

INTERNATIONAL REAL ESTATE

House Hunting in Canada: A Victorian Italianate Jewel Outside Toronto

Rising interest rates are beginning to make an impact on the housing market in Canada's biggest city, with sales slowing and prices dipping.

By Lisa Prevost

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A Four-Bedroom Italianate House Near Toronto

\$1.98 MILLION (2.495 MILLION CANADIAN DOLLARS)

This four-bedroom [house](#) with a distinctive central tower sits on a hill in the historic town of Port Hope, about an hour east of Toronto, on the north shore of Lake Ontario. Built in 1875 by the proprietor of a billiards saloon, the home is known as one of the “three sisters” — brick homes of similar late-Victorian design aligned in a row above Augusta Street — said Martha Grant, an agent with the Heaps Estrin Team, which has the listing.

The current owners “have never stopped working on this property since they bought it in 2014,” Ms. Grant said. “It’s been a labor of love for them.”



The foyer, currently used as a dining area, has a bay window and a curved wood staircase. Mitch Fain



Through double doors from the foyer, the formal living room has a fireplace and access to the garden. Mitch Fain

Because the home is designated as a heritage property, under the Ontario Heritage Act, any alterations to the exterior require approval from the municipality. Port Hope, which was a bustling center of trade during the late 19th century, has more than 200 heritage properties.

The red double-doors at the home's main entrance are topped by a decorative arched lintel. They open into a narrow hallway that leads to the main foyer (currently used as a dining area), with a large bay window overlooking the street and a curved wooden staircase. All of the first-floor rooms have 11-foot ceilings, Ms. Grant said.

To the right, another set of double doors opens to the formal living room with a fireplace. French doors at the back of the room open to the garden.

Through an arched hallway beneath the staircase, the family room adjoins the eat-in kitchen, where the wood cabinetry is original to the home and has been fully restored, Ms. Grant said. The kitchen also has a vaulted ceiling, soapstone countertops, in-floor heating and a second staircase. It can be accessed from the back entrance.

On the second floor, the primary bedroom has a wall of closets and shares a large bathroom with another bedroom, currently used as an office. A reading nook in the tower space has floor-to-ceiling shelving and a small balcony.

Two more bedrooms and a bathroom with a claw foot tub are on the third floor. The tower nook on this floor has views of Lake Ontario.



Through an arched hallway beneath the foyer staircase, the family room adjoins the eat-in kitchen. Credit...Mitch Fain

A side door in the front entry hall opens to the wraparound porch. The professionally landscaped grounds, roughly a half-acre, include a large patio in back and stone walls that were hand-laid by a local stone artist, John Shaw-Rimmington.

Located at the west end of Northumberland County, Port Hope is home to Trinity College School, one of Canada's oldest private boarding and day schools, and the Capitol Theatre, a National Historic Site. Because the town sits at the mouth of the Ganaraska River, it is a popular destination for anglers.

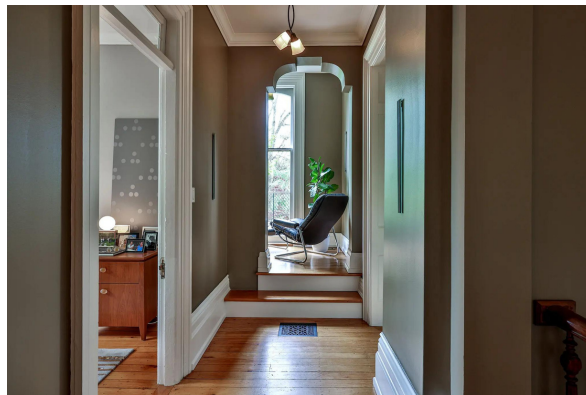
The property is within walking distance of downtown shops, cafes and restaurants, Lake Ontario and the train station. Pearson International Airport is about an hour and 15 minutes by car.

Market Overview

With a regional population of around seven million, the greater Toronto area, in the province of Ontario, is one of the most expensive housing markets in Canada.

"If somebody comes to us with a million-dollar budget for a detached house, it is very tough to find them something," said Brendan Powell, the broker of record for the BREL Team/Bspoke Realty Inc. "We sold a house of less than 1,000 square feet on a small lot on the eastern side of the city last week for just under a million."

A high rate of immigration into the region and an insufficient supply of housing have driven extraordinary price growth over the past decade, said Jason Mercer, the chief market analyst for the Toronto Regional Real Estate Board. Ontario is Canada's leading destination for immigrants, the majority of whom settle in the greater Toronto area. In the first 10 months of 2021, almost half of Canada's 313,880 new permanent residents arrived in Ontario, according to Immigration, Refugees and Citizenship Canada.



On the second floor, the hall leads past a bedroom to a raised reading nook in the tower space with floor-to-ceiling shelving and a small balcony. Credit...Mitch Fain

In the past few months, however, the housing market has begun to slow in response to rising interest rates. Since March, the Bank of Canada has raised its policy interest rate by 175 basis points — the equivalent of 1.75 percent — in an effort to contain inflation. “You do see some households take a bit of a step back as they have to reposition themselves in the market,” Mr. Mercer said. “It may be they need to find a less expensive home, a different location, or time to save up more of a down payment.”

Added Mr. Powell, “We’re in a pause — things have changed a lot in the last month.”

The real estate board reported 7,283 sales in the greater Toronto area in May, down 39 percent from May 2021, and down 9 percent from the previous month. The overall average selling price for all property types was 1.21 million Canadian dollars (\$962,000), down roughly 7 percent over the previous two months.

The two trends suggest a more balanced market, which should allow for “a little more negotiating power for people still active in the marketplace,” Mr. Mercer said.

Toronto’s prime central neighborhoods, including Rosedale, Lawrence Park and Forest Hill, remain highly competitive, as they have a chronic dearth of available homes, said Cailey Heaps, the president and C.E.O. of the Heaps Estrin Team. According to the real estate board, a detached house in the city currently averages just under 2 million Canadian (\$1.59 million), while a condo averages around 800,000 Canadian (\$635,000).

In addition, the luxury market in general continues to perform “exceptionally well,” Ms. Heaps said. “Buyers understand the scarcity of the product they’re looking for.”

In Port Hope, the average selling price for the 38 homes sold in April and May was 909,000 Canadian (\$723,000), a 28 percent increase over a year ago, according to Zolo, a real estate listing site.



On the second floor, the primary bedroom has a wall of closets and large windows. Mitch Fain



It shares a large bathroom, with a glass shower and soaking tub, with another bedroom. Mitch Fain

Who Buys in Toronto

Despite the region’s high rate of immigration, fewer than 4 percent of properties in Toronto are owned by non-Canadians, Mr. Powell said.

Foreign buyers come from around the world, including the United States, China, India, Europe and the Middle East, agents said.

“Chinese buyers are having a harder time getting their money out of China right now so we are seeing a slowing of those buyers,” Ms. Heaps said.

Buying Basics

There are no restrictions on foreign buyers in Canada — for now. Housing affordability is currently a hot-button political issue, and the national government has proposed a two-year moratorium on foreign buyers as a way to bring down home prices for residents, Mr. Powell said.

Foreign buyers anywhere in Ontario must pay a “speculation tax” of 20 percent on the purchase of property. That’s on top of the provincial transfer tax paid by all buyers; the rate ranges from 0.5 to 2.5 percent, based on the value of the property. In addition, buyers in the city of Toronto must pay a municipal transfer tax of roughly the same amount. “You’re basically double-taxed in Toronto — it’s your biggest cost when you’re buying,” Mr. Powell said.

Buyers and sellers hire their own lawyers. The agent’s commission, paid by the seller, varies throughout the area. percent increase over a year ago, according to Zolo, a real estate listing site.



The professionally landscaped grounds, roughly a half-acre, include a large patio in back and stone walls that were hand-laid by a local stone artist, John Shaw-Rimmington. Credit...Mitch Fain

Websites

- Toronto tourism: destinationtoronto.com
- Port Hope tourism: visitporthope.ca/en
- Port Hope heritage properties: heritageporthope.com

Languages and Currency

English; Canadian dollar (1 Canadian dollar = \$0.79)

Taxes and Fees

Annual property taxes on this property are 7,282 Canadian (\$5,790), Ms. Grant said.

Contact

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