


We are buying a home in this hot market and trying to set our budget. What are some of the types of costs we can expect?

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First off, I applaud you for thinking this way. I often hear stories about home buyers caught up in a competitive bid process and end up paying more than expected without considering many of the costs associated with closing a real estate transaction.

In a hot market where bids can escalate and emotions take over, having a well-defined budget considering all potential costs and sticking to it is important to avoid financial hardship.

First, understand the terms of the agreement with the brokerage. How will their fees be covered? There is no guarantee the seller of the home you choose will cover your brokerage's fees. Know the costs of a home inspection, legal and financing fees, land transfer tax, insurance and a survey of the property, if needed.

Home inspections are usually around \$300 to \$600 in Ontario, and can help identify present or emerging issues in the home that might result in costly repairs. Some sellers arrange for a home inspection before listing, which can provide you additional information to consider when estimating potential costs. Always ask questions and make sure you look into the age and condition of the home's major systems, such as the heating, cooling, plumbing and electrical.

There are also financing and mortgage costs to consider in Ontario, including appraisals, financing insurance (if needed), mortgage brokerage fees and more. Title insurance and bridge financing, if you are owning two properties for a short period of time should also be on your radar. Get a breakdown from your mortgage lender outlining all these costs.

Legal fees can vary depending on the nature of the transaction and can escalate if it isn't a straightforward purchase.

Land transfer taxes can be a large and significant expense depending on the municipality where the property is located and the value of your home. These taxes are paid by the buyer and the amount may have some variance depending on whether it is a first-time homebuyer

(which may entitle you to a rebate) or a repeat homebuyer. Be sure to ask your real estate professional or mortgage lender to estimate these taxes.

Property tax amounts are usually provided to the new buyer once assessed and are an ongoing expense a homebuyer needs to consider. Knowing when the last MPAC assessment was done will give you a sense of when your taxes might change based on the assessed value of the property.

Moving costs can vary based on volume, distance and whether you hire a professional mover. Anticipate those costs — and the potential need for storage.

Have you thought about the utility hookup fees for services like water, electricity and telecommunications?

A thorough and complete budget is key to planning ahead and approaching any bid or transaction with a strategy.

If you have a question for Joe about the home buying or selling process, please email information@reco.on.ca.

Joseph Richer is Registrar of the Real Estate Council of Ontario (RECO). He is in charge of the administration and enforcement of all rules that govern real estate professionals in Ontario. You can find more tips at reco.on.ca, follow on Twitter [@RECOhelps](https://twitter.com/RECOhelps) or on YouTube at <http://www.youtube.com/RECOhelps>.

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