

Booming cottage market ups prices 15%

Internet society fuels demand

By TARA PERKINS

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The Canadian cottage market is sizzling, with prices up more than 15 per cent this year on top of 10 per cent gains last year, according to a report released yesterday.

The "unusually high price increases" come as an aging population battles for a limited amount of lakefront property, said Phil Soper, CEO of Royal LePage Real Estate Services, which produced the report.

But the trend isn't only being fuelled by retirees looking for a relaxing getaway location.

Almost half of potential buyers say it's important to have the Internet at the cottage, as workers look to escape without losing touch with the office, the report found.

"Market conditions are unlikely to ease anytime soon as there will be seven prospective cottage/recreational property purchases for every two cottage owners that plan to sell their property within the next three years," it said.

As buyers are forced to look further afield, cottage-commute times are lengthening, the report found.

Soper said some of those commutes are becoming more enjoyable as "the governments of the country are reacting to the demand and improving the underlying infrastructure, like highways."

That, in turn, encourages more demand, he said.

According to the report, 9 per cent of Canadian families currently own a cottage, while 5 per cent plan to buy one within three years.

Soper said a cottage listed at the right price is selling in weeks, although bidding wars are still rare because of the effort involved in going to see the vacation properties.

The average price of a cottage in Canada is now \$235,654, the report said, up from \$203,441 last year.

"Far and away, the biggest portion of the appreciation has been in the land itself," Soper said. "More people want to live on lakes, so the price of the dirt goes up."

He added that the increase in property prices is spurring an upgrade of many cottage areas.

"As the price of the actual property goes up, people feel compelled to spend more on the structure on the property," he said. "It's unlikely that someone's going to spend half a million dollars on a lakefront lot in Ontario and put a \$20,000 log cabin up on it."

Potential purchasers will have to be more flexible in their search, Soper said, with only 17 per cent of owners surveyed by Royal LePage saying they would consider selling their cottage in the next two to three years.

But there are still affordable pockets in the cottage market, the report found, with prices in those areas ranging from \$80,000 to more than \$200,000. Cheaper spots in Ontario include Killarney, Manitoulin Island, Madoc, Marmora and Tweed.