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## 2009 Muskoka Waterfront Report

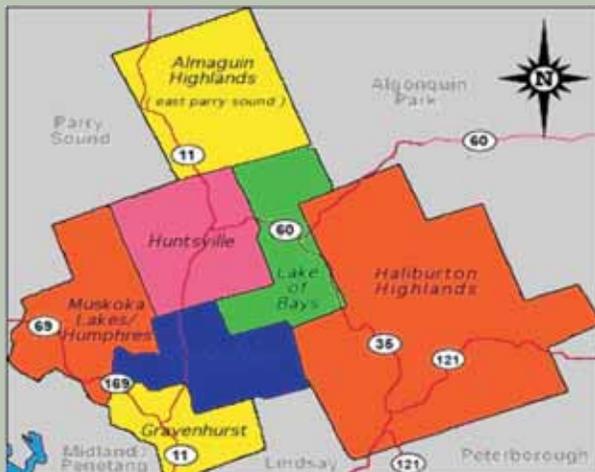
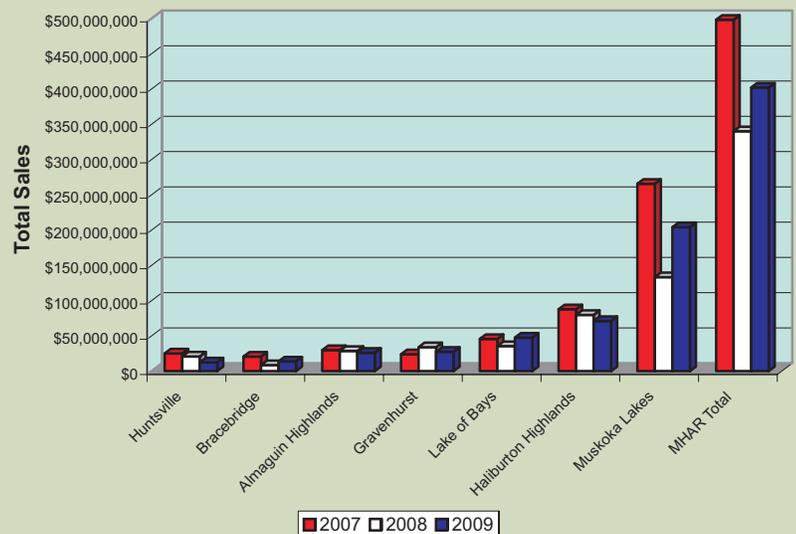
### Muskoka — Haliburton

The Muskoka-Haliburton Real Estate Board (MHAR) covers a huge geographic area. It encompasses hundreds of lakes and hundreds of thousands of cottages. General perceptions are that cottage country is comprised of expensive property and that its market is vibrant. As with most things an 'it depends' answer is best. It depends where in MHAR the marketplace is ... the locale, the lake, commute distance all play a very large part in market dynamics and especially cost or ROI.

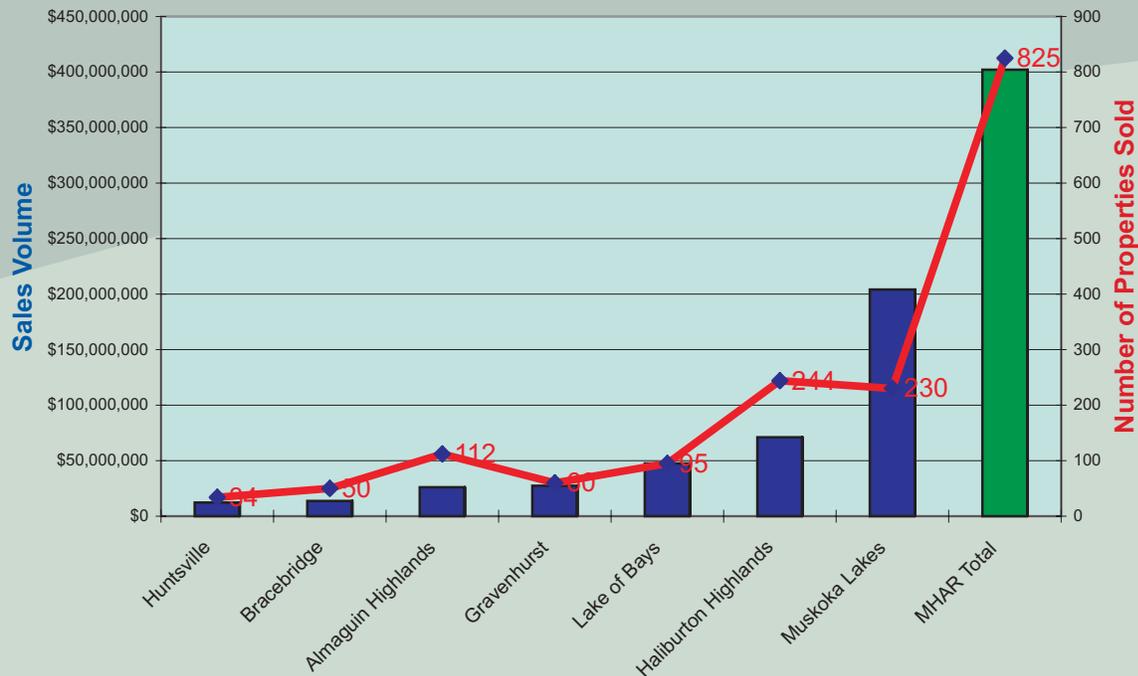
Throughout MHAR in 2009, 825 waterfront properties sold against 629 the year prior - a healthy increase at a level on par with 2007, when 807 properties sold. Even so, less than 1% of waterfront cottages throughout MHAR sell in any given year. The average sale was \$487,200. This number is heavily influenced by the property on the shores of the Big 3 lakes of Muskoka Lakes Rosseau, Joseph and Muskoka.

MHAR is divided into seven geographic areas namely, Huntsville, 'Bracebridge, Almaguin Highlands, Gravenhurst, Lake of Bays, Haliburton Highlands and the Township of Muskoka Lakes (ML). Total Waterfront sales volume was \$402 million of which 50% occurred in ML.

2007, 2008 & 2009 MLS Waterfront Property Sales Volume  
Sorted by MHAR Geographic Areas



## 2009 MLS Waterfront Property Sales Volume & Number of Sales Sorted by MHAR Geographic Areas



As you can see above, we are able to roll waterfront sales up into regions within MHAR and provide an overall view of the large geography our Board covers. At the same time we can go small. It is possible to provide you data for 2009 waterfront MLS activity on any lake in our geography. If you are interested in a specific lake and what has happened there, please let us know we are happy to provide you the data you seek.

For purposes of this report we will confine our comments to Muskoka Lakes in general and the Big 3 specifically.

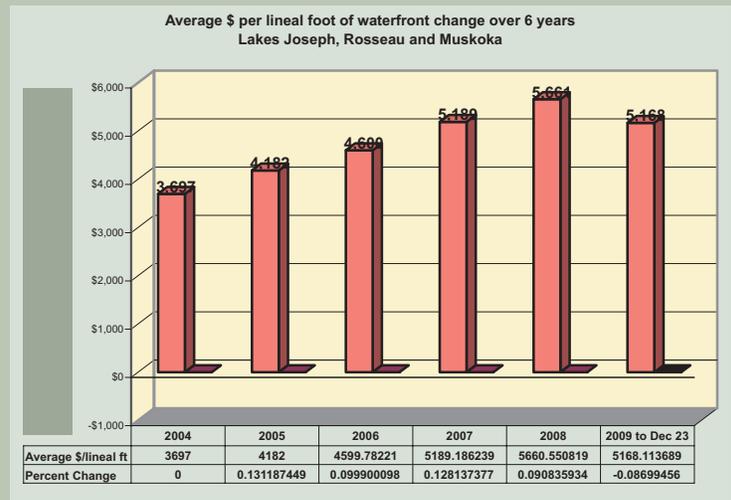
### Muskoka Lakes

The ML market achieved 230 sales in 2009 with a total value of \$204 million. The Big 3 represent 98% of the Township of ML market. There were 174 transactions with a value of \$198 million on the Big 3 where there are 23,000 cottages. In a typical year we expect about 1% of those cottages to turn over or about 230 annually. It is not unusual for the average selling price to be about 95% of the last asking price. Average Days on Market (DOM) on the Big 3 ranges from 60-70. On the smaller lakes it can average closer to 100. Island property (DOM) is similar to smaller lakes.

Sidebar: The Township of Muskoka Lakes includes parts of Lakes Muskoka, Rosseau and Joseph. Portions of Lake Muskoka also fall in the Towns of Bracebridge and Gravenhurst while the northerly portions of Rosseau and Joseph are in Seguin Township and are technically not in District of Muskoka but are part of Parry Sound. A number of smaller jewels are also in the Township:- Skeleton Lake (the 5th largest of the Muskoka Lakes) Medora, Camel, Butterfly, Three Mile, Henshaw, Brandy, Bruce, Long, Stewart and Silver Lakes. The Moon River is also within the Township.

We made reference to ML's influence on the average selling price (ASP). In 2009 the average on the Big Three was \$1.14 million compared to \$289,000 for the remainder of the areas within MHAR. In our experience ASP although interesting is misleading in providing a sense of market strength or demand. Our preferred indicator of market trend is the Average Price per Waterfront Foot.

In 2009, on the Big 3, Foot frontage averaged \$5,168. Last year it was \$5,661 and in 2007 it was \$5,189. 2009 was the first year in five years where the \$/waterfront foot price declined significantly since 1992. Over the past 5 years this number changed from \$3,697 in 2004 and rose at an annual rate of about 10% to peak at \$5,661 in 2008.



Average prices vary by each of the Big 3. Lake Joseph has the highest and Lake Muskoka the lowest average. In part, this is so because of more, smaller lots found on Lake Muskoka. When we look at the \$/waterfront ft, the range found on each of the Big 3 is similar. Interestingly enough, the highest dollars/ft achieved in each of the last 3 years has been on Lake Muskoka. Average prices don't tell the whole story.

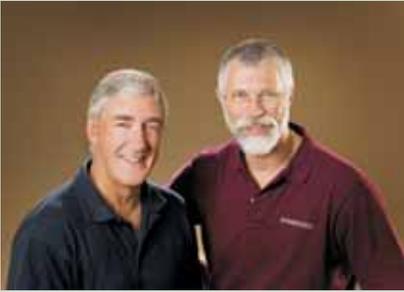
Average Prices in 2009 were actually equivalent to 2006 prices while the waterfront/ft value is roughly equivalent to 2007. Regardless, values in the Muskoka Real Estate Market

demonstrated strength compared to the general economy and certainly performed better than the equities markets across North America.

Fractional ownership has been on the Big 3 for a number of years now. The most successful development, The Muskokan, is well subscribed. Other developments, Touchstone, Lakeside at Rocky Crest have fared less well. Red Leaves has struggled and is currently in receivership although the hotel is operating, a number of their suites and rooms remain unsold.

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## ROSSKOKA



Today, Rosskoka ranks among the leaders of Muskoka waterfront real estate production. For 2009 Rosskoka closed the leading number of ends of any realtor or team and ranked #3 overall in terms of dollar volume. With increasing impact and ranking for each of the years of our partnership, Rosskoka is continuing to develop its customer base of satisfied and informed clients who are actively referring our services to their friends and families. We are serious about doing our best for our clients and we are grateful they acknowledge our efforts. It's great to know we can help people with their cottage dreams. Client letters are available to view on our website.

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## 2010

The Muskoka waterfront real estate market is seasonal. It gears up in March. Showings commence once snow has melted to the point that access is possible (usually mid-April). As we write this report, it's snowing. In fact, just before Christmas Port Carling received 6' of snow in a 36 hour period. We have a very good base. It's too bad there isn't more downhill skiing in our area! Even with all the snow and cold, the big lakes remain open at the time of writing. An air boat just went by the freeze up won't be for another week or so. And then we'll begin to hear about snow machiners who tempt fate and try the ice before it's strong enough. It happens every year unfortunately.

Last fall finished with a bang and there were several large sales on the Big 3. The top end of the market had been lagging all year until October and then the 'flood gates' opened and a number of properties sold. Interest has been continuing through the winter months and we believe that portends well for the coming season.

Currently we are receiving a healthy number of inquiries about property for sale at a rate considerably greater than the last two years at this time.

With robust Canadian equity markets and increased consumer confidence, indications are positive and we think the Muskoka cottage market will grow in transactions over

last year. Prices will likely stabilize and may approach the peak of 2007.

For those wishing to sell, the spring market will likely be a good time to list. Call us for more information if you are interested.

The 'fly in the ointment' may be the US economy continuing to lag. Housing starts and resales are off a tad in the last month. No surprise if you've spent any time in the Sunbelt this winter. Also, with a stronger Canadian dollar (currently 0.965) American interest in Muskoka may remain at last year's level or lower.

It's never a clear picture and much can change between now and then...but from this vantage point Muskoka values outperformed the TSE composite over the last 24 months. This market is resilient and its underpinnings are guarded by the generations of cottaging tradition that reinforce Muskoka's uniqueness.

Whether you are wanting to watch the market, are thinking of buying or selling or, just like to keep your toe in, let us know. We are happy to provide a web portal for listings, discuss an opinion of value, detail marketing plans and show you why Rosskoka sold and bought more Muskoka waterfront property than anyone in 2009.



# Our clients know... we deliver.

*The decision to list Rocky Point with you this spring was based on your thoughtful and thorough analysis of both the current market and particular attention to issues in regard to the subject property.*

*The ultimate sale was the result of constant communication and your ingenuity in assessing potential purchasers and possible alternate options.*

*I would certainly recommend both of you to anyone wanting to buy or sell their property.*

*Thank you again and continued success in your professional endeavours.*

*...John C. Callaghan*

*Cathy & I thank you for the outstanding performance and professionalism you have exhibited up to and including the closing of our property on Lake Joseph. Your experience in the area was invaluable. Your openness to our views and suggestions were appreciated. The overall result for our specific needs was excellent.*

*In the event you wish to use our names as a reference we would be happy to discuss our experience with anyone who wishes to call.*

*Sincerely, Jim Peplinski*

*You have shown me what great real estate agents are like to deal with. I have never seen agents work as hard as you in the previous 10-odd deals I have done. As well, the honesty and integrity you demonstrate are deeply appreciated and respected. You are the type of professional I would aspire to be.*

*....Sheldon Leith*

*I wanted to drop you a note now that the real estate 'dust' has settled and say thanks.*

*You guys have been very responsive to our needs. You have kept us up to date and informed of happenings in the market, you gave us sound advice for when we were buying - and when we listed with you.*

*Your fact based analysis is reliable and insightful. You guys know your stuff and we certainly appreciate your professionalism. The fact that you sold our cottage as well as listed it was an added bonus. You worked hard and it paid off for us all.*

*To say we're happy with our new place is an understatement. We love it!*

*Thanks so much for a great job and good counsel. We look forward to some good social time soon!*

*.....Richard Roell*

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