

Rent and Property Increases in Toronto and the GTA: Is It a Good Time to Buy an Investment Property?

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It's common knowledge that housing and rent prices are soaring in Toronto and the GTA. But is it a good time to invest in the real estate with an income property? Let's discuss some important factors to consider if you're thinking of purchasing real estate as an investment property.

Toronto and the GTA has one of the most vibrant housing markets in Canada. The city ranks high on "Canada's Top Cities to Buy Real Estate In" according to [MoneySense](#), looking at a 6.7% price appreciation in 5 years and an average 15% rent increase in 5 years. Many new building projects are starting, so there are plenty of options for you to choose from.

Canadian mortgage rates have always been low, so it's great to take advantage of the steady interest rates at around 2-3% and add property as part of your investment portfolio. With the low interest rates, bank accounts and government bonds aren't offering a great return on your investments. The complexity and volatility of the stock market also demands a lot of time and energy. Thus, the perfect alternative is an investment property. The longer you own it, the greater the ROI, or [return on investment](#). With the increasing value of your property, you'll see a growth of your assets.

Buying an investment property comes with a lot of benefits. By renting out your investment property, you'll generate passive income — an influx of positive cash flow — that will go towards paying your mortgage, taxes, insurance, and other expenses while at the same time leaving behind some extra money that will either go towards savings or other investments. More importantly, your equity grows, therefore, your net worth also grows. Investing in property is the smartest and most powerful means of wealth growth — [using other people's money](#) to build your own net worth. Another major benefit of [investing in rental properties](#) is the deduction of certain taxes which may vary in different situations but can include mortgage interest, property taxes, insurance, maintenance/upgrades, property management, and utility bills.

Some popular [investment strategies](#) for Ontario real estate include the "Buy and Hold," and the "Flip". The "Buy and Hold" strategy is the most popular and most simple strategy in which the tenants simply pay off your mortgage as you rent. The "Flip" or capital improvement, essentially buys a property under market value, renovates it and sells it at a higher price than the initial investment. Done right, and the "Flip" can generate a hefty revenue, but there are a lot of factors to be considered.

If you are still unsure of the benefits of consequences of buying an investment property in Toronto, or if you're already decided on investing but wish to learn more about the tax rebates you're

eligible for, feel free to book an appointment with Rebate4U —a highly-skilled and experienced tax rebate and HST refund consultation firm. If you have more questions, you can reach us at 1-800-610-4510, or by email at info@rebate4u.ca. We are always happy to help!