REAL ESTATE NEWS

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Most Baby Boomers Have No Intention of Downsizing, According to Royal LePage National Survey

Despite the perception that aging Baby Boomers may create an oversupply of traditional single-family homes as they downsize into smaller residences, a new Royal LePage Real Estate survey shows that demand for suburban detached homes remains strong among Baby Boomers and Generation Y.

The poll by Leger Marketing found that of the 40.6 per cent of Baby Boomers (born between 1947 and 1966), who do have plans to move to another primary residence, almost half (43.5 per cent) are looking to purchase another primary residence that is a similar size or larger than their current property. Of the total responses from Baby Boomers who intend to purchase their next primary residence, 66.8 per cent said they will do so in the next five years.

"Baby Boomers are the wealthiest generation in Canadian history. They live in large homes with ample space for their many possessions. They love their garages and their yards. This study clearly indicates that contrary to popular belief, most Boomers do not intend to downsize anytime soon," said Phil Soper, CEO of Royal LePage Real Estate.

Contributing to the desire of Baby Boomers to continue to invest in large, suburban homes is the reality of housing children well into adulthood. According to the survey, a quarter of Generation Y lives rent free because of arrangements with family or friends, but that number climbs to 33.4 per cent in the Prairies, 29.7 per cent in Quebec and 27.2 per cent in Ontario.

"The adult children of Baby Boomers aren't going anywhere fast. Good jobs have proven more difficult for them to find, they're extending their studies and they're living at home. It is no wonder the concept of swapping a family-sized home for a small retreat has lost its luster," said Soper.

Among Baby Boomers who plan to downsize when they purchase their next residence, the most popular reasons are to reduce maintenance (73.7 per cent), free up money for retirement (48.1 per cent) and for travel (30.9 per cent).

Regional Comparisons of Those Planning to Move

Regional Generation Y comparisons showed that more Ontarians and Albertans place importance on being close to the city's downtown area or town's core than Quebecers and those from the Prairie provinces. Likewise, a gym or fitness centre is more important to Ontarians, Albertans and British Columbians than it is to Atlantic Canadians or Quebecers. Atlantic Canadians also place less importance on proximity to public transportation, restaurants or entertainment than Generation Y living elsewhere in the country.

When comparing Baby Boomers across Canada, Ontarians, Quebecers and Albertans are more likely to choose a home in the country than British Columbians. More Baby Boomers from British Columbia value being close to public transportation when purchasing a home than those from Ontario and Alberta. In addition, there are no significant regional differences comparing Baby Boomers who want to upsize, downsize or continue to live in a similar sized property.

Ottawa Resale Market Up from January

Members of the Ottawa Real Estate Board (OREB) sold 914 residential properties in February 2013 compared with 1,008 in February 2012, a decrease of 9.3 percent. There were 602 home sales in January 2012.

"It is clear that the Ottawa resale market has slowed down in comparison to this time last year," said OREB's President. "The government was successful in its quest to "cool down" the market. However, if we look at this month's sales, in comparison to last month's sales, the market seems to be picking back up as we approach the busy spring season – 315 more homes were sold in February, over January, even with three fewer days" he added.

The average sale price of residential properties, including condominiums, sold in February in the Ottawa area was $346,774, a slight decrease of 1.1 per cent over February 2012. The average sale price for a condominium-class property was $264,953, a decrease of 3.1 per cent over February 2012. The average sale price of a residential-class property was $373,337 a slight decrease of 0.6 per cent over February 2012.

"Even with the slight decline in sales year-over-year, Ottawa continues to be a great place to buy and/or sell your home," added OREB's President.

Call today for real estate advice and information!

How your home can save you at tax time

Your home—and the mortgage you carry—is the single largest investment you will probably make. The good news is you can also save money at tax time with these 7 tips.

Unlike our U.S. neighbours, we can't claim the cost of our home as a tax deductible expense. But that doesn't mean you can't save at tax time. Here are seven tips on how to save money, using your home, this tax season.

1) Sell, make a profit, and don't pay a nickel in taxes. Most people are already aware that any capital gain on the sale of your principal residence is considered tax-free profit. But in order to not step out of bounds with the Canada Revenue Agency make sure you and your family unit only designate one property as a principal residence.

A family unit, for tax purposes, consists of you, your spouse (or common-law partner) and any unmarried children under the age of 18.

Ordinarily you have to inhabit a place regularly to call it your principle residence, although there are options to designate a recreational property as a primary residence. This is best done when there's been little appreciation on your city-home, but a spike in value on your cottage. But talk to a tax specialist to confirm the best way of going about this.

2) Get a 15-year tax-free loan from yourself. The Home Buyer's Plan allows you to borrow, tax-free, up to $25,000 from your RRSP for the purpose of buying or building a home. The great news is that each half of a couple can withdraw up to $25,000, tax-free, from their own RRSPs. But you must be first-time homebuyers. And you cannot have owned or occupied your own home up to four years before the year you made the withdrawal.

You will be required to pay 1/15th of the loan each year for the next 15 years. But there will be no interest charges and no taxes incurred.

3) Cash in on being a first-time homebuyer. In 2009 the federal government introduced a new tax credit for first-time home buyers: o If you buy a home and you and your spouse haven't owned a home in the last five years then you are entitled to a tax credit. The maximum credit is worth $750 and may be claimed by either spouse, or both, as long as the total doesn't exceed $750.

4) Live the dream and work from home. By creating a home-based business—even a part-time business—you are entitled to claim a deduction for a portion of home costs. This includes: mortgage interest, property taxes, utilities, repairs, landscaping and maintenance costs.

Just remember that you have to have a reasonable expectation of profit in order for the business to be legitimate, according to the tax man.

5) Make your home pay you. Another way to claim a deduction for a portion of home costs is to rent out a room or part of your residence to a tenant.

Your property is still considered your principal residence (even it's used to earn income) as long as the revenue-generating portion of your home is not the main use of your home.

Also, don't make any structural changes to your home or claim any capital cost allowance deductions.

6) Move to get a bigger tax deduction. If you move 40 kilometres closer to work or school and you could be eligible for some serious deductions.

That's because almost every expense associated with moving can be deducted. This includes the cost of selling your old home and purchasing your new home, including realtor commissions, legal fees, even your mortgage penalties are dollar-for-dollar tax deductible.

You can also deduct all travelling expenses, such as fuel and maintenance for your car as well as transportation and storage costs, including insurance, for your household effects. This includes up to 15 days of meals and temporary accommodation, while travelling to the new home, as well as the cost of revising legal documents, such as driver's license or utility hook-ups.

But be forewarned: a teammate on my brother's hockey team, who is also a tax lawyer, confessed that the deductions can be so lucrative that people who claim moving expenses will often get red flagged by the CRA. Of course, if everything is above board, a little scrutiny may be worth it for a $5,000 or more tax deduction.

7) Renovate for medical reasons. If you have mobility issues and you require renovations you may be able to claim this expense. Just remember that medical expense reimbursements need to fall within a 12-month period ending in the current tax year.