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PRINCE EDWARD COUNTY

REAL ESTATE MARKET REPORT

CHESTNUT PARK Real Estate Limited, Brokerage

CHRISTIE'S INTERNATIONAL REAL ESTATE

The cooler and damper start to the season appears to be equally reflected in the latest real estate market statistics published by the Quinte and District Association of REALTORS® ("the Quinte Board"), for both the entire area covered by the Quinte Board as well as Prince Edward County ("The County"), in particular. The headline grabbing reports of a slowdown in the sizzling urban real estate markets initially appeared to be specific to the Greater Toronto Area ("the GTA"), and for a while surrounding markets appeared to be immune, to the extent that commentators and media reports suggested a disconnect between the two real estate worlds of urban and regional rural/vacation markets. Sales activity and price increases were reported as pushing ahead in "cottage country", unabated and to some extent unaffected by what was happening in Toronto. As indicated in last month's report, however, it was possible to detect early signs of a moderating market evidenced by a reduction in both the rate of sale and price increases being reported, despite the fact that the County falls outside of the Great Golden Horseshoe, the area targeted by the latest rash of provincial measures to calm what was perceived to be an overheated and frothy housing market, including the imposition of the 15% foreign speculators' tax on real estate transactions. But, as also described in earlier reports, while almost an island geographically, the County is neither an island figuratively or economically. And it too appears to have been caught up in the broader sentiments that the market had reached its peak and was due for a pullback, or at the very least a moderation in the rapid growth trends to which we had become accustomed.

According to the results of the Enhanced Statistics Statistical Query Report made available by the Quinte Board for the month of June, sales were down 38% year over year with 63 properties recorded as having changed hands compared to 101 in June of last year. Those numbers are also down 25% from May when 84 properties were reported sold. This is a marked change from the year to date performance which, despite the pullback in June still registers a 28% gain in sales thus far in 2017, a total of 298 compared to last year when only 232 had been recorded by this time.

While the availability of properties still remains tight with active listings trailing last year by 8% at month's end (404 showing available compared to 437 last year), the number of new listings have in fact gone up 14% in June with 138 coming onto the market compared with 121 in June 2016. Year to date figures continue to trail last year's however with only 577 new listings being reported thus far compared to 630 at this point last year. This trend appears to be mimicking to some extent the experience in urban markets earlier this year with sellers apparently trying to take advantage of what they perceive to be the height of the market, though there still does not appear to be the same and sudden surge of listings that has been recorded in the GTA, resulting in a considerably tighter market in the County.

Not surprisingly, prices have also moderated somewhat, though as usual these figures should be interpreted with a degree of caution because due to the smaller marketplace in the County they remain highly subject to the particular cross section of properties that sold in the area at any given time. The average sale price of properties sold in the County in June was $354,517, a 7% year over decline from the year previous when the average sale price was recorded as $380,715. It is also 6% lower than it was the month previous, in May.

Despite that, and confirming ongoing relatively tight market conditions, those properties that did sell continued to do so at a faster pace than last year, lasting on average only 43 days on market before selling, as compared to 65 days the year previous.

In short, given all the media hype and chatter about the market, relentless price increases, and to some extent buyer exhaustion, a calming of sorts in the real estate market was both inevitable as well as healthy. That said, the economic fundamentals underpinning the market remain strong and stable. By all accounts the economy is performing well on many levels including employment, gross domestic output, and many other sectors, prompting Bank of Canada to increase interest rates a quarter point. Despite that, the cost of borrowing remains at historically low and accessible levels for prospective buyers. Accordingly, and based upon historical patterns, it is reasonable to conclude that there is little likelihood of a significant correction or major upheaval in the market moving forward. Rather, given broader conditions and prevailing factors across southern Ontario and the country generally, it is more likely that we will see a repeat of what happened on the west coast with a short pullback and then restoration of a robust market starting later in the year and into the next.

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