

Housing

GST to boost sales before 1991 deadline

KATE GILDERDALE
Correspondent

An upswing of 15 per cent in new home sales in November is seen as an attempt by consumers to beat the proposed Goods and Services Tax deadline of Jan. 1, 1991, according to Frank Giannone, president of the Toronto Home Builders Association.

Over-all November sales totalled 1,269, against 1,103 in October. Of these, 988 were freehold homes and 281 were condominiums.

Freehold sales in Markham were substantially ahead of other localities in the area served by the Association with sales of 388, or 39 per cent of the total. Mississauga was a distant second, with a total of 148.

"As an industry we are pleased to see another rise in sales," stated Giannone, "it boosts the local economy. But we are puzzled by Ottawa's reluctance to even hint at how the GST will now impact on new home purchases. Canadians are already saddled with an inordinate number of tax-related charges and levies. Housing should not be viewed by Ottawa as an easy target for excessive taxation."

The November resale market showed little change, according to Michael Rosen, president of the Toronto Real Estate Board. "Both the number of sales and the average price were down slightly in November," he said. "But a sales adjustment of less than five per cent is certainly nothing to be alarmed about. Minor fluctuations are common in an otherwise stable market."

Uncertainty over taxation and the approaching holiday season have had a levelling effect on the market, he pointed out. He expressed concern about the effects of the proposed GST. "A five-per cent tax on resale housing would dash the dreams of many prospective homeowners and prevent them from realizing the sense of security that comes from owning a home."

Total resales in Markham between Jan. 1 and Nov. 30 were 1,949, with an average price of \$320,891, compared with an overall average of \$273,708 for properties listed in the TREB area. Sue Meadows of Century 21's Markham office predicts that resales will take off next spring.

"The market is usually slower at this time of year because people are thinking of Christmas, but I think it's also soft because they're so confused about the tax situation," she commented. "No one is coming out and saying what it will be, so they don't know what to do." She believes that the market will be open up when people know where they stand. "They're holding back until the spring, but if too many people do that, you end up with a glut."

She advises those who are considering a move "to get a good real estate agent and listen to what the agent says." That advice is echoed by Leslie Cavender at Sadie Moranis. "The best thing is to proceed with caution. People should make sure they have all the information necessary to help them make the move. A real estate expert is the person to help them obtain all the information."

November has been stable she said, "and if we look at history, generally the first few months of the year are very good. We have no reason to suspect that this

year, the indications are that we'll have a good 1990."

The uncertainty surrounding GST has caused confusion with some people believing it's already in effect, noted Cavender. She agreed that, if the tax is implemented, it could increase activity in the market next year. "Most people are going to want to make their move and be closed on that other property prior to 1991. If it (GST) does take place, who knows what will happen in 1991?"

Dana Richard of Min Com Classic Realty says the outlook for the next few months is

"anybody's guess. In September we thought it was going to pick up, but it ended up by actually dropping off. In November it did go up a bit, but now we're close to Christmas it's dying down." He, too, believes GST will be an important factor in what happens next year.

If housing is affected, he said, "in the early spring, they're going to try to sell their house and move up, before they have to pay it. Right now, it's a wait-and-see situation." Sales for December at Family Trust's Unionville branch "are doing better than they were in November," stated

Linda Killackey. "It's already looking quite strong."

With TREB statistics showing January and February as the busiest months traditionally, "we're looking forward to a healthy market in the New Year." Generally, she advised, "anything that's well priced seems to be selling okay." While prices are down marginally, "there's a lot of fluctuation in different areas. Prices have remained fairly stable considering that it hasn't been such a great market this year."

Joe Katz at Living Realty expects the market to pick up in the

second week of January and to stay strong through March. "I expect new home prices to be stable and the new home market to be brisk prior to the GST in 1991," he observed. "The new home people are offering reduced mortgages and special packages to motivate vendors into buying new homes."

With the advent of GST looming, seasonal adjustments might not be as prevalent in 1990 as in previous years, he added. "I think the market will be somewhat strong until 1991." He envisions a drop in new home prices once the tax is in place.

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