Foreign buyers bought 9.1 per cent of homes in suburbs north of Toronto

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July 12, 2017 – *The Globe and Mail*

New data show foreign investment in the Toronto region's overheated real estate market over one month this spring was most significant in affluent suburbs north of the city, where one in 11 homes were purchased by non-residents.

The analysis, obtained by The Globe and Mail, shows that 9.1 per cent of residential properties that changed hands between April 24 and May 26 in York Region, which includes the hotspot communities of Markham and Richmond Hill, were bought by international investors.

In the city of Toronto, 7.2 per cent of sales were to foreign buyers, according to provincial figures that provide the first geographic breakdown of the scope of foreign investors' influence on the Greater Toronto Area's housing market.

The pockets of foreign investment are much higher than the region-wide figure the provincial government released one week ago, when it said 4.7 per cent of homes sold in a large area around Toronto known as the Greater Golden Horseshoe Region were purchased by international buyers in the same time frame. The Ontario government introduced a 15-per-cent foreign-buyers tax in April as part of a suite of changes to cool the region's housing market.

Benjamin Tal, the deputy chief economist at CIBC, said the regional numbers confirm observers' belief that certain communities in the GTA were attracting higher rates of offshore interest.

"Foreign investors are looking for the centre," he said. "We knew that the overall 4.7 per cent number previously released by the government was masking totally different regional trajectories."

Mr. Tal argued the regional data might dispel the view held by some that the increase in housing prices in the GTA was largely driven by international buyers. "I think that shows that while foreign investment isn't insignificant, it's not the game changer here, it's not the only reason prices are rising," he said.

The government has not released the value of transactions involving foreign buyers.

Some observers criticized the government's previous release of data as distorting the true extent of foreign ownership because of the sprawling area comprising the Greater Golden Horseshoe Region, which spans more than 300 kilometres from Niagara Region in the west to the County of Peterborough in the east.

Markham city councillor Karen Rea, who began pushing for a foreign-buyers tax months ago in response to complaints about vacant homes in her community, called on the government to release further localized data so that cities and towns within, for example, York Region, can better understand sales activity and plan for future services.

"They should be accountable and transparent," said Ms. Rea, a licensed realtor. "Why put everybody in together? What happens in Markham is not the same as what happens in East Gwillimbury. Markham is not the same as Stouffville. We're all different. Every municipality is unique. So why wouldn't they want to release the information to all the municipalities individually?"

While York Region had the highest level of foreign investment, one realtor said interest in the area feels even more intense.

"I really am surprised, I would have expected it to be much higher," said Jenny Jones, who is based in Markham. "I'm increasingly selling outside of Markham now because my clients can't afford homes over $1-million. Unless they have access to the bank of mom and dad, it's become impossible for them to buy."

After facing mounting calls to act on fears that international speculators were inflating the Greater Toronto Area's overheated real estate market, making prices increasingly unaffordable, Premier Kathleen Wynne's government announced a 15-per-cent foreign-buyers tax on April 20 as part of a package of changes. The levy, known as the non-resident speculation tax, applies to residential properties bought by people who are not Canadian citizens or permanent residents. However, most of the transactions included in the province's first wave of data were not subject to the tax because the sales contracts were signed before it came into effect.

In addition, a new provincial form requiring home buyers to declare their citizenship did not become mandatory until May 6, meaning the government's figures may understate the extent of international investors' purchases.

Since the foreign-buyers tax was introduced, property values and sales in the GTA have fallen. The average price of homes decreased 13.8 per cent in June from April's high and the number of homes sold fell 37.3 per cent from one year earlier, according to figures released last week by the Toronto Real Estate Board.

For his part, Ontario Finance Minister Charles Sousa said the tax was working. "We brought in the [tax] as part of our Fair Housing Plan because we recognized that housing affordability was a real and growing concern for many people. The goal of the plan was to make buying and renting a home more affordable and recent data shows that our plan is having its desired effect," he said in a written statement.

Ontario's foreign-buyers tax came eight months after the British Columbia government imposed a similar tax on international purchasers in the Vancouver region.

Since implementing its tax, the British Columbia government has released new figures on its impact at least every two months. The B.C. data provides province-wide statistics on the number and value of transactions by foreign buyers as well as more specific data focused on a number of cities in Metro Vancouver, as well as Victoria and Kelowna. While the Ontario government has outsourced the collection of data to a private business that manages its land registry, the B.C. government does the collection itself.