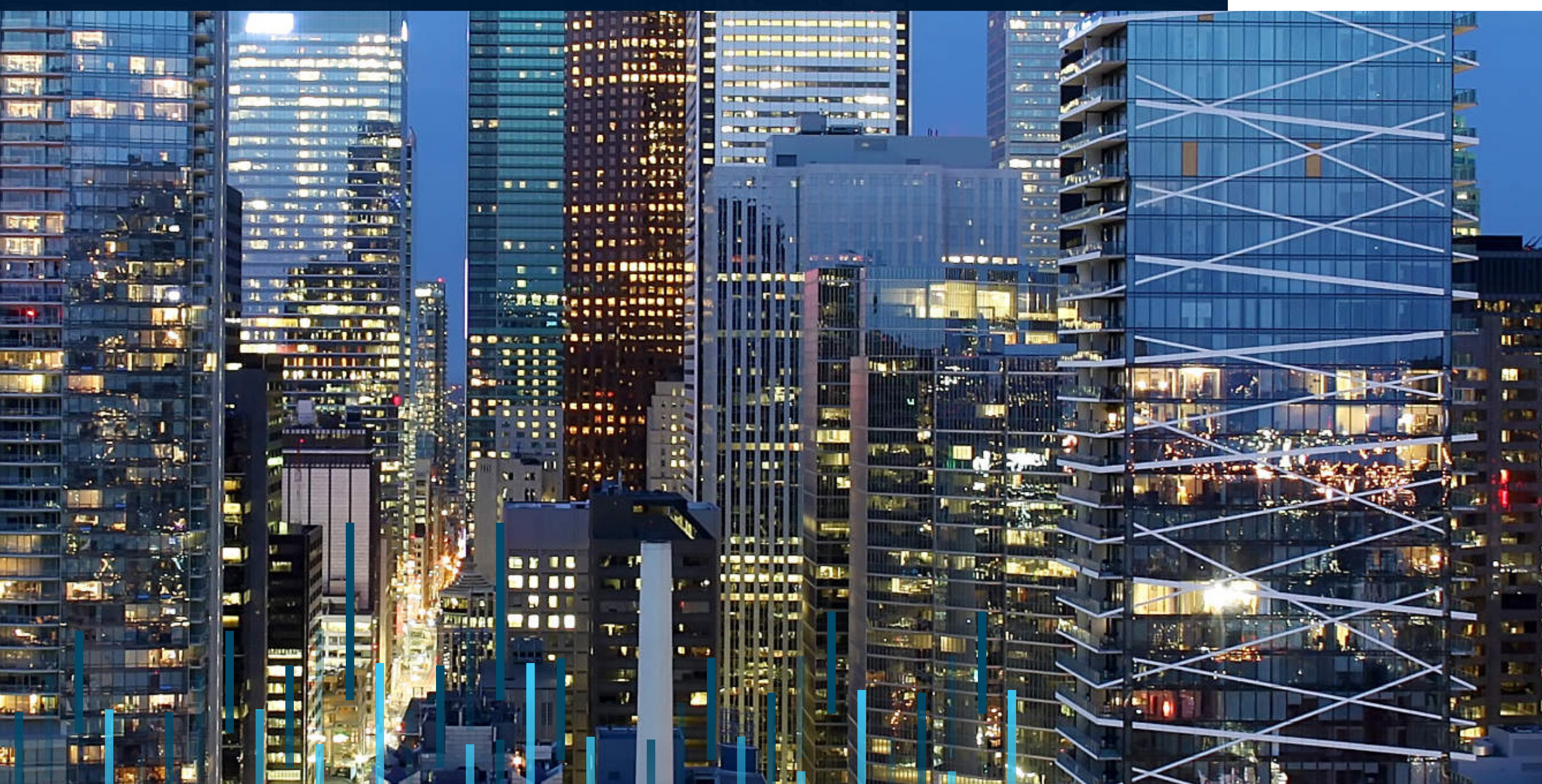
GTA HIGH RISE LAND INSIGHTS REPORT

Q2 - 2020

Published August 2020



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BATORY Management

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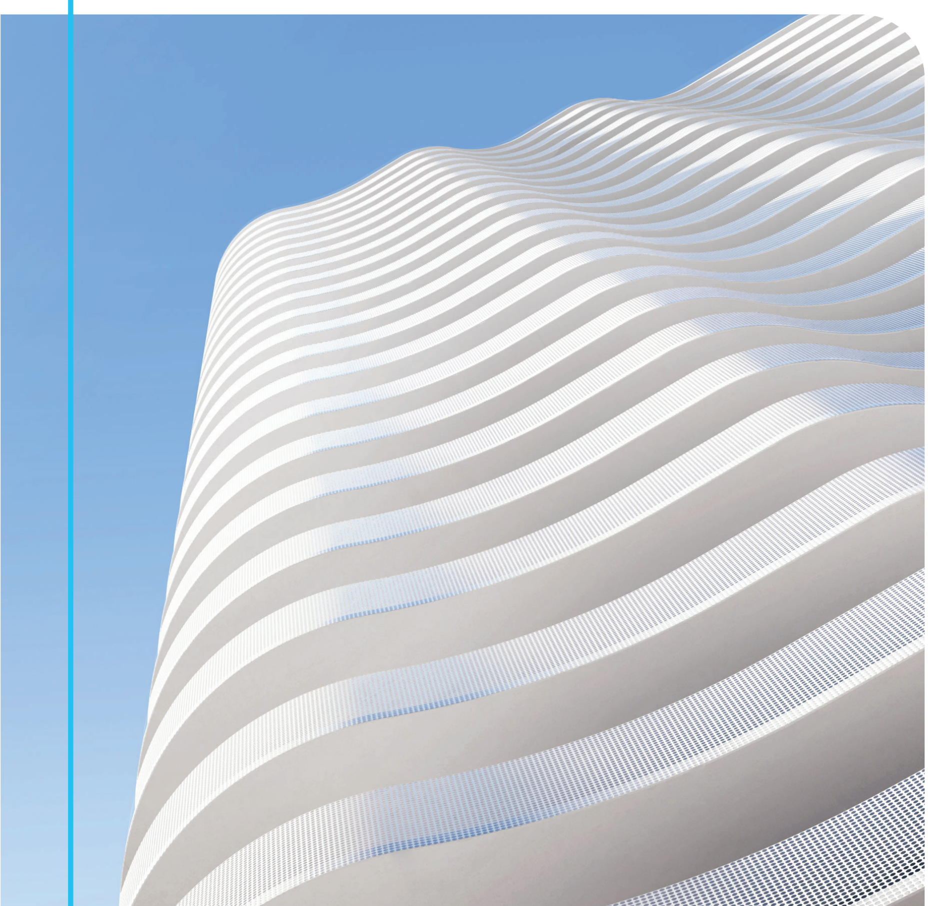
CONTENTS



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 Q2-2020

In Q2-2020, Bullpen and Batory reviewed 29 GTA 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 $105 per-buildable-sf. Bullpen estimated residential condominium apartments at those projects could sell their units at an overall average price of approximately $1,012 psf at the time of the land sale, which indicates that developers paid for land at about 10% of expected revenue in the second quarter.

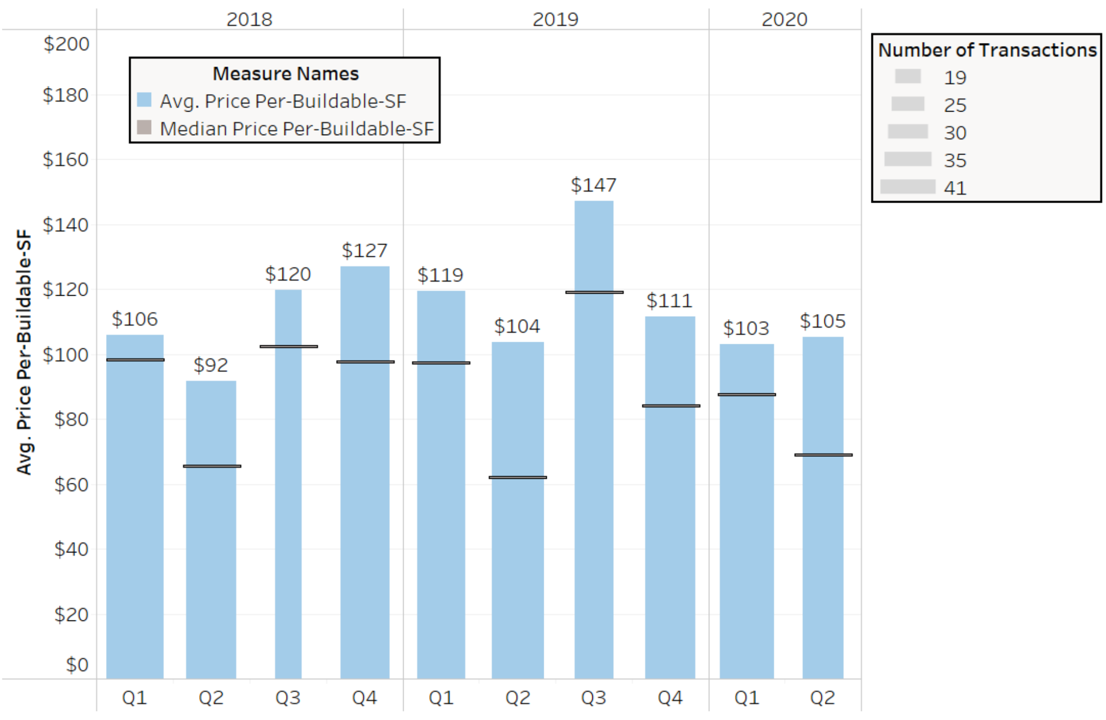
Q2-20: $105 per-buildable-sf

HISTORICAL LAND SALE DATA

GTA Overall

Figure 1 looks at historical average and median high-density land sale data in the GTA by quarter since Q1-2018 using estimated and unrevised figures from previous Land Insights Reports. The blue bars represent the estimated average high-density land price per-buildable-sf (pbsf) in the GTA, with the black Gantt lines representing the median land price. The width of the bars shows the number of transactions by quarter.

Figure 1: Average and Median Price Per-Buildable-SF for High-Density Land Sales, GTA, Q1-2018 to Q2-2020



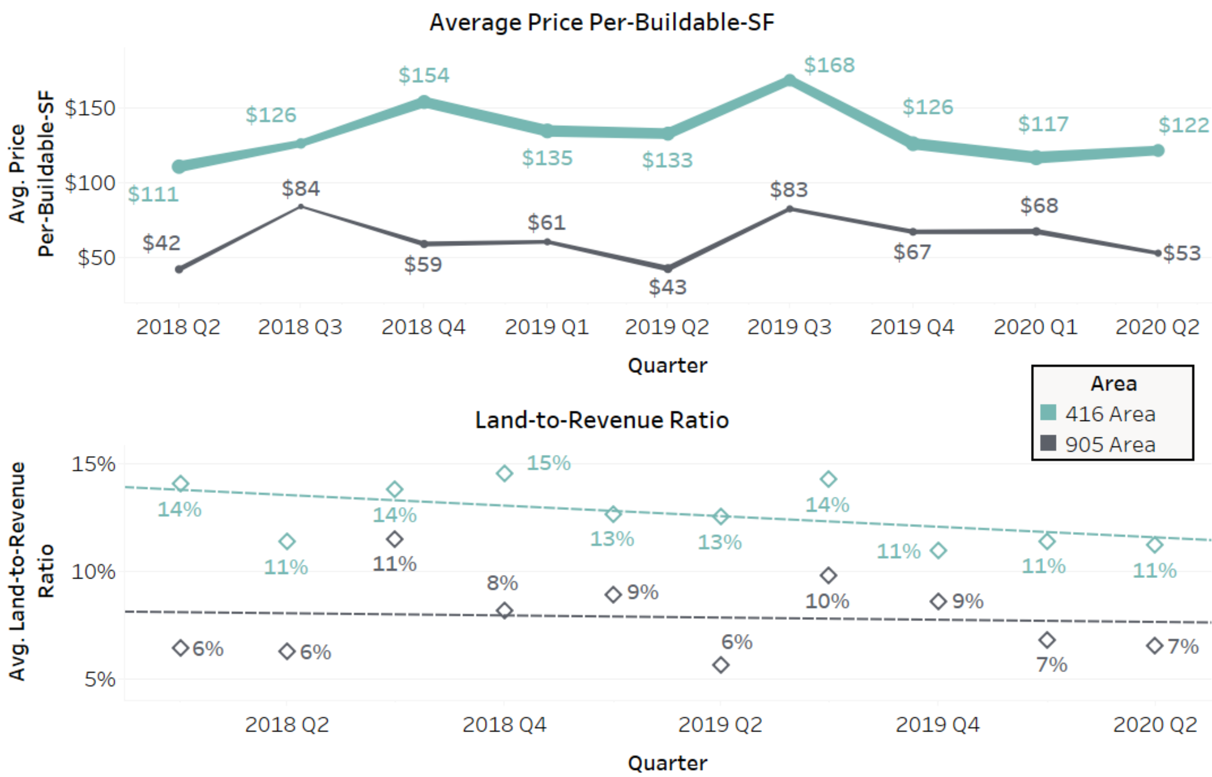
The average land price is nearly identical to Q1-2020 ($103 pbsf) and Q2-2019 ($104 pbsf). The median land price was $69 pbsf, down from $88 pbsf in the first quarter.

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 (905 area code) high-density redevelopment land market. The average land price per-buildable-sf in the 416 area was $122 in the second quarter of 2020, which was up over the first quarter, but down year-over-year. The 905 high-density lands sold for $53 per-buildable-sf on average in Q2-2020, down from $68 pbsf in Q1-2020, but up from $43 pbsf in Q2-2019.

Figure 2: Average Land Price Per-Buildable-SF and Average Land-to-Revenue Ratio by Area, GTA (416 vs 905 Area Codes), Q2-2018 to Q2-2020



In each *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 a condominium apartment might sell for at that location if it was on the market at the time of the sale.

This is done to establish a reasonable “Land-to-Revenue Ratio” estimation 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 for new condominium apartments, and how does that rate change based on location and time?

In the 416 area in Q2-2020, the average purchaser paid for land at 11% of estimated revenue, unchanged from the first quarter of 2020. In the 905 area, purchasers paid for land at 7% of revenue, also unchanged from Q1-2020.

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 (and more recently, the COVID-19 risks may have resulted in some vendor concessions before closing). Another explanation is that 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 if they assume revenue growth will be lower in that specific location or community. Secondly, there are more multi-tower sites in Etobicoke and Scarborough where future towers are discounted.

It must be reiterated that these are small sample sizes, and land values can vary widely based on the terms of the contract (VTBs, closing date, etc), potential neighbourhood opposition, future infrastructure commitments (transit, community centres, college campuses, etc), current income, demolition clauses, rental replacement, mid-block versus corner sites, future apartment views, anticipated future planning/regulatory changes, the availability of equity and debt capital, and one that is particularly relevant today, the consensus outlook for the new condominium and rental apartment markets. Bullpen believes that the consensus opinion is more bullish over the past six weeks given the resale market results and recent condo launches with sales success.

Breakdown by Municipality

Figure 3 presents data on the average price of high-density transactions by municipality (and former municipality), with a focus on the top five areas. The number of transactions, average price, average property size, and estimated price per-buildable-sf and Land-to-Revenue Ratio is shown for each municipality by year from the start of 2018 to the end of the second quarter of this year.
There were 24 transactions in the first half of 2020 in the former City of Toronto, with an average price of $21.5 million for half an acre. The estimated per-buildable-sf price this year is $145, down from $187 pbsf overall in 2019. There were a number of luxury sites sold last year that pulled that average up. The median price was $158 pbsf in 2019 and $130 pbsf in the first half of 2020.
The Land-to-Revenue Ratio in Toronto has been lower in 2020 at 12%, compared to 16% in 2019. It is difficult to pinpoint the cause, but fear of rising construction costs, increased development charges, and an expectation of slower new condo price growth in the face of a massive run-up since 2016 have likely all played a factor in developers being a bit more conservative in what they pay for land in 2020.

The second most active municipality in 2020 has been Scarborough with 10 transactions. The average price this year has been $52 pbsf, which is up slightly from $46 pbsf in 2019 and $44 pbsf in 2018. Despite a fairly rapid rise in unit prices in Scarborough, land prices have not followed the same trajectory, as there are a lot of land opportunities in Scarborough. More supply of land suitable for development has kept values in check.

Absorption is always a risk in Scarborough, as investors will flock to quality locations if the market stalls, and as such, buyers like to have a bigger buffer to lower prices. That higher risk profile for Scarborough is the reason the Land-to-Revenue Ratio is half of what it is in Toronto at 6% in both 2020 and 2019. Scarborough is treated the same way as a suburban market, despite the proximity to Toronto and access to transit via the Subway/LRT and Go Train.

Figure 3: Summary Data on High-Density Land Transactions by Year, Select GTA Municipalities, January 2018 to June 2020

Municipality	2018	2019	2020
Toronto	Total Sales: 70 Avg Price: $22,581,208 Avg Size: 0.50 acres **$146 pbsf** Land-to-Rev Ratio: 14%	Total Sales: 55 Avg Price: $27,454,741 Avg Size: 0.47 acres **$187 pbsf** Land-to-Rev Ratio: 16%	Total Sales: 24 Avg Price: $21,514,186 Avg Size: 0.50 acres **$145 pbsf** Land-to-Rev Ratio: 12%
Etobicoke	Total Sales: 5 Avg Price: $10,207,000 Avg Size: 0.75 acres **$64 pbsf** Land-to-Rev Ratio: 9%	Total Sales: 5 Avg Price: $38,412,385 Avg Size: 2.66 acres **$68 pbsf** Land-to-Rev Ratio: 8%	Total Sales: 6 Avg Price: $14,594,833 Avg Size: 0.93 acres **$131 pbsf** Land-to-Rev Ratio: 14%
North York	Total Sales: 15 Avg Price: $27,340,067 Avg Size: 2.06 acres **$101 pbsf** Land-to-Rev Ratio: 12%	Total Sales: 15 Avg Price: $36,287,402 Avg Size: 4.83 acres **$87 pbsf** Land-to-Rev Ratio: 10%	Total Sales: 9 Avg Price: $27,708,675 Avg Size: 1.54 acres **$118 pbsf** Land-to-Rev Ratio: 12%
Scarborough	Total Sales: 7 Avg Price: $5,994,286 Avg Size: 0.97 acres **$44 pbsf** Land-to-Rev Ratio: 8%	Total Sales: 15 Avg Price: $18,002,000 Avg Size: 3.26 acres **$46 pbsf** Land-to-Rev Ratio: 6%	Total Sales: 10 Avg Price: $9,709,500 Avg Size: 1.37 acres **$52 pbsf** Land-to-Rev Ratio: 6%
Mississauga	Total Sales: 5 Avg Price: $5,096,000 Avg Size: 0.82 acres **$53 pbsf** Land-to-Rev Ratio: 8%	Total Sales: 8 Avg Price: $13,594,795 Avg Size: 1.05 acres **$37 pbsf** Land-to-Rev Ratio: 5%	Total Sales: 3 Avg Price: $37,000,000 Avg Size: 2.28 acres **$51 pbsf** Land-to-Rev Ratio: 6%

Avg. Price Per-Buildable-SF
$37 – $187

INDIVIDUAL TRANSACTIONS IN Q2-2020 BY NEIGHBOURHOOD

Figure 4 presents a breakdown of the Q2-2020 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.

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 or Ratio.City for their assessments of these sites.

Figure 4: Summary Data on High-Density Land Transactions by Neighbourhood, GTA, Q2-2020

Neighbourhood	Number of Records	Avg. Lot Size (Acres)	Avg. Estimated / Proposed Height	Avg. Price	Avg. Price Per-Buildable-SF	Avg. Land-to-Revenue Ratio
Lawrence Park	1	0.2	9	$17,950,000	$322	24%
Riverdale	1	0.1	6	$5,400,000	$275	24%
Trinity-Bellwoods	1	0.2	8	$6,900,000	$230	21%
The Beach	1	0.1	9	$2,650,000	$224	22%
Glen Park	1	0.5	4	$10,580,000	$215	24%
North York City Centre	1	1.0	14	$44,949,072	$198	18%
Leaside	1	0.3	9	$7,075,000	$137	12%
Downtown Core	1	0.2	55	$34,315,000	$133	9%
Birch Cliff Village	1	0.5	7	$9,100,000	$129	15%
Ryerson	1	0.2	39	$16,660,509	$121	9%
Yorkville	1	0.1	20	$6,667,200	$108	7%
Downtown Burlington	1	0.2	9	$3,350,000	$79	9%
Junction Triangle	1	0.1	12	$3,163,655	$72	7%
Downtown East	1	0.4	45	$28,250,000	$70	5%
Bronte Village	1	0.6	20	$7,000,000	$69	8%
Downsview	1	1.2	8	$12,250,000	$69	8%
Scarborough City Centre	1	0.9	15	$13,750,000	$68	8%
The Queensway	1	0.5	12	$7,600,000	$62	7%
North Oakville	1	0.6	6	$4,600,000	$61	7%
Forest Hill	1	0.8	23	$22,385,000	$53	4%
Richmond Hill	1	2.1	15	$29,900,000	$51	6%
Woodbridge	1	2.2	6	$5,050,000	$51	6%
Guildwood	1	3.9	35	$34,000,000	$50	6%
Danforth Village	1	0.6	27	$9,004,466	$50	6%
Highland Creek	1	0.9	8	$6,000,000	$42	5%
Davisville	1	0.2	10	$5,500,000	$39	4%
Newmarket	1	0.3	5	$1,100,000	$37	5%
Concord	1	3.6	12	$16,100,000	$25	3%
Scarborough Junction	1	3.2	24	$5,300,000	$7	1%
Grand Total	**29**	**0.9**	**16**	**$12,984,479**	**$105**	**10%**

The 29 land sales in the second quarter of 2020 had an average size of 0.9 acres, with the potential apartment projects having an average height of 16-storeys. The average project is projected to have 220,000 sf of GFA, however, it must be kept in mind that the transactions 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 $13 million or $105 per-buildable-sf (straight average), with a weighted average of just $64 per-buildable-sf. The average of the individual land-to-revenue ratios equals 10%.

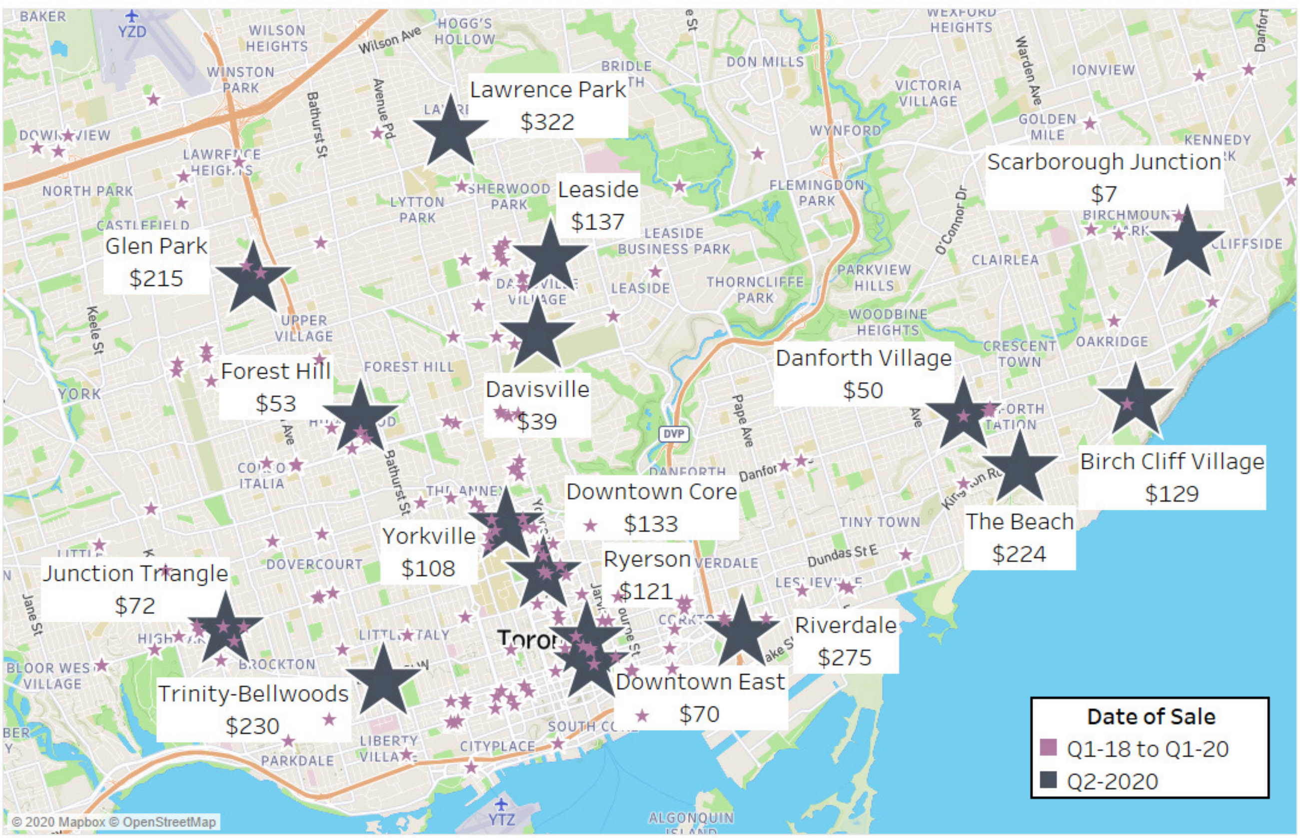

BATORY
Urban Planning & Project Management
www.batory.ca

SPATIAL DISTRIBUTION OF HIGH-DENSITY LAND SALES

Figure 5 maps the second quarter land sales in Toronto only, showing the neighbourhood and the price on a per-buildable-sf foot basis (black markers). The location of the land sales from Q1-2018 to Q1-2020 are shown in purple.

The land sales range from a low of $7 per-buildable-sf in Scarborough to a high of $322 pbsf in Toronto's Lawrence Park neighbourhood - however, we understand the developer may seek more GFA than Batory Management has assumed in this report.

Figure 5: Location of High-Density Land Sales w/ Q2-2020 Transactions Highlighted, Toronto, January 2018 to June 2020



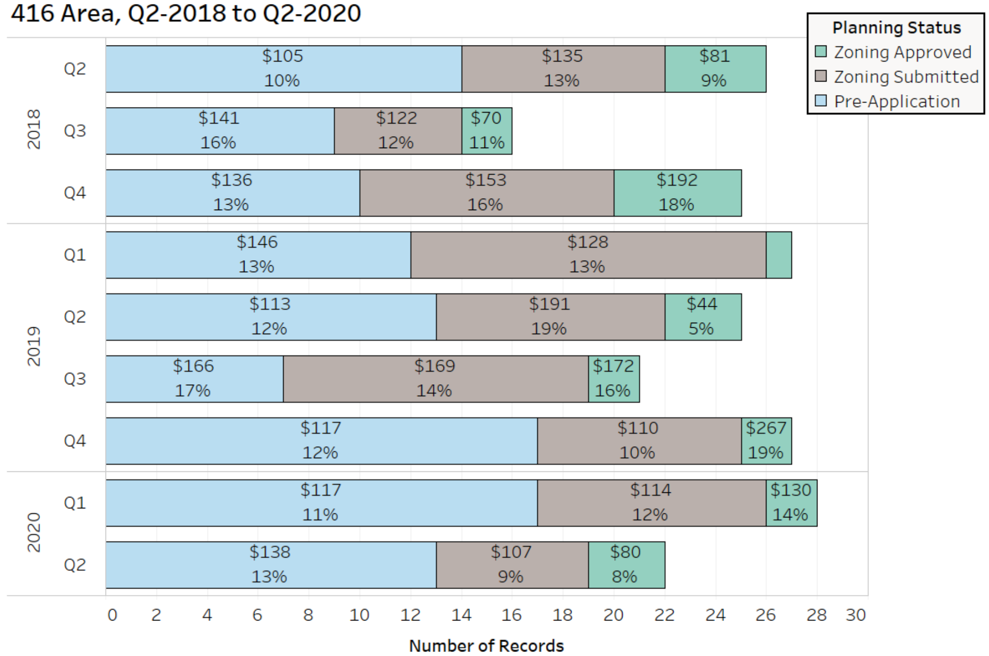
As a reminder, Bullpen and Batory have not contacted the purchasers in almost all instances, and the transactions may be part of a larger assembly which can dramatically impact the price paid for any individual parcel within that larger development site.

PER-BUILDABLE-SF VALUES BY 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.

Figure 6 presents data on the number of high-density land transactions in the '416 Area' by planning status by the quarter the property traded. The estimated price per-buildable-sf and Land-to-Revenue Ratio is also shown.

Figure 6: Number of High-Density Land Transactions by Planning Status, 416 Area, Q2-2018 to Q2-2020



There were 13 properties that sold in the pre-application stage in Q2-2020 for $138 accurate pbsf, with purchasers willing to spend on land at 13% of expected revenue. For the six properties with an active development application, those figures were $107 pbsf and 9% respectively.

Typically developers are willing to spend more on land as a share of revenue if there's more planning certainty, but recently is appears that the sites trading with rezoning applications under review are more 'B' and 'C' locations where the previous owner started the entitlement process to help boost land values, whereas in many prime downtown locations, the potential density achievable is understood, higher price growth is expected, and land value better defined. Secondly, the time between land acquisition and the launch of the units for sale is longer, allowing prices to grow during the entitlement process. These two factors contribute to higher Land-to-Revenue Ratios for sites without an active development application with their respective municipalities.

PER-BUILDABLE-SF VALUES BY PROPOSED BUILDING HEIGHT

Developers often speak of the preference for high-rise buildings due to greater building efficiency, repeatable floorplates, and cheaper land on a per-unit basis.

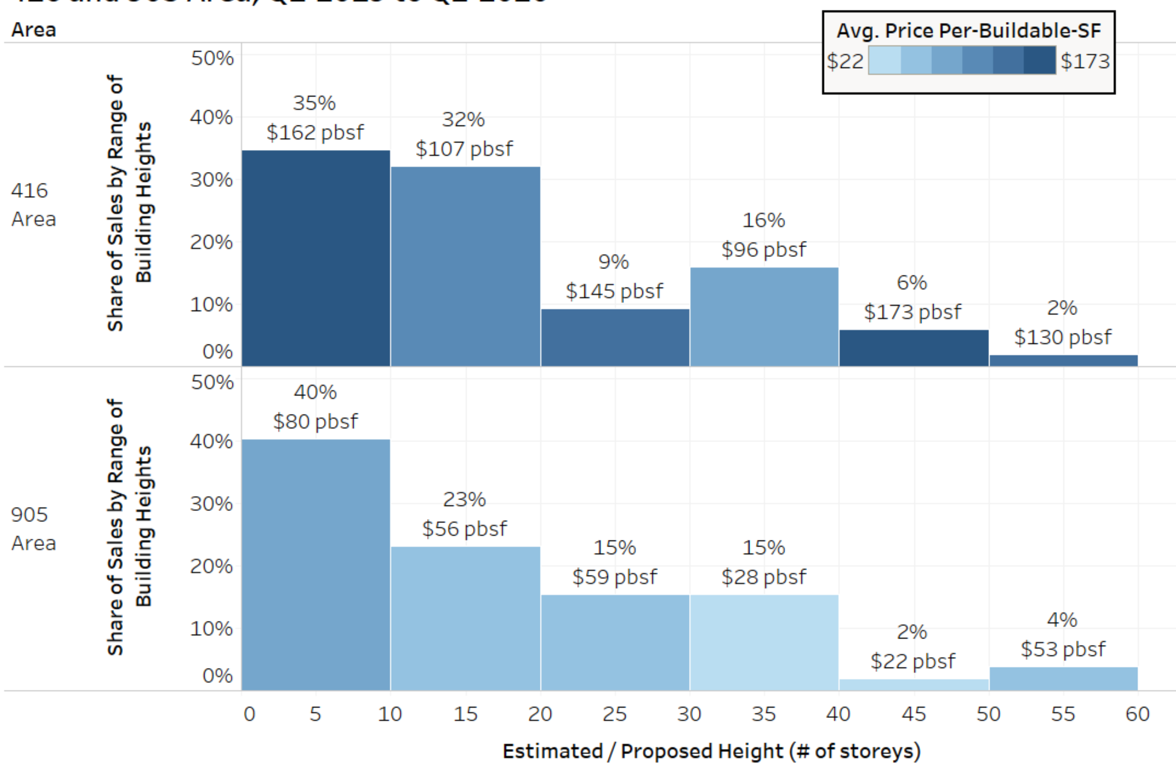
Figure 7 looks at the average land price per-buildable-sf by proposed building height. The data is split into 10-storey ranges for the 416 area (top) and 905 area (bottom).

Properties where an apartment building from 3- to 10-storeys is appropriate makes up 35% of the land transactions in the 416 Area and 40% of the land transactions in the 905 Area.

For buildings under 30-storeys, developers are paying about twice as much for land in the 416 Area compared to the 905 Area.

For buildings over 30-storeys, that relationship breaks down, likely due to the potential absorption risk with tall towers in the suburbs. However, there have been a number of 40-storey plus condo projects in Mississauga and Vaughan that have sold very well in recent years.

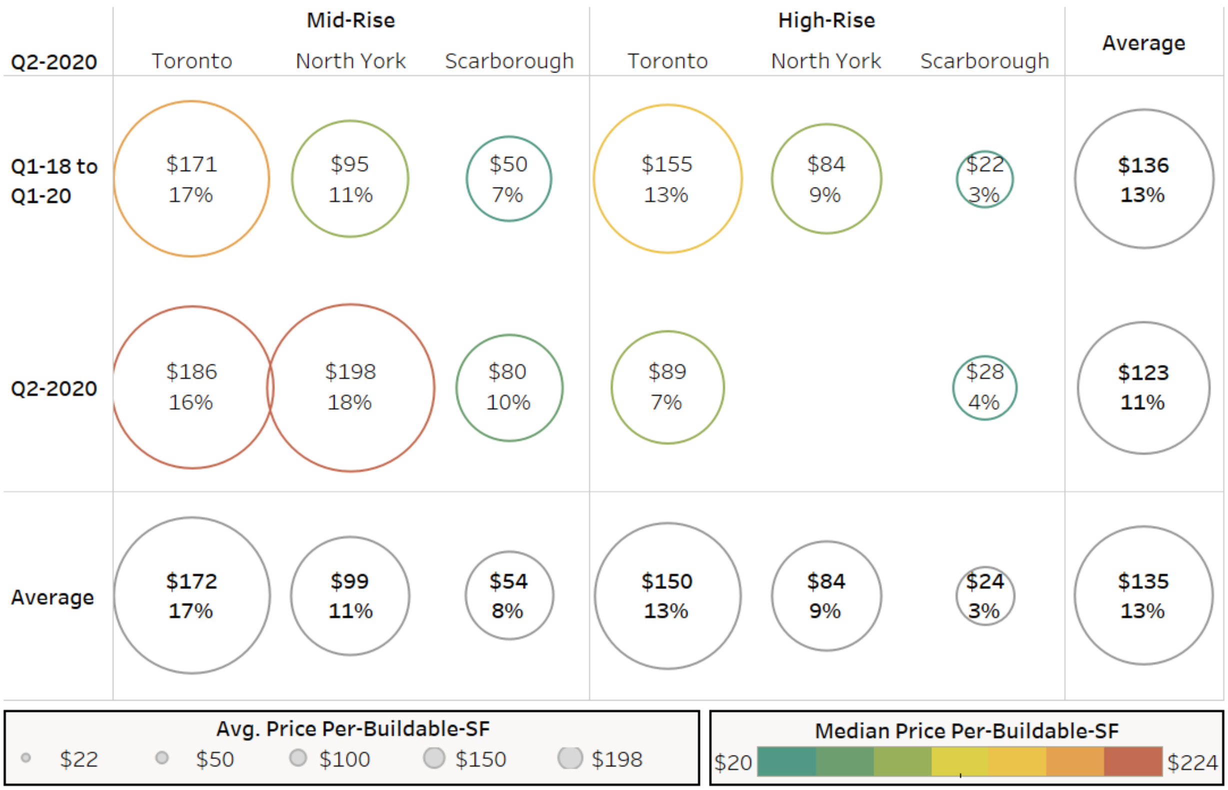
Figure 7: Share of High-Density Land Transactions by Proposed Building Heights, 416 and 905 Area, Q1-2019 to Q2-2020



PER-BUILDABLE-SF VALUES BY BUILDING TYPE & FORMER MUNICIPALITY

Figure 8 looks at the average price per-buildable-sf and Land-to-Revenue Ratio for mid-rise (5- to 15-storeys) and high-rise (16-storeys or higher) land transactions in the former municipalities of Toronto, North York and Scarborough in Q2-2020 versus the previous two years.

Figure 8: Average Price Per-Buildable-SF & Land-to-Revenue Ratio by Building Type, Toronto, North York & Scarborough, Q1-2018 to Q2-2020



Land prices on a per-buildable-sf basis are higher for mid-rise buildings in comparison to high-rise buildings, about 15% more in Toronto than, 18% more in North York and more than double in Scarborough.

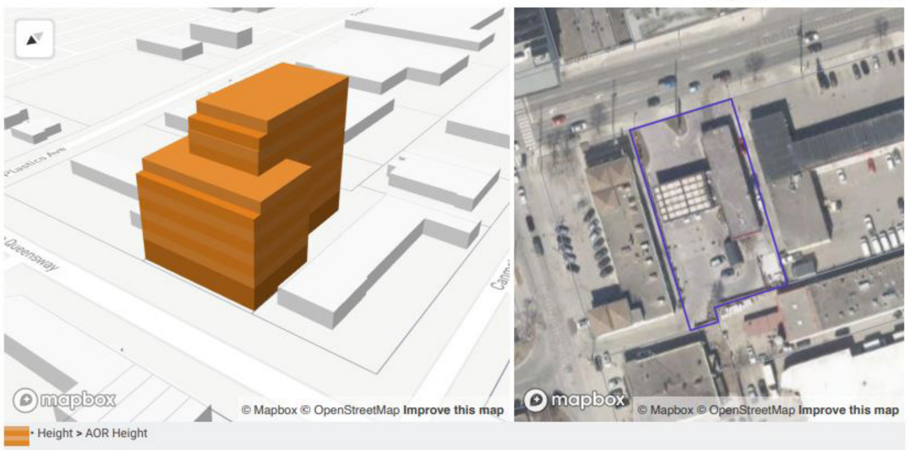
The reason for the big gap in Scarborough is many of the mid-rise land transactions have occurred along Kingston Road in the Birchcliff Village area with views of the local golf club and/or Lake Ontario. The high-rise transactions have been in multi-tower sites close to the LRT or Go Train.

SAMPLE TRANSACTIONS & PROJECT UPDATES

875 The Queensway

In June of 2020, Format Queensway Inc purchased the 0.54-acre 875 The Queensway property for $7.6 million. The lands are located east of Islington Avenue and closed prior to the submission of any rezoning applications.

DEVELOPMENT POTENTIAL:
875 The Queensway
City of Toronto, ON



SELECTED PARCELS

875 The Queensway, City of Toronto - 23,374 sf
Etobicoke Zoning Code • Mixed Use Areas

DEVELOPMENT POTENTIAL

HEIGHTS	AOR Height		0 m
	Proposed Height	*12 Storeys*	39.3 m
AREAS	Total Site Area		23,375 sf
	Estimated Site Coverage		60 %
	Total GCA		143,646 sf
	Estimated GFA	*85% GCA*	122,099 sf
	Estimated NSA	*75% GCA*	107,734 sf
	Estimated Unit Count	*646 sf avg*	166 units
	Average Floorplate GCA	Podium 13,900 sf	Tower 8,112 sf

Ratio.City, helped Bullpen and Batory determine what the potential massing and GFA that could be achieved at this development site.

A 12-storey building with approximately 122,000 sf of GFA was envisioned. Based on this GFA assumption, land works out to $62 per-buildable-sf. Bullpen estimated that this site could sell for approximately $895 psf if on the market today, comparable to The Tailor, which was recently launched by Marlin Spring earlier this year at 1197 The Queensway.

Based on this valuation, the Land-to-Revenue Ratio is 7%.

1552-1572 Kingston Road

In February of 2017, Zenith Homes Ltd purchased six properties from 1552 to 1572 Kingston Road or $5.64 million. The 0.47 acre property is on the north side of Kingston Road between Kalmar Avenue and Eastwood Avenue, and was resold in May of 2020 to K2 (1552 Kingston) GP Inc. for $9.1 million, a 61% increase in three years.

No development application was submitted for the property, and Ratio.City prepared a massing for the site that envisions a 7-storey building with approximately 71,000 sf of GFA.

Based on the Ratio.City figures, the site traded for $129 per-buildable-sf.

Icon Architects have a rendering on their website under the address 1564 Kingston Road that shows a 7-storey building with just under 80,000 sf of GFA. Using this GFA figure, the land traded for $114 pbsf.

DEVELOPMENT POTENTIAL:

1564 Kingston Rd

City of Toronto, ON

▪ Height > AOR Height

SELECTED PARCELS

1564 Kingston Rd, City of Toronto - 2,588 sf
The City of Scarborough By-law 8786 ▪ Neighbourhoods

1552 Kingston Rd, City of Toronto - 2,805 sf
The City of Scarborough By-law 8786 ▪ Neighbourhoods

1554 Kingston Rd, City of Toronto - 5,140 sf
The City of Scarborough By-law 8786 ▪ Neighbourhoods

1570 Kingston Rd, City of Toronto - 5,205 sf
The City of Scarborough By-law 8786 ▪ Neighbourhoods

1562 Kingston Rd, City of Toronto - 2,578 sf
The City of Scarborough By-law 8786 ▪ Neighbourhoods

1572 Kingston Rd, City of Toronto - 2,502 sf
The City of Scarborough By-law 8786 ▪ Neighbourhoods

DEVELOPMENT POTENTIAL

HEIGHTS	AOR Height		0 m
	Proposed Height	*7 Storeys*	22.5 m
AREAS	Total Site Area		20,830 sf
	Estimated Site Coverage		76 %
	Total GCA		83,206 sf
	Estimated GFA	*85% GCA*	70,725 sf
	Estimated NSA	*75% GCA*	62,404 sf
	Estimated Unit Count	*646 sf avg*	96 units
		Podium	Tower
	Average Floorplate GCA	15,413 sf	7,185 sf
PARKING	Parking Spaces Required	*1:1 Unit*	96 spaces
	Parking Spaces Per Level		47 spaces
	Underground Parking Levels		2.0 levels

200 Queens Quay West

In Q1-2020, 200 Queens Quay Inc. (Lifetime Developments and DiamondCorp) acquired 200 Queens Quay Avenue, a 1.25 acre high-density development site for $100 million. The now-renamed government organization, Toronto Waterfront Revitalization Corporation, acquired 200 Queens Quay and 2 Small Street in 2009 or $22.75 million.

The site sold prior to a development application submission, and the expectation by Batory Management was a two-tower apartment project, with a maximum height of 40-storeys, and approximately 680,000 sf of GFA. Based on this assumption, the land price was $147 per-buildable-sf, and the Land-to-Revenue Ratio was 10%.

In June, the development team submitted a rezoning application proposing 1,033,432 sf of GFA. A two-tower scheme with 41- and 71-storey towers is being planned; this complex will replace the currently existing parking garage, and rise from a 12-storey podium. The future project will include 1,372 condominium units, 110 units of affordable rental housing and ground-floor institutional space.

The revised land price is $97 per-buildable-sf, with land in at 7% of revenue.

212-218 Dundas Street East & 279 ½ George Street

In early June, an Official Plan and Zoning By-law Amendment application was submitted to the City of Toronto to facilitate the development of a 46-storey mixed-use building with 391,000 sf of GFA, including 588 residential dwelling units at 212-218 Dundas Street East and 279 ½ George Street.

The site is currently improved by the Filmore's Hotel building at 212 Dundas Street East, which is over 100 years old, and was designated a heritage site in 2016. The current design of the new tower incorporates the four-storey brick facade of the original hotel, while adding the tower above and retail and service space at grade.

The 0.612 acre land assembly closed in the first quarter of this year, with the three properties trading for approximately $55.27 million. Bullpen and Batory estimated that a 42-storey building with 373,000 sf of GFA was appropriate for the site in the Q1-2020 Land Insights Report. This translated into a land price of $148 per-buildable-sf at 11% of expected revenue.

The updated land price is $141 per-buildable-sf, or 10% of revenue (which was estimated at $1,345 psf as of January 2020).

10-32 Raglan Avenue

In Q3-2019, 2703769 Ontario Inc purchased 10-20 Raglan Avenue (0.284 acres), several low-density properties just northwest of the intersection of Bathurst Street and St. Clair Avenue West. That month, the developer paid $11.345 million for these properties.

No rezoning application was submitted at the time of acquisition, and Batory estimated that an 11-storey mid-rise apartment with just over 61,000 sf of GFA was appropriate for the site, which resulted in a per-square-foot land value of $185. The estimated land-to-revenue ratio at the time was 18%.

In June of 2020, the developer submitted an application to amend the Zoning By-law in order to permit a 28-storey building with 310,610 sf of GFA. The proposed development includes 399 units, including 14 townhouses at grade, and 148 parking spaces. The application actually covers 12 properties from 10-32 Raglan Avenue, a 0.67 acre site.

The lands purchased in Q3-19 make up 42% of the total assembly. Applying that 42% to the 310,610 sf of GFA applied for equals approximately 130,500 sf. Therefore, the revised land price for the original portion of the assembly is $87 per-buildable-sf or 9% of expected revenue.

3100 & 3200 Bloor Street West & 4-8 Montgomery Road

In June of 2020, 2457938 Ontario Limited proposed a 13-storey mixed-use building with primarily commercial uses at grade, and residential above at 3100-3200 Bloor Street West and 4-8 Montgomery Road. A total of 319 residential units and a total gross floor area of 470,800 sf are being contemplated for the site. The property includes lands both to the south of the TTC railway tracks (to include the proposed building), as well as lands to the north which would remain undeveloped.

The Kirkor-designed U-shaped building features extensive terracing and 449 parking spaces on three underground levels.

Unlike several of the other developments featured in this section, the Batory and Bullpen estimate for potential GFA at this project was higher than the actual application, given the orphaned land in the assembly due to the TTC railway tracks.

The 4.12 acre assembly was acquired in Q4-2019 for approximately $45.5 million. Given the site's proximity to Royal York subway station, Batory's expectation was that multiple towers were possible, with a maximum height of 22-storeys, yielding about 870,000 sf of GFA. This estimate resulted in a $52 per-buildable-sf land price (6% Land-to-Revenue Ratio).

The revised land price is about $97 per-buildable-sf, with land in at 10% of the estimated overall revenue at the time of the transaction.

1600 Bloor St West

In the second quarter of 2018, KS 1660 Bloor Street West Holdings Inc purchased 1660 Bloor Street West, a 0.432 acre unzoned property located just east of Keele Street near High Park. The developer, KingSett Capital, paid $19 million for the site, which Batory Management estimated could accommodate a 14-storey apartment with approximately 96,000 sf of GFA. This estimated land price was $197 per-buildable-sf, with land in at 21% of expected revenue at that time.

In May of this year, a Site Plan Approval application for a 13-storey purpose built rental building containing 133 dwelling units and just over 138,000 sf of GFA was submitted. A total of 49 parking spaces will be provided within three levels of underground parking.

The revised land price is $137 per-buildable-sf, with a revised land-to-revenue ratio of 15%.

100 Steeles Avenue West

In April of 2018, Development Group (100 Saw) Inc, purchased 100 Steeles Avenue West, a 6.21 acre development site for $10 million. Located west of Yonge Street on the north side of Steeles in Vaughan, the site sold without an active development application. In the Q2-2018 GTA High-Rise Land Insights Report, it was estimated that the site could accommodate towers of up to 30-storeys and 1.25 million square feet of GFA. This resulted in a price per-buildable-sf of $8 and a land-to-revenue ratio of just 1%.

Late last year, the development team which includes Dream and Westdale, submitted an application for four apartment buildings, two 18-storey buildings, a 49-storey tower, and a 54-storey tower. The mixed-use development is currently scheduled to include 1,765 residential units and nearly 1,484,000 sf of GFA.

The revised land price is $7 per-buildable-sf, with land remaining at 1% of the expected revenue at the time of closing.

10898-10956 Yonge Street

In the second quarter of 2019, Campo Ridge home Corp purchased 10898 Yonge Street, 2.43 acre property located north of Elgin Mills Road West in Richmond Hill. At the time of closing, the entitlement process had not commenced on the property, which sold for $14.25 million.

Batory Management estimated that a multi-tower development was appropriate for the site with just under 425,000 sf of GFA, and a maximum height of 15-storeys. This works out to a land price of $34 per-buildable-sf, with land at 4% of estimated overall revenue per-square-foot.

In late 2019 the development team filed an Official Plan Amendment and Zoning By-Law Amendment seeking approvals for a four tower development with building height of 25-, 28-, 29-, and 29-storeys. However, the site has been further assembled, and now includes 10922, 10944 and 10956 Yonge Street, for a total of 5.38 acres. The applicant is proposing 1,160 residential suites, 1,307 parking spaces, and a total of 1.16 million square feet of GFA.

The Q2-2019 land purchase accounted for 45% of the land in the assembly, and if we apply 45% of the GFA (522,414 sf), to the $14.25 million price for 10898 Yonge Street, that works out to a revised land price per-buildable-sf of $27. The revised land-to-revenue ratio is 3%.

FINAL THOUGHTS

The true impacts of the COVID-19 pandemic on land values in the GTA will take some time to ascertain, as many (if not most) of the lands closing in the second quarter of 2020 would have been agreed upon well before the March lockdown in Ontario.

As previously mentioned, several new condo developments have launched during the pandemic, with many experiencing success. That said, developers will likely be a bit more cautious about launching in the fall, especially given the number of projects that have indicated that they plan on opening in August and September. It is unlikely that the market will return to "normal" anytime soon, especially the market that prevailed from the start of 2016 to February 2020, which saw downtown prices rise from about $800 psf to $1,400 psf, and projects regularly sell 90% of their inventory in a matter of weeks.

Despite the positive resale and new condo activity of late, resale condo supply is rising and the rental market is slumping, with Rentals.ca data showing the average asking rent for condo apartments down by about 10% annually. Developers and their financial partners that have been purchasing property for purpose-built rental apartments may take a pause to understand the rental market better.

In conclusion, real estate development is a very long game, and developers would not be in this business without a bullish long-term outlook for the GTA. That said, COVID-19 is a big unknown, how will it impact where people want to work, how often they need to go to work, their opinion on transit, their decision to immigrate to Toronto? Will students return to in-person classes, will tourism thrive again, will restaurants come back? There are a lot of unknowns and it is likely that a more measured approach to acquisitions will take place, and inevitably lenders will be more conservative as well.

This report will continue to monitor high-density land sale activity, and the impact this health crisis has on the new development industry in the GTA.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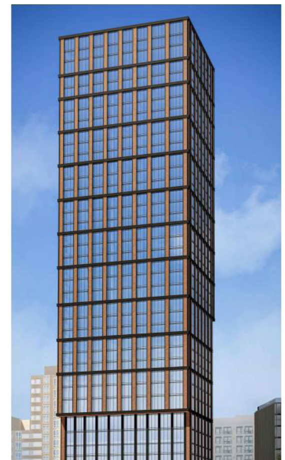
10 Wellesley - Downtown Core


63 Montclair - Forest Hill


195 Church - Ryerson


63 Sheppard - North York City Centre

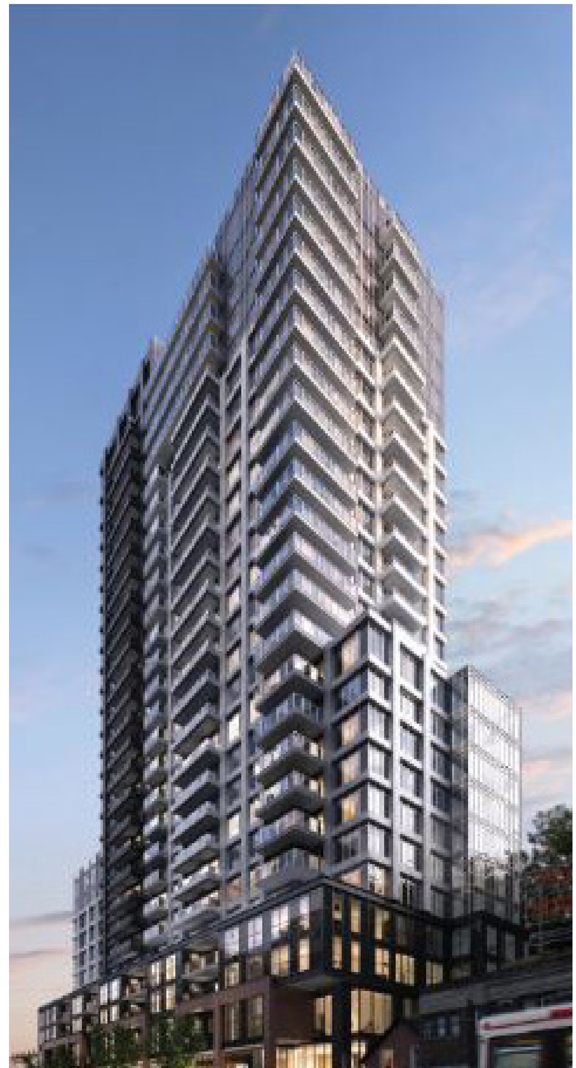

114 Church - Downtown East


1560 Brimley - Scarborough CIty Centre

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES

9750 Yonge - Richmond Hill

129 Vaughan - Forest Hill



286 Main - Danforth Village

83 East - Bronte Village

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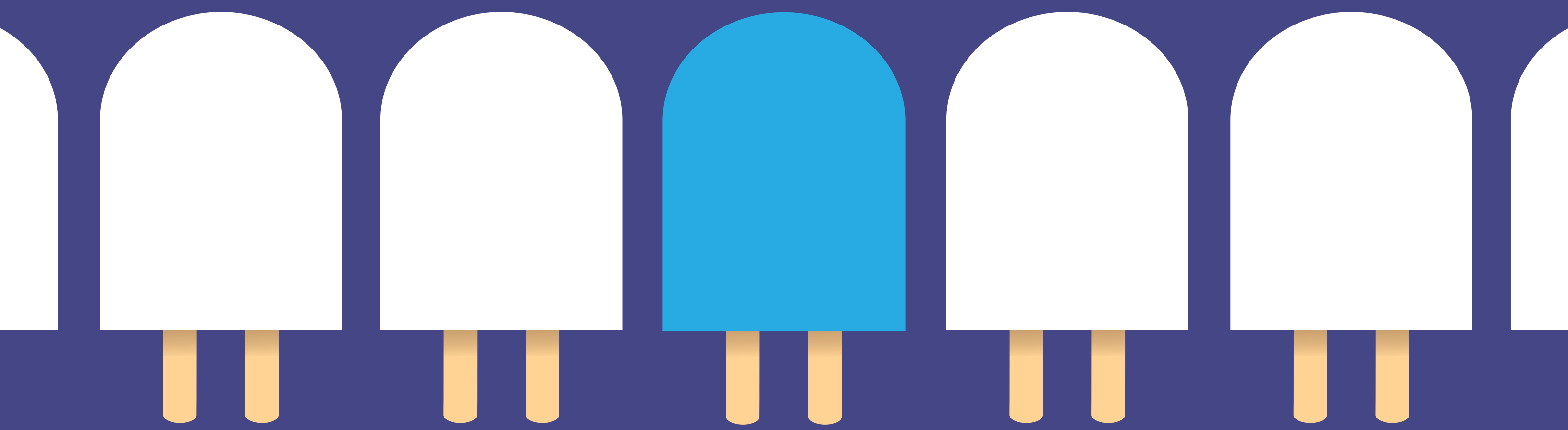

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