NOVEMBER 2020: **PRINCE EDWARD COUNTY**

As we enter the darker and cooler days of late fall, and the end of the year is within sight, many will say that it cannot end soon enough. 2020 has certainly been full of challenges, with the pandemic and related economic fall out being at the top of the list. Despite many obstacles, and economic devastation in the hardest hit sectors (transportation, hospitality and retail being amongst them), much of the broader and lasting economic doom that was forecast did not materialize. Specifically, equity markets fared extremely well, bouncing back after the shutdown much faster than anticipated, as did the Canadian dollar, and most relevant to the focus of this report, the real estate market. As set out in a recent report citing statistics from the Canadian Real Estate Association, real estate's strong performance was felt right across Canada with national homes sales in October setting a record for that month, and coming in over 32% higher than they did only one year ago. This number is particularly significant because it outstripped performance from a period which itself was already robust. It is testament to how swift and steep the recovery of the market has been.

In fact, many commentators actually attribute the success and strength of the real estate market to the pandemic because of its impact on people's lifestyles, working arrangements and priorities creating "churn" in the market. In addition, its largely bifurcated impact on the labour force, disproportionately hitting the young and those at the lower end of the pay scale, left many higher earners unaffected and able to continue with their livelihoods relatively unscathed. With fewer options to spend money on due to the shutdown, banks are reporting significant cash reserves and a build up in savings, with the result being that at least some of this is spilling over into the real estate market, as many pursue dreams of moving to larger spaces and outside of urban centres. This trend has affected a broad range of real estate markets with particular emphasis on secondary, recreational and more rural areas. And noteably, one of the markets specifically singled out, amongst all those across Canada, was in fact the Quinte and District Area which includes Prince Edward County ("the County") as experiencing one of the biggest price surges in October.

Based on the statistics released by the Quinte & District Association of REALTORS® ("the Quinte Board"), the month of November is simply building on this trend. Sales once again surpassed those recorded one year ago by over 59%. Specifically, 70 properties were reported sold compared with 44 the year previous, bringing the year to date tally to 822 compared to 533 at this time last year, a 54% increase, despite the earlier shutdown and economic shake up caused by the pandemic.

As stated in earlier reports, supply has not been able to keep up with demand. 61 properties came onto the market in the County in November compared to 56 last November, and year to date numbers are a virtual wash with the year previous (down slightly to 1162 compared to 1168 last year). Not surprisingly, with sales far outstripping supply, inventory has been reduced by over half from the year previous with only 242 properties reported as being available for sale at month's end, compared to 496 one year ago at this time.

With demand outpacing supply by such wide margins, prices inevitably are being pushed ever higher. According to the Quinte Board, the average sales price in the County broke new ground, coming in at an astonishing $665,367, almost 30% more than one year ago when it was calculated to be $513,179. While this number may have been spurred by a few higher end sales prompted by some of those accumulated cash reserves in bank accounts, the median sales price paints a similar picture, with the mid point in sales price measured at $575,000 compared to $450,250 one year ago, marking a hefty increase of almost 28%.

There are too many moving parts to definitively forecast the direction of the County real estate market in the months to come. The details and roll out of the vaccine are still to be determined, and the full extent of the collateral economic damage caused by the corona virus has yet to be calculated and factored into any broader economic assessment. Shifting buyer priorities have clearly contributed to a surge in investing in County real estate. But even with the eventual re-opening of borders and some return to normalcy, it is unlikely that demand for properties in the area will evaporate or significantly diminish anytime soon. Too many have come to realize the value of sanctuary, lifestyle and space so closely associated with the County, and increasingly accessible due to more flexible work arrangements and advance of technology. Consequently, notwithstanding ongoing uncertainty, the outlook for the County real estate market appears to be both strong and positive.

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