



Waterfront Sales Volume Down 22% Year To Date

Most people involved in Muskoka Real Estate would say this has been a highly unusual year. The late ice-out date meant the season got off to a slow start and despite overall inventories increasing in the Second Quarter, there seems to be a mismatch between what is on the market and what the Active Buyers are looking for.

After a record 2017, Total Waterfront Dollar Sales on the Big 3 Lakes are down substantially year to date (-22% vs. 2017). This decrease is driven by a 24% decrease in units sold which is slightly offset by a 3% increase in selling prices. This is not a phenomenon unique to the Big 3 Lakes. In fact a quick scan of other cottage regions show similar declines in Total Dollar Sales: Total District of Muskoka -20%, Parry Sound -41%, Halliburton -22%, Kawarthas -40%. Despite the decrease in overall sales, there was a 14% increase in median selling prices on the Big 3 and list prices continue to increase.



Big 3 Single Family Waterfront	# Sales	Total Dollar Sales	Avg. List Price	Avg. Sale Price	Median Sale Price	Avg. DOM	% sold. price/list price
YTD June 2018	67	\$115,841,125	\$1,809,045	\$1,728,972	\$1,400,000	53	96.5%
YTD June 2017	88	\$147,619,140	\$1,735,139	\$1,677,490	\$1,224,000	44	97.7%
18 vs. '17	(24%)	(22%)	4%	3%	14%	20%	(1%)

**Big 3 includes Muskoka, Rosseau, and Joseph as well as Muskoka River up to the Muskoka Falls, Mirror Lake, Joe River

The decrease in sales on the Big 3 is mostly driven by lower unit sales on Lake Muskoka. Average prices on Lake Muskoka are flat while Lake Rosseau and Lake Joseph are above 2017 levels, a very different picture than the GTA residential housing market.

YTD Single Family Waterfront Sold Listings*	# Sold		Average Sales Price			2018 Days On Market	2018 Selling/List Price
	2018	2017	2018	2017	% vs. 2017		
Total Big 3	67	88	\$1,728,972	\$1,692,289	2%	53	97%
Lake Muskoka	51	68	\$1,529,833	\$1,531,009	0%	47	97%
Lake Rosseau	9	7	\$2,351,278	\$2,234,571	5%	113	96%
Lake Joseph	7	13	\$2,379,732	\$2,143,731	11%	16	99%

Price Bands of Sold Cottages on Big 3: January-June 2018

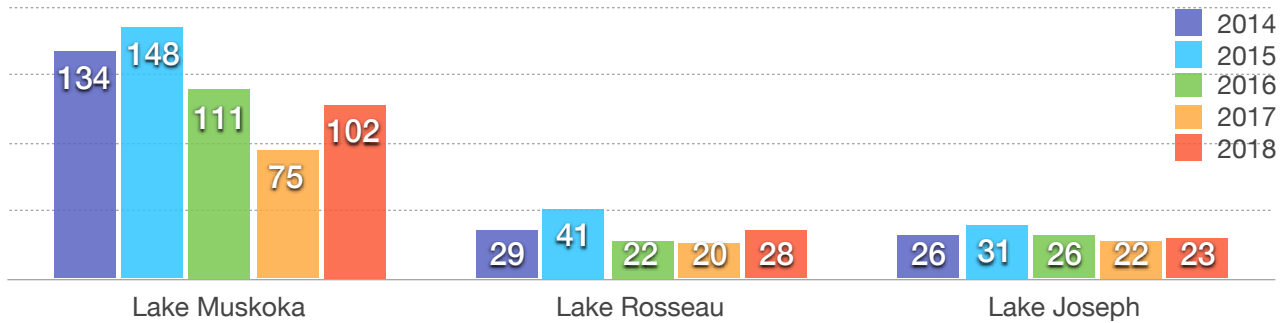
The only price band with an increase in units sold was the \$2-2.99MM level which was up 7 units (+100% vs. 2017). The remaining price bands all have significant unit declines. On Lake Muskoka, there were only 38 unit sales under \$2MM compared to 55 in 2017, a 31% decline. Additionally, there was only 1 property sold in the \$4-4.99MM band compared to 6 the previous year. In fact, in the over \$3MM range, there have only been 7 sales year to date compared to 14 in 2017.

# units sold	Muskoka		Rosseau		Joseph		TOTAL BIG 3		% difference
	2018	2017	2018	2017	2018	2017	2018	2017	
In \$MM									
<\$0.5	2	7	0	0	0	0	2	7	-71%
\$0.5-0.99	17	26	3	2	0	1	20	29	-31%
\$1.0-\$1.99	19	22	1	2	4	7	24	31	-23%
\$2.0-\$2.99	9	4	3	1	2	2	14	7	100%
\$3.0-3.99	3	4	1	1	0	0	4	5	-20%
\$4.0-4.99	1	3	0	0	0	3	1	6	-83%
>\$5.0	0	2	1	1	1	0	2	3	-33%
Total	51	68	9	7	7	13	67	88	-24%

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June Active Listing Inventory By Major Lake: 2014-2018

Includes waterfront residential property only

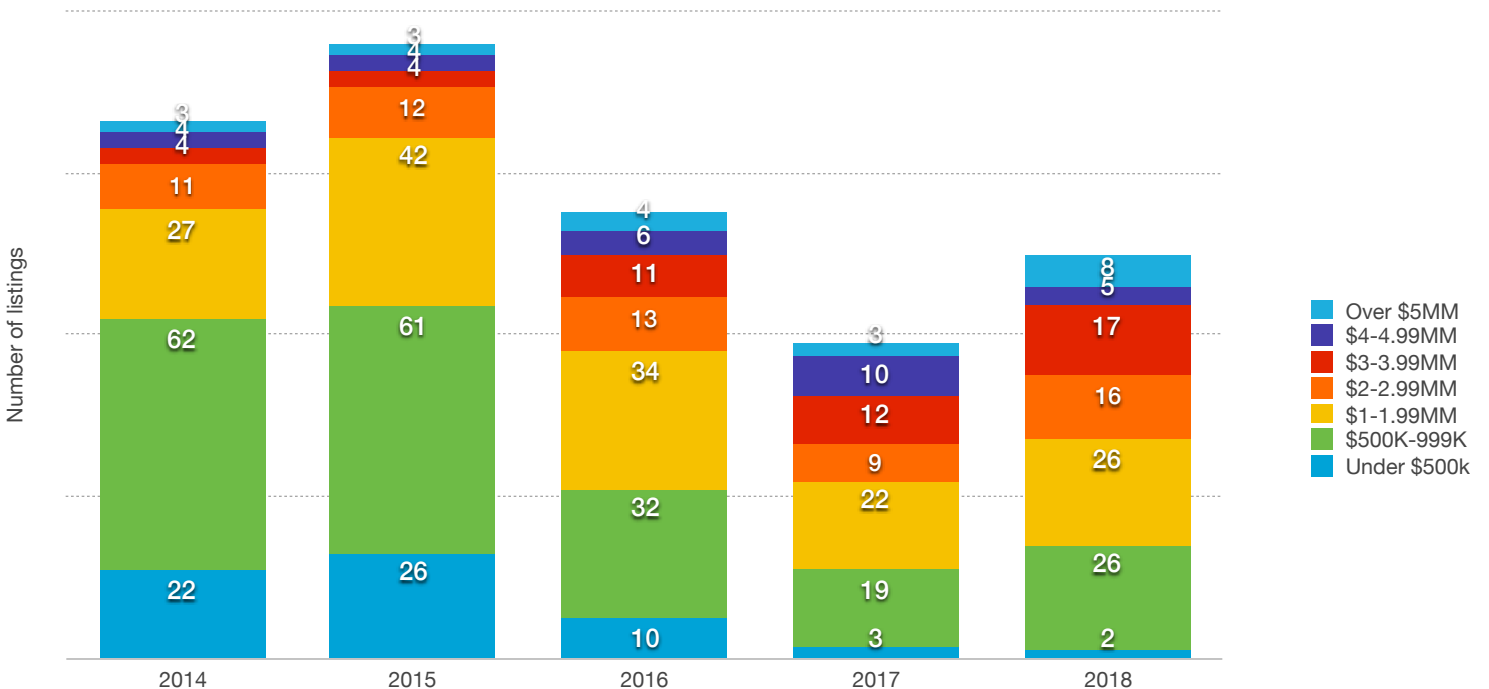


Note: Inventory is counted if it a property was an active listing at any time during the month

While inventory levels have stabilized somewhat from the slow start at the beginning of the year, the mix of listings by lake and price point has experienced a significant shift over the past few years. As the two charts below illustrate, the “entry level” segment of the market has contracted dramatically with listings under \$1MM now accounting for only 28% of active listings compared to 64% in 2014. Conversely, active listings over \$3MM now represent 30% of the market compared to 8% in 2014. This shift in prices has resulted in a surplus of high end listings and a shortage of lower priced properties, which may partially explain the significant reduction in units sold.

June Active Listing Inventory By Price Band: 2014-2018

Includes waterfront residential property only



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June Inventory Levels - Percent By Price Band : 2014-2018

	2014	2015	2016	2017	2018	Absolute % Chg. 2014 to 2018	% Change 2014 to 2018
Under \$500k	17%	17%	9%	4%	2%	-15 pts.	-88%
\$500K-999K	47%	40%	29%	24%	26%	-21 pts.	-44%
\$1-1.99MM	20%	28%	31%	28%	26%	+6 pts.	28%
\$2-2.99MM	8%	8%	12%	12%	16%	+8 pts.	93%
\$3-3.99MM	3%	3%	10%	15%	17%	+14 pts.	465%
\$4-4.99MM	3%	3%	5%	13%	5%	+2 pts.	66%
Over \$5MM	2%	2%	4%	4%	8%	+6 pts.	255%
	100%	100%	100%	100%	100%		

Water Access Sales On Big 3 Lakes

Total Big 3 Boat Access	# Sales	Avg. Sale Price	Median Sale Price	Avg. DOM	% sold. price/ list price
YTD 2018	6	\$999,000	\$862,500	24	96%
YTD 2017	10	\$1,240,400	\$755,000	89	89%
18 vs. '17	(40%)	(19%)	14%	(73%)	8%

There have only been 6 unit sales of water access properties to date in 2018. This may be the result of the lack of active listings in the lower price brackets. The properties that have sold have turned over quite quickly at an average of 24 days on market vs. 89 in 2017 indicating that Buyers have moved quickly on the properties they are most interested in.

Vacant Land On Big 3 Lakes

Total Big 3 Waterfront Land	# Sales	Avg. Sale Price	Median Sale Price	Avg. DOM	% sold. price/ list price
YTD 2018	3	\$886,000	\$1,243,000	88	111%
YTD 2017	12	\$589,067	\$258,000	69	93%
18 vs. '17	(75%)	50%	382%	28%	19%

Lot sales are down 75% versus year ago. Two higher prices lots (\$1,243,000 and \$1,300,001) drove the average price up in 2018. This doesn't appear to be driven by a lack of inventory. As of June 30th, there were 21 active land listings with 8 in the under \$500,000 price band and 11 in the \$500,000 to \$999,999 band.

My Conclusions

For Buyers, your price point will dictate the strategic approach. The new "entry level" for an existing cottage is anything below \$1MM. Limited inventories at this price point will mean lots of competition for new listings. Be prepared to move quickly when you find "the one" and consider island properties or vacant land to get onto the lakes at more affordable prices. The new "Sweet Spot" for both sales and inventory is between \$1MM-\$4MM so Buyers in this price range should find a good balance between supply and demand. For those looking for property above \$4MM, there are plenty of available options. You can afford to be more selective and may be able to negotiate for better pricing or additional inclusions in your purchase.

For Sellers, getting your list price right is critical and can make the difference between a long and frustrating selling experience and a quick sales for top dollar. If you are considering selling, please contact me for a Complimentary Opinion Of Value for your property.

**Please reach out if to me if there are additional questions I can answer.
Feel free to forward this on to friends and family. The lifeblood of my business is referrals and I would be happy to help them with them with a Muskoka purchase or sale.**