

# REAL ESTATE MARKET REPORT

## NOVEMBER 2021: PRINCE EDWARD COUNTY

Notwithstanding the fact that there was a slight increase in new listings in November over the year previous, it did little to balance supply or keep up with the robust and steady demand for property in Prince Edward County (“the County”). As mentioned in previous reports, interest in the area has been increasing in leaps and bounds over the years but has gone through the roof and shifted into overdrive over the past two, fuelled in large part by the Covid pandemic. While there was speculation about the durability of this shift in buyer priorities once society began to reopen with the vaccine roll out, experience is showing that this trend is unlikely to pull back as employers adjust to what is likely a lasting shift to hybrid work arrangements giving homeowners greater flexibility in where they choose to hang their hat and/or spend time. As we move towards year end, the ground appears to be shifting once again with the increase in Covid case counts and the discovery of the new variant. All of these factors contribute together to reinforce in buyers’ minds the importance and advantages of securing a refuge in one’s own backyard that is readily accessible and that can be relied on regardless of what might be waiting around the next corner. In addition, regardless of the significant price increases to which County real estate has been subject, the area continues to enjoy a significant competitive advantage when it comes to affordability, while at the same time offering significant and measurable lifestyle benefits.

As mentioned, according to the Quinte & District Association of REALTORS® (“the Quinte Board”), the number of properties that came to market in the County in November did increase by 11%, the first such increase since June. Specifically, 69 new listings were reported compared to 62 the year previous. Year to date however, new listings lag last year’s by 5% totalling 1190 thus far compared to 1249 at this point one year ago when the County was already experiencing a real shortage of supply. Not surprisingly, sales have been constricted by the property shortage, coming in at three fewer this November compared to last (68 vs. 71). Year to date, sales trail last year’s numbers by the same percentage as new listings, reflecting the close relationship between the two. According to the Quinte Board, sales thus far in 2021 total 796 compared to 1249 at this point one year ago, a decline of 5%. But with inventory being as low as it is, buyers are being frustrated with nothing to buy. At month end only 194 properties were available for sale, almost 14% fewer than last year at this time and the lowest that has been recorded since April.

Any suggestion, however, that the moderate decline in sales reflects a downturn or moderation in the market belies the truth and is inconsistent with the other market indicators. First and foremost, prices seem to be stretching to new heights and reaching new thresholds. The Quinte Board calculated the average sale price of properties in the County for the month of November to be \$785,492. This marks a year over year increase of almost 20% and is the highest recorded monthly average sale price achieved for County properties except for in December 2020. If you look at the median sales price, however, which takes out the disproportionate impact of outlier sales at the extreme ends of the price scale, the result is even more telling and meaningful. The median sale price reflects the centre point of the market, acting as more of a barometer, which in November came in at \$699,863. This marks a new record for prices in the County where the midpoint of the market is on the verge of breaking through \$700,000. That staggering figure also represents an increase of almost 23% year over year, clearly not indicative of a market in the doldrums.

Similarly, those properties that did sell, did so significantly faster than last year, which as a point of comparison, was a truly sizzling market. According to the Quinte Board, average days on market fell by almost 44% (57 vs. 101), and median days on market decreased from 52 to 39 which works out to be 25% faster. None of these indicators suggest a cooling or lagging market, but rather confirm the theory that everything points to one thing, and that is a property shortage that is in no way keeping up with demand. This problem is becoming a chronic one and is almost reaching crisis proportions both in the County as well as other areas across Southern Ontario. Until such time as there is some relief on the supply front, and more properties become available for sale, prices will continue to rise and more buyers will be pushed to the sidelines. The potential for higher interest rates prompted by increasingly stubborn inflationary forces will simply further exacerbate this problem. The question is, however, is there a ceiling beyond which prices cannot go because over stretched buyers have simply reached their limit. Only time will tell, but interest in County properties is unlikely to dissipate any time soon.

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PREPARED BY:

Richard Stewart, Vice President & Legal Counsel