



For immediate release

Low interest rates, investment potential, and lifestyle drive thriving Canadian recreational property market, says RE/MAX

Mississauga, Ontario (May 17, 2004) — The threat of higher interest rates has shifted recreational property purchasers into overdrive in major Canadian centres, according to the RE/MAX Recreational Property Report released today.

Spurred by historically low interest rates, investment potential and family lifestyle, Canadians, Americans, and Europeans are entering the market for recreational properties “like never before.” However, in virtually every market surveyed by RE/MAX of Western Canada and RE/MAX Ontario-Atlantic Canada, limited inventory levels have translated into serious upward pressure on recreational property values.

“The level of demand we are experiencing is unprecedented,” says Elton Ash, Vice President, Regional Director, RE/MAX of Western Canada. “Finding the ideal property may prove to be a challenge in 2004. Waterfront listings, in particular, have become a scarce yet highly sought-after commodity. Nonetheless, buyers remain grounded in their search for the perfect property, refusing to pay more than fair market value. There have been some isolated instances in which properties have sold for an inflated amount, but that has been the exception, rather than the rule.”

Demand is expected to outpace supply across the country this year, despite an anticipated influx of listings in the weeks ahead. Out of 49 markets surveyed, 83 per cent reported a severe lack of inventory, especially in affordable price ranges. Baby boomers once again lead the charge for recreational properties, driving activity in the vast majority of Canadian markets. The youngest boomers are buying with their young families in mind while the oldest, who are now approaching 58 years of age, are securing future positions—with plans for retirement being front and centre.

Of all types of recreational property, the greatest price increases have occurred for quality waterfront properties. Only 32 per cent of markets surveyed offer waterfront properties priced at \$200,000 or less. Only one market, Newfoundland East, offered properties under \$100,000. By far the most expensive waterfront markets were found in Salt Spring Island, Vernon, Muskoka, Penticton and the Sunshine Coast—where starting prices exceeded \$500,000—and Wasaga Beach.

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“The waterfront is becoming an exclusive retreat for affluent purchasers,” says Michael Polzler, Executive Vice President, RE/MAX Ontario-Atlantic Canada. “Purchasers of more modest means will have to compromise to realize their goal of ownership. For some, that will mean traveling longer and further to their ultimate destination. For others, expectations may have to be pared down to include smaller lakes, rivers, channels, islands, leased-land, fractional ownership, and back lot properties.”

Affordability and limited inventory levels have created increased demand for less traditional recreational properties. In many markets, farms and acreage sales are on the upswing. Also growing in popularity are leased-land properties. In many cases, purchasers are permitted to tear down and build on the land, with leases of up to 99 years.

Condominium sales and prices are also increasing across the country. Providing a mix of entry-level and luxury product to suit every budget, these properties often boast waterfront or water views. The only exception is Mt. Tremblant, Quebec, where condominium sales are at a standstill due to a significant oversupply of product. Prices may experience some softening this year as a result.

2004 is expected to be the strongest on record in many recreational property markets surveyed. Prices are expected to continue the upward momentum from coast to coast. In most markets, vendors can expect top dollar, quick sales, and in some cases, multiple offer situations—if the property is priced at fair market value.

Highlights

- **Locals are competing with recreational property purchasers for residential homes, driving up prices across the board.** A shortage of available waterfront and back lot properties has placed upward pressure on rural residential markets — creating an affordability issue for local purchasers.
- **Canadian residential real estate represents great value to American and European purchasers, particularly in Muskoka, Banff/Canmore, Sun Peaks, and the Okanagan Valley, Newfoundland, Shediac Bay, and Summerside.** Given current property values in prime international recreational destinations such as Cape Cod, Nantucket, the Hamptons, Aspen, and Vail, many of these Canadian markets are undervalued.
- **The challenge facing Realtors® is coming up with available product.** While some sales associates are canvassing cottage country for additional listings, others have turned to the land registry for leads. Purchasers are doing their part by placing their names on waiting lists.
- **Tear down and renovation activity continues unabated.** With location, location, location coveted, and waterfront in short supply, many purchasers are buying property with little concern for the existing structure. In many areas, land often outpaces the value of the existing cottage/home. As a result, seasonal properties are virtually disappearing from the landscape in some markets.

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- **Several markets still offer an affordable selection of recreational product, with a three-bedroom winterized waterfront property starting under \$150,000.** Those markets included: St. John's, Trinity and Bonavista, NF (\$69,000); Interlake Region, MB (\$100,000); Pembroke, ON (\$110,000); Summerside, PEI (\$125,000 +); Kingston, ON (\$140,000); Elliot Lake, ON and West of Edmonton, AB at \$150,000 respectively.

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STARTING PRICES FOR RECREATIONAL PROPERTIES*

MARKET	2002	2003	2004
NEWFOUNDLAND - St.John's, Trinity, Bonavista	N/A	N/A	\$69,000
Corner Brook, Springdale	N/A	N/A	\$400,000
NEW BRUNSWICK - Shediac Bay**	\$150,000	\$150,000 - \$155,000	\$225,000 - \$300,000
PRINCE EDWARD ISLAND -South Shore, North Shore**	\$60,000 - \$70,000	\$80,000 - \$150,000	\$200,000
Summerside **	N/A	N/A	\$125,000+
NOVA SCOTIA - South Shore, Lunenburg County**	\$130,000 - \$150,000	\$175,000 - \$250,000	\$175,000 - \$250,000
QUEBEC - Mt. Tremblant	\$300,000	\$300,000	\$350,000
ONTARIO - Lake Huron: Grand Bend	\$250,000	\$270,000	\$350,000
Sauble Beach	\$175,000	\$225,000	\$250,000
Bruce Peninsula	\$100,000	175,000+	\$275,000+
Parry Sound	\$130,000	\$140,000	\$150,000 - \$160,000
Elliott Lake	N/A	N/A	\$150,000
Muskoka: Bracebridge, Gravenhurst	\$200,000	\$200,000 - \$260,000	\$350,000
Port Carling, Bala	\$450,000	\$450,000	\$500,000 - \$550,000
Huntsville, Lake of Bays	\$200,000	\$200,000 - \$400,000	\$250,000 - \$400,000
Haliburton	\$160,000 - \$200,000	\$160,000 - \$200,000	\$200,000
Bancroft	\$130,000	\$150,000 - \$200,000	\$220,000
Flesherton	\$150,000	\$180,000 - \$190,000	\$250,000
Georgian Bay: Midland	\$225,000	\$275,000 - \$300,000	\$275,000 - \$300,000
Honey Harbour, Port Severn	\$250,000	\$300,000 - \$350,000	\$300,000
Collingwood	\$385,000	\$385,000	\$400,000 +
Wasaga Beach	\$320,000	\$350,000	\$500,000
Orillia, Lake Couchiching	\$225,000	\$275,000	\$300,000
Lake Simcoe: Innisfil to Oro	\$290,000 - \$320,000	\$320,000 - \$340,000	\$390,000 - \$450,000
Jackson's Point and Area	\$225,000	\$265,000	\$280,000
Beaverton	\$225,000	\$250,000 - \$300,000	\$300,000
East Kawarthas	\$175,000	\$180,000	\$250,000
West Kawarthas	\$250,000 - \$300,000	\$250,000 - \$300,000	\$220,000
Prince Edward County	N/A	N/A	\$200,000
Kingston	\$100,000	\$130,000	\$140,000
Perth	\$180,000	\$180,000 - \$260,000	\$160,000 - \$260,000
Pembroke	\$90,000	\$93,000	\$110,000
MANITOBA - Winnipeg and Area	\$125,000	\$170,000	\$300,000 - \$400,000
Interlake Region	N/A	N/A	\$100,000
SASKATCHEWAN- Prince Albert (Northcentral Saskatchewan)	N/A	N/A	\$200,000
North Battleford (Northwest Saskatchewan)	N/A	N/A	\$200,000 - \$300,000
ALBERTA- West of Edmonton	N/A	N/A	\$150,000
Lakeland Region	N/A	N/A	\$165,000
Sylvan Lake, Pigeon Lake	\$400,000	\$400,000	\$430,000
Banff/Canmore	\$220,000	\$300,000	\$300,000
BRITISH COLUMBIA - Salt Spring Island**	\$600,000 - \$700,000	\$1,000,000	\$700,000 - \$1,000,000
Ucluelet	\$155,000	\$159,000	\$450,000 - \$500,000
Tofino	\$240,000	\$230,000	\$450,000
Comox Valley	\$170,000	\$180,000	\$350,000 - \$400,000
Okanagan Valley- Kelowna	N/A	N/A	\$350,000
Vernon	N/A	N/A	\$550,000+
Penticton	N/A	N/A	\$500,000+
Thompson Valley - Shuswap Lake	\$250,000	\$250,000	\$450,000
Sun Peaks	\$199,000 - \$385,000	\$225,000 - \$425,000	\$250,000 - \$500,000
Fraser Valley - Harrison Lake	N/A	N/A	\$350,000
Cariboo - Interlakes Area	N/A	N/A	\$180,000
Sunshine Coast	N/A	N/A	\$500,000+

*Starting price for a three-bedroom winterized recreational property on a standard-sized waterfront lot

**Oceanfront Propert