

# Property costs continue climb

Banks increase mortgage rates further as B.C. to impose harmonized sales tax

**MARKUS ERMISCH**  
Calgary Sun

Mortgage rates and taxes are driving up property costs, including in some of Albertans' favourite playgrounds.

Royal Bank of Canada raised mortgage rates for a second time in as many weeks Tuesday. Scotiabank followed suit later that day and other banks are expected to soon do the same.

Effective Wednesday, RBC and Scotiabank are raising

their five-year closed mortgage rates to 6.1%, an increase of 0.25%, once again driving up the cost of buying a home in Canada. Mortgage rates have been at historical lows since the Bank of Canada slashed its key lending rate last year to stimulate the country's stagnant economy, but they're widely expected to continue rising this year.

Home sales, which had recovered surprisingly fast after the 2009 recession, are expected to slow as a result.

Closer to home and starting this summer, B.C.'s harmonized sales tax will hit those Albertans buying property in the neighbouring province.

The new tax collapses the 5% general sales tax and the 7% provincial sales tax into the 12% HST, effective July 1. The HST will add an additional 7% to new real estate priced at \$400,000 or higher.

Sam Boguslavsky, founder of Calgary-based Sable Group of Companies, said that generally, Albertans aren't famil-

**"It's not going to stop people from buying ... we are certain of that."**

Sam Boguslavsky, Sable Group of Companies

iar with the tax introduced by Gordon Campbell's Liberal government. Boguslavsky is behind a 65-home waterfront development, called the Legacy on Mara Lake, in the Shuswap region of B.C.

Similar to other such developments in the area, Albertans represent the vast bulk of his customers. Boguslavsky

said that by closing before July 1, buyers at his development can save an average \$35,000.

"It's not a positive to have yet another tax being introduced," he said. "The people that are serious do what smart individuals do, and that's just beat the deadline and take possession earlier."

Boguslavsky said he's not

worried the HST will stifle sales after July 1, noting it's still a good time to buy property, considering the recession has eroded prices by up to 15%.

"It's not going to stop people from buying," he said. "We are certain of that. The confidence in the market has definitely come up."

He said consumers need to be aware how the HST will hit them in the wallet.

markus.ermisch@sunmedia.ca

## Calgary brewer bids for plant in Ontario

Millions of thirsty Ontarians are reason enough for a Calgary brewer to look into expanding operations into Canada's most populous province.

"We did enter here because it's 35% of Canada's population," said Ravinder Minhas, who, with his sister Manjit, is the owner of Minhas Creek Craft Brewing Co.

"There are a lot of beer consumers out here."

Minhas was in Hamilton on Tuesday to negotiate a deal to buy Labatt's Lakeport brewery.

Labatt had announced late last month it'll close the facility at the end of April and shift production to London, Ont.

Minhas is in Hamilton this week to meet with government and union reps and expects to make Labatt an offer by the middle of next week.

"So far, it's looking good," he said.

If successful, Minhas Creek will be able to brew the frosty fermentations right in a market the Ontario government

opened up last October.

That month, the Minhas siblings, after trying for five years, were finally given permission to sell their Boxer Lager in Ontario's The Beer Store chain.

Minhas said several full-time staffers in Calgary worked for five years exclusively on the Ontario file, trying to get that province to open its doors for the made-in-Alberta beer.

Once Minhas Creek had manoeuvred through the bureaucracy and rules regulating liquor trade between provinces, sales proved to be brisk. Sales of the beer, which sells at the lowest legal price,

have doubled in the past two weeks and has been out of stock at several Ontario retailers, Minhas said.

Another major trade barrier remains to be cleared, however.

Minhas Creek still hasn't won approval to sell its product in the Liquor Control Board of Ontario stores.

That battle is ongoing.

— Markus Ermisch



JIM GARNETT PHOTO

Ravinder Minhas was in Hamilton Tuesday to discuss a potential deal to buy Labatt's Lakeport brewery. Minhas' company was just granted permission in October to sell beer in Ontario.

## Albertans pay less to insure vehicles

Ontario drivers paid almost 12% more for their car insurance in the first quarter of this year, while those in Quebec and Alberta saw their rates drop, according to a survey by online insurer Kanetix.

Rates in Alberta dropped 1.6% in the quarter, while drivers in Quebec got the best deal with rates declining 4.6%, it said. Drivers benefited from an industry-wide reduction of premiums implemented in November 2009 and also from taking advantage of discounts, such as switching to winter tires, it said.

About three-quarters of Alberta drivers said they switch to winter tires, making them eligible for a 5% discount in rates, it said.

In Quebec, consumers took advantage of offers such as taking out a two-year policy, up 6%, while 7% more took advantage of discounts that came from bundling house and car insurance, it said.

Relief may be at hand for Ontario drivers, however. Reforms have been announced which may slow or reverse increases, Kanetix said.

— QMI Agency