

TORONTO REAL ESTATE BOARD PROVIDES INPUT AND REAL ESTATE MARKET OUTLOOK TO CITY OF TORONTO BUDGET COMMITTEE ON HEELS OF MUNICIPAL LAND TRANSFER TAX 2018 DEFICIT

TORONTO, ONTARIO, February 7, 2019 –The Toronto Real Estate Board (TREB) will be making a presentation to the City of Toronto’s Budget Committee, today, as part of the City’s consultations on its 2019 budget. TREB’s input, and outlook for the 2019 real estate market, comes on the heels of the City reporting a deficit in projected Municipal Land Transfer Tax (MLTT) revenue for last year’s budget.

“The timing of these public hearings is perfect as, just yesterday, TREB released our fourth annual Market Year in Review & Outlook Report, which provides a snapshot of the recent and upcoming real estate market. This is particularly interesting given the City’s reliance on revenue from the MLTT, which fluctuates with the state of the market,” said Gurcharan (Garry) Bhaura, TREB President.

TREB will be briefing the City’s Budget Committee on projections for the 2019 real estate market, and note that it expects,

- 83,000 sales to be reported through TREB’s MLS® System, a 7.2% increase compared to 2018, but well below the highs of 2016 and 2017;
- slightly tighter market conditions, which will support a moderate pace of price growth in 2019 increasing the average GTA selling price 4.2% to \$820,000;
- the number of new listings to remain relatively flat; and,
- the rental market to remain tight.

“We realize that market predictions are of particular interest to Toronto City Council because of the City’s reliance on the MLTT, so it is important to note that while we strive to provide accurate data, we can never be 100 per cent certain of future market outlooks,” said Mr. Bhaura.

“Interestingly, this highlights the vulnerable position that the City’s budget is in by relying on the MLTT. As we saw in 2018, the MLTT revenue is projected to end the fiscal year about \$75 million under budget.”

TREB is recommending that the City reduce its reliance on this revenue stream. This can partly be accomplished by providing more relief for first-time buyers through an increase in the first-time buyer rebate to re-establish its purchasing power which has eroded over the last 11 years as average prices have increased, resulting in most first-time buyers paying MLTT. The MLTT should also be adjusted so that the higher rates are not applied on below average-priced homes, as is currently the case.

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“Not only would TREB’s recommended changes facilitate fair and prudent budgeting, but they would also help address the housing challenges currently being experienced by many Torontonians. Housing issues are top of mind for consumers, which is no surprise as housing supply remains a challenge. We look forward to working with City Council on broad-based strategies to address this, as we have many ideas on ways to increase housing supply in the City,” said Von Palmer, TREB’s Chief Communications and Government Affairs Officer.

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