



## *Sales of Greater Golden Horseshoe Region homes to foreign nationals drop significantly*

Home sales to overseas buyers in the Greater Golden Horseshoe Region dropped significantly in late spring and summer, immediately following the introduction of the foreign buyer's tax, according to new Government of Ontario data.

Likely due in part to the 15% non-resident speculation tax (NRST), home purchases by foreign nationals between May 27 and August 18 were respectively down to 5.6% from 7.2% as a percentage of total sales in Toronto and to 3.2% from 4.7% in the Greater Golden Horseshoe Region.

The York region, a Toronto suburb in Toronto's north end that's particularly popular with foreign buyers, also recorded a decrease of 6.9% from 9.1% in sales to foreigners.

"The measures that we introduced as a part of the Fair Housing Plan are working," said provincial Finance Minister Charles Sousa in a statement. "We are seeing increased housing supply and evidence that more people are finding affordable homes. Ontario continues to be a place that welcomes all new residents, drawn by its rising employment and strong economy."

The Ministry of Finance's NRST went into effect on April 21, 2017 and applies to land that contains at least one and no more than six single-family residences. It was just one of 16 measures included in the Fair Housing Plan announced by the Ministry of Finance

to cool the rapidly rising house prices and rental rates.

However, local agents seem unfazed by the numbers and the new tax.

“Some foreign buyers need a few extra days to come up with the additional funds demanded by that 15% tax, which on a million-dollar home would be \$150,000, but they still see Toronto and Canada as an outstanding real estate opportunity,” said Sandra Pate, Broker, 36 years in real estate, Johnston & Daniel, Royal LePage, Toronto. “I think that as in Vancouver, foreign buyers in the GTA paused but over time, I don’t think that it will have an ongoing dramatic impact as buyers will either buy anyway or find ways to circumvent the NSRT.”

According to China’s largest real estate portal, Juwai.com, Chinese interest in Canadian homes still jumped 30% in the first half of 2017 compared to the previous year. Canada had been ranked third for Chinese buyers behind the US in first place and then Australia, but has now fallen to fourth place after Thailand.

“Canada is firing on all cylinders right now and is attracting a huge influx of new immigrants with many opting to live in the GTA, because only in Toronto can you get the safe, highly walkable neighbourhoods, great schools, parks, transit, leisure and entertainment, and a booming economy,” said Pate. “Real estate colleagues in other cities laugh when we complain about our high housing prices because from their perspective, in Toronto we get so much for so little for our real estate dollar.”

Notably, Juwai.com reports that of those surveyed who were buying overseas, 74.9% said they were buying for their own use, while 32.3% were investors and 23.7% want it for education. Respondents were able to select multiple answers. Apparently, the foreign buyer taxes in the Toronto and Vancouver areas and the Chinese government’s restrictions on cash outflows have not stopped Chinese interest in Canada. This country remains popular with students seeking a higher education, families seeking a better life and investors wanting stable returns.

“We work with a number of Asians and they are buying downtown, but prefer the northern regions, such as Markham and Richmond Hill,” said Pate. “They tend to buy and hold to rent because they see it as a good and secure investment.”

Between July 1, 2014 and June 20, 2015, the GTA’ immigrant population’s grew by 66,697 and in 2011, foreign-born people accounted for 46% of Toronto’s population, compared with about 20% of Ontario’s residents.

Toronto, with a population of 2.79 million people (5.5 million in the Greater Toronto Area) is heralded as one of the most [multicultural](#) cities in the world and is ranked as the safest large metropolitan area in North America by Places Rated Almanac. Over 140 languages and dialects are spoken in the region, and just over 30% of Toronto residents

speak a language other than English or French at home.