



MCAP

Welcome to the Spring 2018 Breakfast Seminar

**Presented by:
MCAP Development Finance Group**

Agenda

GTA Housing Market Update

Presented by: Ben Myers, President – Bullpen Research & Consulting

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

Greater Toronto Area Housing Market Update

June 21, 2018

– MCAP Breakfast Seminar

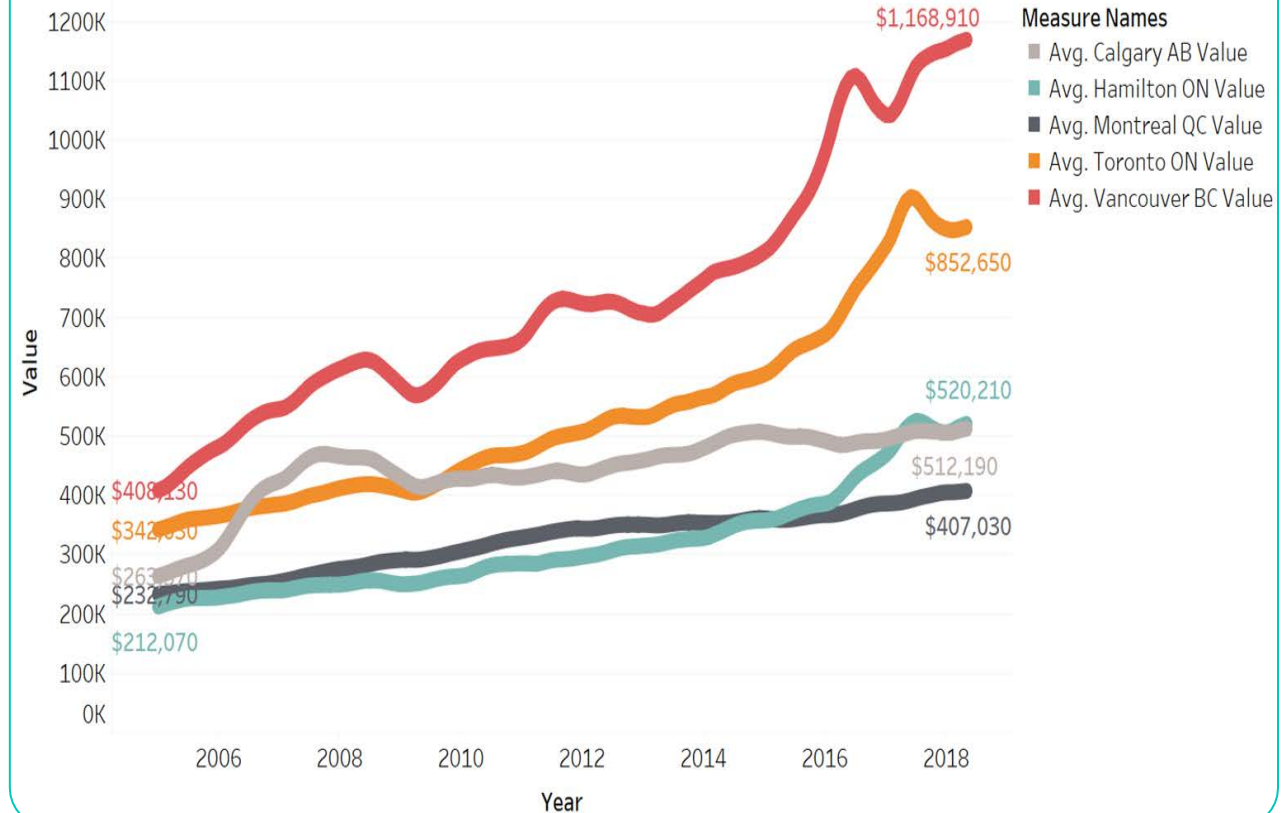


The Resale Housing Market in Canada



Brookfield RPS Resale House Price Data

Average Resale House Price by Major Metro Area, Canada Jan 2005 to May 2018



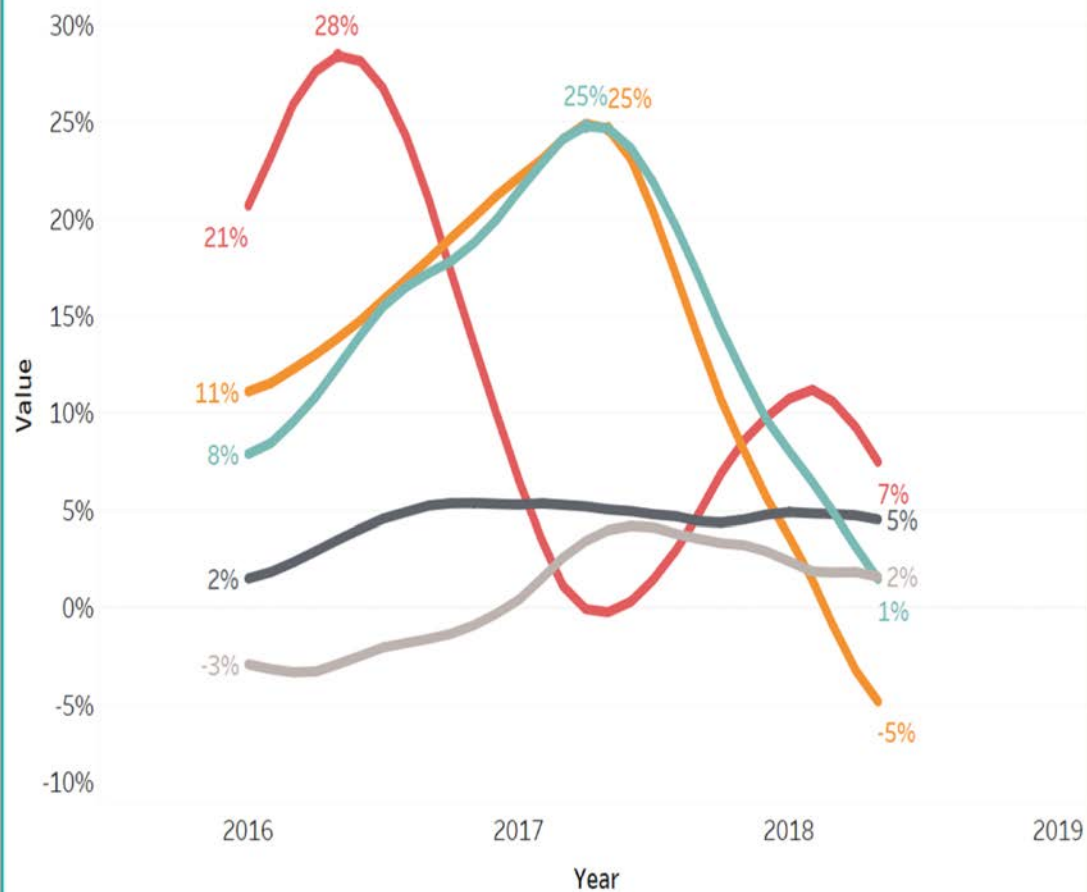
Vancouver Prices Continue to Increase
Despite Additional Housing Measures.
Toronto Market Bottom May be Behind Us



Roller Coaster
Average Price
Levels in
Vancouver,
Toronto &
Hamilton.

Peaked at 25%
Growth based on
Brookfield
Average Value in
the GTA, Now
Down 5% Year-
over-Year.

Annual Change in Average Resale House Prices by Major Metro Area, Canada Jan 2016 to May 2018



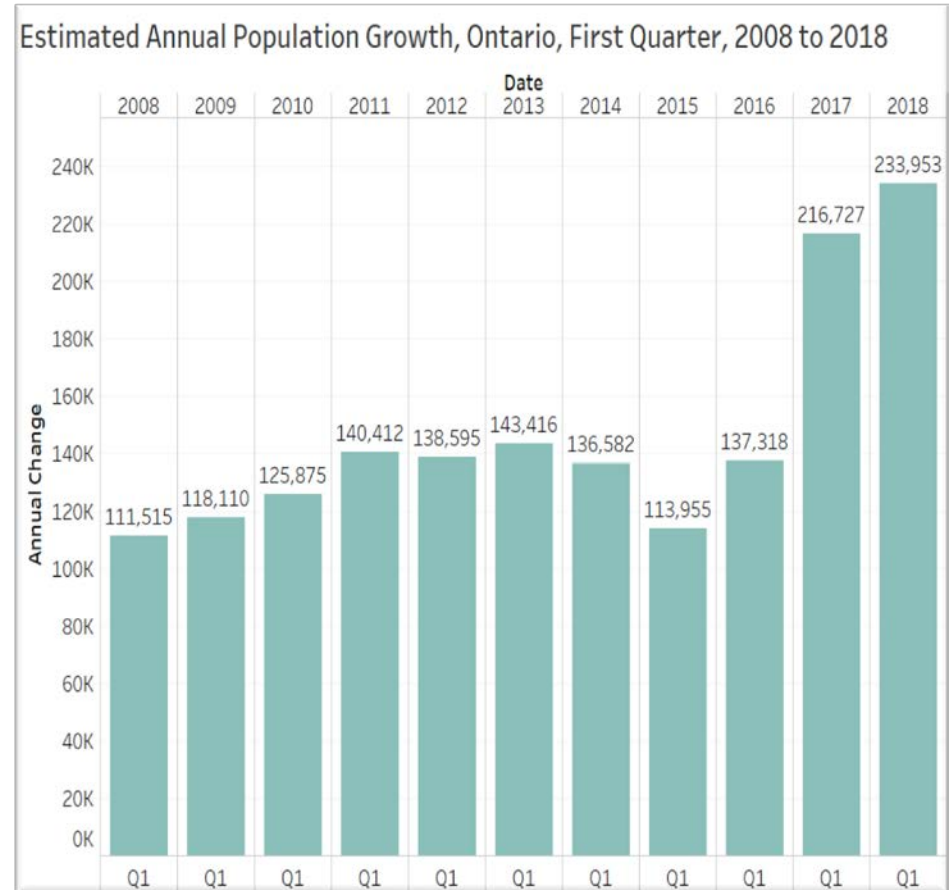
- Measure Names
- Avg. Calgary AB YoY
 - Avg. Hamilton ON YoY
 - Avg. Montreal QC YoY
 - Avg. Toronto ON YoY
 - Avg. Vancouver BC YoY

Ontario & Liberty Village Demographics



Ontario's
Population Grew
by 234,000 People
Annually in Q1-
2018, the Highest
Level since 1989

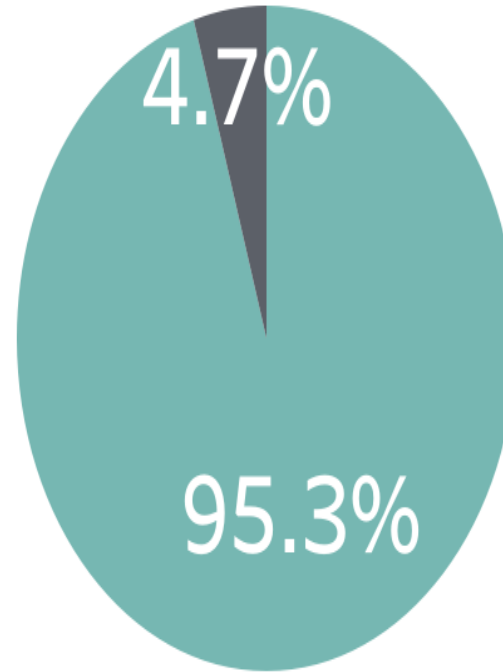
Between 1990 and
2017, the Province
Saw Growth of
146,000 People Per
Year – Current
Level is 60% Higher



Population Data – 3,623 Residents

- 1.5 Persons per unit
- 4.7% of population Under 15 Years Old
- 87% Canadian citizens
- 94% Permanent residents

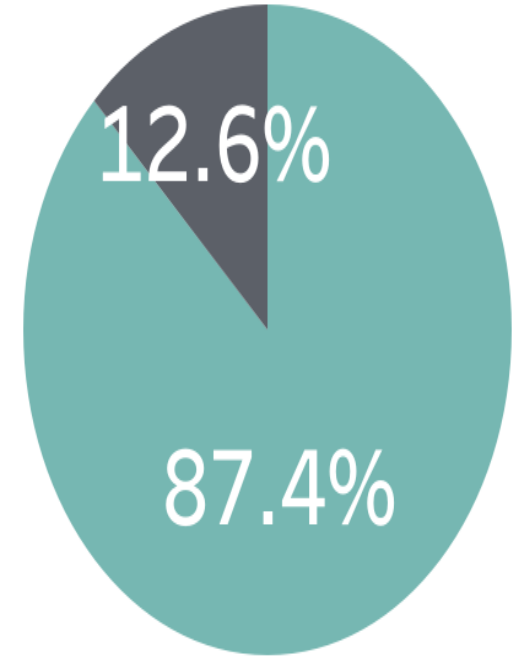
Residents Over 15 Years Old



Census Categories

- 15 yrs or older
- Under 15 yrs old

Canadian Citizens vs Other



Census Categories

- Canadians
- Non-Canadians

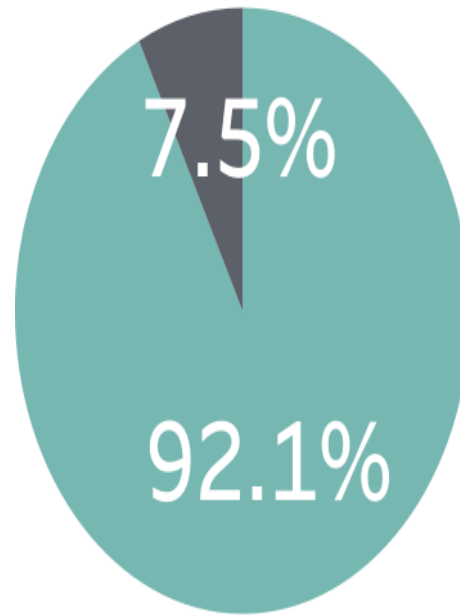
Liberty Village Census Data – Are Families Really Looking for Condo Product?



Household Data – 2,464 Housing Units

- 92% of HH have one or two residents
- 1.6% of HH have two or more children
- \$95,000 avg income
- \$115,000 avg income for two or more person HH

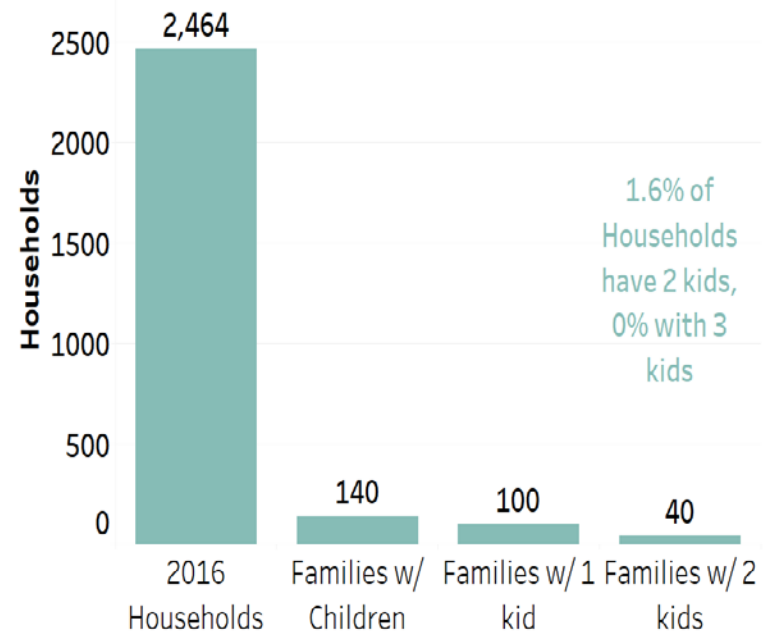
Households by Size



Census Categories

- 1 or 2 person HH
- 3 or more person HH

Couples with Children Versus Total Households



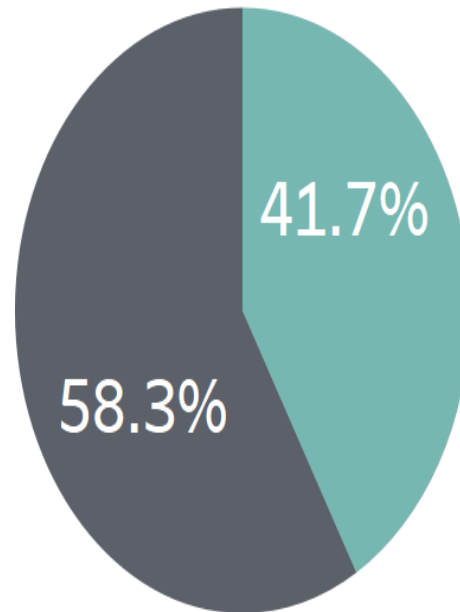
Liberty Village Census Data – Are Families Really Looking for Condo Product?



Household Data – 2,464 Housing Units

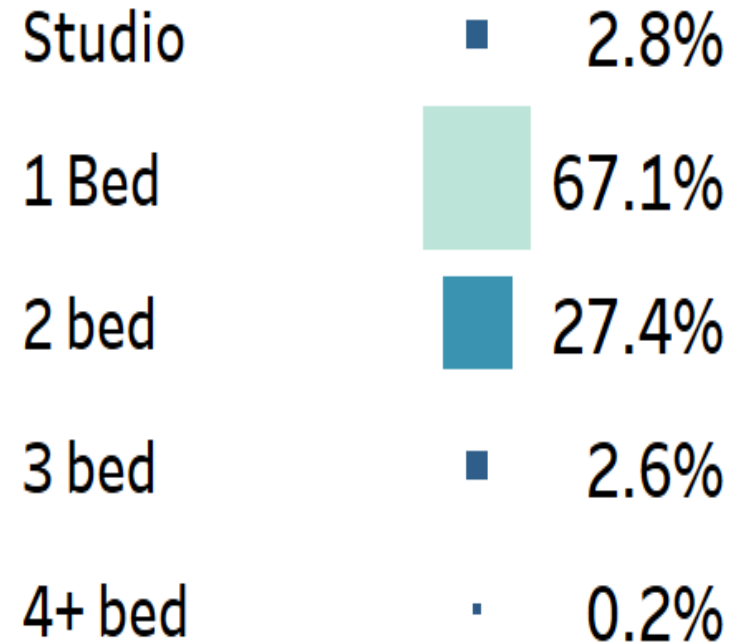
- 58% of units are rented
- 30% of units are two bed or larger
- All projects offered units over 1,000 sf

Investors versus End-Users



Census Categories
■ Owner
■ Renter

Share of Units by Type



Liberty Village Census Data – Are Families Really Looking for Condo Product? (continued)

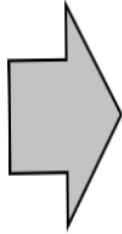


The New
Condominium
Apartment Market
in the Greater
Toronto Area



Q1-17 Launches

\$686
psf



Q1-18 Launches

\$843
psf

64% sold in Q1
vs 53% long-
run avg

Cons
Costs up
6-8% per
Altus

37,000 Units in
Pre-Construction
86% Sold

u/c
48K condo
7K rental

Better Apples-to-Apples comparison is to look at Launch Prices versus Launch Prices. Up 23% Annually, but Down from \$893 in Q4-2017.

- Highest Number of Apartments Under Construction since December 2014 – Rental Apartments U/C at Highest Level in over 25 Years



4-Quarter Moving Total of Condo Apt Completions (CMA) & Condo Rents \$PSF (GTA), Q1-2013 to Q1-2018

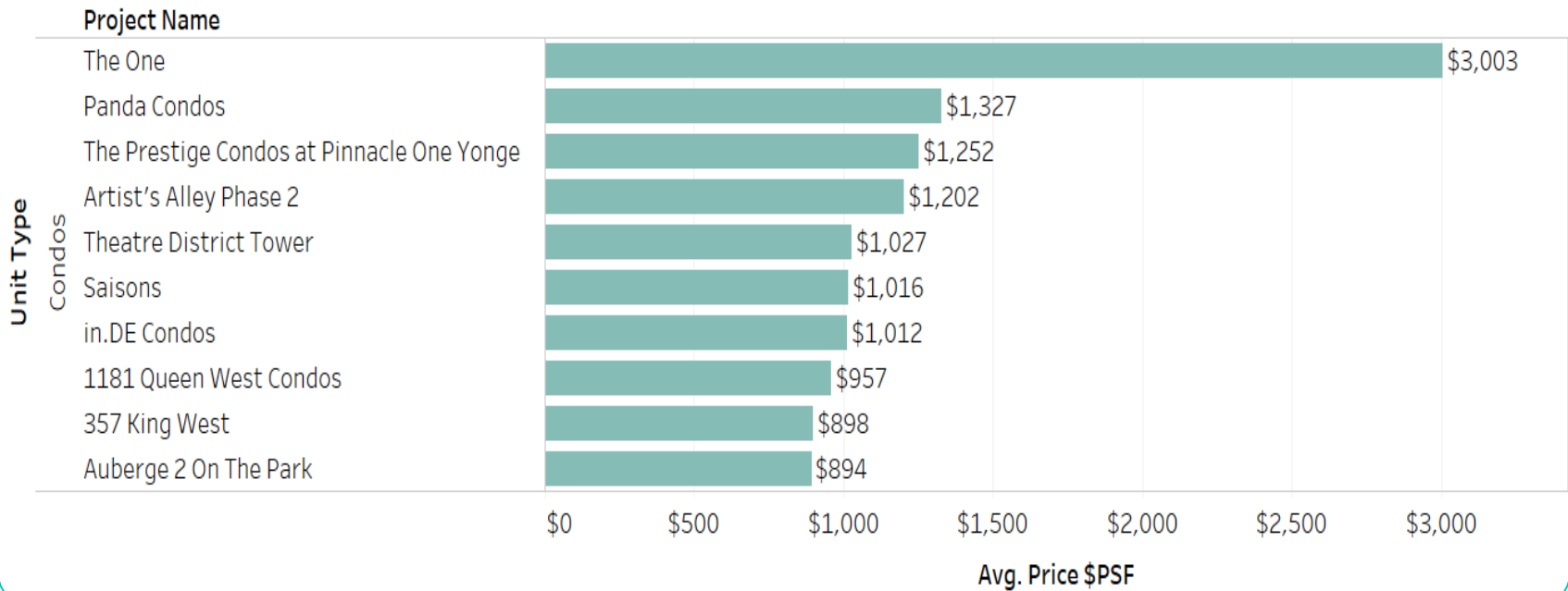


**Rented Condos
Rise to \$2.98 PSF
per Month in
Q1-2018**

- Completions of condo apartments drops to lowest level since Q4-2014
- Lack of supply leads to 10.7% increase in rents to \$2,206 in the GTA, and rent per-square-foot rises 8.4% year-over-year to \$2.98 psf



Average Per-Square-Foot Values for Sample of 2018 Prices, Recently Launched Toronto New Condo Projects



Major Sites Selling Product at
\$1,000 to \$1,200 psf



Break Even Rents Required for New Condos at \$1,000 PSF+

500 sf Investment Unit (\$0.65 condo fee)

	\$1,000 PSF	\$1,100 PSF	\$1,200 PSF
Interest Rate			
2.5%	\$4.85	\$5.25	\$5.70
3.0%	\$5.05	\$5.50	\$5.95
3.5%	\$5.25	\$5.70	\$6.20

- Top non-Yorkville sites now getting \$4.20 psf a month in Toronto
- Supply relief coming, but prices continue to escalate despite rising rates, will continue to force potential buyers to continue to rent

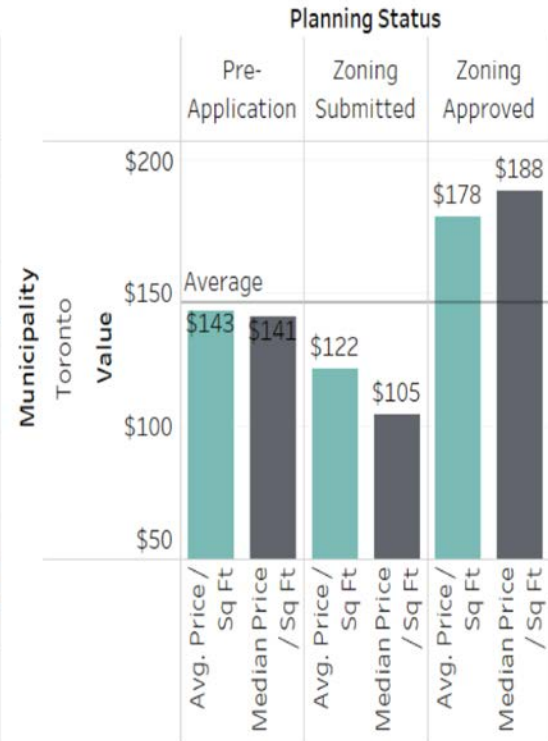


Condo Land Sales Since October 2017



Average & Median Price
Per-Buildable-SF for High Density
Land Transactions, GTA, Oct 2017
to March 2018

Average & Median Price
Per-Buildable-SF for High Density Land
Transactions, City of Toronto, Oct 2017
to March 2018



Measure Names

- Avg. Price/Sq Ft
- Median Price/Sq Ft

GTA High Density
Land Sales at
\$100 per-
buildable-SF

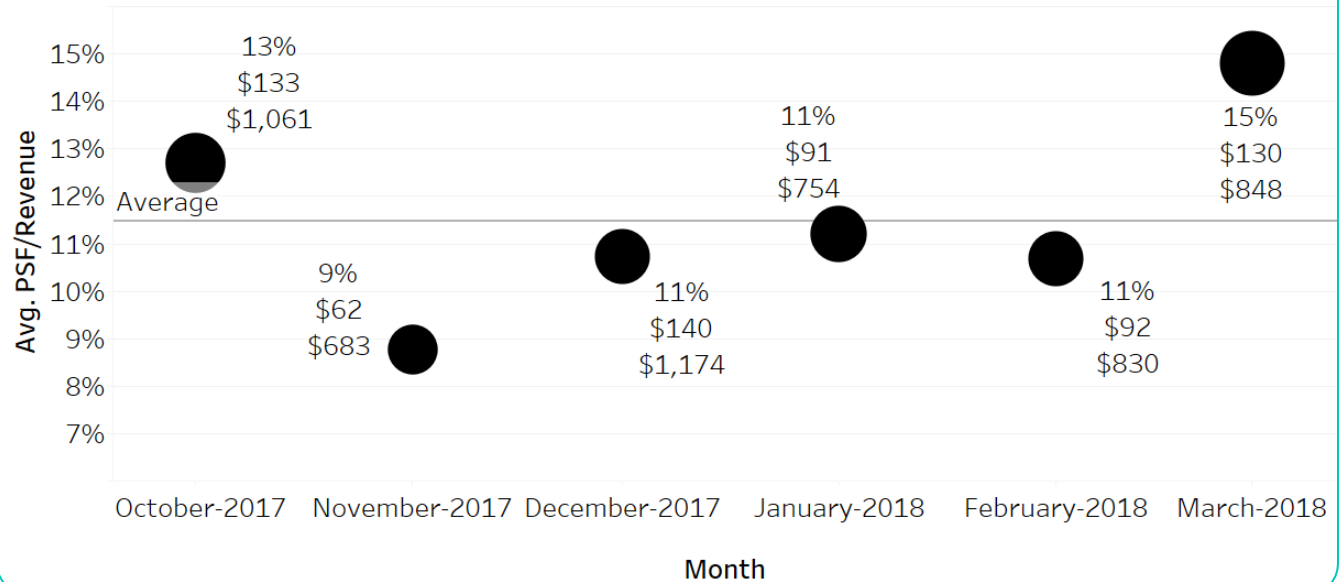
City of Toronto
High Density Land
Sales at \$150 per-
buildable-SF

- Big premium for zoned lands in the City of Toronto



- On Average over the Past Six Months, Developers are Paying for Land at 11% of Expected Revenue PSF

Land Price Per-Buildable-SF as a Percentage of Estimated Revenue PSF by Month, GTA High Density Land Transactions, Oct 2017 to Mar 2018



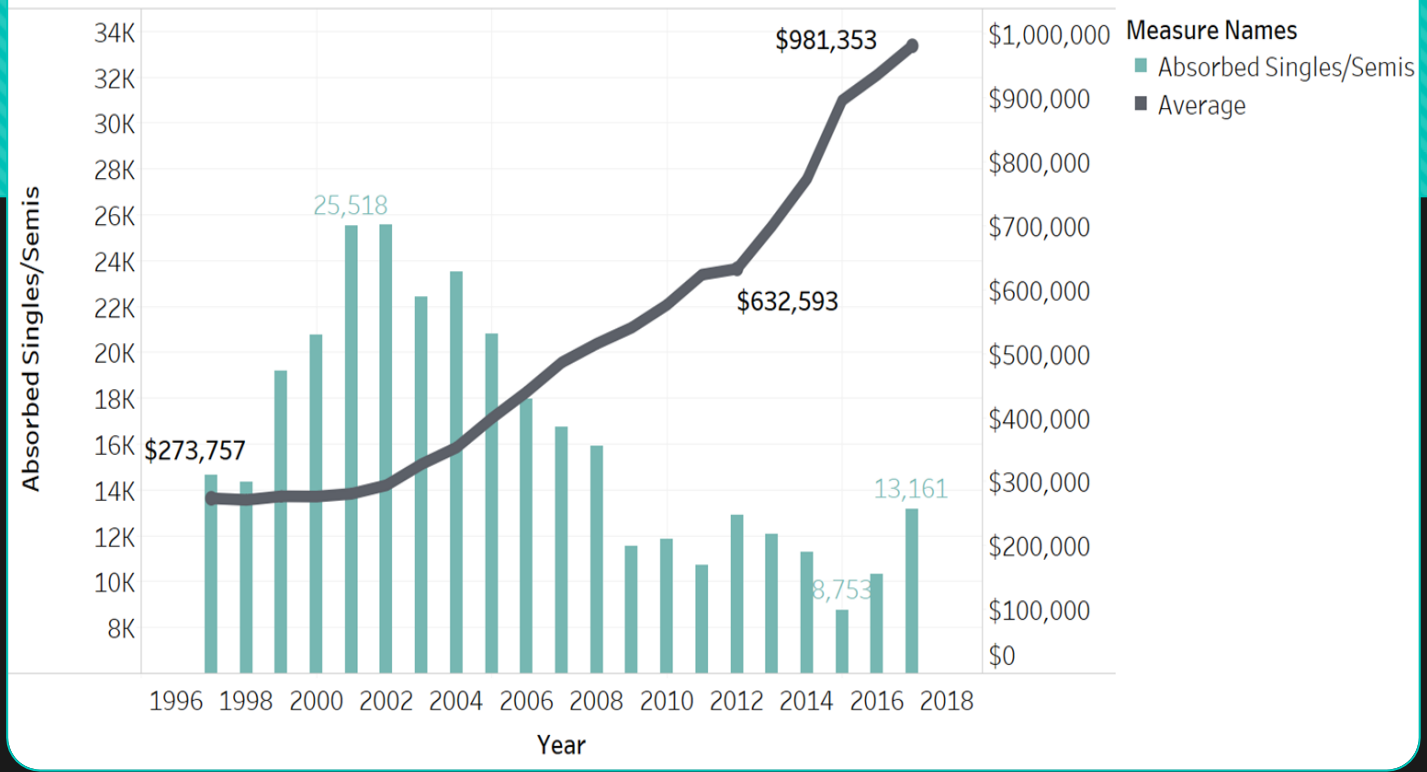
Developers Have Been Paying about 20% of Expected Revenue for Approved Lands. The Share Declines the Farther you Get From Downtown Toronto, Suburban Developers Paying Less than 10% on Average.



Ground- Related New Home Activity in the GTA



Absorbed Singles/Semis & Average Absorbed Price, Toronto CMA, 1997 to 2017



- Average Single/Semi of \$955,000 in Q1-2018
- More \$1.5M plus, but also more Under \$600K sales

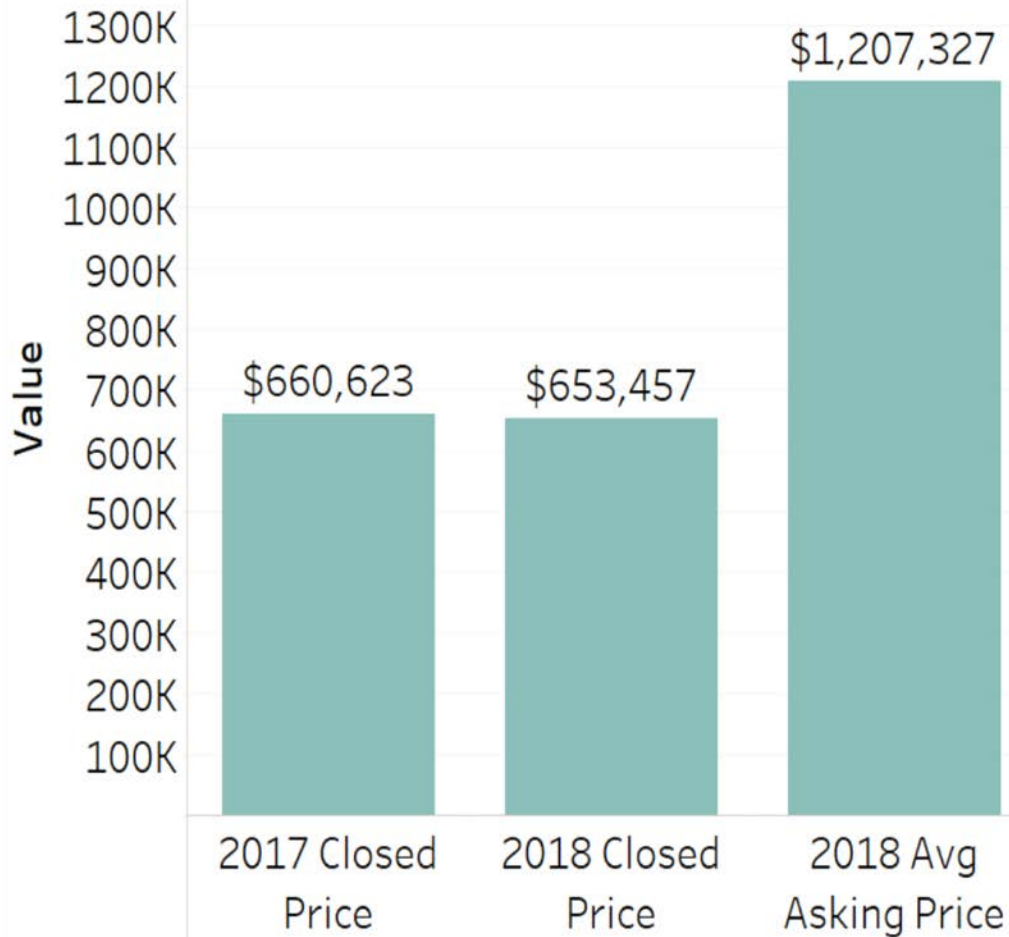
New Toronto CMA Single-Detached & Semi-Detached Prices Increasing by 7% Annually for Past 20 Years

- Values up 5% in 2017 to \$980,000 (closed units)
- Market could likely support 20,000 to 25,000 completions, delivering 10,000 to 15,000
- Asking price for unsold developer product close to \$1.2 million, big gap in market, product sitting unsold



Singles/Semis Prices

Municipality
Brampton (CY)

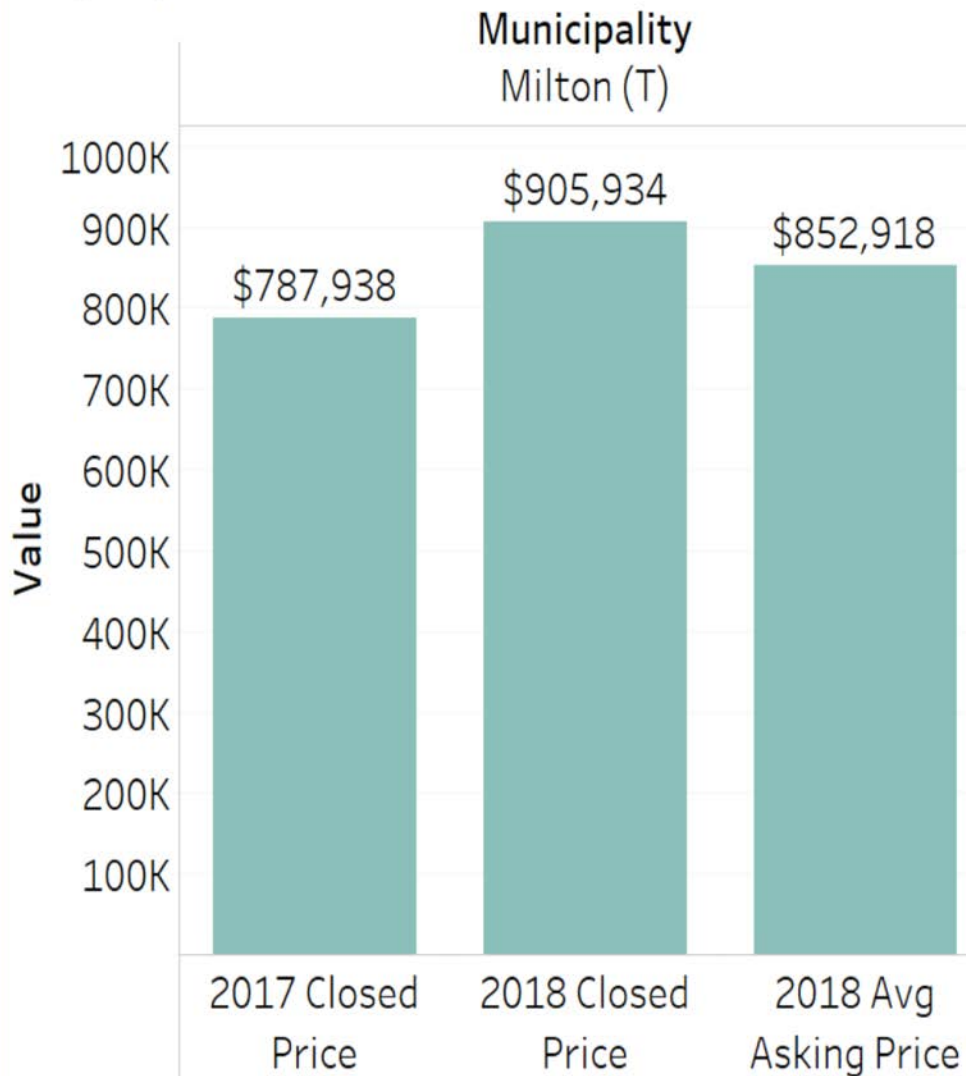


Average Price for Absorbed Singles/Semis in Brampton for January to May 2017 is Nearly Identical to First Five Months of 2018

- 2018 Price Updates indicate that the average asking price is \$1.21 Million
- Average Size in 3,300 sf
- \$362 PSF



Singles/Semis Prices

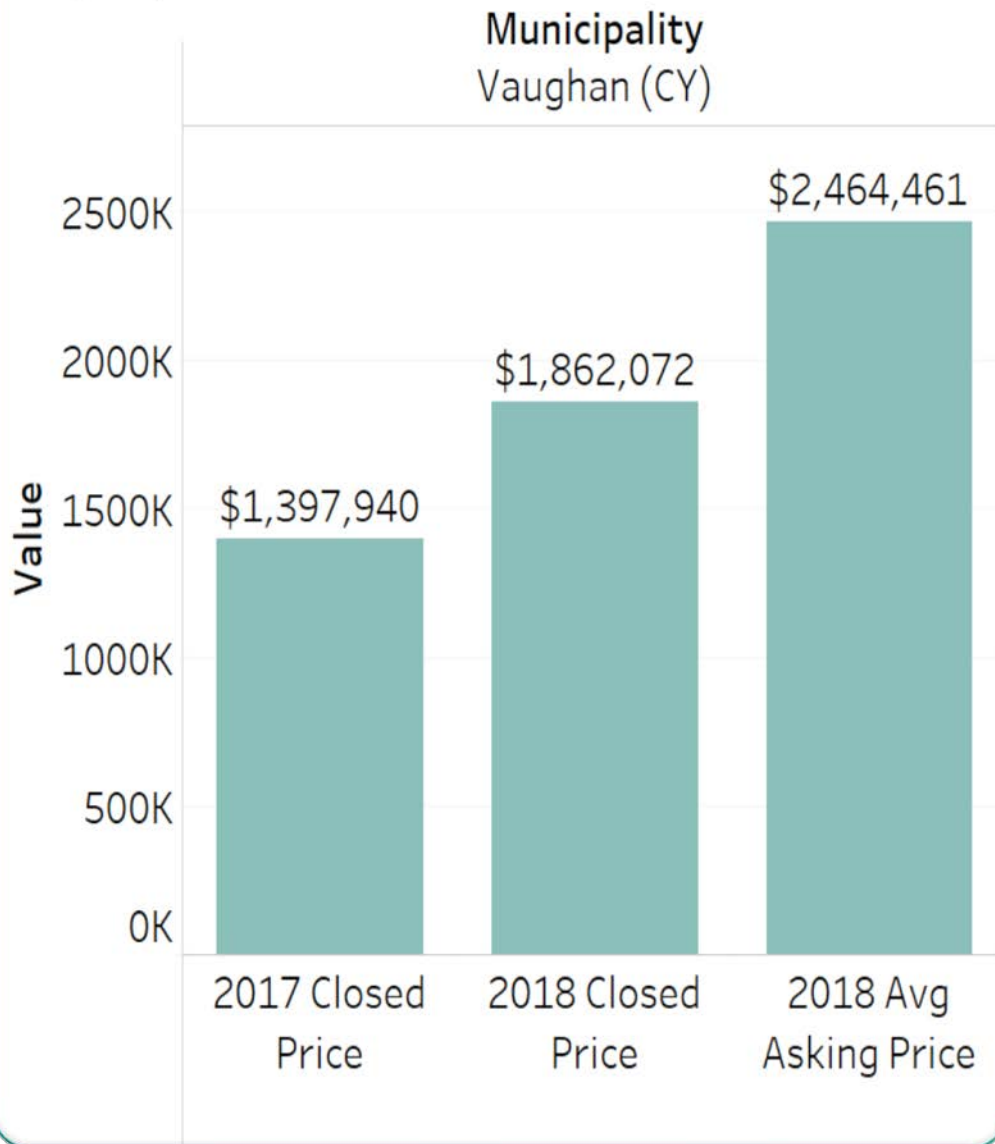


**Average Price
of Absorbed
Singles/Semis
in Milton up
15% Annually
to \$906,000**

- Pull-back in 2018 asking prices, as average is \$853,000
- Average Size in 2,200 sf
- \$385 PSF



Singles/Semis Prices



**Average Price
of Absorbed
Singles/Semis
in Vaughan up
33% Annually
to \$1.9 Million**

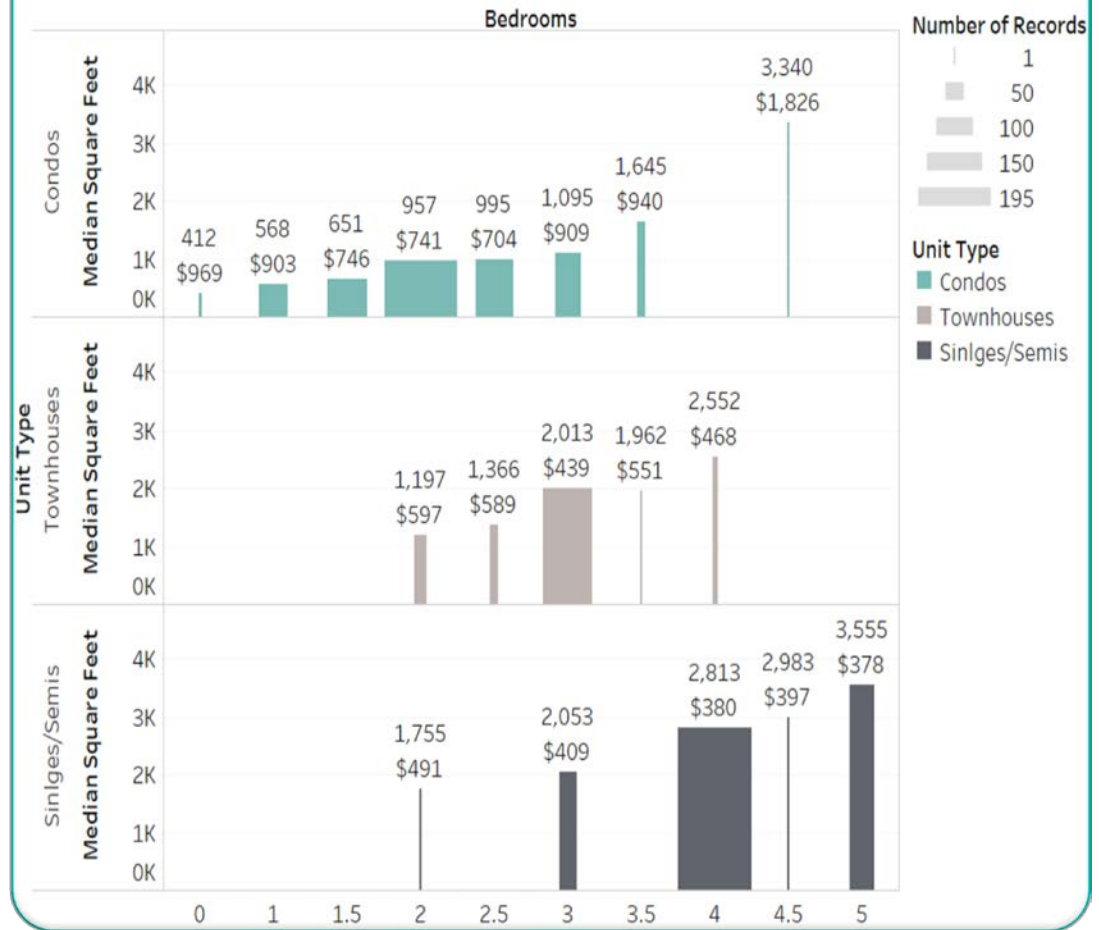
- 2018 Asking Prices are Astronomical at \$2.5 Million on Average
- Average Size in 4,000 sf
- \$620 PSF



Sample of 2018 Median Sizes by Built Form

- Singles/Semis – Four Bedroom, 2,800 sf, \$380 psf, \$1.1 Million
- Townhouses – Three Bedroom, 2,000 sf, \$440 psf, \$880,000
- Condos – Two Bedroom, 950 sf, \$740 psf, \$700,000
- Condos – One Bed + Den, 650 sf, \$750 psf, \$500,000

Median Size & Price-Per-Square Foot by Built Form for Sample of GTA New Home Product



Thank You

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MCAP

MCAP High-Rise Condominium Land Values

For the period ending June 21, 2018

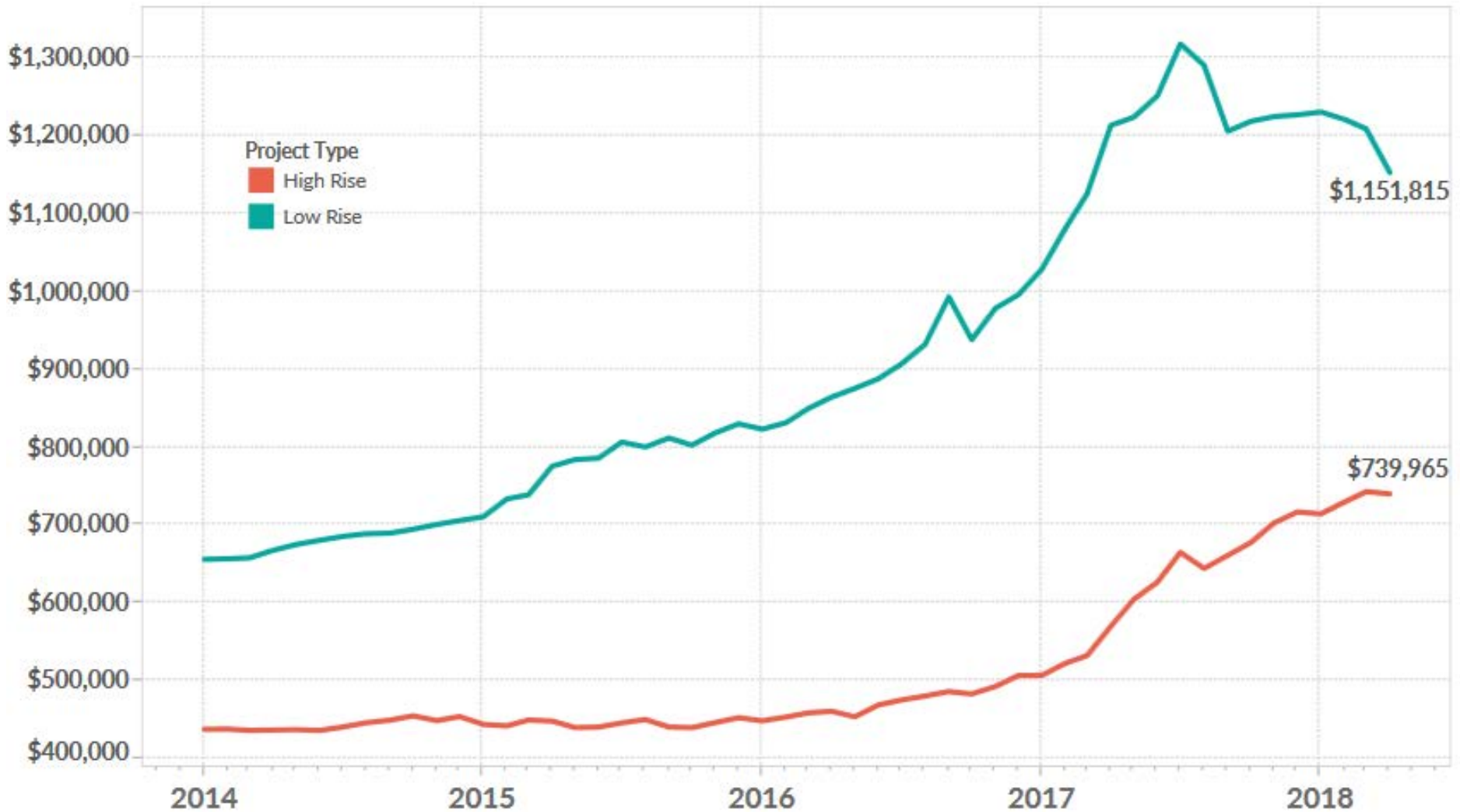
*Values based on gross buildable square feet

**Values based on fully zoned and approved

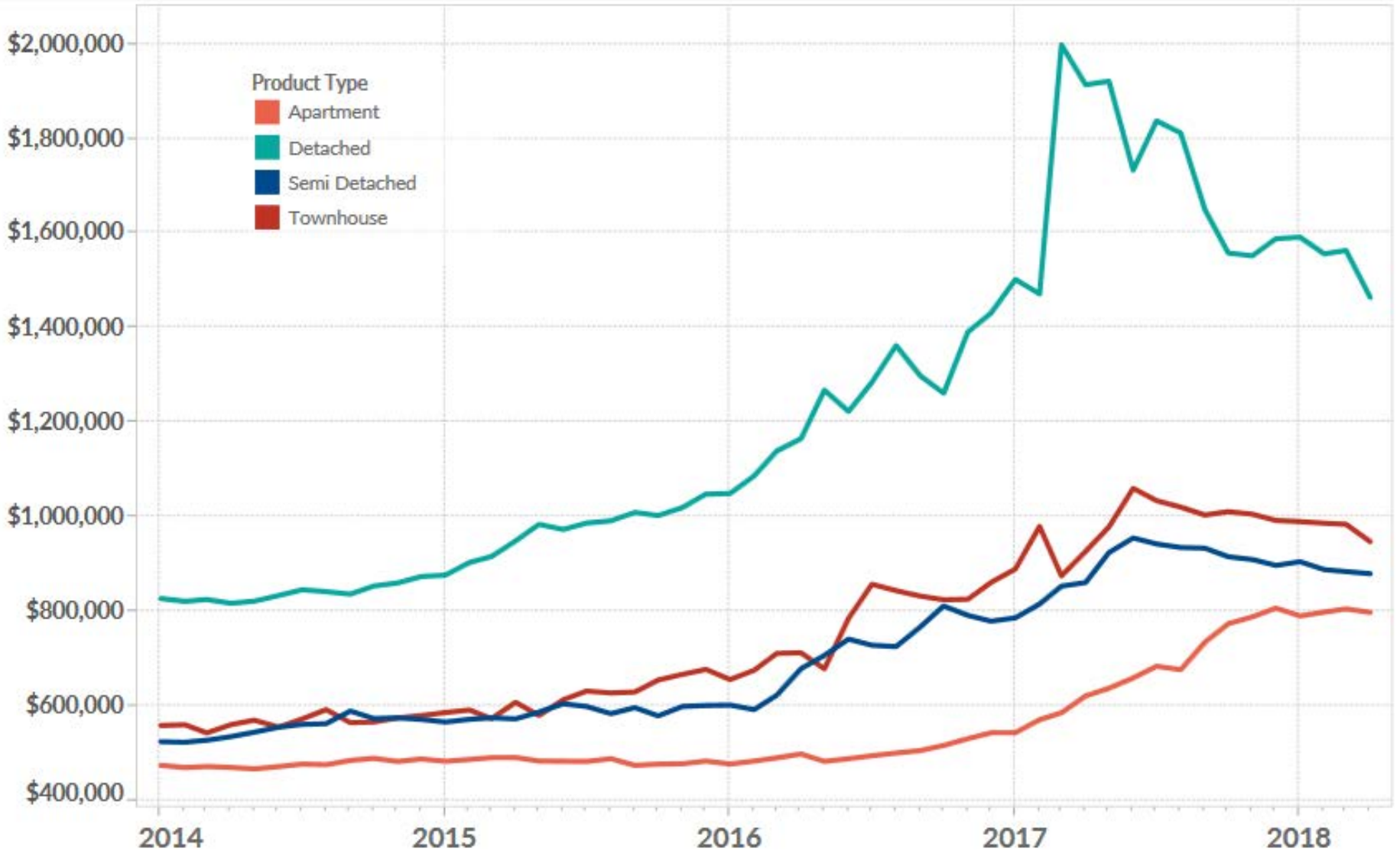
Land Value Analysis Process Overview

- 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 for approved land
- 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



Price by Product Type



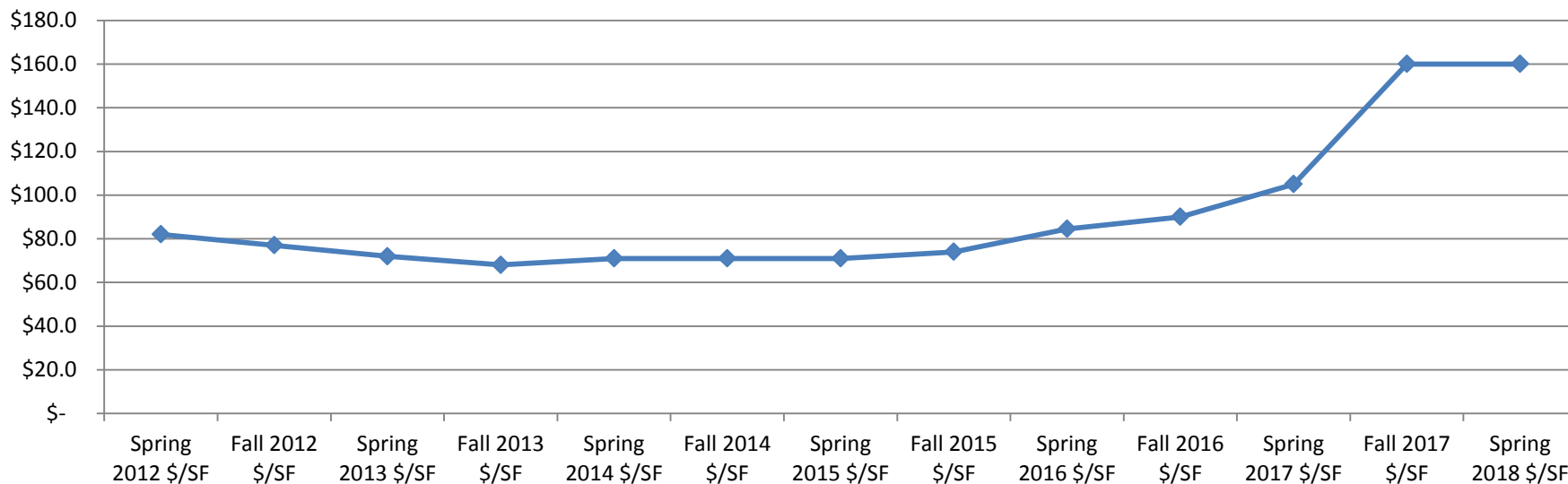
GTA High-Rise Land Overview

- **2018 YTD HR sales are down 65% from record 2017 though consistent with 2012-2016 sales → fewer launches too**
- **High-Rise inventory still low (~10,000 units now v. ~17,000 on avg. before 2016)**
- **Only 307 units standing inventory**
- **# months condo supply at ~4.25 months across GTA**
- **30% price appreciation in new units year over year, though growth moderating**
- **Very strong rental market continues to easily absorb condo supply (416 condo vacancy of <1% & average 416 condo rent of \$3.42 psf)**
- **Housing fundamentals remain solid with high demand and low supply though composition of demand is shifting to condominium & rental market due to mortgage rule changes, interest rate increases, and low-rise affordability**
- **Construction (hard costs) & Development (DCs, interest) costs are up too with end unit values moderating**

Downtown West

- \$1,126/SF Average Unit Price
- \$829,691 Average Sale Price
- ~4.3 Months Supply of Inventory

Downtown West



Median Land Value for Low End = \$115/SF

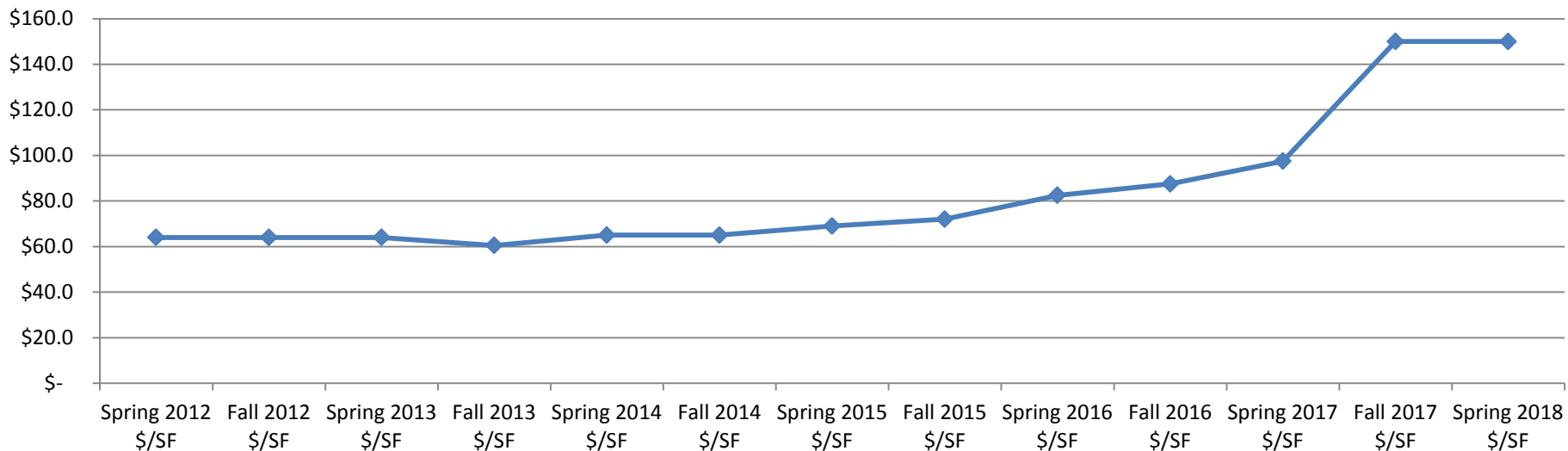
Median Land Value for High End = \$200/SF

MCAP Land Value Range for the Submarket = \$155 to \$165 / SF

Downtown East

- \$950/SF Average Unit Price
- \$839,139 Average Sale Price
- ~1.2 Months Supply of Inventory

Downtown East



Median Land Value for Low End = \$115/SF

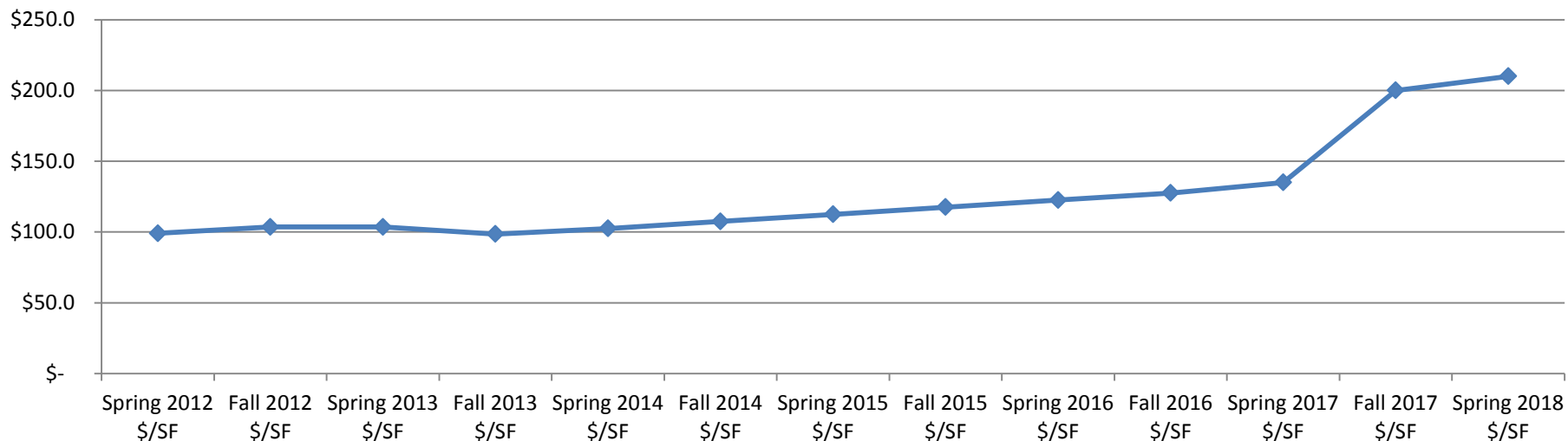
Median Land Value for High End = \$200/SF

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

Downtown Core

- \$1,128/SF Average Unit Price
- \$1,012,894 Average Sale Price
- ~4.3 Months Supply of Inventory

Downtown Core



Median Land Value for Low End = \$160/SF

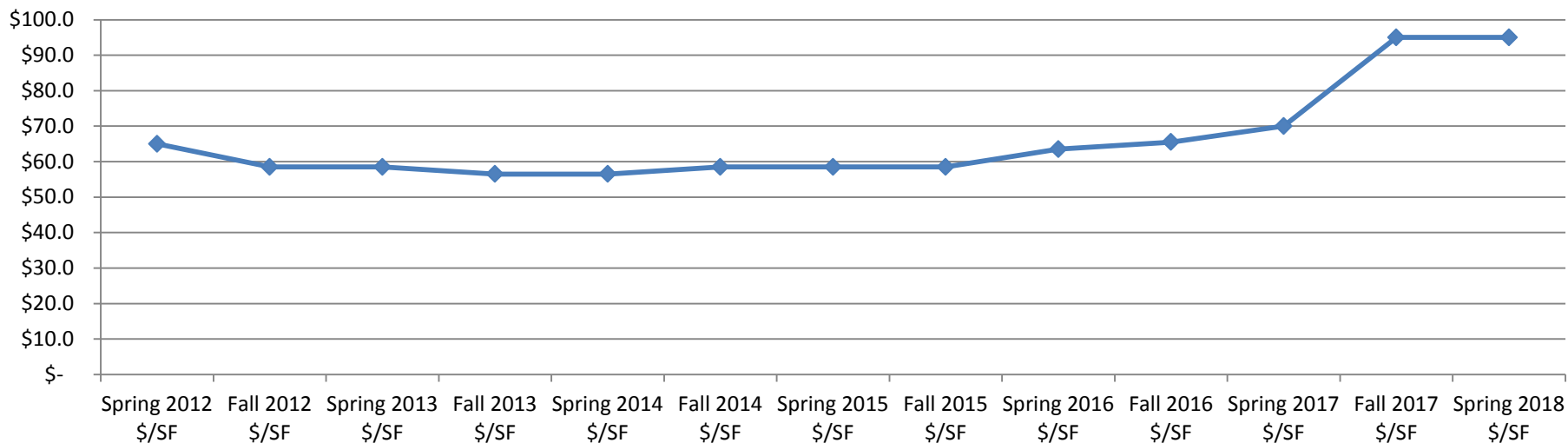
Median Land Value for High End = \$250/SF

MCAP Land Value Range for the Submarket = \$205 to \$215 / SF

Toronto West

- \$919/SF Average Unit Price
- \$730,334 Average Sale Price
- ~7.4 Months Supply of Inventory

Toronto West



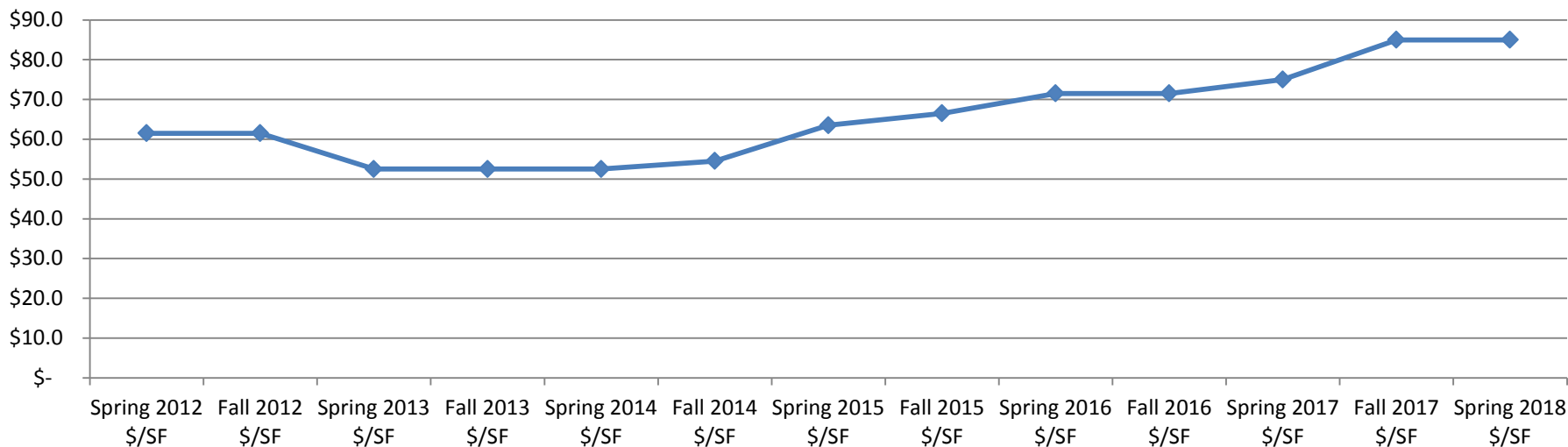
Median Land Value for Low End = \$65/SF
Median Land Value for High End = \$140/SF

MCAP Land Value Range for the Submarket = \$90 to \$100 / SF

Toronto East

- \$809/SF Average Unit Price
- \$767,969 Average Sale Price
- ~3.0 Months Supply of Inventory

Toronto East



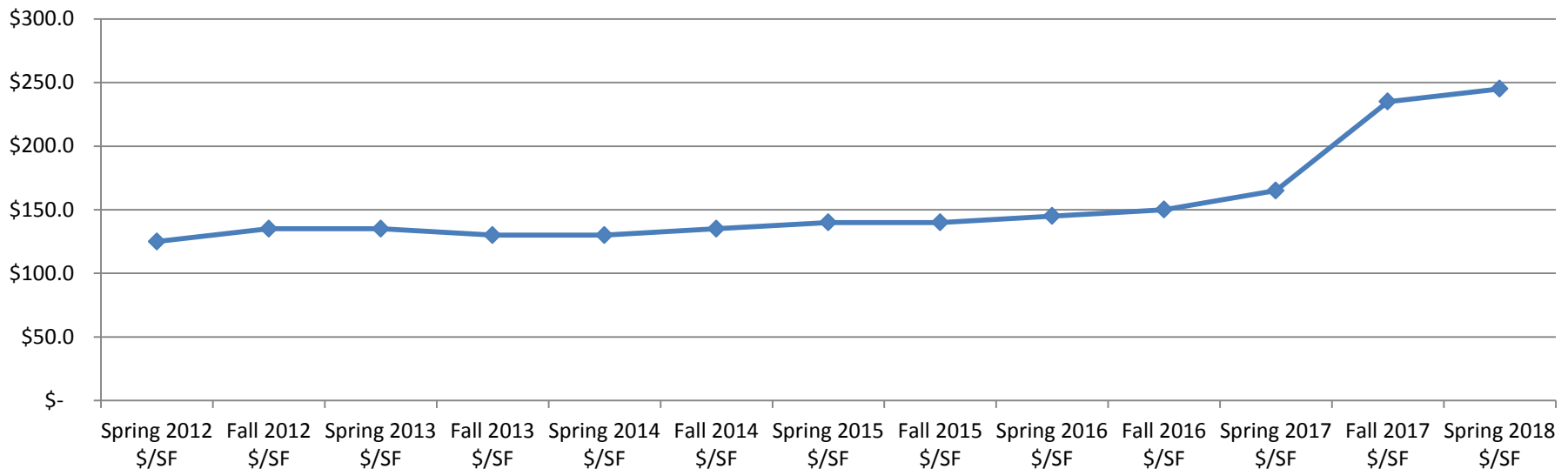
Median Land Value for Low End = \$60/SF
Median Land Value for High End = \$130/SF

MCAP Land Value Range for the Submarket = \$80 to \$90 / SF

Bloor / Yorkville

- \$1,685/SF Average Unit Price
- \$1,727,654 Average Sale Price
- ~3.4 Months Supply of Inventory

Bloor Yorkville



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

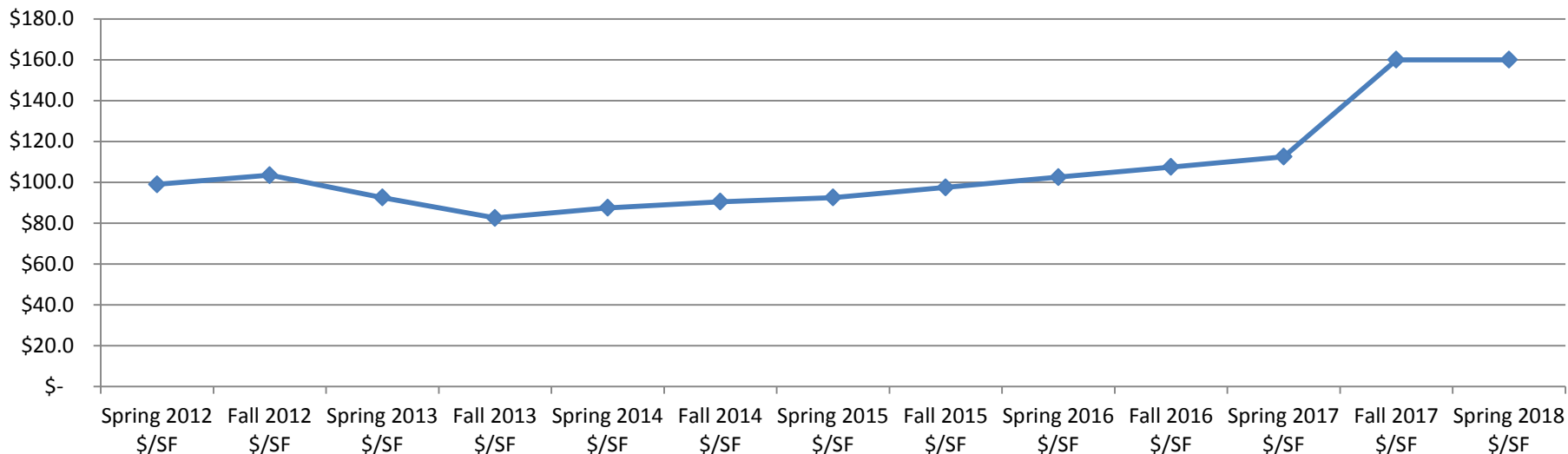
Median Land Value for High End = \$320/SF

MCAP Land Value Range for the Submarket = \$240 to \$250 / SF

North Toronto

- \$914/SF Average Unit Price
- \$760,648 Average Sale Price
- ~5.1 Months Supply of Inventory

North Toronto



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

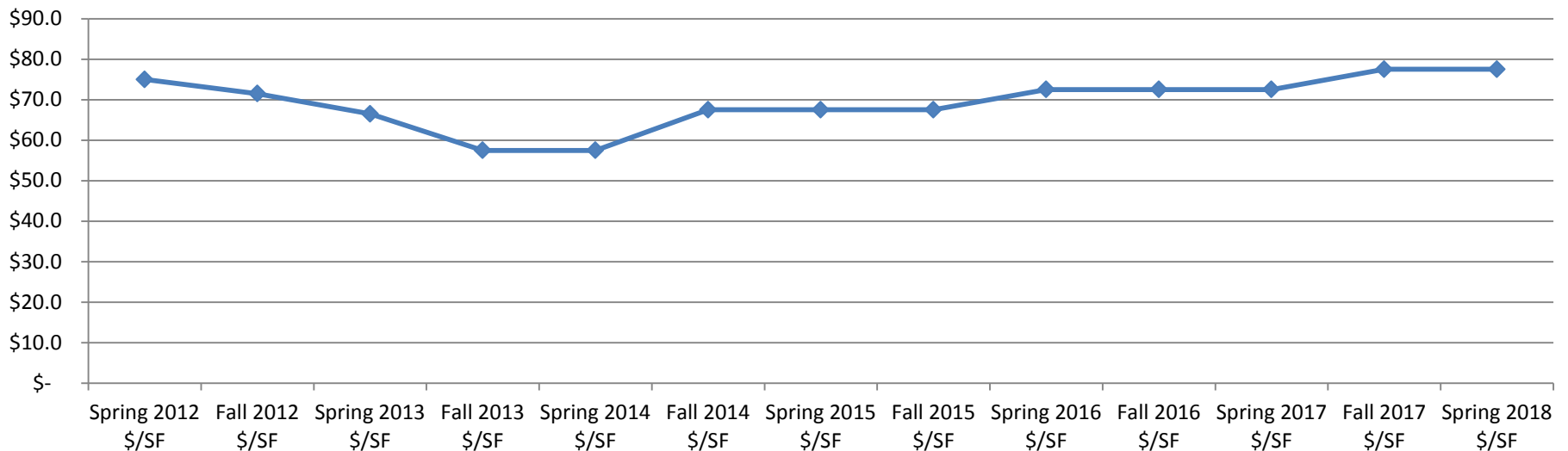
Median Land Value for High End = \$220/SF

MCAP Land Value Range for the Submarket = \$155 to \$165 / SF

North Yonge Corridor

- \$950/SF Average Unit Price
- \$667,401 Average Sale Price
- ~13.5 Months Supply of Inventory

North Yonge Corridor



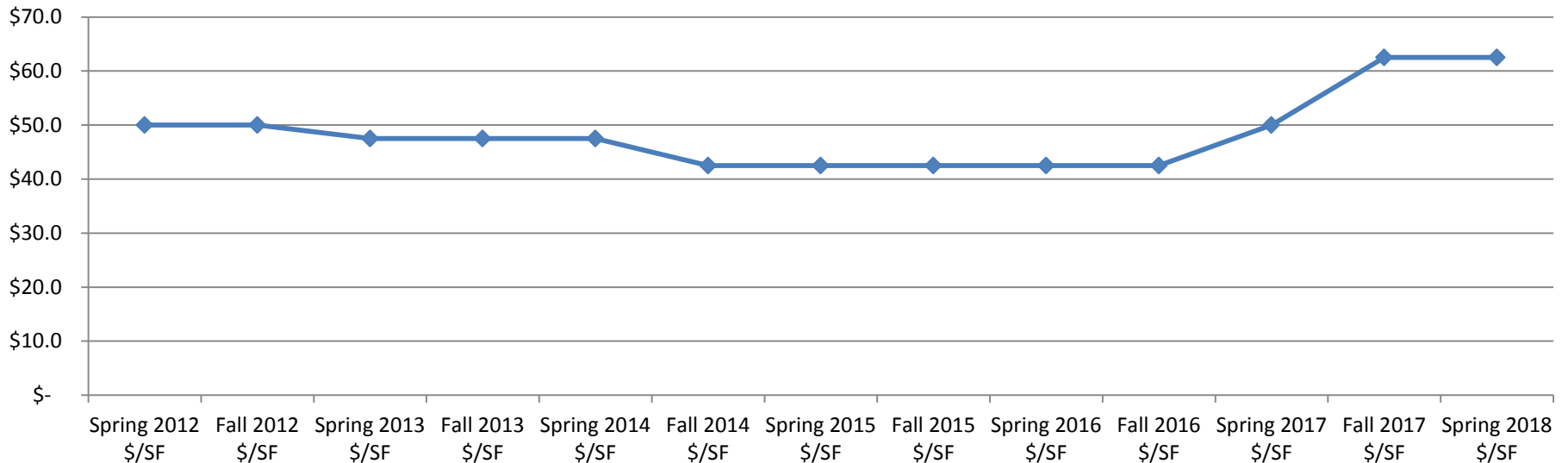
Median Land Value for Low End = \$70/SF
Median Land Value for High End = \$115/SF

MCAP Land Value Range for the Submarket = \$75 to \$80 / SF

HWY 7 / Yonge Corridor

- \$656/SF Average Unit Price
- \$584,595 Average Sale Price
- ~3.7 Months Supply of Inventory

HWY 7 / Yonge Corridor



Median Land Value for Low End = \$45/SF

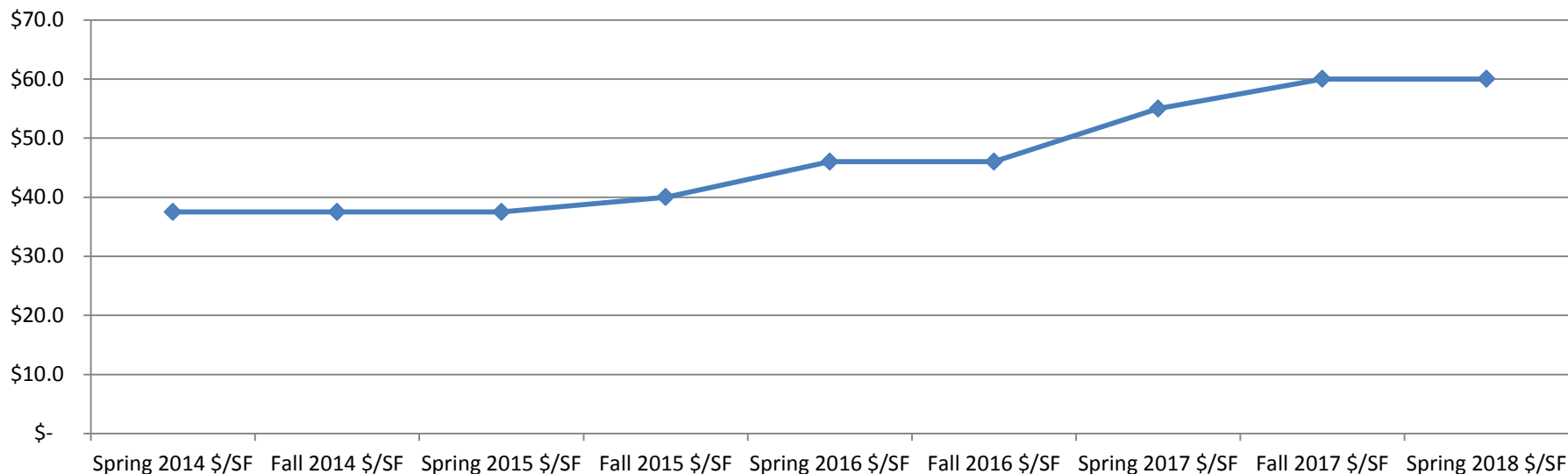
Median Land Value for High End = \$65/SF

MCAP Land Value Range for the Submarket = \$60 to \$65 / SF

Vaughan

- \$715/SF Average Unit Price
- \$602,959 Average Sale Price
- ~4.5 Month Supply of Inventory

Vaughan



Median Land Value for Low End = \$45/SF

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

MCAP Land Value Range for the Submarket = \$55 to \$65 / SF

High-Rise Condominium Land Values

SUB-MARKET	LOW \$ / SF	HIGH \$ / SF	MARKET VALUE \$ / SF
DOWNTOWN WEST	\$115	\$200	\$155 - \$165
DOWNTOWN EAST	\$115	\$200	\$145 - \$155
DOWNTOWN CORE	\$160	\$250	\$205 - \$215
TORONTO WEST	\$65	\$140	\$90 - \$100
TORONTO EAST	\$60	\$130	\$80 - \$90
BLOOR YORKVILLE	\$170	\$320	\$240 - \$250
NORTH TORONTO	\$130	\$220	\$155 - \$165
NORTH YONGE CORRIDOR	\$70	\$115	\$75 - \$80
HWY. 7 / YONGE CORRIDOR	\$45	\$65	\$60 - \$65
VAUGHAN	\$45	\$80	\$55 - \$65



MCAP

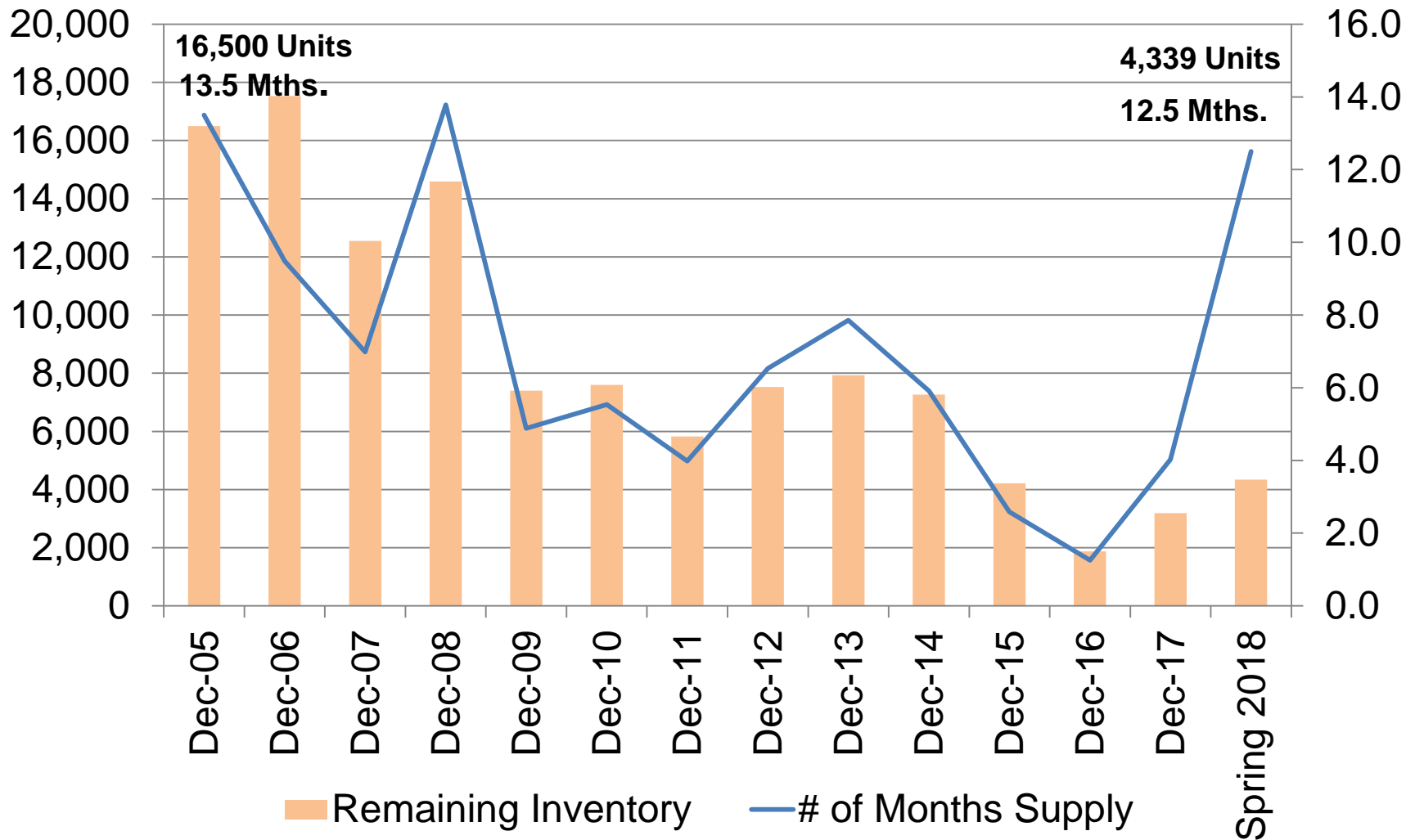
MCAP Lot Values

For the period ending June 21, 2018

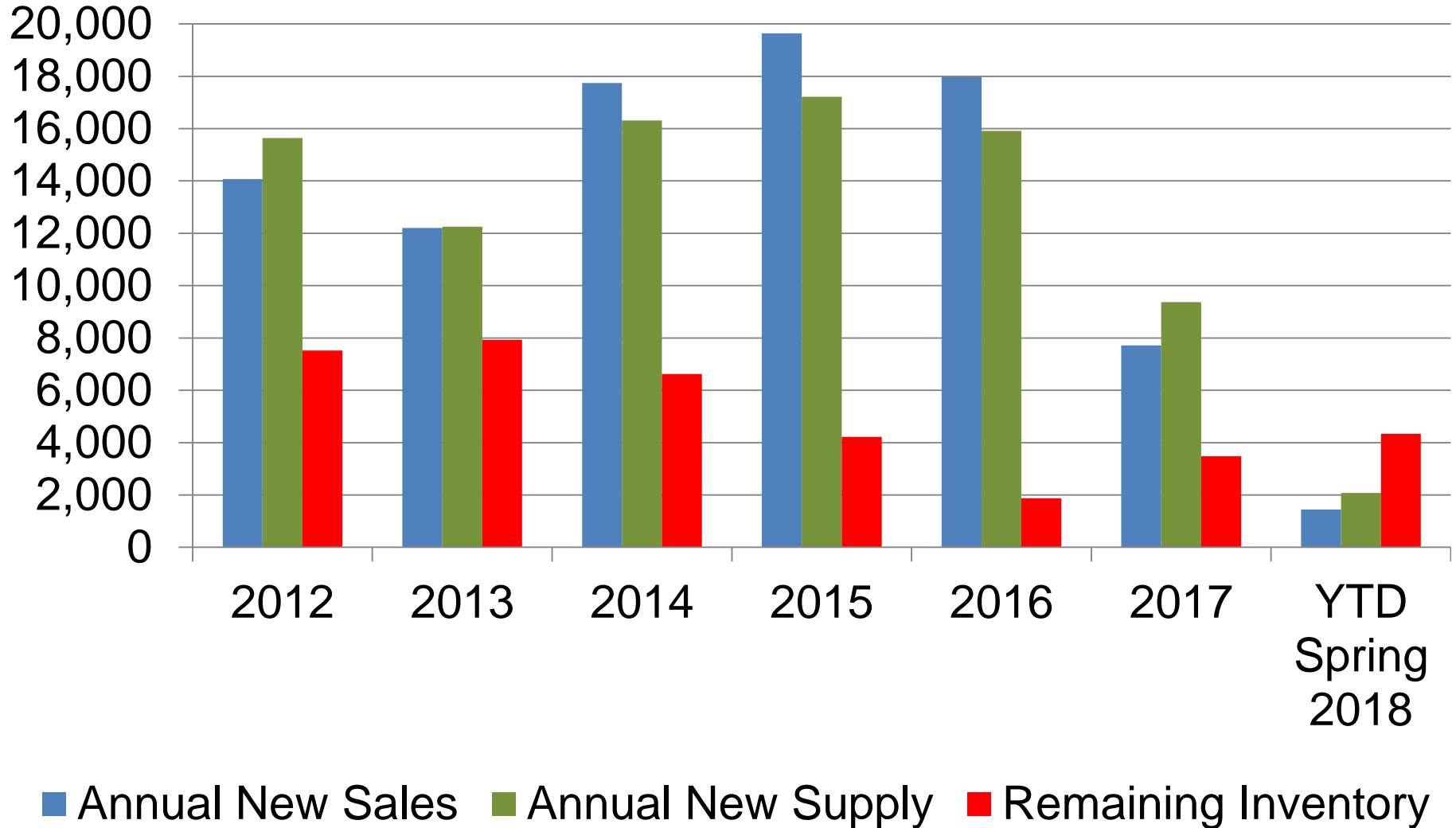
*Values based on standard builder financing terms

**Values include all levies

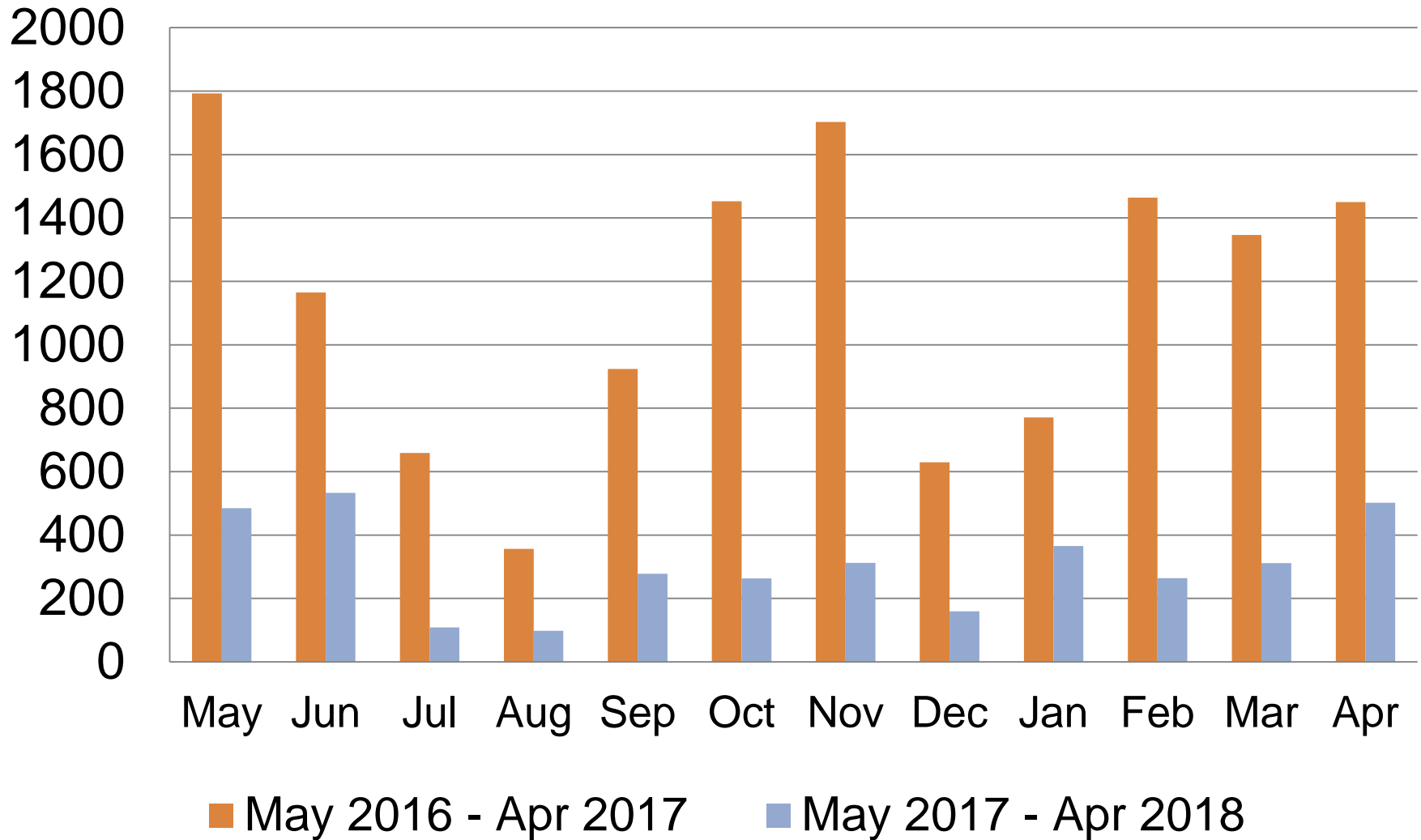
GTA Total Low-Rise Inventory



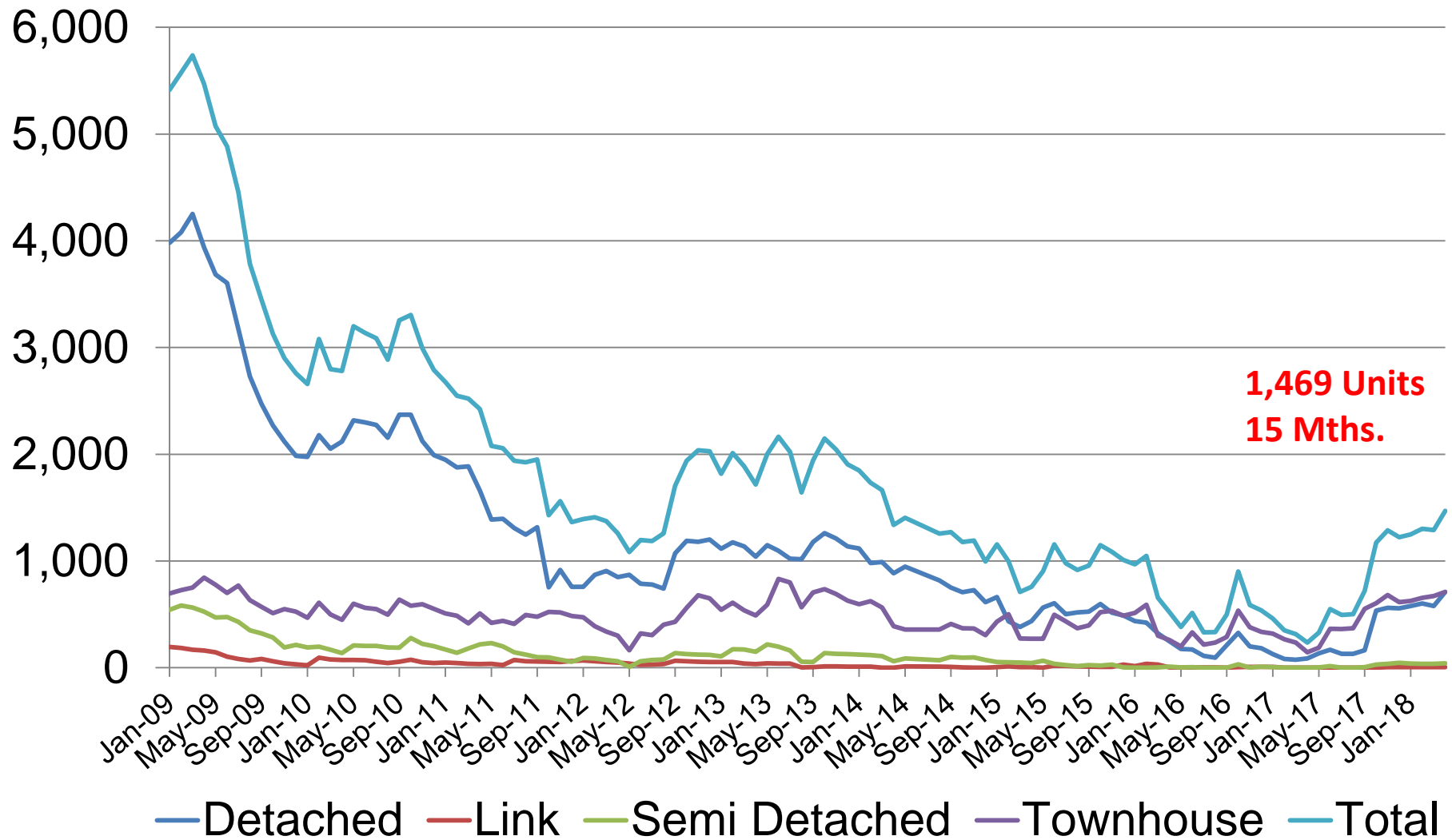
GTA Low-Rise Demand & Supply



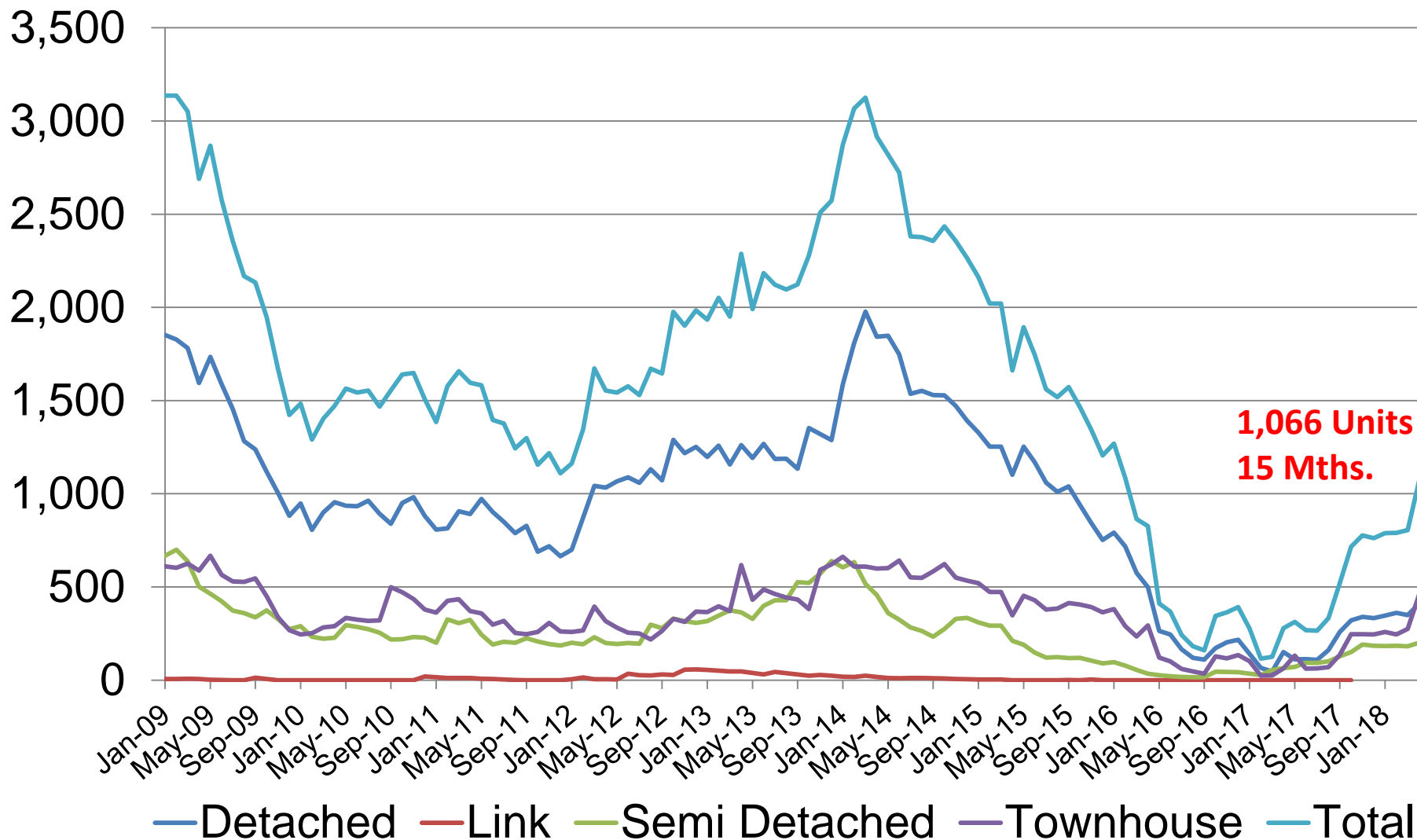
GTA Low-Rise Sales



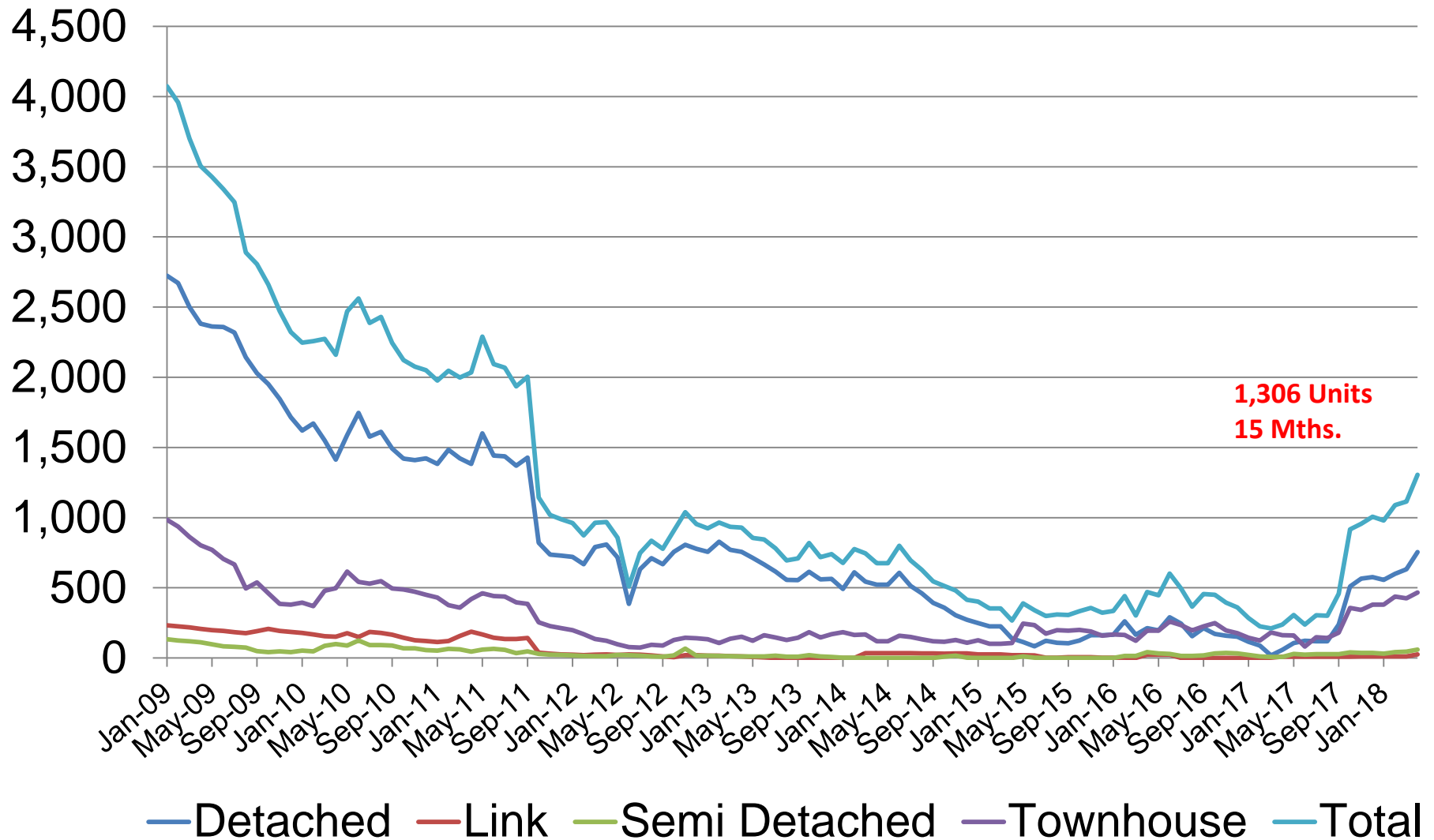
York Region Inventory



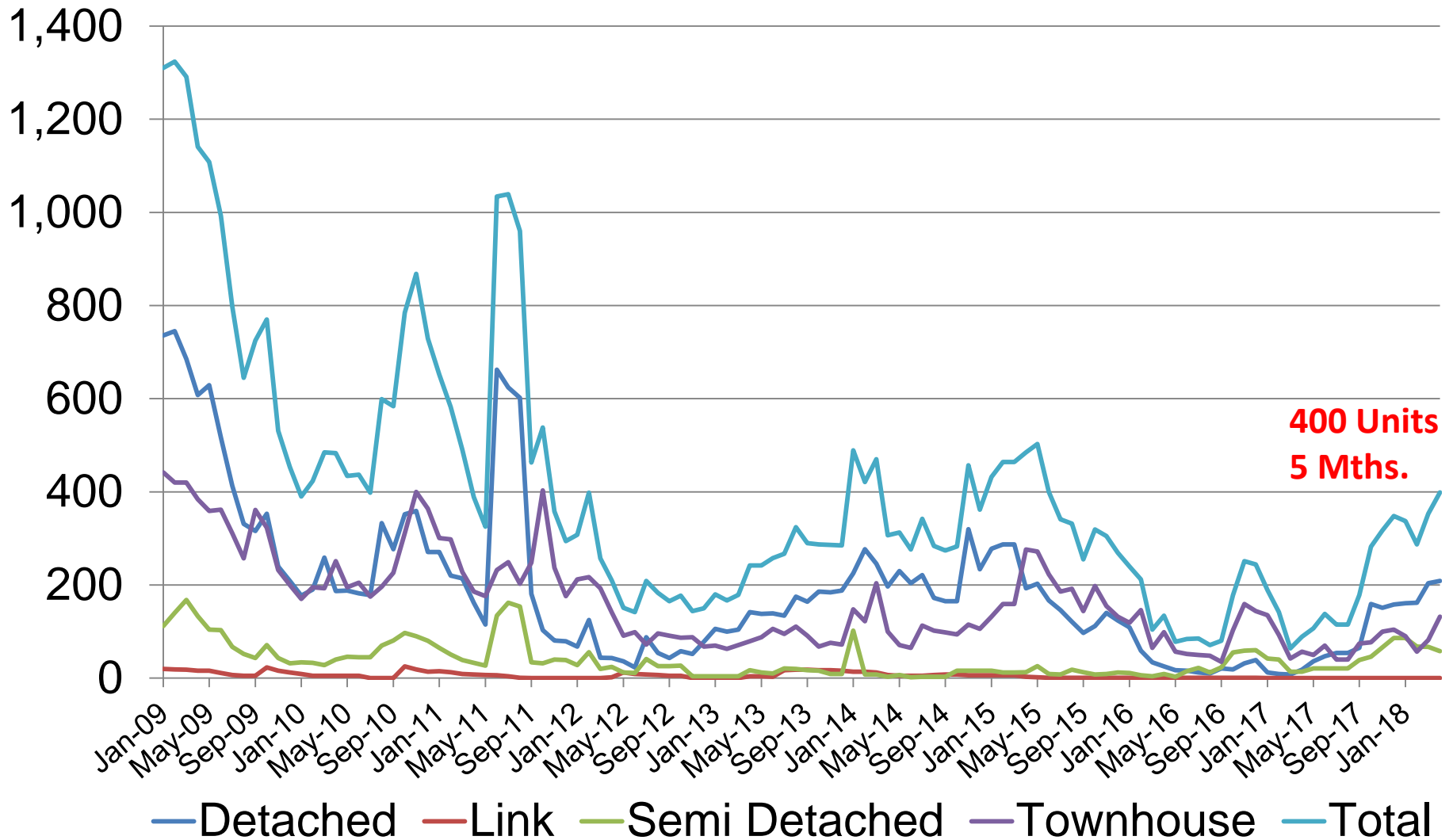
Peel Region Inventory



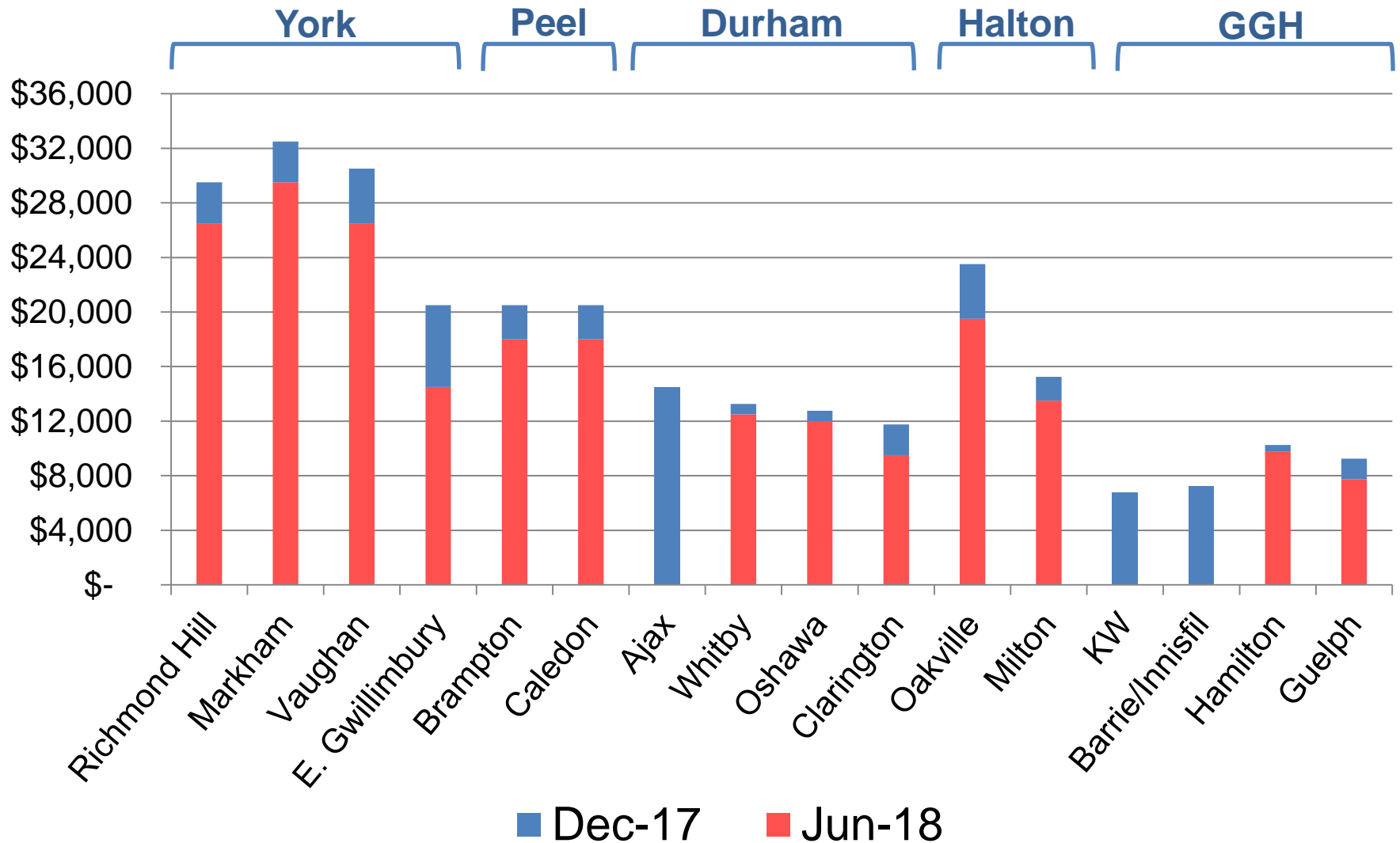
Durham Region Inventory



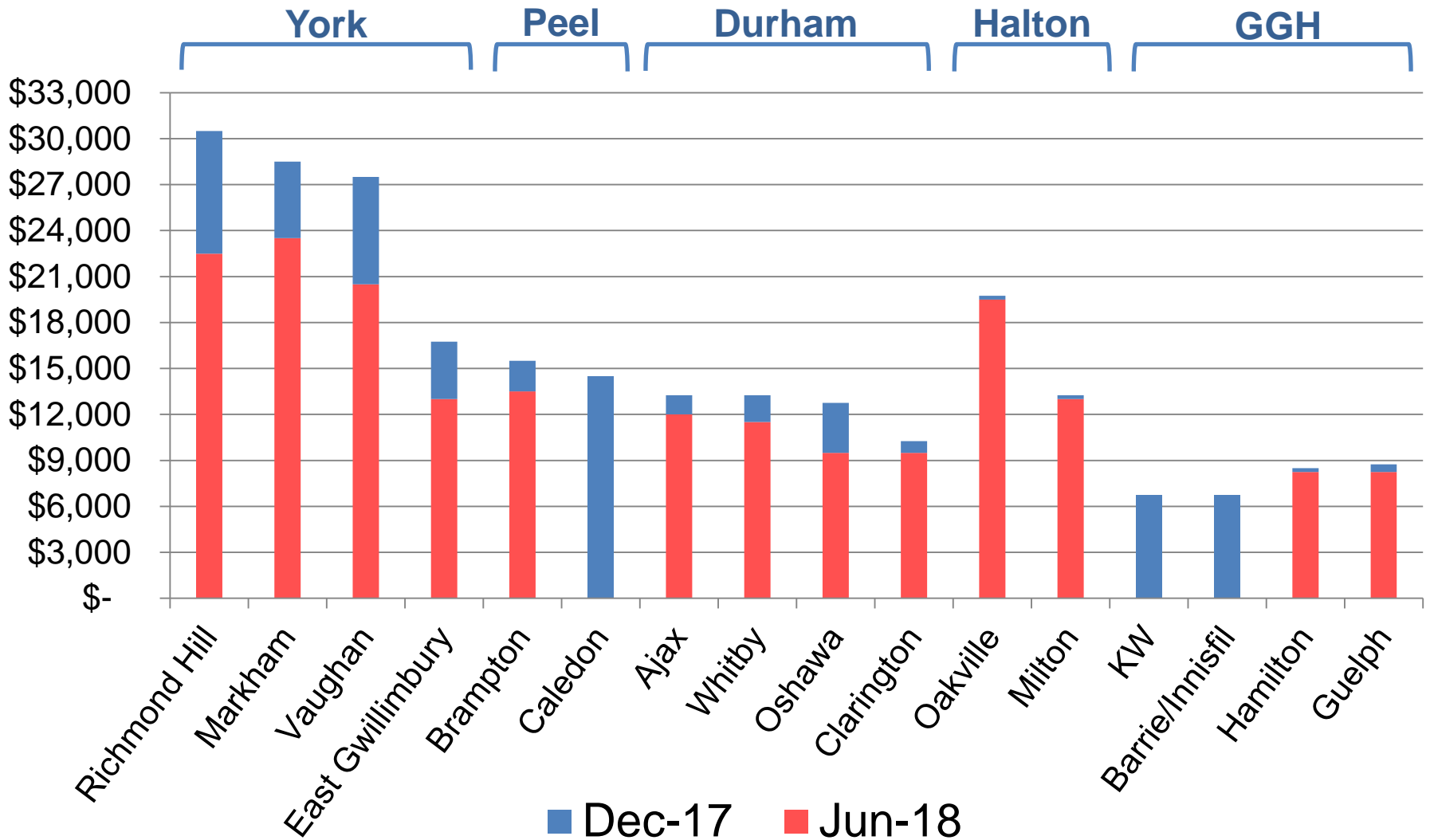
Halton Region Inventory



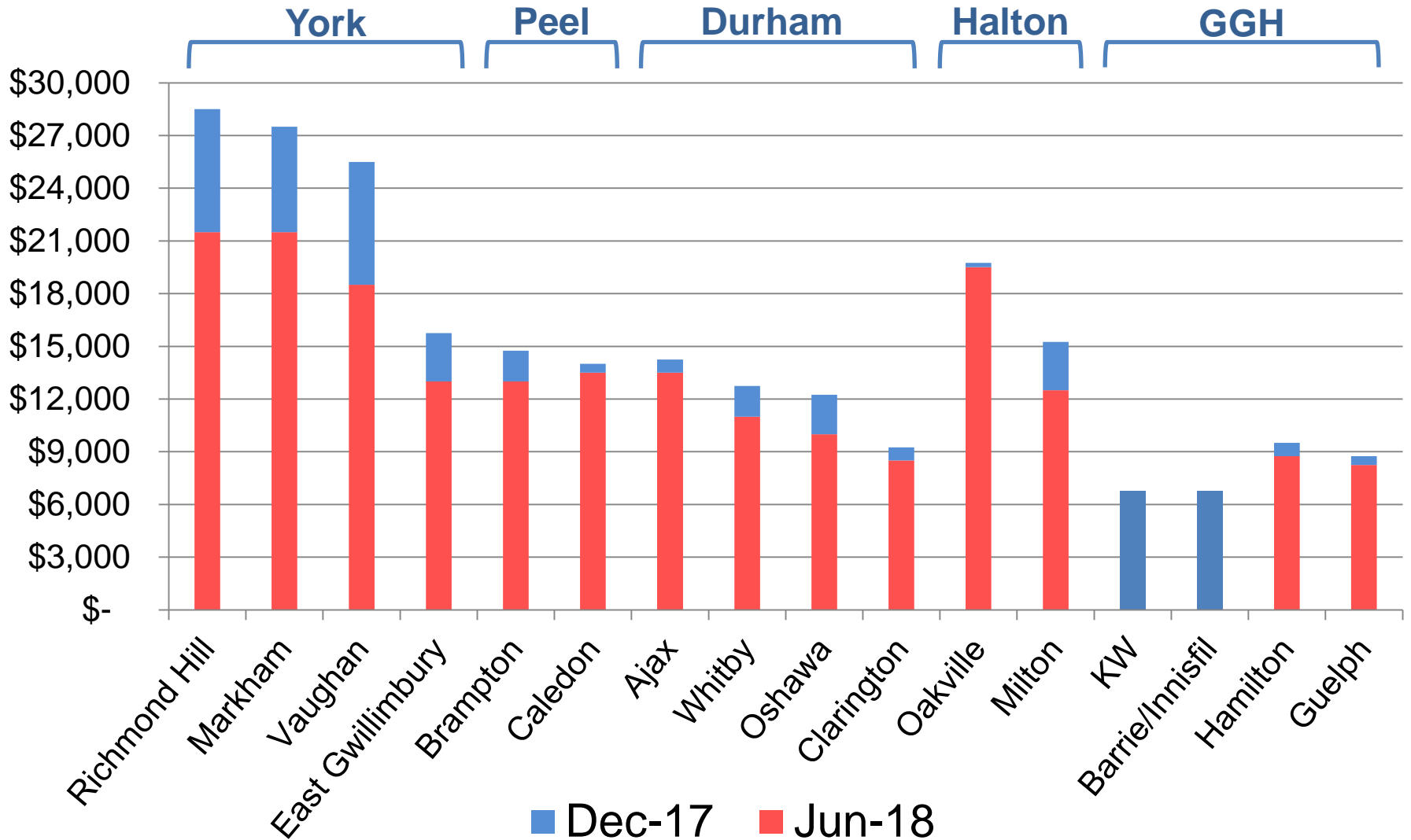
Townhouse Lot Values



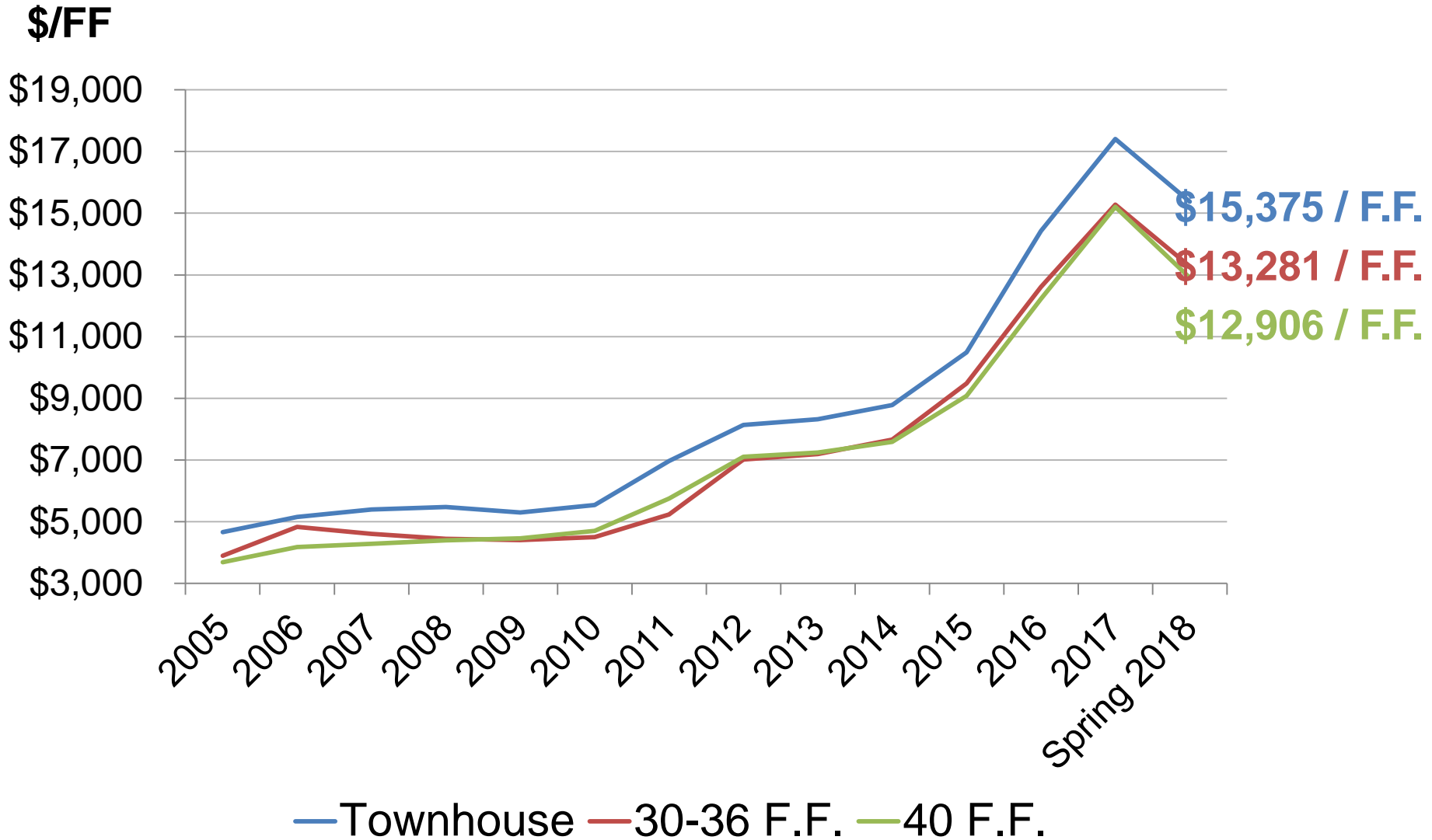
30 F.F. – 36 F.F. Detached Lot Values



40 F.F. Detached Lot Values



GTA Average Serviced Lot Values



Lot Values

YORK REGION

PRODUCT TYPE	TOWNHOUSE	30 F.F. to 36 F.F.	40 F.F.
RICHMOND HILL	\$26,000 - \$27,000	\$22,000 - \$23,000	\$21,000 - \$22,000
MARKHAM	\$29,000 - \$30,000	\$23,000 - \$24,000	\$21,000 - \$22,000
VAUGHAN	\$26,000 - \$27,000	\$20,000 - \$21,000	\$18,000 - \$19,000
EAST GWILLIMBURY	\$14,000 - \$15,000	\$12,500 - \$13,500	\$12,500 - \$13,500

PEEL REGION

PRODUCT TYPE	TOWNHOUSE	30 F.F. to 36 F.F.	40 F.F.
BRAMPTON	\$17,500 - \$18,500	\$13,000 - \$14,000	\$12,500 - \$13,500
CALEDON	\$17,500 - \$18,500	\$14,000 - \$15,000	\$13,000 - \$14,000

DURHAM REGION

PRODUCT TYPE	TOWNHOUSE	30 F.F. to 36 F.F.	40 F.F.
AJAX	\$14,000 - \$15,000	\$11,500 - \$12,500	\$13,000 - \$14,000
WHITBY	\$12,000 - \$13,000	\$11,000 - \$12,000	\$10,500 - \$11,500
OSHAWA	\$11,500 - \$12,500	\$9,000 - \$10,000	\$9,500 - \$10,500
CLARINGTON	\$9,000 - \$10,000	\$9,000 - \$10,000	\$8,000 - \$9,000

HALTON REGION

PRODUCT TYPE	TOWNHOUSE	30 F.F. to 36 F.F.	40 F.F.
OAKVILLE	\$19,000 - \$20,000	\$19,000 - \$20,000	\$19,000 - \$20,000
MILTON	\$13,000 - \$14,000	\$12,500 - \$13,500	\$12,000 - \$13,000

OUTSIDE GTA

PRODUCT TYPE	TOWNHOUSE	30 F.F. to 36 F.F.	40 F.F.
KW	\$6,500 - \$7,000	\$6,500 - \$7,000	\$6,500 - \$7,000
BARRIE / INNISFIL	\$7,000 - \$7,500	\$6,500 - \$7,000	\$6,500 - \$7,000
HAMILTON	\$9,500 - \$10,000	\$8,000 - \$8,500	\$8,500 - \$9,000
GUELPH	\$7,500 - \$8,000	\$8,000 - \$8,500	\$8,000 - \$8,500



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**Thank you for
attending!**