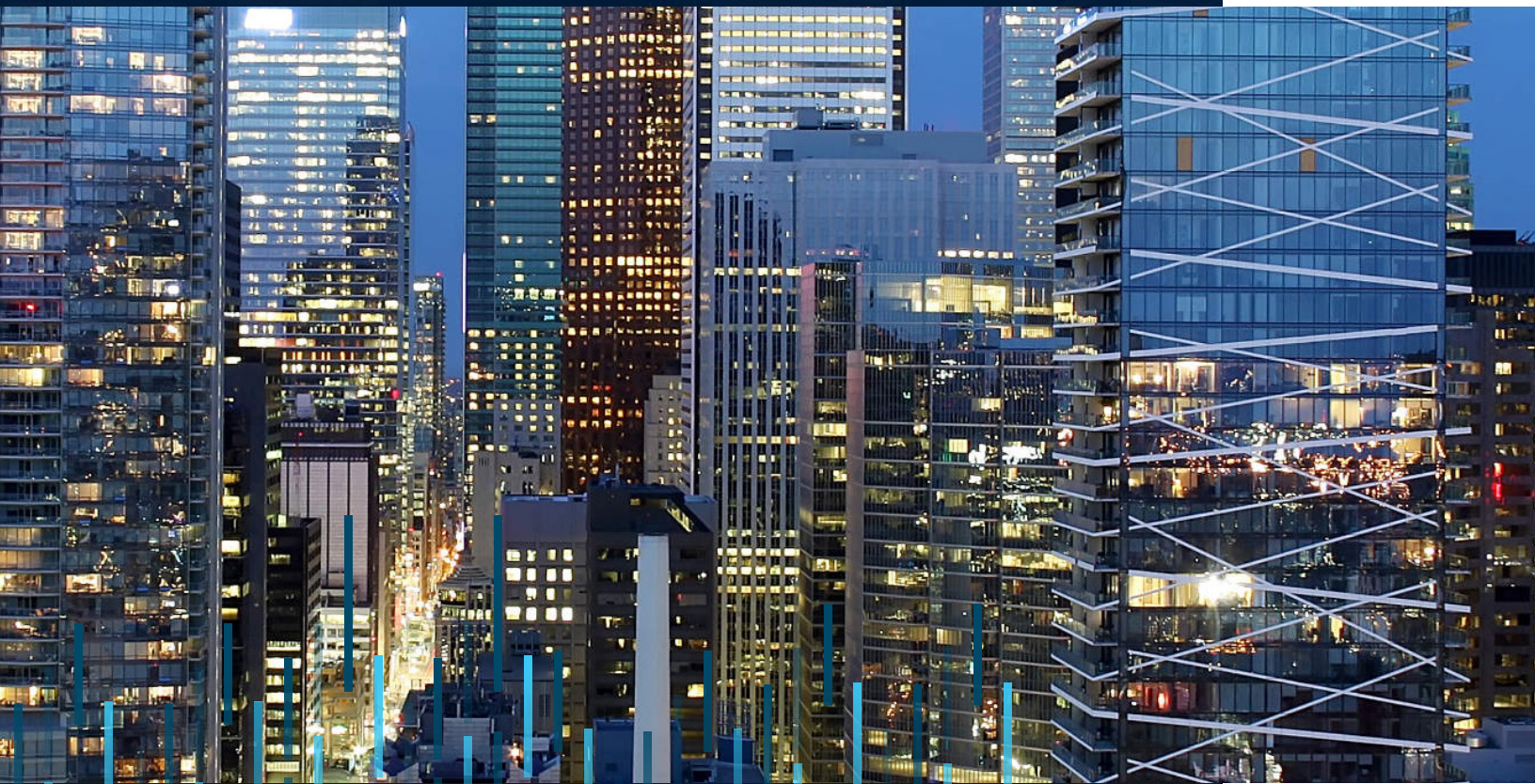


# GTA HIGH RISE LAND INSIGHTS REPORT

**Q2 - 2019**  
Published August 2019



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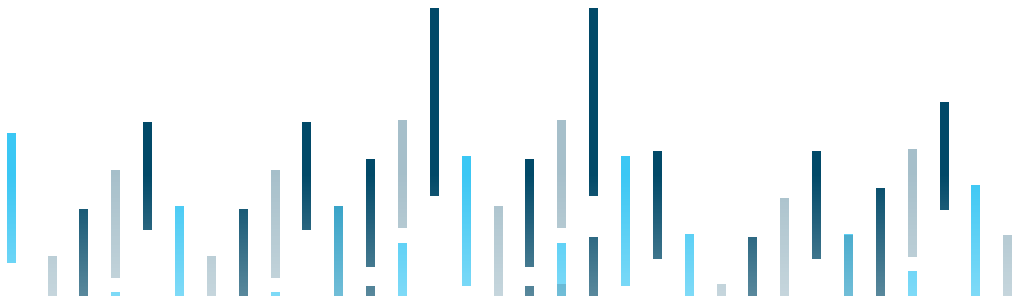
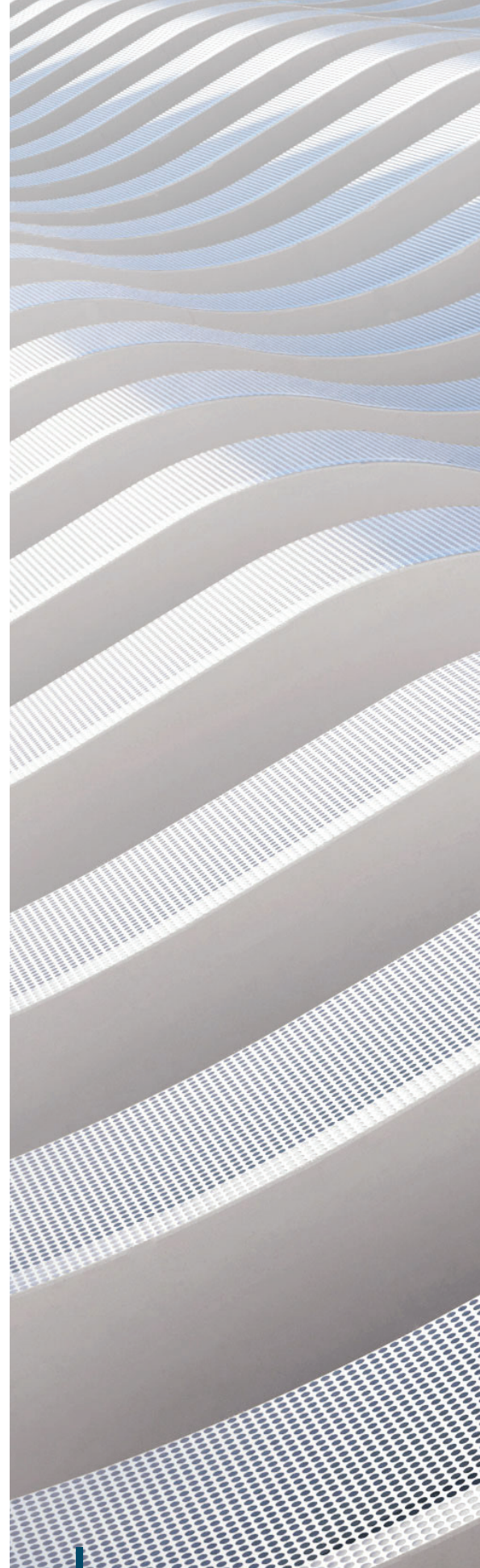
# INTRODUCTION

Bullpen Research & Consulting Inc., a residential real estate advisory firm, and Batory Management, a land-use planning and project management firm, have teamed up to review and provide projections on Greater Toronto Area (GTA) high-density land transactions 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 at the site based on neighbourhood precedence and the existing planning framework. If the project has not actively launched for sale, Bullpen will make a revenue assumption for the project on an average price per-square-foot (psf) basis based on market comparables, projected height, 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 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 (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 Q2-2019

In Q2-2019, Bullpen and Batory reviewed 37 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 \$104 per-buildable-sf. Bullpen estimated residential condominium apartments at those projects could sell their units at an overall average price of approximately \$883 psf at the time of the land sale, which indicates that developers paid for land at about 12% of expected revenue in the second quarter (10% when using a straight average).

## Q2-19: \$104 per-buildable-sf

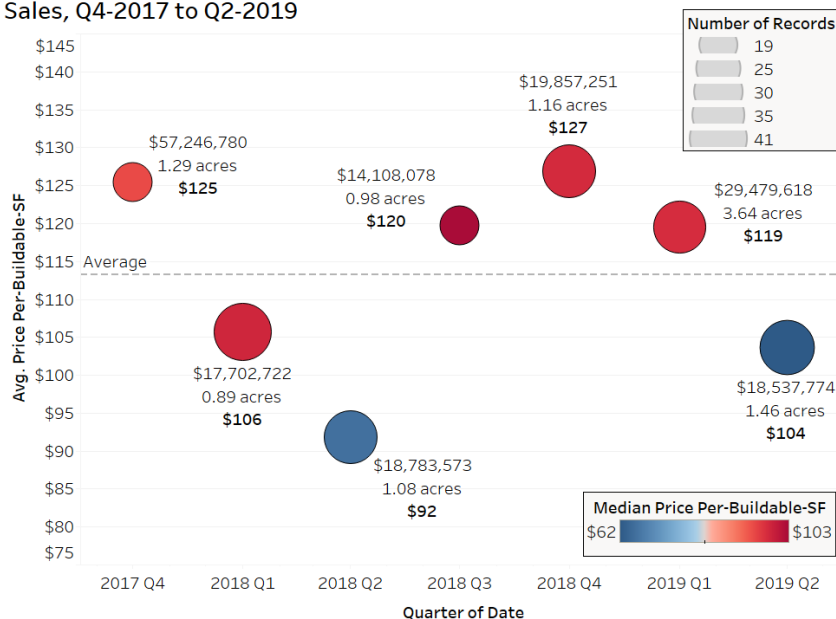
## HISTORICAL LAND SALE DATA

**Figure 1** looks at historical high-density land sale data from the fourth quarter of 2017 to the end of Q2-2019, which shows the average price of the properties, the average size of the lands transacted (in acres), and the average estimated price per-buildable-sf.

Land prices in Q2-2019 are up 13% annually, from \$92 per-buildable-sf in the second quarter of 2018, but are down 13% quarter-over-quarter. The Q2-2019 value of \$104 per-buildable-sf is below the seven quarter average of \$113 per-buildable-sf.

The median per-buildable-sf value land price of \$62 in Q2-2019 is the lowest since Bullpen and Batory began tracking the data in Q4-2017.

**Figure 1: Average Price Per-Buildable-SF by Quarter, GTA High-Density Land Sales, Q4-2017 to Q2-2019**

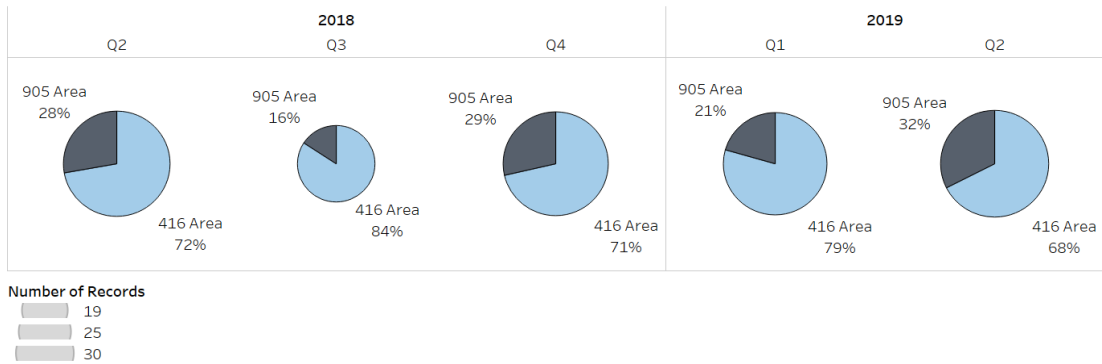


# Urban versus Suburban

The lower average per-buildable-sf price in Q2-2019 is in part due to the high number of transactions occurring in the suburban GTA markets. **Figure 2** looks at the percentage of high-density land sales in the '905 area' versus the '416 area' from Q2-2018 to Q2-2019 in the GTA.

In the second quarter of 2019, 32% of transactions were in the 905 area, the highest share since at least Q4-2017.

Figure 2: Share of High-Density Land Transactions by Area, GTA, Q2-2018 to Q2-2019

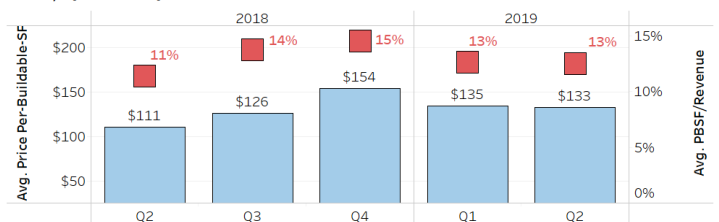


**Figure 3** spits the data for the '416' (or City of Toronto) area versus the '905' (or suburban) area since Q2-2018, showing the average price per-buildable-sf, and the relationship between the average land price per-buildable-sf to Bullpen and Batory's average revenue per-square-foot estimate (expressed as a percentage). Land prices are on the left axis, while the land-to-revenue ratio is on the right axis.

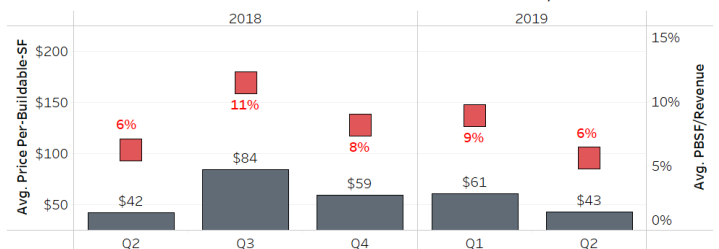
416 area lands sold for about \$133 per-buildable-sf on average in Q2-2019, with purchasers paying for property at about 13% of expected revenue, nearly identical on both fronts to the first quarter (\$135, 13%). The suburban projects sold for \$43 per-buildable-sf in Q2-2019 or 6% of revenue, down from the first quarter (\$61, 9%), but virtually the same as the second quarter of 2018 (\$42, 6%).

As we've mentioned in previous reports, because there is greater price upside in Toronto, and typically higher demand (lower absorption risk), developers are willing to pay more for land as a percentage of today's revenue. Another major factor is higher development charges in many of the 905 municipalities. When the market slows, investors concentrate on quality locations only, where there is adequate transit, high concentration of jobs, and ample supply of potential tenants - these are typically "inner-416" projects.

Figure 3: Per-Buildable-SF Land Values & Land as a Share of Revenue, 416 Area, Q2-18 to Q2-19



Per-Buildable-SF Land Values & Land as a Share of Revenue, 905 Area



# INDIVIDUAL TRANSACTIONS BY POSTAL CODE AND NEIGHBOURHOOD

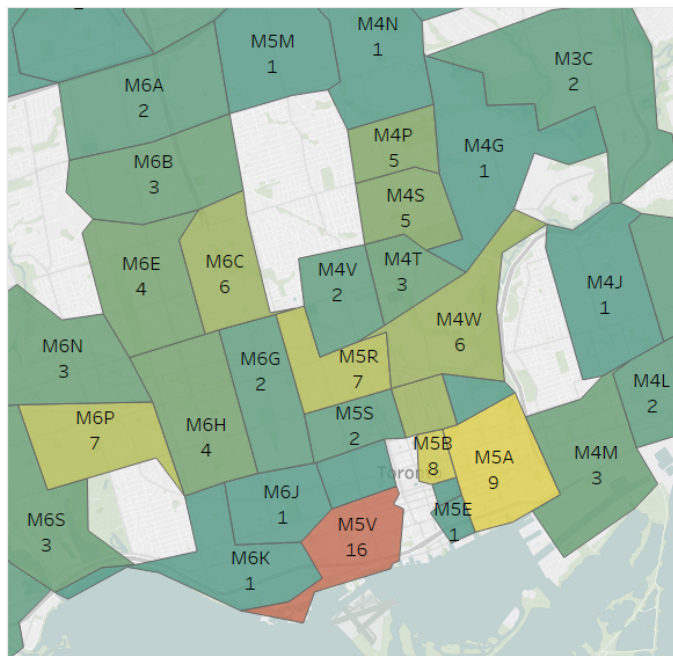
Figure 4 shows where the majority of the high-density land transactions have occurred in the GTA by postal code since Q4-2017.

There have been 16 transactions in M5V, which includes the Entertainment District, King West and part of Cityplace. Lands have traded in M5V for just under \$160 per-buildable-sf since the fourth quarter of 2017.

There have been nine transactions in M5A, which includes Corktown, the Distillery District, Regent Park at the western waterfront area - four neighbourhoods with very different value propositions. Overall, lands have traded for just under \$100 per-buildable-sf in this postal code.

The third most active postal code is M5B, which includes the Village neighbourhood, properties in proximity to Ryerson University, and parts of the downtown core/downtown east area. This area has commanded slightly higher land prices than M5V at \$166 per-buildable-sf.

Figure 4: Number of High-Density Land Transactions by Postal Code, GTA, Q4-2017 to Q2-2019



Postal Code	Number of Trades	Postal Code	Avg Price Per-Buildable-SF
M5V	16	M5V	\$158
M5A	9	M5A	\$97
M5B	8	M5B	\$166
L3R	7	L3R	\$48
M5R	7	M5R	\$283
M6P	7	M6P	\$97
L4C	6	L4C	\$35
L7R	6	L7R	\$56
M4W	6	M4W	\$223
M4Y	6	M4Y	\$147
M6C	6	M6C	\$152
M8Z	6	M8Z	\$66
M4P	5	M4P	\$221
M4S	5	M4S	\$178
L5B	4	L5B	\$43
M2K	4	M2K	\$81
M2N	4	M2N	\$105
M6E	4	M6E	\$148
M6H	4	M6H	\$147



# Q2-2019 Transactions by Neighbourhood

Figure 5 presents a further breakdown of the Q2-2019 transactions by neighbourhood, which includes Bullpen and Batory's 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 deal may have been struck several months (in rare occurrences, years) before the actual closing date.

There are a number of transactions that particularly stand out in terms of their per-buildable-sf price, and their high land price as a percent of expected revenue. Several of these transactions are discussed below.

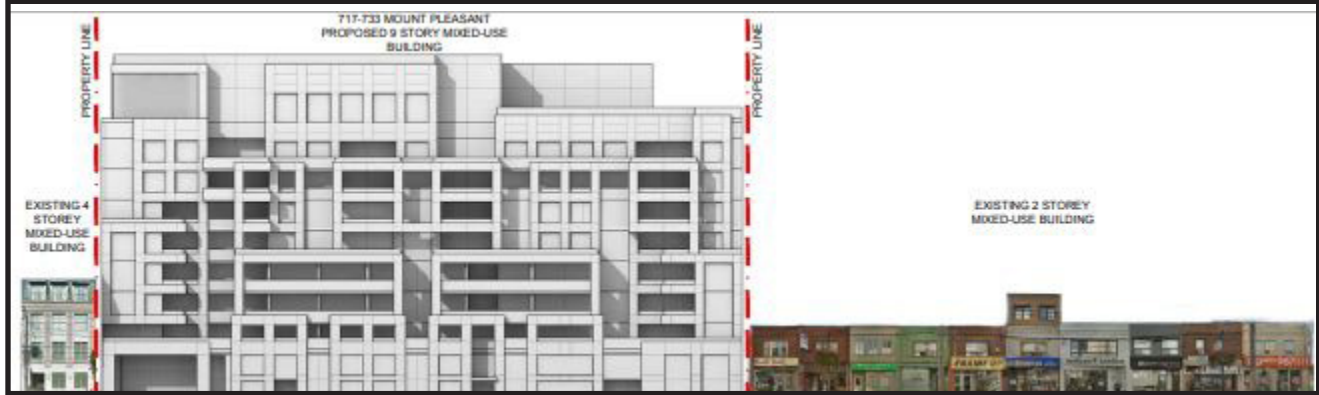
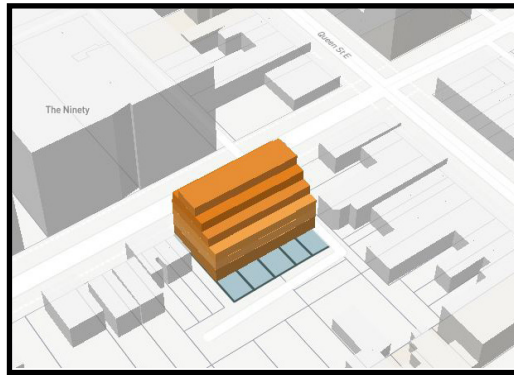
In the Entertainment District, 46 Charlotte Street and 355 Adelaide Street West recently sold to Go-To Developments for \$74.3M. This report includes the GFA for the previous application for 46 Charlotte Street only (which was recently refused by the LPAT in October 2018), resulting in a price of \$414 per-buildable-sf. Go-To Developments will likely submit a new development application for the larger assembly that could exceed 50-storeys and 240,000 sf of GFA, which would reduce the per-buildable-sf price to \$309 per-buildable-sf. The developer's website mentions that they're targeting approvals for Q1-2021.

Figure 5: Summary Data on High-Density Land Transactions by Neighbourhood, GTA, Q2-2019

Month of Date	Neighbourhood	Number of Records	Avg. Size (Acres)	Avg. Total GFA	Avg. Storeys	Avg. Price	Avg. Price per-buildable-SF	Avg. Est Revenue PSF	Avg. PBSF/Revenue	
April	Aldershot	1	1.3	131,844	6	\$3,300,000	\$25	\$725	3.5%	
	Cliffcrest	1	0.3	180,360	8	\$1,400,000	\$33	\$625	5.3%	
	Cooksville	1	0.3	302,251	38	\$3,505,607	\$12	\$665	1.7%	
	Entertainment District	1	0.3	179,442	46	\$74,250,000	\$414	\$1,375	30.1%	
	Greektown	1	0.1	19,341	6	\$1,500,000	\$78	\$855	9.1%	
	Milliken	2	1.3	586,318	30	\$17,500,000	\$30	\$685	4.3%	
	Mimico	1	2.0	800,264	36	\$89,938,727	\$112	\$845	13.3%	
	Mississauga City Centre	1	0.3	1,008,750	50	\$4,500,000	\$62	\$775	8.0%	
	Morningside	1	2.8	732,853	30	\$19,700,000	\$27	\$715	3.8%	
	North Oakville	1	1.4	148,961	8	\$2,490,092	\$17	\$675	2.5%	
	North Scarborough	1	1.7	1,206,960	34	\$25,000,000	\$21	\$788	2.6%	
	North York City Centre	1	1.9	620,730	28	\$39,500,000	\$64	\$1,025	6.2%	
	Riverdale	1	0.2	31,070	6	\$10,985,000	\$354	\$1,065	33.2%	
	Stockyards	1	2.6	234,030	11	\$3,355,000	\$14	\$805	1.8%	
	The Annex	1	0.2	57,088	9	\$12,625,000	\$283	\$1,575	18.0%	
	The Queensway	1	2.9	762,387	18	\$30,000,000	\$39	\$775	5.1%	
	Unionville	1	14.5	1,119,457	25	\$92,000,000	\$82	\$770	10.7%	
	West Deane Park	1	4.2	1,093,530	23	\$23,123,200	\$21	\$740	2.9%	
	Yonge & Eglinton	1	0.4	210,681	34	\$39,150,000	\$186	\$1,125	16.5%	
	<b>Total</b>	<b>20</b>	<b>2.0</b>	<b>500,632</b>	<b>24</b>	<b>\$25,566,131</b>	<b>\$95</b>	<b>\$865</b>	<b>9.1%</b>	
May	Eglinton West	1	0.1	34,011	8	\$2,700,000	\$199	\$890	22.4%	
	Junction Triangle	1	1.0	161,390	11	\$16,000,000	\$99	\$925	10.7%	
	King West	1	0.2	58,814	19	\$17,250,000	\$293	\$1,185	24.8%	
	Midtown Toronto	1	0.2	120,567	9	\$9,000,000	\$327	\$1,050	31.1%	
	Mississauga City Centre	1	1.0	2,278,798	45	\$4,000,000	\$22	\$695	3.2%	
	North York City Centre	1	0.7	127,686	9	\$17,800,000	\$139	\$1,000	13.9%	
	Rexdale	1	0.8	81,957	5	\$2,275,000	\$28	\$615	4.5%	
	South Burlington	1	1.3	1,200,000	19	\$8,500,000	\$46	\$740	6.3%	
	South Midtown	1	0.1	30,160	8	\$6,750,000	\$224	\$1,275	17.6%	
	Unionville	1	0.2	88,971	6	\$3,500,000	\$134	\$835	16.0%	
	<b>Total</b>	<b>10</b>	<b>0.6</b>	<b>418,235</b>	<b>14</b>	<b>\$8,777,500</b>	<b>\$151</b>	<b>\$921</b>	<b>15.0%</b>	
	June	Downsview	1	0.8	380,714	12	\$18,250,000	\$48	\$810	5.9%
		Downtown West	1	0.3	709,267	39	\$9,900,000	\$91	\$1,015	9.0%
Eglinton West		1	1.2	267,567	14	\$15,500,000	\$58	\$885	6.5%	
Forest Hill		1	0.0	210,000	33	\$1,550,000	\$87	\$990	8.8%	
Richmond Hill		2	3.1	814,746	20	\$20,000,000	\$27	\$813	3.4%	
Willowdale		1	0.1	153,992	8	\$1,600,000	\$82	\$860	9.6%	
<b>Total</b>		<b>7</b>	<b>1.2</b>	<b>478,719</b>	<b>21</b>	<b>\$12,400,000</b>	<b>\$60</b>	<b>\$884</b>	<b>6.7%</b>	
<b>Grand Total</b>	<b>37</b>	<b>1.5</b>	<b>474,217</b>	<b>21</b>	<b>\$18,537,774</b>	<b>\$104</b>	<b>\$883</b>	<b>10.3%</b>		

In Riverdale, within the southeast quadrant of Queen Street East and Broadview Avenue, a small assembly of land been put together, totaling 0.2 acres. Using these properties, our friends at Ratio City assessed the development potential of the site and created a massing for a 6-storey building with 31,070 sf of GFA.

This results in a land price of \$354 psf, and a share of revenue at 33%. It is likely that these lands are only part of a larger assembly that would increase the development potential of the site and lower the blended per-buildable-sf.



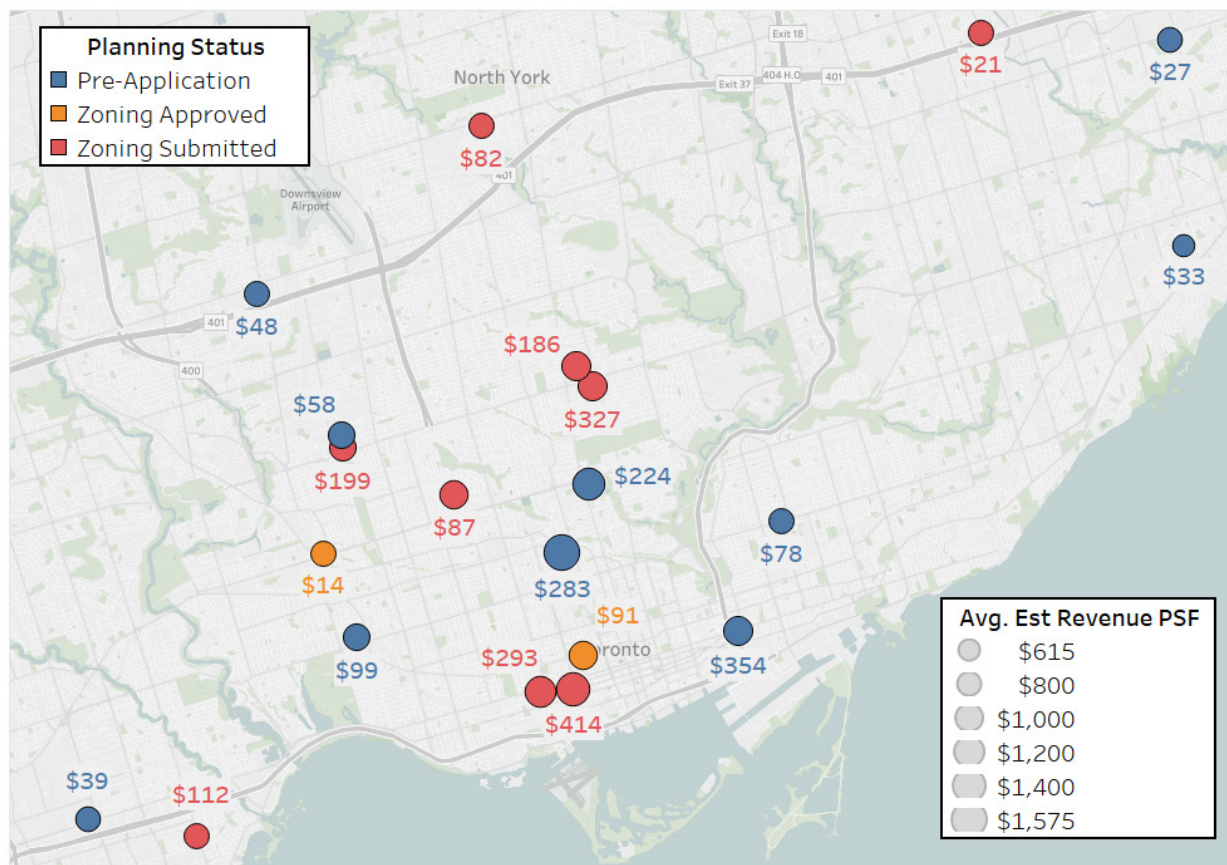
In Midtown Toronto, a development application has been submitted for 717 to 733 Mount Pleasant Road for a 9-storey, 94-unit residential building with about 120,000 sf of GFA. The 719 and 723 Mount Pleasant properties traded in Q2-2019 for \$9 million. These two properties total 0.166 acres and account for 23% of the assembly or 27,533 sf of the GFA, and therefore equal \$327 per-buildable-sf (\$9M/27,533). However, the other two properties that make up the assembly were purchased for \$10.25 million, meaning the blended price of the site (\$19.25M/120,567) is equal to \$160 per-buildable-sf.

# SPATIAL DISTRIBUTION OF HIGH-DENSITY LAND SALES

Figure 6 maps the second quarter Toronto land sales, showing the transaction values on a per-buildable-sf foot basis, with the colour of the marker indicating the current planning status, and the size of the marker indicating the estimated average revenue per-square-foot.

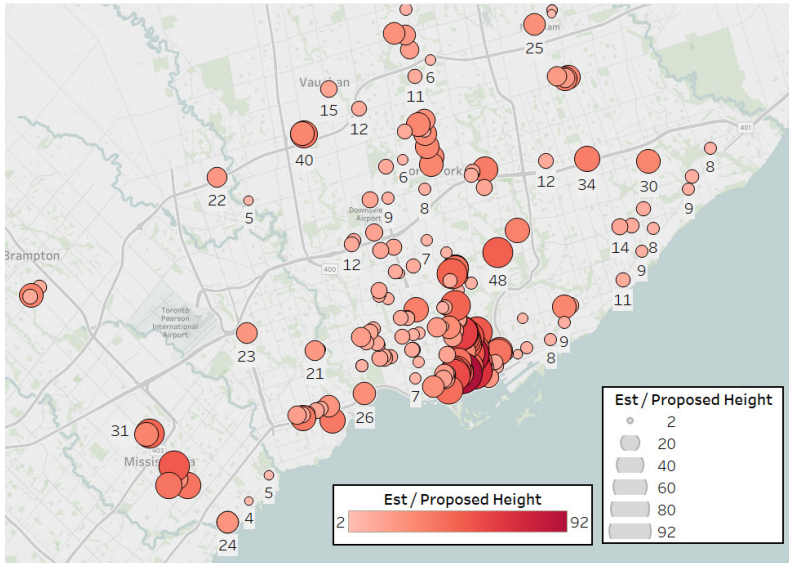
There were almost as many land sales where zoning has already been submitted, as there were pre-application sites in the Toronto area.

Figure 6: Location and Estimated Price Per-Buildable-SF for High-Density Land Sales, Toronto, Q2-2019



To provide some additional context, **Figure 7** zooms out and looks at land sales since Q4-2017, with the size and colour of the markers indicating the estimated or proposed height of the apartment project that could (or is currently being) built at the individual development sites.

Figure 7: Estimated Height of Future Development Projects at the Location of High-Density Land Sales, GTA, Q4-2017 to Q2-2019



The majority of the transactions occurred in Toronto along the subway lines and up the Yonge Street spine into northern York Region. Surprisingly, a lack of transactions took place in East York and Scarborough, especially considering that the Eglinton Crosstown LRT is expected to spur new development.

# BATORY

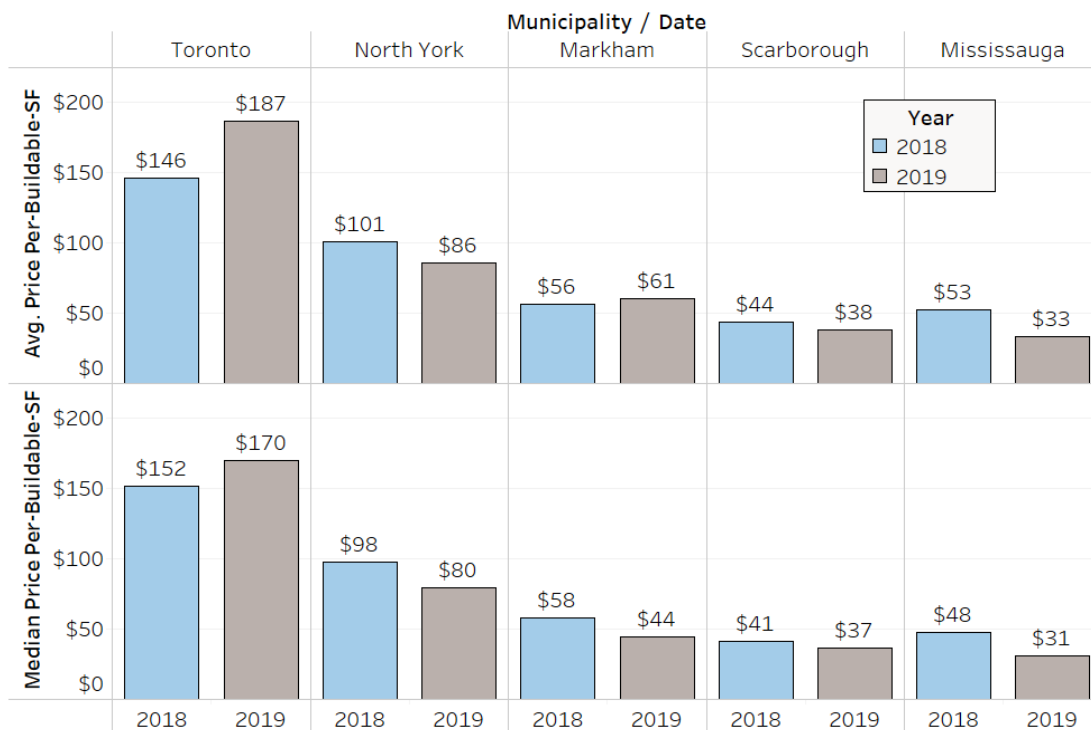
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# PER-BUILDABLE-SF VALUES BY MUNICIPALITY

Figure 8 presents data on the average price per-buildable-sf for municipalities (Toronto is broken out into its former municipalities, prior to amalgamation), for 2018 overall and in the first half of 2019 (includes areas with five or more transactions in each period).

Figure 8: Average and Median Prices Per-Buildable-SF for Municipalities with Five or More High-Density Land Sales by Year, GTA, January 2018 to June 2019

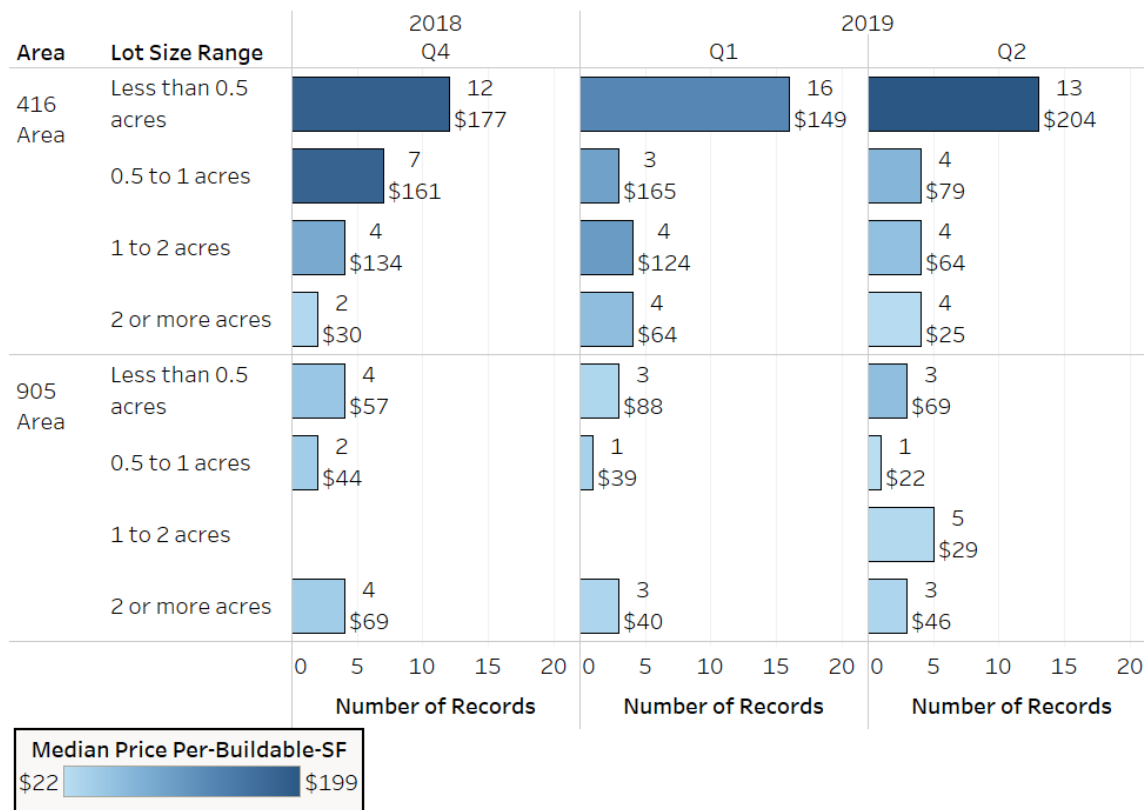


The average price per-buildable-sf in Toronto rose 28% annually while the median price per-buildable-sf increased by 12%. However, in most of the other markets, the average and median land value declined in 2019 versus 2018 (the average in Markham being the only exception).

# PER-BUILDABLE-SF VALUES BY LOT SIZE RANGE

One of the reasons suburban municipalities experienced per-buildable-sf price declines in 2019 is an increase in sales of larger multi-phased projects. **Figure 9** presents data on the number of transactions by area and lot size range over the last three quarters, representing an increase in '905 area' transactions over one acre.

**Figure 9: Number of Transactions and Average Price Per-Buildable-SF for High-Density Land Sales by Area, GTA, Q4-2018 to Q2-2019**



The larger the lot size, the more likely it is to be in a non-prime location, leading to lower per-buildable-sf values. Additionally, large sites often have multiple towers which take longer to develop, meaning there are higher costs to hold the land, and higher risk that market conditions will change over time, leading to lower prices per-buildable-sf as subsequent phases are discounted.

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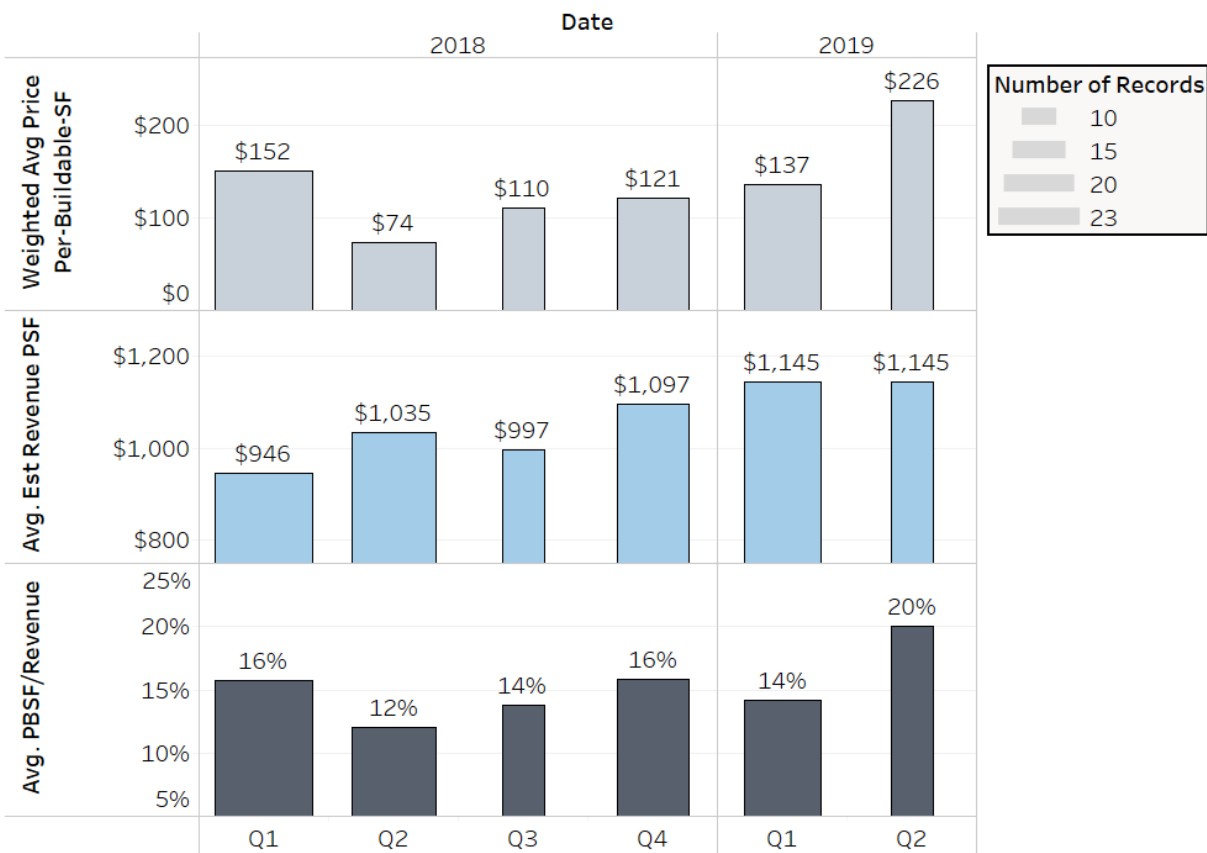


TREZ CAPITAL

# LAND PRICES IN THE FORMER CITY OF TORONTO

Concentrating on the former City of Toronto (or old Toronto) can provide us with a better understanding of land values for the most desirable high-density properties in the GTA. **Figure 10** presents data on the average land price per-buildable-sf, the average estimated revenue those projects could achieve in today's market (includes selling prices for sites that have already launched), and the land-to-revenue ratio. Please note that for the top panel, a weighted average was used, while straight averages were used for the 2nd and 3rd panels in the chart below.

Figure 10: Summary Land Sale Data, Former City of Toronto, Q1-2018 to Q2-2019





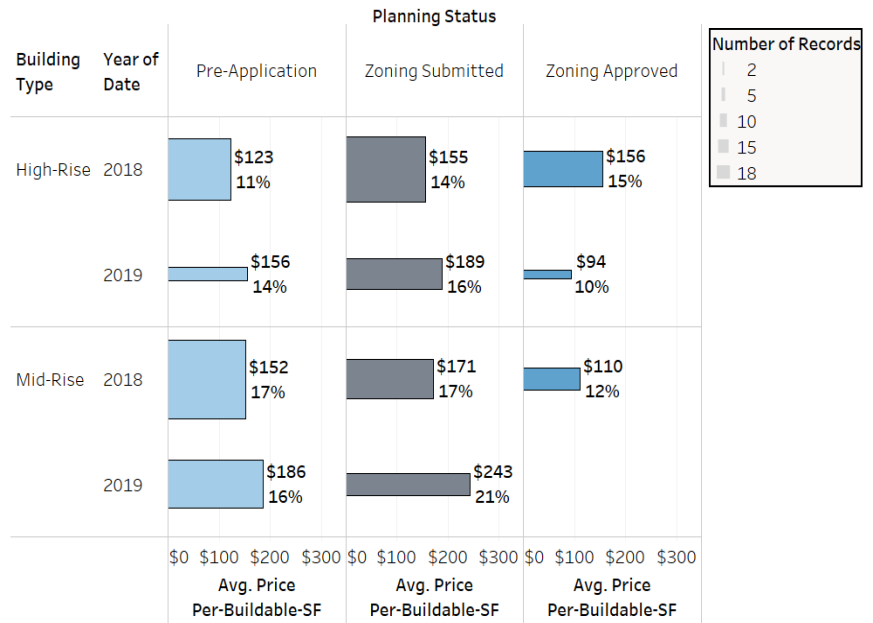
# By Building Type and Planning Status

Two factors that heavily impact land values are the type of building that can be built on the lands, and what stage of approvals the lands are in.

**Figure 11** presents data on average per-buildable-sf values by building type with 5-16 storey developments categorized as mid-rise, and 17-storey or higher projects categorized as high-rise.

The data in the chart below is also broken out by planning status and year the land traded hands - the width of the bar indicates the number of transactions in that category.

Figure 11: High-Density Land Prices by Building Type, Planning Status and Year Traded, Former City of Toronto, January 2018 to June 2019



When examining 2019 average values versus 2018 average values for former City of Toronto land transactions, high-rise pre-application site prices are up 27%, while mid-rise pre-application site prices are up 22%. For sites where a development application has been submitted but no approvals are currently in place, high-rise sites are up 22% in 2019 compared to 2018 overall, while mid-rise sites are up 43%. It should be noted that this does not represent an apples-to-apples comparison, as the composition of transactions are very different year-to-year, but it is clear that land prices are still increasing at a hefty pace in Toronto.

Based on the summary data, developers will pay about 22% to 25% more for a site where there is an active development application, versus a pre-application site.

In terms of land as a percent of revenue, land buyers (typically developers) have paid around 11% to 15% for high-rise lands and 16% to 20% for mid-rise properties.

# SAMPLE TRANSACTIONS

## 29-31 Pleasant Boulevard

29 Pleasant Boulevard in midtown Toronto is located directly across from the Yonge and St. Clair subway station. The 0.14 acres vacant development land was previously slated to become a small office, as can be seen by the renderings from the Avison Young sales package below.

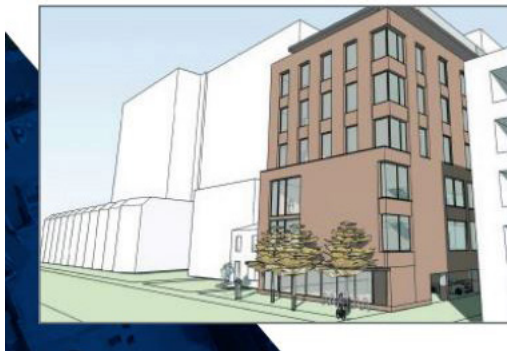
FRONT VIEW



VIEW LOOKING NORTHWEST



VIEW LOOKING SOUTH EAST



LOOKING WEST ALONG  
OPPOSITE SIDEWALK

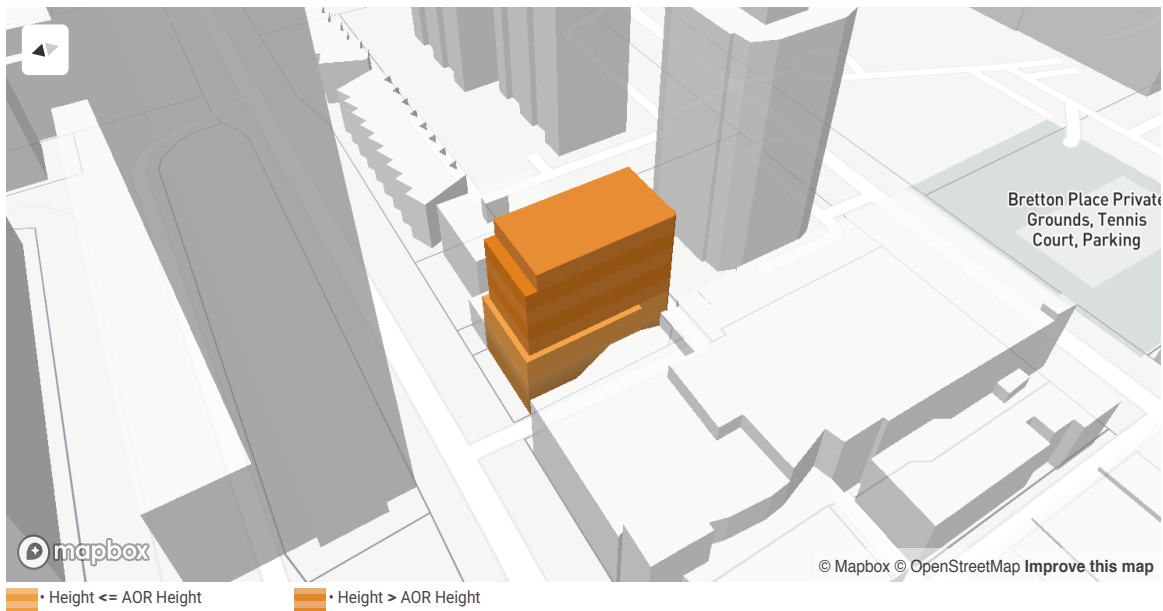


The property closed in May of 2019 for \$6.75 million, and Ratio.City looked at the development potential of the site, preparing a massing for an 8-storey residential apartment with 30,000 sf of GFA. This would result in a per-buildable-sf land value of \$224. Bullpen estimated that a new condominium in this location would command an average overall price per-square-foot of \$1,275 psf, resulting in land valued at 18% of revenue.

However, it is likely that the development partnership here is considering acquiring 33 and 39 Pleasant Boulevard for a larger development assembly, which could potentially lower the blended land value per-buildable-sf.

# 29-31 Pleasant Boulevard

## DEVELOPMENT POTENTIAL: 29-31 Pleasant Blvd Toronto, ON



### SELECTED PARCELS

**29-31 Pleasant Blvd** - 6,010 sf  
R (d2.0) (x944) - Apartment Neighbourhoods

### DEVELOPMENT POTENTIAL

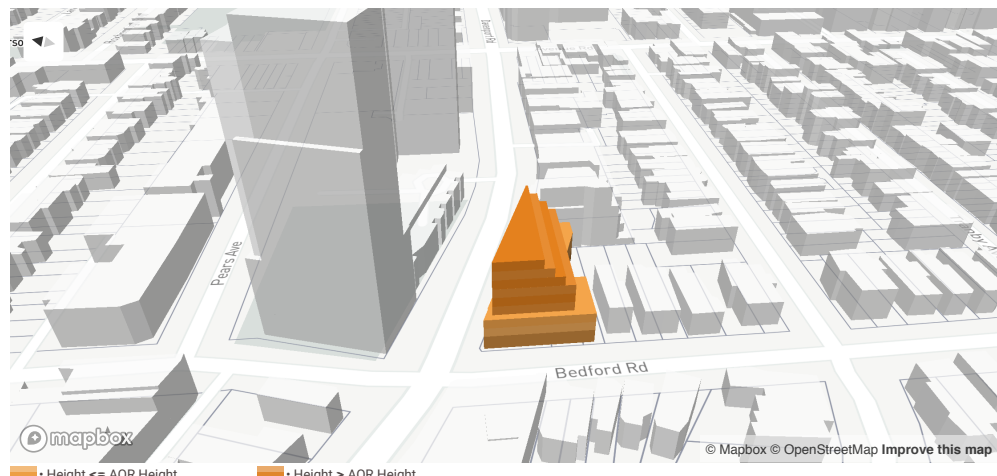
<b>HEIGHTS</b>	AOR Height		16 m
	Proposed Height	8 Storeys	27.0 m
<b>AREAS</b>	Total Site Area		6,008 sf
	Estimated Site Coverage		81 %
	Total GCA		35,482 sf
	Estimated GFA	85% GCA	30,160 sf
	Estimated NSA	75% GCA	26,612 sf
<b>Average Floorplate GCA</b>		Podium	4,866 sf
		Tower	4,177 sf
<b>FAR</b>			<b>5.0 x</b>

# 143 Bedford Road

A small land assembly that includes 143 Bedford Road and 287 Davenport Road was closed in the second quarter of 2019 (the middle property, 145 Bedford Road was previously acquired). The two properties that traded in Q2-2019 sold for \$12.63 million combined, with these lands making up 78% of the assumed assembly.

Ratio.City's development mock-up sees a potential building of 9-storeys with 57,000 sf of GFA. Bullpen Consulting expects the development to target luxury buyers and estimates that an overall average price per-square-foot of \$1,575 psf is appropriate based on current market conditions. The Q2-19 lands sold for \$283 per-buildable-sf or 18% of the estimated revenue.

DEVELOPMENT POTENTIAL:  
**143 Bedford Rd**  
**Toronto, ON**



SELECTED PARCELS	
<b>143 Bedford Rd</b> - 3,161 sf R (d1.0) (x471) • Mixed Use Areas	
<b>145 Bedford Rd</b> - 4,708 sf R (d1.0) (x471) • Mixed Use Areas	
<b>287 Davenport Rd</b> - 6,604 sf CR 2.0 (c2.0; r1.5) SS2 (x2357) • Mixed Use Areas	

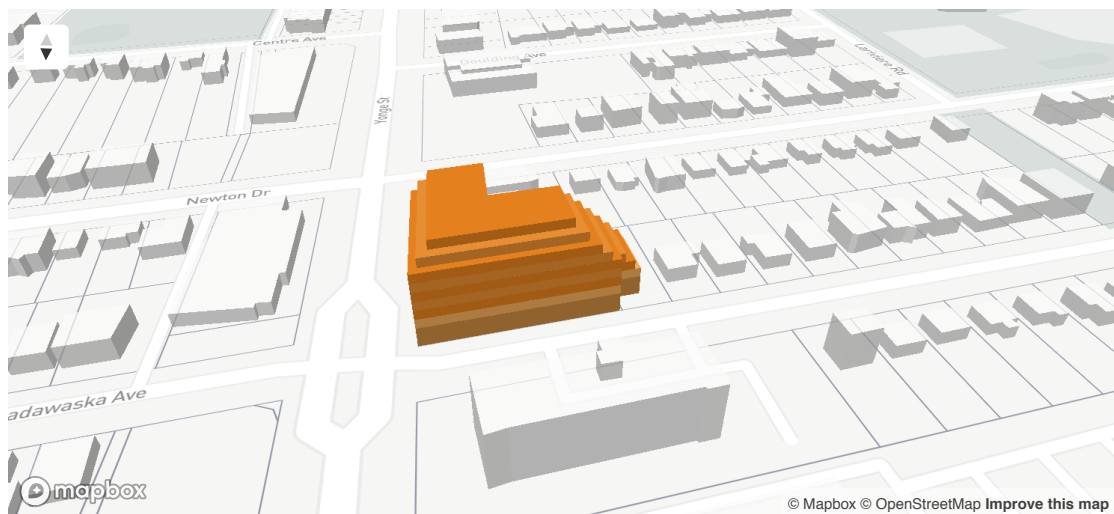
DEVELOPMENT POTENTIAL			
<b>HEIGHTS</b>	AOR Height		12 m
	Proposed Height	9 Storeys	28.5 m
<b>AREAS</b>	Total Site Area		14,473 sf
	Estimated Site Coverage		77 %
	Total GCA		67,162 sf
	Estimated GFA	85% GCA	57,088 sf
	Estimated NSA	75% GCA	50,371 sf
	Estimated Unit Count	646 sf avg	77 units
	Average Floorplate GCA	Podium: 11,092 sf Tower: 4,841 sf	
<b>PARKING</b>	Parking Spaces Required	1:1 Unit	77 spaces
	Parking Spaces Per Level		33 spaces
	Underground Parking Levels		2.4 levels
<b>FAR</b>			<b>3.9 x</b>

# 6180-6200 Yonge Street

The development assembly that included 6200 Yonge Street and 11 Moore Street closed in the second quarter of 2019 in the North York City Centre area, just south of Steeles Avenue. The preliminary concept devised by Ratio.City envisions a 9-storey apartment with just under 127,000 sf of GFA.

The combined 0.7- acre site sold for \$17.8 million, or \$139 per-buildable-sf based on the GFA projection. Based on recent new condo launch activity, Bullpen believes that a currently active development could sell suites at an overall average price of \$1,000 psf at this location, which translates into a land-to-revenue ratio of 14%.

## DEVELOPMENT POTENTIAL: 6180-6200 Yonge St Toronto, ON



SELECTED PARCELS		DEVELOPMENT POTENTIAL	
<b>6180-6200 Yonge St</b> - 24,108 sf CR 1.0 (c1.0; r1.0) SS3 (x2565) ■ Mixed Use Areas		<b>HEIGHTS</b>	AOR Height 10 m
<b>11 Moore Park Ave</b> - 6,597 sf RD (f15.0; a610) (x5) ■ Neighbourhoods			Proposed Height 9 Storeys 30.3 m
		<b>AREAS</b>	Total Site Area 30,703 sf
			Estimated Site Coverage 62 %
			Total GCA 150,219 sf
			Estimated GFA 85% GCA 127,686 sf
			Estimated NSA 75% GCA 112,664 sf
			Average Floorplate GCA 16,691 sf
		<b>FAR</b>	Podium Tower 4.2 x

## 89 Avenue Road

Bullpen and Batory reported on the 89 Avenue Road land sale in Q4-2018. The site sold for \$31 million and based on the potential square footage proposed by the previous owner (~104,000 sf of GFA), the site was reported as trading for \$297 per-buildable-sf. In April 2019, a Site Plan Control Application to permit a 20-storey building with 88,339 sf of GFA with four levels of below grade parking was submitted to the municipality. The updated price per-buildable-sf is now \$351 per-buildable-sf.



## 2946 Dundas Street West

In our Q4-2017 report we reported on a Junction land sale at 2956 to 2968 Dundas Street West that traded for \$10.85 million. Batory estimated that the site could accommodate a 12-storey building with 115,000 sf of GFA, translating into a land price of \$94 per-buildable-sf.

However, the full assembly includes 2946 Dundas Street West, which was acquired for \$8.08 million in late 2017. In 2019, a Zoning By-Law Amendment application was submitted for an 8-storey mixed-use building, comprised of 102 residential units, as well as office and retail uses. There is approximately 189,662 square feet of GFA proposed, which translates into a blended land price of \$100 per-buildable-sf.



## 253 Queen Street East

In Q2-2018, U Developments purchased 253 Queen Street East, a nearly four-acre property in Brampton. Given the location of the site outside of the more walkable downtown area, the size of the site, and the general softness of the Brampton new condominium apartment market, Batory estimated that the site could accommodate 340,000 sf of GFA in multiple buildings up to 11-storeys. This assumption resulted in a per-buildable-sf land price of \$45.

In the second quarter of 2019, the developer submitted a much more aggressive application, proposing three high-rise towers - with heights of 46, 32 and 30-storeys. The development calls for 998 residential units, and 1,272 parking spaces. The total GFA proposed is a whopping 992,915 sf, reducing the land price to just \$15 per-buildable-sf.



# FINAL THOUGHTS

The average price for high-density lands per-buildable-sf declined quarter-over-quarter, but has increased year-over-year. However, given the diverse locations, varying planning approvals, holding income, construction constraints, and fluctuating development costs, it is very difficult to compare high-density land prices on a GTA-level.

When the data within this report is segregated by municipality, it shows that properties in the former City of Toronto continue to appreciate in value, while there is some softness in all other areas. The slower level of appreciation in suburban markets is a bit surprising, given the number of very successful new condominium apartment launches in Oakville, Mississauga, Vaughan and Markham this year. The pre-construction sales market is not booming to the same extent as 2017, but appropriately-priced projects are experiencing strong sales.

A couple projects with overly-aggressive pricing have had trouble moving units - it is important for the overall health of the market that investors and end-user buyers avoid overpriced projects that can potentially reset prices at unsustainably high levels. When price growth is too high, investors can't lease their units out for cash flow, and land vendors adjust their asking prices based on residual value. Land owners capture a big share of the value growth (by doing nothing). Steady price growth reduces risks for investors, developers and lenders and shrinks the probability of a major market disruption.

We may see more transactions in the second half of 2019 as the new provincial government's Bill 108 is expected to bring back the old OMB-appeals system and create a more predictable development fee structure. These two changes could significantly reduce development risk and entice more developers to purchase projects in areas they might not have considered previously. The recent sales success of Merge Condos in south Scarborough at over \$700 psf could lure more developers into this often neglected part of Toronto.

Despite a few outliers, developers continue to underwrite deals conservatively, with the average land-to-revenue ratio in the GTA at 10% to 12% in 2019, which is down from 2018. Bullpen and Batory will continue to monitor land transaction activity to see if Bill 108 encourages developers and other real estate buyers to become more bullish with their apartment proforma assumptions and revenue projections.



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APPRAISAL

## Bullpen Consulting & Liverpool Appraisal are Teaming Up!

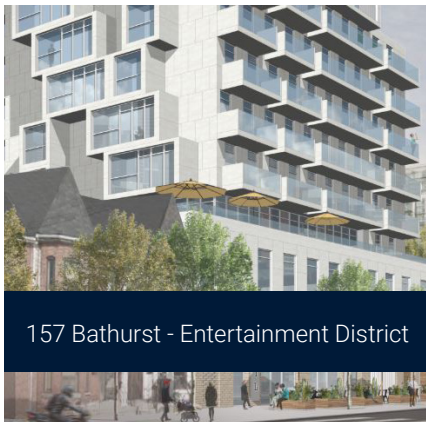
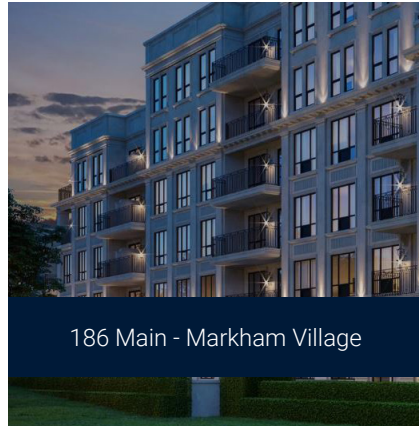
Liverpool Appraisal provides independent real estate valuation, appraisal and consulting services in the GTA. Liverpool Appraisal has partnered with Bullpen Research & Consulting to provide expertise on residential development projects in the GTA. With our combined expertise, we are able to provide a wide-ranging, holistic view of the market. With accreditation in the Appraisal Institute of Canada, our reports are suitable for securing financing, determining cash-in-lieu payments, or to provide valuable insights for decision makers.

Ben Myers  
**Bullpen Consulting**  
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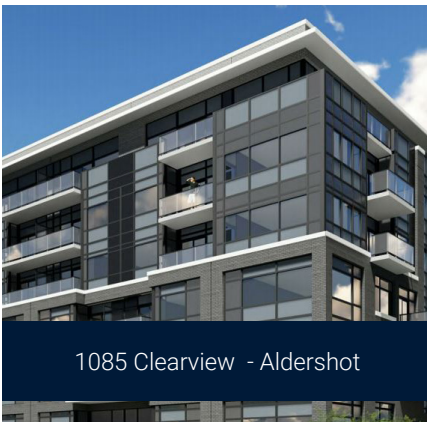
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# AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES



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We welcome Tony Irwin to the show as we discuss Rent Control and the impact of BILL 108.



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PURPOSE-BUILT SHOWCASE

A interactive tour of "The Montgomery", Rockport Group's latest purpose-built project.



**BEN MYERS**  
COAST TO COAST

A look at monthly asking rents, and the breakdown of rental listings by bedroom type and unit size.



**SAMANTHA SAVOIA**  
OUT & ABOUT

Catch all the action from the Greenwin Cares Golf Classic and the FRPO Charity Golf Classic.



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