Budget 2025: Real Estate Investor Impacts

The 2025 federal budget keeps housing central to Canada's growth plan, delivering key policy shifts that directly impact real-estate investors across the country. For those actively building or managing multi-unit portfolios, this budget introduces meaningful administrative relief and improved financing conditions without adding new tax burdens. The proposed elimination of the Underused Housing Tax from 2025 onward represents a significant compliance simplification, while the expanded Canada Mortgage Bond program opens new capital pathways for multi-unit housing development and acquisition.

Prepared by Matt Calnan, Managing Director for the Calnan Real Estate Group – November 2025

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Key Policy Changes for 2025

UHT Elimination

Proposed repeal of the Underused Housing Tax beginning in 2025. Filings for 2022–2024 remain required, but investors will see reduced administrative overhead moving forward. This change streamlines compliance for residential property owners across Canada.

CMB Expansion

Canada Mortgage Bond issuance cap rises from $60 billion to $80 billion in 2026, exclusively targeting multi-unit housing. This $20 billion increase will improve debt liquidity and may reduce insured-debt costs for qualifying properties.

GST/HST Updates

Updated GST/HST rental-rebate rules specifically for cooperative housing arrangements. These changes enhance affordability mechanisms and provide new structuring options for collaborative ownership models.

Modular Focus

Continued federal emphasis on modular and industrialized construction methods to accelerate housing supply delivery. Investors and developers can leverage these innovations to potentially shorten construction schedules and control costs.

What Stayed the Same

Capital Gains Treatment

Capital-gains inclusion rates remain unchanged from previous years. Investors can continue to model dispositions and portfolio optimization strategies using existing tax frameworks without needing to adjust for new federal treatments on property appreciation or sale proceeds.

- No changes to inclusion rate percentages
- Lifetime capital gains exemption unaffected
- Principal residence exemption unchanged

Rental Market Regulations

No new federal measures were introduced targeting short-term rentals or property flipping activities. Provincial and municipal regulations continue to govern these areas independently, allowing investors to focus on local compliance requirements rather than new federal restrictions.

- Short-term rental rules remain provincial/municipal
- No federal anti-flipping provisions added
- Rental income taxation unchanged

CMHC Programs

Existing CMHC programs and initiatives remain in place with no major structural changes. The CMB expansion complements rather than replaces current offerings, and investors can expect continuity in underwriting standards and program eligibility as the enhanced funding takes effect by 2026.

- Mortgage loan insurance programs stable
- Underwriting criteria consistent
- Existing affordability programs maintained

Investor Impact Analysis

01

Current Portfolio Holders

Expect lower administrative overhead as UHT filings end after 2024, freeing up resources previously dedicated to compliance. Monitor existing holdings for refinancing opportunities as lenders begin pricing in the CMB increase throughout 2025 and 2026.

02

Prospective Buyers

Conditions for multi-unit assets improve slightly, with better debt liquidity expected by 2026. Those considering portfolio roll-ins or new partnerships may find timing advantageous ahead of these funding shifts, particularly for properties eligible for insured financing.

03

Developers and Sponsors

Can re-model capital stacks using insured execution paths and potentially shorten construction schedules through modular adoption. The enhanced CMB capacity creates additional certainty for development pro formas and may improve returns on equity through lower cost of capital.

04

Non-Resident Investors

See simplified compliance with UHT elimination but should continue to track anti-avoidance updates that could affect entity structures. Cross-border investors benefit from reduced administrative burden while maintaining awareness of evolving regulations affecting foreign ownership.

The federal government's decision to avoid new tax measures on rental income or capital gains provides stability for investment underwriting. Investors can model acquisitions and dispositions with confidence that the current tax framework will remain consistent through at least the medium term. This predictability supports long-term strategic planning and allows capital allocators to focus on operational performance rather than regulatory uncertainty.

Strategic Relevance to Roll-In Opportunities

The 2025 federal budget strengthens the environment for Calnan Real Estate Group's roll-in program — a structure that lets property owners convert equity in their real estate into ownership units in the CORE Investment Fund.

How the roll-in works:

01

The property is contributed to the Fund at fair market value.

02

CORE assumes any existing mortgage debt.

03

The owner receives units equal to their net equity.

04

The property is professionally managed within the CORE portfolio, providing passive income, diversification, and continued ownership growth.

Why Budget 2025 helps:

→ **Underused Housing Tax repeal** reduces administrative burden and eliminates a potential penalty for entity-owned residential assets, simplifying the roll-in process.

→ **Expanded Canada Mortgage Bond program** improves long-term financing conditions for multi-unit properties, enhancing liquidity and refinance stability for rolled-in assets.

→ **Federal focus on multi-unit housing** aligns directly with CORE's acquisition and management strategy, supporting higher efficiency and scalability for incoming properties.

Together, these updates make the roll-in path even more attractive for owners seeking a tax-efficient transition out of direct management while maintaining exposure to long-term real-estate growth.

Owners interested in exploring whether their property qualifies can book a confidential review

Book a Confidential Review

Recommended Actions & Next Steps

1

Complete UHT Compliance

File all outstanding Underused Housing Tax returns (2022-2024) to avoid penalties before the program's repeal.

2

Re-Underwrite Financing

Update financial models for multi-unit projects, engaging lenders early to leverage enhanced Canada Mortgage Bond capacity in 2026.

3

Assess Rebate Eligibility

Evaluate cooperative housing for enhanced GST/HST rental rebate eligibility, identifying new structuring opportunities for properties.

4

Investor Communication

Inform investors and stakeholders that Budget 2025 introduces no new federal tax burdens, reinforcing regulatory stability.

5

Monitor Legislative Progress

Track legislative progress on UHT repeal and CMB expansion, adjusting acquisition and financing strategies as implementation dates are confirmed.

Looking Ahead

The federal focus on housing supply and affordability will continue to drive support for purpose-built rentals and insured-debt tools. Investors in multi-unit assets can anticipate stronger policy backing and capital-market stability as interest rates normalize and the expanded CMB program is implemented.

About Calnan Real Estate Group: A Western-Canada-focused investment and advisory platform specializing in multifamily ownership, asset management, and creative deal structuring. Learn more at **www.calnan.co**

Book a Meeting

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