

SUMMARY REPORT

LAKE WINNIPEG – SOUTH BASIN REAL ESTATE MARKET ACTIVITY AND VALUATION

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Prepared for:



LAKE
WINNIPEG
FOUNDATION

SCATLIFF + MILLER + MURRAY

visionary urban design + landscapes



FERGUSON & ASSOCIATES
LTD.

1.0 PURPOSE

In February 2017, Lake Winnipeg Foundation retained the services of Scatliff + Miller + Murray and BW Ferguson & Associates to look at property values and real estate market trends in communities within the south basin of Lake Winnipeg.

The intent of the study was to quantify the value of residential and cottage properties within the south basin and determine if there is a correlation between the Lake's health and real estate market activity.

2.0 STUDY AREA

For the purposes of this analysis, we defined a study area that extended south from Riverton on the west side of the lake and south from Victoria Beach on the east side of the lake. Roughly bounded by Provincial Trunk Highway 8 on the east side and Provincial Trunk Highway 59 on the west side, the intent of the study area was to capture those properties and communities within a relatively tight band – between 2 and 4 kilometers – from the shoreline.

The Study Area encompasses portions of the following eight (8) Rural Municipalities:

- Bifront-Riverton;
- Gimli;
- Winnipeg Beach;
- Dunnotar;
- St. Andrews;
- St. Clements;
- Alexander; and,
- Victoria Beach.

See **Exhibit A: Study Area** attached.

3.0 RESEARCH FOCUS

The research focused on two components:

1. **Current Assessed Value** – quantifying the total current assessment value of residential and cottage properties within the study area; and
2. **Real Estate Transaction Data** – assessing the number of real estate transactions and average selling prices of residential and cottage properties over the past 10 years to determine whether any pronounced trends exist.

4.0 FINDINGS

4.1 Assessed Value

Using 2017 Assessment Roll data (based on April 1, 2014 market values¹), which was assembled by the Province of Manitoba and supplied by the respective municipalities, we isolated all the properties within the Study Area to determine an aggregate assessed value.

The current total assessed value for all properties within Study Area is \$2.49 billion. Of that amount, residential properties – both permanent and seasonal – account for approximately \$2.09 billion (84%). It should be noted that property assessment data does not differentiate between permanent and seasonal occupancy.

The Study Area accounts for nearly half of the total property value of the eight Rural Municipalities that fall within it. The total assessed value of those eight Rural Municipalities is about \$5.1 billion, 71% of which is residential property value. For comparison purposes, the aggregate assessed value of the City of Winnipeg for the same period was approximately \$76 billion, of which residential property accounts for about 80% of the value.

In terms of property tax revenue, that \$2.49 billion in assessed value translates into an estimated \$40 million annually², broken down as follows:

Property Tax Class	2017 Average Mill Rate	Tax Revenue (\$ million)
Provincial Education	10.500	\$12.0
School District	12.650	\$14.5
General Municipal	11.922	\$13.7
TOTAL	35.072	\$40.2

4.2 Real Estate Market Trends

In terms of real estate trends, our analysis looked at all Multiple Listing Service (MLS) sales data within the study area from 2007 to 2016. Our analysis isolated the data into the following subsets:

1. All MLS Sales - encompassing all permanent residential and seasonal recreation properties (lakefront and non-lakefront);
2. All Seasonal Recreational Property Sales – Lakefront and Non-lakefront; and,
3. Seasonal Recreational Property Sales - Lakefront Only.

While there is some fluctuation year-over-year, a small, but steady upward trend in mean and median sale prices is evident in all three subsets over the 10-year horizon. The data also looked at average number of days a property was on the market before it sold. Again, while there is fluctuation year-over-year, a general upward trend is apparent. The period between 2014 to 2016 shows a noticeable increase in the number of days on market (DOM) for Seasonal Recreational Properties, both lakefront and non-lakefront. There are a multitude of variables that could be influencing this trend.

¹ As per *The Municipal Assessment Act*, property is assessed at market value, that being the most probable selling price of a property if sold by a willing buyer to a willing seller. Properties are assessed every two (2) years.

² Estimate of total property tax revenue is based on an averaging of 2017 mill rates among the municipalities included in the study area and the total portioned assessment for all properties within study area.

Overall, it is difficult to draw any decisive conclusions related to sales trends given the consistently low volume of sales occurring in the study area on an annual basis. As per the summary table (**Exhibit B**), on average, there are only about 50 Seasonal Recreational Property Sales annually within the entire study area, and just 30 transactions if you look at lakefront properties only. With such a limited number of annual transactions, average sale price is susceptible to skewing by any sale outlier.

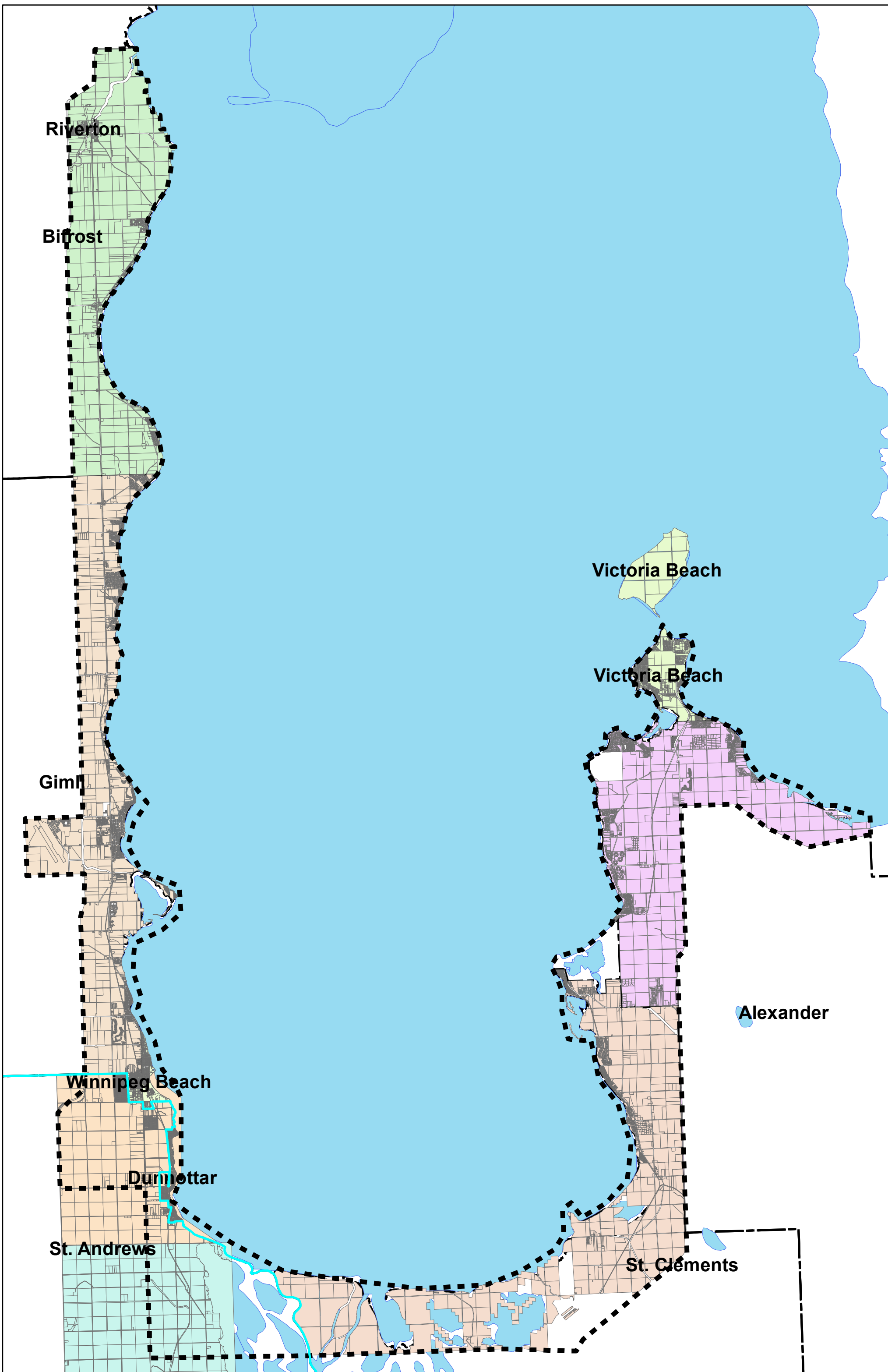
It should be noted that private sales and title transfers are not captured in the MLS data. Therefore, the total number of transactions is likely higher than shown in **Exhibit B**. Private sales data is much more difficult to track accurately. Even if such data was readily available, it is our hypothesis that it might reveal even more erratic pricing given the tendency for cottage properties to transfer within families and through inheritance.

5.0 CONCLUSIONS

Without a doubt, the property tax base within the South Basin has significant value and is an important source of Municipal and Provincial revenue. Any erosion of this value, whether due to the health of Lake Winnipeg or other factors – environmental or otherwise – would have a detrimental impact on local, regional and Provincial economies.

In the absence of more complex regression analysis, it is difficult to draw definitive conclusions with respect to a potential correlation between real estate sales volumes or values and the health status of Lake Winnipeg. A direct link between lake health and real estate activity may exist but would require further analysis to prove. Notwithstanding that, and in light of recent media reports on the presence of zebra mussels at Grand Beach, the data assembled through this exercise represents a potential baseline from which to track trends over time, undertake comparative analyses to other cottage markets (regionally and nationally), and consider the economic impact of Lake Winnipeg to the Provincial economy relative to the impact of other sectors or geographies.

EXHIBIT A: STUDY AREA



Lake Winnipeg South Basin

EXHIBIT B: MLS SUMMARY DATA

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
All MLS Sales										
No. of Sales	190	270	266	295	274	335	340	319	381	367
Mean Sale Price	\$ 122,253.00	\$ 138,500.00	\$ 142,496.00	\$ 149,918.00	\$ 140,815.00	\$ 157,971.00	\$ 159,726.00	\$ 161,163.00	\$ 163,730.00	\$ 158,228.00
Median Sale Price	\$ 105,000.00	\$ 127,000.00	\$ 125,000.00	\$ 125,000.00	\$ 117,250.00	\$ 145,000.00	\$ 136,250.00	\$ 139,500.00	\$ 140,000.00	\$ 139,500.00
Mean Sale Price psf	\$ 108.60	\$ 128.88	\$ 130.43	\$ 128.40	\$ 126.13	\$ 136.06	\$ 135.67	\$ 136.12	\$ 137.12	\$ 138.00
Median Sale Price psf	\$ 104.11	\$ 118.43	\$ 121.68	\$ 121.45	\$ 120.35	\$ 131.85	\$ 130.21	\$ 131.98	\$ 130.99	\$ 133.33
Mean Days On Market	62.8	43.9	61.2	59.7	58.5	78.5	62.3	63.9	64.4	63.4

All Seasonal Recreational Property Sales										
No. of Sales	70	57	52	46	41	54	40	45	42	53
Mean Sale Price	\$ 119,761.00	\$ 176,916.00	\$ 147,957.00	\$ 154,836.00	\$ 147,449.00	\$ 158,226.00	\$ 171,048.00	\$ 172,882.00	\$ 133,571.00	\$ 176,896.00
Median Sale Price	\$ 105,250.00	\$ 150,000.00	\$ 136,500.00	\$ 140,000.00	\$ 122,500.00	\$ 151,950.00	\$ 154,000.00	\$ 141,500.00	\$ 117,500.00	\$ 175,000.00
Mean Sale Price psf	\$ 128.13	\$ 176.35	\$ 164.97	\$ 158.59	\$ 138.35	\$ 166.70	\$ 165.58	\$ 180.61	\$ 156.59	\$ 172.01
Median Sale Price psf	\$ 104.31	\$ 146.27	\$ 136.25	\$ 131.38	\$ 123.00	\$ 154.77	\$ 152.32	\$ 155.49	\$ 133.58	\$ 158.45
Mean Days On Market	48.8	34	72	61.4	62.2	77	60	53.8	66	82.3

Seasonal Recreational Property Sales - Lakefront Only										
No. of Sales	34	39	38	27	30	24	25	30	27	28
Mean Sale Price	\$ 112,215.00	\$ 155,108.00	\$ 145,483.00	\$ 156,394.00	\$ 144,713.00	\$ 155,433.00	\$ 166,972.00	\$ 164,010.00	\$ 121,685.00	\$ 173,843.00
Median Sale Price	\$ 102,500.00	\$ 145,000.00	\$ 140,125.00	\$ 150,000.00	\$ 116,000.00	\$ 163,750.00	\$ 135,000.00	\$ 140,750.00	\$ 93,500.00	\$ 178,300.00
Mean Sale Price psf	\$ 109.59	\$ 170.73	\$ 161.10	\$ 154.34	\$ 133.09	\$ 155.32	\$ 160.02	\$ 164.32	\$ 130.18	\$ 163.83
Median Sale Price psf	\$ 100.88	\$ 140.68	\$ 134.24	\$ 132.28	\$ 121.01	\$ 144.33	\$ 151.52	\$ 156.69	\$ 128.97	\$ 150.65
Mean Days On Market	60.4	26.1	80	70.9	58.3	106.4	65.7	61.6	75	87.1