

Survey reveals widespread HST misconceptions in real estate market

Harmonized tax having greater impact on housing market than rising interest rates

A recent **Royal LePage Real Estate Services** survey revealed that Ontarians and British Columbians have misconceptions about how the harmonized sales tax (HST) affects real estate transactions.

When respondents were asked to provide examples of comments heard from buyers and sellers regarding the HST and its effect on the housing market, almost half of the comments (46.7%) indicated

that confusion about the HST remains, more than a month after its introduction.

Among the most common responses to the survey's open-ended questions were that many home buyers incorrectly believe the HST applies to the sale price of resale properties. Nearly half (43.9%) of the 765 real estate agents polled in Ontario and B.C. said the HST that took effect in both provinces July 1 is having the greatest effect on the cooling

residential real estate market, compared with just 28.4% who cited rising interest rates as having the greatest effect.

In all, more than 86% of respondents said the HST is affecting their business.

The HST applies to the purchase price of a newly built home and fees for services and commissions associated with any real estate transaction, but it does not apply to the purchase price of resale homes. Resale homes make

up the bulk of transactions in the Canadian housing market, and the majority of agents surveyed by Royal LePage indicated that new-home sales account for less than 10% of their business.

"We wanted to understand the impact HST has had since it was introduced, and what we found is that there is a need to better educate home buyers and sellers to ensure they understand when the HST is applicable," said **Phil Soper**,

president and chief executive of Royal LePage Real Estate Services.

Nearly one-quarter (24.1%) of survey respondents said home buyers and sellers have a low level of awareness about how the HST applies to a home sale transaction; 44% said buyers and sellers are only somewhat aware.

"While we predicted that the prospect of rising interest rates would put a damper on the housing market, our agents

are finding that the HST is having the greater impact on buyer behaviour, at least in the short term" said Soper. "Realtors are there to help guide

"We need to do more as an industry to educate consumers about the HST"

- Phil Soper,
president,
Royal LePage Real
Estate Services

buyers and sellers through the often complex negotiation and closing process, so our takeaway from this survey is that we need to do more as an industry to educate consumers about the HST." ■
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REAL ESTATE ROUNDUP

PETER MITHAM

East Side neighbourhoods getting major makeovers

Branching out

When the hoarding came off **Salient Group's** properties on Water Street last fall, Salient principal **Robert Fung** said it was the first time in a decade the historic Gastown streetscape enjoyed full exposure.

"We'd got through this really tumultuous time for Vancouver and the East Side economically and socially.

"There had been so many changes," he said.

The completion of Salient projects such as Terminus and Garage brought new residents to the area, street-level retail units created opportunities for new businesses that fuelled the vibe of a district a stone's throw from the **Woodward's** complex and the area was no longer marred by works in progress.

"There's a dynamic of people that have come into the neighbourhood and love it for what it is," Fung said.

"There's no question that perception has been buoyed by Woodward's. It's brought a lot of people into the area."

Woodward's, as well as other smaller projects by **Jon Stovell's Reliance Holdings Ltd.** and **Steven Lippman** (who is active on the south side of Hastings opposite Woodward's) are also contributing to the area's revitalization as space opens up for offices, retailers and residents.



Resident feedback: Vancouver's East Side neighbourhoods have a vibrant community spirit, and residents wanting to make sure developers don't ruin the vibe in harnessing it to sell new projects have been busy defacing development signage

"We've created the restaurants, we've created the interesting area, we've created the smaller, high-quality projects that have filled in the niches," Fung said.

But further changes are ahead: Lippman's redevelopment of 116 West Hastings and Salient's own launch of the Paris Annex, a 17-unit follow to the 29-unit Paris Block that was completed last year, will further change the neighbourhood.

Still, if the projects are renewing area stability after an era of instability, they're doing so in spite of their own uncertainties. Original plans for the Paris Annex in 2007 called for units of 700 square feet starting in the mid \$300,000s.

When the sales centre opens next month, units will run from 659 to 1,127 square feet and start at \$370,000.

Greening up

Salient Group also has a property it plans to redevelop on the Carrall Street greenway.

City workers are busy putting the finishing touches on the greenway, which

will connect Gastown to False Creek with dedicated space for pedestrians, bikes and motor vehicles. Signs of the project have been evident for several years as the neighbourhood through which it runs has been redeveloped. Pigeon Park, at Hastings and Carrall, reopened last November, and businesses along the route have been sprucing up their operations in anticipation of its completion.

"We've seen quite a bit of revitalization and a reinvigorated level of activity in and around that corridor," said **Scott Edwards**, manager of greenways and neighbourhood transportation for the city. "The fact that the facelifts are going on in public and private spaces is good to see."

While he couldn't quantify the level of investment, Edwards said the improvements underscore the stimulus the greenway

project has given to investment in the area.

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Mount unPleasant

Meanwhile, discontent is rising in Mount Pleasant.

With fires gutting key blocks, developers erecting shiny new towers as if the boom never went bust and city planning processes preparing the area for future rounds of densification, locals are striking back.

Amacon and **Concord Pacific** are among the developers whose signage has been struck, as street

artists lash out against attempts to harness the appeal of the area to marketing engines. Spray paint has emended hoarding at Amacon's South Main District to send the message that it's "just Main," while signage announcing Concord Pacific's development Uptown at East 12th and Prince Edward has drawn the tag "gentrifier." (Uptown is what city planners are billing the area in the new Mount Pleasant Community Plan.)

Concord Pacific isn't alone; the "gentrifier" tag is also on the former bank building at Main and Broadway, which is being fixed up for a **Tim Hortons** coffee shop many locals don't want. The structure is a survivor of the November 12 blaze that took out several local businesses, including the popular **Slickity Jim's** restaurant. ■
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