



For immediate release

Greying population to seriously bolster Canadian recreational property markets in 2006

Mississauga, ON (April 20, 2006) – The full impact of an aging baby boom generation is hitting recreational property markets across the country, according to a report released today by RE/MAX.

The RE/MAX Recreational Property Report, which highlights activity in 40 major Canadian centres, found that older boomers are fueling unprecedented demand for recreational properties in 67 per cent (27) of markets surveyed during the first quarter of 2006. Never before have those aged 50 plus been such a strong segment of the recreational property market.

“Baby boomers have played a key role in real estate markets across North America since the early 1970s,” says Michael Polzler, Executive Vice President, Regional Director, RE/MAX Ontario-Atlantic Canada. “In fact, they’ve influenced everything from education, to politics, to the stock market over the past five decades. It comes as no surprise that boomers have now set their sights on recreational property. Frankly, it makes perfect sense. They believe in real estate as an investment and view recreational property as a relatively safe bet.”

Boomer demand has also sparked an upswing in starting prices for three-bedroom, winterized recreational properties on waterfront lots. Virtually every market surveyed reported an increase. Once again, the most expensive markets are found in the West, with Whistler (\$1.1 million), Salt Spring Island (\$1 million), Shuswap Lake (\$1 million), Kelowna (Lake Okanagan - \$1 million), Penticton (\$800,000 - \$1 million), Sylvan Lake (\$800,000 - \$850,000) and Vernon (\$800,000) representing the top seven. Ontario’s Bala/Port Carling area in Muskoka (\$500,000 - \$550,000) is the most expensive recreational property market in Ontario-Atlantic Canada. Some of the most affordable oceanfront properties can be found on Canada’s east coast, where starting prices are under \$200,000.

“We’ve been expecting the first-wave of aging boomers for quite some time,” says Elton Ash, Regional Executive Vice President, RE/MAX of Western Canada. “They’ve paid their dues, they’ve contributed to society. These ‘seasoned citizens,’ the oldest of which turns 60 in 2006, are now looking to enjoy the fruits of their labour. Some are selling houses in major centres and making their way north, south, east, and west for their retirement years but others are keeping their homes and buying vacation properties for themselves, their children, and future generations.”

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Limited inventory levels have been reported in approximately 50 per cent of markets surveyed. Most markets, however, are reporting recreational property sales for the first quarter of this year on par or ahead of 2005 levels.

Teardown activity is rampant in most areas of the country, as baby boomers construct year-round lakeside dwellings that offer all the comforts of home. Renovation is also occurring at full-tilt in markets across the country.

“This is a generation that has had it all,” says Polzler. “They’ve been the major force behind sales of luxury goods since the booming 1980s. Their homes reflect their success, whether they are in the city or the country.”

Although aging boomers are leading the charge for recreational properties, younger boomers and Generation X have also bolstered demand for properties from British Columbia to Newfoundland. Many of these purchasers are seeking more affordable properties and are willing to travel a distance to realize their goals and objectives.

“In Alberta, for example, the high cost of recreational property on Sylvan Lake has prompted younger purchasers to look at Gull Lake where waterfront can be bought at a fraction of the cost,” says Ash. “The same holds true for British Columbia, where buyers deterred by higher prices on Cultus Lake can travel further north to find more affordable properties on Harrison Lake. Similar examples exist in a growing number of Ontario markets.”

Report highlights:

- International purchasers from Europe, Asia, Australia, and New Zealand are fueling demand for big-ticket recreational properties in Salt Spring Island, Whistler, Sylvan Lake, Bala/Port Carling, and Newfoundland.
- Americans, particularly those in the northern U.S. states, continue to play a major role in the sale of recreational properties across the country. The higher Canadian dollar has done little to dissuade buyers as prices for recreational properties in the U.S. reach peak levels.
- Condominium units on the water’s edge and the slopes continue to gain in popularity. The promise of a turnkey, low maintenance property, with full-time security has really struck a chord with today’s purchasers.
- Affordability is an issue in many recreational property markets. Some purchasers are looking at more reasonably priced back lot properties (some with deeded access to the water), second and third row homes, and raw acreage as an alternative to waterfront. Purchasers willing to make real concessions are considering remote properties on smaller lakes and rivers without hydro.

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