



This cottage on Kennebec Lake in Frontenac Centre, near Arden Ontario is listed for \$384,500.

Supplied photo

By Tony Wong | [Sun May 29 2011](#)

Sitting by the dock with a beer. Don't forget the tarpaulin and blanket.

That pretty much sums up the crucial first quarter in Ontario vacation country, where a colder and wetter than normal spring has meant buyers haven't been as motivated to make the trek up north.

That hasn't been good news for realtors like [Anita Latner](#).

"Every weekend seemed to be rain, snow or sleet," said the long time Muskoka lakes area realtor. "It's hard to get excited about the market when you're wearing your winter coat in May."

The weather has improved, but the spring market for cottages has been slower out the gate this year than last, report realtors.

Latner estimates that her business is down about 40 per cent from last year.

That's in line with what the Muskoka and Haliburton Association of Realtors is reporting. There were 131 units sold by mid-May compared with 206 units sold at the same time in 2010.

“The weather really knocked us out. You know you’re in trouble when you’re showing a property and you’re worried your client’s kids are going to get blown away into the water by gale force winds,” jokes Latner.

Iris Gardiner, the president of the Muskoka and Haliburton Association of Realtors, says 2010 was also an exceptional year for sales coming out of the recession, so comparisons should be taken in context. As well, some buyers were trying to purchase before the introduction of the new Harmonized Sales Tax.

In 2009, during the recession-fuelled dip, realtors reported only 97 sales during the same time frame. That year was a bust for cottage country as credit markets froze in the wake of the global financial crisis. With second homes being the ultimate discretionary purchase, values took a major hit. Prices are still an estimated 20 per cent down from the peak in 2007.

Buying a secondary home is not a sure investment bet. Because they are purely discretionary purchases, vacation homes are often the first to take a hit when the economy goes south. But they are also among the first asset classes to recover. Last year Red Leaves, the luxury resort on Lake Rosseau, saw some hotel condominium suites go into receivership.

When the project was first launched in 2005, studios were going for \$299,000. Last year studios were selling for \$166,000 or more than 40 per cent off. Larger units saw an even bigger discount.

However, realtors are feeling that this year will be more promising. If only the weather co-operates through the summer.

“I think the feeling is that the worst is over, and people are out buying cottages again,” said Gardiner. She expects prices to be stable this year, remaining about the same as last.

The Muskoka Lakes area has been the place for Bay Street barons and sports and Hollywood celebrities to spend their weekends. But most of the fully winterized homes can hardly be called cottages. A waterfront property on the three big lakes, Muskoka, Joseph and Rosseau now averages more than \$1.2 million. The most expensive property listed in early spring was a \$5.9 million home with 6,700 square feet of living space and 802 feet of frontage on the water.

“It’s hard to get change from a million bucks up here,” said Latner.

Some good news for buyers is that listings are expected to be greater this year than last. More inventory means that there is more to choose from and pressure on prices to remain stable.

“We noticed a large number of sellers held back from putting their properties on the market because of the economic downturn,” said Don Evans, a sales representative with Royal LePage Lakes of Muskoka.

With the economy in recovery, some cottage buyers are becoming much more value conscious, looking to smaller and more affordable lakes.

According to a recent Royal LePage cottage country price survey, two of the most affordable areas in Ontario are St. Joseph Island and Lake Huron, where water access homes can be had at \$110,000, and in Kawartha Lakes at \$200,000.

For many in Greater Toronto, the closer-to-home allure of the Kawartha Lakes region, which is only about 90 minutes from Toronto, has been a big draw.

The Trent-Severn waterway system connects to most lakes in the area. The larger lakes such as Pigeon, Balsam, Sturgeon and Cameron are the priciest. But even so prices are far below the rock star values of Muskoka.

Fully winterized homes on the canal are available starting at \$250,000 said Denis Brown, president of the Kawartha Lakes Real Estate Association.

“I think people are seeing the value out here. It’s close to Toronto but you still get that great experience,” said Brown.

Prices range anywhere from \$200,000 to \$2 million for waterfront property, said the realtor.

“We don’t have the notoriety of Muskoka, but there is something for everybody, from the budget buyer to the luxury buyer.”

However, while there was a larger presence from Americans in cottage country a few years earlier, the rising Canadian dollar and an economic meltdown from housing south of the border has made northern real estate less attractive to foreign investors.

Rising gas prices have also been giving realtors some anxiety.

“I think there’s a bit of a psychological barrier. You get the day trippers who come out here for a day or so, and fall in love with the place and eventually buy. But you wonder if the price of gas is kind of the tipping point, where it affects that whole process,” said [Latner](#). “So we’re praying for good weather and cheap gas.”