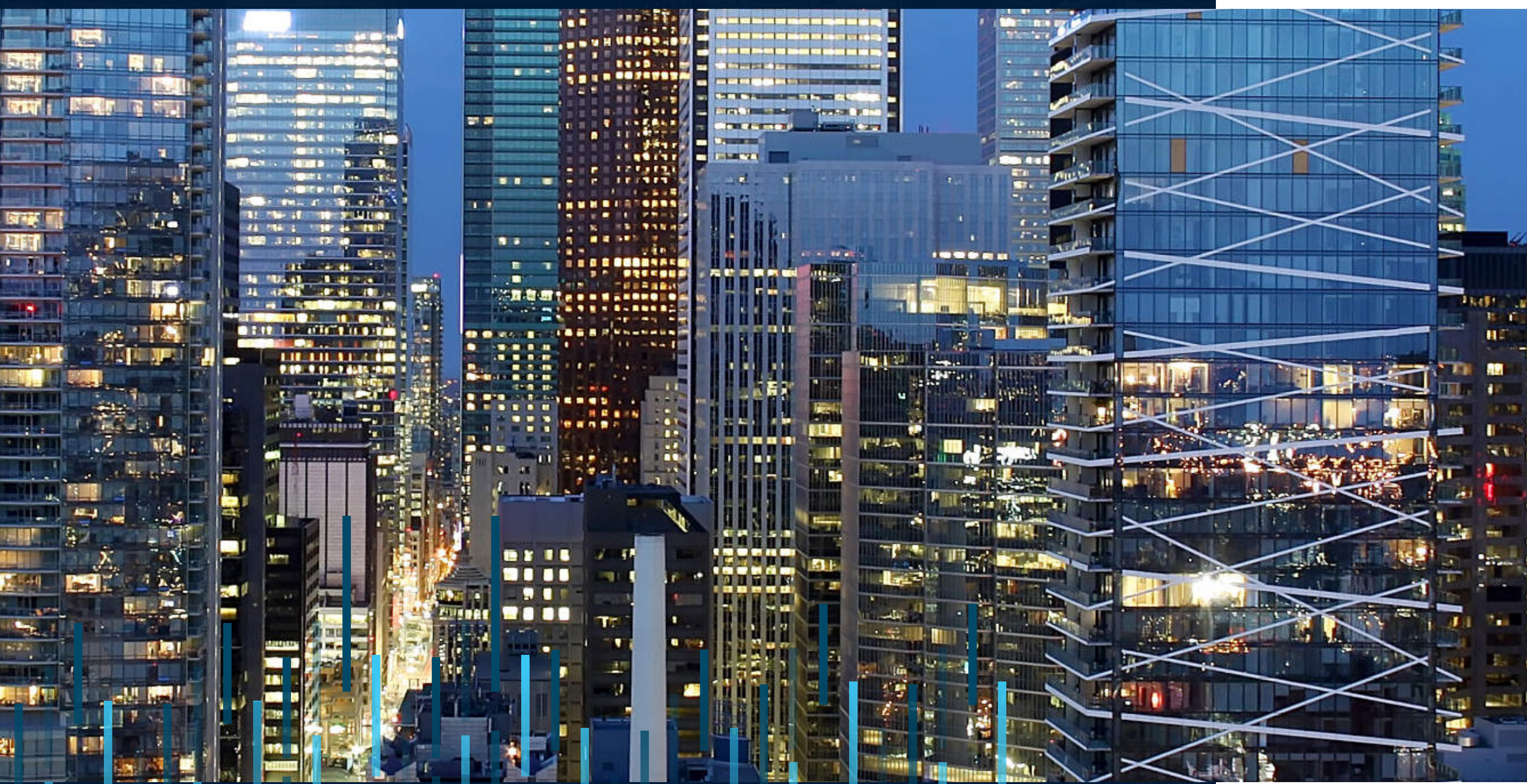
GTA HIGH RISE LAND INSIGHTS REPORT

Q2 - 2022

Published September 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.

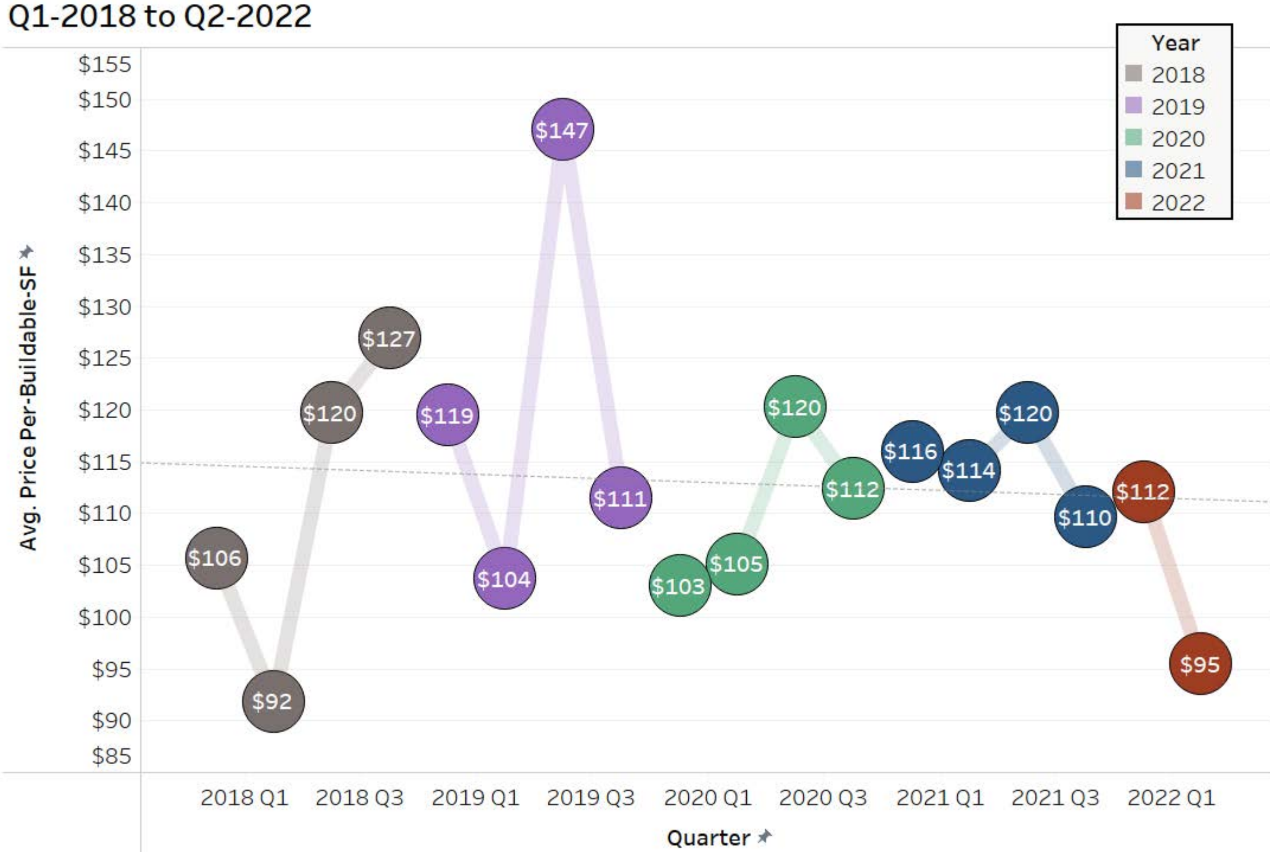
HIGH-DENSITY LAND PRICES IN THE GTA

Figure 1 looks at the average price per-buildable-sf for GTA land transactions that were identified as having future development potential as a condominium or rental apartment. The data is aggregated by quarter for the period covering Q1-2018 to Q2-2022.

On a per-buildable-sf basis, the average estimated price per-buildable-sf in the GTA was $95 in Q2-2022, representing a decrease of 17% annually, and 15% from the first quarter of this year. The $95 pbsf is the second lowest total over the last four and a half years.

It is important to note at this juncture that the sample size of transactions every quarter is relatively small, and the average price can be highly influenced on a quarterly basis by the location, property size, and planning status of the land sales, and a further examination of the individual sales is required to understand whether the drop is due to a land price correction, or a change in the composition of sales.

Figure 1: Average High-Density Land Price Per-Buildable-SF by Quarter, GTA, Q1-2018 to Q2-2022

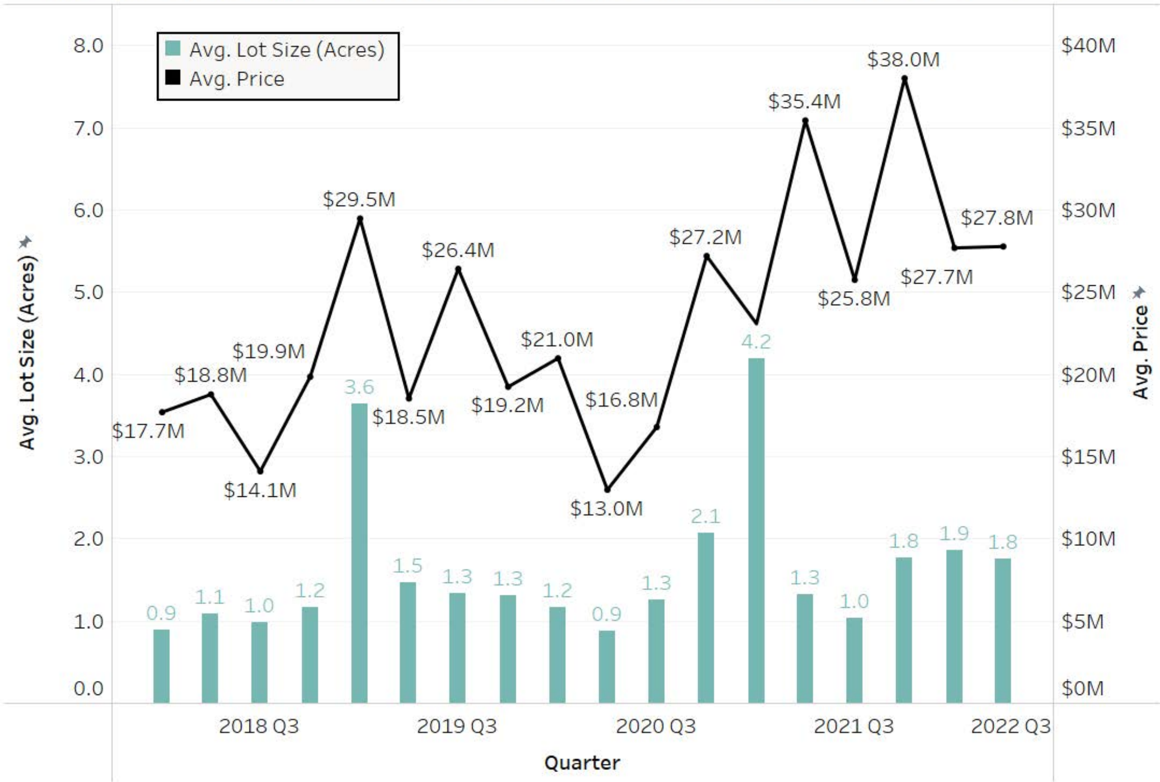


GTA HIGH-DENSITY LAND SALES IN Q2-2022

In Q2-2022, Bullpen and Batory reviewed 46 land sales, with an average price of $27.8 million. There were 51 trades analysed in the Q1-2022 report, with an average price of $27.7 million. The average high-density property sold for $35.4 million in Q2-2021.

The lands that sold in the second quarter averaged 1.75 acres, compared to 1.86 acres last quarter, and 1.33 acres in Q2-2021 (refer to **Figure 2**).

Figure 2: Average High-Density Land Price and Size, GTA, Q1-2018 to Q2-2022



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

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 land 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?

Figure 3 presents LRR data on the current City of Toronto (416 area code) and the suburban GTA (905 area code) high-density redevelopment land market over the last 4.5 years.

Figure 3: Land-to-Revenue Ratio by Area and Quarter, GTA (City vs Suburbs), Q1-2018 to Q2-2022

		416 Area	905 Area	Grand Total
2018	Q1	14.4%	6.7%	**13.1%**
	Q2	11.2%	6.1%	**10.1%**
	Q3	14.1%	11.8%	**13.8%**
	Q4	15.4%	8.0%	**13.7%**
2019	Q1	12.9%	9.0%	**12.3%**
	Q2	13.9%	5.8%	**11.7%**
	Q3	15.3%	9.8%	**14.2%**
	Q4	11.8%	8.7%	**11.2%**
2020	Q1	11.7%	7.6%	**10.6%**
	Q2	11.3%	6.6%	**10.4%**
	Q3	11.5%	5.0%	**10.9%**
	Q4	11.7%	4.2%	**10.1%**
2021	Q1	13.7%	5.5%	**10.3%**
	Q2	11.6%	5.0%	**10.3%**
	Q3	11.0%	7.6%	**10.3%**
	Q4	10.4%	6.2%	**8.9%**
2022	Q1	9.4%	6.2%	**8.8%**
	Q2	8.1%	4.9%	**7.2%**
Grand Total		**11.8%**	**6.5%**	**10.6%**

Avg PBSF/Revenue
4.2%
6.0%
8.0%
10.0%
12.0%
14.0%
15.4%

Area
416 Area
905 Area
Grand Total

In the 416 area in Q2-2022, the average purchaser paid for land at 8.1% of estimated revenue, marking the fifth consecutive quarter in which the LRR has declined. The second quarter LRR is below the longer-run average of 11.8% and the lowest rate over the 4.5 years shown. In the 905 area, purchasers paid for land at just 4.9% of revenue in Q2-2022, the second lowest quarterly rate since the start of 2018, and below the longer-run average of 6.5%.

There are multiple explanations for the lower LRRs, including rising construction costs (interest rates, materials, labour), rising costs due to more small units, higher development charges, inclusionary zoning, longer periods from acquisition to entitlement (higher carrying costs), and a higher share of transactions in 'B' or 'C' locations in contrast to previous years. The successful launches of several new condo projects in Scarborough at above $1,100 psf has encouraged more developers to look at that market.

Secondly, LRRs could be lower because there is less enthusiasm from the development community in terms of their expectations for future price growth, or it could simply be fewer approved developments getting sold, which tend to sell for higher LRRs.

LAND PRICE AND LRR BY AREA AND PLANNING STATUS

Figure 4 looks at annual land price per-buildable-sf and LRR data from 2018 to 2021, and the first six months of 2022, breaking up the data by planning status and area. The land price for these high-density transactions is shown first, with the LRR below. The size of the markers reflects the average land price, while the colour reflects the median land price.

For every category, the LRR is lower in 2022 year-to-date in comparison to 2021. The place where land prices have increased in 2022 over 2021 is pre-application sites in the 905, which is likely due to the pick up in the number of transactions near the Vaughan Metropolitan Centre Subway Station.

Land prices for zoning submitted sites in the '416 area' have declined 21% in 2022 versus 2021 ($130 to $103), while zoning approved lands have dropped 16% in the '416 area' from $180 pbsf to $150 pbsf (small sample size).

Despite the relatively high number of high-density land sales, developers appear to be cautious in what they are paying for land, despite the huge condo sales successes occurring every weekend over the January 2021 to March 2022 period.

Figure 4: Average Price Per-Buildable-SF & Land-to-Revenue Ratio by Planning Status and Area, GTA (City vs Suburbs), 2018 to 2021 & YTD in 2022

Year	Pre- Application		Zoning Submitted		Zoning Approved	
	416 Area	905 Area	416 Area	905 Area	416 Area	905 Area
2018	$121 13%	$51 8%	$142 14%	$38 5%	$124 14%	$66 10%
2019	$130 13%	$73 9%	$149 14%	$39 5%	$139 13%	$60 8%
2020	$127 12%	$53 6%	$114 10%	$49 6%	$150 14%	$66 8%
2021	$144 11%	$54 6%	$130 11%	$76 7%	$180 14%	$60 7%
2022	$129 10%	$61 5%	$103 7%	$67 6%	$150 11%	$49 4%
Grand Total	$129 12%	$58 6%	$129 11%	$54 6%	$150 13%	$61 7%

Avg. Price Per-Buildable-SF: $38 $100 $150 $180

Median Price Per-Buildable-SF: $31 – $167

SUMMARY LAND SALES DATA FOR TOP MUNICIPALITIES

Figure 5 presents data on the average high-density land price per-buildable-sf by quarter for the three most active municipalities in the GTA (pre-amalgamation boundaries).

Figure 5: Average Price Per-Buildable-SF by Year, Select Former Municipalities in Toronto, Q1-2019 to Q2-2022

		Toronto	North York	Scarborough
2019	Q1	$161	$99	$50
	Q2	$235	$72	$27
	Q3	$206	$59	$42
	Q4	$167	$98	$55
2020	Q1	$150	$96	$44
	Q2	$141	$161	$59
	Q3	$160	$96	$80
	Q4	$162	$150	$39
2021	Q1	$234	$71	$81
	Q2	$193	$130	$42
	Q3	$160	$170	$71
	Q4	$161	$120	$57
2022	Q1	$166	$116	$53
	Q2	$135	$103	$50
Grand Total		**$163**	**$105**	**$51**

Avg. Price Per-Buildable-SF: $27 – $235

Avg. Price Per-Buildable-SF: $27, $100, $150, $200, $235

The average land price in Old Toronto was $135 pbsf, well below the $166 pbsf in the first quarter of this year, and 30% below Q2-2021 ($193). The average estimated land price over the past 3.5 years is $163 pbsf.

High-density lands in the former City of North York traded for approximately $103 pbsf in Q2-2022, down both quarterly and annually, but just below the 3.5 year average of $105 per-buildable-sf.

Like North York, Scarborough was also very close to its longer-run average at $50 pbsf in Q1-2022, compared to $51 pbsf on average from Q1-2019 to Q2-2022. Despite the run-up in prices, the strong market for off-transit sites in Scarborough brings a lot of sites in the former municipality into play, and ample land supply is keeping land prices from seeing outsized growth.

INDIVIDUAL TRANSACTIONS IN Q2-2022 BY NEIGHBOURHOOD

Figure 6 breaks down the Q2-2022 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 46 land sales in Q2-2022 had an average size of 1.8 acres, with the potential apartment projects having an average height of 28-storeys. The average property sold for about $27.8 million or $95 per-buildable-sf (straight average). The average of the individual land-to-revenue ratios equals 7%. The individual Land-to-Revenue ratios range from a high of 19% for a fully-approved property in South Midtown, to a low of 2% in Brampton.

Figure 6: Summary Data on High-Density Land Transactions by Neighbourhood, GTA, Q2-2022

		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	South Midtown	1	0.4	35	$75,040,000	$362	19%
	North York City Centre	1	0.6	17	$25,345,000	$220	16%
	Little Italy	1	0.4	6	$11,150,000	$175	13%
	Midtown Toronto	1	0.7	50	$64,036,000	$167	11%
	Leslieville	1	0.3	10	$8,000,000	$150	11%
	The Annex	2	0.6	8	$18,000,000	$149	8%
	The Junction	1	0.2	6	$4,400,000	$134	10%
	Downtown East	4	0.3	41	$25,157,131	$133	9%
	The Village	1	0.5	62	$56,000,000	$123	7%
	Downtown Yonge	2	0.1	59	$36,250,000	$114	6%
	Moss Park	1	0.7	48	$53,000,000	$110	7%
	Eglinton West	1	0.2	22	$10,750,000	$108	9%
	Leaside	1	0.6	24	$16,826,594	$102	7%
	Junction Triangle	1	0.3	26	$10,803,260	$92	7%
	King West	1	0.3	15	$25,000,000	$91	6%
	Willowdale	2	0.6	16	$10,865,000	$81	7%
	Weston	2	1.9	24	$19,375,000	$67	6%
	West Deane Park	1	2.0	35	$40,000,000	$59	5%
	Scarborough Junction	1	0.3	48	$4,000,000	$59	5%
	The Stockyards	2	0.6	30	$11,765,500	$52	4%
	Cliffcrest	1	0.8	11	$5,850,000	$51	4%
	Scarborough City Centre	1	2.0	18	$18,620,000	$39	3%
905 Area	West Brampton	2	9.0	22	$22,125,000	$79	8%
	Downtown Burlington	2	0.9	13	$9,175,000	$76	6%
	Thornhill	1	3.0	9	$36,800,000	$75	6%
	Vaughan Metropolitan Centre	4	5.3	37	$83,768,356	$74	6%
	Richmond Hill	1	3.2	25	$23,500,000	$42	4%
	Woodbridge	2	2.2	20	$10,750,000	$32	3%
	Port Credit	1	0.2	22	$5,170,000	$30	2%
	Milton	1	2.0	27	$14,750,000	$28	3%
	Downtown Brampton	1	1.7	48	$21,499,996	$26	2%
	North Brampton	1	5.3	48	$35,000,000	$18	2%
		46	**1.8**	**28**	**$27,779,430**	**$95**	**7%**

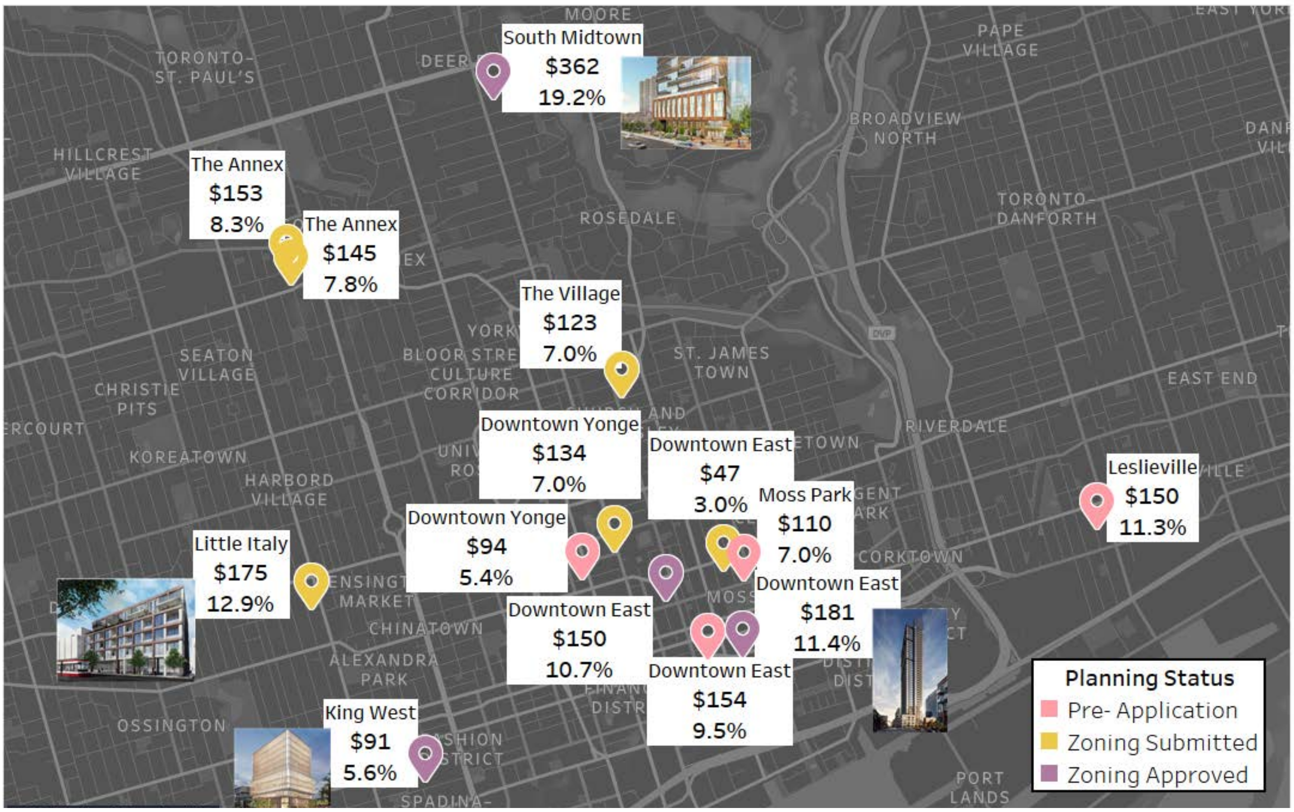
SPATIAL DISTRIBUTION OF HIGH-DENSITY LAND SALES IN TORONTO

Figure 7 maps the second 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.

The most expensive transaction in Q2-2022 was in South Midtown at $362 pbsf, with an estimated LRR of 19%. The property sold for $75 million, after being assembled for about $35 million in 2019. A press release was issued regarding the sale with the following highlights: Graywood Developments LP recently acquired 29-39 Pleasant Boulevard, which will be developed into a 35-storey tower with approximately 281 residential units located south-east of the Yonge and St. Clair intersection in partnership with KingSett Capital.

The lowest priced land sales was $47 pbsf in the Downtown East, however, these lands are part of a larger assembly.

Figure 7: Location, Land Price and Land-to-Revenue Ratio for High-Density Land Sales, Toronto, Q2-2022



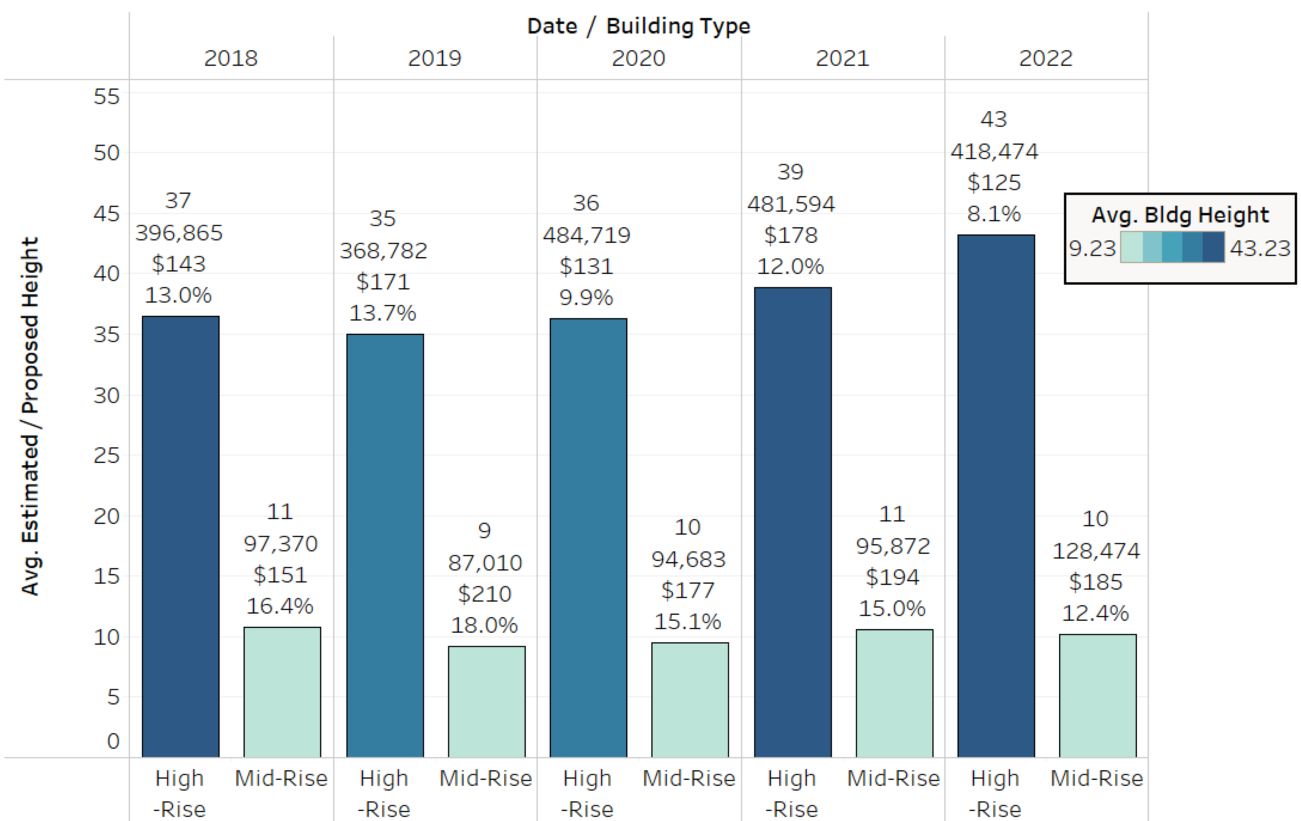
HEIGHT AND SUMMARY DATA BY BUILDING TYPE IN TORONTO

Figure 8 presents summary data aggregated on an annual basis for land transactions in the former City of Toronto over the past 4.5 years for high-rise and mid-rise sites. The height and colour of the bars represents the average height in storeys of the maximum estimated/proposed building height at these land transactions.

The average property sold in the first half of 2022 that is appropriate for a high-rise development in the former City of Toronto has an estimated average height of 43-storeys, just under 420,000 sf of GFA, a price of $125 pbsf on average, with an average Land-to-Revenue Ratio of 8.1%. As a reminder, this includes properties suitable for multiple towers. The proposed height of the high-rise buildings is taller than in previous years, but the average GFA, land price, and LRR are all lower than in 2020 and 2021. We can rule out discounted future phases as a reason for the lower land prices on a per-buildable-sf basis this year, as the GFA is lower for the high-rise sites.

The mid-rise buildings for 2022 are a similar average height as in previous years, but larger in terms of GFA at nearly 130,000. The average land price per-buildable-sf is $185, lower than 2021, but higher than 2020. However, the LRR is lower at 12.4%, compared to 15% in 2020/2021.

Figure 8: Average Height, GFA, Land Price & LRR by Building Type, Old Toronto, 2018 to 2021 & YTD 2022



LAND-TO-REVENUE RATIOS BY NEIGHBOURHOOD

Figure 9 presents data on the estimated Land-to-Revenue Ratio for select neighbourhoods in the GTA with transactions in each of the last five calendar years.

When just looking at these 11 neighbourhoods, the overall average LRR has dropped in 2022 (first six months only) to 9.4%, from 13.1% last year.

The highest LRR overall during the 2018 to present time period is King West at 15.8%, based on 11 total transactions. Summerhill is second at 15.6%, but this is only seven transactions over the past 4.5 years. There were 18 transactions in Yorkville, with an LRR of 14.1% on average, while the 30 transactions in the Downtown East had an LRR of 12.6%. The larger the sample, the less likely that outliers will impact the average, and the more accurate the figure.

There have been 18 transactions in the Downsview area, with the exact LRR of 10%, the typical back-of-napkin number that developers have used for years when assessing land value in comparison to current revenue.

Figure 9: Average Land-to-Revenue Ratio for Select GTA Neighbourhoods, 2018 to 2021 & YTD 2022

Neighbourhood	2018	2019	2020	2021	2022	Grand Total
King West	12.1%	18.1%	22.1%	18.0%	5.6%	**15.8%**
Summerhill	15.6%	12.4%	16.2%	12.0%	22.5%	**15.6%**
Yorkville	15.4%	18.9%	8.6%	16.7%	4.9%	**14.1%**
Downtown East	19.8%	13.9%	10.8%	14.0%	10.4%	**12.6%**
North York City Centre	13.2%	10.0%	13.6%	6.3%	12.0%	**12.0%**
Downsview	11.6%	7.8%	7.1%	13.4%	10.8%	**10.0%**
Willowdale	12.8%	9.6%	5.1%	16.6%	6.9%	**9.9%**
Junction Triangle	10.6%	9.2%	8.8%	9.0%	9.2%	**9.2%**
Thornhill	5.8%	13.7%	4.1%	5.7%	6.4%	**6.3%**
Port Credit	3.8%	5.6%	4.3%	11.4%	2.3%	**6.2%**
Richmond Hill	6.0%	5.4%	6.3%	3.2%	3.6%	**5.3%**
Grand Total	**12.7%**	**12.8%**	**10.8%**	**13.1%**	**9.4%**	**11.8%**

LRR
2.3%
5.0%
10.0%
15.0%
22.5%

LRR
2.3% 22.5%

PROJECT UPDATES

2270 - 2296 Eglinton Avenue West & 6 Sanderstead Avenue

This development site at Eglinton Avenue West and Sanderstead Avenue also includes 9 Croham Road in the former municipality of York. In November of 2020, the development site sold for $12.74 million. A development application had been submitted at the site in 2021, but this report considered the project a pre-application project due to the age of the application.

Batory estimated that the 0.59 acre property could accommodate a 12-storey building with approximately 97,000 sf of GFA, translating to a price per-buildable-sf of $132. Based on the revenue assumption at that time, the land-to-revenue ratio was 15%.

The current proposal calls for a 8-storey mixed-use building with at-grade retail uses, 141 residential units, 86 parking spaces, and 148 bicycle spaces. The larger 0.66 acre site is scheduled to include about 116,000 sf of GFA, with the project being rental tenure.

The November 2020 land sale therefore accounts for about 90% of the total development site or about 105,000 sf of GFA. The updated land price for the original trade is $121 pbsf, with the LRR at the time of closing of 14%.

888 Dupont Street

In December 2018, 888 DS Corp purchased 888 Dupont Street for $15.3 million. The 0.616 acre site is located on the corner of Ossington Avenue in Toronto and was purchased prior to a development application being submitted. Batory estimated that an 8-storey building with about 80,000 sf of GFA was appropriate for the site, translating to a land price of $190 pbsf, and an LRR of 23%.

In 2022, additional materials were submitted in support of an OPA and Rezoning application that proposed a 14-storey mixed-use building with about 167,000 sf of GFA, 18 parking spaces in a one level underground garage, and 174 bicycle parking spaces. The updated land price is $92 pbsf, with an LRR at the time of closing of 11%.

According to TAS Impact (888 DS Corp), the project will include 155 purpose-built rental apartments zoned for live/work, with about 10% of the units being affordable.

34-70 Montgomery Avenue

In November of 2019, Toronto Acquisition Corporation purchased several properties on Montgomery Avenue at Duplex Avenue, west of Yonge Street, between the addresses of 36 to 60 Montgomery. The total assembly was just under 0.5 acres for $16.3 million.

No development application had been submitted prior to closing, and Batory estimated that a 6-storey mid-rise apartment would be appropriate for the property with a total of 62,000 sf of GFA (based on the low-rise residential nature of the street). This results in an inflated land price of $263 psf, and an LRR of 23%.

In Q4-2020, 34 Montgomery was purchased for $3.02 million, and 66-70 Montgomery was purchased in Q2-2022 for $5.9 million. In the summer of 2022, the owner proposed a 24-storey mixed-use building with 306 residential dwelling units, grade-related retail space fronting onto Montgomery Avenue, 124 parking spaces, and 348 bicycle spaces on the larger assembled site. A total of nearly 236,000 sf of GFA is proposed on the 0.75 acre site. The blended land price is $107 pbsf.

The 2019 lands make up about 67% of the total assembly, and the updated land price is $104 pbsf, with an updated LRR of 9% at the time of closing.

1613 St. Clair Avenue West

This development site is located on St. Clair Avenue West, west of Lansdowne Avenue in Toronto and was purchased by Nova Ridge (St. Clair) GP Corp. for $12.5 million in the first quarter of this year. At the time of closing, no development application had been submitted, and Batory estimated that a 17-storey building with 210,000 sf of GFA was appropriate given the current planning precedence. This translates into a land price of $60 per-buildable-sf and a land-to-revenue ratio of 5%.

Nova Ridge recently submitted a rezoning application proposing a 17-storey building consisting of 237 units and about 211,400 sf of GFA. The revised land price is $59 pbsf, with a land-to-revenue ratio at the time of closing of 5%.

501-503 Eglinton Avenue East & 383 - 389 Cleveland Street

In the second quarter of last year, Sierra Homes purchased 503 Eglinton Avenue East for $4M (0.16 acres), which based on a conservative estimate by Batory translated into a per-buildable-sf price of $161. In Q1-2022, Sierra purchased the adjacent 501 Eglinton and 383 to 389 Cleveland Street for $16 million (0.32 acres). This report estimated this second midtown Toronto property traded at $269 pbsf.

In June of this year, Sierra submitted ZBA and SPA applications. The proposed development calls for a 12-storey residential and commercial mixed-use building with 174 dwelling units and two levels of underground parking with 80 spaces. A total of almost 137,800 of GFA are proposed.

The updated and blended land price is $145 pbsf. The 2021 parcel sold for approximately $87 pbsf, with an LRR of 7%. The 2022 parcel sold for approximately $174 pbsf, with an LRR of 12% at the time of closing.

31-33 George Street North & 18-28 Elizabeth Street North

In September of 2020, Elizabeth/George Holdings Inc. purchased the 0.84 acre 28 Elizabeth property in downtown Brampton for $9.5 million. No development was proposed at the time of closing and Batory estimated that the site could accommodate about 312,000 sf of GFA, resulting in an estimated land price of approximately $30 pbsf and an LRR of 4%.

In July of 2021, the assembly was expanded with the purchase of 18-24 Elizabeth, a 0.65 acre property acquired for $6 million. This report estimated that land price at $68 pbsf with an LRR of 7%.

In late 2021, the development team proposed about 605,000 sf of GFA over two towers of 34- and 42-storeys. The proposed is scheduled to include 771 rental apartment units and 205 hotel rooms on this 1.49 acre site. The blended land price is $26 pbsf.

8051-8055 Yonge Street & 10 Royal Orchard Boulevard

The Norfinch Group Inc. was working on a development project at 8051-8055 Yonge Street that envisioned a 15-storey apartment building with about 127,000 sf of GFA on this 0.41 acre property in Thornhill. At the time, the larger development site, which included 10 Royal Orchard Boulevard (total assembly: 3.85 acres) proposed multiple buildings and about 795,000 sf of GFA.

In January of last year, Greencapital GP Corp. purchased 8051-8055 Yonge Street for $10.6 million, and Batory determined that a building of approximately 120,000 sf was appropriate for the site. Based on this estimate, the land price works out to $89 pbsf, with an LRR of 9% at the time of closing.

The current plan for the larger development site is much more dense than the previous iteration, with four high-rise residential towers ranging in height between 25- and 59-storeys with a total of 1,560 residential units proposed. Additionally, two podium buildings at 4- storeys will accommodate non-residential uses including, retail, service and office uses. A total of 1,866 parking spaces are proposed (1,545 spaces underground, 321 spaces on the ground floor of the podium buildings) along with a 0.35 acre public park. The site could ultimately accommodate up to 1.57 million sf of GFA.

The Q1-2021 land sale of the parcel on Yonge Street makes up about 10% of the assembly, and thus approximately 168,000 sf of GFA. The revised land price is $63 pbsf, with an LRR at the time of closing of 6%.

849 Eglinton Avenue East

In July 2021, PEM (Eglinton) GP Inc. purchased 849 Eglinton Avenue East, located east of Laird Drive for $65 million. The 3.5 acre site is currently home to a Mercedes Benz dealership. The entitlement process had not been started at the time of closing, and Batory estimated that a multi-tower development with up to 32-storeys and 760,000 sf of GFA would ultimately be proposed on the site. This equates to a land price of $86 per-buildable-sf, and a land-to-revenue ratio of 6%.

In the second quarter of this year, the developer proposed a three building concept which includes a 32-storey residential mixed-use building, a 21-storey residential building, and a 6-storey office building, as well as a public park. The current plan includes 747 residential apartment units and about 643,000 sf of GFA. The updated land price is $101 pbsf, with an LRR at the time of closing of 8%.

1086 Yonge Street

In the first quarter of 2022, NDI (1 Roxborough Street West) Inc. purchased 1086 Yonge Street on the corner of Roxborough Street West in Toronto's Summerhill community. The 0.29 acre property traded for $33 million, but at the time of closing, no development application had been submitted to the municipality. Batory estimated that a 9-storey building with about 63,000 sf of GFA was appropriate for the site, which resulted in a substantial land price of $528 pbsf and an LRR of 23%.

In May of 2022, Official Plan and Rezoning applications were submitted proposing a 12-storey mixed-use building with just over 75,000 sf of GFA and 30 units. The revised land price is $438 pbsf, with an LRR at the time of closing of 19%.

FINAL THOUGHTS

Land prices for high-density properties declined in the second quarter of 2022, as developers have become much more cautious with the nearly 50% increase in development charges coming and the expectation from project monitors that construction costs could rise another 7% to 10% over the next 12 months. There is worry that developers can no longer shrink the unit sizes to further boost revenue per-square-foot without moving forward with 30%-40% or more studio apartments, which then puts absorption in jeopardy.

Sales are still occurring in the high-rise condominium market, but it is clear that demand has softened due to rising interest rates and the correction in resale prices. Investors remain bullish on the long-term outlook for Toronto real estate, but the market is in a period of transition, and some investors and developers are going to sit on the sidelines for a while as the dust settles. Rents continue to rise at an unprecedented pace according to data from Rentals.ca, with Toronto rents up by about 25% annually, topping pre-pandemic highs. Shelter or accommodation demand remains high, just the tenure of that demand has shifted from ownership to rental.

As mentioned above, many vendors and developers are taking a wait-and-see approach currently, so the expectation is for fewer transactions in the second half of 2022, and flat land prices.

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES


Downtown East - 109 George

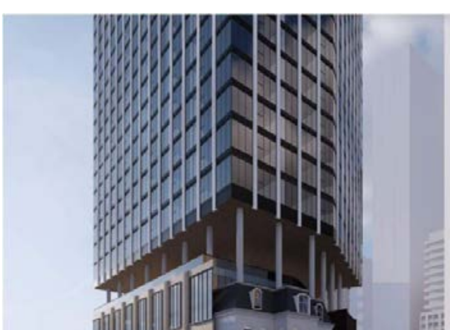

Little Italy - 452 Bathurst

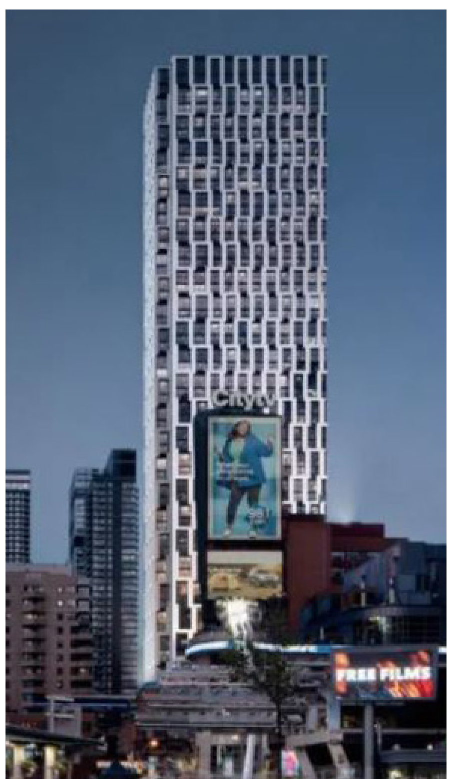

The Village - 88 Isabella


The Annex - 500 MacPherson

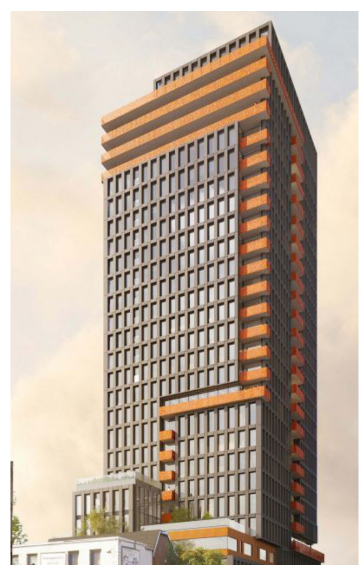

Port Credit - 46 Park


King West - 540 King


Downtown East - 247 Dundas



Downtown East - 254 Church


Junction Triangle -
334 Campbell

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES

Stockyards - 224 Weston

Scarborough Junction - 3569 St. Clair

The Junction - 1650 Dupont

North York City Centre - 39 Holmes

Downtown Yonge - 399 Yonge

Downtown Burlington - 2431 New

West Brampton - 0 Lagerfeld

Midtown Toronto - 77 Roehampton

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES


Thornhill - 1304 Centre


Weston - 1635 Lawrence


West Brampton - 1879 Queen


Willowdale - 255 Sheppard


Downtown Brampton - 199 Main


The Annex - 555 Davenport


Cliffcrest - 4 Windy Ridge


South Midtown - 29 Pleasant

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