



2018 Market Report

By almost all measurable indicators, 2018 marked the end of a long running “Sellers Market” in Muskoka.

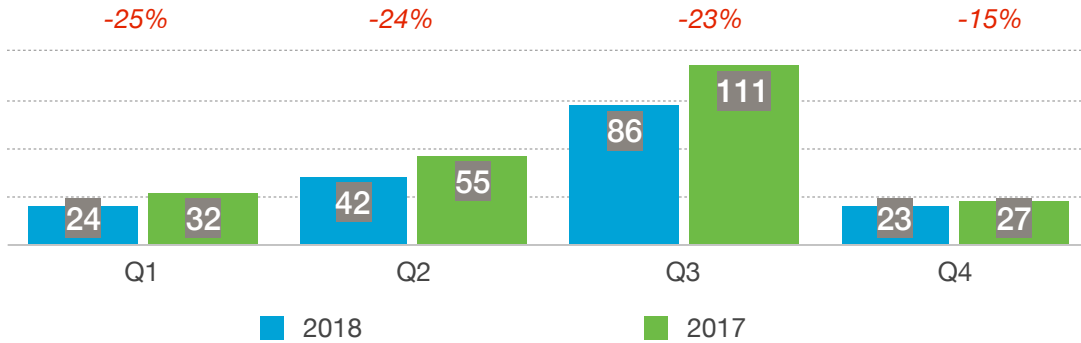
Total 2018 Waterfront Dollar Sales on the Big 3 Lakes were down 27% vs. 2017. This decrease was primarily driven by a 22% decrease in units sold, a reduction of 50 units, marking the first time in over five years that fewer than 200 cottages changed hands. Average and median sale prices also dropped and the average Days on Market (DOM) for a sold property increased to over 2 months (67 days).

Despite the gloomy top line numbers, the fundamentals driving the popularity of Muskoka Real Estate remain strong.

Big 3 Single Family Waterfront	# Sales	Total Dollar Sales	Avg. List Price	Avg. Sale Price	Median Sale Price	Avg. DOM	% sold. price/list price
2018	175	\$328,601,875	\$1,970,288	\$1,877,725	\$1,400,000	67	95.8%
2017	225	\$452,778,565	\$2,113,902	\$2,012,349	\$1,450,000	55	96.1%
18 vs. '17	(22%)	(27%)	(7%)	(7%)	(3%)	22%	(0%)

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

Purchase Activity By Quarter: 2018 vs. 2017



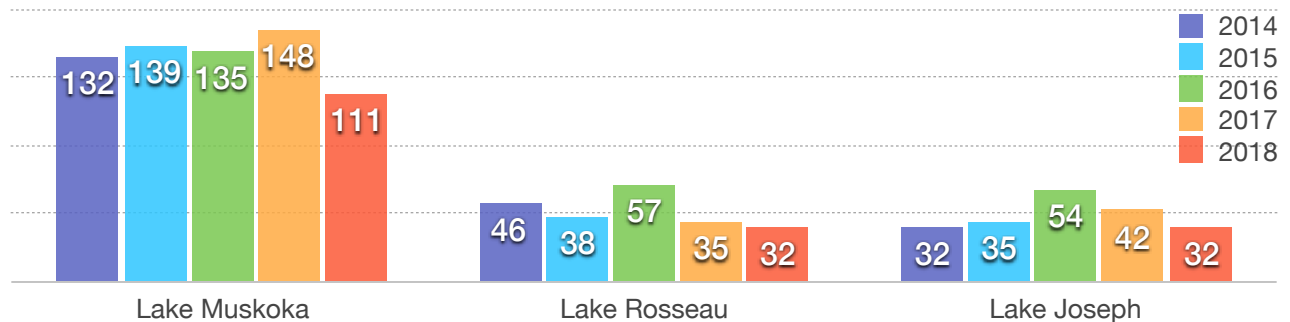
The 2018 sales decline comes on the heels of record sales years in 2016 & 2017 and was consistent across all four quarters of 2018.

Single Family Waterfront Sold Listings*	# Sold			Average Sales Price			2018	2018
	2018	2017	% vs. 2017	2018	2017	% vs. 2017	Days On Market	Selling/ List Price
Total Big 3	175	225	(22%)	\$1,877,725	\$2,012,349	(7%)	67	96%
Lake Muskoka	111	148	(25%)	\$1,510,187	\$1,680,798	(10%)	57	96%
Lake Rosseau	32	35	(9%)	\$2,062,063	\$2,304,786	(11%)	97	94%
Lake Joseph	32	42	(24%)	\$2,968,285	\$2,936,976	1%	70	97%

Unit sales fell across all three of the major lakes with the lions share of the decline coming from Lake Muskoka (111 units, down 37 and a historical five year low). Both Lake Rosseau and Muskoka experienced double digit reductions in average sales price, while Lake Joseph remained relatively flat (+1%).

Historical Sales By Major Lake: 2014-2018

Includes waterfront residential property only



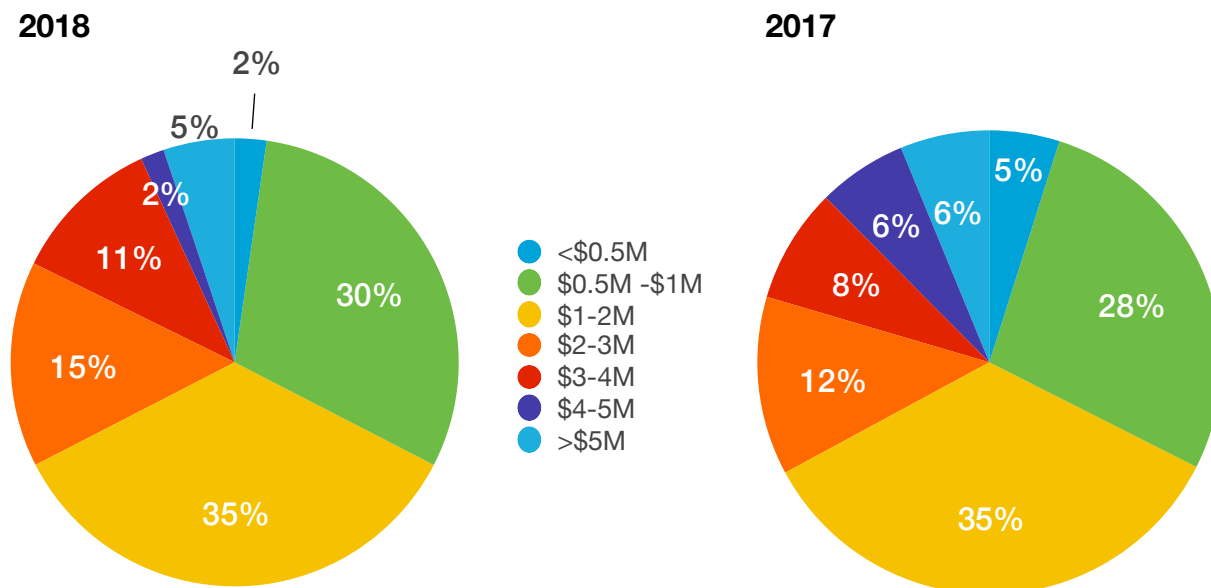
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Price Bands of Sold Cottages on Big 3: 2018 vs. 2017

# units sold	Muskoka		Rosseau		Joseph		TOTAL BIG 3		% difference
	2018	2017	2018	2017	2018	2017	2018	2017	
In \$MM									
<\$0.5	4	11	0	0	0	0	4	11	(64%)
\$0.5-0.99	44	49	7	7	2	6	53	62	(15%)
\$1.0-\$1.99	37	48	13	13	11	17	61	78	(22%)
\$2.0-\$2.99	12	15	7	8	7	5	26	28	(7%)
\$3.0-3.99	12	14	2	2	5	2	19	18	6%
\$4.0-4.99	1	8	0	2	2	4	3	14	(79%)
>\$5.0	1	3	3	3	5	8	9	14	(36%)
Total	111	148	32	35	32	42	175	225	(22%)

The decline was felt across both lower and upper price ranges, while the middle of the market, between \$2 million and \$4 million, remained stable. Overall, the trend towards a higher percentage of more expensive properties sold is continuing, with a relatively even three-way split in sales between Entry Level (under \$1 million), Mid-Range (\$1-2 million), and Higher End (over \$2 million) properties. Leading this trend is the virtual disappearance of cottage sales under \$500,000 on the Big 3 Lakes, which now represents only 2% of total unit sales. In 2015, this segment represented 21% of cottage sales.

Big 3: Percent Of Cottages Sold In Each Price Band



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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
2018	21	\$985,857	\$885,000	93	96%
2017	20	\$1,141,450	\$755,000	71	96%
18 vs. '17	5%	(14%)	17%	31%	0%

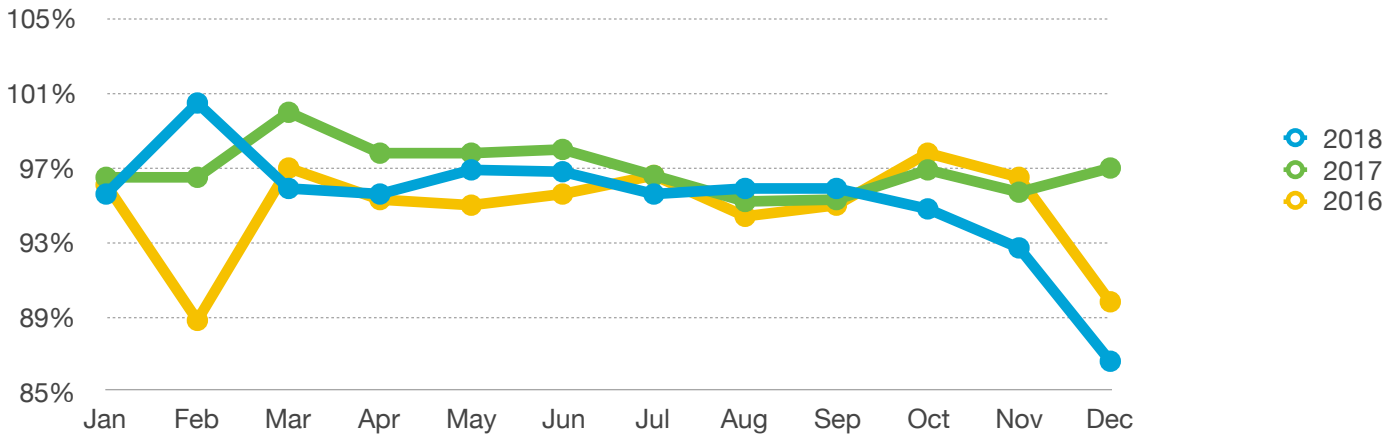
A bright spot in the 2018 market is water access properties. Unit sales are up 5% versus 2017 and median prices are up 17% impacted by 6 properties sold over \$1MM compared to 5 in 2017. The 2018 average sale price is down largely because of one very high priced sale in 2017. At the same time, Average Days on Market (DOM) for these sales increased by 22 days vs. 2017 which is a full month longer than for mainland sales.

Vacant Land On Big 3 Lakes

Total Big 3 Vacant Land	# Sales	Avg. Sale Price	Median Sale Price	Avg. DOM	% sold. price/list price
2018	15	\$1,079,533	\$1,000,000	188	99%
2017	31	\$1,016,702	\$657,500	80	93%
18 vs. '17	(52%)	6%	52%	135%	6%

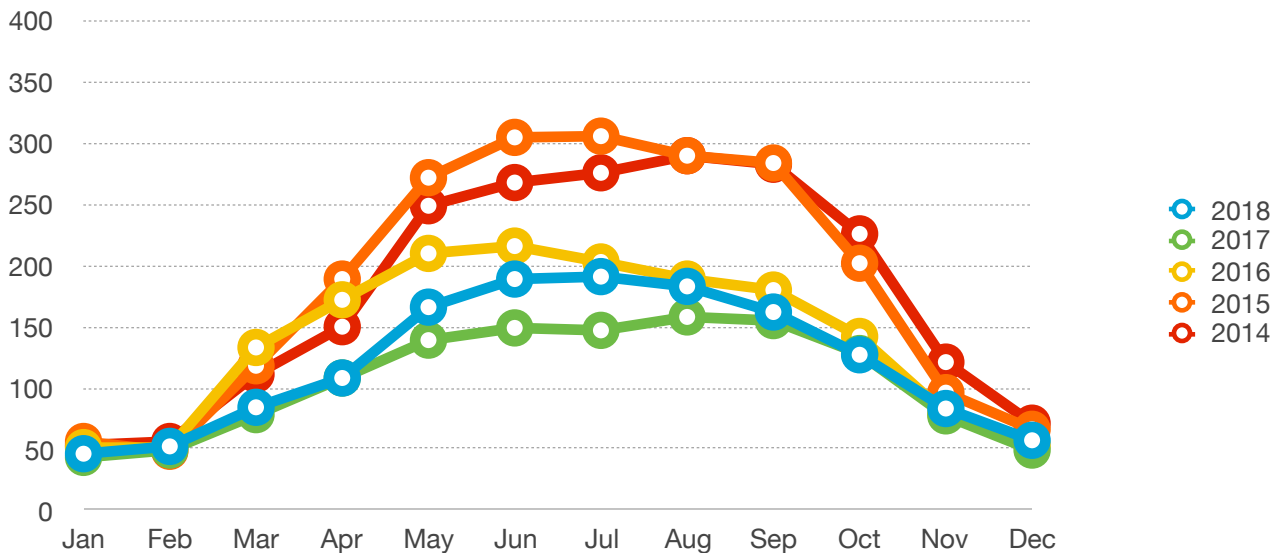
Lot sales dropped dramatically versus a year ago, while both average sale price and median prices were above 2017 levels. Our experience with buyers looking for land suggests this is due to the lack of available vacant land listings, which is reducing the number of sales while driving the price up for those properties which are listed. An alternative that has become more popular is purchasing a re-development property, typically an older cottage on good land for under \$2 million, and building new. These properties are in high demand by developers and tend to move very quickly.

Sale Price vs. List Price Ratios on Big 3 Lakes



Despite the sales decline, we are seeing a fairly high and consistent “Sale To List” price ratio which hovers around 96%. The data suggests that in a low inventory market, such as we have experienced in both 2017 & 2018, the best time to sell a cottage is early in the year.

Active Listings By Month 2014-2018 on Big 3 Lakes



The peak period for cottage listings is during the months of May through September. Over the past several years, the number of active listings during those months has declined dramatically, from a peak of around 300 active listings per month in 2015 down to just under 150 in 2017. In 2018, we experienced some increase over 2017, but inventories remained at historical low levels.

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Commentary

What does this all mean for those of you who may be considering buying or selling a cottage property in Muskoka? History suggests that a slow real estate year in Muskoka will likely be followed by a strong market the following year. The Fourth Quarter of 2018, while still down 15% vs. 2017, showed a slower rate of decline than the first three quarters and inventory across all price points remained historically low at the end of the 2018 season.

My expectation is to see the market rebound somewhat in 2019, both in units and dollars sold. The fundamentals driving this forecast are:

1. Demographics: A continuation of the trends of young affluent buyers investing in cottage properties and baby boomers retiring to waterfront properties.
2. Supply and Demand: A modest increase in inventory of listed properties combined with a continued increase in the number of prospective buyers. With potential for continued volatility in stock markets, some current cottage owners may wish to free up capital by selling their recreational property, while the appetite of Buyers for recreational property will continue to be strong.

I have Buyers across all price points who will be looking for their dream property in 2019. If you are considering listing your cottage this year, please contact me for a complimentary Opinion of Value.

Please reach out if to me if there are additional questions I can answer and 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 a Muskoka purchase or sale.

Happy New Year!

Steve