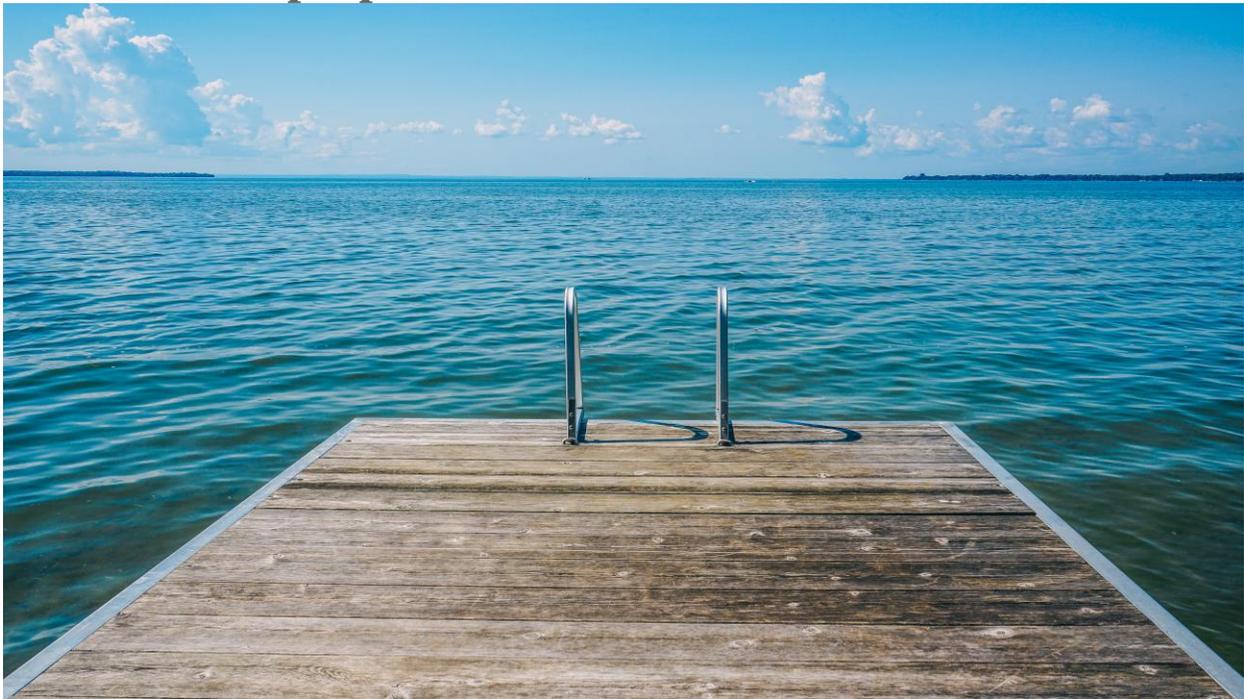


# Cottage craze: Retirees are now using recreational properties as their primary residences

Canada's senior population is the largest it has ever been, and many of these retirees are using recreational properties as retirement properties



Canada real estate property with a lake view in Ontario



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July 31, 2018

2:51 PM EDT

Filed under [Real Estate](#)

As Canada's residential real estate prices continue to flat line, recreational real estate prices are experiencing a surge — and it's being driven by retirees.

Average price of recreational properties, including waterfront, non-waterfront, water access and ski-in properties, have increased by 13 per cent in 12 months across Canada, according to a 2018 Re/Max Recreational Property Omnibus Survey. Of the main hot spots surveyed, 78 per cent showed growth in prices by June 2018, compared to July 2017.

At a time where seniors are outnumbering children for the first time in Canada, seniors are also holding most of the purchasing power in the recreational real estate market.



Retirees are driving 91 per cent of the market, compared to last year when they were driving only 55 per cent, according to the survey. And they remain eager buyers with 33 per cent saying that they own or want to own a recreational

property for investment purposes.

“Combined with the fact that Canada’s senior population is the largest it has ever been, and many of these retirees are using recreational properties as retirement properties, pricing has increased across the majority of markets,”

said Christopher Alexander, executive vice president and regional director, Re/Max Integra Ontario-Atlantic Canada Region.

Nearly a fifth of those surveyed said they use their recreational properties as their retirement homes, a third said they used it as an investment, while the majority used it as a place to relax and spend time with friends and family.

The Re/Max report also found that buyers are increasingly renting in urban centres such as Toronto and Vancouver, while purchasing recreational properties. It’s harder to get a mortgage now across the country, but if you’re a baby boomer with a home in a big city, chances are you’ve gained a lot of home equity.

“A lot of them are cashing in and buying recreational properties or they’re refinancing and just taking some equity to do it or their straight up selling their urban home and moving into recreations markets full time,” said Alexander. “It’s happenings at a higher level than ever before, but I would say it’s still tilted towards more of a vacation home than a permanent property.”

The highest median price on the list is for waterfront properties in Tofino, B.C. at \$1,400,000, up from \$659,000 in 2017, followed by Muskoka waterfront properties at \$1,027,000 this year, up from \$850,000 last year. Both regions are examples of supply crunch — there’s simply not enough recreational properties in the market to absorb demand.

“That’s why prices are going crazy,” he said. “I think waterfront property within a two and half hour drive within Toronto will be harder and harder to maintain.”

Having a beach was the most popular feature for all regions across the country, according to the RE/MAX survey, with most people considering a waterfront property at an affordable price to be the most important feature when buying recreational properties.

For now, foreign investors have had a limited impact on the cottage real estate market.

Earlier this month, Royal LePage released a report saying that “Nationally, 73.5 per cent of recreational property specialists surveyed stated that foreign ownership accounts for less than 5 per cent of the recreational market.”

While retirees are currently ruling cottage country, young buyers entering the market might loosen the retiree stronghold in different regions, according to Re/Max.

Brokers in B.C. believe their markets will see a shift to younger buyers in the next couple of years. On the other hand, the Prairies and the Atlantic will likely see the opposite.

“The economic slowdown in the Prairies, combined with stricter mortgage qualifications, has affected demand in its recreational market,” says Elton Ash, regional executive vice president, Re/Max of Western Canada. “On the other hand, B.C.’s economy is the fastest growing in the country and its status as a destination market has contributed to the strong growth of its recreational market.”

Ontario's recreational hubs are expected to see both young buyers and retirees driving demand.

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