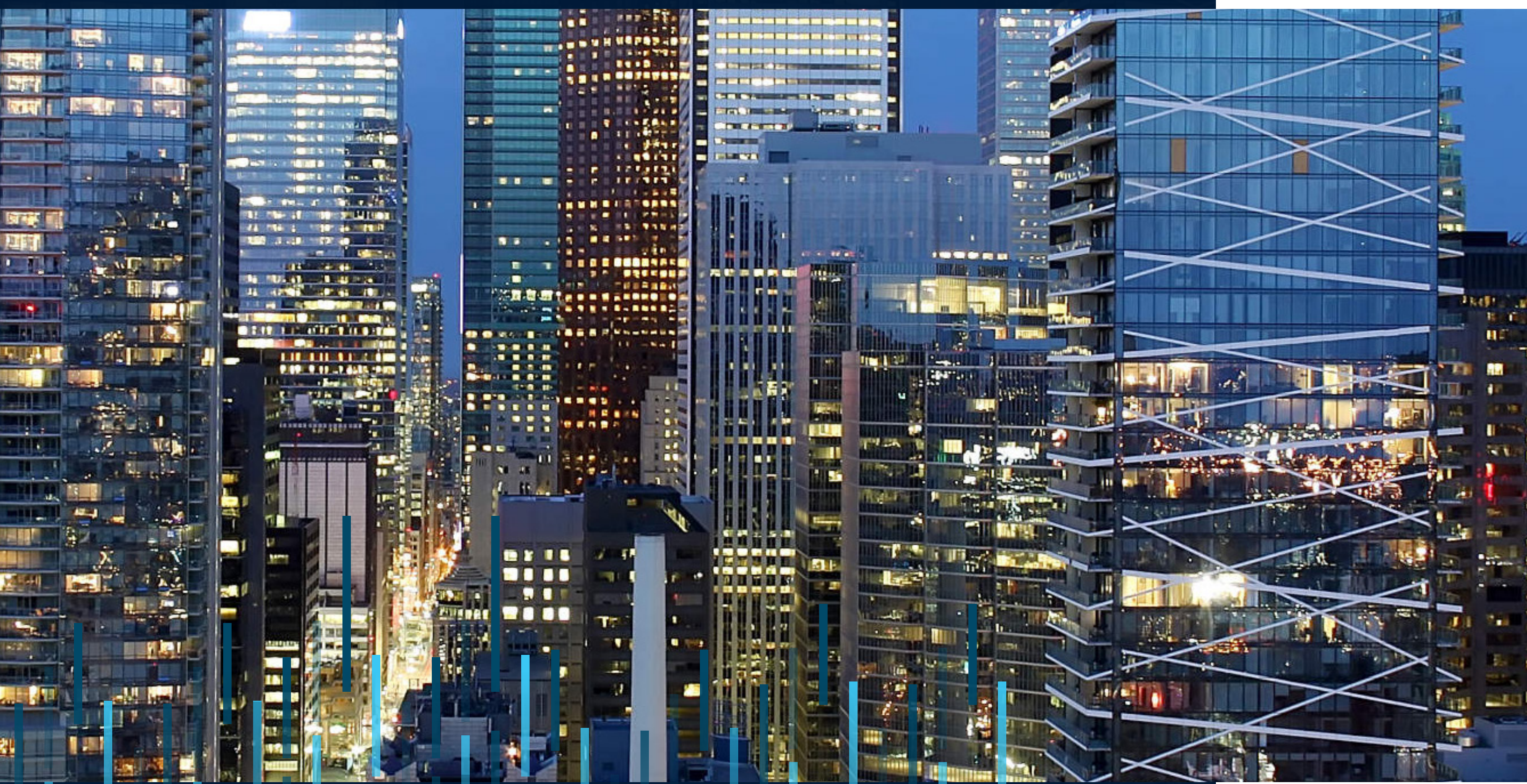
GTA HIGH RISE
LAND INSIGHTS REPORT

Q1 - 2020
Published May 2020



BULLPEN Research & Consulting

BATORY Management

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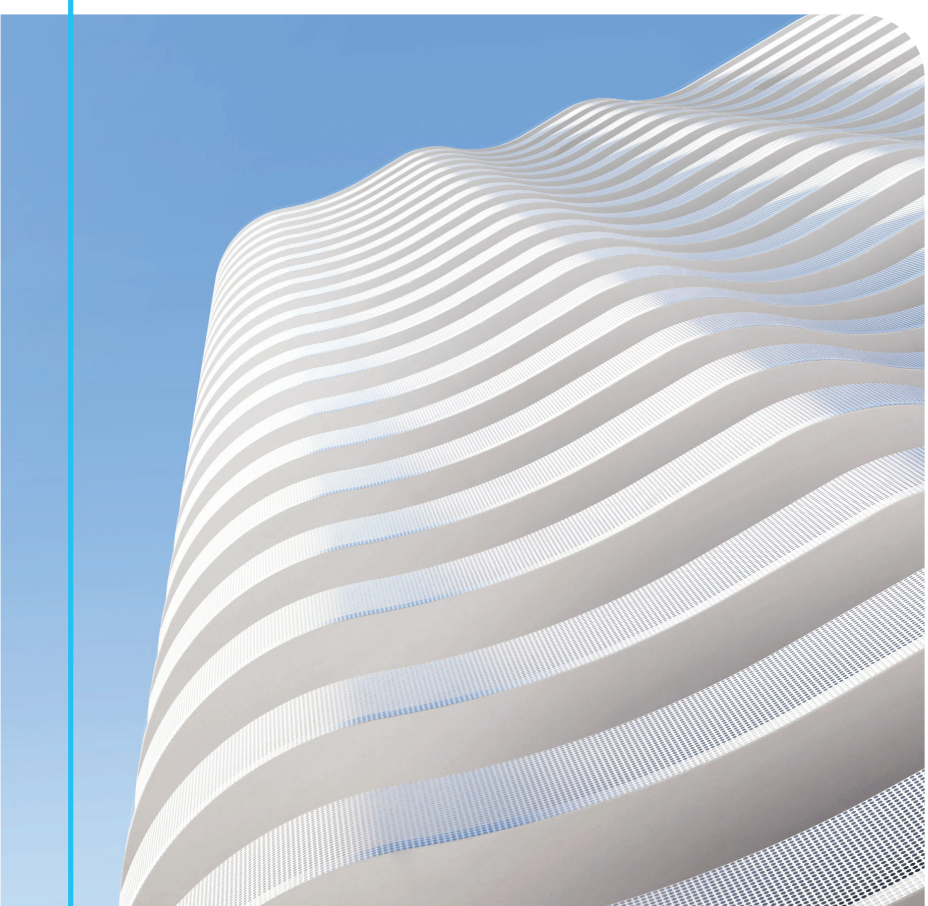


INTRODUCTION

Bullpen Research & Consulting Inc. (Bullpen), a residential market research and advisory firm, and Batory Management (Batory), a land-use planning and project management firm, have teamed up to review and provide projections on Greater Toronto Area (GTA) high-density land sales on a quarterly basis.

For a selection of land transactions, we present the active development application, or Batory makes an assumption as to the potential development project that is likely to be proposed/approved at the site based on neighbourhood precedence and the existing planning framework. If the project has not actively launched for sale, Bullpen will estimate the overall revenue for the project on an average price per-square-foot (psf) basis. This estimate is based on market comparables, the projected height, the unit count, and other identifiable attributes.

If the parcel of land sold is part of, or potentially part of a future land assembly, the projected gross floor area (GFA) for the overall development will be prorated based on the current quarter's lot size in relation to the overall assembled development site. For example, if a 0.5 acre property sells in the current quarter for $10 million, and an apartment with 250,000 sf of GFA is proposed on the total assembled 1 acre site, Bullpen would apply half of the total GFA (250,000 x 50% = 125,000 sf) to the sales price to get $80 per-buildable-sf.

In the event that the land parcel trading is an additional property to be added to an existing assembly where a residential development application has already been submitted, this will be considered a pre-application project under its planning status.

GTA HIGH-DENSITY LAND SALES IN Q1-2020

In Q1-2020, Bullpen and Batory reviewed 39 Greater Toronto Area land transactions that were identified as having future development potential as a condominium or rental apartment. The average estimated sales price of those lands was $103 per-buildable-sf. Bullpen estimated residential condominium apartments at those projects could sell their units at an overall average price of approximately $967 psf at the time of the land sale, which indicates that developers paid for land at about 11% of expected revenue in the first quarter (10% when using a straight average of the individual land-to-revenue ratios).

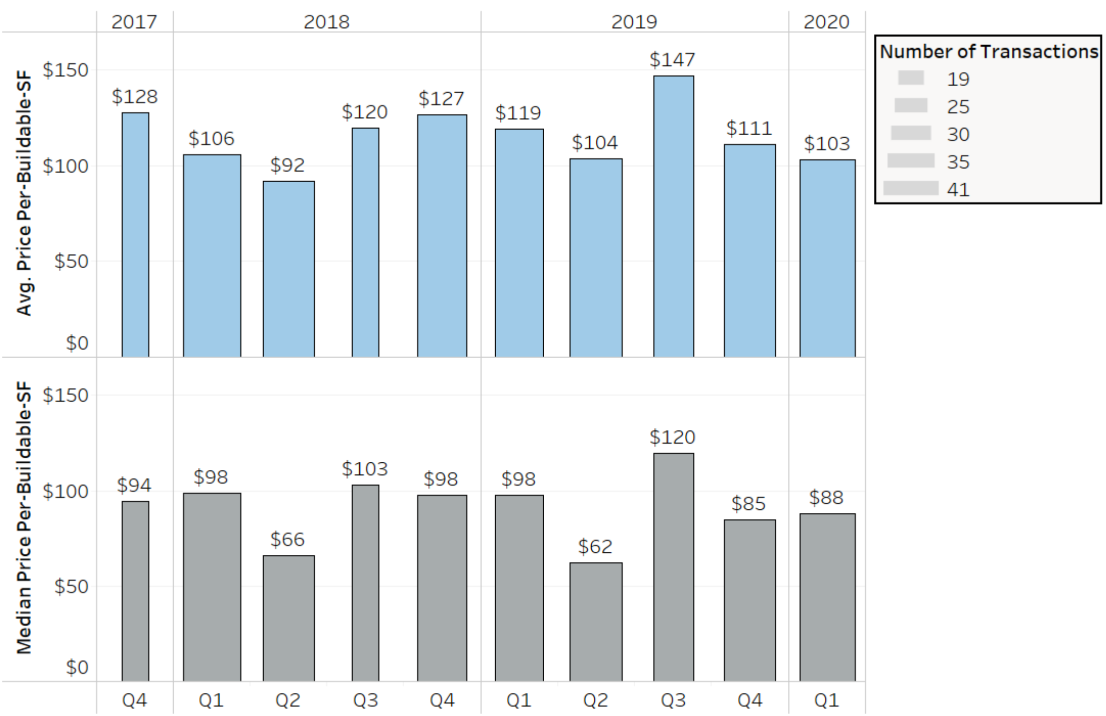
Q1-20: $103 per-buildable-sf

HISTORICAL LAND SALE DATA

GTA Overall

Figure 1 looks at historical average and median high-density land sale data in the Greater Toronto Area (GTA) by quarter since Q4-2017 using estimated and unrevised figures from previous Land Insights Reports. The top portion of the chart shows the estimated average high-density land price per-buildable-sf (pbsf) in the GTA, with the bottom portion showing the median land price.

Figure 1: Average and Median Price Per-Buildable-SF for High-Density Land Sales, GTA, Q4-2017 to Q1-2020



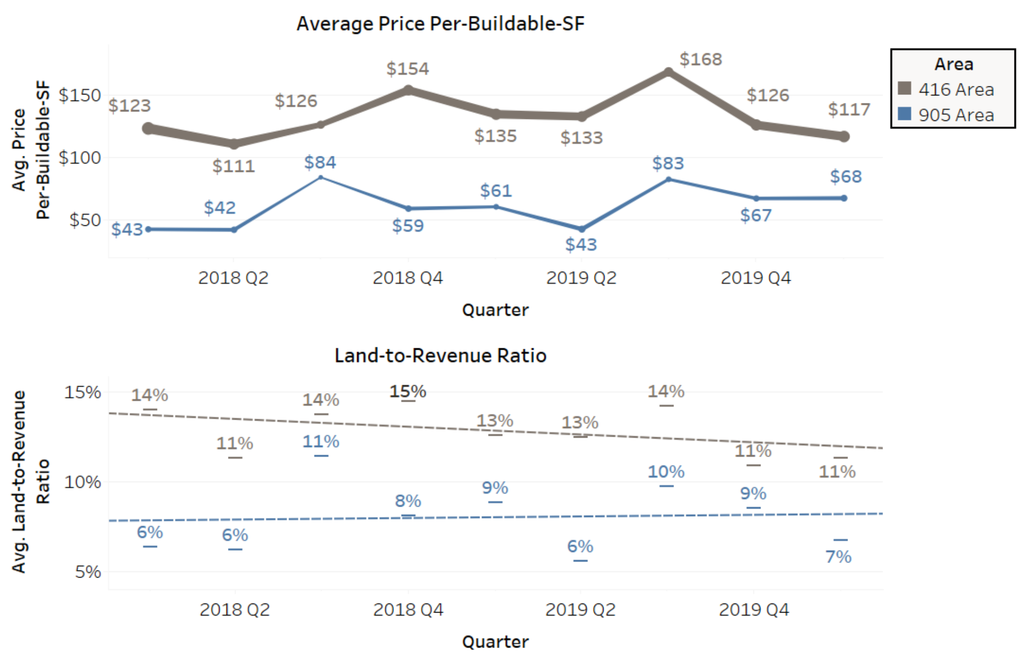
The average land price declined both on a quarterly and annual basis, from $111 per-buildable-sf and $119 per-buildable-sf, respectively. The median land price of $88 per-buildable-sf was down annually, but up quarter-over-quarter. There were fewer transactions in prime “A” markets in Q1-2020, and more in secondary markets, which pulled the average land price down.

However, it should be noted that these are very small sample sizes and include transactions in very different locations, in various stages of entitlement, with very different risk profiles. The blending of data at a GTA level doesn’t provide a lot of value on a quarterly basis given the limited number of trades and hugely diverse transactions from a geographic perspective.

416 vs 905

Figure 2 presents data on the City of Toronto (416 area code) and the suburban GTA markets (905 area code) high-density redevelopment land market. The average land price per-buildable-sf in the 416 area was $117 in the first quarter of 2020, which was down both quarterly and annually (-13% y/y). The 905 high-density lands sold for $68 per-buildable-sf (pbsf) on average in Q1-2020, up from $67 pbsf in Q4-2019 and $61 pbsf in Q1-2018 (+13% y/y).

Figure 2: Average Land Price Per-Buildable-SF and Average Land-to-Revenue Ratio by Area, GTA (416 vs 905 Area Codes), Q1-2018 to Q1-2020



In each Land Insight Report, Bullpen Consulting reviews the current market conditions and competitive landscape surrounding each of the land sales and comes up with an overall average price per-square-foot that a condominium apartment might sell for if it was on the market today.

This is done to try to establish a “Land-to-Revenue Ratio” that can be tracked over time. How much will developers or other high-density land purchasers pay for property in relation to the going market rate, and how does that rate change based on location?

In the 416 area in Q1-2020, the average purchaser paid for land at 11% of estimated revenue, unchanged from the fourth quarter of 2019. In the 905 area, purchasers paid for land at 7% of revenue, down from 9% in Q4-2019.

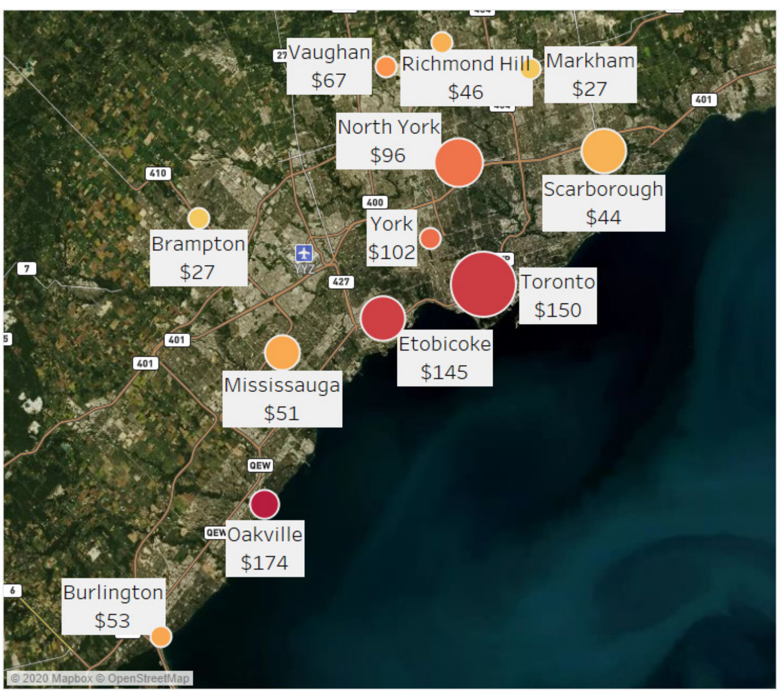
The dashed lines show that the land-to-revenue ratio is trending downward in the 416, which may be due to rising construction costs, rising development charges, and potentially higher risk given how quickly new condo prices have accelerated. Alternatively, there have been more transactions in the 'outer 416' markets like Scarborough and Etobicoke, where there has typically been less upside revenue potential. Developers pay less for land based if they assume revenue growth will be lower in that specific location or community.

Breakdown by Municipality

Figure 3 presents data on the average price of high-density transactions by municipality, with the average price per-buildable-sf from Q1-2020 shown in the map on the left hand side, and the first quarter land prices over the last three years on the right hand side.

Figure 3: Average Land Price Per-Buildable-SF by Municipality & Former Municipality, GTA, First Quarter: 2018-2020

Q1-20 Land Prices



Q1: 2018, 2019 & 2020

Municipality	2018	2019	2020
Oakville	$25		$174
Toronto	$147	$161	$150
Etobicoke	$56		$145
York		$98	$102
North York	$86	$99	$96
Vaughan	$49	$34	$67
Burlington	$78		$53
Mississauga		$35	$51
Richmond Hill	$40		$46
Scarborough	$48	$50	$44
Markham	$26	$44	$27
Brampton		$23	$27
Milton			$20
Stouffville	$42		
Oshawa	$11		
Newmarket	$14		
Aurora	$98	$209	

The average land price in the former City of Toronto (pre-amalgamation) was $150 per-buildable-sf in the first quarter, down from $161 in Q1-2019. There were six transactions in the former City of North York in Q1-2020 at an average price of $96 pbsf, which is also down annually from $99 in the first quarter of last year. There were five transactions in the former City of Scarborough in Q1-2020 at $44 per-buildable-sf, compared to $50 for the same period in 2019.

Developers paid for land in the first quarter at 13% of revenue in old Toronto, 10% in North York, and 6% in Scarborough.

INDIVIDUAL TRANSACTIONS IN Q1-2020 BY NEIGHBOURHOOD

Figure 4 presents a breakdown of the Q1-2020 high-density land transactions by neighbourhood, which includes our assumptions and forecasts on what will be approved and offered for sale at the properties that changed hands. It must always be kept in mind that a signed deal/agreement on the land sale price may have been struck several months (in rare occurrences, years) before the actual closing date.

Figure 4: Summary Data on High-Density Land Transactions by Neighbourhood, GTA, Q1-2020

Neighbourhood	Number of Records	Avg. Lot Size (Acres)	Avg. Estimated / Proposed Height	Avg. Price	Avg. Price Per-Buildable-SF	Avg. Land-to-Revenue Ratio
Downtown Oakville	1	0.2	4	$4,531,780	$296	22%
Bloorcourt Village	1	0.1	5	$3,750,000	$282	26%
The Kingsway	1	0.1	9	$4,500,000	$242	22%
Little Italy	1	0.5	12	$18,650,000	$227	22%
Regent Park	1	0.3	12	$10,350,000	$214	17%
Six Points	2	1.3	12	$15,284,500	$167	19%
Leslieville	1	0.7	10	$18,100,000	$164	15%
Harbourfront	1	1.2	40	$100,000,000	$147	10%
Downtown East	2	0.5	40	$41,634,000	$138	10%
Don Mills	1	5.4	39	$102,000,000	$135	13%
North York City Centre	2	0.2	11	$4,549,500	$117	11%
Junction Triangle	1	3.2	17	$60,655,000	$113	11%
Long Branch	1	0.2	9	$4,900,000	$105	12%
Forest Hill	1	0.2	10	$6,037,000	$102	10%
Danforth Village	1	1.3	30	$47,000,000	$92	10%
North Scarborough	1	1.0	6	$7,025,000	$88	12%
Downsview	2	0.6	12	$7,925,000	$84	9%
Corktown	1	0.2	16	$6,746,633	$82	7%
Woodbridge	1	0.9	6	$7,500,000	$67	8%
Mississauga City Centre	1	5.3	60	$87,000,000	$58	6%
Altershot	1	1.6	6	$7,000,000	$53	7%
South Oakville	1	1.2	6	$7,635,000	$53	5%
Parkdale	1	0.2	8	$1,900,000	$49	5%
Cooksville	2	0.8	28	$12,000,000	$48	6%
Richmond Hill	1	0.3	7	$2,000,000	$46	6%
The Queensway	1	2.2	37	$40,000,000	$45	5%
Yorkdale	1	4.0	35	$54,650,000	$41	5%
Scarborough Junction	2	0.7	16	$5,600,000	$38	5%
Guildwood	2	1.0	15	$5,360,000	$29	4%
Milliken	1	0.6	30	$9,000,000	$27	3%
Downtown Brampton	1	0.5	12	$2,550,000	$27	3%
Milton	1	3.8	31	$20,000,000	$20	3%
Grand Total	**39**	**1.2**	**18**	**$20,979,139**	**$103**	**10%**

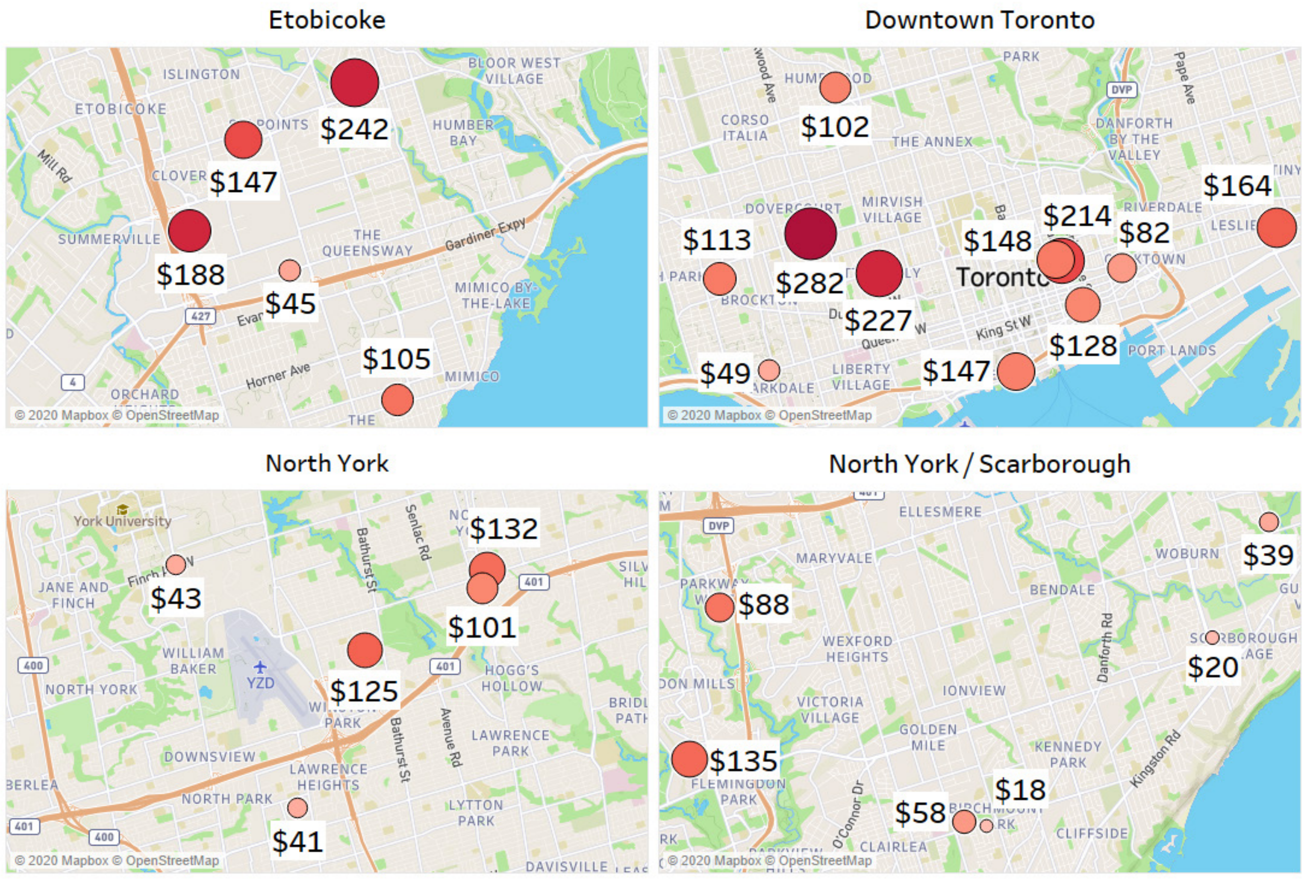
The 39 land sales in the first quarter of 2019 had an average size of 1.2 acres, with the potential apartment projects having an average height of 18-storeys. The average project will have 303,000 sf of GFA, however, it must be kept in mind that the transactions in Q1-2020 might be only part of a larger assembly, and only the prorated amount of square footage is applied to the sales price.

The average property sold for about $21 million or $103 per-buildable-sf (straight average), with a weighted average of just $69 per-buildable-sf. The average of the individual land-to-revenue ratios equals 10%.

SPATIAL DISTRIBUTION OF HIGH-DENSITY LAND SALES

Figure 5 maps the first quarter land sales in Toronto only, showing the transaction prices on a per-buildable-sf foot basis based on clusters of activity. The land sales range from a low of $18 per-buildable-sf in Scarborough to a high of $282 psf in Toronto's downtown west area. As a reminder, Bullpen and Batory have not contacted the purchasers, and the transactions may be part of a larger assembly which can dramatically impact the price paid for any individual parcel within that larger development site.

Figure 5: Location of Land Transactions by Area, Q1-2020



PER-BUILDABLE-SF VALUES BY BUILDING TYPE, LOTS SIZE AND PLANNING STATUS BY AREA CODE

One of the most important factors to consider when analyzing land sales with high-density development potential is where the property is within the planning approvals process. In this report, the entitlement process is broken down into three categories: Pre-Application, Zoning Submitted, and Zoning Approved. Generally speaking, this report considers a development approved if it has an Official Plan and Zoning By-Law approvals in place.

Secondly, land prices differ significantly based on whether the property is suitable for a mid-rise versus a high-rise apartment.

Thirdly, land prices per-buildable-sf tend to decline the larger the property is, due to the higher price of the site, in addition to the greater risk and carry cost of future phases.

Figure 6 presents average per-buildable-sf land prices broken down by the three categories discussed above for the '416 Area' and the '905 Area' (City of Toronto and the suburbs).

Figure 6: High-Density Land Prices Per-Buildable-SF by Stage of Entitlements, Estimated Building Height, and Property Size by Year and Area Code

Prices by Planning Status in 2018, 2019 & Q1-2020

		Area	
		416 Area	905 Area
2018	Pre-Application	$121	$51
	Zoning Submitted	$142	$38
	Zoning Approved	$124	$66
2019	Pre-Application	$130	$73
	Zoning Submitted	$149	$39
	Zoning Approved	$139	$60
2020	Pre-Application	$117	$79
	Zoning Submitted	$114	$41
	Zoning Approved	$130	$67

Prices by Building Type in 2018, 2019 & Q1-2020

		Area	
		416 Area	905 Area
2018	High-Rise	$136	$37
	Mid-Rise	$122	$53
2019	High-Rise	$135	$51
	Mid-Rise	$146	$67
2020	High-Rise	$89	$40
	Mid-Rise	$133	$49

Prices by Lot Size Range in 2018, 2019 & Q1-2020

		Area	
		416 Area	905 Area
2018	Less than 0.5 acres	$143	$64
	0.5 to 1 acres	$133	$41
	1 to 2 acres	$100	$59
	2 or more acres	$58	$44
2019	Less than 0.5 acres	$164	$91
	0.5 to 1 acres	$165	$60
	1 to 2 acres	$108	$38
	2 or more acres	$46	$50
2020	Less than 0.5 acres	$132	$123
	0.5 to 1 acres	$121	$48
	1 to 2 acres	$102	$53
	2 or more acres	$84	$39

Many of the sites that trade under the Zoning Submitted category are actually pretty far along in the planning process and approvals are a formality, which can partially explain why in both 2018 and 2019, that category had a higher land price per-buildable-sf than Approved lands.

Interestingly, in Q1-2020 in the 416 Area, all of the average land prices by planning status were lower than the overall 2019 total, while the opposite was the case in the 905 Area.

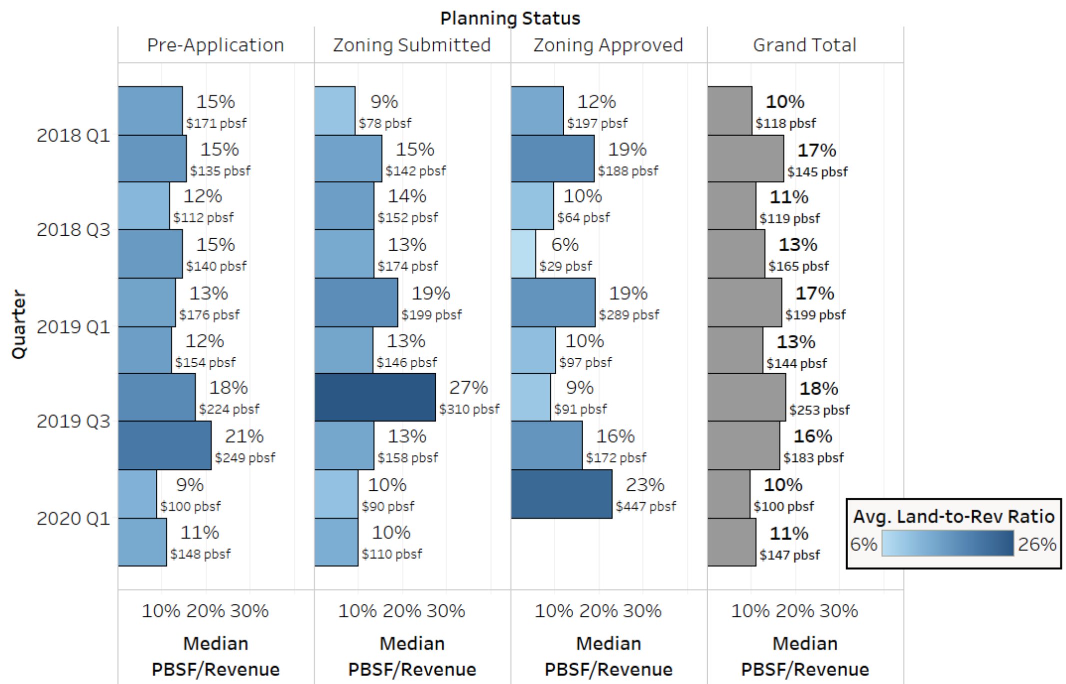
As mentioned in previous reports, these are small sample sizes and subject to significant quarterly volatility, and annual trends are much more useful. In 2019, Pre-Application sites in the 416 increased by 7%, Zoning Submitted sites increased by 6%, and Approved sites increased by 12%.

LAND-TO-REVENUE RATIO BY PLANNING STATUS IN THE FORMER CITY OF TORONTO

Bullpen and Batory wanted to establish a benchmark ratio to evaluate what developers are willing to pay for land in relationship to the going rate for new condominium apartments. As mentioned earlier, the land price per-buildable-sf is divided by Bullpen's estimate of the market rate for new condominium units in that location (the actual price is used if the project has already launched for sale).

Figure 7 looks at transactions in the former City of Toronto only by quarter and planning status from Q4-2017 to the first quarter of 2020. The chart shows the median land-to-revenue ratio with the median land price per-buildable-sf also marked.

Figure 7: Median Land-to-Revenue Ratio and Price Per-Buildable-SF by Planning Status, Former City of Toronto, Q4-2017 to Q1-2020



In Q1-2020, there were no sites that traded with full approvals in place in the former City, and overall developers paid for land at about 11% of revenue at a median price of $147 per-buildable-sf.

There is no discernible pattern in the data, and looking at the data overall by planning status over the last 10 quarters shows that the median land-to-revenue ratio for Pre-Application sites is 14% (avg: 15%) with a median land price of $148 per-buildable-sf. For Zoning Submitted sites, the median land-to-revenue ratio is 13% (avg: 14%) at a land price per-buildable-sf of $157, for Zoning Approved sites, the median and average land-to-revenue ratio is 14% at a median land price of $141 per-buildable-sf.

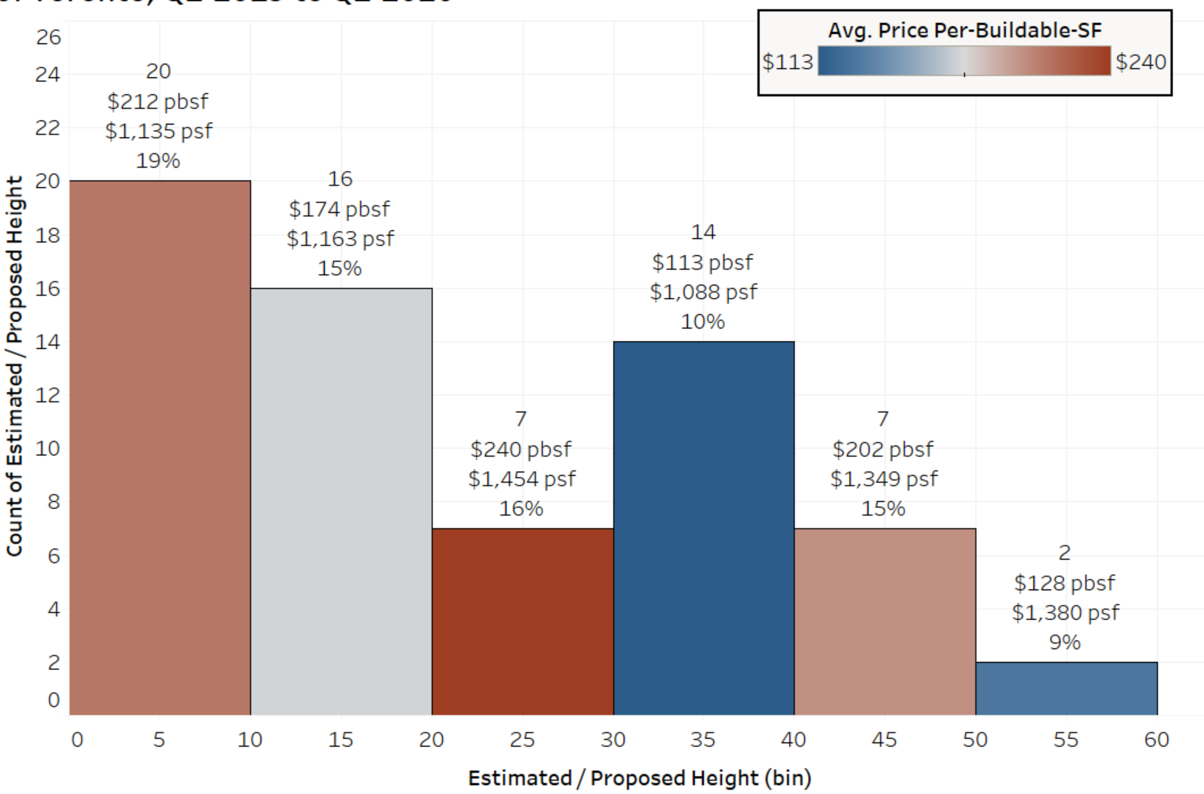
The aggregate data doesn't show what would be expected, that a developer would most likely pay more on average for Approved sites because of reduced entitlement risk, which would result in a higher land-to-revenue ratio. However, less value is placed on approvals if a developer thinks they can get more density (at the approved site or another pre-application site) and recent changes to the LPAT/OMB process may have shifted some of that sentiment.

That said, the most likely explanation is the sample size is still too small, and the wide range of locations and building types proposed doesn't result in an apples-to-apples comparison of transactions by planning status in Toronto.

NUMBER OF LAND TRANSACTIONS BY FUTURE BUILDING HEIGHT

There is always a big media focus on tall towers, but most of the new condominium and rental apartment buildings constructed over the past 10 years are not 50-storeys or larger. **Figure 8** looks at the proposed or estimated heights for the high-density lands transacted from the start of 2019 to the end of Q1-2020 in the former City of Toronto.

Figure 8: Number of Land Transactions by Proposed/Estimated Height, Former City of Toronto, Q1-2019 to Q1-2020



Over 30% of high-density land sales (20 transactions) are for projects of 10-storeys or below. These properties traded for $212 per-buildable-sf on average, with an estimated overall average revenue of $1,135 psf, for a land-to-revenue ratio of 19%.

Nearly one-quarter of the land sales were for properties that could support a tower of 10-19 storeys. These lands were sold at about $174 pbsf on average over the 15 month period, with a land-to-revenue ratio of 15%. Lands with towers proposed/estimated to be 30-39 storeys were sold at the lowest price ($114 per-buildable-sf), with a land-to-revenue ratio of 10%.

SAMPLE TRANSACTIONS & PROJECT UPDATES

880 Eastern Avenue & 80 Knox Avenue

880EA Corp purchased 80 Knox Avenue and 880 Eastern Avenue in Leslieville in February 2020. The two property assembly is 0.67 acres, and was acquired for an aggregate price of $18.1 million.

At the end of Q1-2020, no development application had been submitted for the site, and Ratio.City prepared a 3D massing of a potential apartment that would fit the lands in question. The building envisioned is 12-storeys with approximately 132,400 sf of GFA and 180 residential units. Based on the building proposed below, the land value is $137 per-buildable-sf.

Batory Management was more conservative, envisioning a 10-storey building with about 110,000 sf of GFA. Under this development concept, the land price works out to $164 pbsf.

DEVELOPMENT POTENTIAL:

880-882 Eastern Ave

City of Toronto, ON

• Height > AOR Height

SELECTED PARCELS
880-882 Eastern Ave, City of Toronto - 11,950 sf City of Toronto Zoning By-law 438-86 • Mixed Use Areas
Eastern Ave & Knox Ave, City of Toronto - 17,227 sf City of Toronto Zoning By-law 438-86 • Mixed Use Areas

DEVELOPMENT POTENTIAL			
HEIGHTS	AOR Height		0 m
	Proposed Height	*12 Storeys*	39.3 m
AREAS	Total Site Area		29,177 sf
	Estimated Site Coverage		71 %
	Total GCA		155,763 sf
	Estimated GFA	*85% GCA*	132,398 sf
	Estimated NSA	*75% GCA*	116,822 sf
	Estimated Unit Count	*646 sf avg*	180 units
	Average Floorplate GCA	Podium 19,705 sf	Tower 7,155 sf
PARKING	Parking Spaces Required	*1:1 Unit*	180 spaces
	Parking Spaces Per Level		66 spaces
	Underground Parking Levels		2.7 levels
FAR			**4.5 x**

176-178 Front Street & 33 Sherbourne Street

Menkes Developments and Core Developments purchased 176-178 Front Street East in November of 2018 for $12.05 million. No development application had been submitted at that time and Batory Management estimated that a 12-storey building with about 50,000 sf would be appropriate for the site - this was much too conservative in retrospect, and resulted in an elevated land value of $243 per-buildable-sf.

However, the development team expanded the assembly to include 33 Sherbourne Street. This 2nd property closed in January 2020 for $28 million.

Prior to the closing in September 2019, a Site Plan Approval application was submitted to permit a 37-storey building with 439 residential units. The development team is seeking approvals for 336,674 sf of GFA. With the combined land price of $40.05 million, the blended land price is $119 pbsf.

105 Sheppard Avenue East & 24-26 Leona Drive

In February and March of 2020, Leona Sheppard Inc. purchased 105 Sheppard Avenue East, as well as 24 and 26 Leona Drive in the North York City Centre area. The 0.36 acre assembly was purchased for $7.25 million in total.

No development application was submitted at the time of publication of this report, and Ratio.City prepared a massing of an apartment that is appropriate for the lands. The building would be 8-storey with just under 60,000 sf of GFA and 81 residential units. Based on this mock-up, the land price per-buildable-sf is $121 pbsf.

Batory's concept calls for a 10-storey building with 55,000 sf of GFA, which works out to a land price of $132 per-buildable-sf.

DEVELOPMENT POTENTIAL:

24 Leona Dr

City of Toronto, ON

• Height > AOR Height

SELECTED PARCELS
24 Leona Dr, City of Toronto - 6,447 sf City of North York By-Law No. 7625 ▪ Mixed Use Areas
105 Sheppard Ave E, City of Toronto - 3,661 sf City of North York By-Law No. 7625 ▪ Mixed Use Areas
26 Leona Dr, City of Toronto - 5,615 sf City of North York By-Law No. 7625 ▪ Mixed Use Areas

DEVELOPMENT POTENTIAL			
HEIGHTS	AOR Height		0 m
	Proposed Height	*8 Storeys*	27.3 m
AREAS	Total Site Area		15,727 sf
	Estimated Site Coverage		63 %
	Total GCA		70,399 sf
	Estimated GFA	*85% GCA*	59,839 sf
	Estimated NSA	*75% GCA*	52,799 sf
	Estimated Unit Count	*646 sf avg*	81 units
		Podium	Tower
	Average Floorplate GCA	8,800 sf	0 sf
PARKING	Parking Spaces Required	*1:1 Unit*	81 spaces
	Parking Spaces Per Level		35 spaces
	Underground Parking Levels		2.3 levels
FAR			**3.8 x**

125 George Street & 231 Richmond Street East

In January of 2019, Richmond - George Limited purchased this nearly half-acre development site for $35 million. At the time of the sale, there was no development application for the property and it was estimated by Batory Management that a 15-storey apartment with approximately 164,000 sf of GFA was appropriate for the site, which results in a land price of $214 per-buildable-sf.

In February of 2020, an Official Plan and Zoning By-law amendment application was submitted to facilitate a much larger development: a 39-storey mixed-use building, which will incorporate the façade of 125 George Street and the retention of the existing 3-storey office building at 109 George Street (41,140 sf). The proposed development includes retail uses at grade, office uses on the 2nd through 4th floors, and a residential tower above, with 520 dwelling units.

The assembly includes 109 to 125 George Street and 231 Richmond Street East in this expanded 0.91 acre site. However, the development primarily occurs on the January 2019-purchased lands, with only the tower balconies above the retained 109 George Street. Therefore the proposed 351,144 sf of GFA results in a revised land price of $100 per-buildable-sf.

9-25 Dawes Road

In March of 2018, 25 Dawes Road sold for $8.5 million. In October of 2018, 9 Dawes Road was purchased for $10.78 million. In July of 2019, a development application was submitted at 9-25 Dawes Road for two towers of 24 and 30-storeys and 512,642 sf on this 1.24 acre site. The combined property sold for $19.28 million or $38 per-buildable-sf.

In March of 2020, Minto (Dawes) GP Inc. purchased this assembled site for $47 million in March of 2020, which translates into a land price of $92 pbsf.

888 Dupont Street

In February of 2018, 888 DS Corp.purchased 888 Dupont Street for $15.3 million. The 0.62 acre site at the northeast corner of Ossington Avenue traded without an active development application. Batory Management estimated that an 8-storey apartment with 80,000 sf of GFA was appropriate for the site, which translates to a per-buildable-sf land price of $190. Ratio. City also assessed the land and determined that an 8-storey building with 92,000 sf of GFA was appropriate for the site ($166 pbsf).

In October 2019, an Official Plan and By-law Amendment application was submitted that proposed a 13-storey mixed-use building comprising 99 residential live-work units, of which 13 are proposed to be affordable dwelling units. The development team is seeking approval for 180,000 sf of GFA, of which 102,000 sf will be for residential uses, with the remainder split between retail, office, and industrial. The revised land price is $85 per-buildable-sf.

5800 Yonge Street

In April of 2018, Times 5800 Inc. paid $122.2 million for the 8.1 acre development site at 5800 Yonge Street in the North York City Centre area. According to a press release at the time, the developer expected to build 1.25 million square feet of GFA at the site, translating into a per-buildable-sf land price of $98.

In January 2020, official plan, rezoning and subdivision applications were submitted. The development team is proposing four towers up to 44-storeys with 1,496 units and a total GFA of 1,267,817 sf. The revised land price is now $96 pbsf.

33 Avenue Road & 140 Yorkville Avenue

In July of 2019, 140 Yorkville Corporation paid $170.7 million for 33 Avenue Road and 140 Yorkville Avenue. At the time, the development team was proposing just under 300,000 sf of GFA in a 29-storey building, which resulted in a per-buildable-sf land price of $570, likely the highest price ever paid for development land in the GTA.

The latest plan for the site calls for a 29-storey building with 100 units and 315,612 sf of total GFA, lowering the land price to $541 pbsf.

4208-4212 Kingston

4208 and 4212 Kingston Road in Scarborough sold for $8.6 million in Q2-2019, but was not included in the Land Insight Report because it was assumed the purchaser was going to pursue townhouses at the site. At the time of the purchase, a development application proposing 120,000 sf of GFA and 117 stacked townhouses was on the books ($72 per-buildable-sf).

The owner, 2685941 Ontario Inc. recently submitted an application for a 12-storey building with about 210,000 sf of GFA, and 304 units. The updated land price is $41 per-buildable-sf.

FINAL THOUGHTS

Just as the first quarter came to an end, the entire country was put on lockdown due to the COVID-19 outbreak, and developers' outlook on the high-density land market has started to shift.

A couple developers indicated to Bullpen that they dropped sites they had tied up once the seriousness of the pandemic became known, while others have continued to seek the services of Bullpen as they look to secure financing for their new acquisitions, and program the unit mix and sizes for these sites. Batory is also currently working with clients that have extended their due diligence periods in response to the current climate under COVID-19. It has been expressed frequently within the development community that this health crisis is temporary, and won't impact their long-term planning of their residential apartment projects, just the short-term decision making.

That said, the expectation is for fewer transactions in 2020 as the industry takes a cautiously optimistic approach to acquisitions, and lenders tighten their underwriting standards and focus on their best clients only.

The decline in average land prices in the first quarter was a reflection of the lack of transaction for "A" quality properties, as well as fewer properties trading hands with development approvals in place, not necessarily a reflection of less demand and lower land values.

Moving forward it will be harder for developers to interpret the new condo market, as fewer projects start their sales program, and new launches are the best benchmark for pricing. Secondly, many existing projects with significant sales in place will hold and wait out the virus, while other sites that still need sales to qualify for construction financing will likely offer incentives like extended deposit structures, capped development charges, rental guarantees and other bonuses to attract buyers. These incentives are hard to quantify in dollar terms, making it difficult to assess the potential revenue a comparable site could achieve.

A flattening of the new condo price curve is expected, along with a decline in rental rates in the short term. These two occurrences will likely scare off some investors in the summer and fall of 2020, which impacts absorption this year, but will ultimately influence how a developer looks at a proposed site from a total GFA perspective.

It is still too early to determine whether the COVID-19 crisis will have a huge long-term negative impact on the new apartment market, but land sales are a lagging indicator. Bullpen will look at leading indicators like resale housing activity, rental rates, and new condo sales to monitor end-user and investor confidence. The April and May data will provide some guidance on the future of the market in the GTA.

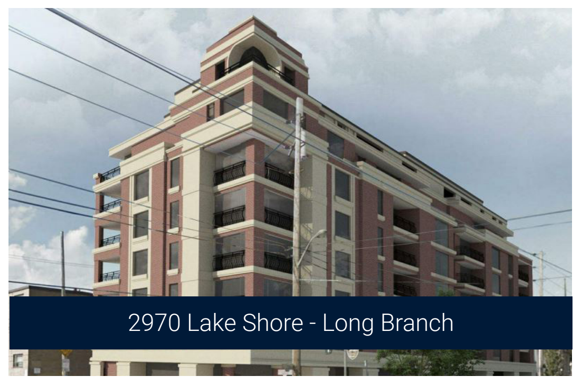
AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES

197 Woodbridge - Woodbridge

129 Vaughan - Forest Hill

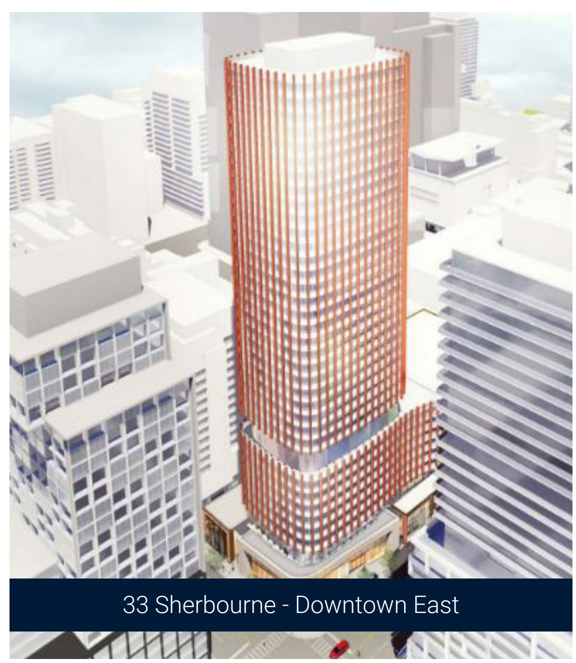
5509 Dundas - Six Points

39 Newcastle - Mimico



2970 Lake Shore - Long Branch

175 Wynford - Don Mills

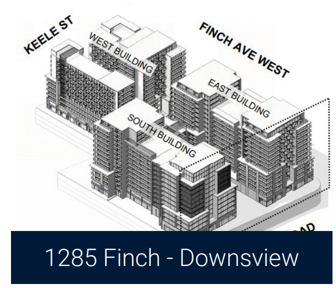


33 Sherbourne - Downtown East

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES

45 Agnes - Cooksville

719 Sheppard - Downsview



1285 Finch - Downsview

4097 Lawrence - Guildwood

1375 Queen - Parkdale

1085 Clearview - Aldershot

130 Thompson - Milton

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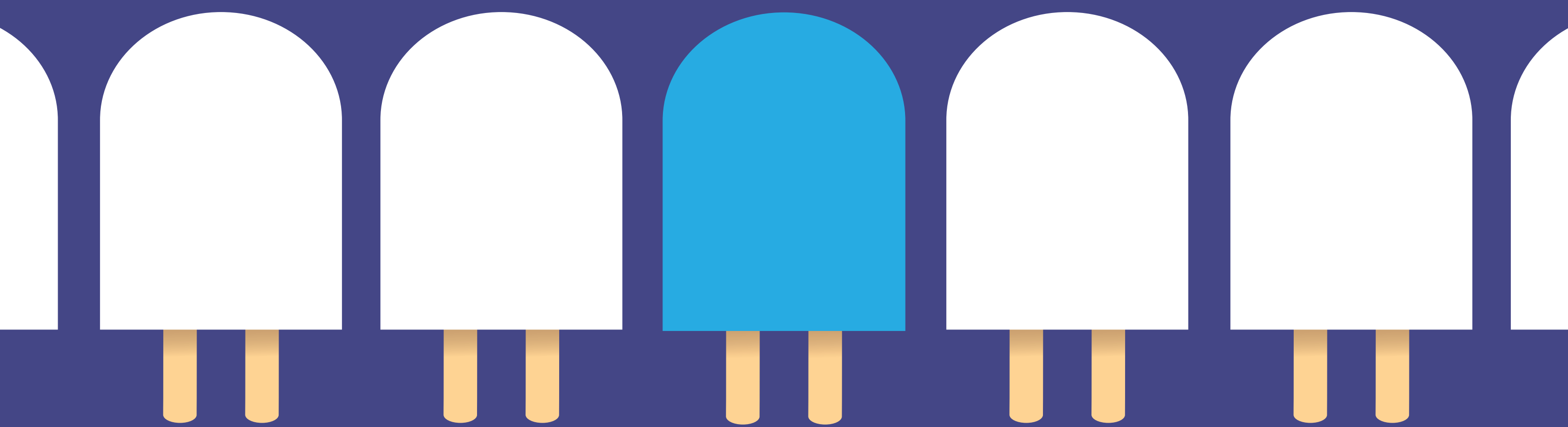

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Disclaimer

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