Estate, in Edmonton. “Lake Wabamum is a perfect choice for buyers who want a safe environment where they can relax. And, it’s less than an hour away from Edmonton.”

Royal LePage is forecasting that the price of a recreational home in Alberta will increase 3 per cent in 2021.

British Columbia

During the first nine months of the year, the aggregate price of a single-family home in British Columbia's recreational property market increased 12.9 per cent year-over-year to \$788,478. The aggregate price of a condominium increased 3.8 per cent to \$339,189.

"2020 has forced us all to shift our perspective, especially when it comes to quality of life," said Francis Braam, broker, Royal LePage Kelowna. "With travel and vacation rental options limited - if not completely eliminated - West Coast buyers have been snapping up recreational properties in the Okanagan."

Most regions surveyed in British Columbia reported an increase in buyers seeking a property where they could work remotely. Thirty per cent of the surveyed regions saw a significant increase in buyers seeking to purchase a recreational property in the region as a primary residence. Sixty per cent of the surveyed regions reported an increase in retiree buyers compared to the same period in 2019.

"Demand far outpaced supply in Whistler and Pemberton. New developments are coming online but the inventory relief can't get here fast enough for buyers," said Frank Ingham, associate broker, Royal LePage Sussex. "For the first nine months of 2020, sales have been up 40% compared to the same period in 2019. Demand has been mostly driven by remote workers who want to move to the mountains but remain close to Vancouver."

Royal LePage is forecasting that the price of a recreational home in British Columbia will increase 8 per cent in 2021.

For Recreational Property Price Data, click here:

rlp.ca/Recreational_Property_Prices2020

The Royal LePage Recreational Property Report compiles insights, data and forecasts from 45 markets. Median price data was compiled and analyzed by Royal LePage for the period between January 1, 2020 and September 30, 2020 and January 1, 2019 and September 30, 2019. Data was sourced through local brokerages and boards in each of the surveyed regions. Royal LePage's aggregate home price is based on a weighted model using median prices.

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