

TO MY VALUED CLIENTS

Bank of Canada rate could peak in September, says CIBC economist

The recent (July 13th) supersized 100-basis point increase to the Bank of Canada rate (taking it from 1.5% to 2.5%), has sparked more speculation as to when the rate will peak and at what level.

At least one economist (Karyne Charbonneau of CIBC) predicts that one more supersized increase in September could well conclude the central bank's rising rate trajectory. She foresees a 75-basis point move in September that would bring the rate to 3.25% before the Bank will hit the pause button on further rate increases.

Her view is that the Bank is trying to "frontload" its path to higher rates in a bid to rein in our nasty inflation problem. Since interest rate policy is really the only weapon it has in curbing inflation, and since inflation is now at a 39-year high,

it makes sense that it is using supersized increases to induce as much "shock" as it can to bring about the desired cooling in demand. It also likely aims to "buy some time" to allow our highly disrupted supply chain to finally repair itself.

Clearly some inflation pressures, such as energy prices and geopolitical strife, are outside of the Bank's control and could still wreak havoc in the future. So, we'll have to wait and see what happens. In the meantime, we can expect the real estate market to continue to cool somewhat but with full employment and aggressive immigration numbers on tap for this year, the downside will likely be manageable.

As usual, your client referrals are both highly valued and greatly appreciated. Until next time, take care!



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PEARLS OF WISDOM



"The 50-50-90 rule: Anytime you have a 50-50 chance of getting something right, there's a 90% probability you'll get it wrong." – **Andy Rooney**

"Here's something to think about: How come you never see a headline like 'Psychic Wins Lottery'?" – **Jay Leno**

"I know not with what weapons World War III will be fought, but World War IV will be fought with sticks and stones." – **Albert Einstein**

"There are three ways to get something done; do it yourself, hire someone, or forbid your kids to do it." – **Mona Crane**

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REAL ESTATE NEWSLETTER

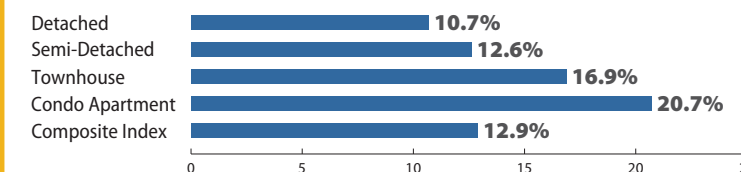
KATERYNA BORYSENKO'S MARKET NEWS

GTA MARKET RESET TO MORE BALANCED CONDITIONS CONTINUES

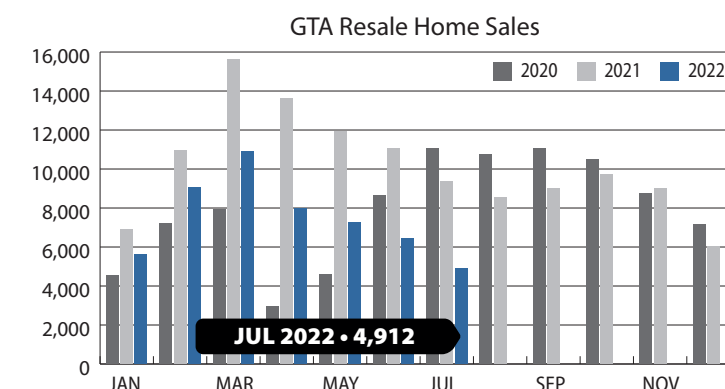
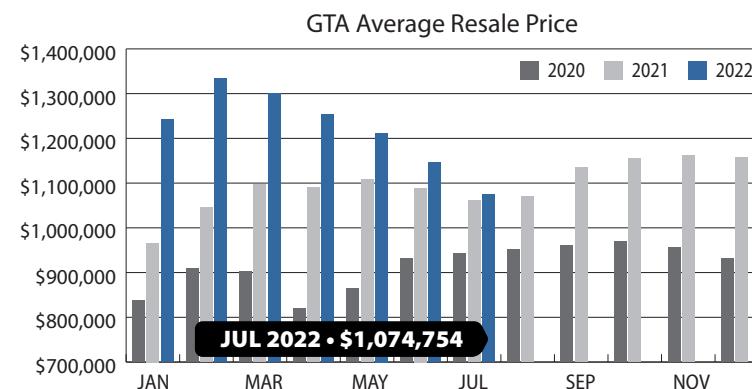
Market Highlights

- July sales totaled 4,912 units - down significantly by 47.4% versus last year
- Average selling price of \$1,074,754 remained 1.2% above the June 2021 level but continued to trend lower since reaching its peak in February
- July MLS® Home Price Index Composite Benchmark was down by 3.9% versus June (continuing its lower monthly trend since reaching its peak in March) but is still up by a sizeable 12.9% versus last year
- Less expensive home types, including condo apartments, experienced stronger rates of price growth as more buyers turned to these segments to help mitigate the impact of higher borrowing costs

MLS® Home Price Index by Segment (versus Jul 2021)



Resale Home Sales	Jul 2022	Jul 2021
-47.4%	4,912	9,339



for more detailed GTA statistics: **KATERYNABORYSENKO.INFO**



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How can you improve your credit rating?

**YOUR CREDIT SCORE IS:
VERY GOOD!**



While it's never a bad idea to keep tabs on your credit rating, you might find that it becomes all the more pertinent when you're looking to buy a house. Having a bad credit score can damage your chances of getting a mortgage or could drive up your mortgage rate or lower the amount you are able to borrow. However, a less than satisfactory credit rating doesn't mean your hopes of home ownership are off the table. Here are a few simple steps you can take to turn things around within weeks.

Find out what affects your credit rating

There's no point sweating over what doesn't matter — find out exactly what can affect your credit score before you go blindly making changes. While we may never know exactly the formula that goes into calculating your credit score, there are a few factors that matter. How long you've had credit; if you regularly miss payments; being close to, at, or above your credit limit; plus any record of bankruptcy or insolvency can all affect your score. Check out the Financial Consumer Agency of Canada for the full list.

Raise your credit card limit

Often, when limits are too low, it's easy to max out your credit card. The higher your credit card limit, the lower your credit utilization rate (just make sure you're not maxing your card out each month). You can increase your credit card limit in one of two ways: raise the limit on your existing credit card or open a new card account. With the latter, make sure

you do your research and don't apply for too many as this will be factored into your credit score.

Pay off your balances strategically

Your credit utilization score is the proportion of your credit limits that you're using at any given time. The aim of the game is to keep this as low as possible, but a good rule of thumb is to make sure you're using less than 30% of your credit card limit. So, if your credit card limit is \$10,000 you should try not to use more than \$3,000 of your credit card limit. Pay your credit card off before the monthly payment cycle or several times to ensure that your balance is always low.

Pay bills on time

This element of your credit card rating builds trust and proves that you can routinely pay off your bills in a timely manner. If you've missed payments, it can negatively impact your score. Luckily, that doesn't mean that the situation is hopeless — organize automatic withdrawals for recurring payments like your phone and electricity so you never have to remember to pay a bill again.

Pay off your debt

This one sounds pretty obvious, but it's worth spelling it out. Carrying a large amount of debt is not appealing to potential lenders. If you have a large debt, come up with a plan to pay it off in a reasonable amount of time and budget accordingly.

Find out your credit score

Perhaps you've assumed the worst or maybe you've heard anecdotally about bad credit indiscretions that mirror your own. Before you panic, find out what your credit rating is and go from there. Credit scores range from 300 to 900 but anything above 600 is generally considered good. While you can only get a firm score when you're in the process of applying for a loan or credit card, "soft credit scores" exist on the internet and will give you a ballpark to work with.



Everything you need to know about Land Transfer Tax

Unfortunately, after you sign on the dotted line, there's plenty more paperwork required before you can move into your new home. One of the biggest expenses during closing is the Land Transfer Tax. Your lawyer will arrange for this to be paid when the deed is transferred over to your name on closing day — but it still doesn't hurt to have some context on what this is, how it's calculated and what you can expect to pay.

What is it?

Land transfer tax is a provincial or municipal tax levied on the buyer when purchasing a property.

Though it may have another name — for example, in B.C., it is referred to as property transfer tax — most provinces require you to pay a land transfer tax. Alberta does not charge a commercial land transfer tax but you will have to pay closing costs and a registration fee when you purchase a commercial property. There is also no land transfer tax in Saskatchewan.

How much will it cost me?

How much it costs depends on the purchase price of your home. Land transfer tax (or property transfer tax) is usually calculated based on the price of the land you purchased and, as a result, it can become very expensive the more valuable your property is. It's an often-forgotten cost but it should be factored into your budget.

How is it calculated?

In Ontario, land transfer taxes are calculated on a scale of the following tax rates. Amounts up to and including \$55,000 at a rate of 0.5%; amounts exceeding \$55,000, up to and including \$250,000 at a rate of 1%; amounts exceeding \$250,000, up to and including \$400,000 at a rate of 1.5%; amounts exceeding \$400,000 at a rate of 2%; and amounts exceeding \$2,000,000, where the land contains one or two single family residences at a rate of 2.5%.

The land transfer tax is uniform across Ontario, except in the City of Toronto. Here, you will have to

pay double the land transfer tax. Toronto is the only city in Ontario to have a municipal land transfer tax — other parts of Ontario only have to pay a provincial land transfer tax.

In British Columbia, tax is charged at a rate of 1% on the first \$200,000 of the purchase price and 2% on the remainder up to and including \$2,000,000. The property transfer tax is 3% on amounts greater than \$2,000,000. For residential properties, a further 2% is payable on any home valued at greater than \$3,000,000.

Fortunately, there are plenty of online calculators that can help you budget for your land transfer tax accordingly.

Are there any exemptions or ways to avoid it?

Though it's pretty unavoidable, there are some exemptions when it comes to paying land transfer tax. If you are a first-time homebuyer, you can be eligible for a partial or full refund. To qualify, you must be at least 18 years old, occupy the home as your principal residence within nine months of the date of transfer, and have never owned an eligible home anywhere in the world before.

Other Ontario exemptions include certain transfers between spouses, certain transfers from an individual to his or her family business corporation, certain transfers of farmed land between family members, and certain transfers of a life lease from a non-profit organization or a charity.

In B.C., first-time homebuyers may be exempt from paying the property transfer tax if the purchase price of their home is priced up to \$500,000. There may also be an exemption when a qualified individual purchases a newly built home at a fair market value of \$750,000 or less.

Other rules and restrictions apply and it's important to check your individual case to avoid paying unnecessary fees.

