

WATERFRONT MARKET ACTIVITY

The Muskoka and Region recreational, waterfront marketplace sharply declined in June. The decline in sales activity was universal, except, surprisingly, for Lake of Bays. Until June the Lake of Bays waterfront resale market underperformed compared to the rest of the regional recreational resale market. Notwithstanding that recreational property purchase and sales are, for the most part, discretionary, no doubt the Bank of Canada’s insignificant reduction in its benchmark lending rate – 0.25 percent – played a role in the market pull back, as it did in all residential markets, including Muskoka and Region. By the end of June the Bank’s benchmark rate was 4.75 percent, not enough to encourage buyers to plunge back into the waterfront market.

Overall the June waterfront market declined by 21.1 percent compared to June 2023. There were 97 reported sales throughout the Region (not including exclusive and off-market sales), 26 percent fewer than June 2019, the last pre-pandemic market. The average sale price for all waterfront properties reported sold came in at \$1,482,323, almost 8 percent less than last year, **but almost 75 percent higher when compared to June 2019 sales.**

Weakness in the June resale market was also evident in the sale prices achieved, days on market, and months of inventory. On average all properties sold at 96 percent of their asking prices. This compares to 97.6 percent last year. Interestingly all waterfront properties sold in June of 2019 sold at 96 percent of their asking price. The waterfront properties that were reported sold spent 28 days (on average) on the market.

Last year all properties sold in 21 days. In June of 2019 all properties were on the market for 23 days before being reported sold. At the end of June there were 8 months of inventory available to buyers. The highest level of inventory at the end of June since 2014.

JUNE WATERFRONT ACTIVITY

	2024	2023	2021	2019
Sales	97	-21.1%	-50%	-26%
Average Price	\$1,482,323	-7.8%	+30.3%	+74.2%
Months of Inventory	8.0	4.6	1.7	5.9
Days on Market	28	21	9	23

Muskoka and Region’s year-to-date waterfront market results were negatively affected by June’s lack luster performance. Earlier in the year sale activity was more robust. The Bank of Canada’s insignificant rate cut very negatively impacted June’s resale data, which in turn is reflected in the waterfront market’s year-to-date performances.

YEAR-TO -DATE WATERFRONT ACTIVITY

	2024	2023	2021	2019
Sales	363	2.5%	-55.4%	-12.9%
Average Price	\$1,373,703	+5%	+23.4%	+75.3%
Months of Inventory	8.5	5.6	1.6	6.5
Days on Market	26	21	9	23

Except for the average sale price - **75.3 percent higher than average sale prices in 2019** - it appears that the resale waterfront market is normalizing after the frenetic and unsustainable pandemic years. It is starting to perform as it did prior to the Covid-19 crisis.

LAKE OF BAYS

Lake of Bays posted the best waterfront property sales performance in June on a year-over year comparison. The 11 reported sales were equal to June of 2023, the only market in the Region that did not have a negative variance compared to June of last year. The Lake of Bays waterfront market, the second priciest behind Muskoka Lakes, also compares more favourably to the other marketplaces with respect to the number of days waterfront properties remained on the market. In June all properties sold in 22 days. On year-to-date basis – all properties have sold in 19.5 days, substantially faster than sales in other markets in the Muskoka Region. The average price for all waterfront properties sold in the first half of 2024 came in at \$1,697,630, 8.9 percent higher than 2023, and 72 percent higher than the first six months of 2019.

MUSKOKA LAKES

Sales activity in the Muskoka Lakes reflected the Region’s negative performance, both in the month of June and on a year-to-date basis. In June sales activity declined by more than 22 percent compared to last June. Surprisingly June’s sales were almost 40 percent lower than June 2019. The average sale price came in at \$3,070,259, slightly less than June 2023, **but almost 75 percent higher than the average**

sale price achieved in 2019. It is perhaps not surprising that it took longer to sell waterfront properties at these lofty prices. It took 41 days for all Muskoka Lakes properties to sell, 57 percent longer than waterfront sales throughout the other markets in the Region.

MUSKOKA LAKES - JUNE ACTIVITY

	2024	2023	2021	2019
Sales	17	-22.7%	-59.5%	-39.3%
Average Price	\$3,070,259	-7.0%	+97.5%	+74.7%
Months of Inventory	9.2	4.7	1.9	7.7
Days on Market	41	26.5	9.5	27.5

MUSKOKA LAKES - YEAR-TO -DATE

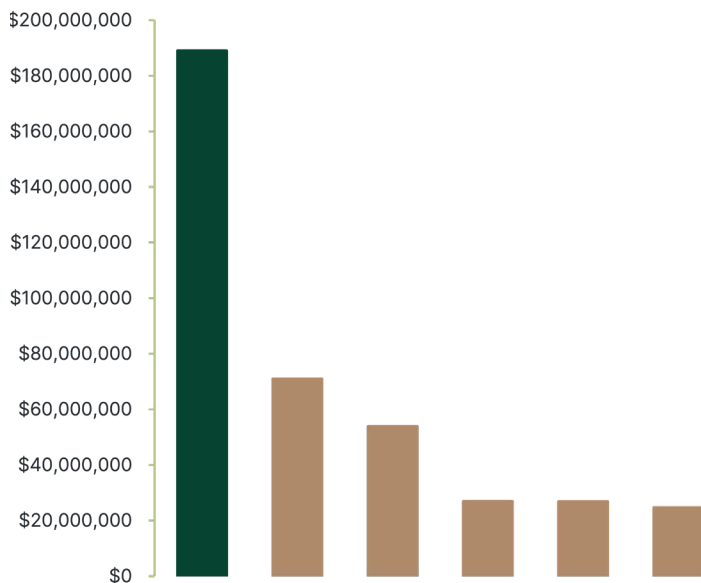
	2024	2023	2021	2019
Sales	57	-18.6%	-64.8%	-27.8%
Average Price	\$2,509,431	-8.2%	+65.2%	+82.3%
Months of Inventory	11	5.2	1.7	9.2
Days on Market	27	18.5	10	27

CHESTNUT PARK'S PERFORMANCE

Once again Chestnut Park's performance was substantially better than the overall market results. To date Chestnut Park's professional sales advisors have been responsible for 150 sales transactions, almost a 15 percent improvement compared to the 131 ends achieved during the first half of last year. In June alone Chestnut Park's sales advisors were engaged in 41 transactions. The dollar volume of Chestnut Park's year-to-date sales totals more than \$300 million. During the month of June Chestnut Park's sales advisors were responsible for four waterfront property sales having a sale price of \$10 million or more.

It is not surprising that Chestnut Park's performance and results have been far superior to any of its competitor offices in Port Carling. Chestnut Park has achieved a sales volume almost 170 percent greater than the nearest competitor office. This difference does not include exclusive and off-market sales.

RANKING REPORT FOR OFFICES LOCATED IN MUSKOKA LAKES AREA



Source: The Lakelands Board and Matrix ● Chestnut Park ● Competitors

LOOKING BEYOND JUNE

Unless the Bank of Canada dramatically and significantly reduces its benchmark lending rate in July, the recreational resale market is unlikely to change over the summer months. Both buyers and sellers are waiting for meaningful financial change. That is why sales have declined, while average sale prices have remained resilient. Buyers are not engaging in the recreational market in anticipation of more favourable economic conditions, and generally sellers are holding their prices for the same reason – if the cost of financing declines, buyers will not only re-engage but will, in the process, cause prices to rise. This is, of course, what happened during the pandemic. That market scenario will never be seen again. Financing costs, will fall, but they will never fall to the eye-popping levels seen during the pandemic market. So, unless the Bank of Canada acts boldly, expect a repetition of June's results moving into the second half of 2024.