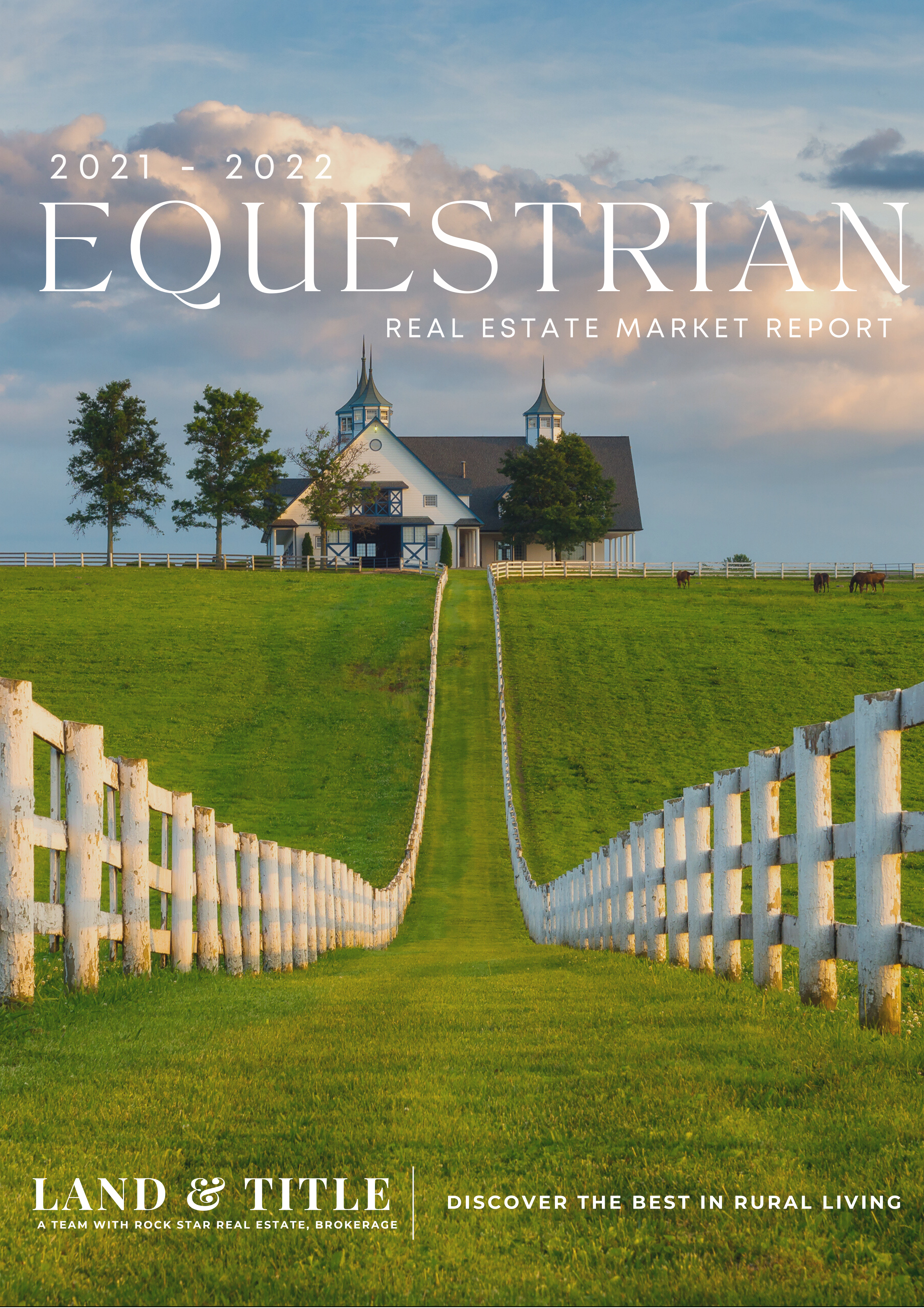

2021 - 2022

EQUESTRIAN

REAL ESTATE MARKET REPORT

LAND & TITLE

A TEAM WITH ROCK STAR REAL ESTATE, BROKERAGE

DISCOVER THE BEST IN RURAL LIVING

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EQUESTRIAN MARKET REPORT

FROM THE LAND & TITLE TEAM
AIMEE WESSON & JP GULBIS

Just when we thought the market couldn't get any more heated after what we had seen in 2020, 2021 stepped in and said, "hold my champagne".

Similarly, though, we did see many of the same fundamentals impacting the Greater Golden Horseshoe rural real estate market in 2021.

Take a decade-long housing shortage, rising demand, a pandemic that continued to have a stronghold on Canada's economy, add a pinch of changing lifestyle dynamics and what do you have?

Demand greatly outweighing supply, "cheap" money and out-of-control real estate prices across the province.

The average sales price for an equestrian property in the greater golden horseshoe was just over $2Million.

This meant, if you had purchased a horse property in 2020 there is a good chance it appreciated at approximately 38% from the previous year where we had already seen high prices.

To give you an idea of what people were willing to pay, above and beyond the asking price... the list to sales price ratio for equestrian properties was just over 110%.

Even in times of uncertainty, the long-term personal & financial reward of owning an equestrian property is still apparent. And in fact, it may have been a motivator during this time given the restrictions equestrians faced on riding and even seeing their horses.

Throughout this report, we we will aim to answer the ever-resounding question: **What is causing property prices to soar like they have been over the last number of years?**

Although there is no simple answer, we will dive into the very basic economic factors playing a role in our Canadian real estate market and review this past years sale statistics.

Low supply of homes, high demand, interest rates, inflation and the what appears to be a growing land grab in the Greater Golden Horseshoe Area.


2021 PRICES
LANDANDTITLE.CA

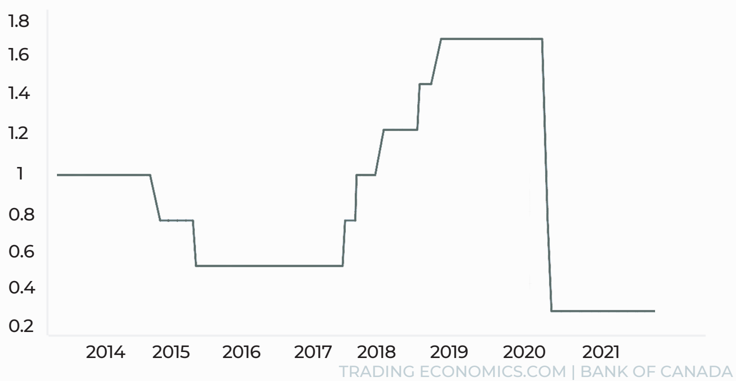
WHAT DROVE REAL ESTATE PRICES IN 2021?

There were a number factors at play causing the unprecedented competition and historically high real estate prices we were all concerned about in 2021. Many of these fundamentals are the same culprits from years prior.

INTEREST RATES

Since October 2018*, the Bank of Canada had not raised it'd overnight rates. It was necessary, many politicians and economists said, to keep interest rates low during the pandemic as a way to encourage money to flow (be spent) through the economy.

Here you can see a graph of the interest rates from the last 8 year.



Low interest rates can lead to a sort of euphoria where buyers take the chance to live out their desires for a bigger house, a bigger lot, and a bigger mortgage.

Buyer ability and willingness to pay more for their home comes to the forefront of spending. And equestrian properties fall into this category.

Many equestrians seize the opportunity to buy the property of their dreams and this influx of buyers often leads to a demand-supply issues that increases property prices.

Equestrian listings, and especially those with facilities, are very few and far between. They are in high demand and those that can will pay top dollar to acquire these properties.

INFLATION

"The world is experiencing one of the most accelerated periods of wealth creation & capital availability in history. "

- FORBES GLOBAL PROPERTIES

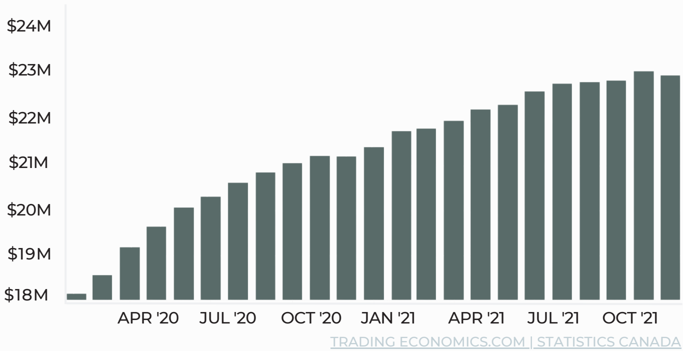
Stimulus packages were handed out heedlessly during the pandemic. CERB and Wage Subsidies were given to many people with the hopes of stimulating the economy and encouraging consumer spending.

The downside, of course, was that, in order to do this, money was made out of thin air or "printed". "Printing" money in times of crisis is another tactic often used by governments in an attempt

As of writing this report, we are aware that the BOC has increased its overnight rate to a total of 1% as of April 2022.

to delicately balance a fragile economic system.

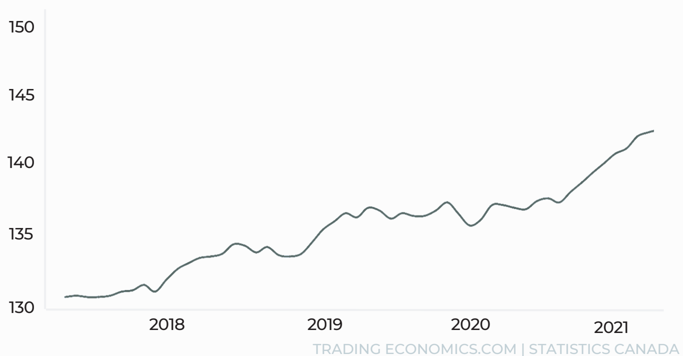
This graph shows the money supply since the 70's. As you can see, it sky rocket-ed during the pandemic.



This lead to a devaluation of our currency and inflation rates that - like fanny packs - we haven't seen since the early 90s.

Inflation, to put it very plainly, means that the cost of goods, on average, goes up. Housing is one of those goods (in the form of mortgage costs and rents).

The below graph shows Canada's CPI (Consumer Price Index) over the last 10 years. CPI is a measure of inflation.



You can see the cost of goods has been on the rise for some time (the last 30-ish years). This is not unnatural but what is, is large spikes upwards like we had seen during the pandemic.

Despite the injection of cash, lockdowns prevented us from actually being able to spend this money in our communities. Sure Amazon saw a 220% increase in its profits during this time but local Canadian businesses, not as much.

Having said that though, what has been reported to us - anecdotally - through various facets of the horse professions (barn owners, barn managers, massage therapists, tack shop owners and vets) was that their services increased in demand during this time.

Consumers instead spent their saved money (whether that be from stimulus packages, or just additional savings not being spent in restaurants, in-person shopping or self care services) went towards horses, housing and stocks.

And finally, during times of uncertainty and when inflation is scarily high (as it is now), it is not uncommon for folks to use real estate, especially large land purchases, as a hedge against inflation. More on this later!

POPULATION

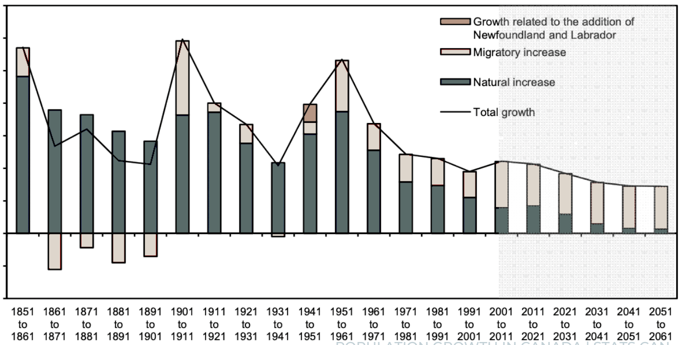
Although one might not think that the increases in population would impact horse farm prices, it does have a part to play.

To put it very simply, the increase in population often increases the need for housing. And although not everyone is looking for a horse farm, if prices in the urban areas increase to the point where you wouldn't be spending that much more to get a little farm, why wouldn't you?

Now, saying increases in population leads to an increase in demand for housing isn't exactly accurate. For example in the instance where a second child is born into the same household that doesn't necessarily translate to the need for a new house. By the same merit however, someone moving out of their parents home does not increase the population but does increase the demand for a house.

Immigration & Natural Growth

It is no secret that the majority of our population growth comes from immigration, and this looks like it will be the trend for years to come.



POPULATION GROWTH IN CANADA | STATS CAN

Canada's birth rate has been dropping since the 60s. Although the death rate is currently not beating out the birth rate, causing some natural population growth, it is still no match for immigration numbers.

The majority of immigrants coming to Canada fall under the economic immigrant category... which means they come here to fill their role in the Canadian workforce and are often able to purchase homes fairly quickly.

In 2021, a historic 405,000 new immigrants were welcomed to Canada, 107,865 in Ontario.

With only just over 41,000 housing starts for SINGLE FAMILY HOMES, this puts an immense amount of pressure on the housing supply.

Intraprovincial Movement - "Drive Until You Qualify."

The Smart Prosperity Institute wrote an insightful report which outlined (among other things) population sprawl across Ontario. They reported notable findings on a large number of people moving out of areas like Peel, Toronto and York to areas like Simcoe, Durham. Niagara, Hamilton and Wellington.

These areas saw the biggest growth in population from 2020-2021. And some large price increases from the influx of new demand.

However, when we look at the statistics later in this report, you will see it is still more affordable, on average, to buy a horse property in these areas vs. areas like Peel.

Further, the historic data will show you evidence of this gradual and continued increase in property prices in these areas from 2015 to 2021, despite changes to interest rates.

LACK OF SUPPLY

"One million new homes will need to be built in Ontario between 2021 and 2031 to keep pace with a growing population. We have a problem when our population is growing faster than the housing needed to accommodate that growth."
- THE SMART INSTITUTE

A problem Canada has had for some time is the lack of supply of homes available to purchase. Be it new builds or existing inventory.

This applies 10 fold for equestrian type properties. They can be considered a more scarce commodity as there just aren't that many horse farms on the market at one time. This was especially the case in 2021 where we saw about a 29% decrease in the number of NEW equestrian listings on the market compared to 2020.

Again, with such high demand for real estate in general, and low supply across the board, it is only natural that we would see an increase in prices.

To understand the supply-demand balance in real estate we often look to the "months of inventory" measure.

A LAND GRAB

Going hand in hand with low supply is the value of land in its short supply.

As a finite resource, and in a world that has become more uncertain, many look at land ownership for stability. Especially in times of high inflation and in an unreliable economy.

The long term financial and personal rewards that you get from owning a large property are becoming ever more apparent in this uncertain world which we find ourselves.

A Hedge Against Inflation

In uncertain times, real estate is often used as a hedge against inflation.

Be it farmland, residential acreages and large residential lots, more home buyers and investors alike look for opportunity and find it in land these days.

How is this done?

Well, when you have an appreciating asset in times of high inflation, any debt on that asset (as long as costs remain fixed - i.e. you have a fixed rate mortgage), lowers the loan-to-value on that debt as the property value increases.

Although geared more towards income producing properties, any passive income produced from that property can also provide as a hedge against inflation.

And lastly, property values over time tend to stay on a steady upward curve.

Most of the homes that hit rock bottom in 2008 were back to their pre-crash prices in less than a decade, and have exceeded those prices since.

Shifting Lifestyles & Personal Rewards

COVID put life into perspective for many of us.

The fragility of life came quickly to the forefront, mental health suffered, businesses suffered, people were locked indoors and for horse people (at least for us), not getting to see our beloved horses was very difficult.

And with many questioning how they had been and were currently living, intrinsic values seemed to shift to one where life goals, time with family, participating in activities they loved and enjoying life.

It appears this has become more recognisable to more people. Where they live has become less about proximity and more about recreation and enjoyment. Only furthering the demand on an already supply-constrained market.

As land becomes more difficult to acquire, values will continue to rise and country homes will continue to be an extremely valuable commodity for years to come.

LAND & TITLE

Team with Rock Star Real Estate, Brokerage

Equestrian Real Estate

Buying an equestrian property is a very special experience. One that requires great attention to deal. There is no other type of real estate that requires such a great need for precision, patience and financial commitment as equestrian properties do. We pride ourselves on helping clients find the right opportunity by tailoring the purchasing process to you. We make it a priority to help you decide if the investment into this property and this lifestyle works for you (and your horses) in the long term. Whether it be a hobby horse farm or high-end equestrian facility, we are here to help!

visit landandtitle.ca

THE STATISTICS

by Designer Patrick Sutton - A Clocker's Tower

AVERAGE SALE PRICES

Hobby & Facilities

SALE PRICE BY FARM TYPE

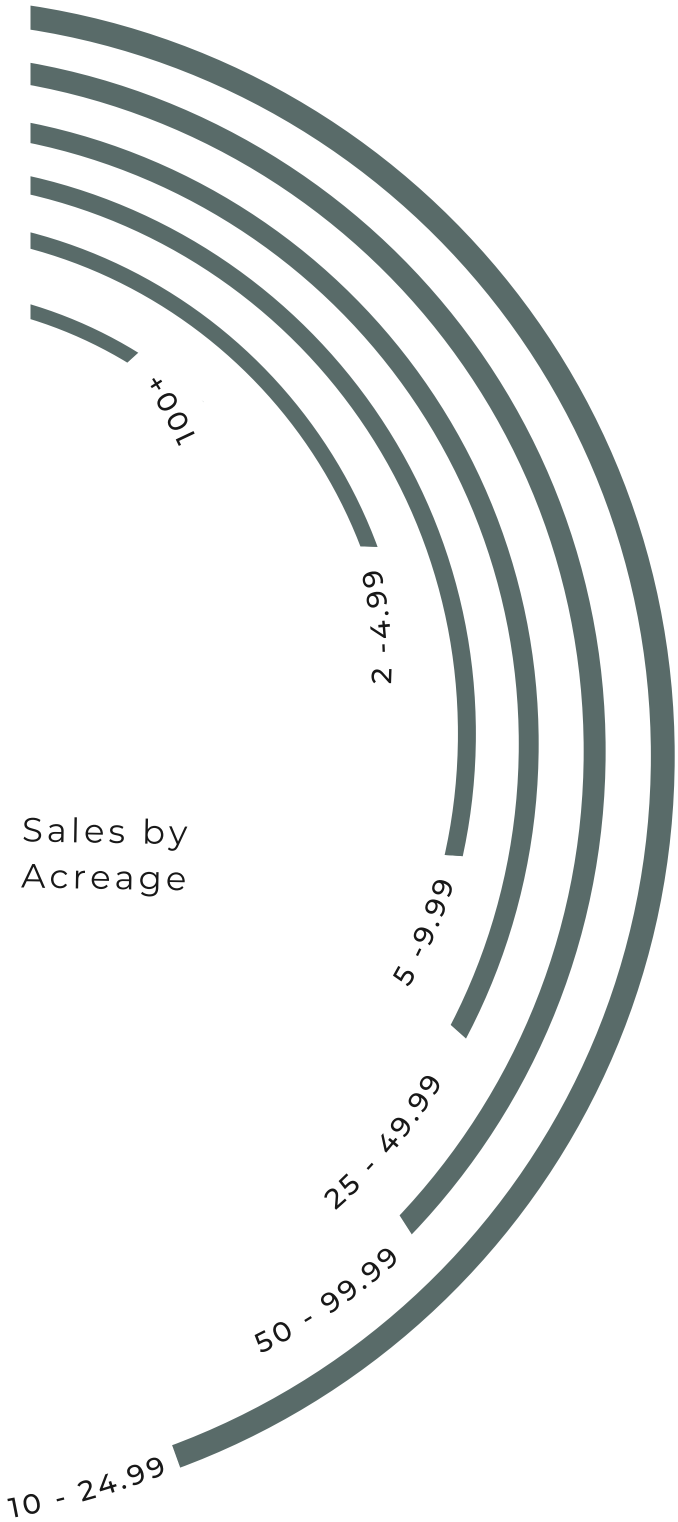
As you'll see on the following page, the continuation of a seller's market in 2021 led to price increases across all acreages in the Greater Golden Horseshoe.

It is unsurprising that equestrian facilities would be the more expensive option when it comes to buying a horse farm. Not always of course.

It depends how fancy or high end the home on the property is. For example if you have a 15 acre property with an extraordinary home and cute, well maintained barn, it could fetch more than a 15 acre property with rundown barn and facility.

Despite less sales on average for both hobby farms and equestrian facilities compared to the previous year as you know, the average sales price for both property types was up.

The following page provides actual numbers of the average sales prices across the GGHS for both hobby & equestrian properties.



SALE PRICE BY PROPERTY TYPE

LOCATION	HORSE HOBBY FARMS	EQUESTRIAN FACILITIES
BRANT	$1,550,549	$1,846,267
DUFFERIN	$2,088,455	$2,589,845
DURHAM	$1,676,016	$2,064,400
HALDIMAND	$1,360,480	NO SALES
HALTON	$2,821,188	$3,634,500
HAMILTON	$1,972,018	$2,926,667
KAWARTHA	$1,196,408	$1,930,500
NIAGARA	$1,358,215	$3,166,667
NORTHUMBERLAND	$985,225	$1,178,944
PEEL	$3,125,723	$3,625,000
PETERBOROUGH.	$1,005,491	$1,645,000
SIMCOE	$1,518,058	$2,667,857
WATERLOO	$2,502,188	$2,475,000
WELLINGTON	$1,607,731	$2,645,625
YORK	$4,663,190	$5,868,333

TRENDS FROM 2015 TO 2021

Over the last 7 years, equestrian properties have followed much of the same route as other rural, recreational real estate.

It hasn't been this way for all regions in the Greater Golden Horseshoe but the first quarter of 2017 was where we really saw some impressive price increases.

By the spring of 2017, the government introduced the foreign buyers tax as well as the stress test on mortgage qualification.

In September 2017, interest rates had been increased to 3.2% which was the highest they had been since 2008.

As you may have been able to tell, these factors caused a mild slow down of the market during the middle quarters of the year. However, by 2018/2019 prices started to climb again as psychologically, people become accustomed to the new rules & rates.

This was despite rates continuing to gradually increase until October 2018 where they paused at 3.95%.

Yet, all of this did not appear to have as significant of an impact on areas that could be considered more affordable for the time.

For instance, areas like Simcoe, Niagara, Haldimand and Dufferin, among others.

During times of high rates and uncertainty, higher priced areas like Halton, Peel, and York don't see as as much activity in their markets and prices even came down (slightly). They are much more susceptible to market changes.

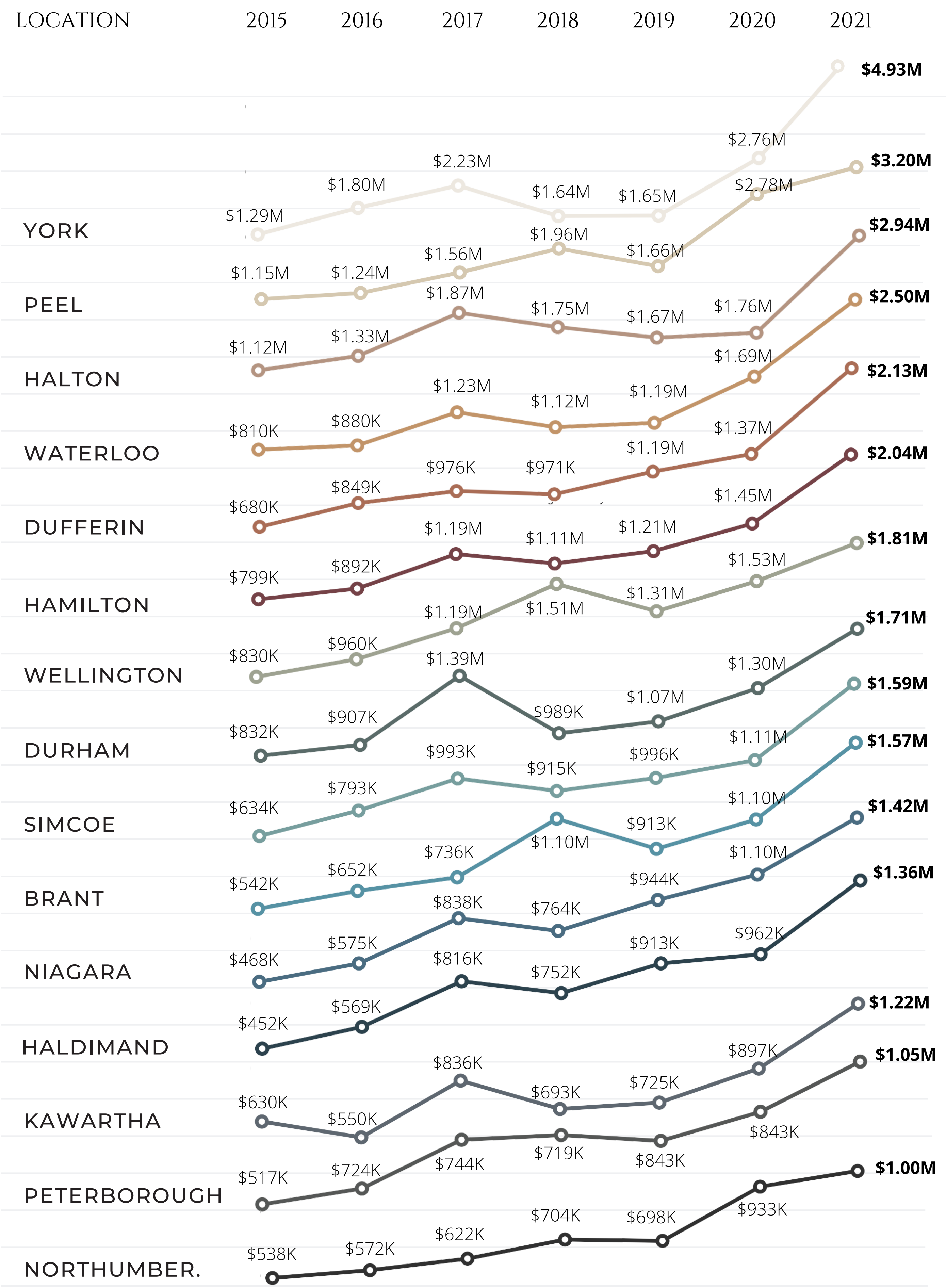
Further, equestrian properties are typically categorised in the higher end, or luxury market sector. So, it is not uncommon to see more volatility on the average sale prices with these types of properties no matter what region you are buying in.

Especially in the "luxury locations" like Halton, Peel and York. As you'll see from the historic data below, focusing specifically on 2021, these regions often see extraordinary outliers.

It is not uncommon to see equestrian property listings selling in the $10M, $12M, $18M+ range. But this doesn't necessarily happen yearly which is why you see some discrepancy in these regions from year to year in addition to the other factors mentioned.

By March 2020, interest rates had started to come down again and prices were up drastically across all areas in the Greater Golden Horseshoe.

And by 2021 we continued to see some of the most historic sale prices, and price increases across the board with all areas in the GGHS outperforming their numbers from the previous year.


LOCATION
2015
2016
2017
2018
2019
2020
2021
YORK
$1.29M
$1.80M
$2.23M
$1.64M
$1.65M
$2.76M
$4.93M
PEEL
$1.15M
$1.24M
$1.56M
$1.96M
$1.66M
$2.78M
$3.20M
HALTON
$1.12M
$1.33M
$1.87M
$1.75M
$1.67M
$1.76M
$2.94M
WATERLOO
$810K
$880K
$1.23M
$1.12M
$1.19M
$1.69M
$2.50M
DUFFERIN
$680K
$849K
$976K
$971K
$1.19M
$1.37M
$2.13M
HAMILTON
$799K
$892K
$1.19M
$1.11M
$1.21M
$1.45M
$2.04M
WELLINGTON
$830K
$960K
$1.19M
$1.51M
$1.31M
$1.53M
$1.81M
DURHAM
$832K
$907K
$1.39M
$989K
$1.07M
$1.30M
$1.71M
SIMCOE
$634K
$793K
$993K
$915K
$996K
$1.11M
$1.59M
BRANT
$542K
$652K
$736K
$1.10M
$913K
$1.10M
$1.57M
NIAGARA
$468K
$575K
$838K
$764K
$944K
$1.10M
$1.42M
HALDIMAND
$452K
$569K
$816K
$752K
$913K
$962K
$1.36M
KAWARTHA
$630K
$550K
$836K
$693K
$725K
$897K
$1.22M
PETERBOROUGH
$517K
$724K
$744K
$719K
$843K
$843K
$1.05M
NORTHUMBER.
$538K
$572K
$622K
$704K
$698K
$933K
$1.00M

WHAT SHOULD WE EXPECT IN THE FUTURE?

"There will never be a point in your life — where it's the right time to do a great thing. If you're waiting for that perfect perfect moment, that perfect timing, it's not going to happen. You have to create the perfect time, and the perfect opportunity, and the perfect situation."
- LES BROWN

It is often those who create opportunity in times of uncertainty that go on to benefit.

We know that interest rates will increase in 2022 - they have to. But it is never a good idea to just focus on one fundamental when all others are still at play.

When interest rates increased in 2017/2018 many took a back seat waiting for the market to crash. But it did the opposite by 2020 and went beyond that in 2021. Even in a time of utter unpredictability like we had seen during the pandemic.

Those who purchased in 2017/2018 during what can be seen as a less competitive time compared to 2021 realised IMPRESSIVE gains. And those who waited for the market to "drop" likely STILL don't live in the house of their dreams. And many are now priced out.

Population growth and in particular, low inventory will still have influence on the real estate market in the years to come.

Some panic selling may occur during a period where interest rates are ticking up. But what you are more likely to see is people not selling, waiting for things to improve causing a further tightening on an already supply constrained market.

Now, that is not to say with certainty that things won't go south - anything is possible.

Purchasing a large property which you plan to enjoy for 10, 15, 20 + years means you don't have to worry as much about market fluctuations. Long term appreciation is inevitable.

In 2022, we will continue to strive to provide the best expertise as it relates not only to the rural real estate market but to the basic economic forces that impact it as well. We look forward to that journey with all of those who value the rewards of land ownership.

Until then....

Aimee & JP

The disclaimer probably no one will read:
This report is intended to be informative as it relates to the horse farm real estate market in the Greater Golden Horseshoe. The information provided in this report has been taken from the Multiple Listing Service, Toronto Real Estate Board and the Hamilton-Burlington Real Estate Board. All of which cover the 15 regions and counties laid out in this report covering January 1, 2021 to December 31st, 2021 for rural homes specifically. The statistics and information obtained from these sources is deemed to be reliable but cannot be guaranteed. It is possible that data may not reflect current market conditions at your time of reading this report since we cannot forecast with absolute certainty and cannot possibly know the future of market conditions. This report, the information contained herein, Land & Title and Land & Title's logo are all copy-written and cannot be duplicated or used in any way without written permission. Should you want to use any information in this report, contact Aimee at aimee@landandtitle.ca.

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