



PRESS RELEASE



Canadian Mortgage News - National Archive 2007

Canadian Boomer Resilience: 84% Not Scared Off Real Estate Despite U.S. Housing Downturn

21% of Canadian baby boomers plan to make a real estate purchase in the next three years, according to a recent Mortgage Intelligence survey

OTTAWA, Ontario, October 30, 2007 — The tax changes outlined in the federal government’s economic statement are one step in helping Canadians buy a new home, but The Canadian Real Estate Association says the government should include other initiatives in the next federal budget, including the outstanding election promise of addressing capital gains taxes.

“The one per cent cut in the GST will provide savings to new home buyers,” says CREA CEO Pierre Beauchamp. For example, using the sliding GST scale that applies to the cost of new homes, a buyer of a \$375,000 house in British Columbia would save \$2, 738.

“The one per cent reduction in the GST will also help Canadians pay for home renovations, or in the purchase of appliances or furniture,” Mr. Beauchamp added. According to research conducted by CREA, Canadians spend an average of \$7,475 on renovations when they buy a home, and spend another \$3,950 on furniture and appliances. The GST cut represents \$114 in savings based on these averages.

“But there are other potential measures the government could have considered that would help Canadians buy a home,” Pierre Beauchamp noted. The Canadian Real Estate Association has proposed two other tax measures to the federal government. One would help first time homebuyers, and the other would encourage investment in rental properties.

The Association has recommended the federal government increase the personal maximum withdrawal allowed under the Home Buyers’ Plan to \$25,000 from the current level of \$20,000. The current level has not been adjusted since the plan was launched in 1992. The adjustment, according to CREA, would at least keep the Home Buyers Plan in step with inflation.

REALTORS® are asking the federal government to amend the Income Tax Act to provide real property investors with the freedom to change asset classes without the financial penalties they currently face. Under our proposal, this would be achieved by allowing property investors to defer the capital gains tax and the capital cost allowance recovery on the sale of an investment property when the funds are reinvested into another within a specified time period.

“This change would allow investors to grow their real property investments, provide flexibility to their investment strategies, and encourage the upkeep of renovation of investment properties,” Pierre Beauchamp added. The Canadian Real Estate Association (CREA) represents the interests of over 94,000 members who are active in all aspects of the real estate industry. For most Canadians, ownership of a home is their biggest investment and the key to financial wellbeing. CREA members advise and assist Canadians in buying and selling homes.

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