

BUYER'S GUIDE

Buying a Home: What Expenses to Expect

The complete cost breakdown for Ontario buyers



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INTRODUCTION

Most buyers focus on the down payment — but in Ontario, closing costs can add another \$20,000 to \$50,000+ depending on the purchase price and municipality. Knowing what's coming before you make an offer is the difference between a smooth closing and a last-minute scramble for cash.

01 Ontario Land Transfer Tax (LTT)

This is one of the biggest closing costs and one that many buyers underestimate. Ontario's LTT is calculated on a sliding scale: 0.5% on the first \$55,000; 1.0% up to \$250,000; 1.5% up to \$400,000; 2.0% up to \$2,000,000; and 2.5% above that. On an \$800,000 purchase, Ontario LTT is approximately \$12,475. First-time buyers receive a rebate of up to \$4,000.

02 City of Toronto Land Transfer Tax (Toronto Buyers Only)

If you're purchasing within the City of Toronto boundaries, you pay a second land transfer tax on top of the provincial one. The Toronto LTT mirrors the Ontario rates. On an \$800,000 purchase, the Toronto LTT adds another ~\$11,725. Combined with the Ontario LTT, that's over \$24,000 in land transfer taxes alone. First-time buyers get a City of Toronto rebate of up to \$4,475.

03 Legal Fees and Disbursements

You are required to have a real estate lawyer in Ontario to complete the transaction. Typical legal fees range from \$1,500 to \$2,500 for a straightforward purchase, not including disbursements (registration fees, title searches, couriers, etc.) which typically add another \$300 to \$600.

04 Title Insurance

Title insurance protects you against defects in the title — things like unpermitted work, survey issues, or fraud. Most Ontario real estate lawyers include title insurance in their quote. Expect to pay approximately \$200 to \$400 for a residential property. It's one of the most cost-effective protections you can buy.

05 CMHC Mortgage Insurance

If your down payment is less than 20%, you are required by law in Canada to purchase mortgage default insurance through CMHC, Sagen, or Canada Guaranty. The premium ranges from 2.8% to 4% of the mortgage amount depending on your down payment percentage. This can be added to your mortgage, but you'll also pay HST on the premium (roughly \$500 to \$1,500) at closing.

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Home Inspection

A standard home inspection in the GTA runs between \$450 and \$700 depending on the size and age of the home. It's paid directly to the inspector, typically the day of the inspection. For condos, some buyers also add a status certificate review with a condo lawyer (~\$200 to \$300).

07

Property Tax Adjustment

On closing, your lawyer will calculate a property tax adjustment based on the taxes the seller has already paid for the year. If the seller has prepaid taxes beyond the closing date, you'll reimburse them at closing. Budget for an adjustment of anywhere from a few hundred to a few thousand dollars.

08

Home Insurance

Lenders require proof of home insurance before your mortgage funds. Annual premiums in Ontario for a detached home typically range from \$1,200 to \$2,500+ depending on the home's age, value, location, and coverage level. This is paid annually, with the first year sometimes required upfront.

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HST on New Builds

If you're buying a newly constructed home from a builder, HST (13%) is built into the price. However, buyers who intend to live in the home as their primary residence may qualify for the New Housing HST Rebate, which reduces the net tax payable significantly. Consult your lawyer or accountant to confirm your eligibility before assuming you'll receive it.

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Moving Costs and Setup

Don't overlook the practical costs of the move itself. Professional movers in the GTA typically cost \$1,500 to \$4,000+ for a local move depending on the size of your home. Add utility deposits, immediate repairs, appliances, and initial home supplies, and it's not uncommon for the first few weeks in a new home to cost another \$2,000 to \$10,000.

Ready to take the next step?

Let's talk about your situation. I work with buyers across the GTA and specialise in helping people make confident, informed decisions in this market.

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