

2016 Lake Links Workshop

Eastern Ontario Real Estate
Trends in Waterfront

Pauline Aunger



135 Coutts Bay Road – Big Rideau Lake

\$1,580,000.00



Long Lake

\$349,500.00

2016 Canadian Recreational Housing Report





National Perspective

Planning for retirement living is among the most common reasons potential buyers give for the purchase of a recreational property. Our survey of recreational real estate advisors found that 65 per cent of advisors polled indicated that potential purchasers were considering their retirement needs in deciding to buy a recreational property, while a significant number of respondents (88 per cent) said that potential purchasers identified desired lifestyle and vacationing as their main purpose. Just under half of respondents (49 per cent) said that clients wanted a recreational property as an investment, and a little over a third (37 per cent) indicated that low interest rates were a deciding factor.

The family status of the typical Canadian recreational property buyer is a couple with children, according to 76 per cent of survey respondents. When asked about the most prevalent age range of current buyers, 63 per cent of respondents identified Gen Xers (36 to 51 years old), almost double the 33 per cent who identified Baby Boomers (52 to 70 years old).

It is interesting that a majority of respondents identified retirement as a driving factor for a recreational property purchase consideration, but Gen Xers, still decades from retirement, were identified as the typical buyer in the current market. This cohort, having reached a place of stability, and often owners of primary residences in the country's city centres, is making recreational property purchases for both enjoyment in the near-term and in their retirement years.

Almost 95 per cent of respondents surveyed for the report stated that foreign buyers¹ were responsible for 10 per cent or less of recreational property transactions. When asked to identify where foreign buyer activity originates from, the most common answer was North America (79 per cent), with the majority (64 per cent) of those who specified a country of origin stating purchasers were Americans. Respondents were split on factors driving international interest including the quality of living in Canada (30 per cent), geography (27 per cent) and the low Canadian dollar (27 per cent).

While common elements impacting the country's regional recreational property market can be identified, variability in provincial economies and inter-provincial migration has resulted in disparate local conditions. Depressed oil prices may have dampened the recreational property activity in energy-dependent regions, and caused workers who moved for energy jobs to return to their home provinces. These provinces have seen a general uptick in demand for real estate, as the older, repatriated workers look to spend their savings on leisure properties.

Across the country, roughly two-thirds (67 per cent) of those polled said they have seen increases in sales over the past 12 months, and over half (53 per cent) expect sales activity in 2016 to exceed 2015 levels.

¹ For the purposes of the Report, "foreign buyers" are defined as buyers who live outside of Canada all, or most of the time.



Rideau Lake

Located between Ottawa and Kingston, Rideau Lake presents prospective buyers with a wonderful opportunity to get away from the big city and relax. From taking in a play at the local theatre to boating, fishing and golfing, this region has a lot to offer.

Across the Rideau Lake region, the typical recreational property buyer can be described as 52- to 70-year-old couples looking to retire on the waterfront. Recently, foreign buyers from New York state and England have begun to come into the market in order to take advantage of the lower Canadian dollar. Millennials are also taking advantage of the region's affordability. Having built up equity, they are beginning to look at waterfront properties for some fun in the sun.

This has led to an increase in demand, with sales activity increasing slightly when compared to the past year. House prices and inventory have remained relatively flat however, opening the door to many multiple offer situations. By housing type, the average prices for lakewfront and riverside properties are \$400,000 and \$300,000, respectively. Islands and non-waterfront woods cabins typically cost \$250,000. Looking forward, sales activity is projected to increase over the course of the year as more properties are placed on the market.

When purchasing a property in Rideau Lake, it is important to keep an open mind before making a final decision. "It is important for buyers to be open to different lakes and different views," said Pauline Aunger, broker of record, Royal LePage Advantage Real Estate®. "Each region within Rideau Lake has unique qualities and characteristics. By coming into the market with a specific expectation, you can find what you truly want and purchase the property of your dreams."



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Pauline Aunger, Broker of Record, Royal LePage Advantage Real Estate®

NATIONAL SUMMARY



81%
OF CANADIANS HAVE
SPENT TIME AT A
COTTAGE OR CABIN



58%
OF CANADIANS AGREE
THAT ONLINE VACATION
RENTAL SERVICES HAVE
MADE IT EASIER TO RENT
OUT AN INVESTMENT
PROPERTY VERSUS FIVE
YEARS AGO



94%
OF CANADIANS RATED A
QUIET ATMOSPHERE AS
AN IMPORTANT FEATURE
OF A COTTAGE OR CABIN



AS REAL ESTATE PRICES RISE, MANY CANADIANS ARE LOOKING FOR ALTERNATIVE WAYS TO FINANCE THEIR DREAMS OF COTTAGE OR CABIN OWNERSHIP.

In a recent survey of RE/MAX agents and brokers, more than half reported seeing an increase in buyers who planned to rent out their property full- or part-time. In a separate survey of Canadians, conducted by Leger, nearly 60 per cent agreed that due to the emergence of popular, user-driven vacation rental websites, it is easier for an owner to rent out an investment property today versus five years ago.

The Leger survey also found that millennials were most likely to have spent time at a cottage or cabin in the past year, demonstrating that young Canadians are sustaining demand for access to recreational properties. This provides an opportunity for buyers to finance their second homes, most notably in high demand areas such as Grand Bend, Ontario, Tofino, B.C., and Quebec's Eastern Townships.

In most of the regions that reported an increase in buyers planning to rent out their properties, demand is driven primarily by families and retirees, rather than investors. Retirees were reported as being key drivers of demand in 83 per cent of regions surveyed, and 53 per cent of regions reported an increase in retiree buyers this year compared to last year.

As the large demographic of Baby Boomers retires, sellers who benefitted from significant price appreciation in cities like Vancouver and Toronto are putting that equity into recreational markets, which is causing prices to increase in those regions. Some buyers who may still be five or 10 years away from retirement are taking the opportunity to enter those markets now, renting out their property until they are ready to retire.

This effect has been especially pronounced in British Columbia, where significant price increases in the Lower Mainland are encouraging buyers to invest in regions such as the Okanagan and the Gulf Islands.

The low Canadian dollar is having a positive effect on Canada's recreational property markets. Canadians, mainly Baby Boomers, who bought properties in the U.S. when U.S. real estate prices were comparably low are selling them at a profit and investing in Canadian recreational markets. The low dollar is also encouraging Canadians to vacation within the country rather than going abroad, putting their money into vacation rentals closer to home.

Some regions, particularly established recreational destinations with international reputations such as Whistler, the Muskokas and Mont Tremblant, are seeing foreign buyers, primarily from the U.S., return to those markets. Cape Breton Island, which recently made international news when a website "Cape Breton If Donald Trump Wins" gained the attention of high-profile news media, has seen increased interest from prospective U.S. buyers this year due to the publicity boost, combined with favourable exchange rates.

Thank You