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Cigarettes Stink

Research shows smoking significantly ruins property value

By Christopher Seepe

In February, 2013, Pfizer Canada, a leading biopharmaceutical company sponsored a survey conducted by Leger Marketing, in which 87% of Ontario real estate agents and brokers said smoking in the home lowers resale value. In addition, 89% said smoked-in homes were more difficult to sell. 31% said smoking may lower a property's value by 20% to 29%, and 21% said the value could drop 30% or more—that's \$120,000 on a \$400,000 home!

Further to that, 56% said most buyers are less likely to buy a home where people have smoked, and 27% said most buyers are actually unwilling to buy a home where people have smoked.

The number one reason given was smell; number two was health due to second- and third-hand smoke.

Rental landlords know all about

smoker smell. Unless the new renter of the unit is a smoker too, the new tenant invariably requires the unit to be "detoxified." This may cost \$450 to paint a 1-2 bedroom unit, \$100 or more to steam vacuum the carpets, and maybe \$100 to wipe down and clean all other surfaces (windows, mirrors, balcony doors, closet doors, kitchen cabinets, appliances, etc.). You

may possibly have to replace or repair countertops, appliances and other surfaces that have been marred by cigarette burns. In a heavily smoked-in unit, you may need a stain killer primer, extra paint, new carpets, clean vents, ducts and ceiling fans, and even possibly electrical sockets where tar and nicotine can accumulate. Promising to deliver a smoke-free unit that still aggravates the new tenant could lead to further costs and a rent abatement award from the Landlord and Tenant Board.

Now add in the possible loss of the insurance deduction for a smoke-free building, the possible complaints of neighbours, or the loss of tenants who won't rent in your building due to health concerns for themselves or their children—is the headache worth it?

Smoking is risky business

The Council of Canadian Fire Marshals and Fire Commissioners report that smokers' materials and open flame (cigarettes, lighters, and matches) remain the number one ignition source in fatal residential fires. Between 1993 and 2002 (most recent figures available) there were 9,414 fires, over \$231 million in losses, 688 injuries and 94 deaths caused by lit smokers' materials.

Landlords and property managers may be concerned that rejecting smoker tenants would constitute discrimination and possibly increase their vacancy rate. The former is incorrect and statistics for the latter say otherwise.

Smokers are not one of the protected groups of the Human Rights Code and, according to the Non-Smokers' Rights Association

Smoking and Health Action Foundation, it is legal for a landlord anywhere in Canada to include an enforceable no-smoking policy in their lease.

Health Canada's Annual Canadian Tobacco Use Monitoring Survey (2011) reported that 14% of Canadians smoke daily, while 4% smoke occasionally. Daily smokers consumed an average of 14.4 cigarettes per day.

Rental landlords take note—a survey commissioned by the Ontario Tobacco-Free Network (conducted by Ipsos Reid) that researched drifting second-hand smoke in multi-unit dwellings (March 2007), reported that 64% of Ontario respondents would prefer a smoke-free building if such a choice was offered. That means as a rental landlord, you can either:

- (a) rent to the minority 14% market of smokers, try to attract some of the remaining 22% who appear to be indifferent to smokers, and pay the additional smoker-specific cleaning costs when re-renting a unit, OR;
- (b) rent to the 64% of smoker-intolerant tenants, try to attract some of the same smoker-tolerant 22% (total 86% of the market) of tenants, and save the average \$650 additional smoker-specific cleaning costs.

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