



For immediate release

Balance returns to recreational property markets across Canada this year, says RE/MAX

Mississauga, ON (June 10, 2008) -- After an extended period of extraordinary growth, more balanced market conditions have emerged in recreational property markets across the country, according to a report released today by RE/MAX.

The RE/MAX Recreational Property Report found that a substantial increase in the supply of recreational properties listed for sale, combined with fewer buyers overall, characterized most recreational markets this year. Of the 45 markets surveyed, 91 per cent (or 41 markets) were in the transition stage, moving from strong sellers into balanced market conditions. The only exceptions were Salt Spring Island, two markets in Saskatchewan—Last Mountain Lake and Qu'Appelle Lakes and Lakes Candle, Emma, and Waskesiu -- and Newfoundland's East Coast —where inventory levels were relatively low. Affordability was a primary factor in 35 per cent of markets surveyed, given serious upward pressure on recreational values in recent years.

“Market conditions have shifted, but don't expect to see bargain basement prices or fire sales,” says Michael Polzler, Executive Vice President and Regional Director, RE/MAX Ontario-Atlantic Canada. “The recreational market continues to experience solid demand -- a trend that is expected to continue throughout 2008. The influx of new listings has yet to translate into downward pressure on recreational property prices. Prime waterfront properties, while more plentiful than in year's past, will still command top dollar.”

Adverse winter weather conditions during the first four months of the year hindered recreational activity. Sixty-seven per cent of markets reported softening in the number of sales year-to-date, while average prices remained stable or experienced moderate increases over 2007 levels for the same period. Economic concerns, fueled by negative GDP growth in the first quarter and soaring energy costs, have also played a role in the transitioning market.

“We're coming off the longest period of economic expansion since World War II,” says Elton Ash, Regional Executive Vice President, RE/MAX of Western Canada. “Recreational property values have appreciated beyond our wildest dreams across the country. More balanced market conditions are a welcome change for purchasers.”

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For the first time in many years, in fact, a good selection of entry-level waterfront is available in markets across the country. Eighteen per cent of those surveyed offer properties under the \$200,000 price point, including; Central South Cariboo in British Columbia; Parry Sound, East Kawarthas and Kingston in Ontario; Summerside, PEI; South Shore, Nova Scotia; Shediac, New Brunswick; and the East Coast of Newfoundland.

Recreational property buyers also found themselves divided between two borders this year. The housing market meltdown in the US combined with a Canadian dollar at par created serious investment opportunities for secondary properties in Florida, Arizona, Texas, and California. Some of those very same factors have spurred American recreational property owners in Canada to list their properties for sale, with many looking to take advantage of ideal market conditions here.

“Many Canadians are capitalizing on market conditions in major American centres,” says Polzler. “For some purchasers, the move is strictly a short-term investment strategy with a pay-off at the end of the day, while for others, retirement is the main objective.”

The report also found that younger buyers were a factor in 40 per cent of recreational markets surveyed.

“Baby boomers are clearly not the only purchasers that appreciate the recreational lifestyle,” says Ash. “Generation X is quickly becoming a force in the marketplace, spurring demand for condominium product on ski hills, oceanfront properties in good surf locales, and water frontage on trendy lakes with celebrity residents.”

Other highlights:

- Alberta’s red-hot economy has helped boost recreational property markets in British Columbia, Atlantic Canada, and some parts of Ontario.
- Affordability is prompting buyers to consider back lots, riverfront, condominiums, hobby farms and leased land.
- Some purchasers looking to secure an exit strategy are buying recreational properties or secondary homes in residential neighbourhoods in close proximity to the water’s edge.

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