

Real Estate Monthly



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Ontario increases tax refund for first-time home buyers

Ontario will refund first-time home buyers up to \$4,000 from the land-transfer tax. The announcement was made in the November fall economic statement. "Purchasing your very first home is one of the most exciting decisions in a young person's life," Finance Minister Charles Sousa told the legislature. "But many are worried about how they will be able to afford their first condo or house."

The up-to-\$4,000 refund will effectively remove the land-transfer tax from the first \$368,000 of a home price for anyone buying their first home. First-time home buyers are currently eligible for an up-to-\$2,000 refund.

The average price of a home in Toronto and area in October was \$762,975, according to the Toronto Real Estate Board. Prices ranged from an average of \$429,407 for a condominium to more than \$1-million for a detached house.

Mr. Sousa opted for a much milder measure than British Columbia, which imposed a 15-per-cent tax on foreign buyers this summer to cool home prices in Metro Vancouver. Ontario will restrict the refund to Canadian citizens and permanent residents, but Mr. Sousa suggested he did not want to go any further on curbing foreign ownership for fear of discouraging overseas investment.

"We're trying to tell the rest of the world that Ontario's open, that we want to attract more investment," he told reporters after the speech.

The government will pay for the measure by jacking up the land-transfer tax on other buyers. Any portion of a home price over \$2-million will be subject to a tax rate of 2.5 per cent, up from 2 per cent; the rate on a portion of the purchase price of non-home properties – such as commercial buildings – over \$400,000 will rise from 1.5 per cent to 2 per cent.

The province's real estate lobby, however, heaved a sigh of relief. Realtors had urged the government to cut the land-transfer tax instead of taking steps to cool the market, which could have eaten into their business.

Tim Hudak, incoming CEO of the Ontario Real Estate Association, said cutting the tax would help ease the upfront cost of buying a house.

"For millennials, which they call Generation Screwed, it's increasingly difficult to get that Canadian dream of home ownership," he said. "I'm very pleased that Premier Kathleen Wynne and Finance Minister Sousa are listening."

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CONDO SALES CONTINUE TO BOLSTER OTTAWA RESALE MARKET

Members of the Ottawa Real Estate Board (OREB) sold 995 residential properties in November 2016 compared with 986 in November 2015, an increase of 0.9 percent. The five-year average for November sales is 939. There were 1,214 residential sales in October 2016.

"After a few breakaway months, the Ottawa resale market has come back down with sales typical of November," said OREB's President. "The condo market appears to be on the rise now, a welcome change compared to earlier in the year, with sales coming in at 16.2 percent higher than November 2015. Several factors could have contributed to this increase – inventory levels trending downwards, steady prices, or buyers affected by the newly changed mortgage rules."

"Year-to-date unit sales to the end of November have now surpassed all previous year-end totals," OREB's President went on to explain. "This year has been an exceptional year for sales for Ottawa Real Estate Board Members, and the year isn't even over yet. The cumulative days on market have shown a steady decline for the first six months of the year, then has shown the same steady increase, so that the cumulative days on market in November (105 days) essentially mirrored that of January (110 days)."

November's sales included 230 in the condominium property class and 765 in the residential property class. The average sale price of a residential-class property sold in November in the Ottawa area was \$405,320, an increase of 6.5 percent over November 2015. The average sale price for a condominium-class property was \$277,650, an increase of 1.0 percent over November 2015.

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REAL ESTATE NEWS

Foreign Ownership in Canada's Housing Market Remains Low: CMHC Reports

The share of foreign ownership in condominium apartments remains low in major Census Metropolitan Areas (CMAs). This analysis is the result of combined insight from two Housing Market Insight reports released by Canada Mortgage and Housing Corporation November 30th — a national look at foreign ownership and a second report delving deeper into Montréal.



National Report Highlights

- Foreign ownership of condominiums was highest in Vancouver and Toronto at 2.2% and 2.3%, respectively. However, both markets saw a decline in share of foreign ownership compared to last year.
- The 2016 shares in both Vancouver and Toronto were more in line with those in 2014. The relatively higher shares observed in 2015 were due to an unusually high proportion of foreign ownership in newly constructed condominiums that year relative to 2014 and 2016.
- Foreign ownership in Montréal remained relatively stable at 1.1%. Foreign ownership remains higher in Downtown Montréal and Nuns' Island, at 4.3%.
- Outside of the above mentioned CMAs, the share of foreign owners ranged from a low of 0.2% in Saskatoon and Regina to a high of 1.2% in Halifax.
- Foreign ownership continues to be higher among newer and larger buildings in the central areas of Toronto and Vancouver. In Toronto, the share of foreign ownership rose to 3.9% in buildings

completed since 2010 and in buildings with more than 500 units, it rose to 5.5%. In Vancouver, newer buildings saw a 5.0% share of foreign owners while buildings with more than 100 units reported 3.2% share of foreign owners.

Montréal Report Highlights

- In 2015, between 4% and 8% of foreign owned condominium units in Montréal were left empty.
- 40% of foreign buyers who purchased their unit in 2015 did so without the use of a mortgage. For all buyers (Canadian and foreign), this proportion was 15 per cent.
- The condominiums owned by foreigners in central sectors of Montréal generally had higher values than those owned by Canadians.
- Since the beginning of 2016, the number of foreign buyers in the Montréal area, while remaining limited, recorded an increase over the same period in 2015. The greatest gain was registered among investors from China, however, it's important to note that this represents only about 30 additional buyers.

