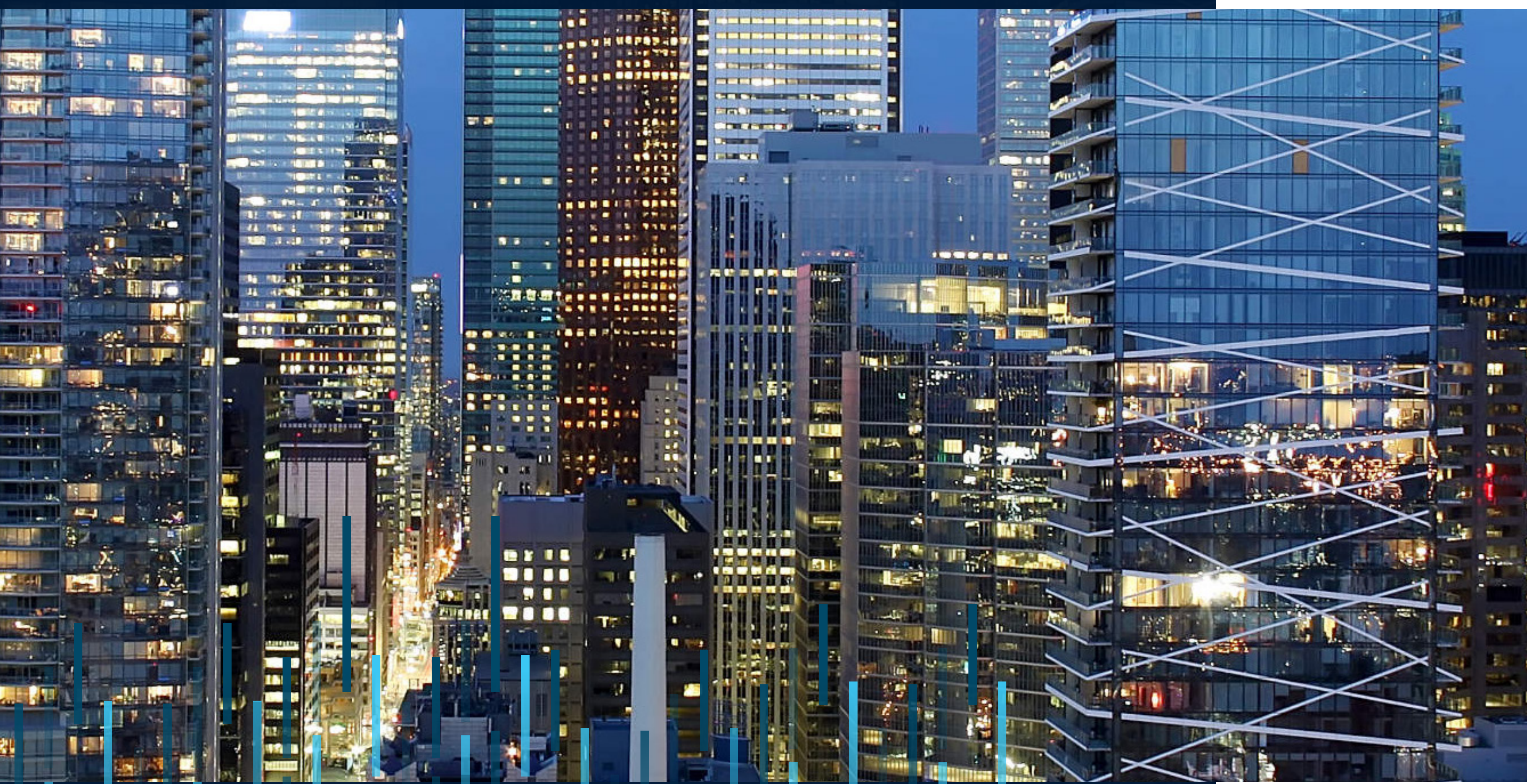
GTA HIGH RISE
LAND INSIGHTS REPORT

Q1 - 2022

Published June 2022



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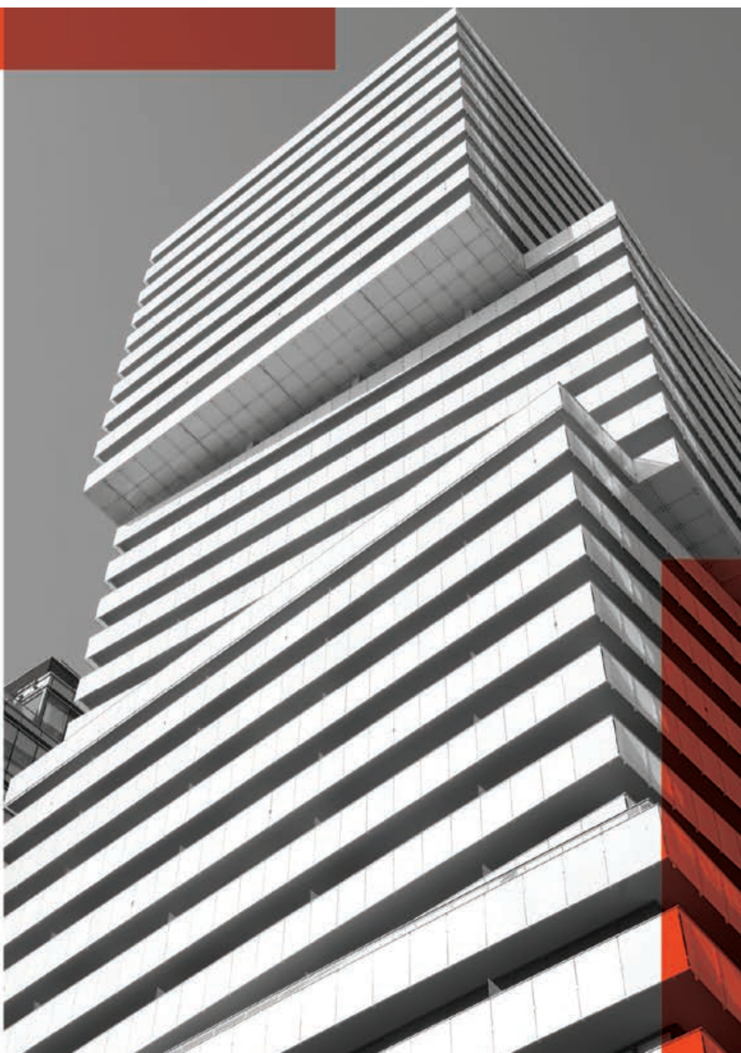


INTRODUCTION

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 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 (pbsf).

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.

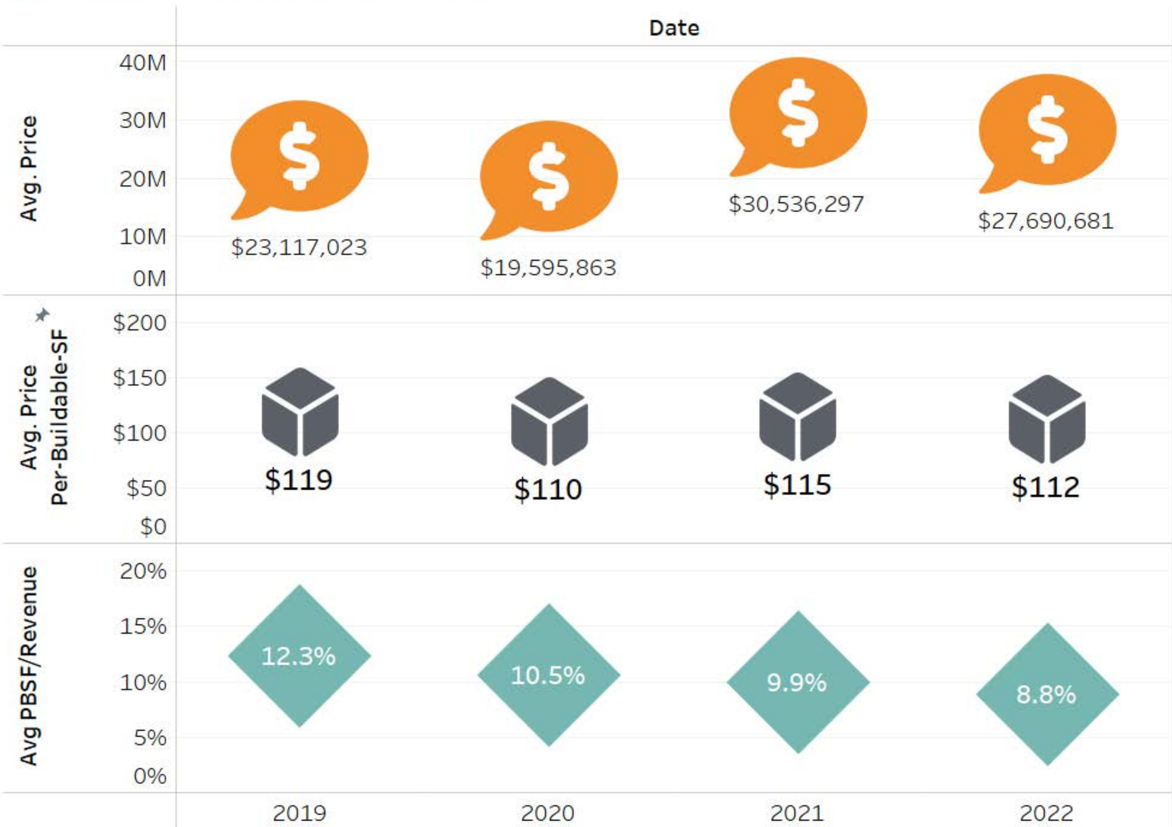
ANNUAL HIGH-DENSITY LAND PRICES IN THE GTA

Figure 1 looks at the average price, average price per-buildable-sf, and Land-to-Revenue Ratio (LRR) for GTA land transactions that were identified as having future development potential as a condominium or rental apartment in 2019, 2020 and 2021 overall, and in Q1-2022.

The average property sold for $30.5 million in 2021 and $27.7 million in Q1-2022. The average property was 2.16 acres last year, and 1.86 acres in the first quarter of this year.

On a per-buildable-sf basis, the average estimated price per-buildable-sf was $115 in 2021 and $112 in Q1-2022, representing a decrease of 3%.

Figure 1: Average Price & Price Per-Buildable-SF, High-Density Land Sales in the GTA, 2019 to 2021 & Q1-2022



In every Land Insights 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 condominium apartments might sell for at that location if they were on the market at the time of the sale (even if the development is earmarked as a future rental).

This is done to establish a reasonable "Land-to-Revenue Ratio" estimation that can be tracked over time (alternatively shown in this report as the LRR or PBSF/Revenue). How much will developers or other high-density land purchasers pay for property in relation to the going market rate for new condominium apartments, and how does that rate change based on location and time?

In 2021, the average land-to-revenue ratio was 9.9%, which decreased to 8.8% in Q1-2022.

GTA HIGH-DENSITY LAND SALES IN Q1-2022

In Q1-2022, Bullpen and Batory reviewed 51 land sales, the highest number of quarterly trades since this report was first published in Q4-2017. The average sales price of those lands was $112 per-buildable-sf as indicated above, up from $110 pbsf in Q4-2021.

Bullpen estimated that residential condominium apartments at the Q1-2022 land sales (if on the market today) could sell their units at an overall average price of approximately $1,274 psf at the time of the land sale, which indicates that developers paid for land at nearly 8.8% of expected revenue in the first quarter, nearly identical to Q4-2021 (8.9%).

Q1-2022: $112 PER-BUILDABLE-SF

Historical High-Density Land Sale Data

Figure 2 looks at historical high-density land sale data in the GTA by quarter since Q1-2018 using estimated and unrevised average price per-buildable-sf (pbsf) figures from previous Land Insights Reports. The top panel shows the average land prices, while the bottom panel shows the median land prices.

The average price per-buildable-square-foot was higher in Q1-2019 at $119 pbsf than Q1-2022. Land prices have decreased by 3.4% from the Q1-2021 average price per-buildable-square-foot of $116.

Figure 2: Average & Median High-Density Land Price Per-Buildable-SF by Quarter, GTA, Q1-2018 to Q1-2022

The grey dashed linear trendline suggests land prices in the GTA have been virtually flat for three years. However, this report will look at how the composition of the sample transactions have changed over time.

As mentioned in previous reports, the rapid rise in construction costs, the increases in development charges, inclusionary zoning, rent control, and the uncertainties involved with development approvals is contributing to somewhat flat land prices overall in the GTA, despite the significant price growth on a per-square-foot basis currently occurring.

The median land price has actually trended downward over the last three years, but the $93 pbsf value in Q1-2022 is up from $85 pbsf in the fourth quarter of 2021, and from $74 pbsf in Q1-2021.

It should be noted at this juncture that these are very small sample sizes, and the transactions are in very diverse locations, in various stages of entitlement, with very different risk profiles. Some sites have rental replacement, heritage considerations, significant commercial or retail components, or affordable housing requirements impacting the sales price. 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.

The data will be further delineated in this report by geography, planning status and building type to get a better understanding of the movements in the land market.

LAND PRICES & LAND-TO-REVENUE RATIO IN THE '416 AREA' VERSUS THE '905 AREA'

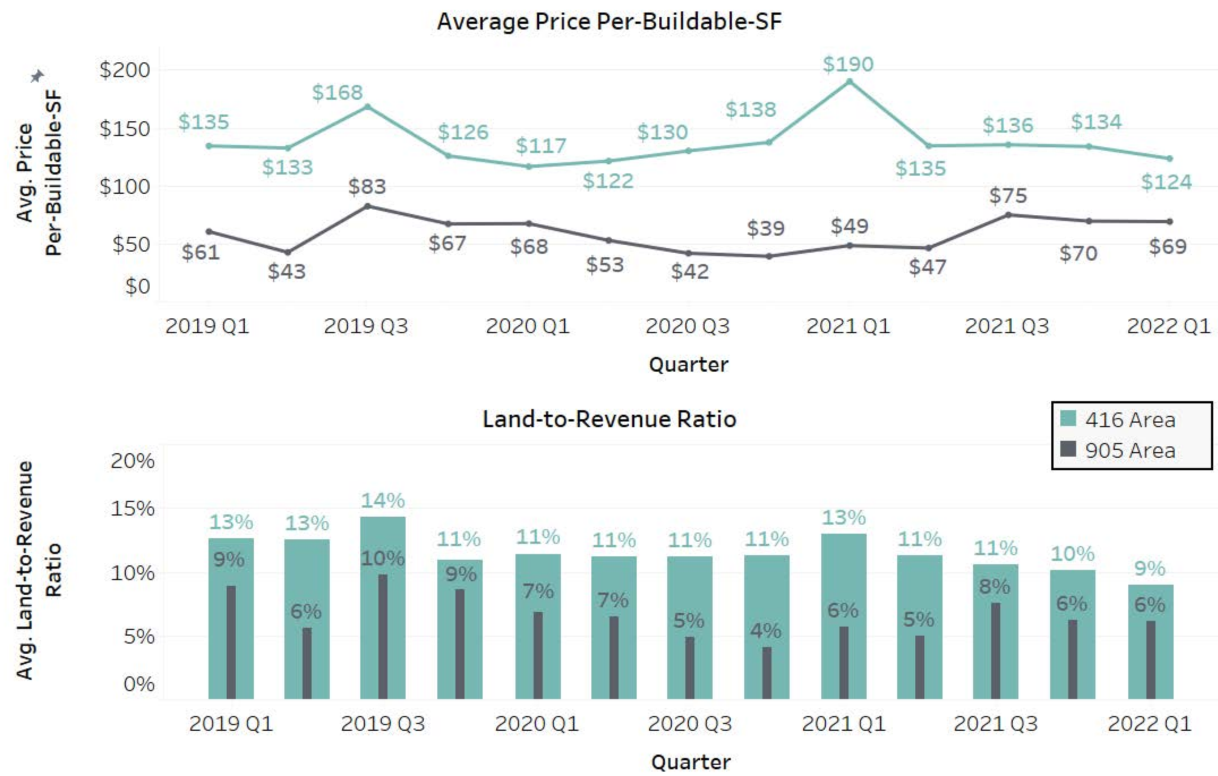
Figure 3 presents data on the City of Toronto (416 area code) and the suburban GTA (905 area code) high-density redevelopment land market over the last 3.25 years. The top panel looks at the average land price per-buildable-sf, while the bottom panel looks at the land-to-revenue ratio.

The average land price per-buildable-square-foot in the 416 area was $124 pbsf in Q1-2022, which represents a decline of 7.5% from the Q4-2021 average of $134 pbsf ($134 pbsf is identical to the 4-year average). The 905 high-density lands sold for $69 pbsf, which is very similar to the Q4-2021 average of $70 pbsf (the 4-year average for the '905' is $58 pbsf).

In the 416 area in Q1-2022, the average purchaser paid for land at 9% of estimated revenue, which was just below the 10% achieved in Q4-2021, and the lowest level since Bullpen and Batory started this report in Q4-2017 (4-year average of 12%). In the 905 area, purchasers paid for land at 6% of revenue, which is identical to the previous quarter, but below the long-run average of 7%.

The lower LRRs are likely due to several factors including rising construction costs (interest rates, materials, labour), rising costs due to more small units, higher development charges, inclusionary zoning, and a higher share of transactions in 'B' or 'C' locations in contrast to previous years. In 2021, many developers have success selling in previously untouchable or undesirable locations, but with downtown condo pricing ballooning from $1,400 psf to $1,650 psf in less than a year, investors see value in the $1,000 to $1,150 psf projects in north Etobicoke, non-transit locations in North York, and east Scarborough.

Figure 3: Average Land Price Per-Buildable-SF and Average Land-to-Revenue Ratio by Area, GTA (416 vs 905 Area Codes), Q1-2019 to Q1-2022



SUMMARY LAND SALES DATA FOR TOP MUNICIPALITIES

Figure 4 presents summary data on the average high-density land price per-buildable-sf by year for select municipalities in the GTA. Areas with no activity in Q1-2022 or with outlier trades were eliminated.

Given the limited number of transactions in many of the municipalities, price comparisons year-over-year have limited value due to the wide array of project locations, size, and site status. However, Toronto is the most worthwhile data point due to the larger number of trades. High-density lands in the former City of Toronto traded for approximately $166 pbsf in Q1-2022, down 10% from the 2021 overall total.

North York pricing also declined to $116 pbsf in the first quarter of this year from $119 pbsf in 2021. All of the other former municipalities in the amalgamated City of Toronto saw land prices drop in Q1-2022 versus their 2021 overall averages.

Oakville, Vaughan and Brampton saw their Q1-2022 land prices come in higher than their 2021 totals.

Figure 4: Average Price Per-Buildable-SF by Year, Select Municipalities in the GTA, 2019-2021 & Q1-2022

Area	Municipality	2019	2020	2021	2022	Grand Total
416 Area	Toronto	$187	$154	$185	$166	**$165**
	East York	$150	$54	$151	$116	**$132**
	North York	$87	$112	$119	$116	**$105**
	York	$124	$109	$59	$58	**$100**
	Etobicoke	$68	$131	$75	$72	**$85**
	Scarborough	$46	$53	$59	$53	**$51**
905 Area	Oakville	$70	$95	$71	$84	**$84**
	Vaughan	$76	$47	$59	$65	**$59**
	Burlington	$51	$66	$57	$35	**$57**
	Pickering			$50	$41	**$48**
	Brampton	$33	$29	$39	$47	**$36**

Avg. Price Per-Buildable-SF: $29 – $187

Avg. Price Per-Buildable-SF: $29 · $100 · $150 · $187

INDIVIDUAL TRANSACTIONS IN Q1-2022 BY NEIGHBOURHOOD

Figure 5 breaks down the Q1-2022 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 were sold. Please note 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.

Note: Bullpen Consulting is often involved in the underwriting and market analysis of land sales that appear on this list, and has inside knowledge on what the developer is going to pursue in terms of total GFA, however. That data is confidential and has not been provided to Batory Management for their assessments of these sites.

The 51 land sales in Q1-2022 had an average size of 1.9 acres, with the potential apartment projects having an average height of 23-storeys. The average property sold for about $27.7 million or $112 per-buildable-sf (straight average). The average of the individual land-to-revenue ratios equals 8% (the weighted average was presented earlier in the report, equalling 9%). The individual Land-to-Revenue ratios range from a high of 23% in Summerhill, to a low of 3% in Downtown Burlington. The average per-buildable-sf land price reached a high of $528 in Summerhill, contrasted with $29 pbsf in Lawrence East.

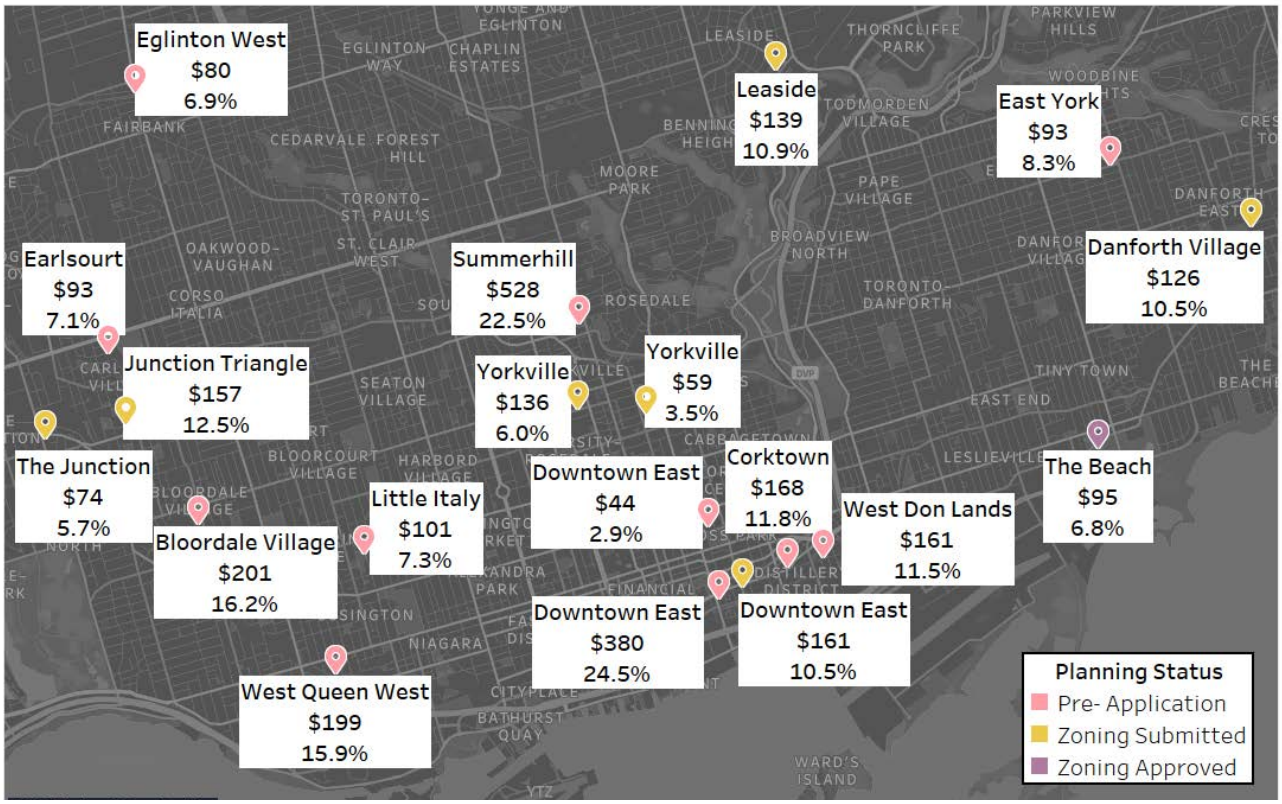
Figure 5: Summary Data on High-Density Land Transactions by Neighbourhood, GTA, Q1-2022

		Number of Records	Avg. Lot Size (Acres)	Avg. Estimated / Proposed Height	Avg. Price	Avg. Price Per-Buildable-SF	Avg. Land-to-Revenue Ratio
416 Area	Summerhill	1	0.3	9	$33,000,000	$528	23%
	Lawrence Park	1	0.4	13	$20,500,000	$283	20%
	Davisville Village	1	0.3	10	$15,990,000	$269	19%
	Bloordale Village	1	0.4	11	$18,500,000	$201	16%
	West Queen West	1	0.3	8	$15,400,000	$199	16%
	Downtown East	3	0.2	34	$21,078,534	$195	13%
	Corktown	1	0.9	12	$23,500,000	$168	12%
	West Don Lands	1	2.3	43	$104,327,245	$161	12%
	Leaside	1	0.2	5	$5,000,000	$139	11%
	Junction Triangle	2	1.1	23	$24,112,500	$130	10%
	Downsview	1	0.7	21	$10,950,000	$126	11%
	Danforth Village	1	3.0	49	$132,252,000	$126	11%
	Yorkdale	1	0.7	25	$21,500,000	$121	10%
	Little Italy	1	1.9	10	$7,309,875	$101	7%
	Riverside	1	0.1	13	$3,000,000	$100	8%
	North York City Centre	1	0.9	32	$35,000,000	$100	8%
	Yorkville	2	0.3	74	$69,395,000	$98	5%
	The Beach	1	2.5	17	$48,400,000	$95	7%
	East York	1	0.5	11	$7,125,000	$93	8%
	Earlsourt	1	0.7	12	$12,500,000	$93	7%
	Glen Park	2	0.2	9	$2,900,000	$88	7%
	Parkway Forest	1	1.7	39	$47,000,000	$86	7%
	Eglinton West	1	0.5	18	$8,500,000	$80	7%
	The Junction	1	0.1	11	$1,550,000	$74	6%
	Mimico	2	3.1	34	$69,465,000	$72	6%
	Golden Mile	1	12.6	48	$87,000,000	$65	6%
	Cliffside	1	0.3	10	$4,500,000	$65	6%
	Malvern	1	0.9	18	$14,000,000	$61	6%
	Weston	3	0.5	31	$7,850,000	$50	5%
	West Hill	1	0.6	13	$4,650,000	$44	4%
	Lawrence West	1	0.5	11	$3,900,000	$36	3%
	Lawrence East	1	2.7	16	$13,600,000	$29	3%
905 Area	Yongehurst	1	1.0	14	$14,600,000	$147	13%
	Oshawa	1	1.1	8	$26,500,000	$136	13%
	Kerr Village	1	1.4	10	$16,500,000	$110	9%
	Concord	1	32.5	27	$155,000,000	$65	5%
	Oakville GO	1	0.9	25	$14,000,000	$58	5%
	Newmarket	1	3.5	15	$18,500,000	$53	5%
	South Brampton	1	1.3	14	$4,690,000	$47	4%
	Pickering	1	1.3	22	$15,250,000	$41	4%
	LaSalle	1	1.7	35	$7,000,000	$41	4%
	Orchard	1	1.5	20	$15,000,000	$33	3%
	Downtown Burlington	1	1.6	12	$7,700,000	$32	3%
		51	**1.9**	**23**	**$27,690,681**	**$112**	**8%**

SPATIAL DISTRIBUTION OF HIGH-DENSITY LAND SALES IN TORONTO

Figure 6 maps the first quarter land sales in Toronto only, showing the price on a per-buildable-sf foot basis, as well as the estimated Land-to-Revenue Ratio. The colour of the markers indicates the planning status.

Figure 6: Location, Land Price and Land-to-Revenue Ratio for High-Density Land Sales, Toronto, Q1-2022



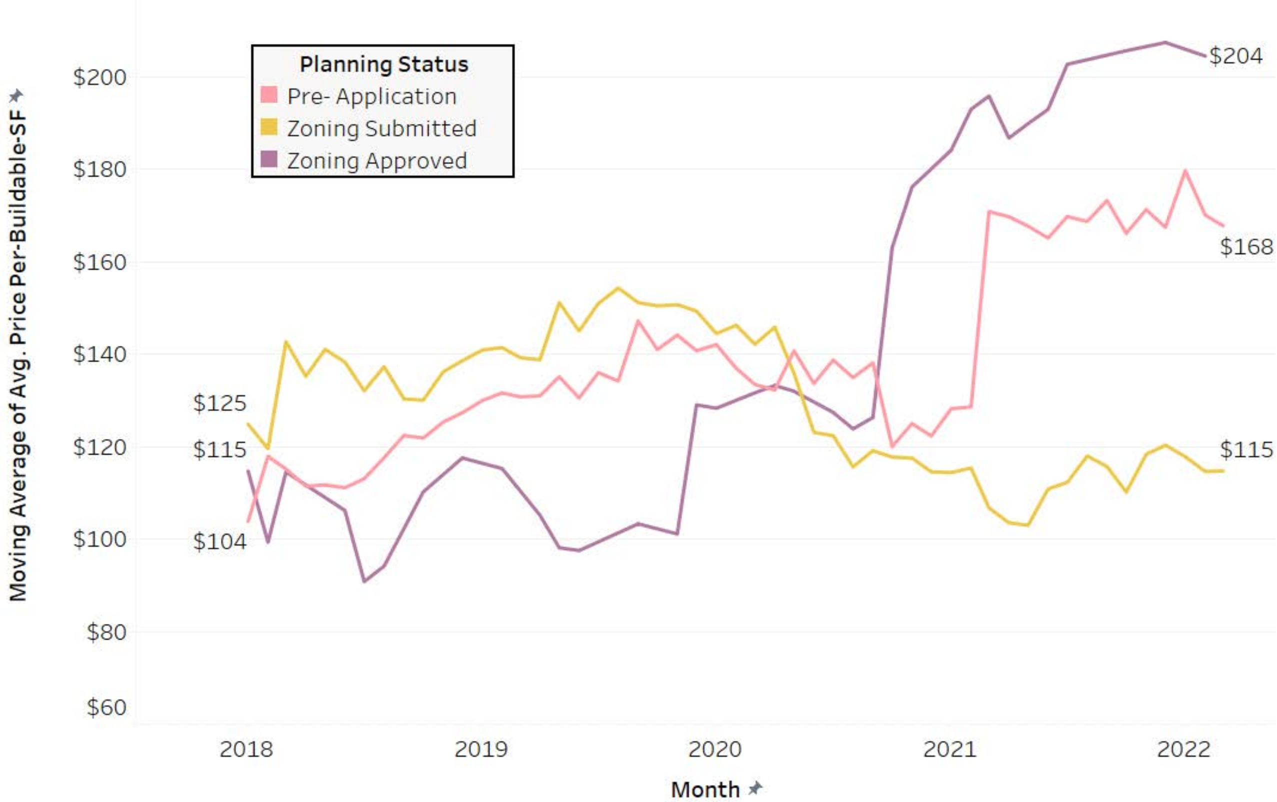
The most expensive transaction in Q1-2022 was 1086 Yonge Street, a small retail plaza in Summerhill. NDI (1 Roxborough Street West) Inc. acquired the site for approximately $528 pbsf and an estimated land-to-revenue ratio of 22.5%. No development application has been submitted, with Batory estimating that a 9-storey mid-rise development would be appropriate. This developer has experience building luxury mid-rise condo product.

Several developments appear to be underpriced in the map above, some of the explanations include rental replacement, long closings, and properties that are part of a larger assembly.

PER-BUILDABLE-SF VALUES BY PLANNING STATUS IN TORONTO

Figure 7 presents data on land transactions in the amalgamated City of Toronto ('416 area') over the past four-plus years, showing the average price per-buildable-sf by the planning status (12-month moving average).

Figure 7: 12-Month Moving Average Land Pricing Per-Buildable-SF by Planning Status, '416 Area', 2018 to 2022



Blending data, especially data with a small sample size can result in figures that are contrary to common sense. Sites that were fully zoned were priced below pre-application and zoning submitted sites in 2018 and 2019, despite having less entitlement risk and the cost of approvals built into the sales price. This is likely due to the locations being inferior to pre-application projects.

The latest data shows the price of '416 area' approved properties at $204 pbsf, with pre-application sites at $168 and zoning submitted sites at $115 pbsf. When looking at the former City of Toronto only, those figures are $218 pbsf, $194 pbsf, and $154 pbsf.

It is likely that the composition of the sample plays a major factor in the land values, and contributes to the lower price for zoning submitted properties. That said, there is little evidence that shows properties where zoning has been submitted trade for more than pre-application sites.

LAND PRICES BY BUILDING TYPE IN TORONTO

High-rise sites tend to be in more prime locations, especially on transit lines, and are more expensive on an absolute basis. In the former City of Toronto in 2021, the average land sale that could accommodate a high-rise tower (16-storeys or higher) was sold for $71 million on average versus $12 million for a mid-rise site. In Q1-2022, those figures were $57 million for high-rise lands and $15 million for mid-rise lands. However, most developers evaluate land on a per-buildable-sf basis, and when controlling for the potential GFA in the developments on those sites, mid-rise land prices are higher.

The data for the former cities of Toronto, North York and Scarborough (presented in Figure 8) shows the estimated land price per-buildable-sf, and our land-to-revenue ratio estimate. In 2022 year-to-date, the average mid-rise land sold for $211 pbsf in Toronto, $124 pbsf in North York, and $55 pbsf in Scarborough, in comparison to $194, $133, and $64, respectively from 2021.

Figure 8: Average Price Per-Buildable-SF & Land-to-Revenue Ratio by Building Type, Toronto, North York & Scarborough, 2019 to 2021 & Q1-2022

	Mid-Rise			High-Rise		
Year	Toronto	North York	Scarborough	Toronto	North York	Scarborough
2019	$210 18%	$90 10%	$51 7%	$171 14%	$67 7%	$24 3%
2020	$177 15%	$108 11%	$68 8%	$131 10%	$103 10%	$35 4%
2021	$194 15%	$133 12%	$64 6%	$178 12%	$98 8%	$42 4%
2022	$211 15%	$124 10%	$55 5%	$116 8%	$108 9%	$52 5%
Grand Total	$196 16%	$108 11%	$60 7%	$156 11%	$99 9%	$36 4%

Avg. Price Per-Buildable-SF: $24 $50 $100 $150 $211

Median Price Per-Buildable-SF: $20 – $199

High-rise land transactions in Toronto, North York, and Scarborough had average per-buildable-sf prices in Q1-2022 of $116, $108, and $52, respectively.

For mid-rise projects in Old Toronto, land sold for 15% of the projected revenue on a per-foot basis in the first quarter of this year (same as 2021 and 2020 overall), while high-rise lands had a land-to-revenue ratio of 8% in Q1-2022, lower than 2021 (12%), 2020 (10%), 2019 (14%) and 2018 (13%).

Scarborough's high-rise LRR of 5% in Q1-2022 was higher than the long-run average in the former municipality of 4%. The huge sales successes in Scarborough over the past year at over $1,000 psf is attracting more major developers, and pushing up land prices. Per-buildable-sf prices for lands suitable for high-rise apartments in Scarborough went from $24 in 2019 to $35 in 2020, to $42 in 2021 to $52 in Q1-2022.

REPEAT SALE

Figure 9 presents summary data on a property that has traded in each of the last three calendar years in Oakville.

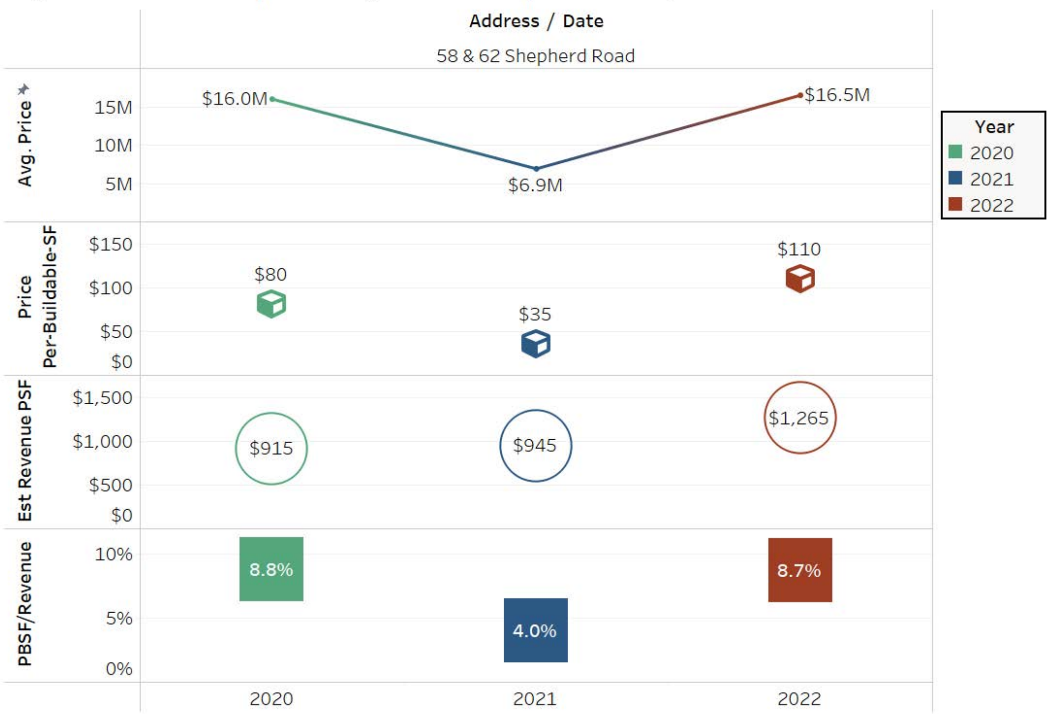
In 2011, Neilas Inc. launched OpArt Lofts at 58 and 62 Shepherd Road in Oakville. The project was a high-style 10-storey condominium with 104 units near Kerr Street and Speers Road (the first phase was released, as the project has about 200 total units). The project was ultimately cancelled and MSI Spergel Inc., in its capacity as Court-appointed Receiver, appointed Colliers International to handle the receivership sale.

In 2020 the project sold to 2757269 Ontario Inc. for $16 million, representing a per-buildable-sf price of $80 and an LRR at the time of closing of 8.8%. It is likely that this price was not "market" at the time, as from what we can ascertain, the purchasers of the land were representatives of investors in the original *OpArt* project.

The second sale that occurred in 2021 was not "market" either, as the trade was between partners to Kaledo Oakville Inc. The project was being marketed for a fall 2022 launch as the Kerr Street Lofts.

In Q1-2022, the project was sold to Shepherd Heights Ltd. (Castleridge Homes) for $16.5 million or about $110 pbsf. Based on Bullpen's revenue estimate, this is a LRR of 8.7%. Castleridge has begun marketing on the development as *Gemini Condos*, targeting a 2022 launch.

Figure 9: Data on Repeat Sale, 58 & 62 Shepherd Road, 2020 to 2022



PROJECT UPDATES

1095 - 1111 Danforth Avenue

Core Development Group purchased this 0.72 acre property in December 2021 located at 1095-1111 Danforth Avenue near the intersection of Danforth Avenue and Greenwood Avenue in Toronto for $13.98 million. At the time of the transaction, no development application had been submitted.

Batory estimated that a 8-storey mid-rise development with a total GFA of 125,000 sf would be appropriate for the property. This translated to a price per-buildable-square-foot of $112 and a land-to-revenue ratio of about 9.3%.

Core recently submitted an application for redevelopment proposing a 9-storey mixed-use building with a total of 228 rental units and 134,570 sf of residential GFA. This results in an updated price per-buildable-square-foot of $104 and a land-to-revenue ratio of 8.7%.

906 Yonge Street

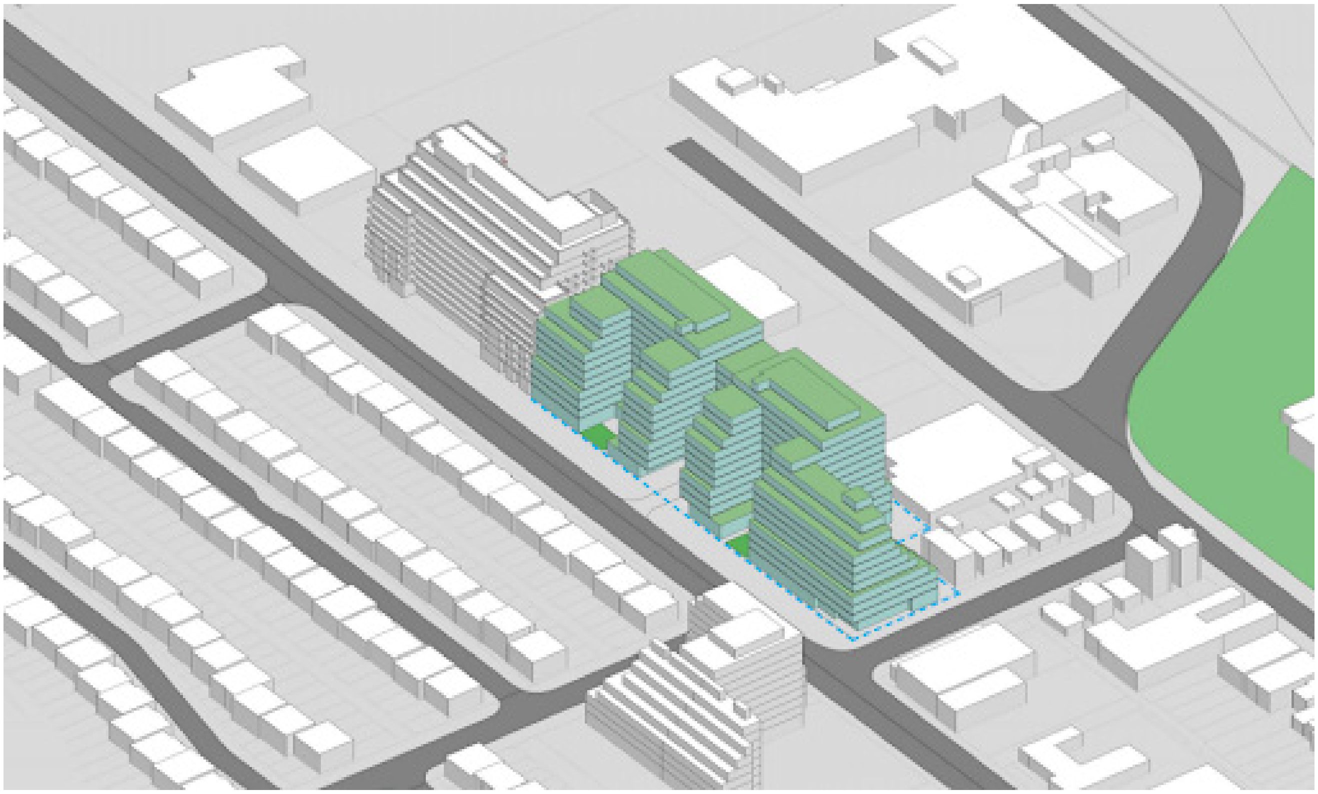
Gupta Group purchased this 0.539 acre property in Yorkville in July 2021 for $45.25 million. This property is located at 906 Yonge Street, near the intersection of Yonge Street and Davenport Road.

There has previously been an application submitted proposing a 35-storey high-rise tower in 2010 with 158,972 sf of GFA. This translated to a price per-buildable-square-foot of $285. Based on our revenue estimate, this resulted in a land-to-revenue ratio of 15.1%.

Late last year, an application for rezoning was submitted that proposed 33- and 19-storey buildings with a total residential GFA of 306,244 sf. This translated to an updated price per-buildable-square-foot of $148, with a land-to-revenue ratio of 7.9% at the time of closing.

2237 St. Clair Avenue West

Marlin Spring and Greybrook Realty Partners purchased this 1.553 acre property located at 2237 St. Clair Avenue West near the intersection of Symes Road and St. Clair Avenue West for $42.5 million in August 2021. At the time of the transaction, no development application had been submitted.



Batory estimated that a multiple 10-storey mid-rise apartments with 320,000 sf of combined GFA would be appropriate for the property. Based on this estimate, the price per-buildable-square-foot was $133, and the land-to-revenue ratio was 12.9%.

Following the closing, an application for rezoning was submitted to the City of Toronto, proposing two mid-rise buildings with a combined total of 511 residential units and a total GFA of 406,951 sf. This results in an updated price per-buildable-square-foot of $104 and a land-to-revenue ratio of 10.1%.

77 Union Street

H&R REIT purchased this 4.9 acre property located at 77 Union Street near the intersection of Old Weston Road and St. Clair Avenue West for $92.5 million in December 2021. As of Q4-2021, the site was in the pre-application phase of development.

Batory estimated a multi-phase development with heights up to 29-storeys was appropriate for the site, envisioning a high-rise project with 1.15 million sf of GFA. This translated to a price per-buildable-square-foot of $80 and an estimated land-to-revenue ratio of 7.2%.

In 2022, a proposal calling for 1,951 units and 1.46 million sf of GFA was submitted to the City. This updated price per-buildable-square-foot is $63, with the land-to-revenue ratio at the time of closing updated to 5.7%. The tallest building is proposed at 39-storeys.

100 Eglinton Square

LCG 100 Eglinton Square Ltd. purchased this 0.411 acre property located at 100 Eglinton Square near the intersection of Pharmacy Avenue and Eglinton Avenue East for $9.0 million in April 2021. At the time of the transaction, no application for development had been submitted.

Batory estimated that a 40-storey high-rise development with a total GFA of 330,000 sf would be appropriate for the subject property. This resulted in a price per-buildable-square-foot of $27. With an estimated revenue of $980 psf, this translated to a land-to-revenue ratio of 3%.

As of the writing of this report, an application for rezoning has been submitted proposing a 35-storey mixed-use building with a total of 359 residential units and approximately 280,000 sf of GFA. This results in an updated price per-buildable-square-foot of $32, with an updated land-to-revenue ratio at the time of closing of 3.3%.

1296 Kennedy Road

Sunray Group purchased this 1.03 acre property located at 1296 Kennedy Road near the intersection of Kennedy Road and Shropshire Drive in Scarborough for $7.03 million in March 2020.

At the time of the closing, no development applications were active, and Batory estimated that a 6-storey mid-rise apartment with 80,000 sf of GFA was appropriate for the site, translating into a per-buildable-sf price of $88 and an LRR of 12%.

An application for rezoning was submitted in January 2022 proposing a 9-storey residential building with a total of 164 units and a total GFA of 125,044 sf. The current proposal also calls for a total of 169 parking spaces, 136 of which are for residential use and 33 for residential visitors. Thirteen of the parking spaces are open surface parking spaces, while 156 are below grade.

Based on this proposal, the revised land price is $56 pbsf, with an LRR at the time of closing at 7%.

FINAL THOUGHTS

Batory and Bullpen anticipate that the frequency of transactions in 2022 will decline given the changes pertaining to inclusionary zoning, Toronto green standards, community benefits charges, and proposed development charge increases. With near-record sales in 2021, demand for trades has increased further, some of those trades are striking, in addition to material costs increases due to COVID supply chain issues. All of these factors will further lead to hard and soft cost inflation.

Developers will need to offset these increases by paying less for land, or further increasing prices. The ability to further increase prices will be hampered by interest rate increases and a resale market softening.

The average new condominium that launched in Toronto in 2018 had a HIGHER end-selling price than projects that launched in Toronto in Q1-2022. This is because projects have shrunk dramatically, with Bullpen often recommending an overall average unit size in projects of 550 sf to 575 sf in recent market studies. Many developers are already at the minimum allowable sizes by bedroom type, and have now been drastically increasing the share of studios, with several projects launched with 30% to 40% studios. The market can only decrease unit sizes so much in order to increase the price per-square-foot. Investors will ultimately need to sell to end-users, and how big is the market for 300 sf units at $550,000?

With a provincial election upon us, there are several proposals that could be very damaging to the new construction industry, including rent control and even vacancy decontrol on the table. There has been discussions around “use it or lose it” as it relates to development approvals and mandating that entitlements expire after a set number of years.

The plausibility of a government developer that builds thousands of affordable units per year is low, but it is being proposed and could further drive up costs in the market should it actually come to fruition.

There is a resale market shift occurring after the bubble-like conditions in January and February, with buyers now having the opportunity to put in conditional offers with actual inventory to choose from. The pre-construction market follows the resale market, with conditions lagging a couple months, and several projects are now adding incentives and promoting increased or accelerated commission payouts.

As in most market corrections, the “flight to quality” will likely be the prevailing mentality, with A-located projects being absorbed and tertiary locations struggling. The pace of launches will likely slow as well. However, context is needed, the new condo market has been running at near-record levels for many years excluding the early-pandemic period and it is possible that fewer launches are needed to bring down construction costs.

From our conversations with clients, the industry remains bullish on the long-term prospects for the condominium and rental apartment market, but they are taking a slightly more conservative approach to underwriting, and that was bore out in the data, with lower land prices in the former municipalities in Toronto in Q1-2022 compared to last year with lower land-to-revenue ratios on average in comparison to any time over the last four years.

We will continue to monitor sales activity in the high-density land market, and would love to get your comments or corrections on the data presented in this report, so please reach out to Bullpen or Batory.

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES


Junction Triangle - 386 Symington Avenue


Leaside - 922 Millwood Road

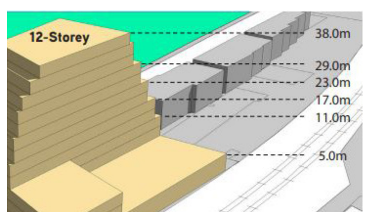

Downtown East - 236-242 King Street East


Golden Mile - 1891 Eglinton Avenue East


Downtown East - 255 Dundas Street East

Cliffside - 2334 _ 2342 - 2346 Kingston Road


Newmarket - 625 Davis



Earlscourt - 1613 St Clair


Corktown - 101 Trinity


LaSalle - 1134 Plains Road East

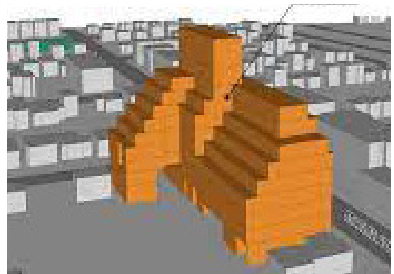

Lawrence Park - 272 Lawrence

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES

Yorkville - 83, 89, 91 _ 95A Bloor Street West

Concord - 1890 Hwy 7

Weston - 13 Hollis



Glen Park - 287 Hillmount Avenue

Junction Triangle - 322 _ 336 Campbell Avenue

Downtown East - 255 Dundas Street East

Parkway Forest - 2500 Don Mills Road

Yorkville - 92 Isabella

Riverside - 40 Lewis Street

Kerr Village - 58 _ 62 Shepherd Road

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES


Mimico - 29, 59, 71 Portland Street, 1, 2 _ 10 Audley Street 8 Newcastle Street


The Beach - 1555 Queen Street East


Pickering - 1525 Pickering


Malvern - 1088 Progress


Cliffside - 2334 Kingston


The Junction - 50 Heintzman Street


Lawrence West - 1575 Lawrence


West Hill - 4566 _ 4568 Kingston Road


Orchard - 1989 Appleby Line


North York City Centre - 5334 Yonge

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Ben Myers
Bullpen Consulting
416 716 2096
www.bullpenconsulting.ca

Rick Van Andel
Liverpool Appraisal
647 223 3377
www.liverpoolappraisal.com

CONTACTS

Bullpen Consulting | 416 716 2096 | ben@bullpenconsulting.ca
www.bullpenconsulting.ca | Twitter @BullpenConsult

Batory Management | 647 530 3634 | pdemczak@batory.ca
www.batory.ca | Twitter @BatoryGroup

Disclaimer

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