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REAL ESTATE

Could projected vacation home price dips signal demise of slow living?'

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Properties topping $1 million in wealthy areas like British Columbia and Alberta are included as part of new stats that suggest the perks of remote living are wearing off. Image credit: Royal LePage

By AMIRAH KEATON

Declining sales projections for recreational homes in one of the world's hottest real estate markets could serve as an early sign of shifting sentiments toward remote lifestyles.

The national aggregate house price for recreational markets across Canada is expected to dip 4.5 percent this year, according to data from Canadian real estate company Royal LePage. Properties topping $1 million in wealthy areas including British Columbia and Alberta prove to be no exception, as the new figures suggest that the allure of domestic pandemic-era approaches may be wearing off.

"During the pandemic, with offices closed and people working from home, Canadians discovered that a recreational property could double as a principal residence, complete with capital gains exempt status," said Phil Soper, president and CEO of Royal LePage, in a statement.

"With high-speed internet now readily available in many rural markets, families flocked to recreational regions to put extra space between themselves and their neighbors and to take advantage of nature; particularly when cultural and sporting venues, shops and restaurants in cities were closed," he said. "Many urban businesses now require employees to be in the office at least a few days a week, making long commutes challenging.

"For many, living in cottage country full-time has lost its romantic shine, meaning we are back to viewing the cottage, cabin and chalet as a weekend and summer escape from urban living."

"Cottage-core" culmination

Often ranked one of the world's best places to live, Canada contains some of the most desirable luxury properties in the world, appealing to investors foreign and domestic.

Thus, changes in buying patterns across the country are of note, acting as case studies for adjacent markets and, according to experts, sizable dips in vacation home values are slated for this year.

2023 Recreational Single-Family Home Price Forecast

	2022 (Actual)	2023 (Forecast $)	2023/2022 (Forecast %)
National	**$619,900**	**$592,005**	**-4.5%**
Atlantic Canada	$279,900	$271,503	-3.0%
Quebec	$373,400	$343,528	-8.0%
Ontario	$634,800	$603,060	-5.0%
Prairies	$271,300	$263,161	-3.0%
Alberta	$1,165,500	$1,171,328	0.5%
British Columbia	$1,071,300	$1,049,874	-2.0%

Data from the Canadian real estate company displays a 4.5 percent dip in the national aggregate house price for recreational markets across Canada is expected for 2023, with respective ranges varying by city. Image credit: Royal LePage

Provinces with a high concentration of luxury cottages, cabins, lakeside homes and other recreational waterfront properties include Alberta and British Columbia. The latter region will see a year-over-year decline in the aggregate house price of single-family homes, down 2 percent from an actual of $1.07 million in 2022 to a $1.04 million forecast for 2023.

More conservatively-priced countryside properties are indeed following the same pattern.

According to Royal LePage's estimates, Quebec and Ontario can expect the most drastic dips in single-family home prices over the course of the year, as compared to last, with projections of 8 percent and 5 percent, respectively.

There is some hope for those agents banking on the prevalence of slower living amongst luxury buyers, however.

Of all provincial recreational markets included in the report, Alberta is the only market that will see growth, per Royal Le Page. As all other provinces are expected to experience dips, experts forecast a marginal price appreciation of .5 percent in 2023.

Shifting sentiments

The firm's quantitative data matches qualitative responses sourced from a supporting research effort results reinforce the potential of a larger cultural shift at play here among high-net-worth real estate seekers.

In a survey of more than 200 Royal LePage recreational real estate professionals across the country, 51 percent reported witnessing less demand for recreational properties in their region currently, compared to this time last year.

Additionally, 28 percent of respondents cited clients moving back to urban or suburban communities after relocating to their region full-time during the pandemic as "somewhat common."

"Recreational homebuyers tend to purchase for leisure and life-enriching purposes. Call it a want versus a need," Mr. Soper said.

Recreational Property Prices*

	Single-Family			Single-Family Waterfront			Standard Condominium		
	2021 ($)	2022 ($)	% Change (2022/2021)	2021 ($)	2022 ($)	% Change (2022/2021)	2021 ($)	2022 ($)	% Change (2022/2021)
National	$555,000	$619,900	11.7%	$672,700	$736,900	9.5%	$370,000	$432,000	16.6%
Alberta	$1,028,900	$1,165,500	13.3%	$675,600	$641,900	-5.0%	$548,700	$646,000	17.7%
Canmore	$1,316,500	$1,527,800	16.1%	-	-	-	$618,500	$747,000	20.8%
Lac St. Anne	$429,700	$360,700	-16.1%	$600,000	$534,700	-10.9%	-	-	-
Pigeon Lake	$390,000	$386,300	-0.9%	$679,500	$674,500	-0.7%	$265,000	$235,000	-11.3%
Wabamun Lake	$424,000	$439,800	3.7%	$888,800	$820,200	-7.7%	-	-	-
British Columbia	$949,000	$1,071,300	12.9%	$1,008,300	$1,065,000	5.6%	$386,100	$441,400	14.3%
Central Okanagan	$886,000	$1,030,000	16.3%	-	-	-	$415,000	$482,300	16.2%
Comox Valley, Denman Island, Hornby Island & Mt. Washington	$791,000	$875,000	10.6%	$1,293,000	$1,350,000	4.4%	$375,000	$395,000	5.3%
Invermere	$584,000	$652,000	11.6%	$1,600,000	$2,025,000	26.6%	$323,000	$397,000	22.9%
East Kootenays (Cranbrook, Kimberley, Fernie, Sparwood, Creston, Elkford)	$440,000	$510,000	15.9%	$773,300	$774,500	0.2%	$227,000	$250,000	10.1%
Pemberton	$1,225,000	$1,330,000	8.6%	-	-	-	$536,000	$640,000	19.4%
Whistler	$3,451,500	$3,598,600	4.3%	-	-	-	$592,500	$661,600	11.7%

British Columbia and Alberta are two popular provinces that each house high volumes of recreational properties worth $1 million or more. Image credit: Royal LePage

"Unlike many city buyers who may need to acquire a principal residence quickly, secondary home purchasers often have the benefit of time to find the right property for their specific needs."

Royal LePage's insights point to a belief that new urban-minded aspirations are, in part, to blame.

Though luxury sales are typically unphased by market pressures, a walking-back of pandemic-era "slow living" styles seemingly one of the factors at the root of Canada's recreational home price decline may soon work its way into the minds of luxury buyers elsewhere, who may be less inclined today to jump at the chance of a countryside acquisition.

"After two years of relentless year-round competition, Canada's recreational property markets have slowed and returned to traditional seasonal sales patterns," Mr. Soper said.

"While interest rate hikes have less of an impact on the recreational market than homes in urban settings, because families typically put more money down and borrow less, general consumer inflation combined with a severe lack of inventory has dampened sales activity," Mr. Soper said. "Buyers who are active in today's market appear willing to wait for the right property a sharp contrast to what we experienced during the pandemic."