

Sales in Ontario's cottage country have slowed, but the rental market remains strong

BEN MUSSETT >

PUBLISHED JULY 11, 2022

This article was published more than 2 years ago. Some information may no longer be current.



Tara Rudd in Orillia, Ont., on July 5.

TANNIS TOOHEY/THE GLOBE AND MAIL

When Tara Rudd and her husband bought a cottage with a view of Ontario's Lake Couchiching in January, they planned to quickly renovate the home and flip it in the spring. But when they put the updated house on the market in May, they received just one offer, which turned out to be a bust. In no rush to sell, the pair switched gears two weeks ago and entered a market that, despite recent economic jitters, has barely cooled, if it has at all: vacation rentals in cottage country.

"It only took three days to get it fully booked," Ms. Rudd said.

The recent buying frenzy in Ontario cottage country may have finally come to an end, but demand for rentals, particularly higher-end properties, remains high, despite an increase in supply over last summer.

A year ago, Ms. Rudd and her husband would have had no problem selling the one-storey, open-concept cottage. With closed international borders limiting options for vacationers and many urban dwellers working from home, buyers flooded cottage country during the first two years of the pandemic. As sales jumped, so did prices. Real estate agent Alexis Victor said one property on the Severn River attracted 78 offers. But as the Bank of Canada began to raise interest rates this spring, Ms. Victor said, "the tap turned off."

For the same reason that sales boomed during the early days of the pandemic, so did vacation rentals. “All you needed was four walls and a lake, and you could easily rent out your home for the last two years,” said Craig White, the owner and operator of CottageLINK Rental Management.

Former Olympic snowboarder Alexandra Duckworth manages two cottages in Kingsburg, N.S. She said she’s experiencing the same level of demand this summer as last year. The same appears true on the West Coast. “It’s a zoo, man,” said Ucluelet-based realtor Judy Gray. If Canadians are forgoing local getaways for international travel, after the lifting of many pandemic travel restrictions, Europeans and Americans seem to be taking their place, she said.

But while demand remains strong, Mr. White said rental prices have generally come back down to Earth because of a few factors, specifically an increase in supply in many recreational areas, the reopening of international travel routes, inflation and rising fuel prices. With more places available, owners offering low-to-mid-range cottages shouldn’t expect to make the same money they may have in the past two summers, he added.



When Tara Rudd and her husband put their updated house on the market in May, they received just one offer, which turned out to be a bust.

TANNIS TOOHEY/THE GLOBE AND MAIL

According to data shared by AirDNA, a vacation rental research firm, the number of rental listings in Ontario cottage country – which includes Parry Sound, Seguin, Muskoka, Haliburton County, Kawartha, Bancroft, Hastings Highlands, Dysart, Greater Madawaska and Prince Edward County – has increased almost 20 per cent over last July.

Still, AirDNA’s numbers show that vacationers in Ontario cottage country are paying, on average, 11 per cent more in U.S. dollars than they were at this time last year and almost 50 per cent more than in July, 2019. According to the firm’s latest figures, the average daily rate for vacation homes this month has also increased since last year on the South Shore of Nova Scotia, in Canmore, Alta., in Tofino and Ucluelet on Vancouver Island and on British Columbia’s Gulf Islands.

Mr. White has identified an emerging trend in the cottage rental market – something he’s dubbed a “flight to quality.” It may explain why higher-end properties have yet to see their prices fall this summer.

“The more boxes that a cottage ticks, the better it will do,” he said.

That’s been Sandra Sommers’s experience, too. The Barrie, Ont., resident has rented out three cottages in the Haliburton area for more than 10 years. In that time, she’s watched the demands of cottage-goers rise significantly. “They want everything,” Ms. Sommers said. Where once people escaped to the backcountry in search of a simpler existence, now they expect the same comforts they enjoy at home – specifically good internet service.

Though this spring was quieter than last year, all of Ms. Sommers’s cottages are fully booked for the summer. Now, her main concern is tracking down a cleaner who can work Fridays.

“You can’t find them,” she said. “That is my No. 1 nightmare.”

The influx of new residents into cottage country has created a surge in demand for labourers and tradespeople in those areas – and raised their rates, Mr. White said. It’s among several reasons why it has become more costly to own and operate a cottage rental, along with rising interest rates, inflation and, soon, higher property taxes, after many cottage properties saw their values skyrocket during the pandemic.

Ms. Rudd plans to once again show the new cottage to potential buyers in mid-August. However, she’s now considering keeping it to rent out. The cottage sits on a popular snowmobile trail that attracts scores of ice fishermen in the winter, and there’s minimal accommodation nearby: “Maybe I should keep it for a year and see how it goes?”

So far, the noxious mix of inflation and recessionary worries hasn’t stopped people from heading to the lake. Mr. White believes his industry will remain strong in the long term.

“I don’t see the [rental] demand disappearing any time soon,” he said. “To rent a cottage in the summer – it’s one of the most Ontario things you can do.”

Are you a young Canadian with money on your mind? To set yourself up for success and steer clear of costly mistakes, [listen to our award-winning Stress Test podcast](#).

Sign up for our new Business Brief newsletter. A daily look at the most important business stories that are making news and moving markets, written by Chris Wilson-Smith

[+ SIGN UP](#) | [EXPLORE NEWSLETTERS](#)

[Report an editorial error](#) [Report a technical issue](#) [Editorial code of conduct](#)