



The 2009 Budget Impact on the Real Estate Market



DIANNA MORRISON
OMDREB President

Oakville, Ontario — April 2009 — The 2009 Budget just released offers no support for buyer or sellers and adding insult to injury, attaches additional expenses for their dreaming of one day owning their own home. The McGuinty government announced that it intends to harmonize the Provincial Sales Tax (PST) with the federal Goods and Services Tax (GST) hitting homebuyers and sellers right in the pocket book with additional taxes on a range of services associated with real estate transactions.

To go in effect on July 1, 2010 - Canada Day of next year, this change means that the provincial sales tax will be charged on legal fees, appraisals, real estate commissions, moving services, title insurance, home inspection fees and other services related to a real estate transaction. That will add an additional 8 per cent on items and services that were previously subject to only 5 per GST for 13 per cent

"The sales tax harmonization announced as part of the 2009 provincial budget will mean big increases in housing costs," notes Oakville, Milton and District Real Estate President, Dianna Morrison. "Make no mistake, this is a tax grab. I am astonished that the province would introduce a new tax at a time like this. Not only will this affect many people's ability to purchase a home, but it also will increase everyone's daily cost of living."

For a resale house priced at \$360,000, the Harmonized Sales Tax (HST) could add over two thousand dollars in new taxes to closing costs.

OMDREB President, Dianna Morrison furthers states, "REALTORS®, home owners, Ontarians who would like some day to own their own home - need to put pressure on the government to introduce a HST rebate program for resale housing. Everyone has a right to a decent home and this tax will prohibit many people from being able to attain this right."

Currently, the PST at 8 per cent applies to building supplies used in the construction of new homes. In the future, you will pay the HST at 13 per cent. This means if you are buying a new home under \$400,000, you will pay the new 13 per cent tax but get a rebate, which would be 75 per cent of the provincial portion of the tax (or six per cent of the purchase price). New homes that cost between \$400,000 and \$500,000 will get less money back. And those with a price tag of more than \$500,000 will get no refund at all.

While new housing received exemptions in the Budget, resale housing is left to endure the entire burden of a newly harmonized sales tax. With respect to housing, Budget 2009 does little to encourage Ontarians to make an investment in homeownership. Aside from a small increase in funding to the Canada-Ontario Affordable Housing Program and a low income seniors property tax grant, this Budget gives prospective homebuyers no additional support to offset the costs of a harmonized sales tax.

"All this accomplishes", states Morrison, "is yet another barrier to homeownership in the province of Ontario."

OMDREB and Ontario REALTOR® members are outraged at this new tax. In response, we are issuing a call for action asking REALTORS® and consumers to contact their MPP to express their strong opposition.

In addition, OREA has posted a call for action on Facebook and on Twitter. Join us!

OREA Website: www.orea.com/realtorcfca
OREA Facebook: <http://www.facebook.com/group.php?gid=140800095293>
OREA Twitter: <http://twitter.com/oreagr>

Sources: The Oakville, Milton and District Real Estate Board (OMDREB)
The Ontario Real Estate Association (OREA)

Oakville – March Sales Results

In the month of March, the Oakville residential resale market demonstrated healthy activity in with a 34% increase in resales from February 2009, but still down 26% from March 2008. In regards to the Average Price of \$444,977 quoted below - the Average Sale Price in March 2008 was 11 per cent higher due mainly to the greater percentage of sales over \$1 Million in comparison to March 2009. The Median Sale Price is a better indicator of the strength and the direction of the real estate market in Oakville.

"One thing I would caution the general public about is to be very careful when looking at statistics published in newspapers or other publications. These are useful in spotting trends in certain areas, but when it comes to selling or buying a home always consult a local REALTOR® to help you with your property," states OMDREB President, Dianna Morrison. "Sale prices, especially in Oakville, includes a lot of diversification from wide ranges of properties, prices, house styles and very different neighbourhoods. When pricing your own home you'll want to look at the stats of just the properties that would be considered "comparable" to what you have. Basically, it is always important to compare apples to apples."

Oakville	2008	2009	% change
No. of Residential Sales	286	212	- 26%
Average ¹ Sale Price	\$514,985	\$444,977	-11%
Median ² Sale Price	\$399,900	\$398,500	- 1.6%

1. The average home price is found by adding the value of all sales and dividing by the number of homes.

2. The median sale price is the midpoint of all sales.

Source: The Oakville, Milton and District Real Estate Board (OMDREB)

The Oakville, Milton and District Real Estate Board serves Oakville, Milton and surrounding communities with more than 1,400 REALTORS®. Your local REALTOR® can provide you with the data and services you need to make informed real estate decisions. To find out more about the REALTORS® in your area, and how you can benefit from the array of services a REALTOR® can provide, visit www.ondreb.on.ca or call OMDREB at 905.844.6491