

SOLD BY SILVANA

Expenses to Expect When Buying a Home

BUYER RESOURCE GUIDE

The purchase price is only part of what you will spend when buying a home in Calgary. From down payment requirements to closing costs and ongoing expenses, here is a complete breakdown so nothing catches you off guard.

Down Payment Requirements

In Canada, the minimum down payment depends on the purchase price of the home. Understanding these thresholds is essential for budgeting:

- **Purchase price up to \$500,000:** Minimum 5 percent down payment
- **\$500,000 to \$999,999:** 5 percent on the first \$500,000, plus 10 percent on the portion above \$500,000
- **\$1,000,000 and above:** Minimum 20 percent down payment required — mortgage insurance is not available at this price point

For a typical Calgary home at \$550,000, the minimum down payment would be \$30,000 (5 percent of \$500,000 plus 10 percent of \$50,000). However, putting down less than 20 percent triggers mortgage default insurance, which adds a significant cost to your mortgage.

CMHC Mortgage Insurance

If your down payment is less than 20 percent, you are required to purchase mortgage default insurance through CMHC, Sagen, or Canada Guaranty. The premium is calculated as a percentage of the mortgage amount and is added to your loan:

- **5 percent down:** Insurance premium of 4.00 percent of the mortgage
- **10 percent down:** Premium of 3.10 percent
- **15 percent down:** Premium of 2.80 percent

On a \$500,000 home with 5 percent down, the insurance premium would be approximately \$19,000, added to your mortgage balance. This is a significant cost that many first-time buyers underestimate.

Key insight: While 20 percent down eliminates the insurance premium, it is not always the best strategy. In a rising Calgary market, getting into the market sooner with a smaller down payment can be more advantageous than waiting years to save 20 percent while prices climb.

Closing Costs Breakdown

Closing costs in Alberta typically range from 1.5 to 4 percent of the purchase price. Here is what to budget for:

Legal Fees and Disbursements

Your real estate lawyer handles the transfer of title, mortgage registration, and all closing documentation. In Calgary, expect to pay between \$1,200 and \$2,000 for legal fees and disbursements. This includes title searches, registration fees, and document preparation.

Title Insurance

Title insurance protects you and your lender against defects in the property's title, survey issues, and certain types of fraud. Most lenders require it. The one-time premium typically costs \$200 to \$400 for a residential property in Calgary.

Land Title Registration

Alberta charges a fee to register the transfer of land title and your mortgage. The current fees are based on the property value and mortgage amount. For a typical Calgary transaction, budget approximately \$300 to \$500 for these registration costs.

Alberta advantage: Unlike Ontario and British Columbia, Alberta does not charge a provincial land transfer tax. This saves Calgary buyers thousands of dollars at closing. On a \$600,000 home, an Ontario buyer would pay \$8,475 in land transfer tax — in Alberta, that cost is zero.

Home Inspection

A professional home inspection is one of the best investments you can make during the buying process. In Calgary, a standard home inspection for a single-family home costs between \$400 and \$600, depending on the size and age of the property. Additional specialized inspections may be recommended:

- **Sewer scope inspection:** \$200 to \$350 — highly recommended for older Calgary homes where tree roots and clay soil can damage sewer lines
- **Radon testing:** \$150 to \$250 — Calgary is in a region with elevated radon levels, and Health Canada recommends testing all homes
- **Mould or asbestos testing:** \$300 to \$500 if the inspector identifies potential concerns

Property Tax Adjustments

Property taxes in Calgary are billed annually and may be prepaid by the seller. At closing, your lawyer will calculate an adjustment: if the seller has prepaid taxes beyond your possession date, you will reimburse them for the remaining period. Conversely, if taxes are owing, the seller credits you.

Calgary property taxes for a single-family home typically range from \$2,500 to \$5,000 per year depending on the assessed value. Budget for the prorated amount at closing, plus your ongoing monthly or annual payments.

Moving Costs

The cost of moving varies widely depending on distance, volume, and whether you hire professionals or do it yourself:

- **Professional movers (local):** \$800 to \$2,500 for a typical Calgary home, depending on size and complexity
- **DIY truck rental:** \$200 to \$500 plus fuel, but factor in your time and the physical labour involved
- **Storage (if needed):** \$150 to \$400 per month for a storage unit in Calgary
- **Utility setup and transfers:** ENMAX electricity, ATCO gas, and City of Calgary water all require connection or transfer — some may charge setup fees

Immediate Repair and Renovation Budget

Even if your inspection comes back clean, most homes need some work after you move in. Common immediate expenses include:

- **Paint and minor cosmetic updates:** \$500 to \$3,000
- **Window coverings:** \$1,000 to \$5,000 depending on the number and type of windows
- **Lock rekeying:** \$100 to \$300 — always change the locks on possession day
- **Appliance replacements:** If the existing appliances are aging, budget for potential replacements
- **Landscaping:** New builds in Calgary communities often have minimal landscaping that needs to be completed

A general rule is to budget 1 to 3 percent of the purchase price for immediate updates and repairs in your first year of ownership.

Ongoing Costs of Homeownership

Beyond the purchase, owning a home in Calgary comes with recurring expenses that should factor into your monthly budget:

- **Mortgage payments:** Principal and interest, based on your amortization and rate
- **Property taxes:** Paid monthly through your mortgage or annually to the City of Calgary
- **Home insurance:** Typically \$1,200 to \$2,500 per year in Calgary, depending on coverage and the age of the home
- **Utilities:** Electricity, natural gas, water, and waste — budget \$250 to \$450 per month for a typical Calgary home
- **Maintenance and repairs:** The general guideline is 1 percent of your home's value per year for ongoing maintenance
- **Condo fees (if applicable):** Monthly fees ranging from \$300 to over \$800, covering building insurance, reserve fund contributions, common area maintenance, and sometimes utilities

Budget tip: Before you make an offer, calculate your total monthly cost of ownership — not just the mortgage payment. Include property tax, insurance, utilities, maintenance, and any condo fees. If that total exceeds 35 percent of your gross monthly income, you may be stretching too thin.

First-Time Buyer Programs

If you are a first-time home buyer in Canada, several programs can significantly reduce your costs:

First Home Savings Account (FHSA)

The FHSA allows first-time buyers to save up to \$8,000 per year (lifetime maximum \$40,000) in a tax-deductible account specifically for a home purchase. Contributions reduce your taxable income, and withdrawals for a qualifying home purchase are tax-free — combining the best features of an RRSP and a TFSA.

Home Buyers' Plan (HBP)

The HBP allows you to withdraw up to \$60,000 from your RRSPs tax-free to put toward the purchase of your first home. The withdrawn amount must be repaid to your RRSP over 15 years, starting two years after the withdrawal.

First-Time Home Buyers' Tax Credit

The federal government offers a non-refundable tax credit of up to \$10,000, resulting in a tax reduction of up to \$1,500 for qualifying first-time buyers.

GST/HST New Housing Rebate

If you are purchasing a newly built home in Calgary, you may be eligible for a partial rebate of the GST paid on the purchase. The federal rebate can be up to \$6,300 for homes priced under \$350,000, with a reduced rebate available up to \$450,000.

The bottom line: A well-prepared buyer budgets for more than the purchase price. Understanding the full cost picture — from down payment and closing costs to ongoing expenses — ensures you can enjoy your new Calgary home without financial stress. Your REALTOR and mortgage broker can help you build a complete budget before you start your search.