

## Price of Paradise Walloping Wallets

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**ROMA LUCIW**

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The dream of owning a scrap of paradise perched on a lake might be slipping away from more Canadians, as soaring demand and scant supply boost waterfront cottage prices at a faster pace than the overall housing market.

According to a 2007 survey released yesterday by Royal LePage Real Estate Services Ltd., 12 per cent of Canadians are planning to buy or will consider buying a recreational property in the next three years.

They are going to have to shell out a pretty penny to get one. The average national price for a waterfront cottage or cabin, with land access, jumped 12 per cent to \$427,589 this spring from \$380,507 last year.

The average national price of an existing home climbed a smaller 9.3 per cent to \$305,542 in April, although that sales activity includes all properties sold in Canada. Average prices in major markets climbed 10.6 per cent in 2006 from 2005, according to data from the Canadian Real Estate Association.

Phil Soper, the chief executive officer of Royal LePage Real Estate Services, said tight market conditions, particularly in Western Canada, are sending prices skyward.

"This is unadulterated supply and demand," he said. "We have a booming economy, lots of disposable income, a growing population and very limited waterfront supply."

In light of the tight market conditions, Mr. Soper does not expect to see a slowdown - or a reprieve in prices - in the recreational property market. "It is very much a sellers' market."

However, Bank of Nova Scotia senior economist Adrienne Warren believes recreational property price gains will follow the overall housing market and ease slightly. "Cottage price increases are going to be cooling off a little bit in the next couple of years, given that we have had such a strong runup."

On a longer-term basis, a scarcity of land, as well as demographics, will ensure that recreational properties maintain their high value, she said. The number of Canadian senior citizens - an age group with a large disposable income - will surge by 65 per cent, or 1.5 million, in the next decade, Ms. Warren said. That powerful demographic cohort will downsize from their primary homes and could put that money toward vacation properties.

Prices for cottages varied across the country. British Columbia has the priciest recreational properties in the country, averaging slightly more than \$1-million but ranging as high as \$1.4-million, the survey said. Alberta was the second-most expensive at an average of \$737,500, followed by Quebec at \$525,000 and Ontario at \$469,500.

The cheapest place to buy - and the only province with an average price less than \$100,000 - was Newfoundland, at \$86,500.

"Prospective purchasers on a budget ... may have to accept a longer weekend commute, seek alternate ownership options or subsidize ownership through rental income," Mr. Soper said. Young families who want to buy a cottage are increasingly considering options like time shares, renting or driving further.

Given the surge in gas prices, plans to secure a wilderness getaway farther from town might not be a desirable option. Nearly one-quarter, or 23 per cent, of Canadian cottage owners said they would curb the number of trips they take there this summer, while a further 12 per cent said they would consider selling their property if pump prices keep climbing.

The Royal LePage report was drawn from a poll of 3,012 adult Canadians conducted by Maritz Research, and an analysis of prices, activity and trends in selected leisure markets across the country.