

Welcome to the...

MCAP FALL 2016 BREAKFAST SEMINAR

Presented By:

MCAP Development Finance Group

Richmond Hill Country Club – December 8, 2016

AGENDA



Overview of the GTA Condominium Market

Presented by: Shaun Hildebrand, Senior Vice President, Urbanation

MCAP High-Rise Condominium Land Value Report

Presented by: David McCrossan, Director, Development Finance Group

MCAP Lot Value Report

Presented by: Bruno Iacovetta, Managing Director, Development Finance Group

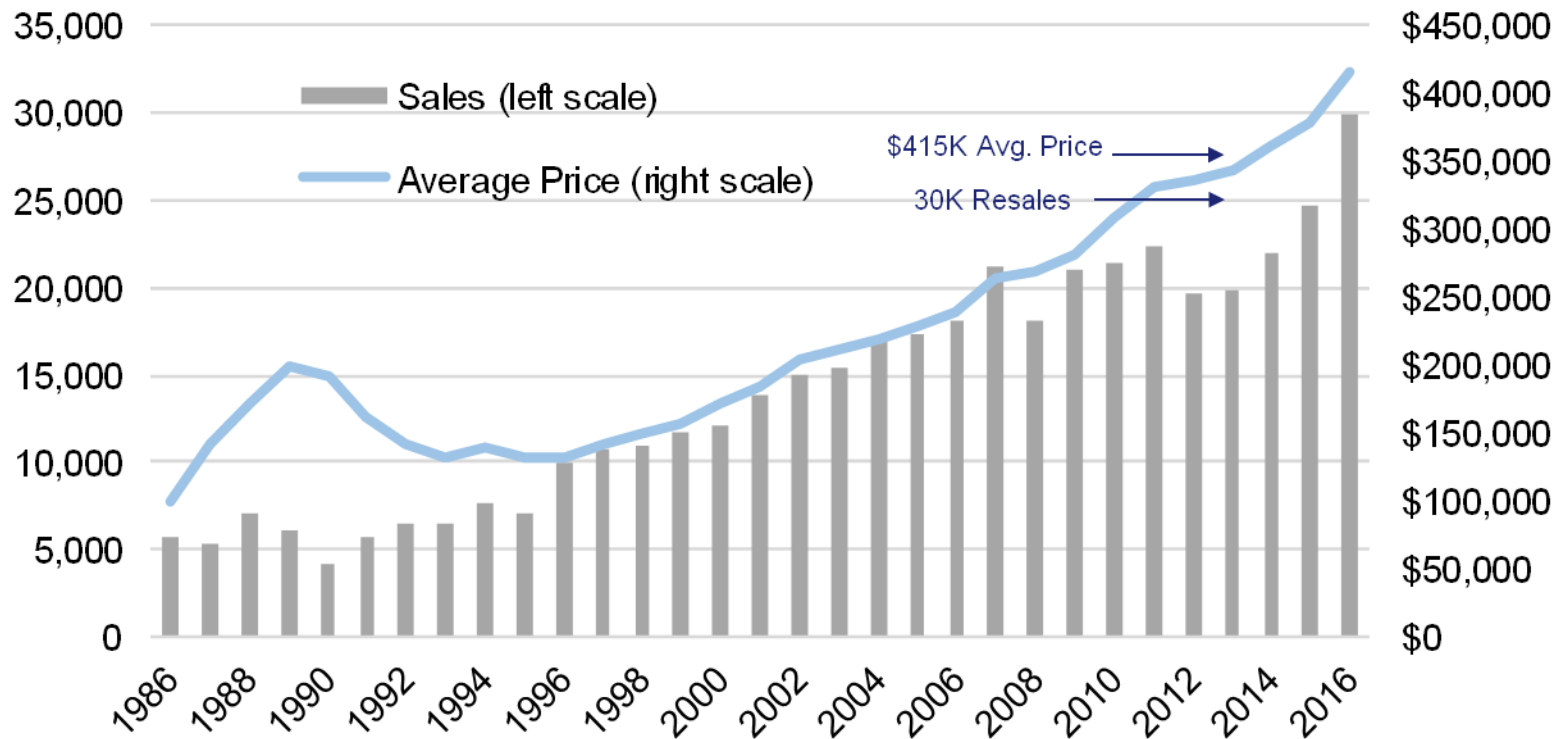
GTA APARTMENT MARKET UPDATE

MCAP Fall 2016 Breakfast Seminar
December 2016



GTA CONDO MARKET: A 30-YEAR HISTORY

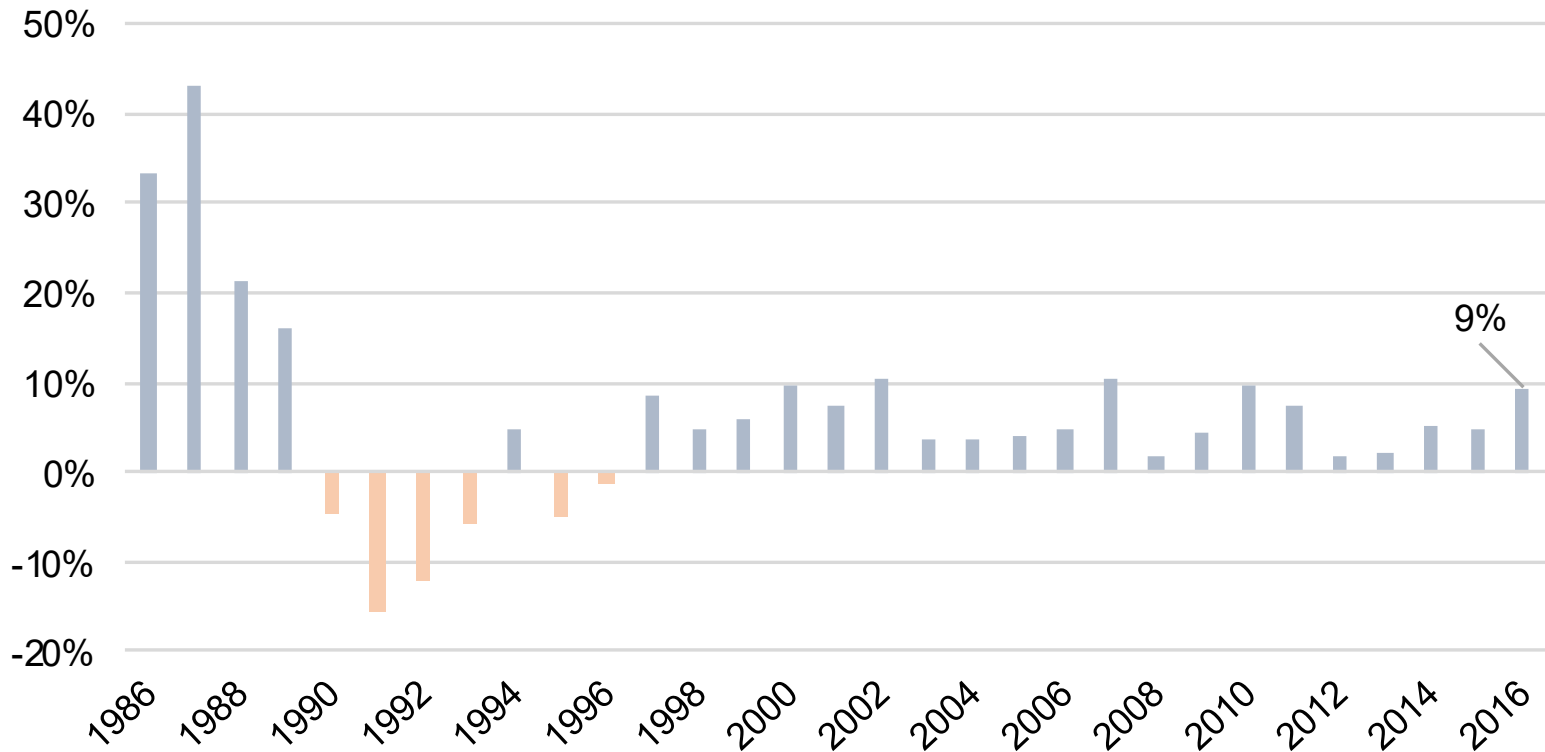
Resale Condo Annual Sales and Average Prices
GTA: 1986 to 2016



Source: TREB, Urbanation Inc.

2016 CONDO PRICE GROWTH | CONTEXT

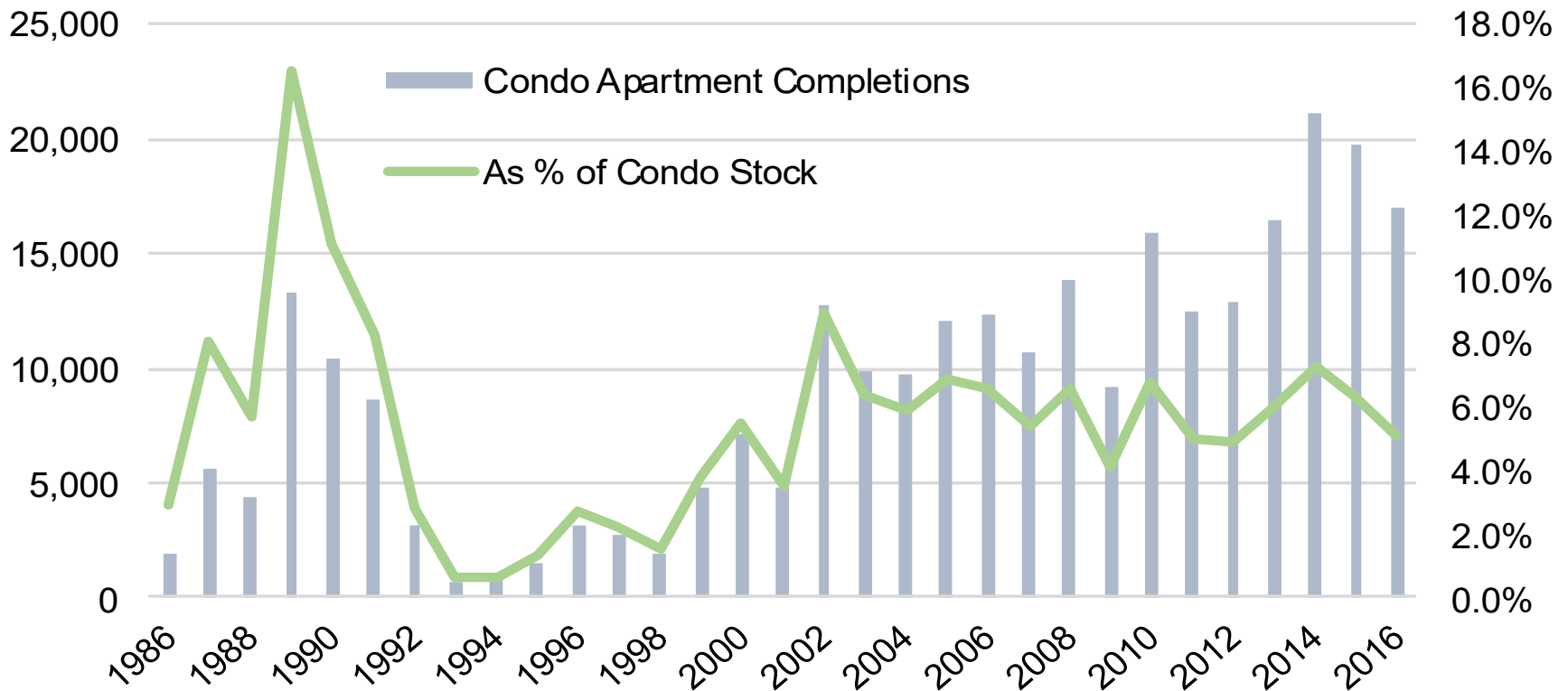
Resale Condo Average Annual Price Growth
GTA: 1986 to 2016



Source: TREB, Urbanation Inc.

MODERATE GROWTH IN CONDO STOCK

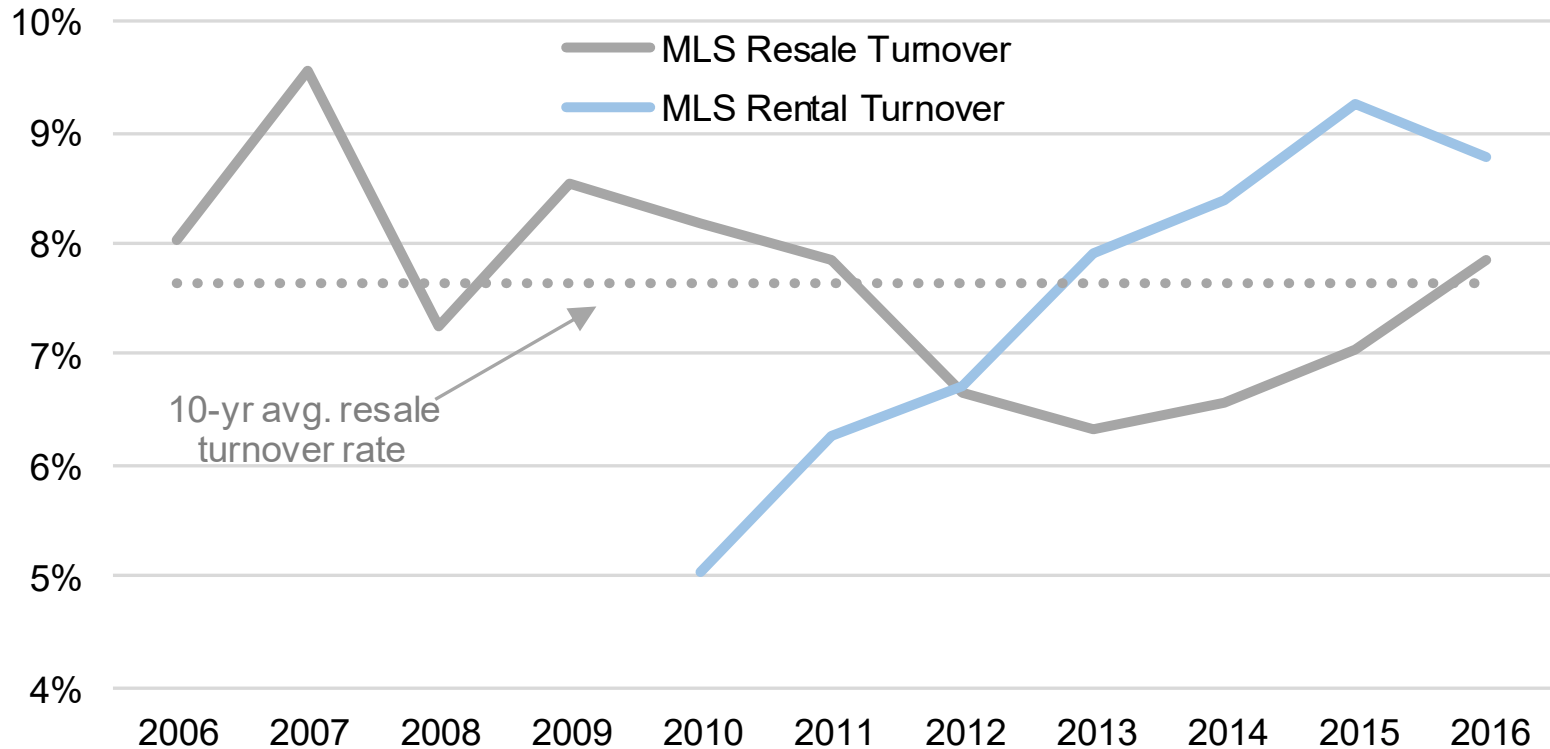
Annual Condo Apartment Completions
GTA: 1986 to 2016



Source: Urbanation Inc, CMHC

RESALE TURNOVER NORMALIZING RENTAL TURNOVER SLOWING

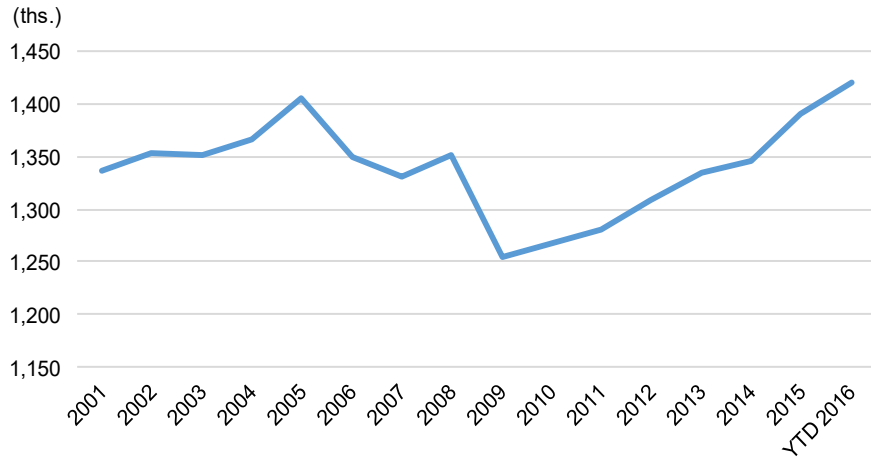
Annual MLS Condo Resale and Rental Turnover Rates -- % of Stock
GTA: 2004 to 2016



Source: Urbanation Inc, TREB/MLS

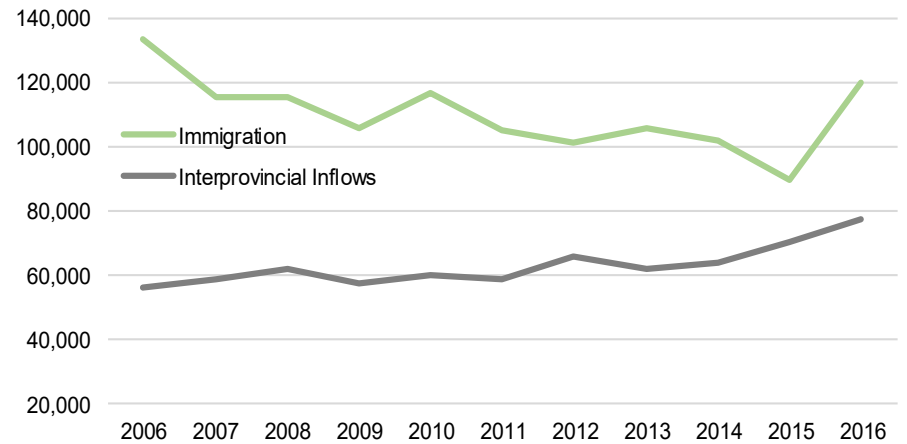
DEMAND FUNDAMENTALS RISING

**Employment for Workers Aged 25 to 44
Toronto CMA: 2001 to 2016**



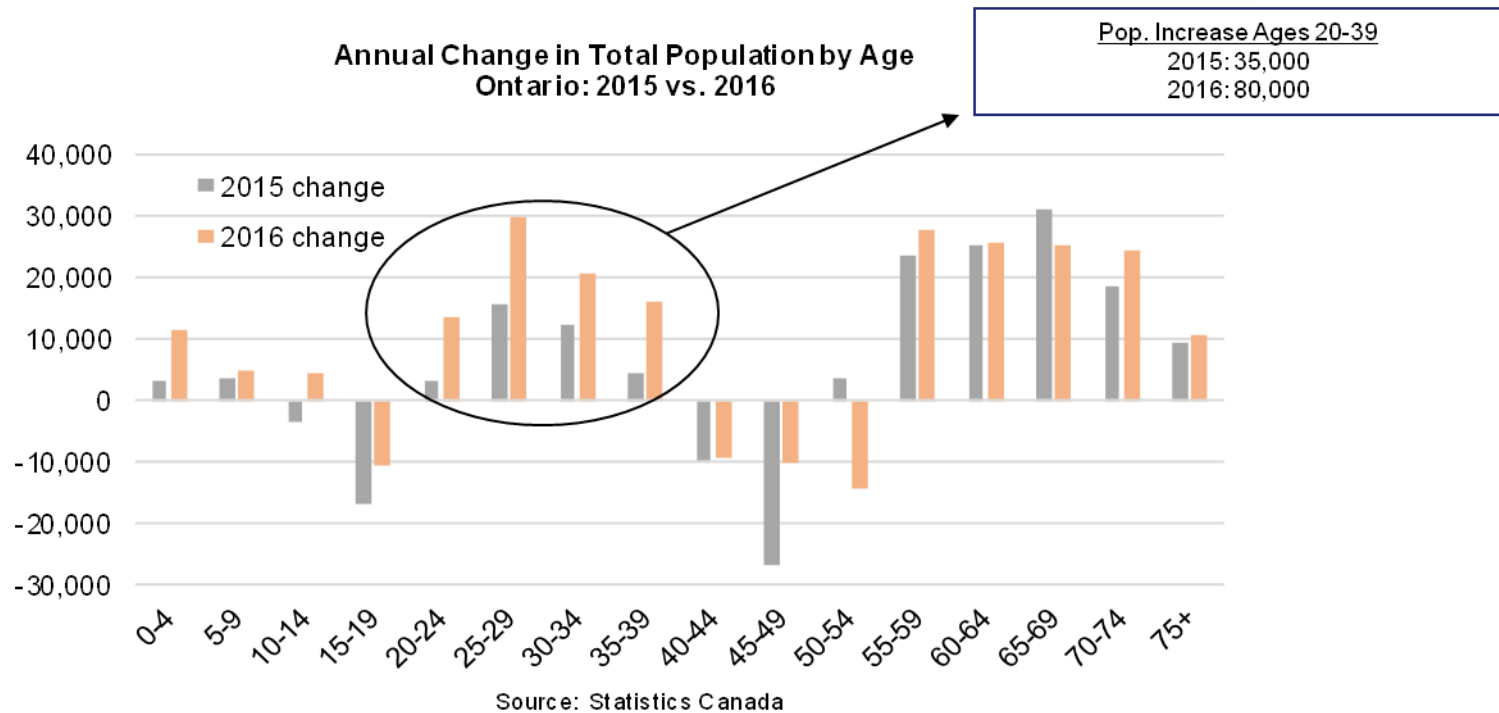
Source: Statistics Canada, Urbanation Inc.

**Annual Migration Inflows
Ontario: 1996 to 2016, 12 month periods to Q2**



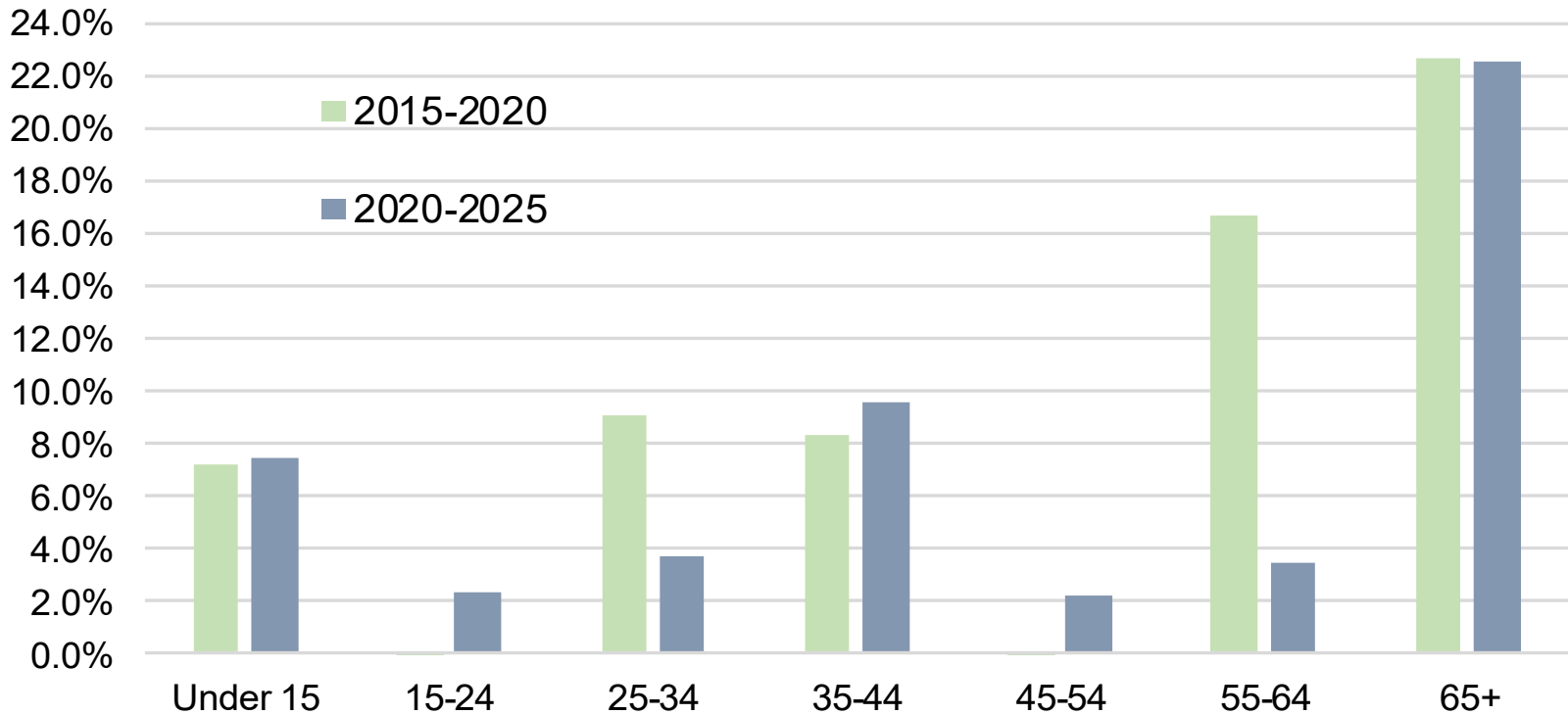
Source: Statistics Canada

RAPID ACCELERATION FOR 20-39 AGE POPULATION



25-44 & 55-PLUS POPULATION GROWTH TO REMAIN STRONG

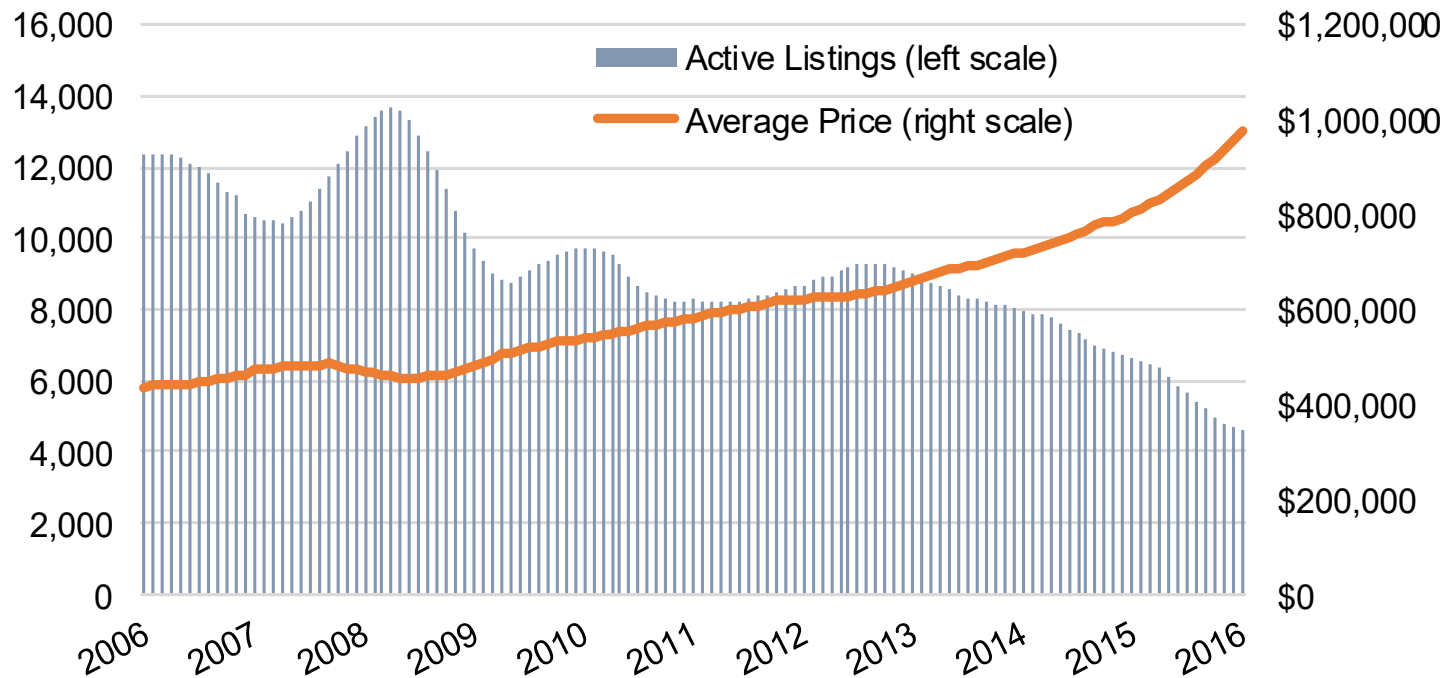
Population Growth Projections by Age
GTA: 2015-2025



Source: Ontario Ministry of Finance

SEVERE SUPPLY AND PRICE PRESSURES FOR LOW-RISE

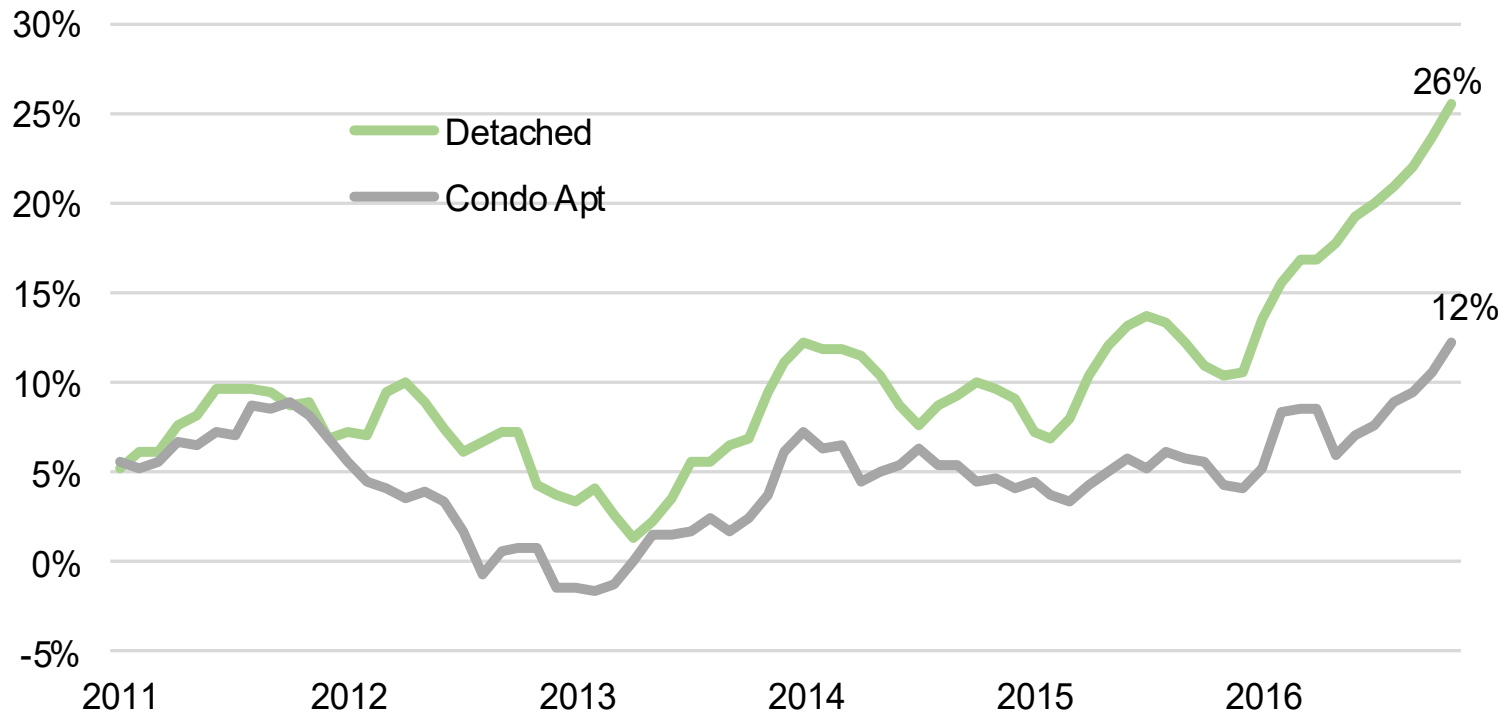
Single Detached Resale Prices and Active Listings
GTA: 2006 to 2016, 12-month rolling average



Source: TREB, Urbanation Inc.

SUBSTITUTION EFFECT BOOSTS CONDO VALUES

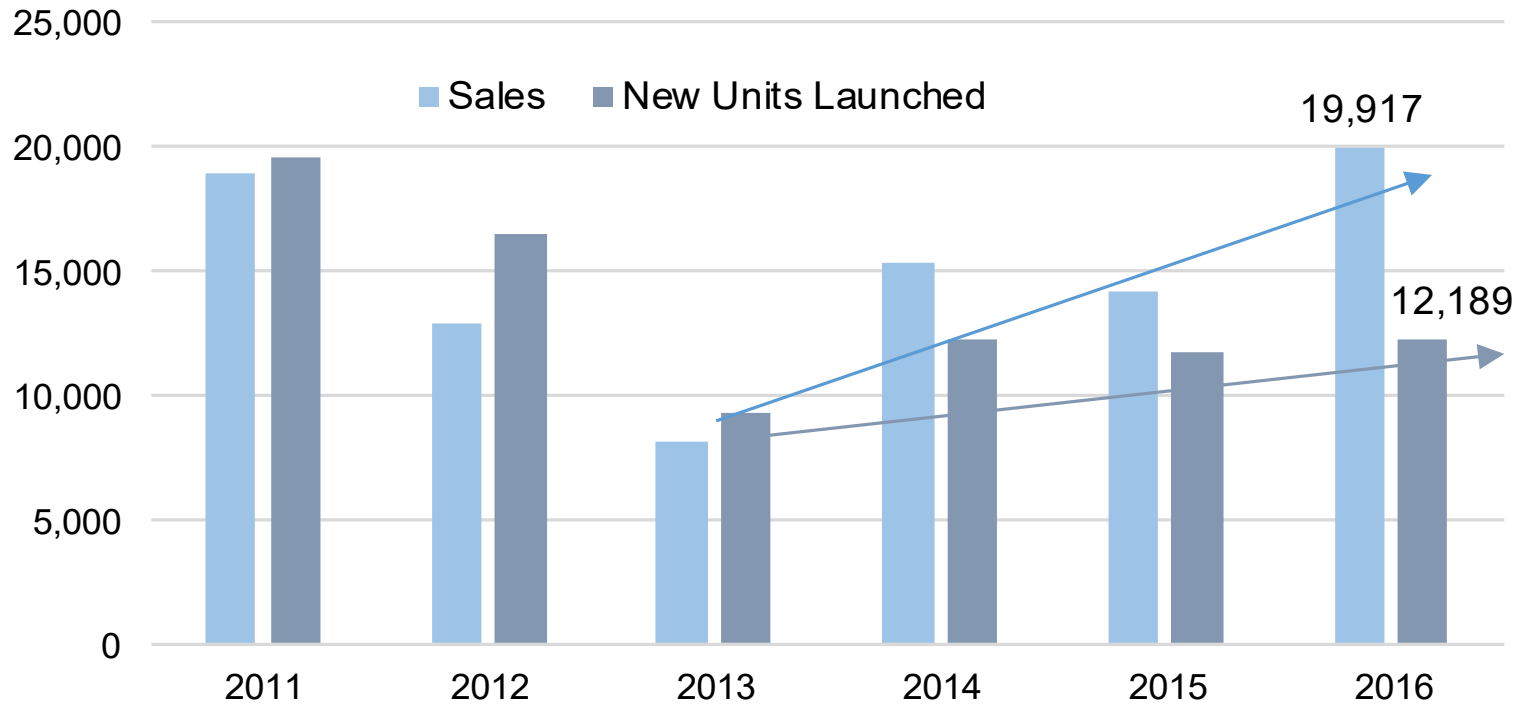
Annual Resale Price Growth: Detached and Condo
GTA: 2006 to 2016, 3-month rolling average



Source: TREB, Urbanation Inc.

DEMAND FOR NEW CONDOS FAR EXCEEDING NEW SUPPLY

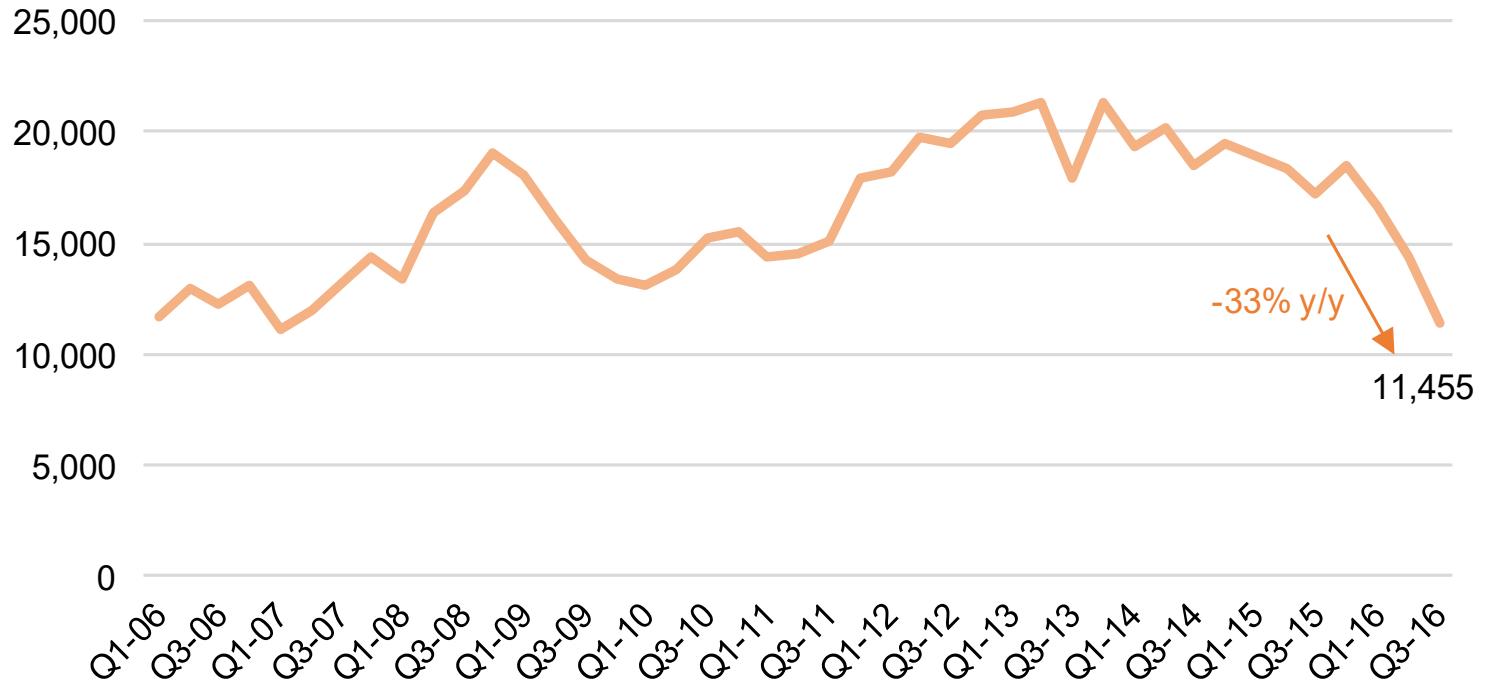
New Condo Apartment Sales and Units Launched
GTA: 2011 to 2016, YTD Q3 Periods



Source: Urbanation Inc.

REMAINING INVENTORY PLUNGES TO DECADE LOW

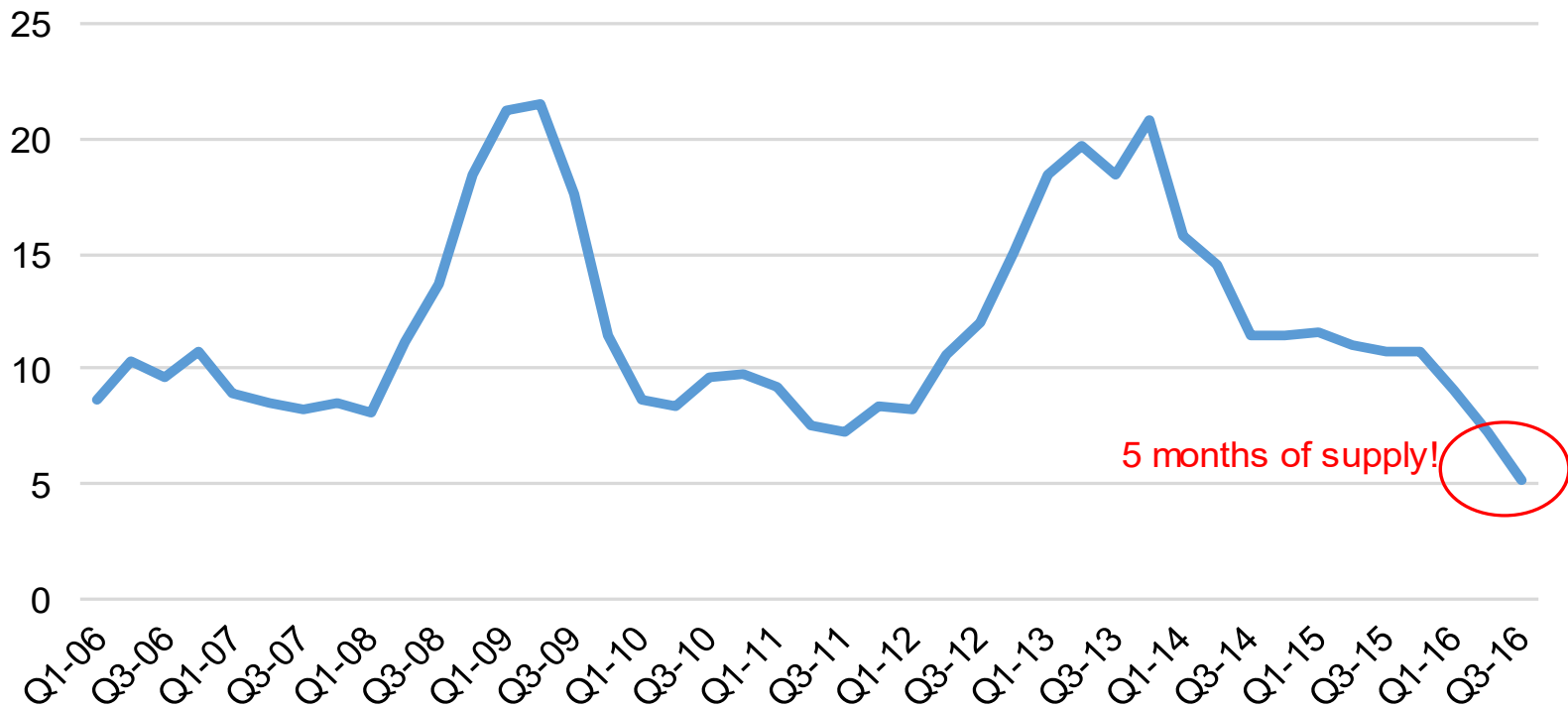
New Condo Apartment Unsold Inventory
GTA: Q1-2006 to Q3-2016



Source: Urbanation Inc.

ONLY FIVE MONTHS OF NEW CONDO SUPPLY REMAINING

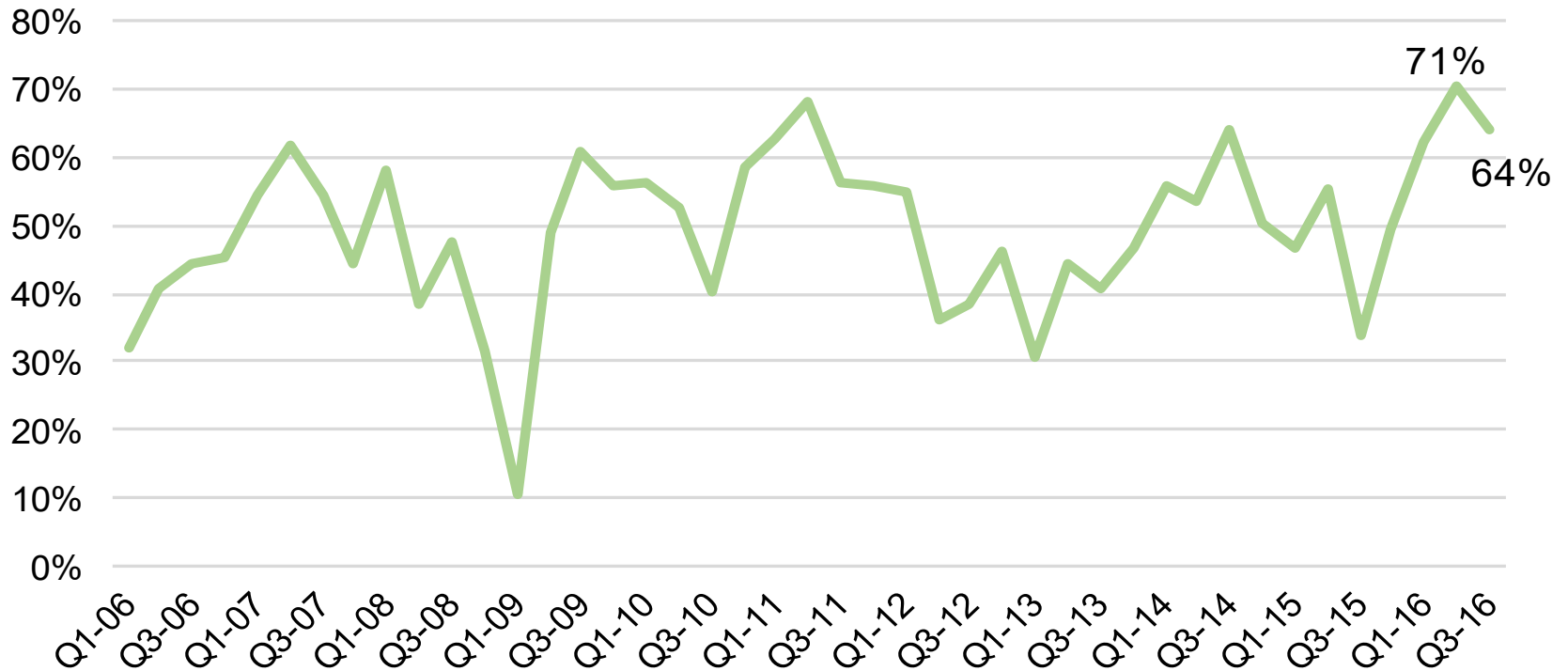
New Condo Apartment Months of Supply
GTA: Q1-2006 to Q3-2016



Source: Urbanation Inc.

NEW LAUNCHES ARE SELLING FAST

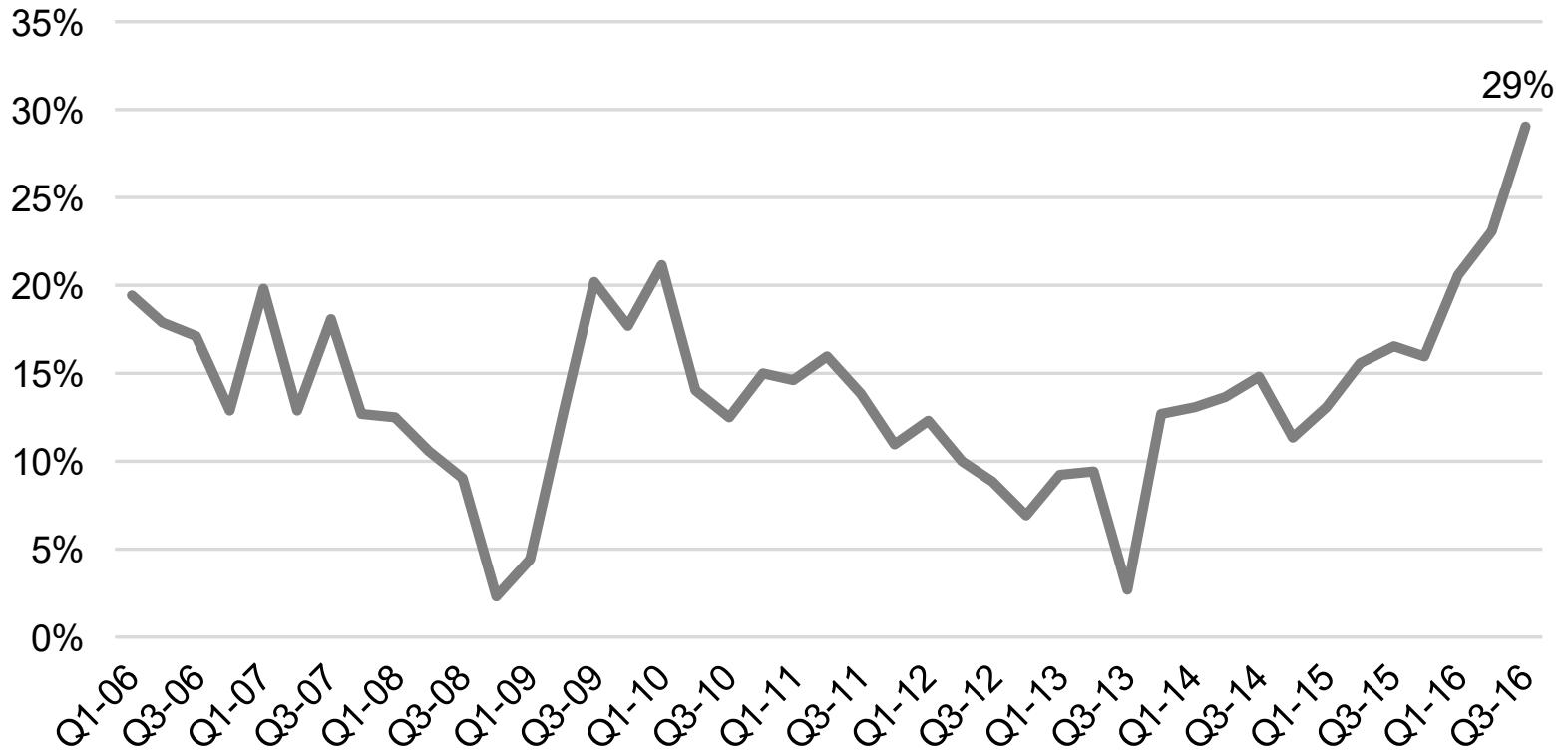
Absorption Rate of New Launches
GTA: Q1-2006 to Q3-2016



Source: Urbanation Inc.

ABSORPTION OF EXISTING UNITS SPIKES

Quarterly Absorption Rate of Existing Inventory
GTA: Q1-2006 to Q3-2016



Source: Urbanation Inc.

TOP SELLING NEW CONDO PROJECTS Q3-2016

New Q3 Launches

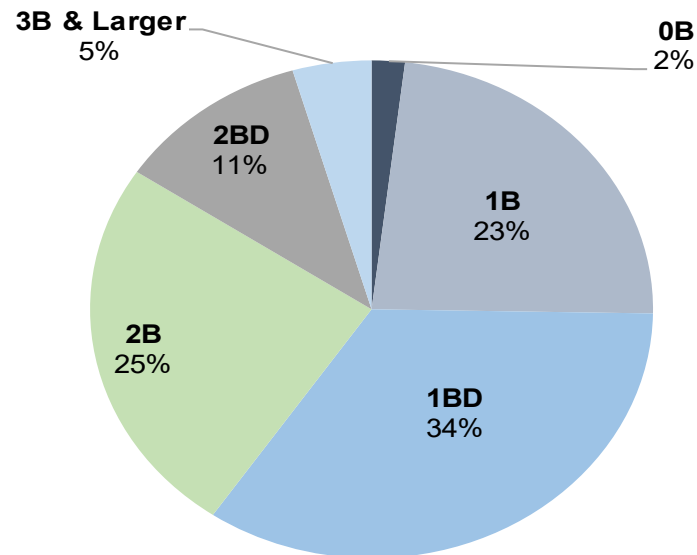
Project	Address	Submarket	Opening Date	Total Suites	Q3 Sales	% Sold	Sold Price (psf)
Halo Residences on Yonge	480 Yonge St	Downtown Core	Sep-16	413	402	97%	\$908
Rodeo Drive at Don Mills - Phase 1	169 The Donway	Don Mills	Jul-16	425	289	68%	\$611
Eight Cumberland	8 Cumberland St	Bloor-Yorkdale	Aug-16	365	279	76%	\$916
The Park Club - Emerald City Ph 6	125 George Henry Blvd	Willowdale	Jul-16	340	262	77%	\$551
159SW	159 Wellesley St E	East Bloor/The Village	Jul-16	360	252	70%	\$665

Existing Projects

Project	Address	Submarket	Opening Date	Total Suites	Q3 Sales	% Sold	Sold Price (psf)
St. Lawrence Condos	158 Front St E	Downtown East	Aug-15	490	188	74%	\$651
The PJ Condos	283 Adelaide St W	Entertainment District	Oct-15	361	163	87%	\$688
150 Redpath	150 Redpath Ave	North Midtown	Jun-15	613	102	94%	\$635
Liberty Central by the Lake – Ph 2	49 East Liberty St	Liberty Village	Apr-15	302	92	94%	\$587
Pinnacle Grand Park 2	3975 Grand Park Dr	Mississauga City Centre	Oct-12	461	83	85%	\$440

SALES MIX OF TOP 30 SELLING PROJECTS Q3-2016

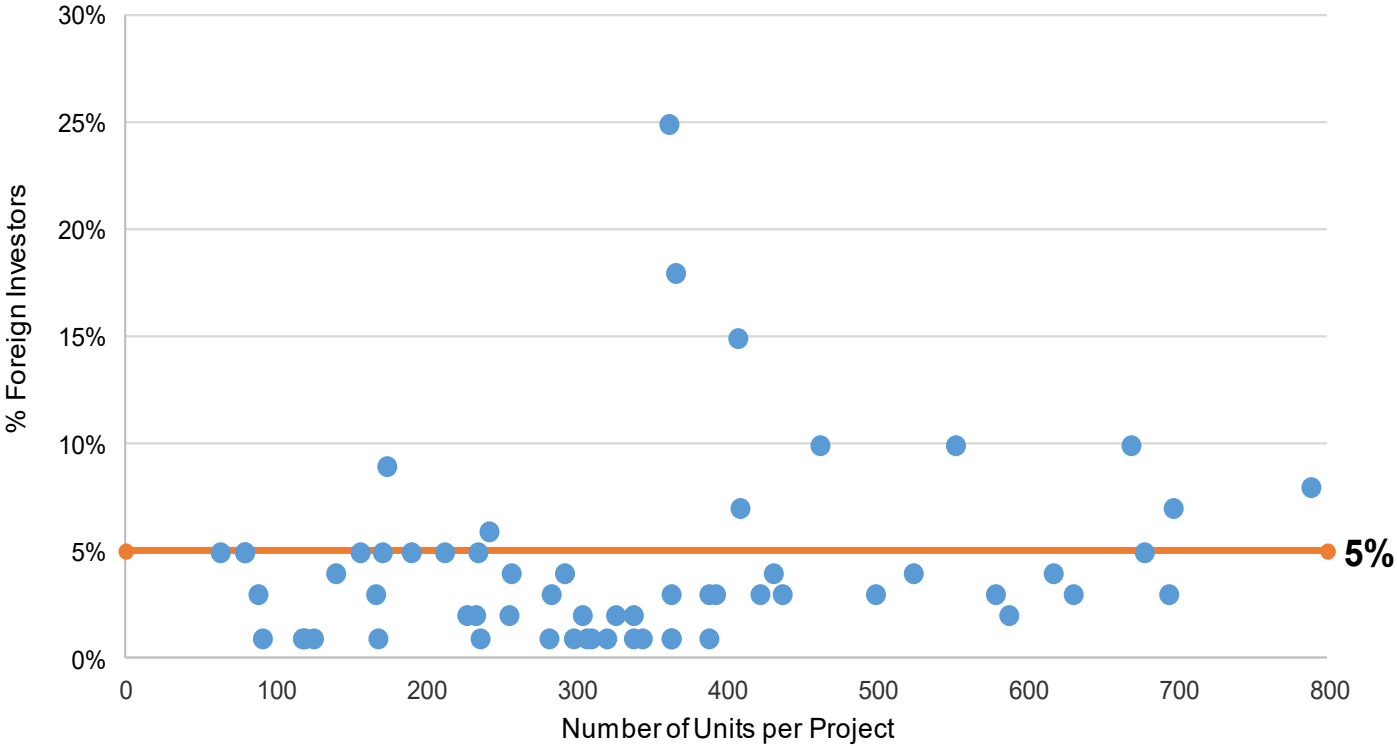
Sales by Unit Type Among 30 Highest Volume Projects
Greater Toronto Area: Q3-2016



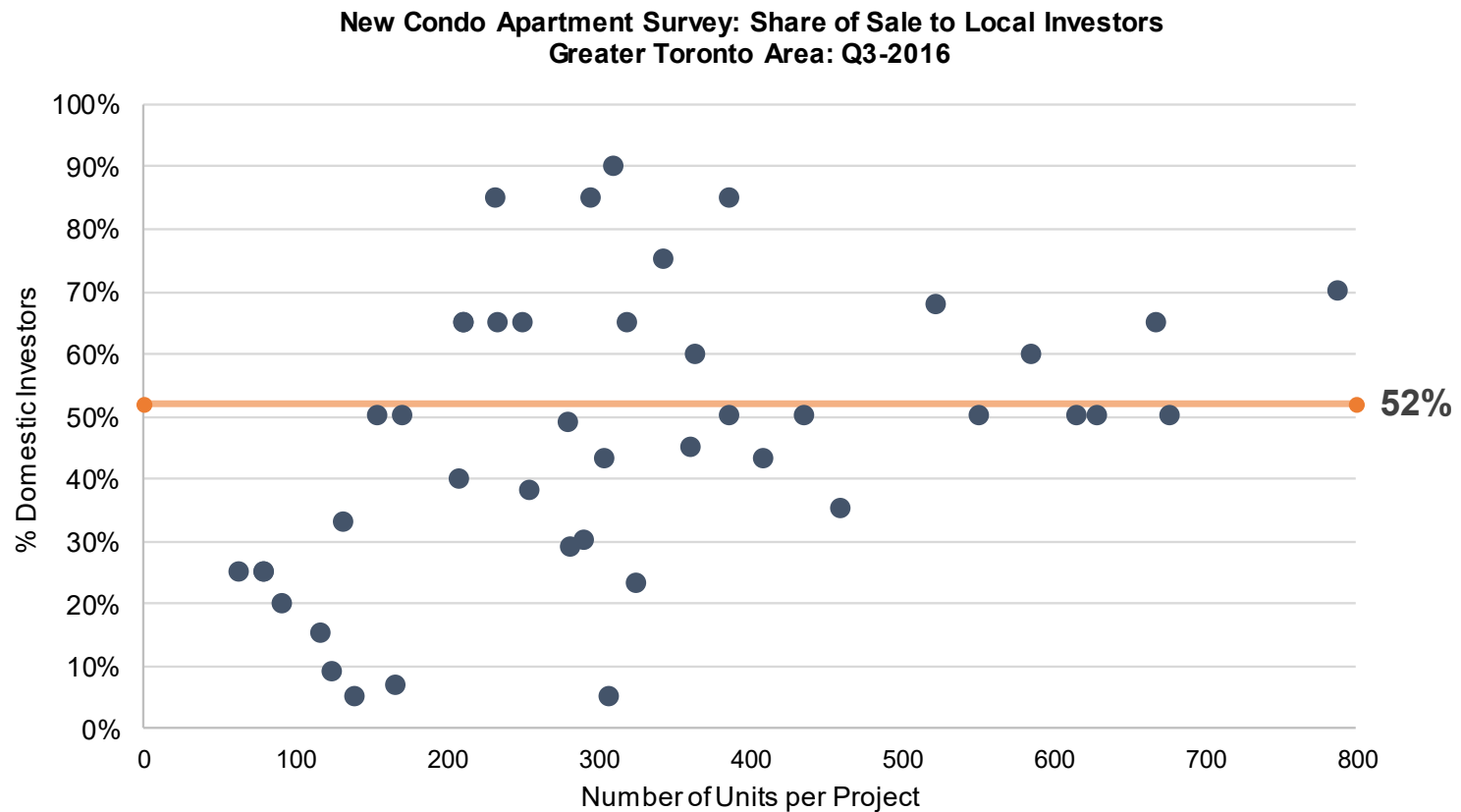
Source: Urbanation Inc.

SURVEY: % OF UNITS SOLD TO FOREIGN BUYERS SHARE OF TOTAL SALES AS OF Q3-2016

New Condo Apartment Survey: Share of Sales to Foreign Buyers
Greater Toronto Area: Q3-2016

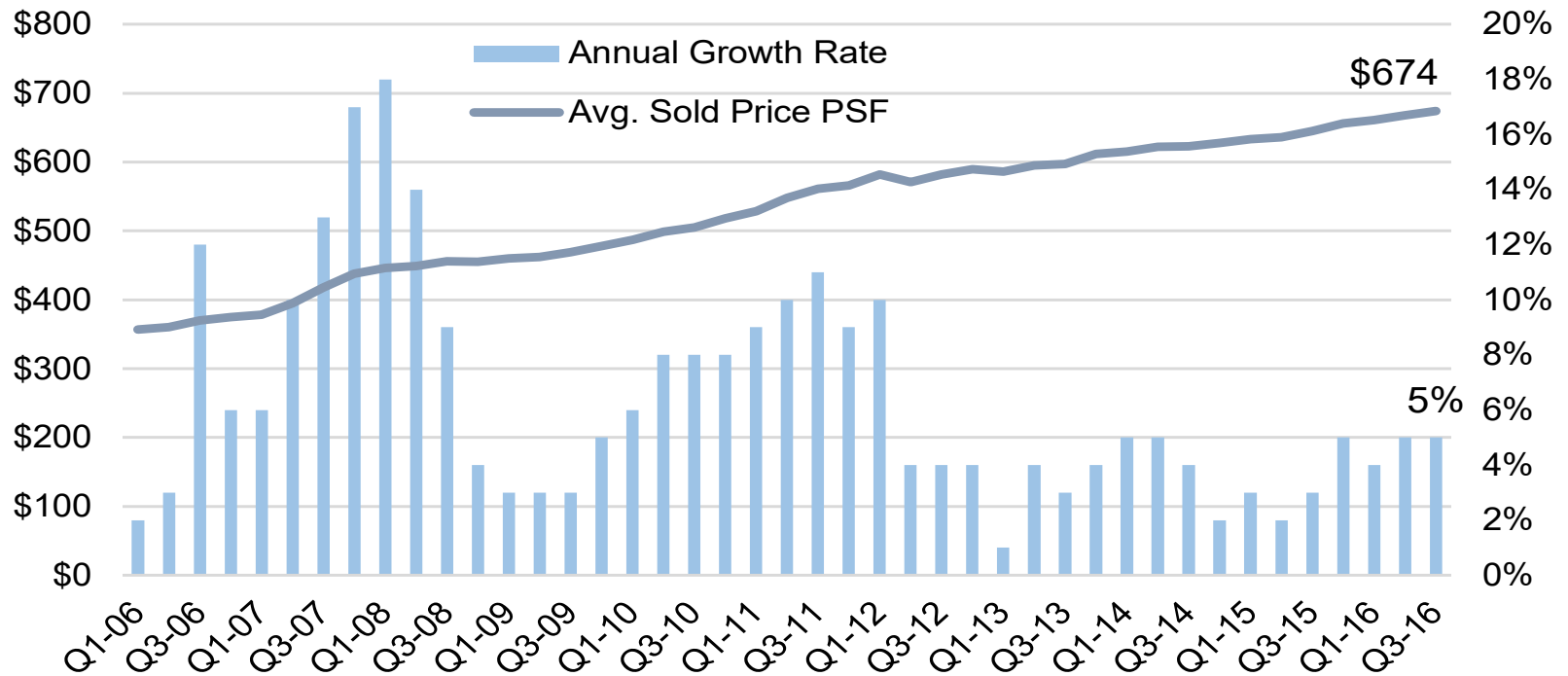


SURVEY: % OF UNITS SOLD TO LOCAL INVESTORS SHARE OF TOTAL SALES AS OF Q3-2016



NEW CONDO PRICES CONTINUE TO INCREASE MODESTLY

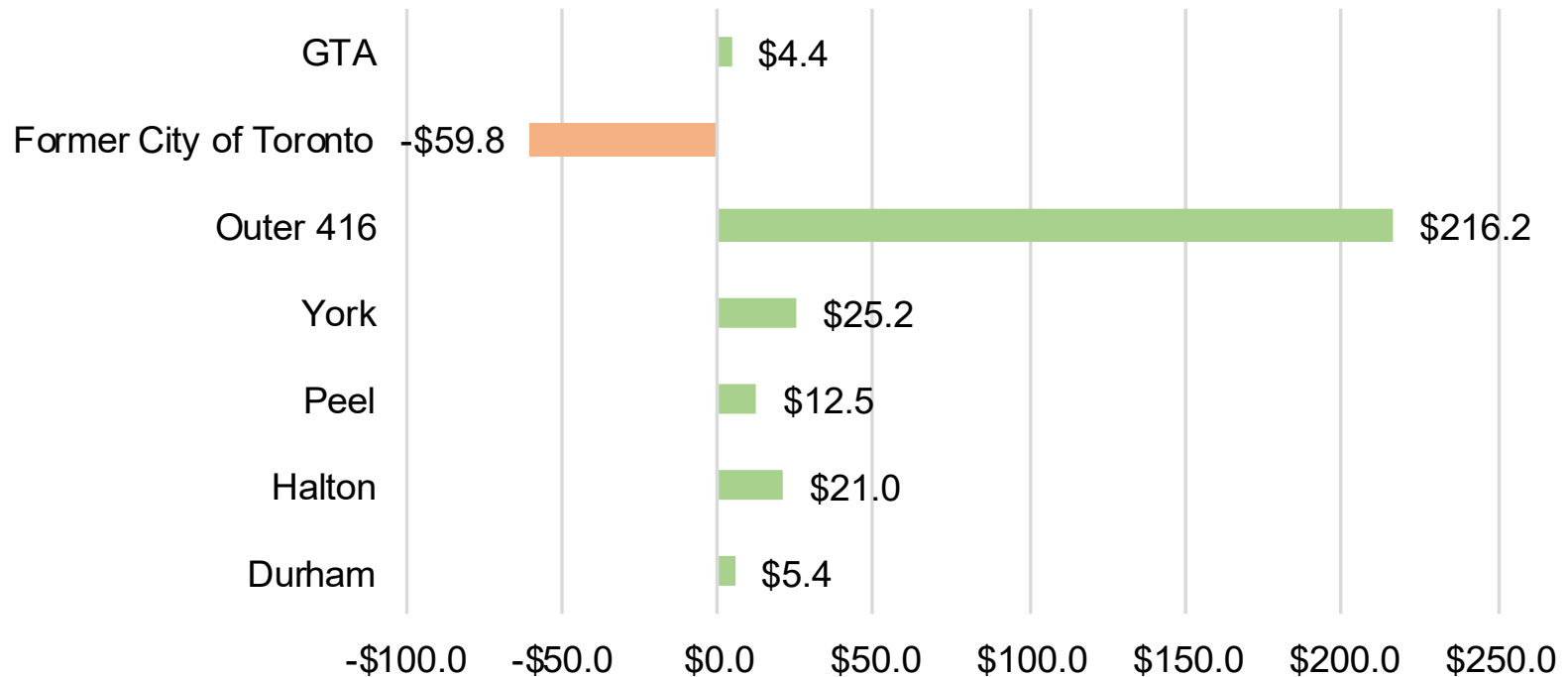
**New Condo Apartment Sold Price Index
Former City of Toronto: Q1-2006 to Q3-2016**



Source: Urbanation Inc.

HIGH-RISE LAND ACQUISITIONS SHIFT OUT OF THE CORE

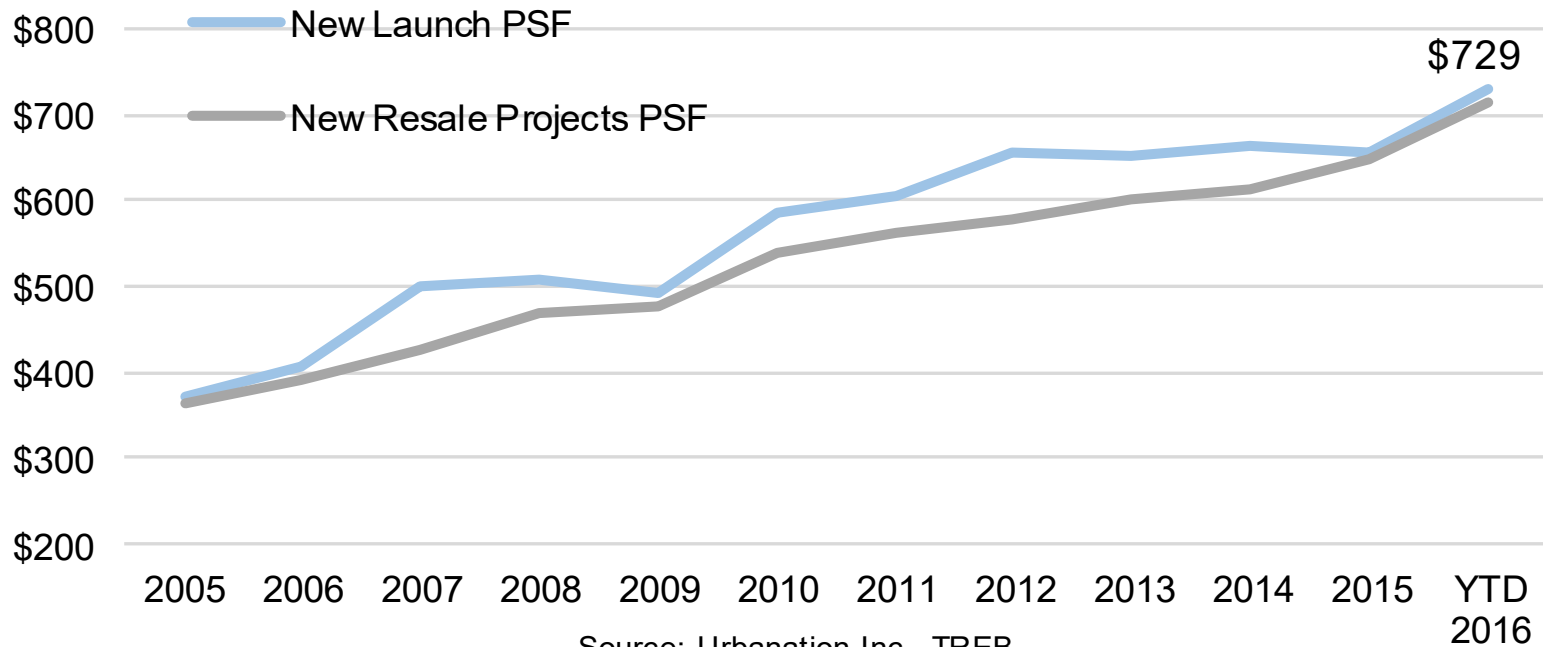
Change in Total Value of Apartment Site Sales by Region
GTA: YTD 2016 vs. YTD 2015 , Millions of dollars



Source: Urbanation Inc.

RESALE PRICES PULLING UP NEW LAUNCH PRICES

Average Prices PSF: New Launches vs. New Resale Projects*
Former City of Toronto: 12-month averages



Source: Urbanation Inc., TREB

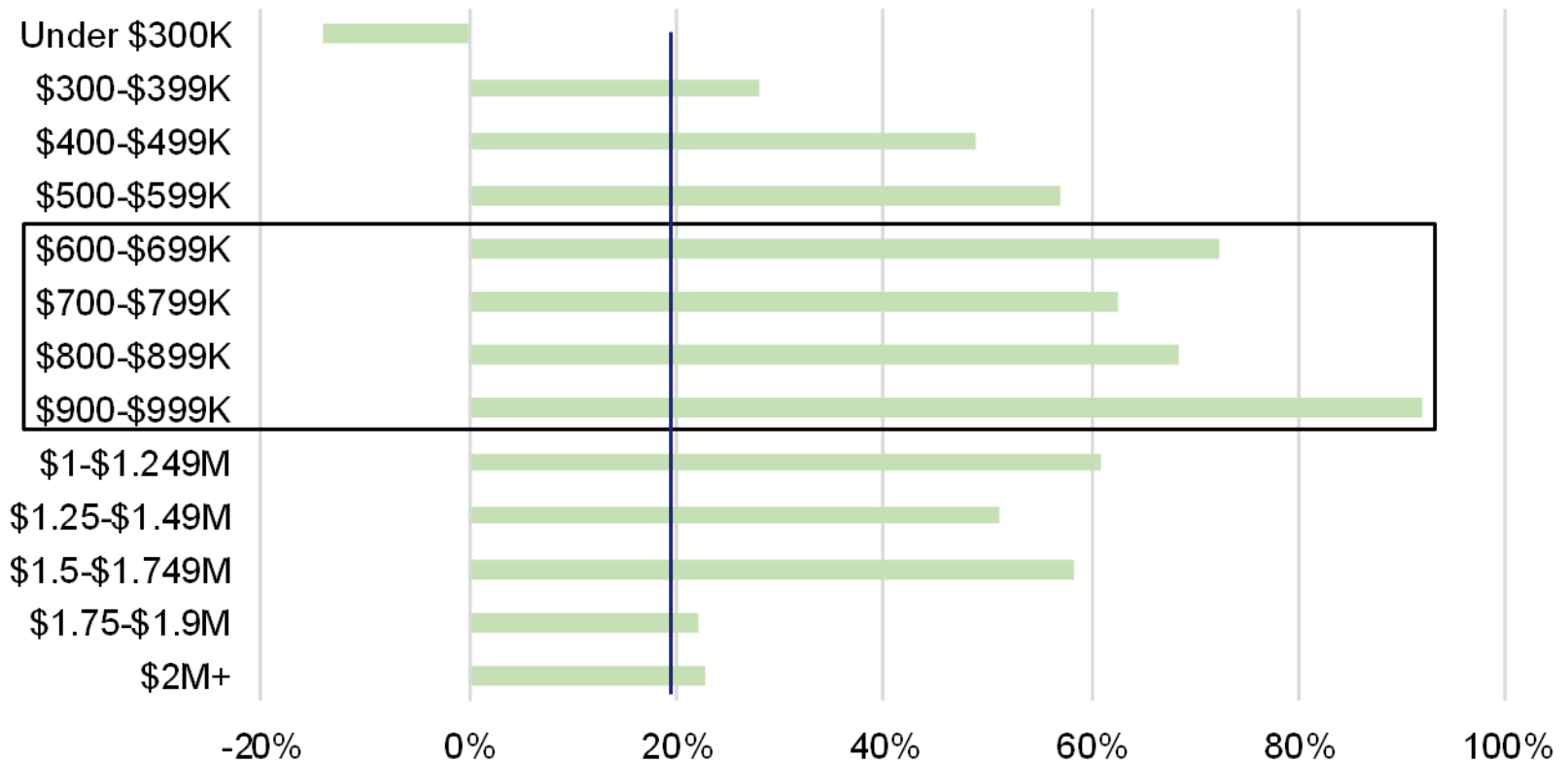
*Includes projects launched in latest 12 months and resale buildings registered in previous three year period

HIGHEST VALUED RESALE PROJECTS WITH AT LEAST 10 TRANSACTIONS IN Q3-2016

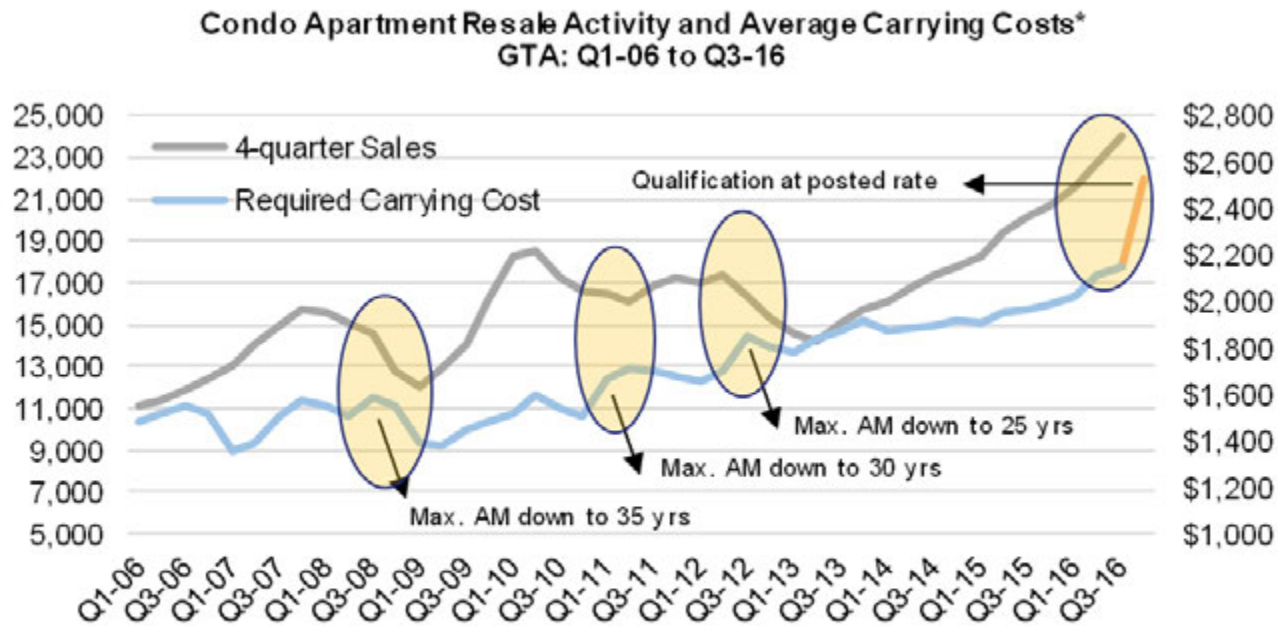
Project	Address	Submarket	Reg. Date	Q3 Sales	Avg. Suite Size (sf)	Avg. Price	Avg. Price (psf)
Living Shangri-La Toronto	180 University Ave	Downtown Core	Sep 2012	11	1,442	\$1,405,000	\$974
U Condominiums - East Tower	1080 Bay St	Downtown Core	May 2016	10	686	\$647,000	\$944
Waterlink at Pier 27	39 Queens Quay E	Harbourfront	Oct 2015	14	822	\$753,000	\$916
Karma	15 Grenville St	Downtown Core	Jul 2016	11	579	\$508,000	\$878
Theatre Park	224 King St W	Entertainment District	Oct 2015	14	775	\$666,000	\$860
Aura at College Park	386-388 Yonge St	Downtown Core	Jan 2015	30	837	\$717,000	\$856
Chaz Yorkville	45 Charles St E	East Bloor/The Village	Sep 2015	18	586	\$498,000	\$849
Nicholas Residences	75 St Nicholas St	Downtown Core	Apr 2015	17	590	\$499,000	\$846
Residences of College Park I	763 Bay St	Downtown Core	Sep 2007	21	659	\$548,000	\$832
Market Wharf	1 Market St	Downtown East	Apr 2013	12	806	\$671,000	\$832

CONDO SALES GROWING FASTEST IN \$600-999K RANGE

GTA Condo Resale Growth by Price Range
2016 vs. 2015



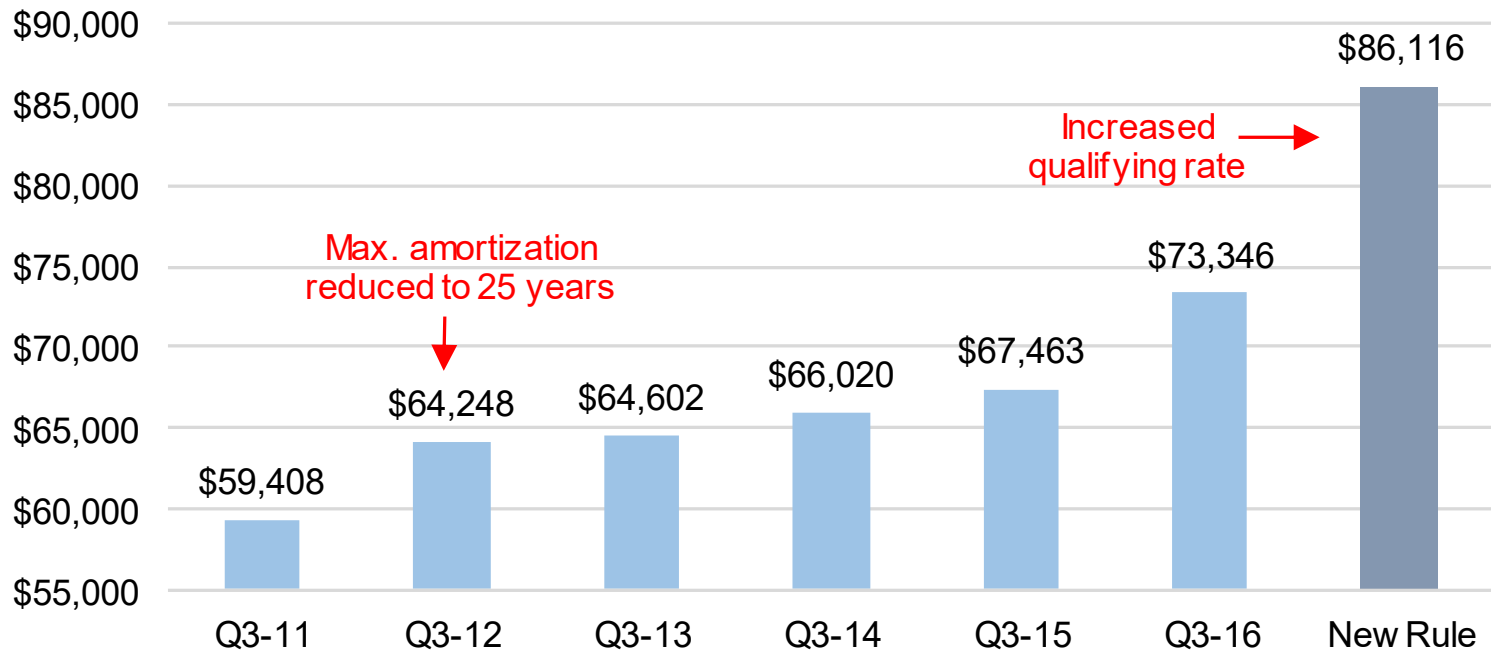
CONDO RESALE MARKET EXPECTED TO CALM FOLLOWING LATEST MORTGAGE RULE CHANGES



* Assumes av g. condo price psf with constant 750 sf unit, 5-year rates, max. amortization, 5% down payment, includes maint. fees

NEW RULES WILL ADD MORE PRESSURE ON RENTAL MARKET

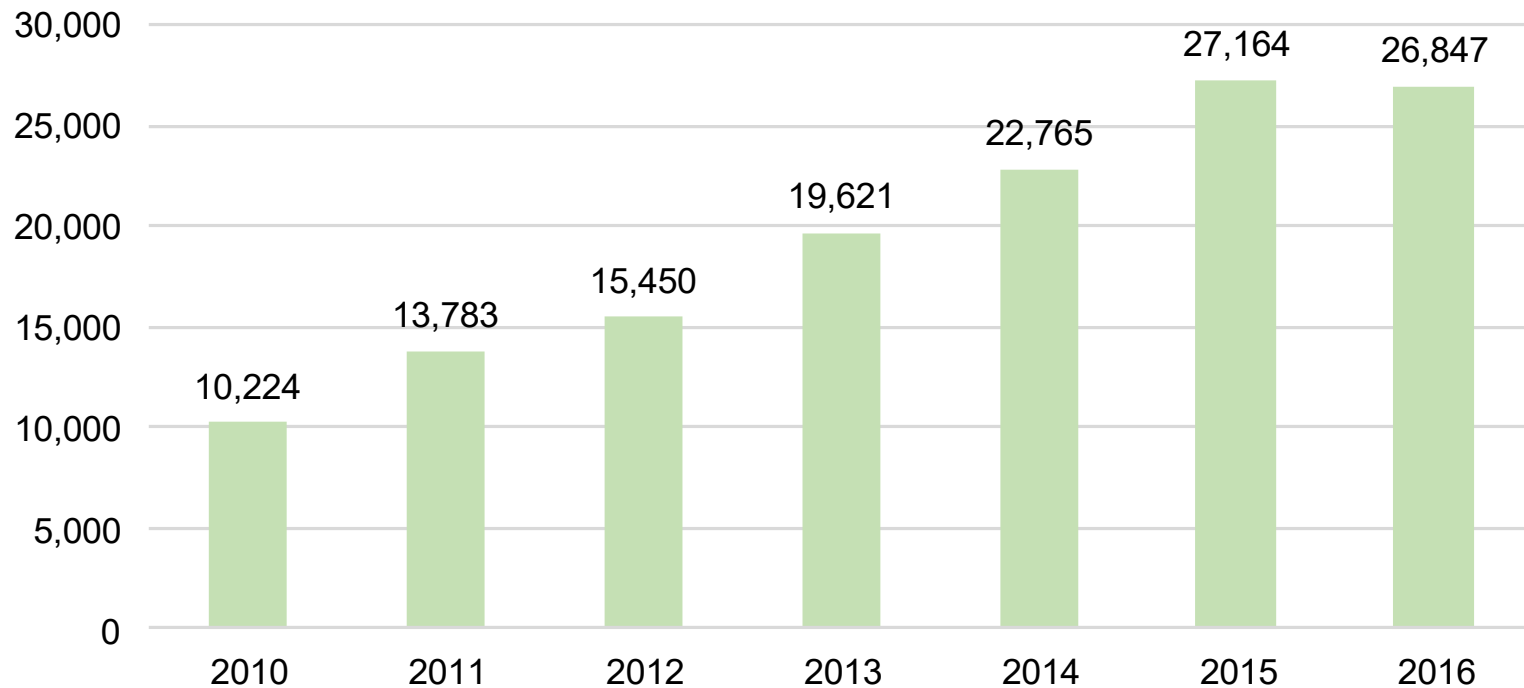
Income Required to Purchase Average Priced Condo Apartment*
Greater Toronto Area: 2011 to 2016, Q3 periods



*Based on five-year mortgage rates, 10% down payment, and a maximum GDS ratio of 39%
Source: Urbanation Inc., TREB/MLS, Statistics Canada

CONDO LEASE ACTIVITY HAS DOUBLED SINCE 2011

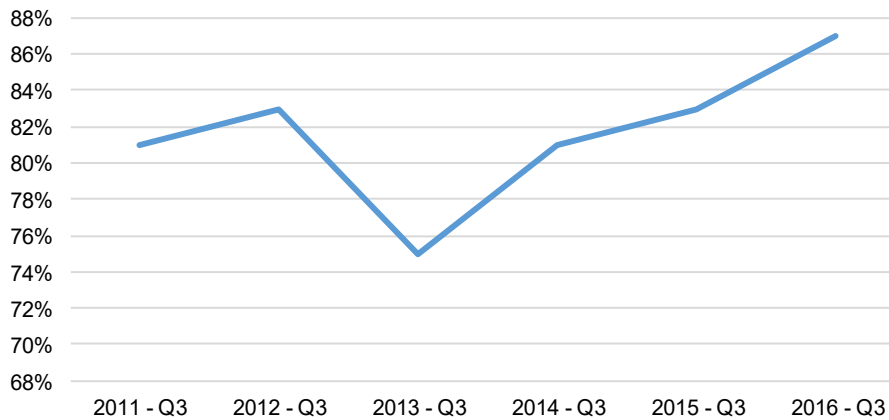
Annual Condo Apartment Leases
Greater Toronto Area: 2010 to Q3-2016, 12 month periods



Source: Urbanation Inc. TREB

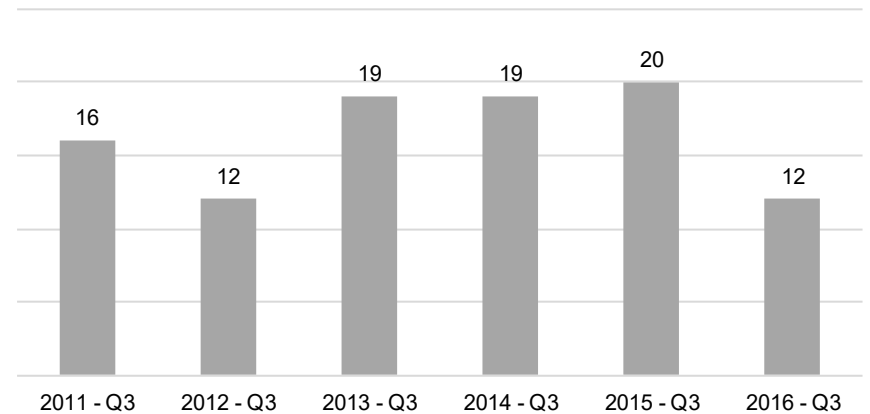
RENTAL CONDITIONS ALREADY VERY TIGHT

Condo Apartment Leases-to-Listings Ratio
Former City of Toronto: 2011 to 2016, Q3 periods



Source: Urbanation Inc. TREB

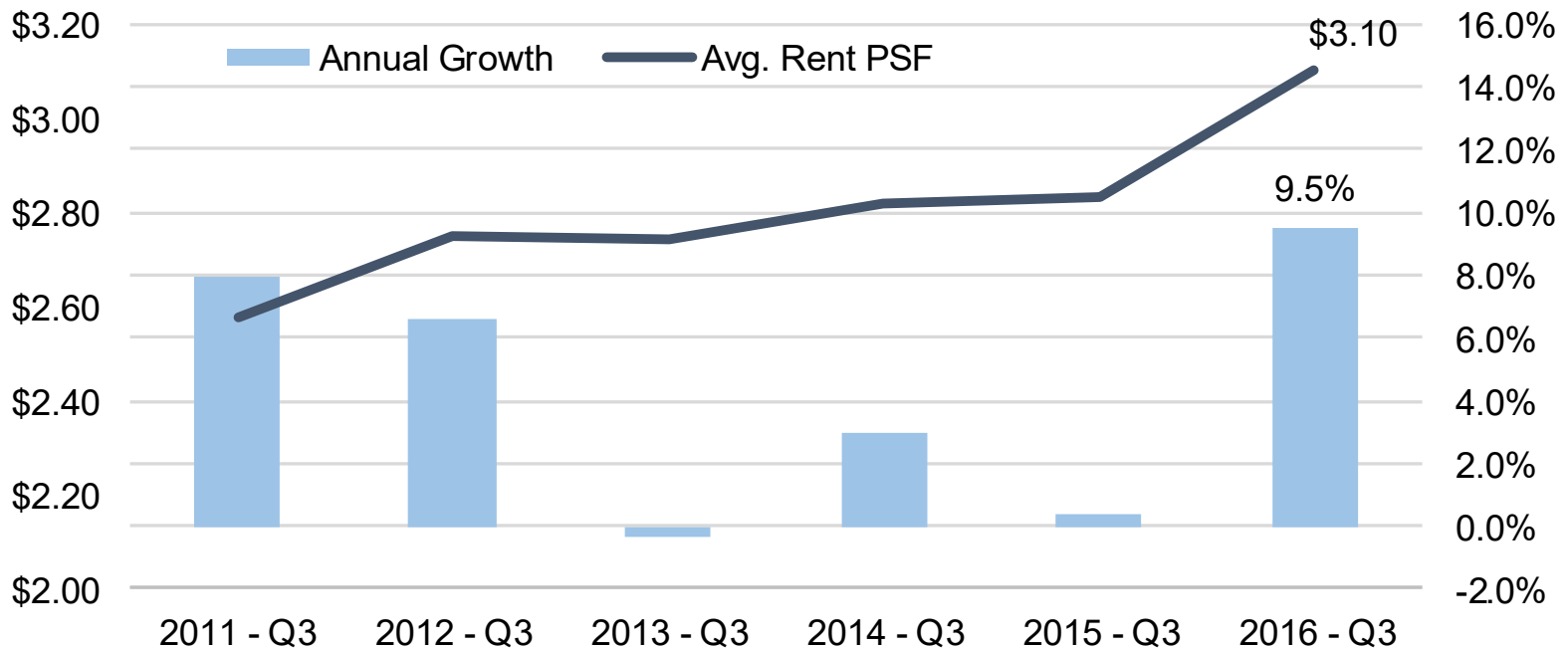
Condo Apartment Average Days on Market
Former City of Toronto: 2011 to 2016, Q3 periods



Source: Urbanation Inc. TREB

RENT GROWTH IS ACCELERATING AVG. VALUES SURPASS \$3.00 PSF IN TORONTO

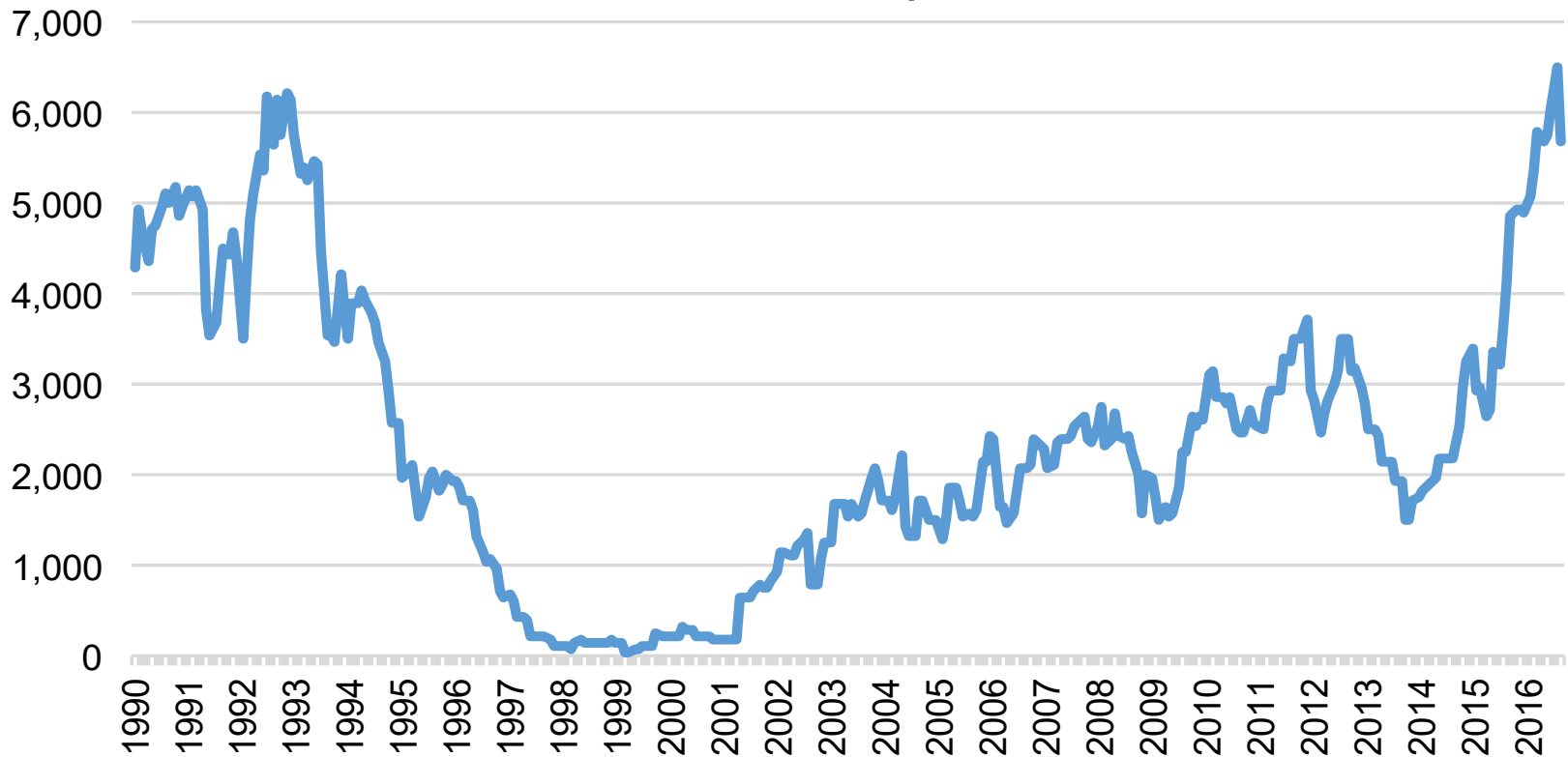
Condo Apartment Average Rent per Square Foot and Annual Growth
Former City of Toronto: 2011 to 2016, Q3 Periods



Source: Urbanation Inc. TREB

PURPOSE-BUILT RENTAL DEVELOPMENT AT 25 YEAR HIGH

Purpose-built Rentals Under Construction
GTA: Jan-90 to Sep-16



NEW PURPOSE-BUILT COMPLETIONS



BALLIOL PARK (99 Davisville Ave & 118 Balliol St.)

Developer: Shiplake Management
Total Units: 521 (two buildings)
Absorption: 67%



66 ISABELLA

Developer: Mohican Holdings / Park Property Management
Occupancy Date: February 2016
Total Units: 211
Occupancy Date: June & September 2016
Avg. Rent PSF: \$3.24
Absorption: 100%
Avg. Rent PSF: \$3.15

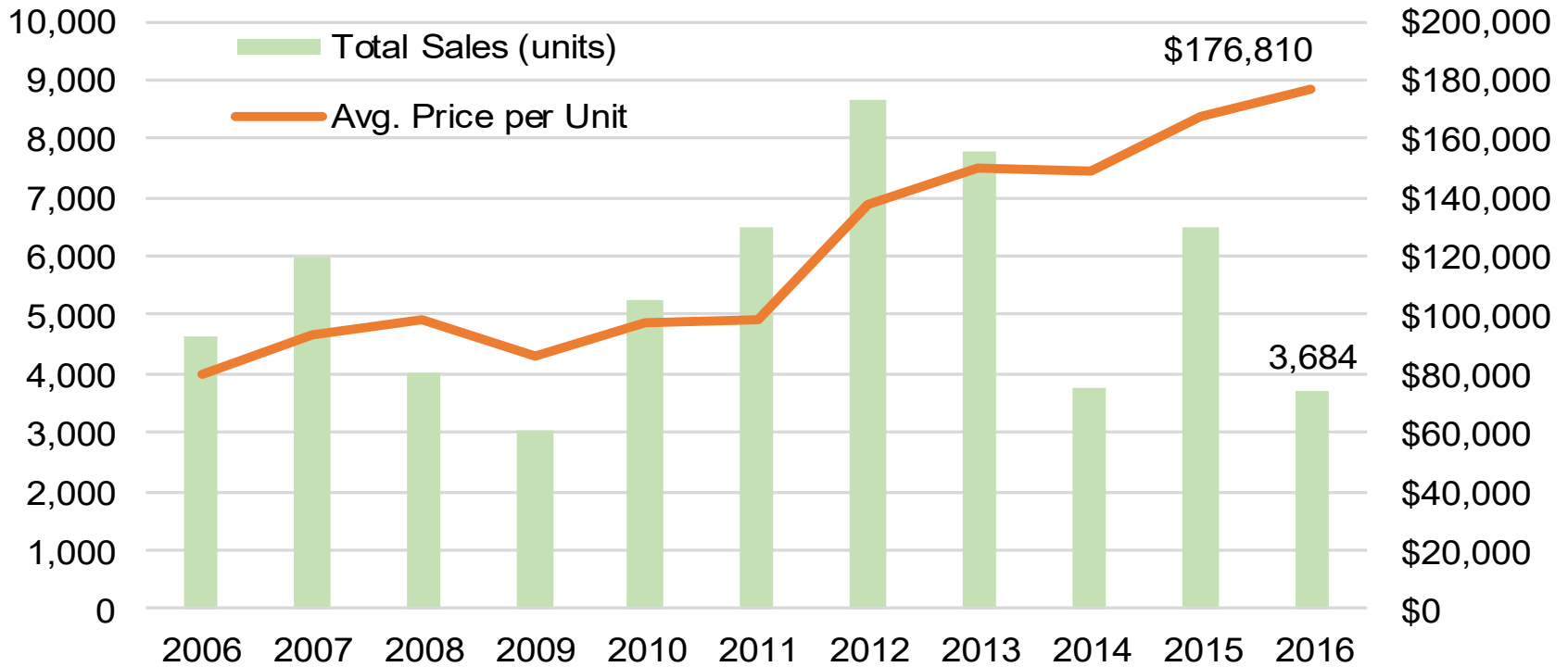


SKYRISE RENTAL RESIDENCE (2550 Eglinton Ave. W, Mississauga)

Developer: Daniels / Sun Life
Total Units: 323
Occupancy Date: June 2016
Absorption: 100%
Avg. Rent PSF: \$2.37

RENTAL BUILDING SALES TRENDING DOWN

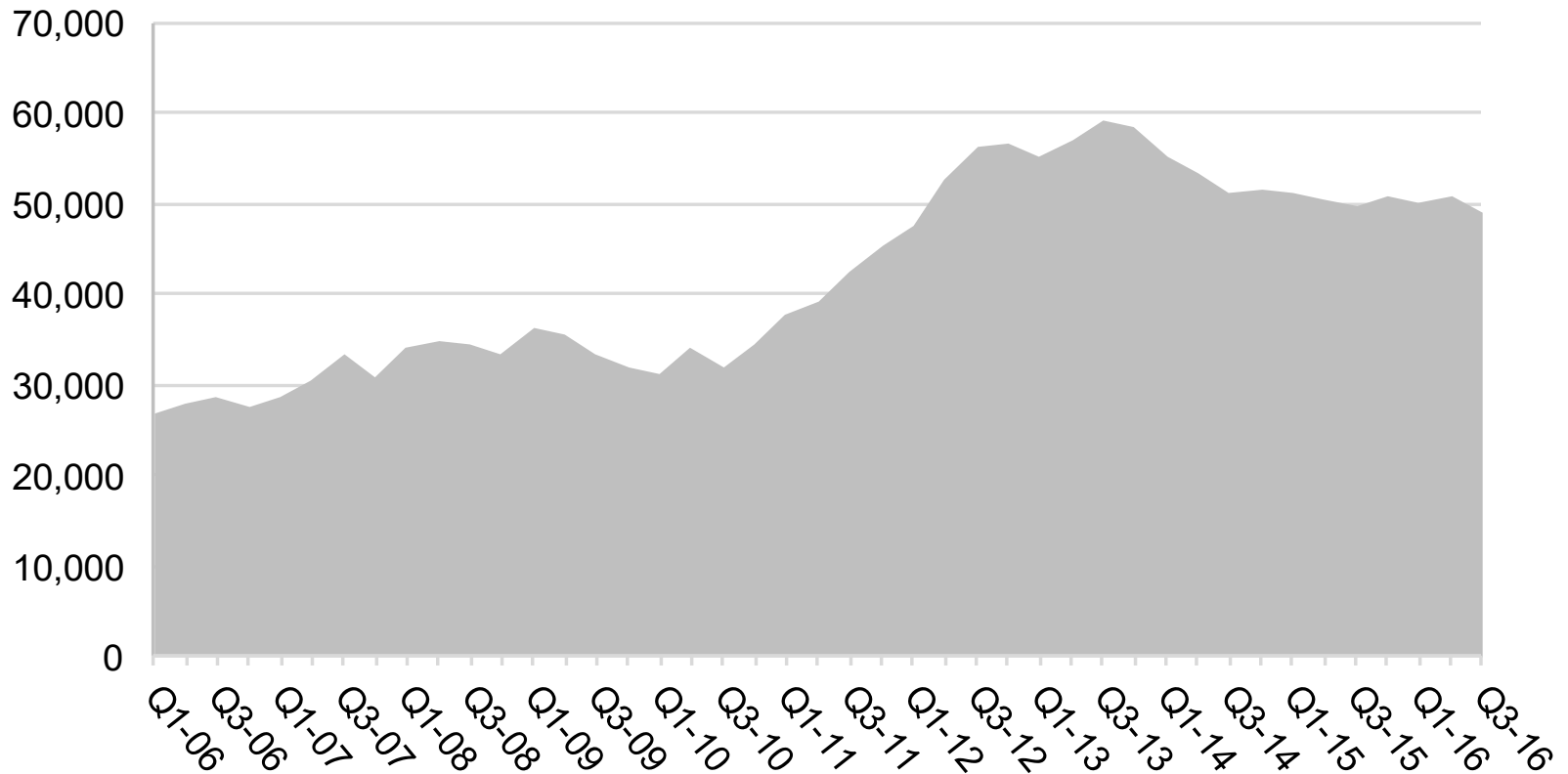
Total Rental Apartment Sales and Average Prices
Greater Toronto Area: 2006 to 2016, YTD Periods



Source: Urbanation Inc.

CONDO CONSTRUCTION HAS LEVELLED OUT

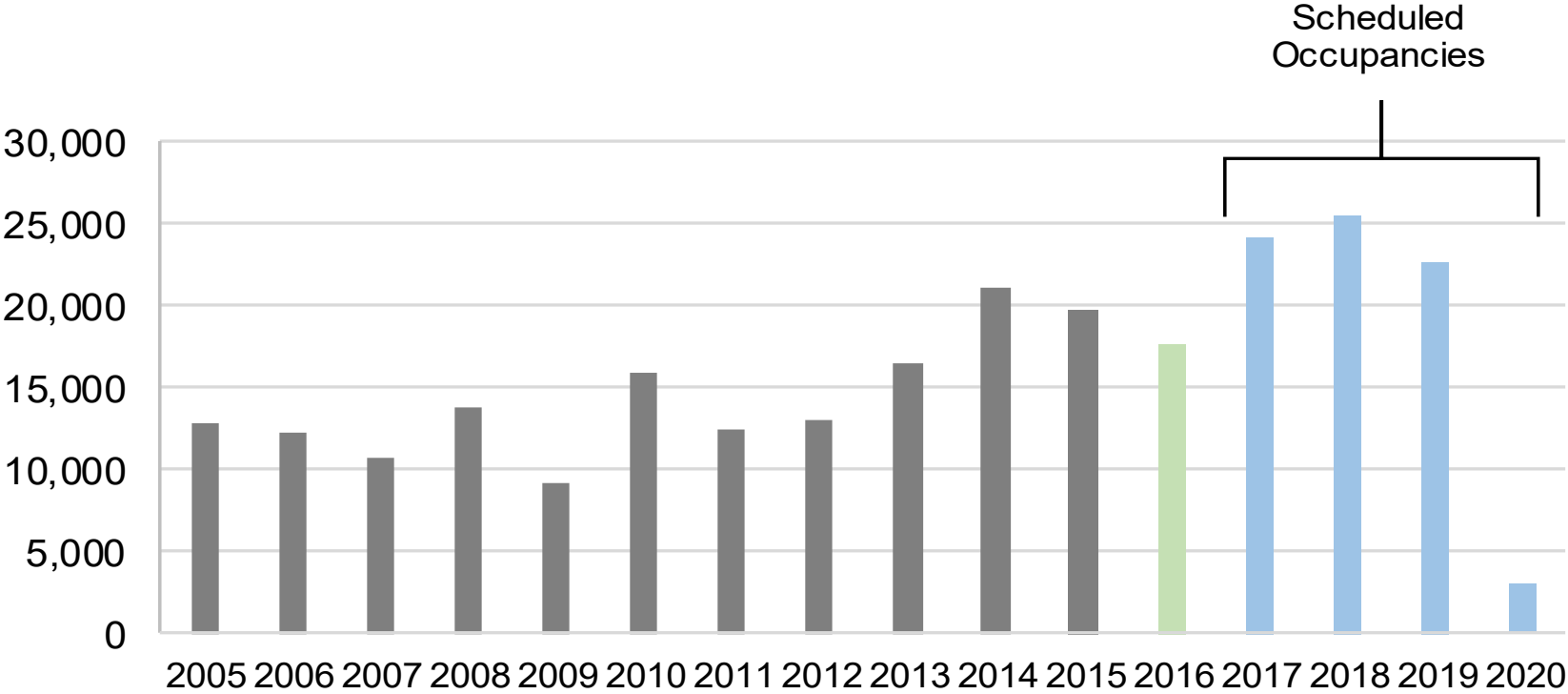
Condo Apts Under Construction
GTA: Q1-06 to Q3-16



Source: Urbanation Inc.

CONDO COMPLETIONS TO RISE THROUGH TO 2019

Historical Annual Condo Completions and Scheduled Occupancies
GTA: 2005 to 2018



Source: Urbanation Inc.

STATS ABOUT THE 24K UNITS COMPLETING IN 2017

- Represents 7% growth in the condo stock
- 92% Pre-sold = 1,940 Unsold Units = 8 months of supply
 - Avg. Pre-sale Price = \$593 psf
- Avg. YTD Resale Price for units completed > 2015 = \$666 psf
 - Avg. Holding Cost with 25% down = \$2.85 psf*
- Avg. YTD Rent for units completed > 2015 = \$2.85 psf

*based on a 700 sf unit, 2.5% interest rate, 25-year amortization, and includes property taxes and maintenance fees

URBANATION

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MCAP HIGH-RISE CONDOMINIUM LAND VALUES

For the period ending December 8, 2016

*Values based on gross buildable square feet.

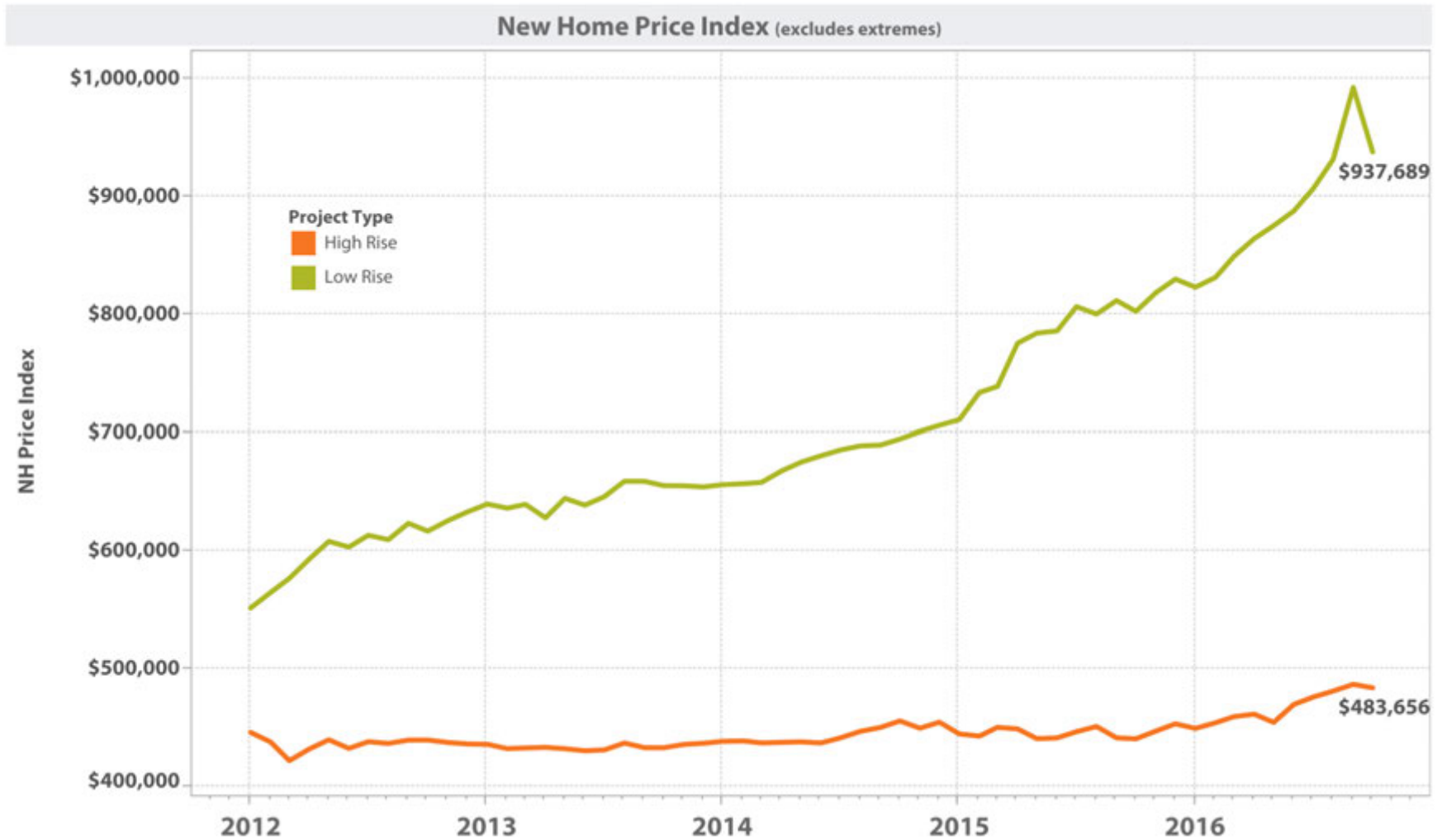
**Values are based on fully approved and zoned land

Land Value Analysis Process Overview



- Land transactions are not assessed individually given their diverse nature
- This report serves as a forward looking estimate of land values in the short term
- Information from RealNet, Urbanation, Altus, and MCAP employed to undertake an extensive residual analysis process with the following considerations:
 - Projects are assessed and rated by target market / grade of product relative to their submarket peers
 - Sales / listing prices
 - Unit sizes
 - HST costs
 - Building efficiency ratios
 - Hard construction costs
 - Soft costs
 - Typical high-rise condominium builder profit assumptions

New Home Price Index



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GTA High Rise Land Overview

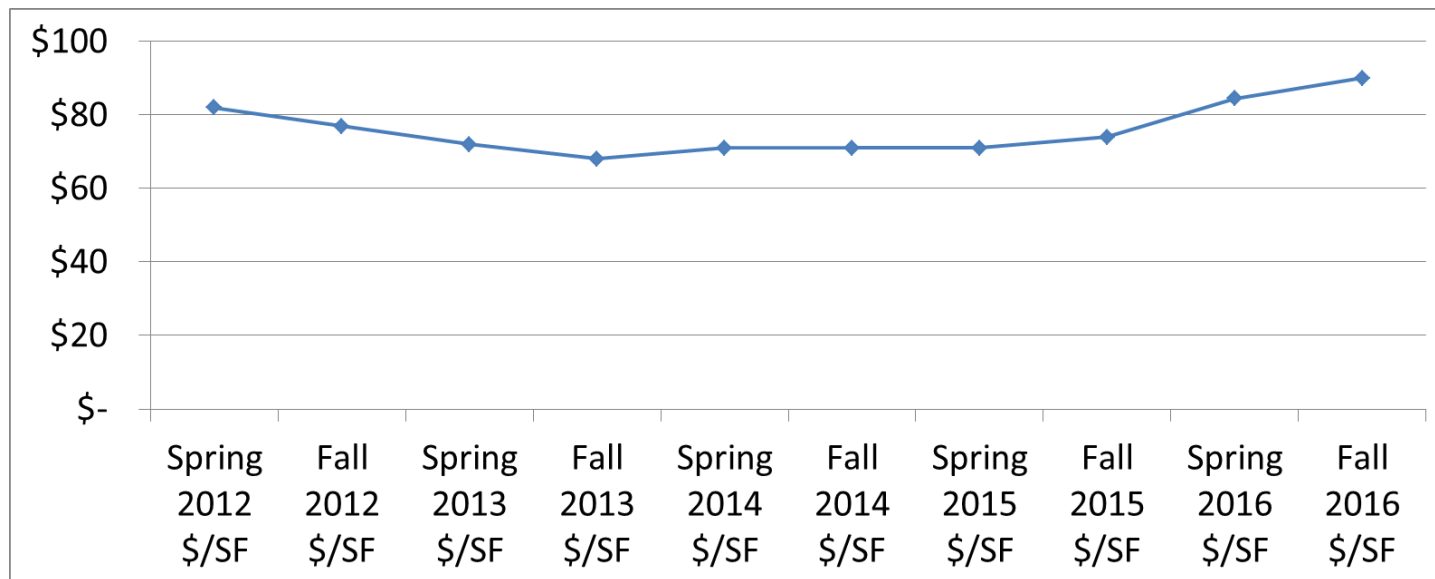


- 2016 High-Rise sales already 2nd highest with 2 months left to go in the year
- High-Rise inventory at lowest point since 2011
- # months condo supply at ~6.5 months across GTA
- Only 1,125 units standing inventory (~0.5 months supply)
- 10% price appreciation in new units year over year
- Rental market continues to absorb condo supply → Affordability (mortgage rule changes) driving apartment demand
- Profit margins getting thinner 9-10% (of net revenue) more so than 12-15%

DOWNTOWN WEST



- \$703/SF average unit price
- \$564,685 average sale price
- ~4 months supply



Median Land Value for Low End = \$75 / SF

Median Land Value for High End = \$150 / SF

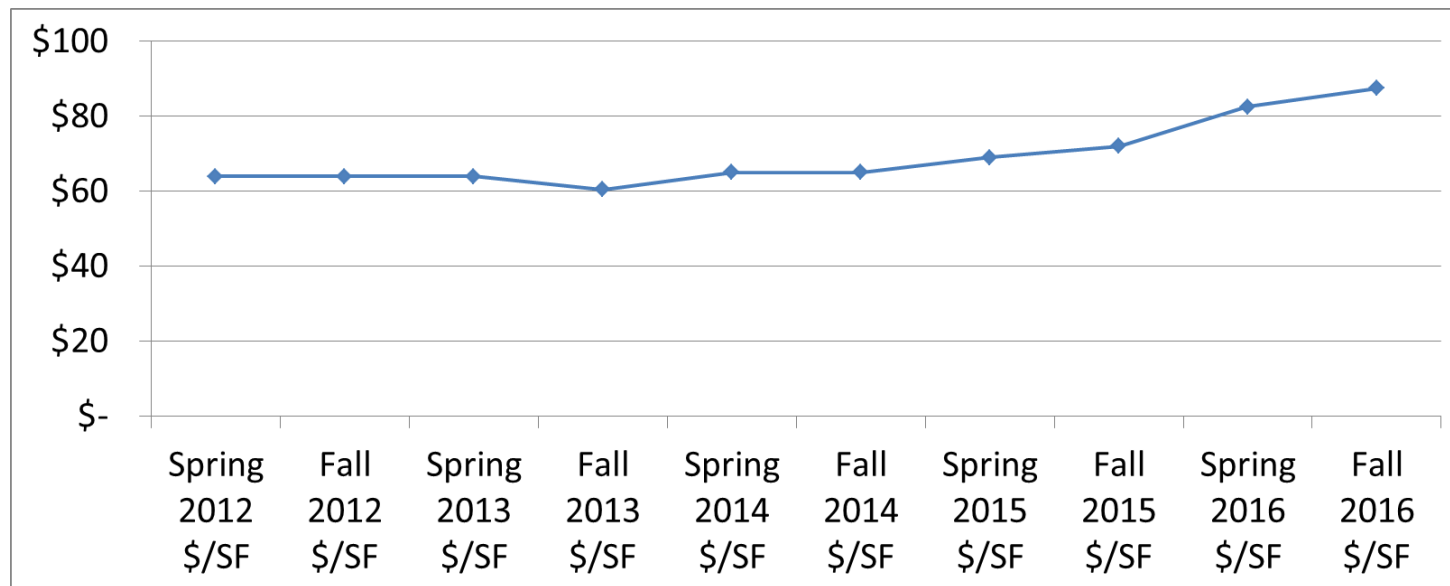
MCAP Land Value Range for the Submarket = \$87 to \$93 / SF

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DOWNTOWN EAST



- \$650/SF average unit price
- \$436,616 average sale price
- ~10.9 months supply



Median Land Value for Low End = \$75 / SF

Median Land Value for High End = \$130 / SF

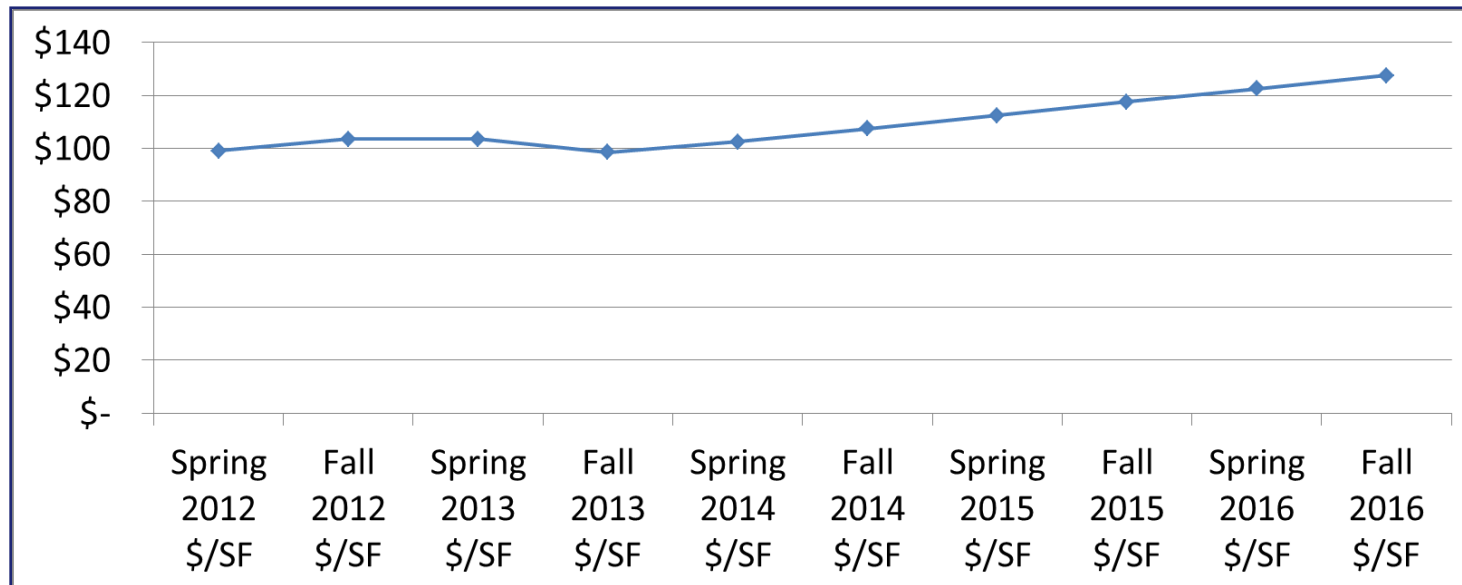
MCAP Land Value Range for the Submarket = \$85 to \$90 / SF

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DOWNTOWN CORE



- \$829/SF average unit price
- \$806,129 average sale price
- ~5.5 months supply



Median Land Value for Low End = \$95 / SF

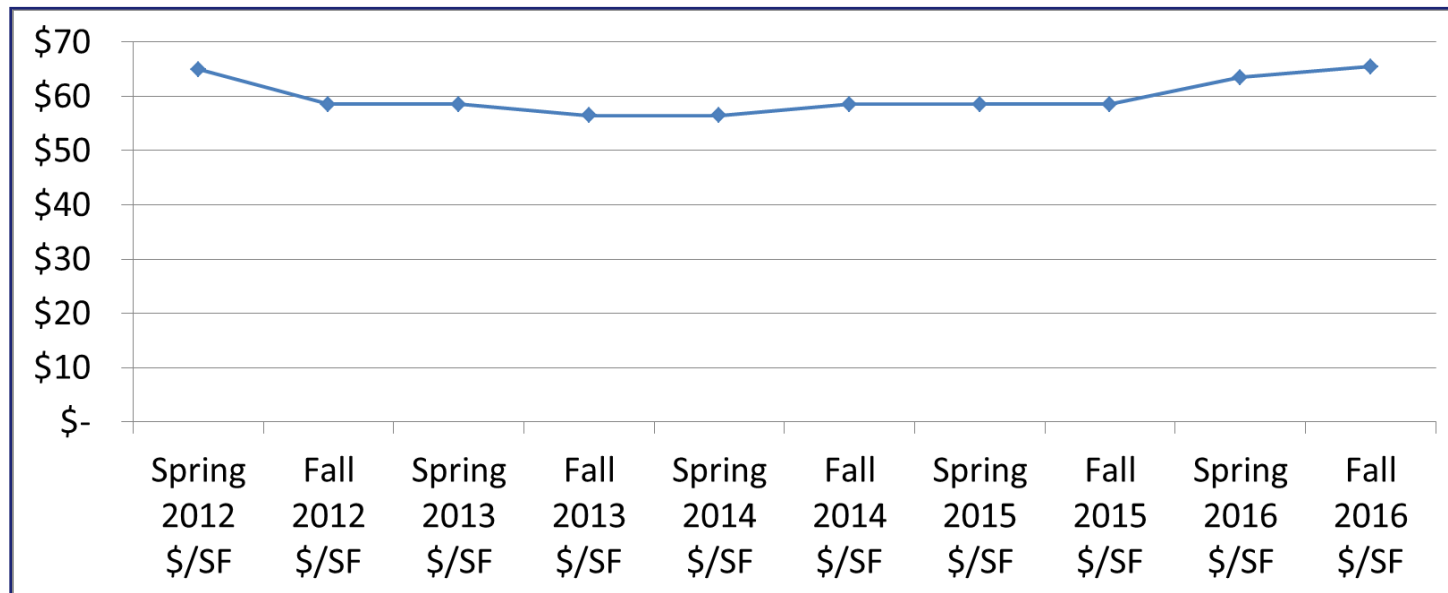
Median Land Value for High End = \$170 / SF

MCAP Land Value Range for the Submarket = \$125 to \$130 / SF

TORONTO WEST



- \$582/SF average unit price
- \$403,676 average sale price
- ~2.3 months supply



Median Land Value for Low End = \$60 / SF

Median Land Value for High End = \$110 / SF

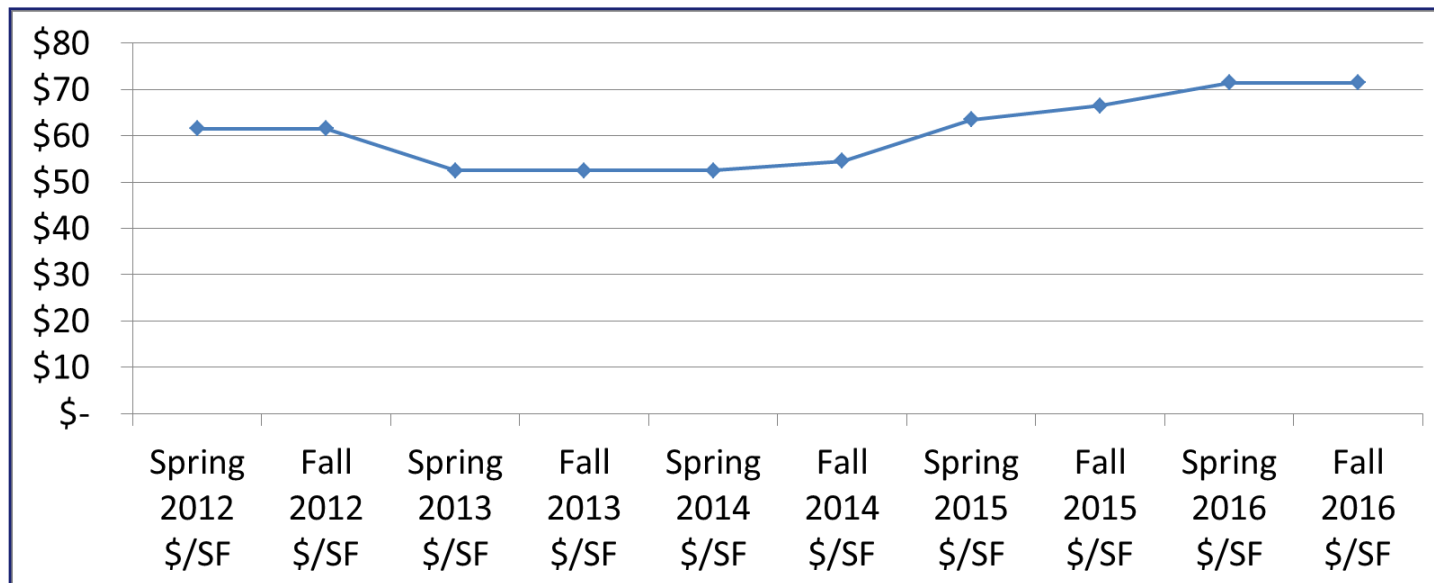
MCAP Land Value Range for the Submarket = \$62 to \$69 / SF

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TORONTO EAST



- \$631/SF average unit price
- \$525,059 average sale price
- ~2.6 months supply



Median Land Value for Low End = \$50 / SF

Median Land Value for High End = \$130 / SF

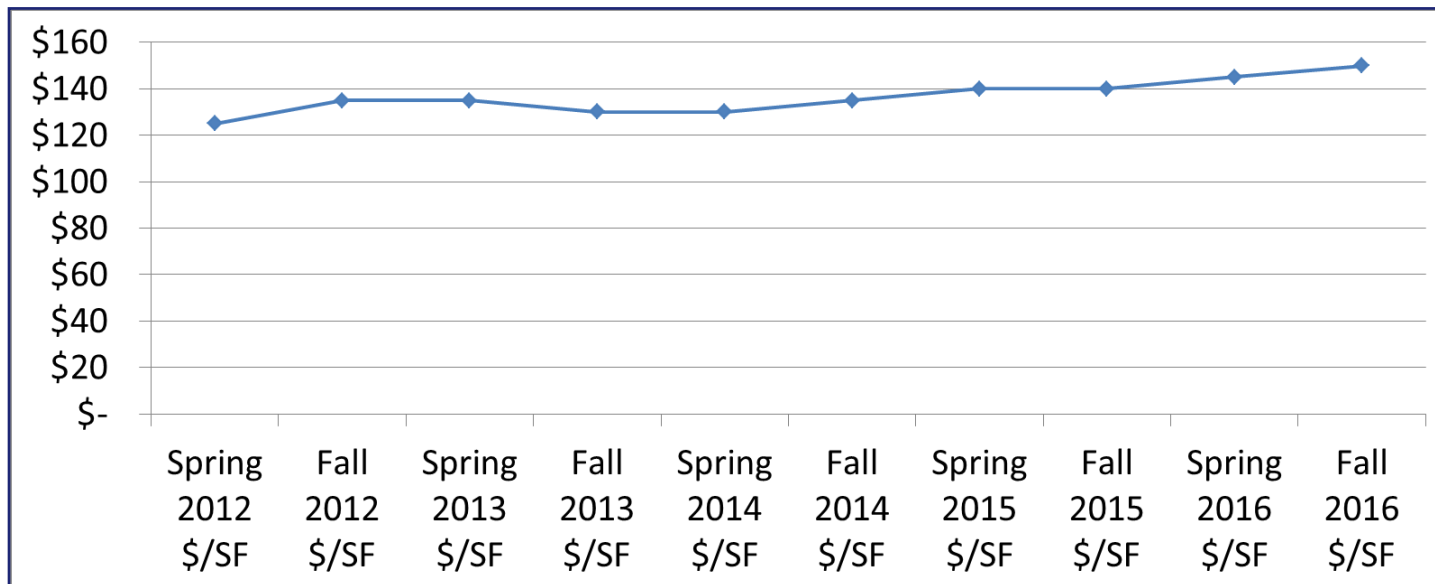
MCAP Land Value Range for the Submarket = \$68 to \$75 / SF

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BLOOR YORKVILLE



- \$892/SF average unit price
- \$721,409 average sale price
- ~6.8 months supply



Median Land Value for Low End = \$110 / SF

Median Land Value for High End = \$200 / SF

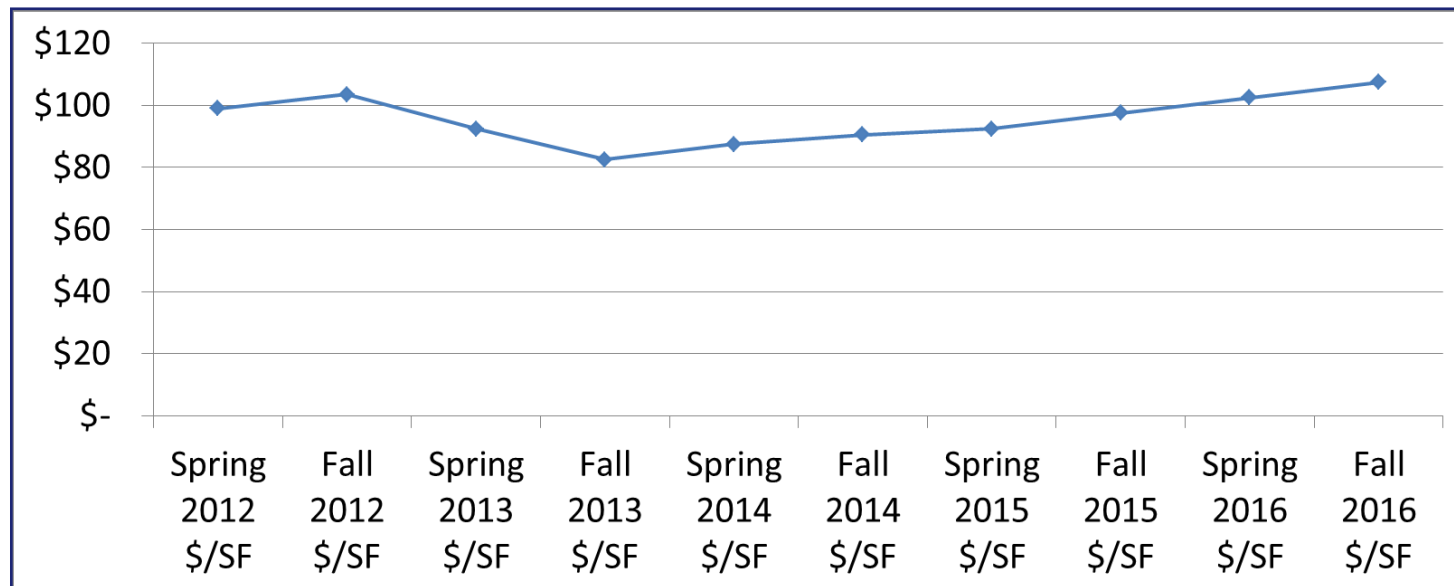
MCAP Land Value Range for the Submarket = \$145 to \$155 / SF

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NORTH TORONTO



- \$704/SF average unit price
- \$581,648 average sale price
- ~2.3 months supply



Median Land Value for Low End = \$80 / SF

Median Land Value for High End = \$145 / SF

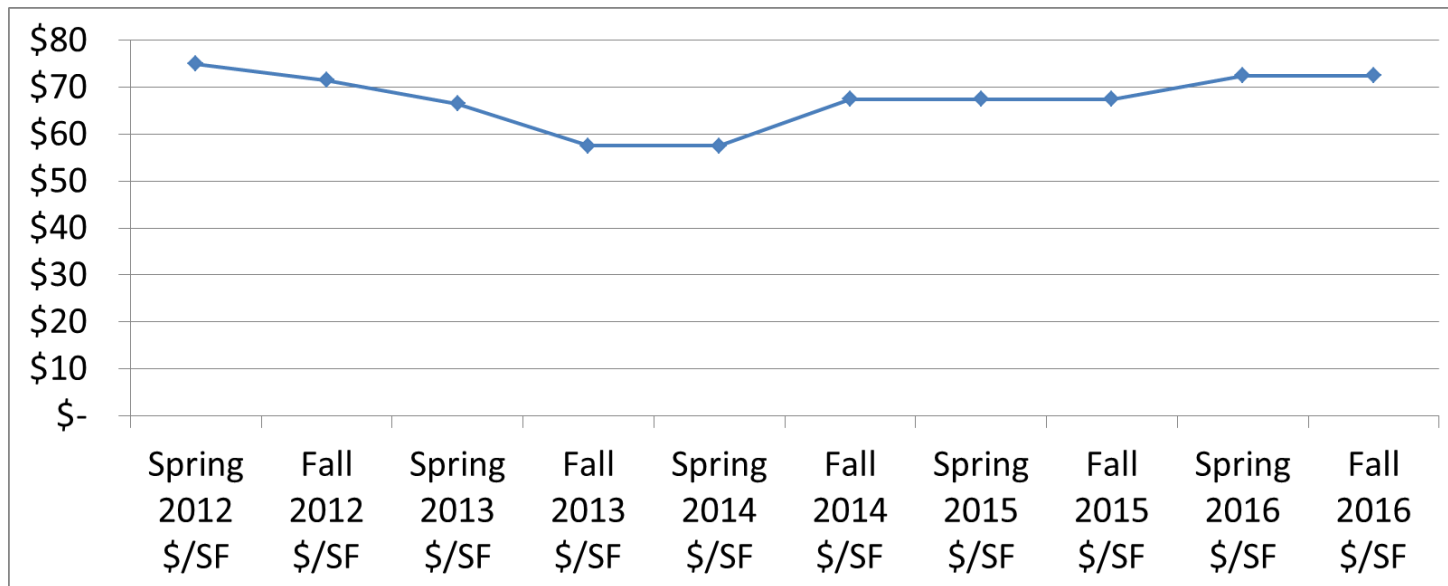
MCAP Land Value Range for the Submarket = \$105 to \$110 / SF

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NORTH YONGE CORRIDOR



- \$611/SF average unit price
- \$402,585 average sale price
- ~16.4 months supply



Median Land Value for Low End = \$60 / SF

Median Land Value for High End = \$110 / SF

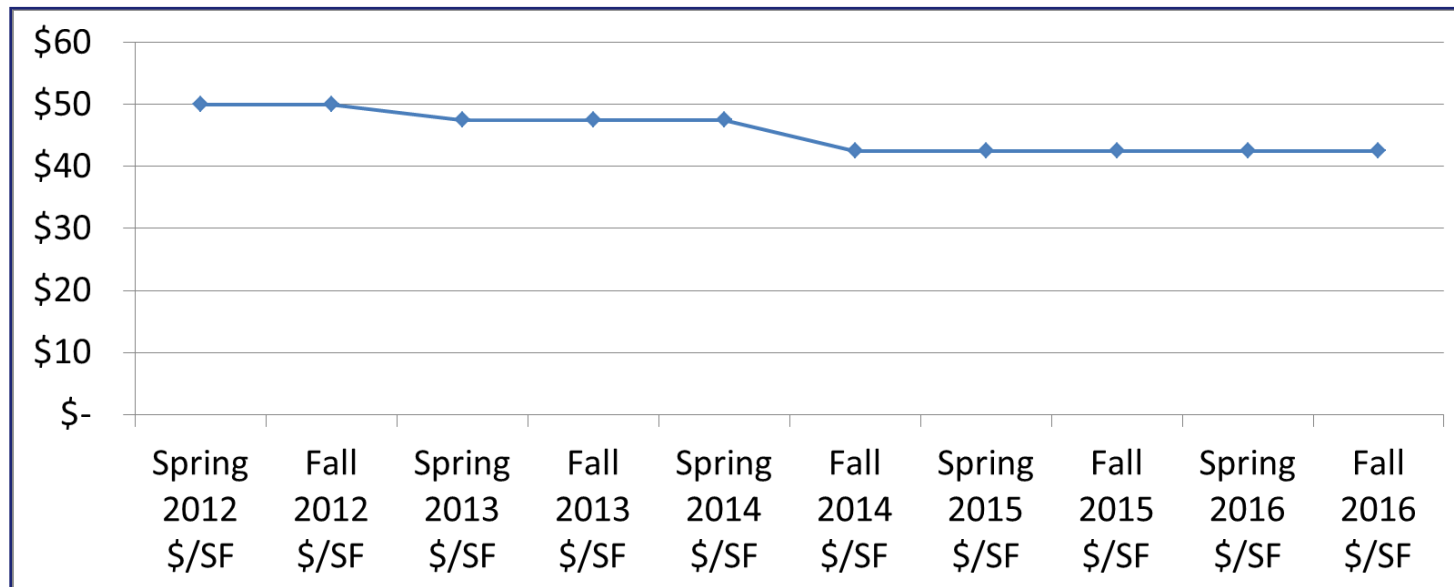
MCAP Land Value Range for the Submarket = \$70 to \$75 / SF

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HWY 7 / YONGE CORRIDOR



- \$545/SF average unit price
- \$445,178 average sale price
- ~19.9 months supply



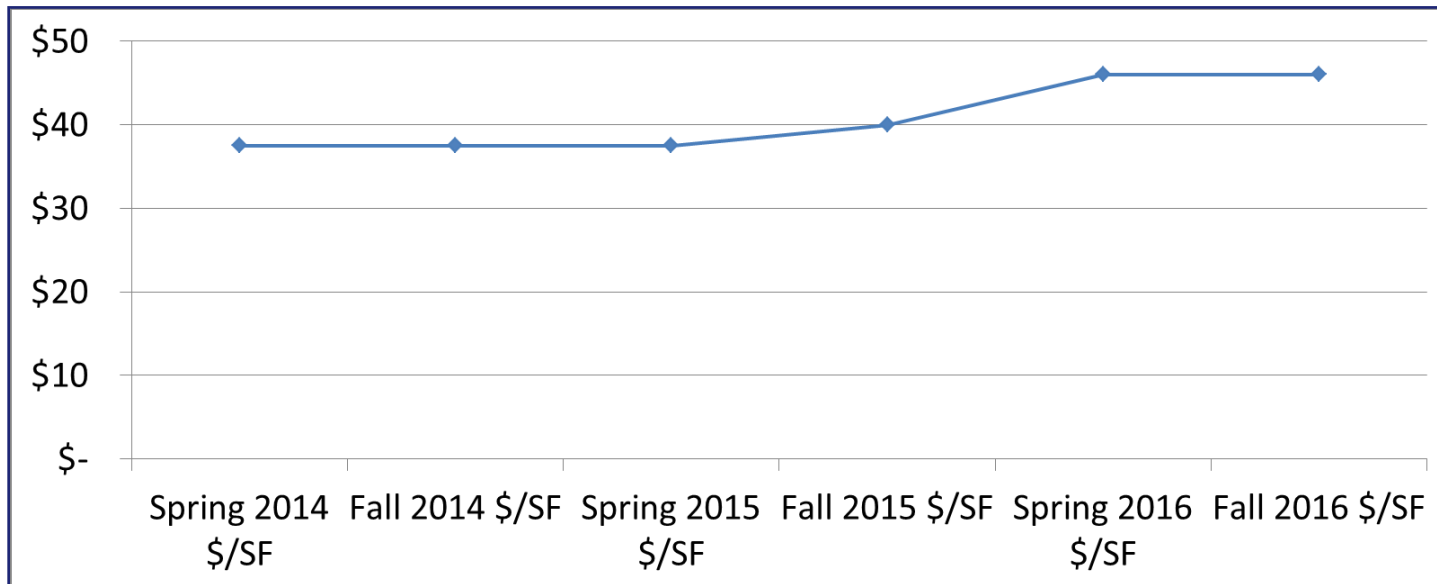
Median Land Value for Low End = \$35 / SF

Median Land Value for High End = \$55 / SF

MCAP Land Value Range for the Submarket = \$40 to \$45 / SF

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- \$556/SF average unit price
- \$473,139 average sale price
- 2.3 months supply



Median Land Value for Low End = \$30 / SF

Median Land Value for High End = \$70 / SF

MCAP Land Value Range for the Submarket = \$44 to \$48 / SF

HIGH-RISE CONDOMINIUM LAND VALUES



SUB-MARKET	LOW \$ / SF	HIGH \$ / SF	MARKET VALUE \$ / SF
DOWNTOWN WEST	\$75	\$150	\$87 - \$93
DOWNTOWN EAST	\$75	\$130	\$85 - \$90
DOWNTOWN CORE	\$95	\$170	\$125 - \$130
TORONTO WEST	\$60	\$110	\$62 - \$69
TORONTO EAST	\$50	\$130	\$68 - \$75
BLOOR YORKVILLE	\$110	\$200	\$145 - \$155
NORTH TORONTO	\$80	\$145	\$105 - \$110
NORTH YONGE CORRIDOR	\$60	\$110	\$70 - \$75
HWY. 7 / YONGE CORRIDOR	\$35	\$55	\$40 - \$45
VAUGHAN	\$30	\$70	\$44 - \$48

MCAP LOT VALUES

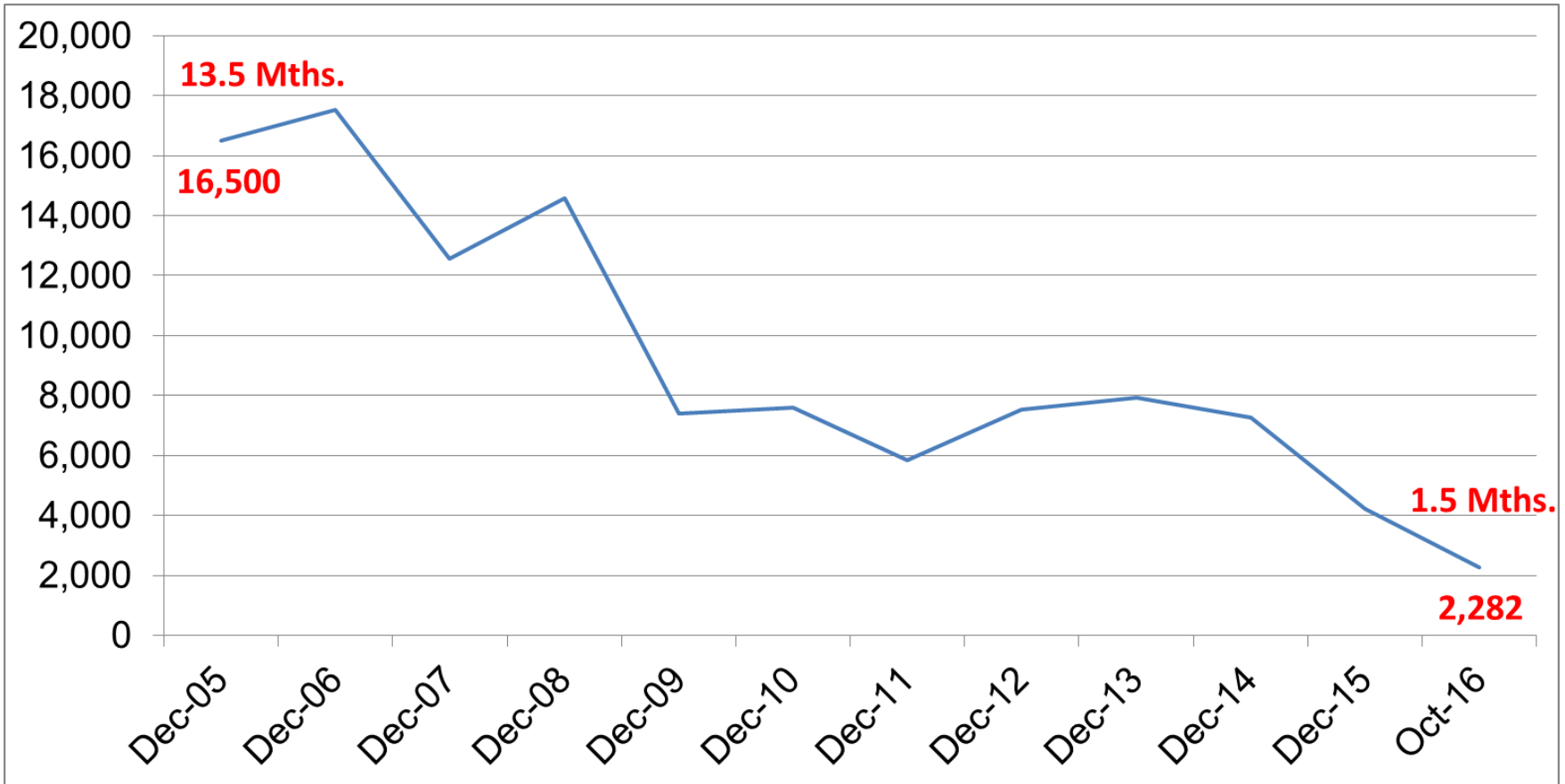
For the period ending June 2, 2016

* Values based on standard builder financing terms

**Values include all levies except educational

Richmond Hill Country Club – December 8, 2016

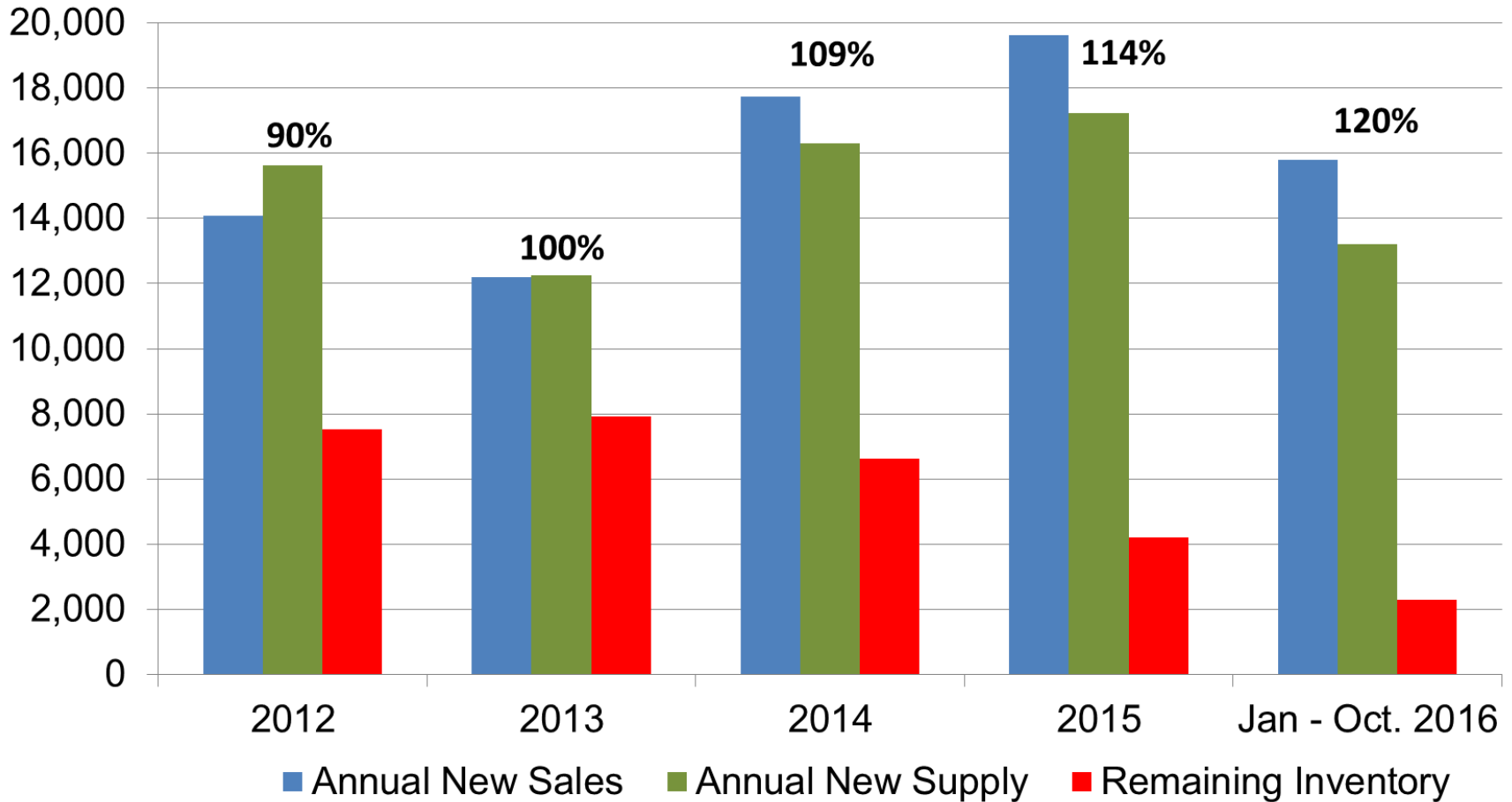
GTA TOTAL LOW-RISE INVENTORY



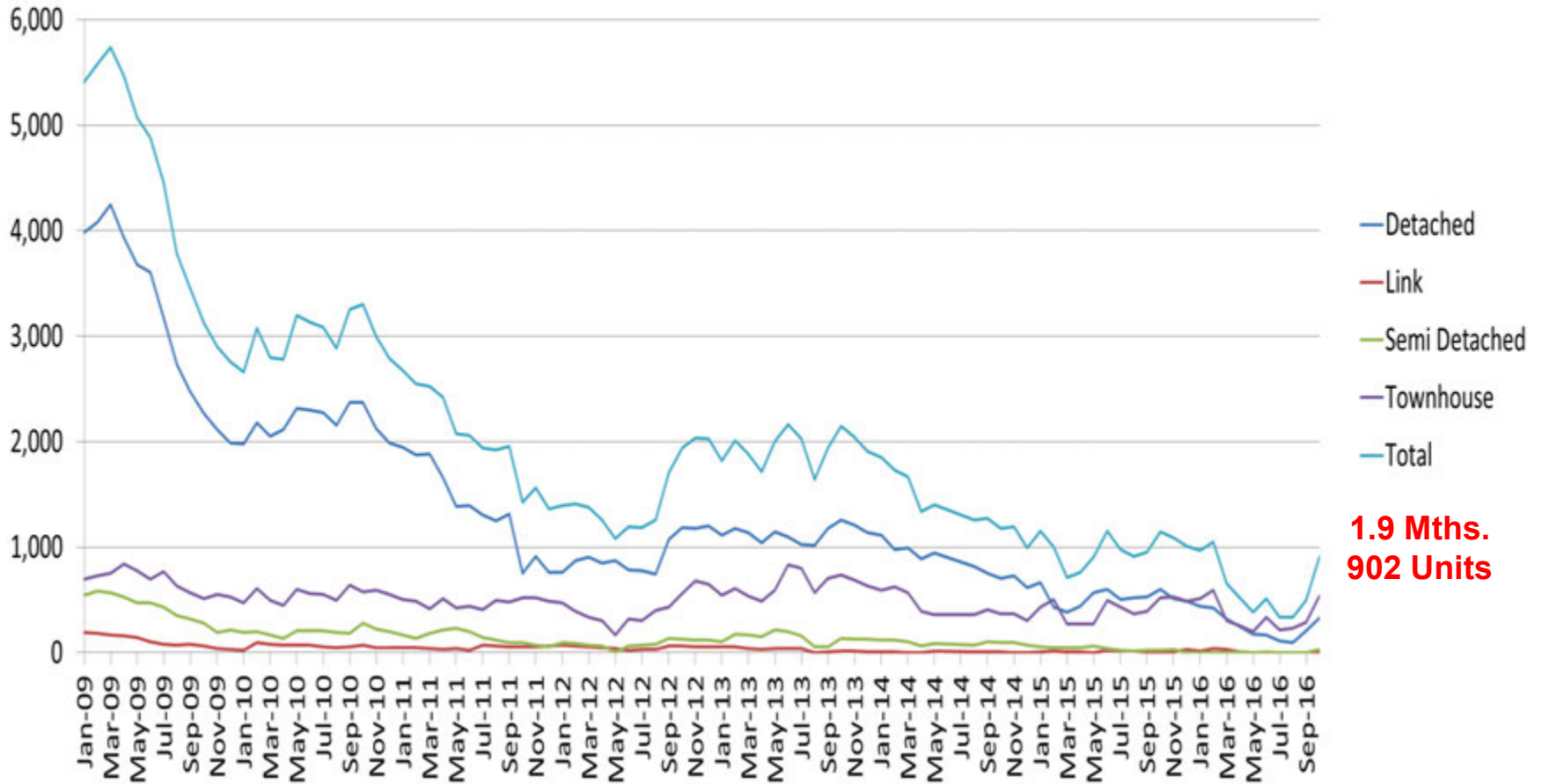
Source: Realnet

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GTA LOW-RISE SUPPLY & DEMAND



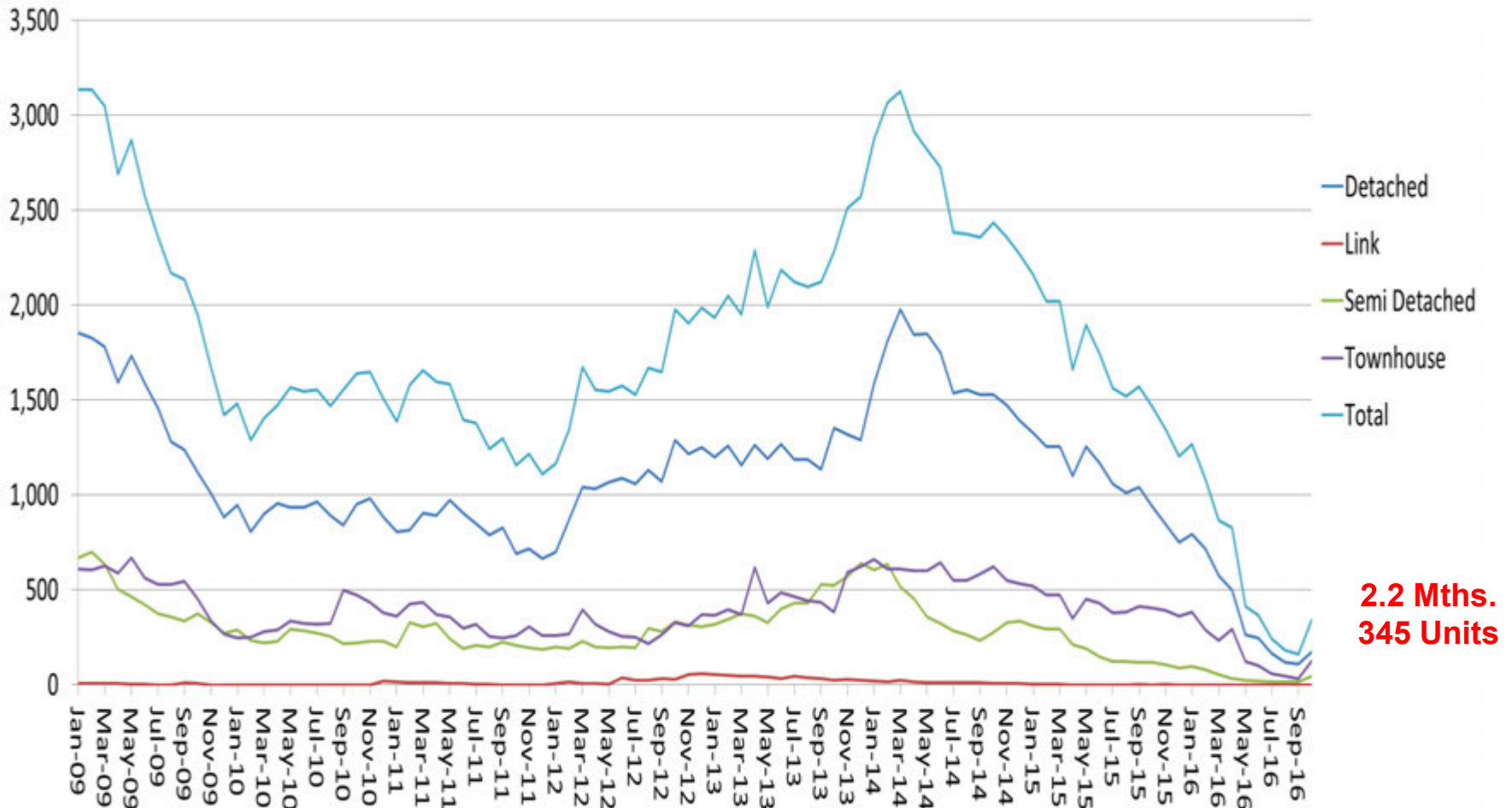
YORK REGION INVENTORY



**1.9 Mths.
902 Units**

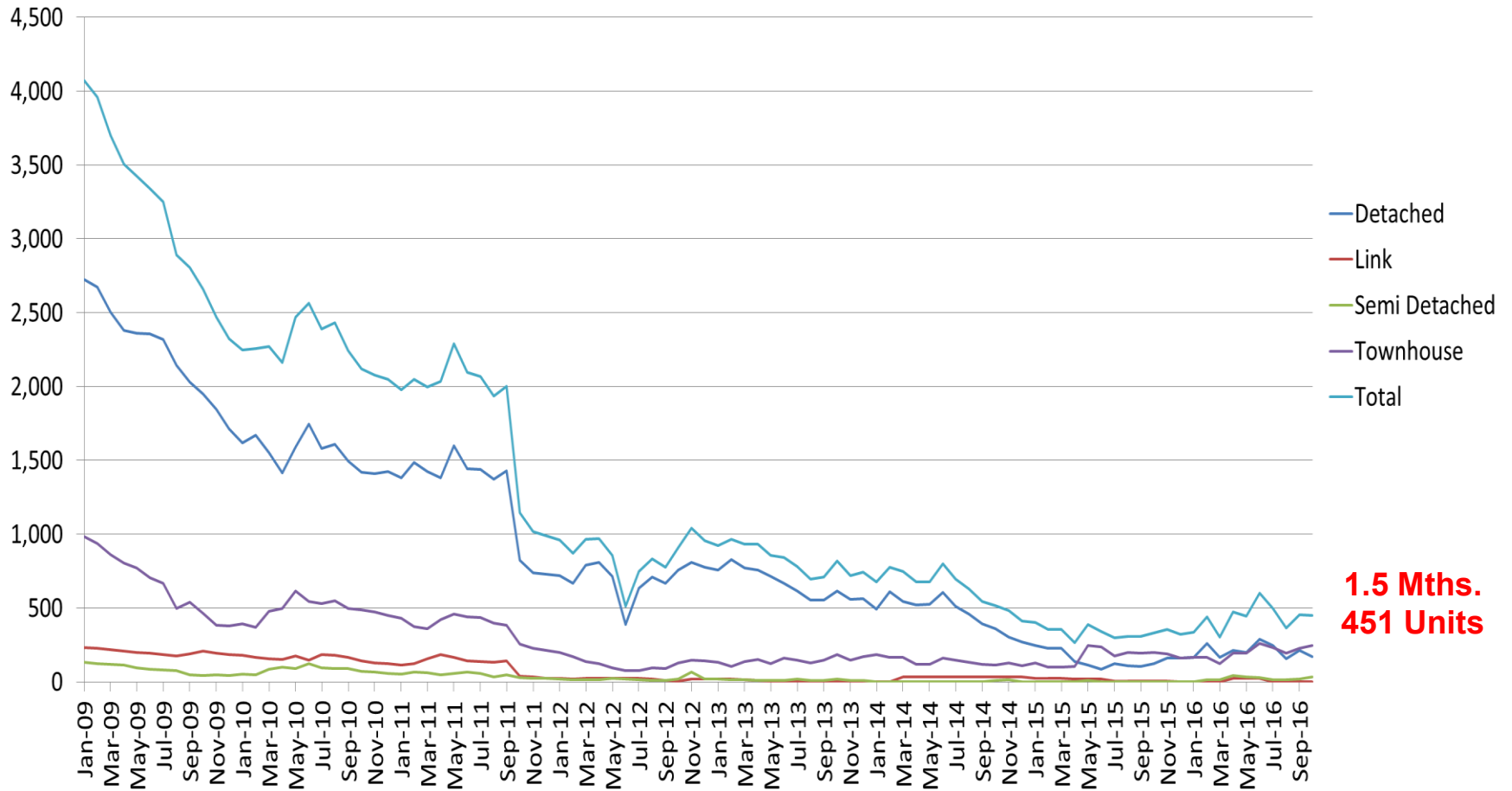
Source: Realnet

PEEL REGION INVENTORY



Source: Realnet

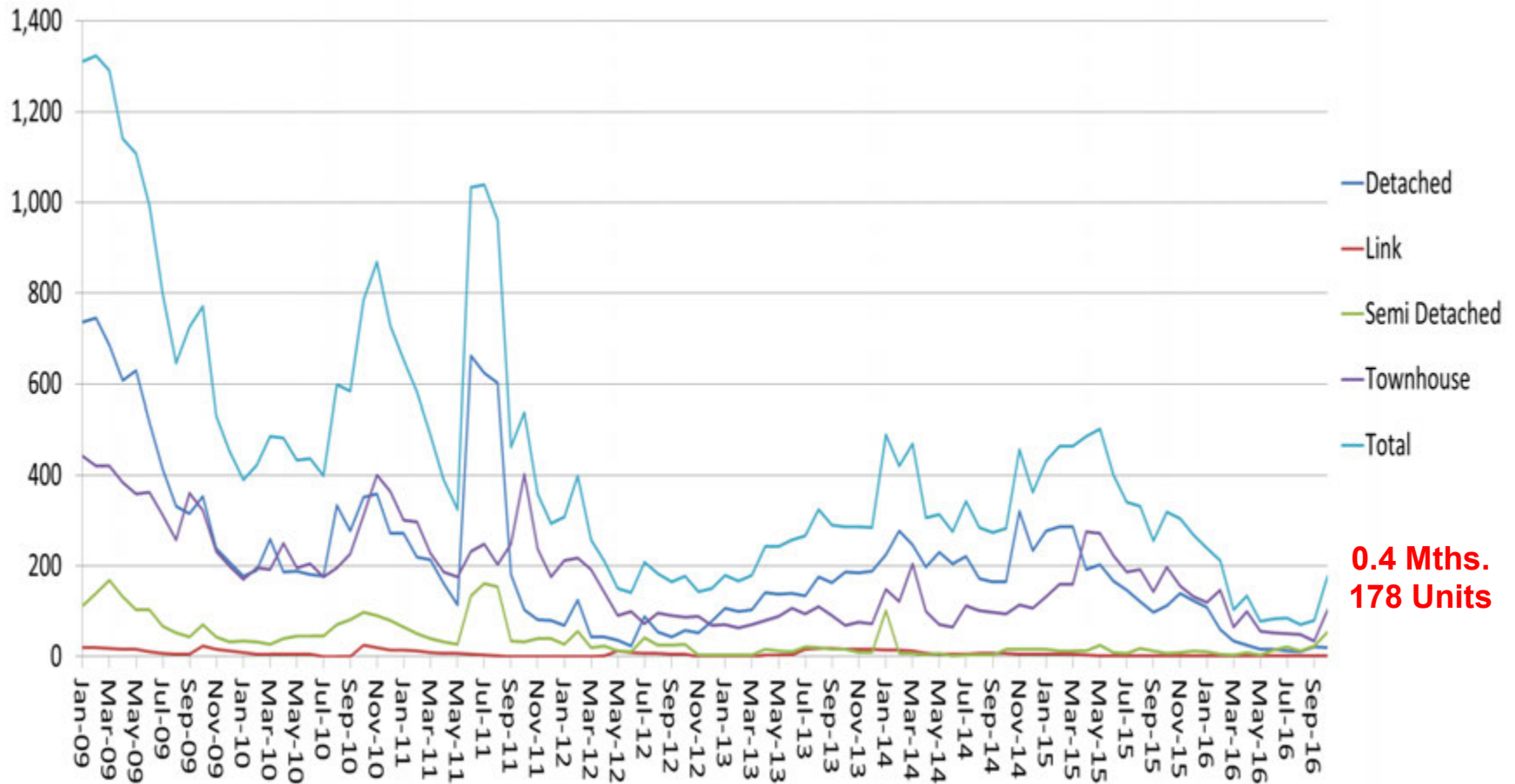
DURHAM REGION INVENTORY



**1.5 Mths.
451 Units**

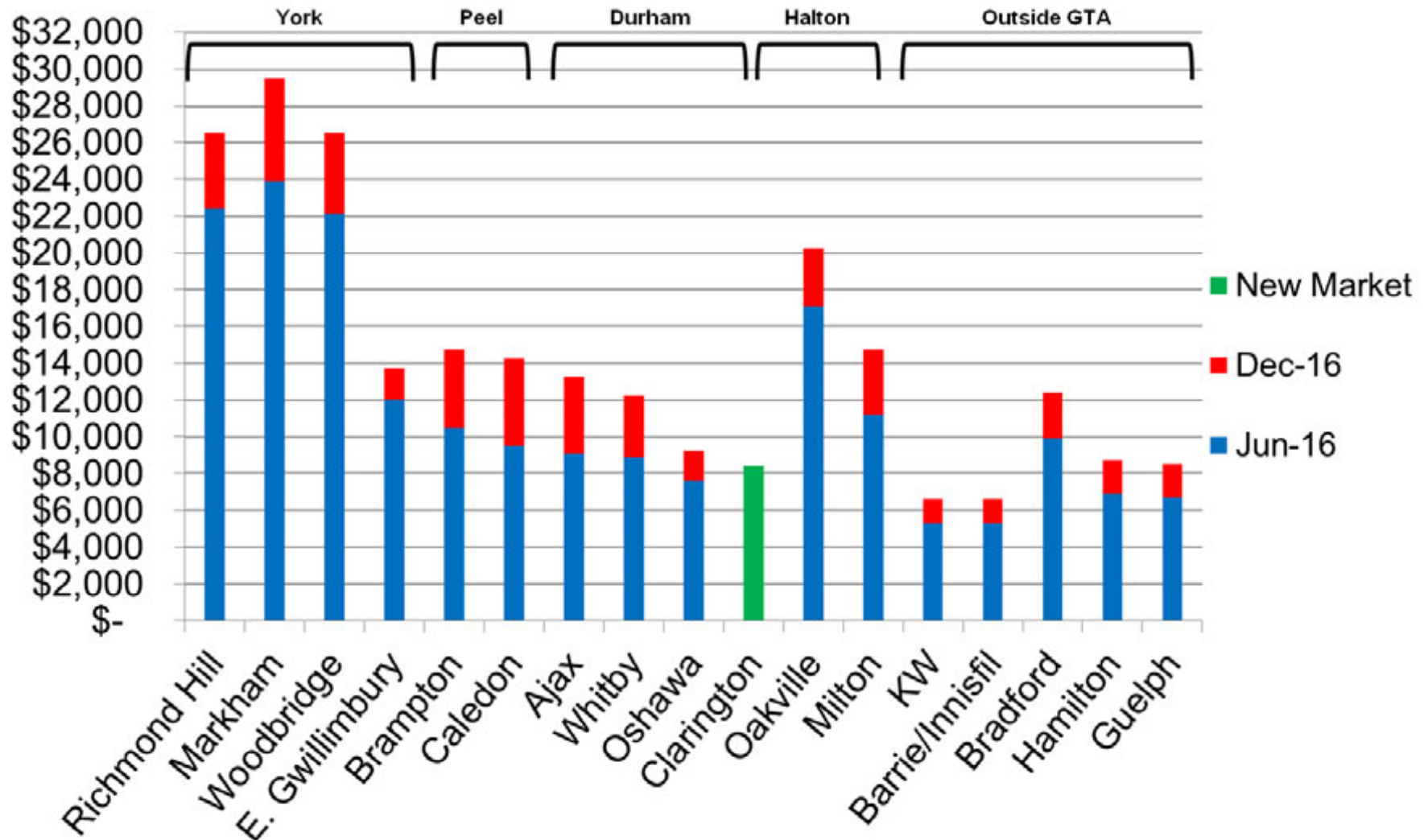
Source: Realnet

HALTON REGION INVENTORY

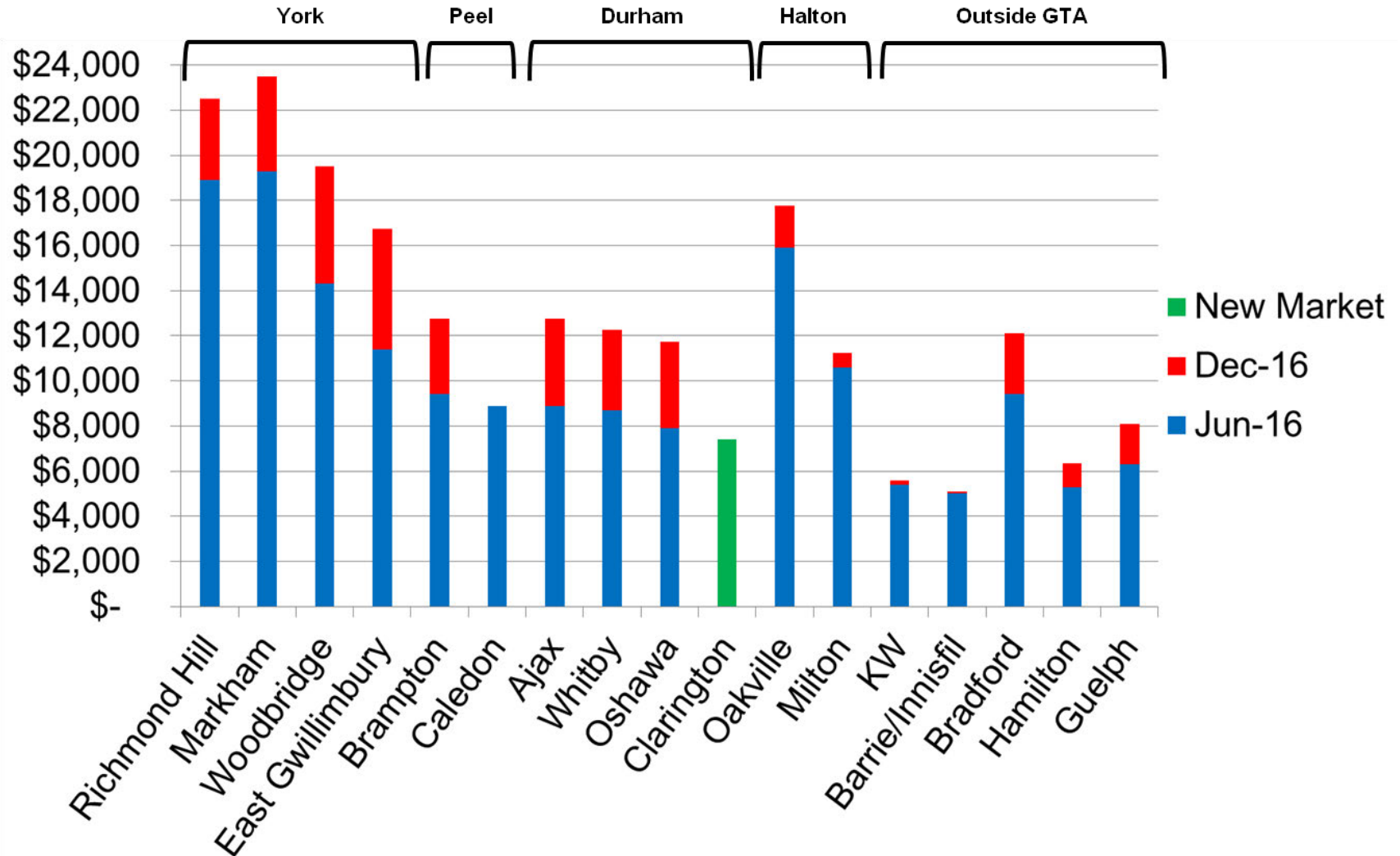


Source: Realnet

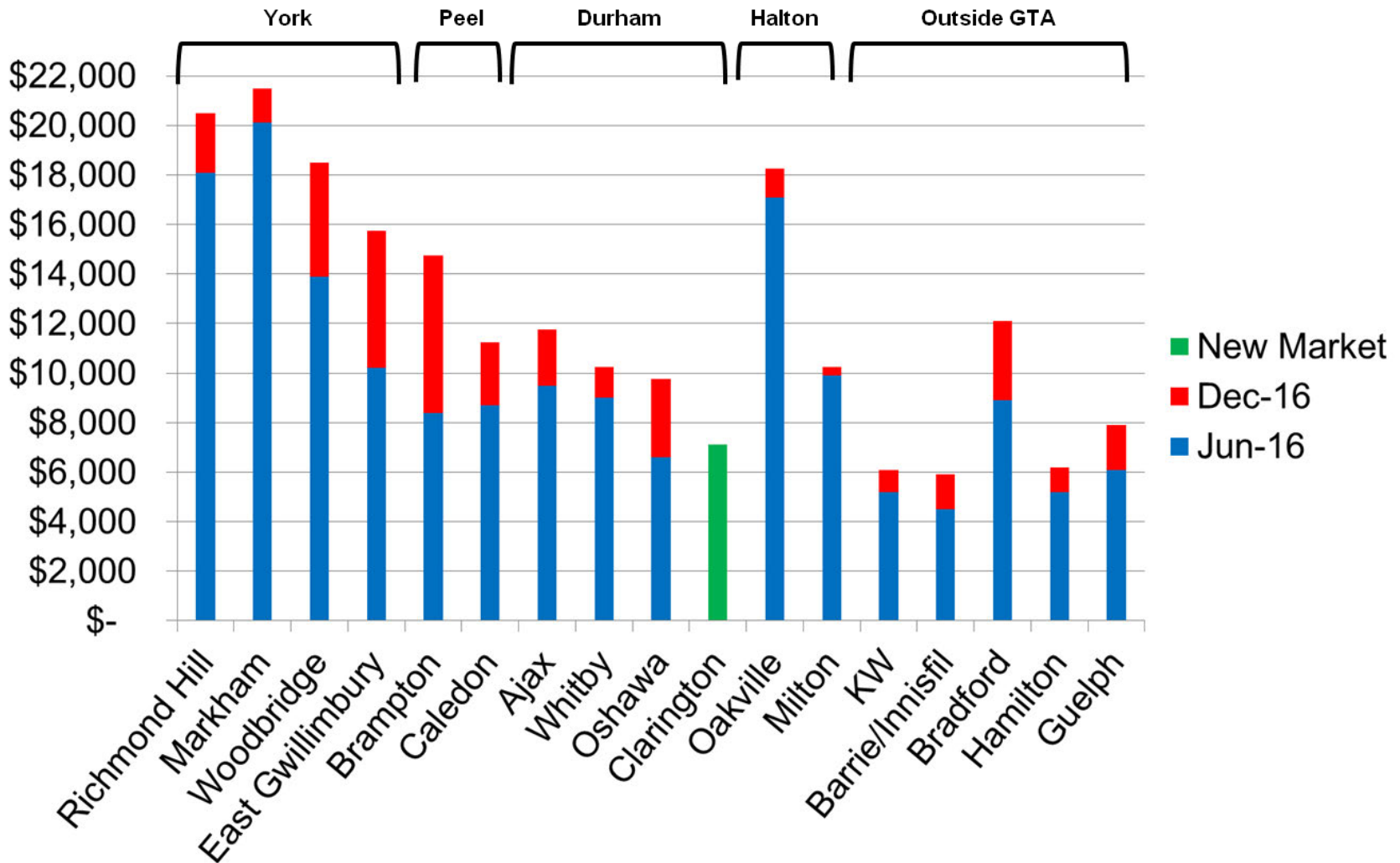
TOWNHOUSE LOT VALUES



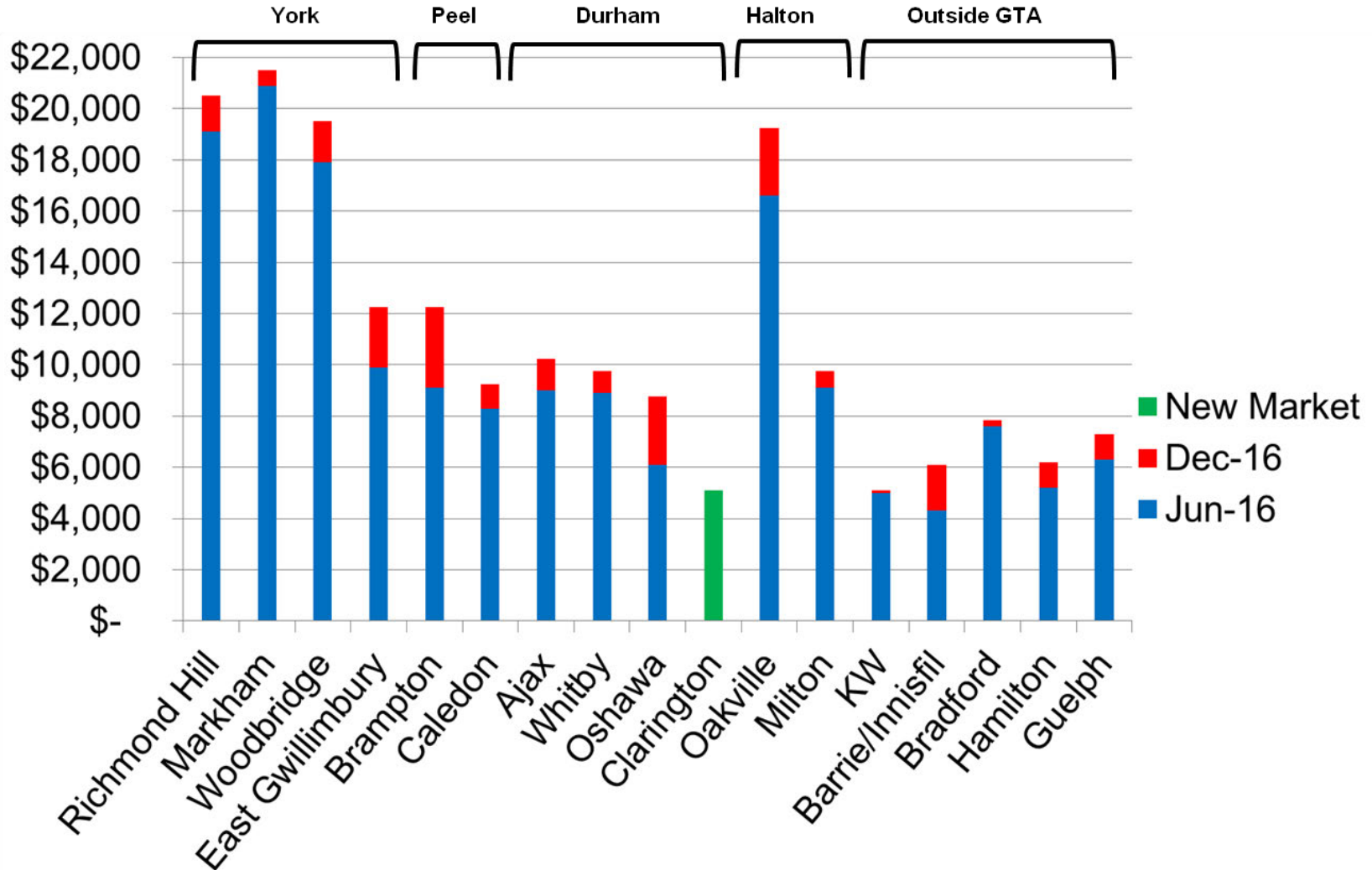
30 F.F – 36 F.F LOT VALUES



40 F.F LOT VALUES



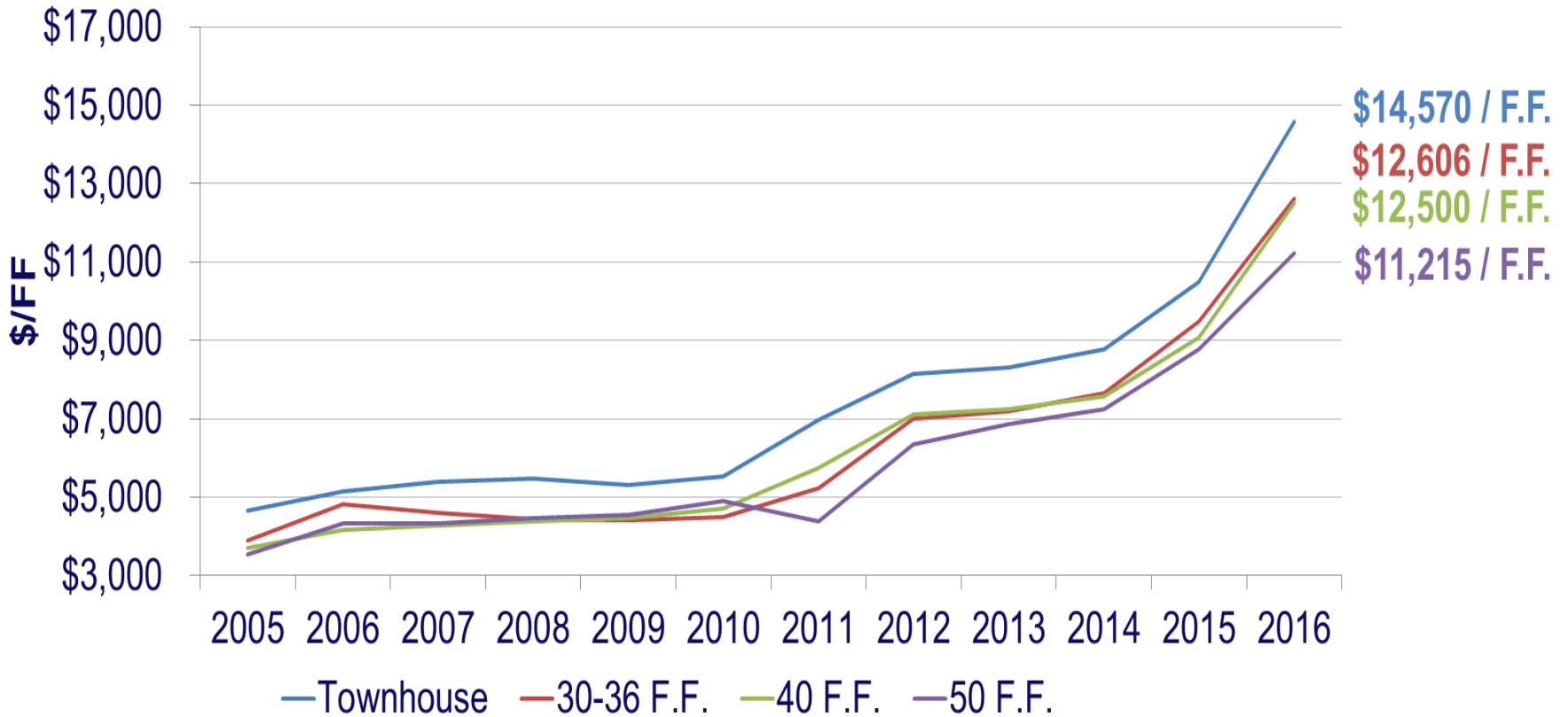
50 F.F LOT VALUES



GTA AVERAGE SERVICED LOT VALUES



GTA Serviced Lot Values



LOT VALUES



YORK REGION

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
Richmond Hill	\$26,000 - \$27,000	\$22,000 - \$23,000	\$20,000 - \$21,000	\$20,000 - \$21,000
Markham	\$29,000 - \$30,000	\$23,000 - \$24,000	\$21,000 - \$22,000	\$21,000 - \$22,000
Woodbridge	\$26,000 - \$27,000	\$19,000 - \$20,000	\$18,000 - \$19,000	\$19,000 - \$20,000
East Gwillimbury	\$13,500 - \$14,000	\$16,500 - \$17,000	\$15,500 - \$16,000	\$12,000 - \$12,500

PEEL REGION

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
BRAMPTON	\$14,500 - \$15,000	\$12,500 - \$13,000	\$14,500 - \$15,000	\$12,000 - \$12,500
CALEDON	\$14,000 - \$14,500	\$8,800 - \$9,000	\$11,000 - \$11,500	\$9,000 - \$9,500

DURHAM REGION

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
AJAX	\$13,000 - \$13,500	\$12,500 - \$13,000	\$11,500 - \$12,000	\$10,000 - \$10,500
WHITBY	\$12,000 - \$12,500	\$12,000 - \$12,500	\$10,000 - \$10,500	\$9,500 - \$10,000
OSHAWA	\$9,000 - \$9,500	\$11,500 - \$12,000	\$9,500 - \$10,000	\$8,500 - \$9,000
CLARINGTON	\$8,300 - \$8,500	\$7,300 - \$7,500	\$7,000 - \$7,200	\$5,000 - \$5,200

HALTON REGION

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
OAKVILLE	\$20,000 - \$20,500	\$17,500 - \$18,000	\$18,000 - \$18,500	\$19,000 - \$19,500
MILTON	\$14,500 - \$15,000	\$11,000 - \$11,500	\$10,000 - \$10,500	\$9,500 - \$10,000

OUTSIDE GTA

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
KW	\$6,500 - \$6,700	\$5,500 - \$5,700	\$6,000 - \$6,200	\$5,000 - \$5,200
BARRIE / INNISFIL	\$6,500 - \$6,700	\$5,000 - \$5,200	\$5,800 - \$6,000	\$6,000 - \$6,200
BRADFORD	\$12,300 - \$12,500	\$12,000 - \$12,200	\$12,000 - \$12,200	\$7,700 - \$8,000
HAMILTON	\$8,600 - \$8,800	\$6,200 - \$6,500	\$6,100 - \$6,300	\$6,100 - \$6,300
GUELPH	\$8,400 - \$8,600	\$8,000 - \$8,200	\$7,800 - \$8,000	\$7,200 - \$7,400

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Thank you for attending.