

GEOFF SMITH
Sales Representative



2019
SPRING NEWSLETTER

geoff@yourrealpro.com
905-689-0011

MARKET UPDATE APRIL 2019

Good news with sales being up 6.3% vs April 2018 which is also an 18.8% increase from March 2019 and a whopping 66.8% increase from February 2019. The average home price in the Realtors Association of Hamilton Burlington (RAHB) district has increased 3.9% from 2018 up to \$584,324.

RAHB All Residential Comparison	AVERAGE SALES PRICE		NEW LISTINGS		AVERAGE DAYS ON MARKET	
	2019	2018	2019	2018	2019	2018
BURLINGTON	\$725,459	\$723,039	498	532	25.1	23.2
HALDIMAND COUNTY	\$429,960	\$445,582	103	75	40.7	29.6
HAMILTON	\$525,330	\$511,238	1,227	1,205	24.6	25.5
NIAGARA NORTH	\$575,201	\$563,695	111	113	35.3	27.8

This bodes well as we move into what is traditionally the busiest time of the year for real estate sales. With interest rates remaining constant so far this year a bit of normalcy in the real estate market will be greatly welcomed by both buyers and sellers as the market equilibrium returns.

Please note that specific neighbourhoods within the overall RAHB market area see results that may differ from the entire RAHB average. Feel free to give me a call and I can help you evaluate your homes price in your marketplace today!

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GOVERNING POLICIES IN FAVOUR OF FOREIGNERS? CANADIANS OUT IN THE COLD

Looking at the countries Real Estate Markets going back to the years prior to 2016 and analysing the changes to local markets with the advent of the Foreign Buyers Tax (FBT) it becomes quite clear that the provincial policies to control extraneous market influences from foreign Buyers was severely lacking to the detriment of Canadian citizens. Housing markets in both Vancouver and Toronto were running away from being affordable to the average Canadian citizen in both of those markets all the while the government and media filled the propaganda machine with outright lies about the foreign influence in these marketplaces.

The evidence clearly showed that with the introduction of the FBT in BC, the money then flowed to Ontario and the GTA. Once Ontario implemented the tax that money has now poured into Quebec and notably the Montreal housing market with Quebec now contemplating their own FBT.

So – How Much Do Foreigners “Really Own!”?

In 2016 our ignorant and misinformed political housing body the CMHC said it was wrong and divisive to blame foreigners for skyrocketing prices. WRONG and WRONG. Recently using new methodologies independent analyses of the markets showed that of the \$965 Billion in real estate in the Greater Vancouver Census Metropolitan area alone \$75 Billion of that is tied to at least ONE non-resident owner. Conservatively it is felt at least \$34 Billion or more than 10% of the total real estate in the City of Vancouver is owned by non-residents. Those are some staggering numbers vs those put out by the CMHC at that time of less than 2%.

As stated even these numbers may still be conservative as there are a lot of loopholes to foreign real estate investors. Foreign investors can pour money in through a shell Canadian Company, using a Canadian nominee without disclosing the true beneficial owner. Data revealed that in 2015 a 100 of the most valuable real estate transactions in Vancouver had nearly 50% of the beneficial owners listed as “unknown”. But only 4% of these unknown property ownerships were through offshore shell companies counting towards the government’s definition at that time of non-residential ownership.

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Now extrapolate these numbers nationally over the other over-heated over-inflated markets at the time and you start to get a clearer picture of how foreign buying was driving our housing market outside of the normal growth factor. It is estimated that during the peak year of 2016 over \$101 Billion was invested by International Chinese buyers alone. After the FBT was implemented in both BC and Ontario, the Montreal market grew by 43% in 2016 and a tremendous 84.5% in 2017. The FBT had an impact on the Mom and Pop buyers but most foreigners just purchase through a shell corporation to bypass the penalty.

It is felt that if foreigners want to buy property in Canada that we as Canadians all have the right to know who they are, the source of their funds and wealth and their intentions for purchasing here. If no one is living in the purchased home then perhaps they simply shouldn't be allowed to buy vs. the advent of the vacant home tax. Perhaps the Golden Rule should be implemented here: We as Canadians cannot own land besides from dwelling purposes with some stringent strings attached in China. So why should we allow them to buy our land and housing on speculation here to the detriment of our citizens?

40,000 HOME BUYERS SIDELINED

To add insult to injury due to the failure of our government policies to protect our housing markets from greedy foreign speculators our government decided to lay blame at the average Canadians feet and hammer us with Bill 20 and the stress test requiring borrowers to show they can handle interest rates 2% higher than the posted current rates. This resulted in 20% fewer mortgage originations among younger Canadians sidelining 40,000 potential home purchases in the fiscal year 2018.

In light of the 5 increases to bank rate totaling 1.25% since Mid 2017 some are now questioning the need for the stress test to continue and cite that the stress test is pushing Canadians into unregulated lending. There has been a rapid growth in private mortgage lending that is not part of the normally functioning market. Thank our government again. Alternative lenders accounted for nearly 12% of the total number of transactions in Ontario in 2018.

We need solutions and government policies that put Canadians first and protect our housing markets from greedy speculative foreign investment. Some are suggesting to cap the stress test rate at 4.5% and then aggressively tackle the problem of foreign ownership of Canadian property. Perhaps Canada should follow the lead of the UK where beneficial ownership of companies is put in a public registry to ensure all foreign buyers are paying their taxes owed. The UK is talking of putting legislation in place for a registry of foreign ownership of property as part of a new National Anti-Corruption Strategy. One thing is clear - things need to change to protect and allow successful home ownership of Canadians through every age demographic and our Government needs to start "Putting Canadians First."

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Sales Representative

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Investment Property Advisor

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TOP 10 SPRING 'TO DO' CHECKLIST

1. Check your sump pump and well and backup system if you have one. If you live in a high water table area this is the first must check every season.
2. Change Batteries in Smoke Detectors and Carbon Monoxide Detectors or change units if end of life.
3. Check your roof for missing shingles, pop your head in the attic to check on the sheathing make sure it is all dry in there.
4. Clean your gutters - you don't want water spilling over the sides and getting into your basement and make sure you have good flow out of your downspouts and they empty away from the house.
5. Uncover and inspect your Central A/C unit. Hose off the screening to ensure optimal air flow through the season.
6. Spruce up Landscaping – clean out debris from gardens, prune back overgrowth and now is the time to mulch before the weeds get growing.
7. Service and start-up all outdoor equipment such as lawnmower, BBQ, weed whacker, riding tractor etc. The better you treat them the better they will treat you this season.
8. Service your furnace and change the air filter. Make sure it is in good shape, clean and ready for the summer and following winter now.
9. Check outside faucets for proper water pressure and flow and make sure all your garden hoses are still in good shape.
10. The good old Spring Cleaning of your home! Declutter and getting rid of what you no longer need will make you more efficient and help keep you organized. Closets, office, storage areas, cupboards and drawers all attract clutter over time – now is the time to tidy those spaces up.

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