



GUIDE

# Finding accommodation in Canada

 arrive guides

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# Overview

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Leaving behind your family and friends, packing up and moving your entire life from a place where you lived for a majority of your life to a new country where you barely know anyone is a journey filled with courage and emotions. As you decide to start version 2.0 of your life in a new city far away from home, planning for your career, finances, and some basic necessities such as accommodation is essential.

The objective of this guide is to inform newcomers about the process of renting and buying property in Canada. So, whether you're looking to find temporary accommodation for your first few days in Canada or a more permanent, long-term option, we'll provide resources, tips, and advice to ensure you are making the right decisions on housing for you and your family.

## Here's a brief overview of key topics you'll find in the guide:

- Finding temporary, short-term accommodation in Canada: familiarize yourself with the different types of accommodation available, and know what to keep in mind as you look for a place for your first few weeks or months.
- Choosing between renting versus buying property: know the advantages and disadvantages of each option so you can make an informed decision.
- Finding a long-term rental accommodation: a step-by-step approach to renting, including tips to find a rental unit without credit score or job letter, and knowing your rights and obligations as a tenant.
- Buying a home in Canada: understand the process of buying a home in Canada, how mortgages work, and learn about hidden costs you'll need to budget for.

As a newcomer in Canada, when looking for accommodation, you will likely have to assess many factors before deciding which place you should opt for – this may seem challenging and confusing. Through this guide, we hope to inform you and assist in your decision-making process so that you're well-informed and better prepared to make Canada your new home!



# Finding temporary, short-term accommodation

Depending on the Canadian city you are moving to, it can take a while to find long-term accommodation. Finding a good deal on accommodation takes a lot of research, so it's advisable to start early. Since this is the first place where you will be living as a newcomer in Canada, it can provide insight into typical Canadian homes, help you get a feel for a neighbourhood, and be a stepping stone in finalizing your first permanent accommodation in Canada. That's why most newcomers, when they first land in Canada, book temporary accommodation: hotel, hostel, or an apartment, condo or house for a couple of weeks or even the first few months. With quarantine measures in place during the pandemic, a temporary accommodation could even serve as a location to isolate yourself and your family for 14 days.



## Understanding the hiring process

- 1. Online reviews and ratings:** A majority of newcomers book their short-term stay prior to landing in Canada, which means that there's limited or no scope to inspect the place in-person before booking. In this scenario, it's good to look at online reviews and ratings and communicate with the host before finalizing the place. Keep an eye out for issues pertaining to bed bugs, bad neighbourhoods, cases of theft, cleanliness, etc.
- 2. Time of booking:** Timing matters, and accommodation prices will fluctuate based on demand and supply. For instance, spring-summer (months of March to August) is a popular time for newcomers to move to Canada. Increased demand during these months leads to a rise in accommodation costs. If you book at the last minute, you may find yourself with limited options available that meet all your criteria. Booking in advance will help you find more places within your budget.
- 3. Location or neighbourhood:** Accommodation that is located away from the city centre is usually more affordable and may fit your budget. However, do take into consideration commute time to the city as well as transportation costs, as most offices and networking events are scheduled downtown or closer to the city centre.
  - To find out more about specific neighbourhoods while still in your home country, you can speak to friends and family in Canada or check out forums like Reddit and Quora.
  - As you evaluate a location, consider access to essential stores, services, and transport.
- 4. Budget:** While accommodation costs will most likely constitute a major portion of your expenses, you can always find something to suit every budget, if you know where to look. Doing thorough research by yourself on multiple websites will help you understand what's available within your budget and even compare prices before you book – thus ensuring that you're getting a good deal.

## Know your accommodation options

If you have friends or family in Canada and they're open to letting you stay at their home, that could be a good option for your first few days in Canada as you settle in.

When you research your options, depending on your budget, you can find anything from an entire home to a shared space, and everything in between.

Website	House / Apartment / Condo / Rooms / Townhouse / Loft	Hostel	Hotel	Bed & Breakfast	Homestays
Airbnb	✓				
VRBO	✓				
HomeAway	✓				
Booking.com	✓	✓	✓	✓	✓
Hotels.com	✓	✓	✓	✓	
Expedia	✓		✓		
FB Groups	✓				
HostelWorld			✓		
HiHostels			✓		
Kijiji	✓				
Craigslist	✓				

**Note:** Kijiji and Craigslist are classified ad websites, so you have to be careful when considering a listing on these sites. If the price for a place looks too good to be true, it's probably a scam.

In addition to some of the sites mentioned above (Hotels.com, Expedia, etc.), there are other travel websites that you can leverage to compare prices from different sources and get a good deal. Some of them are Trivago, Hotwire, Kayak and Priceline.

If you are moving to Toronto as a single young professional, you can now skip the temporary accommodation part entirely and book a SoulRoom. Get a fully furnished room in one of the great locations in the city, at an affordable price. All rooms at SoulRooms come at a minimum six-month lease and are ready to live, equipped with high speed internet, cable and utilities with shared living spaces. Just unpack your bags and be at home.

### **Pro tip: Keep track of all your addresses**

As a newcomer in Canada, you may have to complete certain landing formalities: get a provincial identification card, driving license, provincial insurance, enrol your kids in school, get a phone plan, etc. For this, you will be required to provide your current address and/or a list of all the previous addresses where you resided. Therefore, it's a good idea to keep track of them.

# Long-term housing: Choosing between renting and buying property

Once you've gotten your bearings for your new life in Canada, you will likely look for more permanent accommodation to truly settle in. Many newcomers experience the dilemma of buying a home versus renting one. Here are some general pros and cons to help you decide which option might be better for you.

	Renting a home	Buying a home
Pros	<ul style="list-style-type: none"> <li>You can choose a neighbourhood that you want to explore – you have much more flexibility and mobility.</li> <li>All costs considered, it is usually less expensive.</li> <li>Good alternative if you don't have enough money saved up for a down payment or do not qualify for a mortgage.</li> <li>You don't have to pay any maintenance costs or pay for repairs.</li> </ul>	<ul style="list-style-type: none"> <li>By paying off your mortgage, you start to build equity.</li> <li>You own an asset that (usually) appreciates over time.</li> <li>No need to worry about evictions by the landlord.</li> <li>With a fixed-rate mortgage, your monthly payments will most likely be predictable and stable over the years.</li> </ul>
Cons	<ul style="list-style-type: none"> <li>As a result of paying rent, you don't earn any equity in your home.</li> <li>The place you're renting is not an asset you own, and hence, you must comply with the landlord's rules.</li> <li>You could be asked to leave or be evicted by the landlord (provincial rules apply).</li> <li>Rent may be increased (within the legal framework) every year.</li> </ul>	<ul style="list-style-type: none"> <li>You may be taking a chance on a neighbourhood you may or may not love.</li> <li>It is a major financial commitment.</li> <li>If you don't have enough savings, the down payment and other closing costs can strain your finances and reduce your disposable income.</li> <li>You have to pay ongoing maintenance costs and cover repairs.</li> </ul>

As you consider the advantages and disadvantages of renting and buying property in Canada, it is important to assess your financial readiness. Speak to a licensed realtor to gain more clarity – they will be able to guide you and help you decide.

# Finding permanent, long-term accommodation: Renting



## How to find accommodation in Canada as a newcomer

### Step 1: Choose your approach to finding a rental – self-search versus realtor

There are two ways you can go about finding accommodation in Canada. You can:

- 1. Search on your own through various online and offline methods:** You can explore sites like ViewIt and Condos.ca to get an idea of the rent in different neighbourhoods. To find better deals, use sites/apps like Craigslist, Kijiji, Zumper, and Padmapper. There are also some provincially popular options like Home Zone on Facebook (for Toronto and GTA listings) and Winnipeg Rental Network (for Winnipeg listings) that are worth visiting. Since all these sites are listing aggregators, they provide a forum for tenants to connect with landlords directly.

**Tip:** If a listing seems too good to be true, it's probably a scam. Do not make any payments until you verify the place in-person and sign the appropriate paperwork.

- 2. Hire a realtor/real estate agent:** There are many realtors and real estate agencies that can assist you in finding a place. Realtor.ca is a good place to get started to find one. Another option is to browse listings on sites like ViewIt and Condos.ca; each listing will usually have the name and contact information for the realtor whom you can reach out to.

Each approach has its own advantages and disadvantages. Here are a few to consider:

	By yourself	Using a realtor
Advantages	<ul style="list-style-type: none"> <li>You can look at a variety of options online and take your time to shortlist places.</li> <li>You may find good deals (cheaper or more budget-friendly options) as compared to using a realtor.</li> </ul>	<ul style="list-style-type: none"> <li>No need to pay commissions to the realtor; commissions are paid by the landlord, not the tenant.</li> <li>Realtors can provide guidance on all documents needed and handle the leasing process from start to end.</li> <li>Access to only authentic and genuine listings; less probability of getting scammed.</li> <li>Agents can offer a wealth of knowledge and experience from working in the field.</li> <li>Time-saving and stress-free.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>Time-consuming, requires a lot of research and effort.</li> <li>You could get scammed if the listing is not legitimate.</li> <li>Might be difficult to identify illegal practices while renting.</li> <li>You will need to figure out and manage all the paperwork.</li> </ul>	<ul style="list-style-type: none"> <li>Since the landlord pays a commission to the realtor, that cost may be built into the rent.</li> <li>You may have to move faster with decisions.</li> <li>Options are limited to the ones the realtor has access to.</li> <li>May be difficult to find budget-friendly deals.</li> </ul>

## Step 2: Identify the neighbourhood

After you finalize the Canadian province and city you would like to move to, the next step is to identify a neighbourhood where you would like to live. Some factors that you should consider while researching neighbourhoods are:

- Average cost of rentals in a specific neighbourhood
- Commute time to core downtown/city centre or major business hubs
- Monthly travel costs
- Walk and transit scores
- Proximity to schools, your workplace, grocery stores, transportation, shopping malls, places of worship, etc.
- Parking
- Crime rates
- Noise levels

**Tip:** It's worthwhile to find accommodation that's located centrally, or closer to transit, rather than choosing a place that you anticipate will be closer to a (future) workplace. In recent times, more people have been working from home due to the pandemic, and hence, you should thoroughly evaluate your preferences with respect to geographic location and square footage.

## Step 2: Decide the type of accommodation

There are different types of accommodation you should be familiar with:

- **Apartment:** They vary from walk-up units in low-rise buildings to units located in buildings with elevator access. Available amenities can vary from a single onsite washer and dryer to full laundry rooms, common rooms, and fitness facilities.
- **Condominium (condo):** They are units (similar to suites or a flat) in a high-rise apartment building. Condo residents usually have access to shared amenities such as a gym, swimming pool, party room, etc. in the building.
- **Rooming house:** They have rooms which are rented out to individuals. The kitchen, bathroom and living room is usually shared with other tenants.
- **House:** They could be townhouses, duplexes, semi-detached, or single-detached houses. A house may have two or three separate apartments, one on top of another. A house divided into two units is called a duplex, while one that's split in three is known as a triplex. A basement apartment in a house is also often considered an apartment. House rentals provide more space than most apartments and provide the advantage of having access to some outside spaces, including patios, lawns, gardens, and parking.
- **Bachelor unit/studios:** These can be found in apartments as well as condos. Bachelor units or studios are comparatively smaller, and a single room serves as both the bedroom and living area.

#### Step 4: Look for listings that meet your criteria

As you look for suitable accommodation, use filters online to narrow the options or if using a realtor, be sure to convey your preferences.

**While shortlisting, here are some questions you may want to ask the landlord and/or realtor:**

- **Rent breakdown:** Inquire about rent inclusions and exclusions – Utilities, parking space, availability of a furnished kitchen, access to a storage locker or shed, furniture, etc.
- **Pets:** If you own pets or intend to get one, check if the building has any restrictions on pets.
- **Guest policy:** Depending on the type of accommodation, there may be rules and limitations to having guests over and abiding with “quiet hours.”
- **Interior decoration rules:** Some landlords may not allow permanent changes to the property. Personalizing your space by hanging pictures or wall art, installing technology on a wall, etc. may be allowed, but it’s always good to confirm.
- **Lease duration:** Not every rental unit will have a year-long lease; some landlords may want you to commit to a shorter or longer lease.
- **Move-in date:** Units or apartments are typically listed for rent two months before the move-in date (for instance, an apartment advertised on August 1 becomes available October 1). Also, most rentals begin on the first of the month. However, there are always exceptions, so it’s a good idea to check with the realtor and/or landlord in advance.
- **Acceptable payment methods for the rent:** Ask the landlord if they accept all methods (cash, cheques, e-transfer, bank transfer, etc.) or if a certain type of payment is preferred.

**Tip:** When you visit a potential accommodation, take pictures to ensure you have a record of any damages or visible issues – this could be useful while negotiating the rent with the landlord.

#### Budgeting for rent in Canada

Rent can differ based on a number of factors such as the neighbourhood, size of the unit, demand-supply of rental units, amenities and utilities included, etc. A casual search on websites like ViewIt and Condos.ca, or apps like Zumper and Padmapper will give you a fair idea of what to expect.

AC and heat are a majority of the cost component, hydro averages to \$50-80 CAD per month, while water can be about \$20-40 CAD per month. Internet and cable TV, combined, will cost additional – upwards of \$100 CAD per month. Depending on the type of accommodation, there may also be additional charges for garbage removal and waste management.

**Tip:**

- For in-depth analysis and rental market trends in major towns and cities across Canada, you can refer to the latest rental market reports published by CMHC.
- Use Arrive's Monthly Expenses Calculator for better planning and budgeting.
- Remember that your total spend per month on accommodation will be more than just the rent as you will have to factor in utility bills (hydro, heat, AC, internet, home phone, cable TV) and things like parking, insurance, and transit passes. So what may initially seem like an affordable unit may actually turn out to be expensive.

To give you an idea of average rent in Canada, data published by CMHC in January 2020 highlighted: Average two-bedroom condo rent levels were highest in Toronto (\$2,476 CAD), Vancouver (\$2,045 CAD) and Hamilton (\$1,896 CAD).

**Step 5: Prepare essential documents**

To be able to rent a place, you will have to provide certain documents to prove that you can pay the rent on time and can afford the space. Landlords may ask for:

- Employment letter with your salary details
- Credit report
- References (from friends or family or previous landlords in Canada)
- Bank statements

## Navigating through newcomer challenges:

Many newcomers find it challenging to secure their first rental place in Canada due to reasons related to credit history and employment proof. Here are some tips and workarounds on how to position yourself as a reliable tenant so you can find a suitable place for you and your family.

### 1. Provide proof of savings from a bank

**account:** You can demonstrate your reliability as a tenant by showing proof of savings to cover a few months of rent. To do this, you don't need to provide a detailed bank statement. Speak with your banking advisor to know your options; it may be possible to obtain a letter indicating that you are in possession of the funds to pay the rent.

### 2. Provide a local guarantor or co-signer:

A guarantor or a co-signer is someone who agrees to pay rent on your behalf if you are not able to. Being a guarantor or co-signer is legally-binding, and usually, only close friends or relatives will agree to act as a guarantor for you. You should also consider the impact on your relationship with them should you fail to hold up your end of the bargain.

### 3. Look for house-share or apartment-share

**arrangements:** You can try to find shared accommodation on sites like Kijiji, Craigslist, and some provincially popular options like Home Zone on Facebook (for Toronto and GTA listings) by –

- a. Subleasing from an existing tenant (a sublease allows you to rent a room from the original tenant of an apartment. Rent payments are made to the existing tenant who, in turn, pays the landlord); or
- b. Co-signing the lease agreement with a roommate who has a good credit history; or
- c. Leasing from a landlord who lives in the same apartment or house.

## Navigating through newcomer challenges (cont'd)

**4. If you can, offer more than the expected**

**deposit:** You can offer the landlord a few more months of rent upfront – this can be a huge incentive for the landlord to accept your application over another. Remember, the landlord cannot legally ask you for any additional amount beyond the specified provincial norms.



**5. Explore condos rented out by individual**

**owners:** It can be relatively easier to find an apartment that's owned by individual landlords versus those that are owned by property management firms or large institutional investors. The application process for apartments located in rental buildings is usually very strict and offers little to no flexibility in terms of credit and employment verification. However, in a condo setting, most landlords are individuals and might be open to accepting you as a tenant, subject to your reliability.



**6. Consider neighbourhoods that are away**

**from prime locations:** Finding a place in the heart of the city or the city centre is usually challenging even for those who have credit history and employment records to show. Broadening your search and considering the suburbs or neighbourhoods that are within the radius of the city may prove helpful in finding a suitable place.



## Navigating through newcomer challenges (cont'd)

7. **Book temporary accommodation for the first couple of months:** Consider options with friends or family already residing in Canada, or booking long-term stays at an Airbnb, a hotel, or a hostel. Try exploring sites like HostelWorld, HI Hostels, Booking.com, or Kayak to find good deals. Some landlords are willing to rent to tenants with a two or three-month credit history. Arranging temporary accommodation for the first few months will give you time to build your credit.

8. **Take up a survival job and/or volunteer:** Survival jobs and volunteering are good ways to earn Canadian experience, practice your language skills, build your network locally, and gather references for your rental application. Survival jobs will also provide you with an employment letter and cover basic living expenses while still allowing you to continue looking for your desired role.



### How to obtain a credit report

It takes at least a few weeks to a month for newcomers to receive their first Canadian credit card and a few additional months of credit transactions to generate a credit history. EQUIFAX and TransUnion are the two major credit rating organizations in Canada, and you can choose either one to get your credit report. Detailed instructions to obtain the report are available on the respective websites.

### Helpful articles:

- Arrive's guide on Credit and credit scores in Canada
- Taking up survival jobs as a newcomer in Canada: All you need to know
- The benefits of volunteering as a newcomer in Canada

Moving to a new country comes with many challenges. Book an appointment with an **RBC Advisor** to get answers to any financial questions you may have. Once you have your appointment booked, an advisor will reach out to check whether you'd like to meet via phone, video or in-branch.

## Step 6: Sign the lease agreement

A lease is a document that summarizes your relationship with the landlord. It outlines the rent you'll pay and mentions the dates of your lease, along with other rules around pets and smoking, what happens at the end of your lease, etc.

Once you decide on the apartment, house, or condo you want to rent, you will be required to submit an application form to the landlord. If you are accepted as a tenant, your landlord will share the lease agreement for you to review and sign. Upon completion of these basic formalities, you will have to make all essential payments (depending on your province, it may include first and last month rent, security deposit, key deposit, pet deposit, etc.).

### Tip:

- Your lease agreement is an important document and should be kept safely. You may need it for other administrative tasks such as applying for a driver's license, getting provincial insurance, etc.
- Ensure you read the lease thoroughly and are aware of any additional addendums or schedules that may be added by the landlord. Even if you sign the lease with additional clauses, if those are beyond the ones outlined in the provincial Residential Tenancies Act, legally, you cannot be held responsible for it.

At this stage, some landlords may even require you to buy tenant insurance. Shop around and browse different providers to find one that works for you. Some newer agencies such as Square and Sonnet offer competitive rates.

**Tip:** If you are subletting from an existing tenant, be sure to have a record of all payments you make. If paying cash, get a receipt. Additionally, have the division of utility bills documented.

Once all the paperwork is submitted, and the payments are made, your landlord will hand over the keys to your new home.



## Step 7: Set up transfer of any utilities

Before you move into your new place, some utilities like hydro may need to be transferred to your name from the past tenants or from the landlord.

**Tip:** There are different hydro providers, so make sure you get the name right. Ask your landlord, realtor, and/or building management to confirm. The registration process for hydro transfer is online and typically takes a day until you receive confirmation; you don't have to physically visit any place to get it done.

## Step 8: Move in!

Once you've signed the lease, received the keys, and transferred the utilities, it's time to move-in! Check with your landlord and/or building management for any additional paperwork you may have to fill out after moving in.

**Tip:**

- Most condo and apartment buildings have specific dates and times when the service elevator is available. Ensure you book it in advance to move in your larger items and furniture.
- To learn more about the process of moving items from your home country to Canada, see [Moving your belongings to Canada as a newcomer: What you should know](#).

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### Rent increase guidelines:

Rules on rent increase vary by province/territory. In some provinces, the government sets a limit that's subject to change every year. If landlords wish to increase more than the set limit, they need to get approval. Select provinces, such as Alberta, do not have a limit. Rent increases can only occur every twelve months, and landlords must notify their tenants before the change; the number of days for this notice varies by province.

### Rent increase guidelines:

Each Canadian province has its own rules and guidelines on rent payment. For instance, in Ontario, you are required to pay the first and last month's rent before you move in, and there is no security deposit involved. However, in some other provinces, such as British Columbia, you may be required to pay a security deposit equivalent to one month's rent.

In most provinces, leases are signed for a duration of one year, and after that (unless a new lease is signed), tenants are by default considered to be month-to-month – meaning that you don't generally need to sign a new lease for the next year. If you intend to move out, the duration for a notice varies by province. So be sure to check the guidelines for the province you will be moving to.

### You may refer to the individual provincial/territorial websites for specific information and guidance:

[Alberta](#)

[British Columbia](#)

[Manitoba](#)

[New Brunswick](#)

[Newfoundland and Labrador](#)

[Northwest Territories](#)

[Nova Scotia](#)

[Nunavut](#)

[Ontario](#)

[Prince Edward Island](#)

[Quebec](#)

[Saskatchewan](#)

[Yukon](#)

### Landlord visits:

Landlords are required to give you notice before entering your unit or apartment for any reason (ranging from housekeeping, renovations, or showing your space to potential tenants if you are moving out).

Finding your first long-term permanent accommodation in Canada can be stressful and challenging. Following the tips outlined here will ensure you have a place to stay while you build your credit history and find employment. And over time, you will be well-positioned to find a place you can call home!

# Finding permanent, long-term accommodation: Buying property



Newcomers often dream of buying a home in Canada someday. Property purchase requires a large financial commitment and the willingness to take on the responsibilities of a homeowner. Here's a step-by-step approach to get started.

## 1. Know your options: Decide on the type of house and neighbourhood

Generally speaking, you can buy a home in pre-construction, one that's brand new and ready-to-move-in, or one that's being resold. Pre-construction homes are typically cheaper than their resale or ready-built counterparts but do have their advantages and disadvantages. Working with a realtor and a lawyer will help you get a more realistic sense of some of the additional costs incurred.

Here are a few types of housing:

	Detached	Semi-detached	Condominium (condo)	Townhouse	Duplex/triplex
Type	Independent house	Attached to another house on one side	Like an apartment, an independent unit with common areas and shared amenities	Independent unit with separate entrance, generally grouped as three to six units	Independent unit with separate entrance, typically reserved for two or three families

**Here are a few types of housing (cont'd)**

	Detached	Semi-detached	Condominium (condo)	Townhouse	Duplex/triplex
Land ownership	Yes	Yes	No	Varies; land ownership may be possible	No
Fixed monthly maintenance fee	No	No	Yes	No	No
Share a wall with neighbours	No	Yes, on two sides	Yes	Yes, on two sides	Yes
Number of storeys or floors	Single floor to two or three-storey	Two or three-storey	Multiple floors, usually high-rise or low-rise buildings	Two or three-storey	Two or three-storey
Access to amenities like gym, pool, guest	No	No	Yes	No	No



Reflect on your needs (such as transportation and schools), lifestyle preferences, and budget while considering various neighbourhoods. You can choose between an urban or a suburban neighbourhood or even opt to live in a rural area or a smaller town or city.

**Tip:** Outline your “needs” and “wants.” Classify all the must-have things that you cannot compromise on as needs, and those that are good-to-have (but you can survive without) can be added as wants. Also, consider your budget and the variables (like location, parking spot, etc.) that you’re willing to give up to find a home that delights you.

## 2. Assess, organize, and plan your finances

Being prepared for homeownership involves –

- Assessing your annual household budget and income;
- Knowing your credit rating;
- Being pre-approved for a mortgage;
- Understanding all the one-time costs (such as down payment, legal fees, title insurance, inspection fees, property transfer, and taxes); and
- Being aware of recurring monthly costs (such as mortgage payments, utilities, maintenance, insurance premiums, and property taxes).
- Evaluating government incentives (such as the First-Time Home Buyer Incentive) to see if it's beneficial to your unique situation.



Read [Mortgages 101: How to finance your first home in Canada](#) to understand the basics of home financing, familiarize yourself with the hidden costs, and get some budgeting tips to help you buy a home.

Whether you're ready to buy a home or just starting to save for a down payment, RBC can help you feel settled faster. Book an appointment with an RBC Advisor to speak with a mortgage specialist who can sit down with you one-on-one to help you make the right decision.

Once you have your appointment booked, an advisor will reach out to check whether you'd like to meet via phone, video or in-branch.



## Understanding mortgages

A mortgage is a loan from a bank or a lender. It enables a potential buyer to purchase a home or a property without having to pay the full amount by themselves. The maximum mortgage offered by a bank is 95 per cent, with some limitations.



### Fixed vs variable mortgage rates

In Canada, mortgages have two types of interest rates. Borrowers can choose between –

- A fixed interest rate: Does not fluctuate and is applicable for a pre-defined time period (called a “term”). Generally, the term most people opt for is five years.
- A variable interest rate: Fluctuates based on the prime lending rate – which is primarily influenced by the policy interest rate set by the Bank of Canada (BoC). The prime lending rate is the annual interest rate that Canada’s major banks and financial institutions use to set interest rates for variable loans and lines of credit, including variable-rate mortgages. Depending on your financial institution or the lender, you may be able to switch from a variable interest rate to a fixed-rate at no additional cost.



### Documents required for a mortgage:

- Depending on your length of time in Canada, you may be required to provide proof of income from your previous employers, bank statements, investment records, and credit history from your home country for a duration of 12 months.
- Having two separate credit histories in Canada is preferred. Two credit histories can be obtained by holding two credit cards.
- If there are two or more borrowers on a single application, ensure that each person applying has their own individual credit reports.

## Documents required for a mortgage:

- Depending on your length of time in Canada, you may be required to provide proof of income from your previous employers, bank statements, investment records, and credit history from your home country for a duration of 12 months.
- Having two separate credit histories in Canada is preferred. Two credit histories can be obtained by holding two credit cards.
- If there are two or more borrowers on a single application, ensure that each person applying has their own individual credit reports.

## Documents required for a mortgage:

- You can use the purchase price and down payment information provided by the bank to budget for your home/property purchase.
- Research on default insurance and inquire about how it might differ if you increase your down payment. Default insurance is usually applied when the down payment is below 20 per cent.
- Ask your advisor about flexibility with making additional payments and paying off your mortgage early.
- You also need to budget for –
  - A **lawyer** who will assist with transfer of funds for the purchase and change in property title. Legal fees can range between \$2,000 to \$3,000 CAD.
  - **Land transfer tax**, depending on the province. It is based on a percentage of the purchase price of the property. The tax varies from province to province and can be a significant cost. For instance, Alberta does not have a land transfer tax, but British Columbia does. Some municipalities also charge an additional land transfer tax (for example, Toronto), which essentially doubles your taxes.
  - A **house inspector** who will provide an estimate of maintenance costs and highlight if there are any underlying issues or concerns that need to be addressed. The cost of an inspector could range between \$500 to \$700 CAD.
  - **Expenses to fix any issues** (such as termites, foundation cracks, piping, etc.) that are highlighted in the inspection

## Documents required for a mortgage (cont'd)

- **Maintenance costs** – Homeowners have to cater to various recurring or one-time maintenance costs such as roofing, tree removal, yard maintenance etc. Maintenance costs vary by age and size of the home. But as a general guideline, one per cent of the purchase price can be budgeted for maintenance annually. For condos, there is usually a fixed monthly fee for maintenance that gives owners access to shared amenities in the building.
- **Insurance premiums** – Mortgage insurance for life, disability, critical illness, and loss of income are optional and can be added to ensure protection in any unforeseen circumstances. These usually require a premium to be paid, which is included in your mortgage payments.
- **GST/HST** on a new home or a home that's been extensively renovated.
- **Title insurance** to provide coverage for losses related to title fraud, survey issues, problems with the title and challenges to the ownership of your home.
- **Service charges** from utility companies for hook-ups on electricity, gas, internet and telephone services.
- **Additional taxes and fees**, if you're purchasing property as a non-permanent resident of Canada.
- **Appraisal fees** – Mortgage lenders may ask you to have an appraisal done as part of the mortgage approval process. An appraiser provides a professional opinion about the market value of the home you want to buy. An appraisal fee is generally between \$350 and \$500 CAD.
- **Moving costs** – Before moving in, you may also have to pay for moving costs, storage costs, and mail redirection costs.
- **Furniture and appliances** – You may have to purchase new furniture and/or appliances for your home.

### Buying a house within the first few months of moving to Canada

You may qualify for a mortgage to buy a house or property within the first few months of moving to Canada if you're able to meet the basic criteria of down payment, credit history and/or assets and are able to show a steady income. Note that if you opt for a down payment of less than 20 per cent of the purchase cost, you need to show at least three months of full-time employment in Canada.

### 3. Find a realtor/real estate agent

While house hunting, most people opt for a realtor or a real estate agent to find a suitable place. While choosing a realtor, it's important to determine a good fit – find an agent you can trust, one who will be your advocate, personal advisor, consultant, and negotiator. Note that having a realtor represent you is not mandatory, and you may choose to find a home without using one.

Here are a few parameters to consider while evaluating realtors: Whether they are licensed in the province, their experience, background, approach, confidence while answering questions, services offered, whether they work solo or in a team, communication style, references, and primary neighbourhoods they work in.

#### Advantages of using a realtor:

- Assessing your annual household budget and income;
- Knowing your credit rating;
- Being pre-approved for a mortgage;
- Understanding all the one-time costs (such as down payment, legal fees, title insurance, inspection fees, property transfer, and taxes); and
- Being aware of recurring monthly costs (such as mortgage payments, utilities, maintenance, insurance premiums, and property taxes).
- Evaluating government incentives (such as the First-Time Home Buyer Incentive) to see if it's beneficial to your unique situation.



### 4. Visit various properties to find one that you want to buy

When attending a showing, investigate the property thoroughly and ask questions. A few things you may want to check are storage space, water pressure and plumbing, mould, ventilation, potential water damage or cracks on walls or ceilings, and the general condition of the property.



## 4. Make an offer

Found a property you like? The next step is to make an offer.

An offer is a formal, legal agreement to purchase a home and is legally binding once accepted by the seller. Offers can be conditional and depend on factors such as financing or a home inspection. If any of the conditions are not met, you can walk away, even if the seller has already accepted it. Alternatively, you can also make a firm offer with no conditions attached.

Depending on the property you wish to buy, there could be room for negotiation. It's worthwhile to know that negotiations aren't just limited to the purchase price but can also extend to more favourable terms as part of your purchase agreement, such as repairs, inclusions, and a longer or shorter closing date.

On the flip side, if the property you're eyeing is located in a prime area or has other interested buyers, it could result in a bidding war with each buyer trying to raise their offer over the asking price.

### Advantages of using a realtor:



Before you formally close the purchase, you'll want to hire an inspector to inspect your home for defects and overall condition. As you choose a home inspector, ensure they are a member of a recognized professional organization.

## 5. Close the purchase and move in

Once you receive the report from the inspector and decide to proceed with the purchase, you'll need a real estate lawyer to protect your best interests. The lawyer will help review the contract and assist with the title transfer. Your realtor and lawyer will complete most of the closing formalities and outline some action items for you to seal the deal.

Upon completion of all formalities, it's time for you to move in!

**Tip:** Using a comprehensive moving service like Movesnap can help you manage every aspect of your move – from sourcing reputable movers to switching your utilities.

Keeping up with financial requirements while buying a house can be challenging. As a first-time home-buyer in Canada, ensure your financial advisor or mortgage specialist is experienced, knowledgeable, and is fully aware of the home buying process. And once you've found the home or property you want to buy, be sure to iron out all the details with a trusted financial advisor because you're in it for the long haul.

# In summary

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Similar to other countries, the job market in Canada is influenced by macro-economic trends. The recent coronavirus (COVID-19) pandemic has altered the way we work and live our lives. It has affected businesses as well as recruitment, making it essential for us to analyze recent data, read up on current industry news, and network as much as possible to get a sense of on-ground reality before you move to Canada.

## **1. Plan and book your temporary accommodation prior to arrival**

Finding permanent, long-term accommodation as a newcomer in Canada can take a while. Therefore, booking temporary accommodation: hotel, hostel, or an apartment, condo or house for a couple of weeks or even the first few months is a good idea.

## **2. Book an appointment to open a bank account before arrival in Canada**

Booking an appointment in advance will ensure that you have a banking advisor assigned to you who will assist with your financial needs. Another benefit is that you will have a one-point contact whom you can reach out to with any financial queries or issues that you need addressed.

## **3. Get a credit card to start building your credit history**

In Canada, credit scores and credit history play a huge role in securing accommodation – be it renting or buying property. The sooner you get started with building your credit history and complement it with good spending habits, the more beneficial it will be for you down the line, especially with obtaining loans or mortgages and securing attractive interest rates on them.

## **4. Explore options to overcome the challenges of renting as a newcomer**

Without a credit history and an employment letter, finding a long-term rental can be challenging. Providing proof of savings from a bank account, providing a local guarantor or co-signer, looking for house-share or apartment-share arrangements, and offering more than the expected deposit are some of the ways you can navigate through these challenges to find suitable accommodation.

## **5. Consult with a mortgage specialist at your bank to know your options when buying property**

Property purchase requires a large financial commitment and the willingness to take on the responsibilities of a homeowner. There are many factors that go into evaluating whether you qualify for a mortgage. A mortgage specialist can assist with explaining the options applicable to your unique scenario and guide you on how to go about the purchase.

## **6. Working with a realtor is not mandatory, but certainly has some advantages**

In Canada, tenants or home buyers are not required to pay a commission to the realtor; those costs are borne by the landlord and homeowners, respectively. Realtors bring a wealth of industry and market experience, which can be very helpful in securing the right accommodation to suit your budget and needs.

Similar to other countries, the job market in Canada is influenced by macro-economic trends. The recent coronavirus (COVID-19) pandemic has altered the way we work and live our lives. It has affected businesses as well as recruitment, making it essential for us to analyze recent data, read up on current industry news, and network as much as possible to get a sense of on-ground reality before you move to Canada.



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#### Notes:

RBC bank offers are available in Canada only.

All information and resources provided in this guide are accurate as of August 31, 2020.

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