



Real Estate Talk:
New foreign purchase rules

Description

A look into the upcoming two-year ban on foreign residential investment

By **Joseph Marovitch**

November 23, 2022

I have been asked many times about the upcoming two-year ban on foreign residential investment, so here it is.

The Federal government is implementing a **ban on Canadian residential purchases by foreign buyers** for a two-year period **as of January 1, 2023**. This ban was meant to curb foreign investment during the pandemic when interest rates were between 1.2% and 2.5%, in a time when demand was extremely high and supply very low.

The Federal government is implementing a ban on Canadian residential purchases by foreign buyers for a two-year period as of January 1, 2023.

During the pandemic, Canadians were having a difficult time finding a place to live while foreign and domestic speculators were buying property as an investment, with basically free borrowed money. It is during the pandemic that the ban should have been implemented.

Now that rates and inflation are up, causing the market to lag, and corporations have little incentive to invest, this ban will only make it more difficult for the real estate market.

Regardless, the ban is in effect as of January 1, 2023. The following real estate is not for sale to foreigners:

- Singled detached home
- Attached homes



- Duplexes
- Triplexes
- Quadruplexes
- Multi-residential income property
- Residential condominiums

Both foreign investors and Canadians (i.e. brokers) who assist foreigners in purchasing Canadian residential property are subject to \$10,000 fines, and the sale will be automatically cancelled. As well, real estate brokers who assist non-residents in the purchase of residential property for foreigners, in violation of the law, may be subject to further fines and penalties.

'Both foreign investors and Canadians (i.e. brokers) who assist foreigners in purchasing Canadian residential property are subject to \$10,000 fines, and the sale will be automatically cancelled.'

The law does not apply to the following:

- Canadian citizens
- Permanent residents
- Persons registered as Indians under the Indian Act
- Temporary residents under the conditions of the Immigration and Refugee Protection Act
- Non-Canadians who purchase residential property with their Canadian spouse or common-law partner
- Corporations incorporated under federal or provincial law unless controlled by foreign corporations or foreign individuals
- Foreign state purchase for the purpose of diplomatic residence and consulates

As this law, which is only in effect **until December 31, 2025**, will be new, there may be changes to come. The ban may be changed or reversed should we enter a recession, which it may help to create.

The information I provide in these articles is a summary. Should you have questions or comments, please refer to the comments section at the bottom of the page. As well, to view past articles, [click here](#).

Next article: **The best months to sell**

State of the market

CPI today (inflation rate) 6.9%
TD 3-year fixed closed 5.95%

According to a recent article in the *Financial Post*, dated November 21, 2022, home sales rose 1.3% in October, and it is stated to be the first gain since February 2022. Some economists are taking this as a sign the market is turning around and that sellers are tired of waiting for interest rates to drop before placing their homes on the market. This is a blip, not a strong sign of anything yet.

'Right now, real estate prices are falling. It is possible to purchase properties at a discount if the buyer has cash or can handle the interest rates and carrying costs.'



There are too many external factors at play to make a prediction. The world is in flux as war wages, world politics are in turmoil, and the environment plays havoc with all our plans. These issues affect world markets, our economy, inflation, interest rates and the supply chain.

We can only know what is right now. Right now, real estate prices are falling. It is possible to purchase properties at a discount if the buyer has cash or can handle the interest rates and carrying costs. The alternative is to remain in the property until the market corrects itself or rent.

Have a great week, stay healthy and remain positive.

Let's not forget that people with cancer are vulnerable too!

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Joseph Marovitch has worked in the service industry for over 30 years. His first career was working with families from Westmount and surrounding areas, hosting children between the ages of 6 to 16 as the owner and director of Camp Maromac, a sports and arts sleep away summer camp established in 1968. Using the same strengths caring for the families, such as reliability, integrity, honesty and a deep sense of protecting the interests of those he is responsible for, Joseph applies this to his present real estate broker career. Should you have questions please feel free to contact Joseph Marovitch at 514 825-8771, or josephmarovitch@gmail.com



Category

1. Article | Real Estate

Tags

1. Joseph Marovitch
2. new foreign purchase rules
3. Real Estate Talk
4. state of the market

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