

REAL ESTATE MARKET REPORT

AUGUST 2021: **PRINCE EDWARD COUNTY**

Labour Day always seems like a turning point from one season and frame of mind to another. In particular, it marks the end of summer and a return to the business of workaday life, whatever that now means after living and coping with the pandemic, and the uncertainty of what the fourth wave and the future will bring.

With the shift in priorities stemming from the pandemic and people working and being stuck at home, and the consequent surge in interest in properties offering more space and access to the outdoors at an affordable price, the impact on real estate markets like Prince Edward County ("the County") has been profound. Activity reached its peak in the summer of 2020 and then surged again in the spring of 2021 with average prices breaking all records and approaching the \$800,000 threshold. With seemingly unquenchable demand eclipsing previous bull markets and supply not being able to keep up, prices went through the roof, exponentially leapfrogging on a year over year basis. That pace is clearly unsustainable and poses stress on the market in a variety of ways, most obviously as it relates to affordability both with respect to buyers getting into the market, but even more pointedly for those who have lived and grown up in the area who have never experienced such unimaginable price spikes, and have neither the means or ability to contend with such seismic market shifts.

Not surprisingly, there is a limit to how far the market can go and how long such a frenzied pace can be sustained. Consequently, as average sales prices surged and reached their zenith after many had blown the lights out trying to enter the market, a ceiling was hit. Market absorption, affordability, fatigue and uncertainty as to what the future held with the vaccine roll out, and the potential return to normalcy all contributed to a qualified pause in the market over the summer.

August was the third month in a row in which sales have fallen month over month, following earlier signs in the spring that this relentless sizzle could not continue. According to the Quinte & District Association of REALTORS®, ("the Quinte Board") 74 sales were negotiated in August, 7 fewer than July and 20 fewer than June, and 47 fewer than the year previous when 121 properties were recorded sold, marking a decline of almost 39%. Year to date sales though continue to exceed those of last year by 15%, totalling 599 thus far compared to 521 at this time last year.

As indicated, supply has not kept up even with a moderating sales pace. 139 properties came onto the market in August, 12% fewer than 158 the year previous. Year to date numbers are also behind by about 4% with a total of 924 new listings in 2021 compared to 962 at this point in 2020. Inventory therefore is also down by almost 34% with 245 properties available for sale at months end compared to 370 one year ago.

Despite a cooling in the red hot sales pace of the last year or so, the market remains tight with supply being strictly limited. Therefore, while prices have definitely eased off their peak as demand has moderated, they remain almost 27% higher than the year previous, coming in at \$658,6333 compared to \$520,248. Median sales price or the midpoint of the market is also up. The Quinte Board reported the August numbers to be \$549,000 which is almost 26% higher than one year ago when the median price was \$435,900. This does nothing to help affordability and continues to exacerbate the challenge that many buyers cannot stretch any further to secure a home or property of their choice. This pushes buyers onto the sidelines or to other less expensive markets, further dampening the conditions.

As indicated, absorption, fatigue and affordability all play a part in this. But with the Covid landscape in perpetual flux, and so many moving parts affecting decision making, it is difficult to predict market trends with any certainty. The pandemic is proving tenacious and its tendrils continue to influence lifestyles and working arrangements, both of which have been categorically and irretrievably altered. For these reasons while the market has inevitably cooled, demand and interest in County properties is not going away. Supply and price, however, will continue to be determinative forces in this regard because a vibrant market depends on there being something to buy, and at a price that people can afford and justify. The County real estate market is currently determined by and adjusting to these influences.

PREPARED BY:

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