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## Winter is here.

## Muskoka Waterfront Real Estate Market Report for 2007

After a couple of false starts, winter has finally settled in. The lakes are now frozen and snow machine trails have a good base. Ice huts have appeared in those lake trout hot spots.

If you're looking for trail information check out the Ontario Federation of Snowmobile Clubs at [www.ofsc.on.ca](http://www.ofsc.on.ca)

For the ultimate in "knowing where you are" take a handheld GPS with you on any journey!

Throughout 2007, investment continued and grew for the year. Total volume of sales for the big 3 grew 20% over 06. As in 2006, much of the up-tick is attributed to new construction. Most construction is now renovation or rebuilding as vacant waterfront is an increasingly rare commodity. New records for land value were established for both large and small property.

Data from the Township of Muskoka Lakes show that building permit applications continued on the same pace as 2006. Building supply companies however are slowing slightly and some local trades are not as busy as competition from out of District suppliers and trades grows. It appears more construction is being undertaken by companies from the south than in previous years.

Although prices on average are up over last year, we have attempted to extract a "real" number exclusive of investment. In answering the question, what is happening to land value, our extrapolation leads us to an adjusted number closer to 14% for "real" annual price increase in land on the Big 3 lakes.

What is the short message? The trend of the last few years is continuing. Demand for Muskoka property remains strong and is expected to continue for the foreseeable future in spite of equity market volatility.

### Muskoka MLS Sales 2007

To provide greater market insight, we are separating the "Big 3 Lakes" and the smaller lakes in Muskoka. Our goal is to help you understand market differences for making informed choices.

| Lakes                            | Type             | Av. \$/ft frontage | Max \$/ft frontage   | Av. Sale     | Max. Sale    |
|----------------------------------|------------------|--------------------|----------------------|--------------|--------------|
| Big 3                            | Mainland Cottage | \$ 5,940           | \$ 20,938            | \$ 1,396,014 | \$ 7,050,000 |
| Big 3                            | Mainland Vacant  | \$ 3,223           | \$ 5,556             | \$ 1,056,286 | \$ 2,765,000 |
| Big 3                            | Island Cottage   | \$ 2,913           | \$ 6,019             | \$ 1,223,492 | \$ 7,500,000 |
| Big 3                            | Island Vacant    | \$ 1,082           | \$ 1,274             | \$ 533,214   | \$ 1,862,500 |
| <b>Aggregate change from '06</b> |                  | ↑24%               | *See Chart Next Page | ↑40%         | ↑101%        |
| Smaller Jewels                   | Cottage          | \$ 3,087           | \$ 9,531             | \$ 411,195   | \$ 960,000   |

# Did you know?

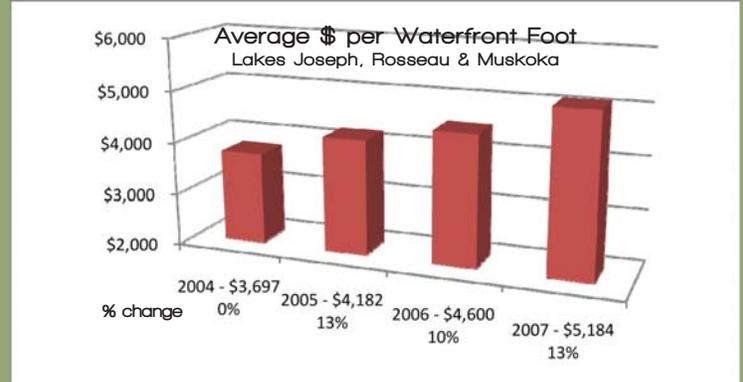
Muskoka Lumber in Port Carling has an architectural design service that is provided *free of charge* to people building their Muskoka dream if they contract to use Muskoka Lumber products in the building? If you are interested in the service, call Tim van Kuistum at 705-765-3105. Tell him ROSSKOKA sent you!



## Comments and observations

People are willing to pay exceptional prices for exceptional property and 2007 was no exception. Records were set for large and small properties. Sales occurred on Lake Joe that topped \$7 Million and there were multiple sales at over \$7000/ft on both Lake Joe and Lake Muskoka. These sales undoubtedly have an effect on the average foot frontage increase of 24%, but as almost 5% of all Big 3 sales were at the \$7000/ft level. That achievement is not an anomaly.

Buyers are increasingly knowledgeable and more particular about their needs. For some time we have noted the disappearance of the traditional 3 season family cottage as people bring their city life and conveniences to the lake.



This past year we have noticed a greater percentage of those who are building have been bringing their contractors north as a number of local builders have been too busy to meet short timelines.

Our market in 2007 was robust and started off quickly. The spring rush meant that property was on the market for 10% less time than in the previous year. Even with the steady price increase, property was being priced at fair levels. As the year progressed asking prices outstripped market elasticity and 35 properties ultimately, were on the market for more than 100 days as opposed to the 17 in 2006. Nevertheless, the average number of days on market in 2007 was one day less than 2006. The number of properties that sold in less than 2 weeks doubled in 2007.

Smaller Lakes averaged 82 days up 20 days from the year previous. The number of sales however, was up 68% from 2006 and the average price was down 21%. This decrease is reflective of the change in mix of cottages sold and not of pricing in the marketplace.

The positive relationship between perceived value and asking price is critical for a timely sale. Asking too much for your property means being prepared to sit and wait.

For the last 3 years, the number of sales on Lakes Joseph and Rosseau has remained fairly constant. Lake Muskoka's transactions have grown by 25% and account for 58% of all sales on the Big 3 in 2007. Muskoka Wharf is having a positive impact on the popularity and demand of Lake Muskoka.

## Award Winning Service



Port Carling. In 2007 there were 209 MLS transactions on the Big 3. ROSSKOKA participated in 32 transactions in 2007. Peter Steele and Ross McLean were inducted into REMAX's prestigious Platinum Club in recognition of their sales achievement. They are now among the top 1% of realtors in the country.

In the last three years, the sales cycles have had the greatest activity in the fall. The spring market has typically fewer listings as people prepare their properties for sale and plan to enjoy a last summer at the lake. On the Big 3 last year the number of transactions was up 6% over 2006 and the last half of the year accounted for 61% of the year's activity.

## 2008 Perspective

Historically Muskoka values have remained strong. Our records show that since 1945 there have been three periods where values have failed to achieve a year over year increase. Of them, only one indicated any diminution in value. By comparison, there has been considerable volatility in North American equity markets in the same period.

The Dow Jones Industrial Average shows 13 periods where market values declined from the previous year since 1945. At the same time, the value increment enjoyed by Muskoka cottage owners is equal to or better than the DJIA performance since 1945.

We believe the factors that have made Muskoka less volatile are:

**size** – Muskoka is a limited and unique environment. It is not getting bigger as the population grows.

**tradition and history** – there are long time family ties with Muskoka that people value. A very high percentage of the member families of Muskoka Lakes Association in 1930 are member families of MLA today;

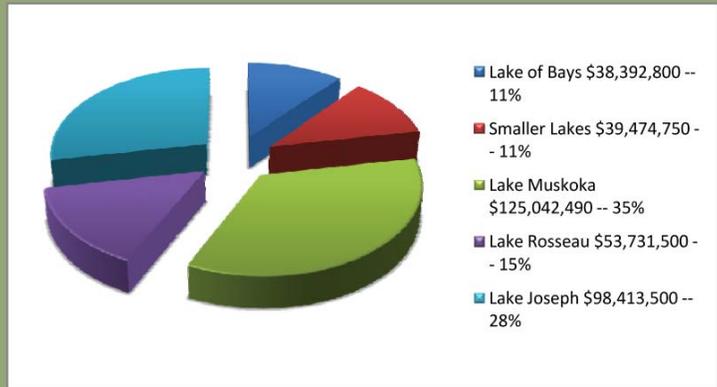
**speculation** – although there are speculators in any market, speculation plays a very small role in why people come to Muskoka. People primarily choose Muskoka for family, recreation and relaxation

## Opinion of Value

Value changes over time. If you would appreciate our opinion of value on your Muskoka cottage, please call Peter or Ross or click the "opinion of value" button on our website:

[www.rosskoka.com](http://www.rosskoka.com)

Muskoka Waterfront Cottage Property  
2007 Sales Breakdown by Area



Based on past performance and the level of our own pipeline (prospective listings and purchasers) we believe the Muskoka cottage market will remain lively & strong in 2008.

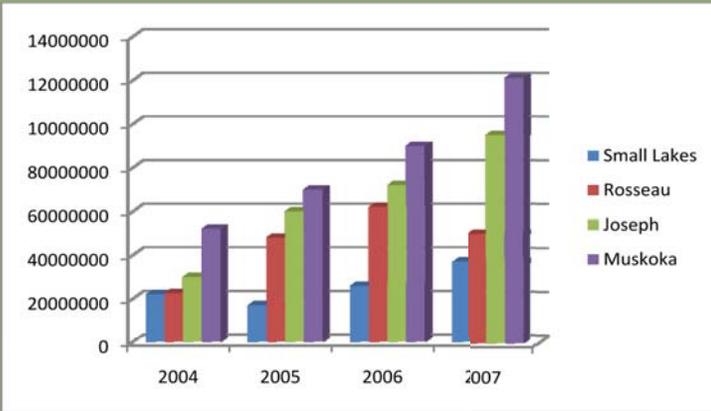
The number of issued building permits has remained the same in the last half of 2007 as 2006 although the value of those permits has declined slightly. So the level of construction may well decline some as well, there are much fewer new lots coming to market than in the last 5 years. We expect as many resales and perhaps more than in previous years and a potential increase in cottages being torn down in favour of new construction.

As in the previous few years, we anticipate there will not be enough listings to satisfy demand and so prices should remain solid.



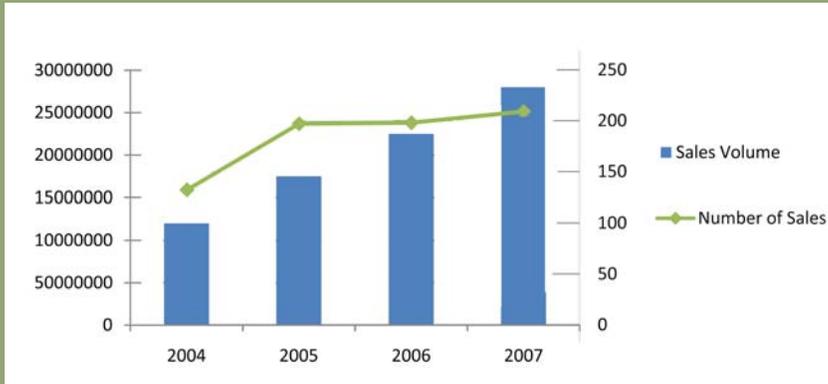
### Total Sales

on Lake Muskoka, Joseph, Rosseau & Surrounding Small lakes



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In uncertain times Muskoka has shown itself to be stable. Cottage purchases are seen both as discretionary and as investments (monetary and family memories). Our clients frequently want to know how to make a good cottage investment. There are 3 basic principles that can help achieve a satisfactory return. They are: Understand your return criteria; Know the market limits of your property; Remember value is in the land.

We look forward to assisting you in any way we can whether it is selling or buying a Muskoka property. Our lifetime of experience here is at your disposal and we are pleased to assist you and your friends and family in any way we can.

Happy Cottaging!



## Thinking of Selling in 2008?

If 2008 is the year to sell your cottage, consider listing with Ross and Peter in time for The Cottage Life Show. The Cottage Life Show is the largest annual cottage show in Canada. More than 40,000 attendees in two and a half days!

For concentrated and focused coverage, get a jump start on the market. Give Peter or Ross a call today!



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&

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