

## GTA sees slump in \$1-million-plus home sales

By Brent Jang

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The number of properties in the Greater Toronto Area that sold last month for at least \$1-million tumbled 31 per cent from a year earlier in a sharp reversal for the region's housing market.

But Brad Henderson, president of Sotheby's International Realty Canada, said he expects the GTA's rebound to be faster than that experienced in the Vancouver region after British Columbia slapped a tax on foreign buyers last August.

Ontario's 15-per-cent tax on foreign home buyers took effect on April 21 and applies to the Greater Golden Horseshoe Region, a sprawling land base that surrounds and includes the GTA.

Mr. Henderson said Ontario Premier Kathleen Wynne's Liberal government put more homework into its housing policies, such as the foreign-buyers tax and expanded rent controls, than B.C. Premier Christy Clark's Liberals did in imposing a 15-per-cent tax on foreign purchasers in the Vancouver area. "The Clark government put in place their policy without a lot of consultation and without a lot of forethought," Mr. Henderson said in an interview.

One key difference is that the Ontario tax affects purchase contracts on or after April 21, whereas the B.C. tax hit those who registered at the land titles office – meaning many buyers got an unpleasant surprise, even though they had signed purchase agreements before the B.C. tax took effect Aug. 2.

"We think the Toronto market is going through the process more quickly than in Vancouver," said Mr. Henderson, who says the GTA could be on the upswing again in September.

He cited the Ontario region's healthy employment levels, steady economy and diverse industries as reasons to be optimistic about the housing sector bouncing back and overcoming the psychology of an overheated market.

While GTA sales of various housing types slumped in May and June, compared with those same months in 2016, the first four months of this year more than offset the recent weakness.

There were 14,292 GTA residential properties that sold for at least \$1-million in the first six months of this year, up 41 per cent from last year's first half, Sotheby's said in its top-tier real estate report, which is released twice a year. In June, there were 1,527 sales compared with 2,213 transactions a year earlier.

Within the City of Toronto, in the \$1-million-plus category, there were 3,645 sales of detached properties in the first half of 2017, up 13 per cent from the same period last year.

By contrast, within the City of Vancouver, there were 1,379 sales of detached houses for at least \$1-million in the first half of this year, or a 24-per-cent decline from the first half of 2016.

For various housing types, the City of Vancouver saw \$1-million-plus sales decrease 23 per cent to 2,385 transactions.

Sotheby's did not tally transactions in the Vancouver region, but the Real Estate Board of Greater Vancouver reported last week that the market has recovered less than one year after the foreign-buyers tax dampened sales.

The benchmark price, which is the industry's representation of typical homes sold, hit record highs last month in Greater Vancouver, though sales dropped year-over-year.

Between June 10, 2016, and May 31, 2017, purchasers who were not Canadian citizens or permanent residents accounted for 5.8 per cent of buyers in closed deals in the Vancouver region. Industry experts say foreign buyers, limited listings and low interest rates were among the factors that drove up prices during the rally from mid-2013 to early 2016 in the Vancouver area.

The Ontario government said last week that foreign buyers recently accounted for 4.7 per cent of home purchases in the Greater Golden Horseshoe region.

Mr. Henderson said the wild card in British Columbia will be premier-designate John

Horgan's incoming NDP government, backed by the Andrew Weaver-led Greens.

The Greens are in favour of a 30-per-cent tax on foreign home buyers across British Columbia.

"All three B.C. parties are concerned about affordability," Mr. Henderson said.

"But increasing the tax isn't going to create more affordable housing in and around Vancouver."

In May, the price averaged \$2.76-million for detached houses sold within the City of Vancouver, compared with \$1.5-million in the City of Toronto.