

Over the last week, there's been a lot of excitement around Ontario's announcement that they're "removing HST" on new homes.

At first glance, it sounds simple:
Buy a new home → save up to \$130,000.

But once you get into the details...
There's a lot more going on.

And if you're considering pre-construction — this is something you want to understand properly before making any move.

First — What Is Actually Being Removed?

Let's clear this up.

HST is 13%:
5% federal (GST)
8% provincial (Ontario portion)

Ontario is removing their **8% portion**, and the federal government is expected to align on the remaining 5%.

So yes — in theory, this could mean **up to \$130,000 saved on a \$1M home**.

But that's the *maximum headline number*.

The Real Math (This Is Where It Gets Interesting)

Scenario 1: Purchase Under \$1M

You get the **full benefit of the rebate**
Up to ~\$130,000 in savings (if you are buying your first home)

This is where the policy is strongest.

Scenario 2: \$1M – \$1.5M Range

This is the zone most people are misunderstanding.
Your **maximum rebate is still capped at \$130K**
Even if you buy at \$1.3M or \$1.4M

Which means:
The rebate becomes a **smaller % of your purchase price**
Your exposure increases... but your benefit doesn't scale

This is a big deal — especially in the GTA where most freeholds sit in this range.

Scenario 3: \$1.5M – \$1.85M

The rebate **starts decreasing gradually**

By \$1.85M, you're basically back to the old ~\$24K rebate

So beyond a point, the benefit drops off sharply.

The Biggest Surprise (And Opportunity)

This is not just for first-time buyers.

It applies to:

Move-up buyers

Investors (with conditions like renting it out)

Pretty much all purchasers within a defined window

That's a major shift.

But there's a catch...

Timing Matters More Than You Think

First-time buyers → likely broader timeline (aligned with federal rules)

All other buyers → roughly a **1-year window** (April 2026 – March 2027)

So this is not a permanent change.

It's a **targeted push to stimulate new construction demand right now.**

The Part Nobody Is Talking About

Builder Pricing

This is still a big unknown.

Right now:

Builders already bake in existing rebates into pricing

With this change:

Will they reduce prices?

Or quietly adjust pricing upward as demand increases?

Most likely?

A bit of both.

Which means:

You *will* benefit... but probably not the full advertised amount.

Closing Structure (Especially for Investors)

If you're buying as an investor:
You may still need to **pay the tax upfront**
Then apply to get the rebate back later

That means:
Higher cash requirement at closing
More complexity than most people expect

How This Will Actually Impact the Market

Here's where it gets strategic.

1. Freehold Homes (Especially < \$1M)

Expect **stronger demand**
Limited supply → pricing pressure

2. Move-In Ready Inventory (Builders' Unsold Units)

This is where the biggest movement will happen
Builders sitting on inventory will push aggressively

This segment could see:
Faster absorption
Possible price increases

3. Condos (Selective Impact)

Investors may or may not jump in aggressively
Depends heavily on how the rebate is structured at closing

The Bottom Line

This is a **big policy move**.

It will:
Stimulate demand
Help clear builder inventory
Bring buyers back into the new construction space

But it does *not* mean:
Homes suddenly became cheap
Risk has disappeared
Every pre-con deal now makes sense

What You Should Be Thinking About

Not:
"Can I save \$130,000?"

But:

Does this project still make sense 3–4 years from now?
What happens if the appraisal comes in lower at closing?
Am I stretching because of the rebate?

Because the rebate helps...

But it doesn't fix a bad decision.

If you're exploring new construction right now — especially in that **\$1M to \$1.5M range** — this is exactly where a proper breakdown makes all the difference.

Happy to walk you through:
Real numbers based on your situation
Which segments this actually benefits
And where you need to be cautious

No pressure. Just clarity.