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RealEstateNews

Foreign Buyer Ban



Canada's foreign homebuyer ban went into effect on January 1st, 2023, and will remain in place for two years. Housing affordability remains a concern for Canadians and interest rates are still rising. Those with variable-rate mortgages are paying hundreds more per month and those with fixed-rate mortgages who have yet to renew are terrified of rising interest rates.

The foreign buyer ban is put in place to prevent foreign buyers from buying large amounts of properties to use as investment homes. The ban will increase number of homes on the market and gradually helping to decrease the price of homes. According to the Parliamentary Budget Office, the average cost of a home is 67 per cent more than what the average Canadian household can afford.

Which properties are included in the ban?

The Prohibition on the Purchase of Residential Property by Non-Canadians Act states that all residential properties including detached homes or similar

buildings, semi-detached houses, rowhouse units, residential condominium units and other similar premises.

The legislation applies to residential properties located in an area with a total population of at least 100,000 people with at least 50,000 living in its core (known as a census metropolitan area) and an area with a core population of at least 10,000 people (known as a census agglomeration).

Who is exempt from the ban?

There are some exceptions to the ban, including, those in Canada with temporary work permits, refugee claimants and international students who meet certain criteria. The ban does not apply to those who are Canadian citizens or permanent residents, and it also does not apply to non-Canadians looking to rent a residential property in Canada.

Non-Canadians with a spouse or common-law partner who is a Canadian citizen, permanent resident, person registered under the Indian Act or refugee are also exempt.

Those who are in violation of the ban can be fined up to \$10,000 and may be required to sell the property they purchased. Those who knowingly assist a non-Canadian with their purchase can also be fined.

RESALE MARKET STARTS SLOW AS BUYERS REMAIN CAUTIOUS

Members of the Ottawa Real Estate Board (OREB) sold 606 residential properties in January 2023 compared with 933 in January 2022, a decrease of 35%.

"January's marked slow down in unit sales over 2022 indicates potential home buyers are taking their time," says OREB's President. "While last month saw the culmination of the succession of interest rate hikes announced by the Bank of Canada, affordability remains a factor. They may be waiting for a shift in listing prices. They're being cautious in uncertain conditions."

"Despite the decrease in average prices, the market should not be considered on a downward slide," says OREB's President. "A hyper COVID-19 seller's market is now leveling out to our current balanced market state."

"On a positive note, in comparison to December's figures, January's average price of freehold properties increased by 3%. The average price of condos did fall by 5% compared to December but condo pricing tends to fluctuate more due to the small data set."

The average sale price of a residential-class property sold in January in the Ottawa area was \$676,272, a decrease of 12% from a year ago. The average sale price for a condominium-class property was \$412,244 a decrease of 8% from 2022.

"Ottawa's inventory and days on market figures are typical for a balanced market and another sign that buyers are no longer racing to put in an offer. The increase in new listings and supply is a boon for home buyers, who now have more selection and the ability to put in conditions at a less frantic pace," adds OREB's President.

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Ottawa Residential Average Sales Chart from 1956 to 2022

MLS Residential Sales Percentage Increase or Decrease Over Previous Year

Year	Average Sale Price	Percent Change	Year	Average Sale Price	Percent Change
1956	\$13,351	0.24%	1990	\$141,438	2.90%
1957	\$14,230	6.58%	1991	\$143,361	1.36%
1958	\$15,564	9.37%	1992	\$143,868	0.35%
1959	\$16,038	3.05%	1993	\$148,129	2.96%
1960	\$16,791	4.70%	1994	\$147,543	-0.40%
1961	\$16,070	-4.29%	1995	\$143,193	-2.90%
1962	\$15,952	-0.73%	1996	\$140,513	-1.90%
1963	\$16,549	3.74%	1997	\$143,873	2.40%
1964	\$16,563	0.08%	1998	\$143,953	0.10%
1965	\$17,056	2.98%	1999	\$149,650	4.03%
1966	\$18,004	5.56%	2000	\$159,511	6.58%
1967	\$19,476	8.18%	2001	\$175,971	10.32%
1968	\$23,329	19.78%	2002	\$200,711	14.06%
1969	\$25,652	9.96%	2003	\$218,692	9.00%
1970	\$26,532	3.43%	2004	\$235,678	7.70%
1971	\$27,808	4.81%	2005	\$244,531	3.80%
1972	\$30,576	9.95%	2006	\$255,889	4.70%
1973	\$38,305	25.28%	2007	\$272,477	6.40%
1974	\$46,661	21.81%	2008	\$289,477	6.30%
1975	\$49,633	6.37%	2009	\$303,888	4.90%
1976	\$54,623	10.05%	2010	\$327,225	7.70%
1977	\$57,032	4.41%	2011	\$344,240	5.20%
1978	\$59,134	3.69%	2012	\$351,792	2.20%
1979	\$61,896	4.67%	2013	\$357,348	1.60%
1980	\$62,748	1.38%	2014	\$361,712	1.20%
1981	\$64,896	3.42%	2015	\$367,632	1.66%
1982	\$71,080	9.53%	2016	\$372,048	1.20%
1983	\$86,245	21.34%	2017	\$392,474	5.49%
1984	\$102,084	18.37%	2018	\$407,571	3.84%
1985	\$107,306	5.12%	2019	\$441,693	8.37%
1986	\$111,643	4.04%	2020	\$529,675	19.5%
1987	\$119,612	7.14%	2021	\$645,976	21.9%
1988	\$128,434	7.38%	2022	\$691,528	7.10%
1989	\$137,455	7.02%			