

Non-buyer's remorse: Toronto sellers frustrated as home buyers tack on demands



Sandra Jackson

cell 416-579-7862
SJ@SandraJackson.biz

 ctvnews.ca

Meredith MacLeod, CTVNews.ca

Published Friday, August 11, 2017 10:41AM EDT

Some home sellers in Toronto are finding the buyers of their homes are trying to renegotiate the deals just days before closing.

In this rapidly cooling real estate market, some buyers seem to be regretting how much they agreed to pay back in the hot spring sales season. In other cases, buyers aren't able to secure financing because the home they are buying is not worth the price agreed when they signed the deal.

Greater Toronto Area benchmark detached home prices peaked in April and have fallen 8 per cent since then. Home resales in the GTA have tumbled too, dropping 40 per cent in July compared with the same month last year.

And some economists predict there are more months of falling prices in the future.

Seller Rudy Ionides was busy packing boxes for his move this weekend when he received a letter from a lawyer saying the buyers of his home want to adjust their offer. They want to reduce the sale price by \$50,000, extend the closing date to Sept. 7 and have Ionides loan them \$500,000 in a vendor takeback mortgage.



The buyer is telling the family that they need more time and a loan because the buyer of their home is demanding similar terms.

"He's asking me to enter into a contract with him that he will return this money, but he's breaching his contract once already," Ionides told CTV Toronto. "What trust do I have he's not going to breach it a second time?"

Ionides, a father of young children, says he's decided to reject the buyer's new terms, even though he recognizes it may mean having to go through the hassle of relisting his house.

"The repercussions of the house not closing entail us going to court and fighting to get the funds that are owed to us, which is not obviously something that I want to have to deal with."

Buyers who are unable to honour their deals or are turning to the sellers for help create "potential for a domino effect," according to real estate lawyer Jason Gottlieb, who says he's dealt with five similar cases in the last three months.

"I think that the buyers are finding it difficult to come up with the money that they went into the deal and priced the properties at."

There are a number of factors being pointed to in explaining Toronto's real estate shift, which saw the average cost

of home (across all property types) drop from \$920,791 in April to \$746,218 in July – a \$174,573 plunge.

It's believed many sellers, sensing a peak in prices in the spring, jumped in to sell their house. As well, an interest rate increase in July may be impacting the ability of some buyers to get the financing they expected.

Ontario also introduced the Fair Housing Plan in April, which includes a 15 per cent tax on real estate purchases by non-resident buyers in the Greater Golden Horseshoe. A similar initiative in Vancouver aimed at cooling rapidly escalating prices due to speculators hit prices initially, but they have recovered.

As well, the summer months are typically a sleepier time for real estate, so some industry watchers say the real trend will only be clear in September.

With a report from CTV Toronto's Natalie Johnson

 *Sandra Jackson*

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