

REAL ESTATE

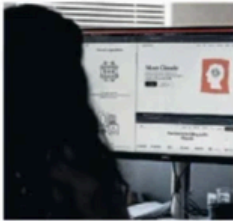
Housing help

Homeowners getting some relief with latest interest rate cuts [B2](#)

ARTIFICIAL INTELLIGENCE

Tech debut

U.S. startup brings safety-first chatbot Claude to Canada [B3](#)



BUSINESS

SPORTS, B4

ECONOMY

Bank cuts key rate to 4.75%

Bank of Canada signals more cuts are on the way after quarter-point drop, the first in four years

JOSH RUBIN
BUSINESS REPORTER

restrictive and reduced the policy interest rate by 25 basis points," the bank said in a news release announcing the move.

The last time the bank cut rates was in March 2020, when it

The Bank of Canada raised

to our policy interest rate," Macklem said. "But we are taking our interest-rate decisions one meeting

INTEREST RATES



Housing experts cheering move

Rate cut gives buyers and sellers alike 'sign that things are starting to flip'

DIANA ZLOMISLIC
HOUSING REPORTER

There are two types of buyers in Toronto's real estate market that will benefit most from the central bank's rate cut on Wednesday.

The quarter-of-a-percentage-point reduction will see opportunities open for first-time buyers who needed a rate drop to qualify for a mortgage, as well as for repeat buyers who have been waiting for the right time to sell and purchase a new home, said Karen Yokevski, chief operating officer for Royal LePage Real Estate Services Ltd.

"It's good news for people," said Yokevski, who predicts a "slow and steady decline" in key interest rates after the Bank of Canada dropped its overnight lending rate to 4.75 per cent from five per cent, its first rate cut since March 2020.

When interest rates rise, home prices tend to drop. When rates go down, prices tend to climb.

"These buyers are looking to purchase their home before prices start to increase because of the drop in rates," Yokevski said.

While a quarter of a percentage point is a small change, housing industry experts say the downward shift — the first in years — sends a big message.

"It's a sign that things are starting to flip," explains Pauline Lierman, vice-president market research for Zonda Urban, formerly UrbanAnalytics. "It's a confidence twister."

Buyers, sellers and realtors alike have shared pent-up frustration over interest rates and the lack of movement in the market since 2022.

Greater Toronto home sales declined 22 per cent in May with 7,013 transactions compared with 8,960 a year earlier. The number of new listings ticked up to 18,612 — a 21 per cent increase year-over-year.

The average selling price of \$1,165,691 was down by 2.5 per cent

over May 2023 but up slightly compared to April 2024, TRREB reported.

Realtor Gillian Oxley of Oxley Real Estate agrees the rate cut will get first-time buyers off the sidelines but it also provides relief at the higher end of the market.

"There's this sense of 'ahhhh, that's over,'" said Oxley. "Everyone was questioning, what's next, what's happening?"

The new luxury tax the City of Toronto imposed on homes earlier this year had a tangible impact on sales, she said. In January, the city began collecting a graduated land transfer tax based on a property's value. The tax ranges from 3.5 per cent on homes that sold for more than \$3 million to 7.5 per cent for homes valued at more than \$20 million.

"I was working on a home sale that was listed just under \$10 million," Oxley recalled.

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RICHARD LAUTENS
TORONTO STAR
FILE PHOTO

Invest in a growing population



DAVID OLIVE
OPINION

Lately the word "immigrant" is associated with a cost-of-living crisis, a housing shortage, and added pressure on already overstressed health-care and education systems.

That hardship is endured by native-born and recently arrived Canadians alike.

But there is another big story here. The record pace of immigration is strengthening the economy.

Even before the surge, in Ontario and B.C. immigrants accounted for about 40 per cent of entrepreneurs, the people who launch the small businesses that employ the largest share of Canada's workforce.

And economists have already reported that in Canada and the U.S. — among the few advanced economies not suffering a decline in population growth rates — strong immigration flows have helped keep both countries out of recession.

Precise numbers on this boom aren't yet available, but estimates of the beneficial impact of immigration are staggering.

In a February report, the U.S. Congressional Budget Office (CBO), a venerable bipartisan data bank, calculated that the U.S. increase in immigration could generate additional GDP growth of \$9.6 trillion by 2033.

New arrivals fill labour shortages, increasing the size of the paid workforce and with it the level of income-tax receipts.

The CBO estimates that immigration will lift government revenue by about \$1.4 trillion in that period.

That will pay for a lot of schools and hospitals.

Immigrants also boost consumer demand.

Ottawa's targets of 485,000 new permanent residents this year and 500,000 in each of 2025 and 2026 are about double the level as recently as 2020.

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MARKETS

S&P/TSX
▲ 22,145.02
+166.84

S&P 500
▲ 5,354.03
+62.69

DJIA
▲ 38,807.33
+96.04

NASDAQ
▲ 17,187.90
+330.86

DOLLAR
▼ 73.01c
-0.08

GOLD
▲ US\$2,375.50
+28.10

OIL
▲ US\$74.07
+US\$0.82

NATURAL GAS
▲ US\$2.76
+US\$0.17

Rate drop provides relief

REAL ESTATE FROM B1

"I thought everyone had come to terms. Then the client asked, 'What's the land transfer tax?' You do the math and it comes out to \$600,000. That's a hard pill to swallow," Oxley said.

The tax "really made that middle-to-high end of the market pause and think: 'Do we have to sell, do we have to move?'"

Some areas of central Toronto along the subway line, she said, saw no sales above \$7 million until March or April. "That was unheard of a year earlier," Oxley said. "Now we're seeing a loosening up."

While Yokelviski thinks it may take another rate cut or two to get buyers into the market with a lending rate between 2.25 and 3.25 per cent, Oxley said people should temper their expectations of how low the Bank of Canada will actually go.

"It's not going to go down to 1.8 per cent," she said. "That's never happening again. That was Disney World."