



Home Away from Home

Tom Lebour

TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO SUN

August 7, 2009

Statistics show that Greater Toronto Area residents are excited about real estate again. July's 9,967 sales set a best monthly record, up 28 per cent year over year. The previous month also set a record for June, up 27 per cent from the year prior.

We're even seeing signs of life in the United States resale housing market. In July, the National Association of REALTORS® reported that pending home sales rose for the fourth consecutive month. Existing home sales also increased, for the third consecutive month, with available inventory easing and prices remaining low.

This means that if you're comfortable with your residence here at home, now is an opportune time to invest in a vacation property south of the border.

Florida alone welcomes hundreds of thousands of Canadians each year, with many snowbirds taking advantage of United States government provisions that allow us to spend up to six months a year there without having to fulfill visa requirements. That's plenty of time to enjoy homeownership in a warmer climate.

While current market conditions are favourable to making a foreign investment, a number of other factors should also be taken into consideration.

The exchange rate is another important detail. The value of the Canadian dollar against other currencies changes daily. Whether you're planning to buy in the United States or further abroad, look for places where the currency is weak or on par with our dollar to achieve optimal purchasing power.

Healthcare is also a consideration. If you stay away longer than six months you could lose access to medical coverage here at home. As well, our healthcare system will only cover part of out-of-country expenses for accidents and illness. Short-term travel insurance is inexpensive but long-term coverage can be costly.

Depending on the structure of your home, property insurance could also be less accessible, which is a

significant issue given that some locales routinely experience severe weather.

In certain places abroad, property can come with inherited debt, so it's important to ensure that you clearly understand all agreements, particularly if they are in a foreign language. Be aware as well, that depending on where you choose to buy, you may pay higher property taxes than local residents. These are just two examples of why it's important to research the regulatory aspects of the region in which you choose to buy.

It's important to build a team of professionals to guide you through the process, beginning with a REALTOR®. A Greater Toronto REALTOR® can help you begin the process by providing a referral to a local expert. It's also important to enlist the services of a lawyer and a surveyor, to be clear on your property rights, and a tax expert, to take full advantage of government programs for homebuyers.

Establishing these important contacts will also help you to gauge other key characteristics like the cost of living, attitude toward foreigners and the crime rate.

Once your transaction is complete, be sure to set up automatic withdrawal processes in your foreign bank account so that oversights don't jeopardize your home ownership.

Despite the financial planning and awareness of regulatory issues required, buying a vacation property abroad has its share of rewards.

Even taking into account the capital gains tax that is payable when you sell your home away from home, buying a foreign property can bring a healthy return on investment and years of enjoyment to your life. To find out more, talk to a REALTOR® and visit www.TorontoRealEstateBoard.com.

Tom Lebour is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area.