Is the Percentage of Foreign-owned Real Estate in Canada about to Change?

Categories : Condos, Real estate investment

The percentage of foreign-owned real estate in Canada has risen in Toronto and Vancouver in the past year, according to the Canada Mortgage and Housing Corporation (CMHC). The CMHC reported that the amount of foreign investors in Toronto and Vancouver real estate has risen, while the percentage of foreign investors in real estate in other cities like Montreal have either stayed the same or decreased. The share of investors from abroad in Canada has increased over time, with significant growth in the past few years.

In Toronto, the CMHC reported that 5.8 percent of condos are owned by people who do not live in Canada. Last year, the percentage of owners from different countries in Toronto was 4.3. In Vancouver, the percentage of foreign investment in real estate also rose from from 3.4 percent to 5.4 percent. Montreal's overall foreign investment figures, on the other hand, dropped slightly. In 2014, Montreal's overall foreign investment was higher than Toronto and Vancouver's, sitting at 6.9 percent, but has since fallen to 4.9 percent this year.

So why is the percentage increasing in areas like Toronto and Vancouver and lowering in Montreal? Studies suggest that the rate of foreign investment is increasing in Toronto and Vancouver because there are more foreign families that are coming into Canada's most economically booming cities, as they tend to offer more opportunities. Vancouver and Toronto already have large foreign populations, so many families are following suit. In Toronto, foreign investors see the real estate market as a gold mine. The city is forever expanding and real estate prices are rising, as more and more areas are becoming developed. Even the GTA is host to rising real estate prices and widespread development.

The CMHC also suggests that foreign investment has increased recently because investors may either want to purchase housing for their families who are living in Canada, or are seeking revenue through an investment property. Additionally, foreign investors tend to purchase a property, wait until the value of the home has increased, and sell for a better value.

Another factor that increases the likelihood of foreign investors in Canada, is that compared to overseas markets, Canadian real estate is relatively inexpensive. This may come as a shock, as many Canadians believe that the price of real estate in the country is too high, but compared to other cities across the world, Canadian real estate comes out on lower ends of the price spectrum.

If you, or someone you know, have recently purchased a new condo as an investment property, you may be eligible for an HST rebate. In order to qualify for the HST rebate, your condominium must be newly built within the last two years and must have at least a one year rental agreement for someone that is not an immediate relative. If you have any additional questions, or would like to know more information regarding the HST rebate, feel free to contact Rebate4U. They specialize in HST rebates for those who can claim money back on their investment condos, and on newly built or renovated homes. You can visit their website, www.rebate4u.ca , or contact them by phone at 1 (800) 610-4510 or (416) 783-6969.