

Everyone right now is going gaga over preconstruction. The rebates are real, the savings headlines are loud, and the sales offices are buzzing. But before you sign on the dotted line, I want to make sure you have the full picture — because the number on the brochure and the number you actually pay at closing can be very, very different.

This is not here to talk you out of pre-con. It's here to make sure if you go in, you go in with eyes wide open.

The Rebates — What's Actually on the Table

Let's start with the good news, because it genuinely is significant.

The Full HST Removal (April 1, 2026 – March 31, 2027 only)

Ontario and Ottawa have jointly agreed to eliminate the full 13% HST on newly built homes. The federal government is covering its 5% GST share, with Ontario covering the 8% provincial portion.

Purchase Price	HST Savings
Up to \$1,000,000	Up to \$130,000
\$1,000,001 – \$1,500,000	Full \$130,000 maintained
\$1,500,001 – \$1,850,000	Tapers down to \$24,000
Over \$1,850,000	Minimal or no rebate

Critical detail: this rebate now covers first-time buyers, repeat buyers who plan to live in the home, and some investors who plan to rent the unit. It's not just for first-timers anymore.

Development Charges Cut 50% for 3 Years

Development charges have rocketed up nearly 300% for many home types over the past decade. With the new federal-provincial deal cutting them in half, depending on the municipality and project type, buyers can expect DCs to come in anywhere from roughly \$10,000 to \$50,000 on most GTA new builds going forward — down from numbers that were frequently double that. Combined with the HST rebate, the government projects total savings of up to \$200,000 on a new home.

Additional First-Time Buyer Stack

On top of the HST rebate, first-time buyers can also access the Ontario LTT Rebate (up to \$4,000), the Toronto Municipal LTT Rebate (up to \$4,475 in the City of Toronto), the FHSA where couples can combine up to \$80,000 tax-free toward a down payment, the Home Buyers' Plan via RRSP withdrawal, and the First-Time Home Buyer Tax Credit worth \$1,500 back at tax time.

Now let's talk about everything else the brochure doesn't put in big bold letters.

What You're Actually Paying — The Full Cost Picture

A \$700,000 preconstruction purchase might seem straightforward until you realize deposits could total \$140,000 before financing, and closing costs may add another \$30,000 or more.

The Deposit Structure

Pre-con doesn't work like resale. Developers often require deposits totalling 20%, spread across milestones — typically 5% on signing, 5% at 90 days, 5% at 180 days, and 5% at occupancy. All of it needs to be liquid cash before your mortgage is ever touched.

Closing Costs — The Pre-Con Specific Layer

Some Ontario buyers have been shocked to learn of pre-construction closing charges of over \$100,000. Here's what to expect:

Development Charges and Levies are the big one and can show up as multiple line items — City Development Charges, Education Levies, Parkland Levies, Regional Charges, Section 37 Community Benefit Contributions, and utility connection fees for hydro, gas, and water. On most GTA new builds right now, budget \$10,000–\$50,000 depending on your municipality. Always look for "Capped Development Charges" in your purchase agreement — this locks in the amount you'll pay at closing regardless of what the city does to DC rates during the 2–4 years your building is under construction. Without a cap, you're exposed to increases you never agreed to.

Other line items to budget for: Tarion Warranty Enrollment (approximately \$1,316 on a \$600,000 purchase), legal fees of \$1,500–\$2,500 with a pre-con specialist — not just any real estate lawyer, the process is completely different from resale — title insurance, Land Transfer Tax at final closing (not at signing), and assignment fees if you ever need to exit before closing.

One more that catches people off guard: parking and locker. In Toronto these are frequently sold separately and can add \$50,000–\$80,000 on top of the unit price. Upgrade sheets can add another \$30,000–\$80,000 before you even move a piece of furniture in.

Occupancy Fees — Mainly a Condo Issue, But Know It Exists

This applies primarily to pre-construction condominiums and condo townhomes. It generally does not apply to freehold properties like single-family homes or freehold townhomes — so if you're buying a freehold pre-con, this layer largely doesn't apply to you. Confirm with your lawyer either way.

For condo buyers though, this is significant. When your unit is ready, you get your keys — but the building hasn't been registered with the municipality yet, so the

developer still holds the title. Until registration happens, you pay monthly occupancy fees covering interest on the unpaid purchase balance, an estimate of your property taxes, and projected maintenance fees. These go directly to the developer. They do not build equity. They do not reduce your purchase price. They are effectively rent paid to a builder you already gave a large deposit to, often in an amount similar to what your eventual mortgage payment will be.

The occupancy period on a GTA condo can run anywhere from a few months to two years depending on how quickly the city registers the building. You have no control over that timeline.

The Property Tax Situation Nobody Explains Properly

When you buy a brand new home, MPAC — Ontario's property assessment body — assesses it fresh as new construction. Here's why that matters: Ontario's overall property tax assessments are still based on January 1, 2016 values due to a province-wide reassessment freeze that has been in place since COVID.

That means your neighbours in resale homes are paying taxes anchored to 2016 prices. Your brand new home gets assessed on current construction cost data, which is dramatically higher. You can move into a neighbourhood and be paying meaningfully more in property tax than the person next door in a comparable or larger home — simply because theirs was built or last assessed years ago.

Then when Ontario eventually conducts a full province-wide reassessment — widely expected in the coming years — years of market growth will be captured all at once, creating sharp increases for some owners phased in over four years. As a new-build owner already on a current assessment, you may see further adjustments on top of an already elevated starting point.

During your interim occupancy period (condo buyers), the developer estimates your property taxes and charges you accordingly in your monthly occupancy fee. If they overestimate, you're entitled to a credit at final closing — but ask your lawyer to review the Statement of Adjustments carefully, because this credit is not automatic.

The bottom line: budget for property taxes that are higher than what resale neighbours on your street are paying, and expect the number to move again when province-wide reassessment happens.

What's Happening on the Ground Right Now

The GTA benchmark price sits at \$938,800, down 7.9% year-over-year. Detached homes averaged \$1.33M (down 8.3%), semis at \$1.03M (down 4.9%), and freehold towns at \$931K (down 6.1%). New listings dropped 17.7% in February while sales only declined 6.3% — meaning supply is quietly tightening, not demand collapsing.

On the pre-con side, preconstruction sales in the Toronto region were 89% below the 10-year average. The average asking price for a new-build unit was \$1,380 per

square foot versus \$652,945 for the average resale condo. The HST rebate helps close that price gap meaningfully — it does not eliminate it.

Move-in timelines on pre-con in the GTA currently run anywhere from 8 months on smaller projects already under construction to 2 years or more on larger launches. Confirm the occupancy date range and the Tarion sunset clause protection before you sign anything.

Resale detached homes currently sit roughly 15–20% below their February 2022 peaks in many GTA pockets — that's a real opportunity that isn't making the same headlines, but absolutely should be part of your thinking.

Questions to Ask Before You Sign Any Pre-Con Agreement

Don't leave a sales office without clear answers to all of these.

Are development charges capped in the Agreement of Purchase and Sale, and at exactly what amount?

What is the estimated occupancy date range, and what does the Tarion sunset clause protection say?

What are the monthly occupancy fee estimates, and what interest rate will the developer use to calculate them? (Condo buyers only)

Is HST included in the advertised price or added on top? If "plus HST," plan for that cash separately.

What does the assignment clause look like — can you sell before closing, and at what cost?

What is the builder's track record? What buildings have they completed and delivered on time?

What upgrades are included versus charged separately, and can you see the full upgrade price sheet now?

Are parking and locker included in the price, or sold separately?

What does a sample Statement of Adjustments look like for this builder's projects at final closing?

If the project is delayed beyond the original occupancy date, what compensation or protections do you have under Tarion?

The Bottom Line

The rebates are real and the window is genuinely one of the better buying environments in years. But the sales pitch makes it sound simpler than it is. Your true all-in cost includes development charges, upgrade sheets, a higher property tax assessment from day one, and for condo buyers — occupancy fees on top of your deposit while you wait for the building to register. Move-in timelines are 8 months on the short end, often 2 years or more.

For some buyers, all of that is worth it. For others, a well-priced resale home sitting 15–20% below its 2022 peak with a 60-day closing is the smarter play. Know your numbers before the rebate headline makes the decision for you.

Reach out if you want to run the full math on your situation before you commit to anything.