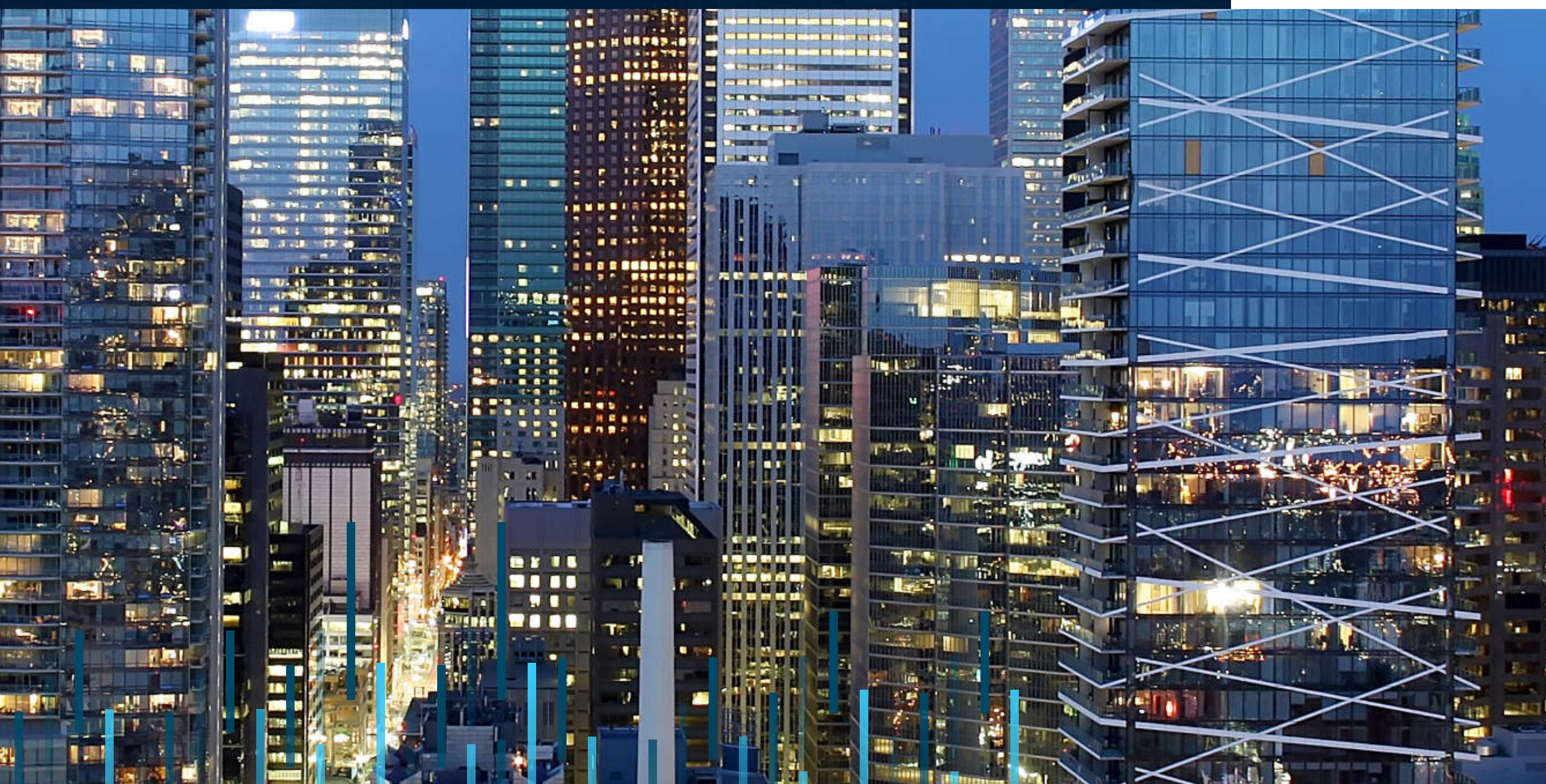
GTA HIGH RISE
LAND INSIGHTS REPORT

Q3 - 2021

Published November 2021



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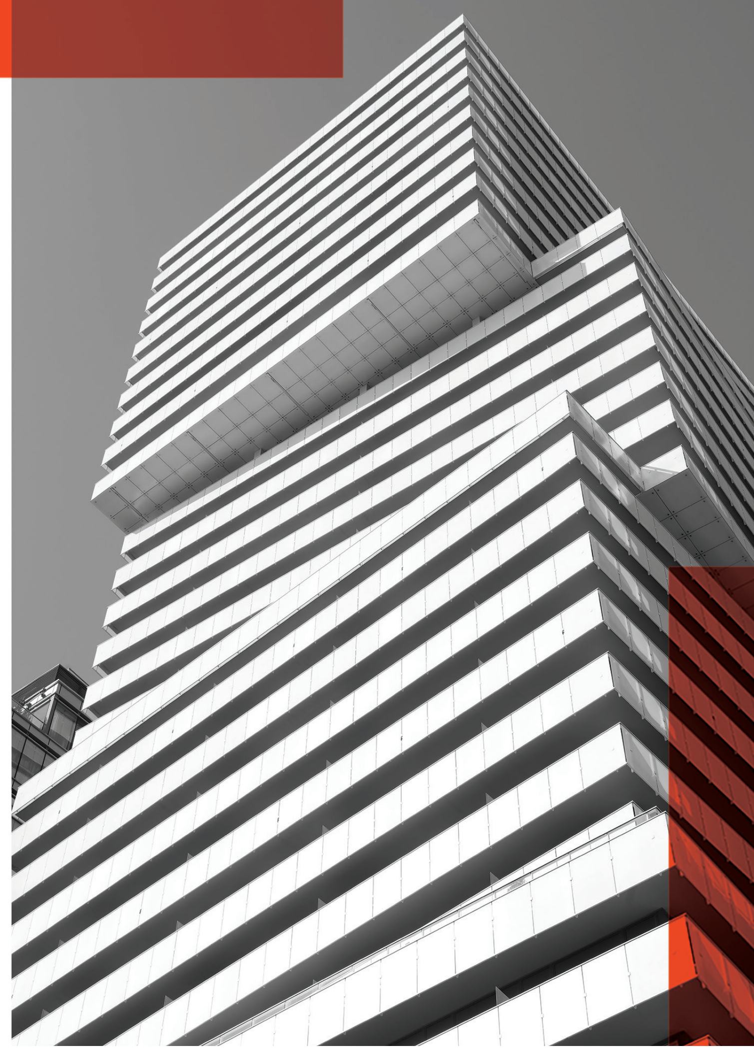

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INTRODUCTION

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 select sample of land transactions, we either 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 been launched for sale at the time of writing, Bullpen will estimate the overall revenue for the project on an average price per-square-foot (psf) basis. This estimate is based on comparables, the projected height, the unit count, and other identifiable attributes that impact market value and sellability.

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 one 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.

QUARTERLY 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 either a condominium or rental apartment. The data is aggregated by quarter since Q4-2017.

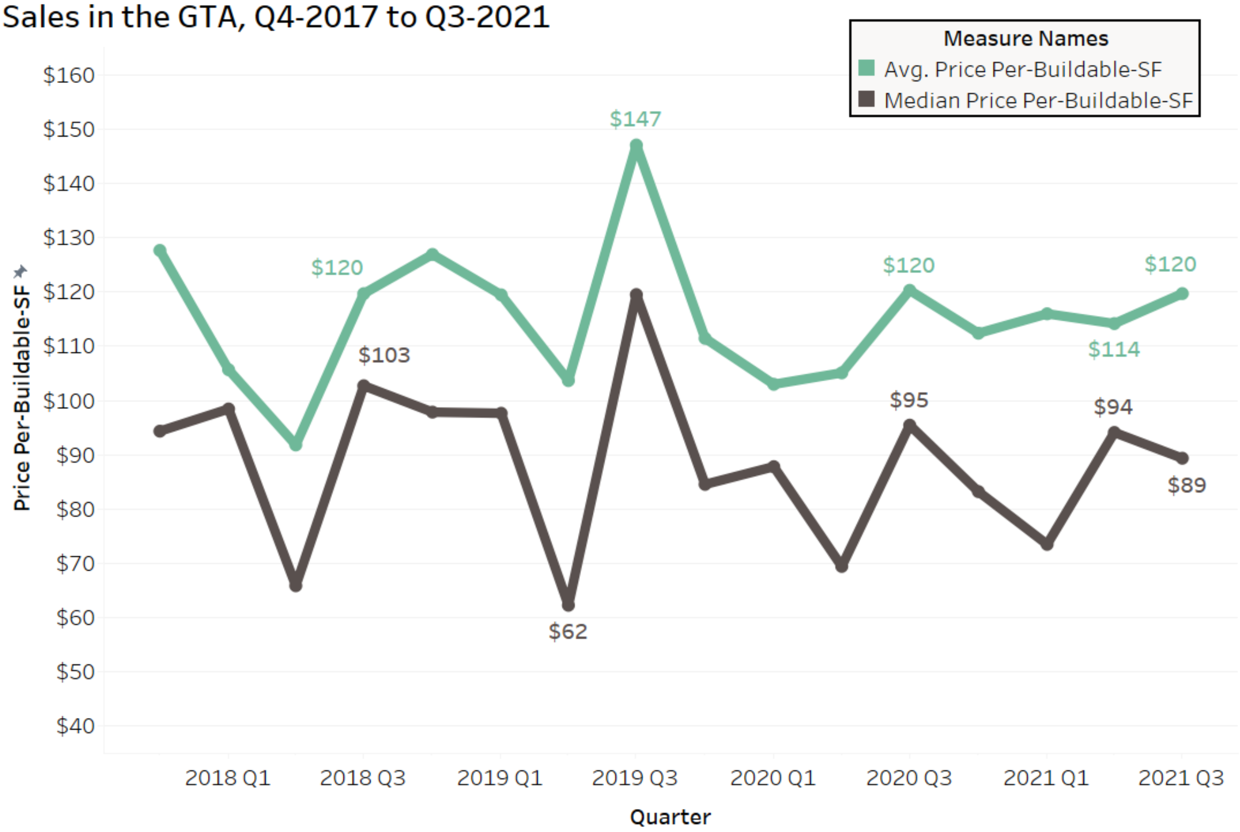
Q3-2021: $120 per-buildable-sf

The average property sold for $25.8 million in Q3-2021 - Bullpen and Batory reviewed 34 transactions with an average size of 1.0 acres.

On a per-buildable-sf basis, the average estimated price per-buildable-sf was $120 in Q3-2021, identical to both Q3-2020 and Q3-2018. The average land price over the last four years is $115 pbsf.

The median land price in Q3-2021 was $89 per-buildable-sf - down slightly from the Q3-2020 level of $95 per-buildable-sf.

Figure 1: Average and Median Price Per-Buildable-SF by Quarter, High-Density Land Sales in the GTA, Q4-2017 to Q3-2021



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

Figure 2 presents data on the City of Toronto (416 area code) and the suburban GTA (905 area code) high-density redevelopment land market for the third quarter in each of the last four years. The data presented includes: transactions tracked by Bullpen/Batory in the GTA, the estimated overall average revenue for the development at the time of closing, the average land price per-buildable-sf, and the land-to-revenue ratio (per-buildable-sf land price / revenue psf). The land-to-revenue ratio, or LRR for short, is a rough estimate of what developers are willing to pay as a percentage of current pricing.

The average price per-buildable-sf in 2021 was $136 pbsf in the 416 area and $75 pbsf in the 905 area. The average price per-buildable-sf in the 416 area has not changed much between 2020 and 2021 (Q3-2020: $130 pbsf). The average price per-buildable-sf in the 905 area has drastically increased, moving from $42 pbsf in Q3-2020 to $75 pbsf in Q3-2021. This change in average price per-buildable-sf should be taken with a grain of salt however, since the number of sales in the 905 area is generally very low (nine sales in Q3-2021 and four sales in Q3-2020), which leads to much higher volatility in the results.

Figure 2: Sales, Estimated Revenue, Price Per-Buildable-SF & Land-to-Revenue Ratio for High-Density Land Transactions by Area Code and Year, GTA, Third Quarter in 2018 to 2021

	2018 Q3	2019 Q3	2020 Q3	2021 Q3	Grand Total
416 Area	16 sales $896 psf **$126 pbsf** 14% LRR	20 sales $1,111 psf **$175 pbsf** 16% LRR	31 sales $1,135 psf **$130 pbsf** 11% LRR	25 sales $1,231 psf **$136 pbsf** 11% LRR	**92 sales** **$1,114 psf** **$141 pbsf** **13% LRR**
905 Area	1 sales $635 psf **$48 pbsf** 8% LRR	4 sales $799 psf **$80 pbsf** 10% LRR	4 sales $838 psf **$42 pbsf** 5% LRR	9 sales $986 psf **$75 pbsf** 8% LRR	**18 sales** **$892 psf** **$67 pbsf** **8% LRR**
Grand Total	**17 sales** **$880 psf** **$122 pbsf** **14% LRR**	**24 sales** **$1,059 psf** **$159 pbsf** **15% LRR**	**35 sales** **$1,101 psf** **$120 pbsf** **11% LRR**	**34 sales** **$1,166 psf** **$120 pbsf** **10% LRR**	**110 sales** **$1,078 psf** **$129 pbsf** **12% LRR**

For newer readers of this report, it is worth repeating that Bullpen Consulting reviews the current market conditions and the 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 (even if the site is earmarked as rental).

The estimated revenue in 2021 was $1,231 psf in the 416 area (+8.5% Y/Y) and $986 psf in the 905 area (+17.7% Y/Y).

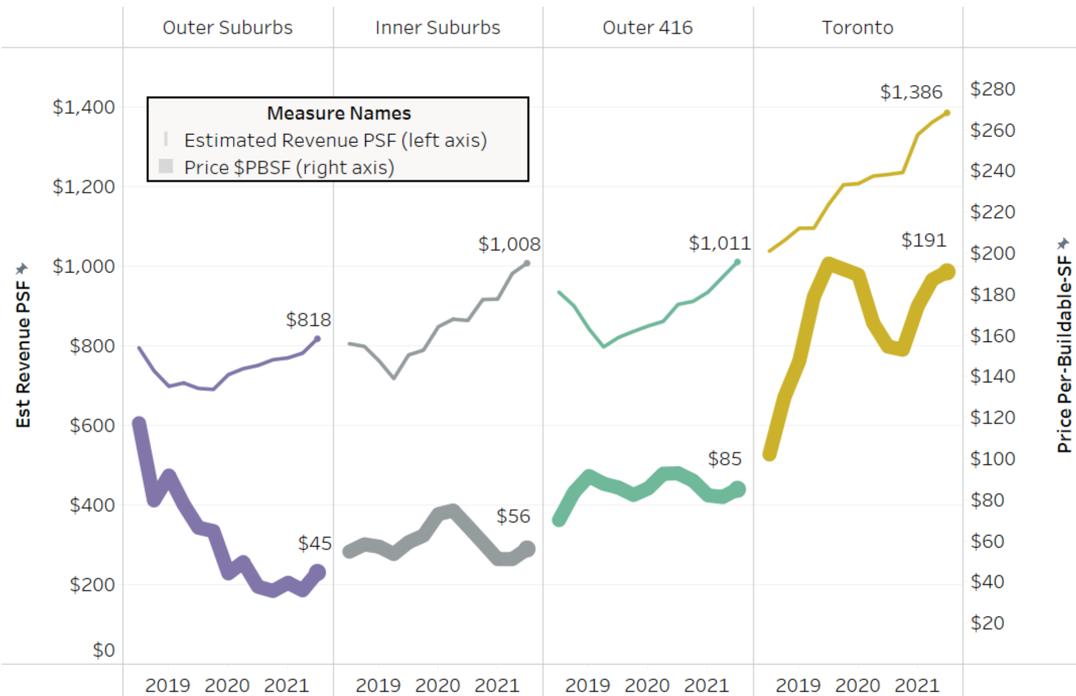
It must be repeated at this juncture that these are very small sample sizes and include transactions in very diverse locations, in various stages of entitlement, and with very different risk profiles. The blending of data at a GTA level doesn't provide conclusive evidence that land value is increasing or decreasing on a quarterly basis given the limited number of trades and the changing composition of sales by area and planning status, but a longer term data aggregation can establish market benchmarks for back of the napkin calculations.

REVENUE AND LAND PRICES BY AREA

Figure 3 further breaks down the data, chopping the 905 area into the inner and outer suburbs, and splitting the 416 area into the former City of Toronto and the outer 416 (York, North York, East York, Etobicoke and Scarborough).

A three-quarter moving average is used to smooth out the data and get a better understanding of the trend. The thin line is the average estimated revenue (corresponds to the left axis), with the thick line being the average price per-buildable-sf (right axis).

Figure 3: Estimated Revenue and Per-Buildable-SF Land Price by Area (3-Quarter Moving Average), 2018 to 2021



Due to limited transactions in the outer suburbs, the land prices are deceiving, with a couple small projects skewing the data in 2018. The more recent data is better reflective of market value at $45 per-buildable-sf.

Revenue estimated in the inner suburbs is up by 30% over the last two years, but land prices have not followed the same trend. High-density land prices have been in the range of $55 pbsf to $65 pbsf over the past year. Part of this can be explained by a greater number of transactions in lower-priced areas that previously would not have been considered for high-rise development, plus more multi-tower projects where subsequent phases are discounted due to the cost to carry the land over many years.

Revenue is up about 23% over the past two years in the outer-416, but may actually be growing faster than that, as there has been an outsized share of transactions in Scarborough recently as revenues climb to above $1,000 psf in that market. Land prices have stayed in the $80 pbsf to $90 pbsf range in the inner suburbs over the last couple years.

Despite the pandemic wreaking havoc on the condo rental market in the former City of Toronto, sending average rents down by over 20% annually in 2020 (via data from Rentals.ca), investors have not stopped buying, and resale price growth continues to show strong demand in the downtown core. Over the past two years, revenues are up about 20%. A frenzy of buying in the luxury market a couple years ago pushed land prices up, but the pandemic, higher construction costs, higher development charges, and inclusionary zoning all put downward pressure on land prices last year. However, land prices have trended back up in 2021, with the three-quarter moving average at $191 per-buildable-sf in old Toronto.

LAND PRICING BY POSTAL CODE

Figure 4 presents average land pricing data by postal code in the City of Toronto over the past four years.

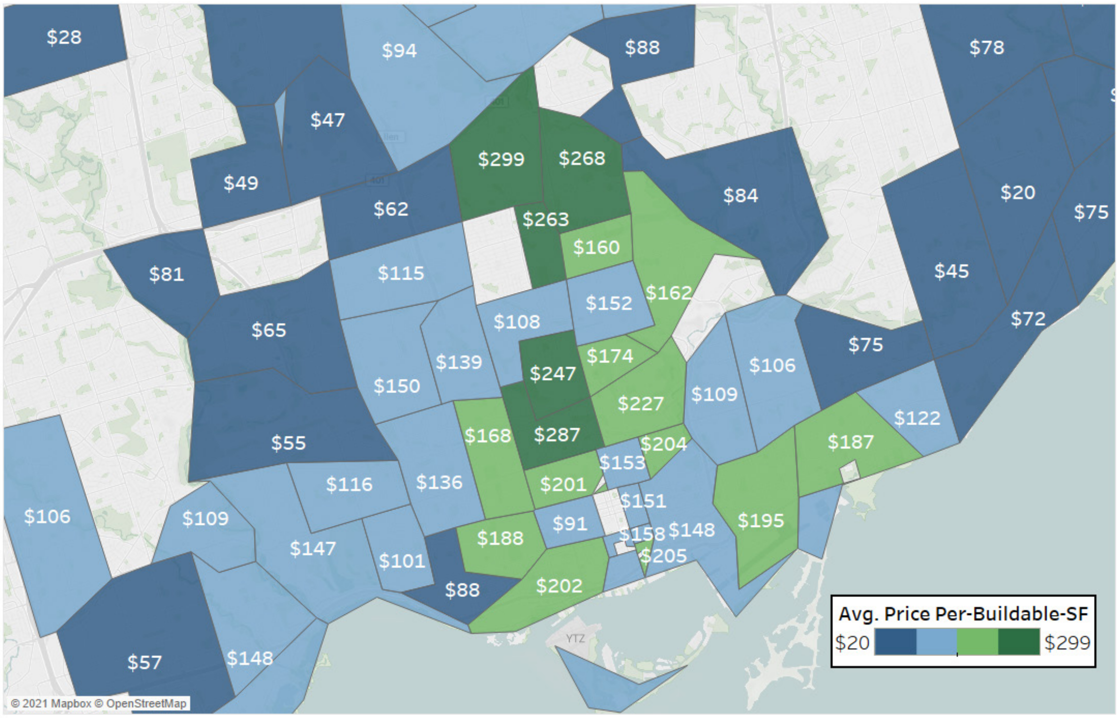
Five postal codes in north central Toronto are above $245 pbsf, while the downtown west (M5V and M6J) have pricing around $200 pbsf. The downtown east (M5A) is less expensive at $148 pbsf from Q4-2017 to Q3-2021.

The areas of Riversdale, Leslieville and the Beach don’t allow many tall towers, so per-buildable-sf land prices are higher at about $185 to $195 pbsf.

Prime Etobicoke, meaning the Kingsway and the Queensway (M8Y and M6S) have some land prices about $145 to $150 pbsf on average over this four-year period.

Another area of note is south Scarborough at $70 pbsf to $75 pbsf.

Figure 4: Average Land Price Per-Buildable-SF by Postal Code, High-Density Transactions in the City of Toronto, Q4-2017 to Q3-2021



INDIVIDUAL TRANSACTIONS IN Q3-2021 BY NEIGHBOURHOOD

Figure 5 breaks down the Q3-2021 high-density land transactions by neighbourhood, and 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 and/or revenue, however, that data is confidential and has not been provided to Batory Management for their assessments of these sites or included in this report.

The 34 land sales in the GTA had an average lot size of 1.0 acres and sold for $25.7 million on average. The average proposed building heights for these land sales was 21-storeys. Downtown East, Leaside, Davisville, and Birch Cliff Village were neighbourhoods with more than one high-density land transaction in the third quarter.

The LRR in this chart is a straight average of the neighbourhoods, which equals 10%. The 10% figure is the back-of-napkin figure that developers have used for decades when comparing revenue to land value.

Figure 5: Summary Data on High-Density Land Transactions by Neighbourhood and Area, GTA, Q3-2021

Area	Neighbourhood	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	Yorkville	1	0.5	35	$45,250,000	$285	15%
	King West	1	0.3	17	$27,500,000	$283	19%
	Downtown East	2	0.2	28	$13,229,500	$207	15%
	Leaside	2	2.0	22	$45,600,000	$199	14%
	Cabbagetown	1	0.3	15	$16,000,000	$184	14%
	Willowdale	1	1.0	4	$15,000,000	$178	17%
	Little India	1	0.6	9	$13,040,000	$176	16%
	Downtown Yonge	1	0.9	85	$168,737,563	$167	11%
	Bayview Village	1	1.4	25	$49,000,000	$161	12%
	Stockyards	1	1.6	10	$42,500,000	$133	13%
	Mimico	1	0.7	15	$18,000,000	$111	9%
	Junction Triangle	1	0.2	28	$7,606,000	$103	9%
	Bloordale Village	1	7.5	37	$151,499,700	$84	7%
	Davisville	2	0.3	25	$16,537,500	$84	7%
	The Junction	1	0.6	10	$9,000,000	$80	7%
	Forest Hill	1	0.2	28	$9,000,000	$79	6%
	Cliffside	1	0.2	7	$2,200,000	$77	8%
	Birch Cliff Village	2	0.4	12	$6,875,000	$68	7%
	Six Points	1	0.6	40	$24,900,000	$68	7%
	The Queensway	1	0.3	24	$6,100,000	$66	6%
	Weston	1	0.2	34	$3,750,000	$41	4%
905 Area	Kerr Village	1	0.1	4	$1,500,000	$140	12%
	Port Credit	1	0.3	4	$2,900,000	$121	12%
	Markham Village	1	0.7	5	$5,500,000	$93	10%
	York University	1	5.6	15	$48,127,000	$81	8%
	Downtown Brampton	1	0.7	14	$6,000,000	$68	7%
	Lakeview	1	0.9	12	$7,700,000	$53	5%
	Aldershot	1	0.5	8	$4,240,000	$49	6%
	Rouge Park	1	2.1	22	$16,000,000	$39	4%
	Richmond Hill	1	1.4	22	$10,000,000	$32	3%
		34	**1.0**	**21**	**$25,751,008**	**$120**	**10%**

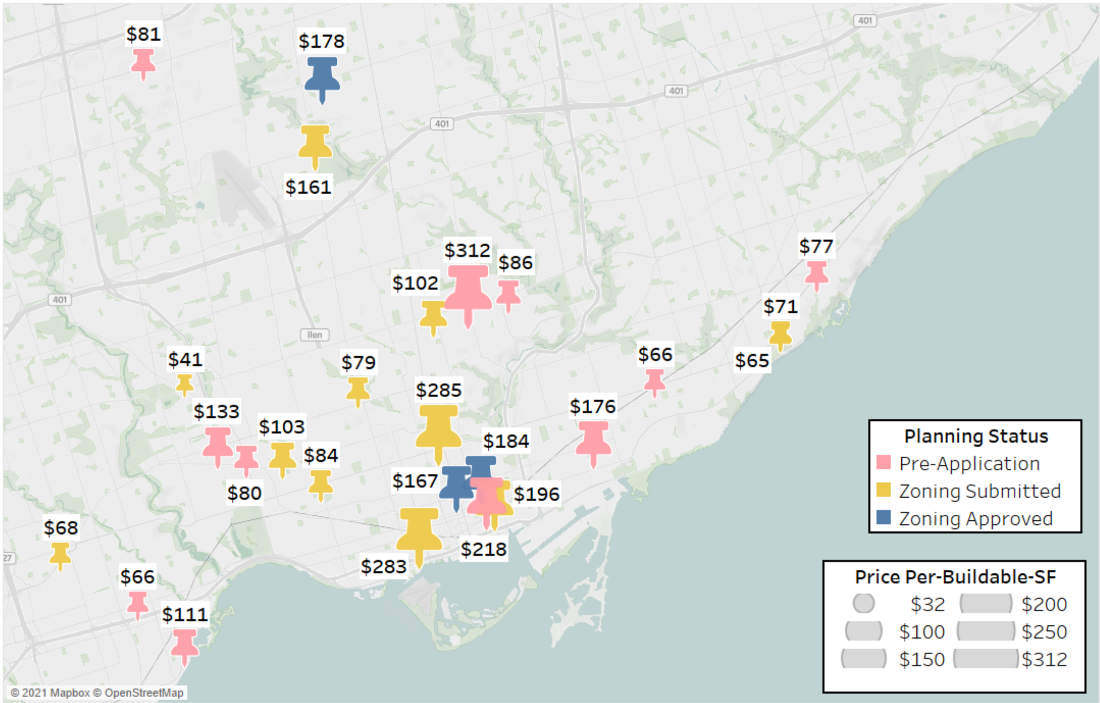
SPATIAL DISTRIBUTION OF HIGH-DENSITY LAND SALES IN TORONTO

Figure 6 maps the third quarter land sales in Toronto only, showing pricing on a per-buildable-sf foot basis. The size of the markers corresponds to the price, and the colour indicates the planning status.

One notable transaction worth mentioning is 422-424 Wellington, which sold for $283 pbsf. Lamb Developments purchased the property in 2016 for $8.3 million, launching the Wellington House condos, however, the project was ultimately cancelled due to the developers inability to secure approvals for both a 23-storey and 17-storey tower behind the heritage house on the property. Having purchased the neighbouring 432 Wellington for $15.2 million in January, Allied Properties REIT closed on the Wellington House lands in August 2021 for $27.5 million.

Another property of note is 363 Yonge Street, which sold for $167 pbsf based on the previously approved GFA. The previous owner, Cresford Developments, experienced a rumoured ‘cash crisis’ in 2020 and the property was pushed into receivership and ultimately sold to Concord Adex in July 2021 for $169 million. Construction had started on the 85-storey YSL tower, and Concord plans to market the development as Concord Sky at 95-storeys and 1,100 suites.

Figure 6: Location, Planning Status and Price Per-Buildable-SF, High-Density Land Transactions in Toronto, Q3-2021



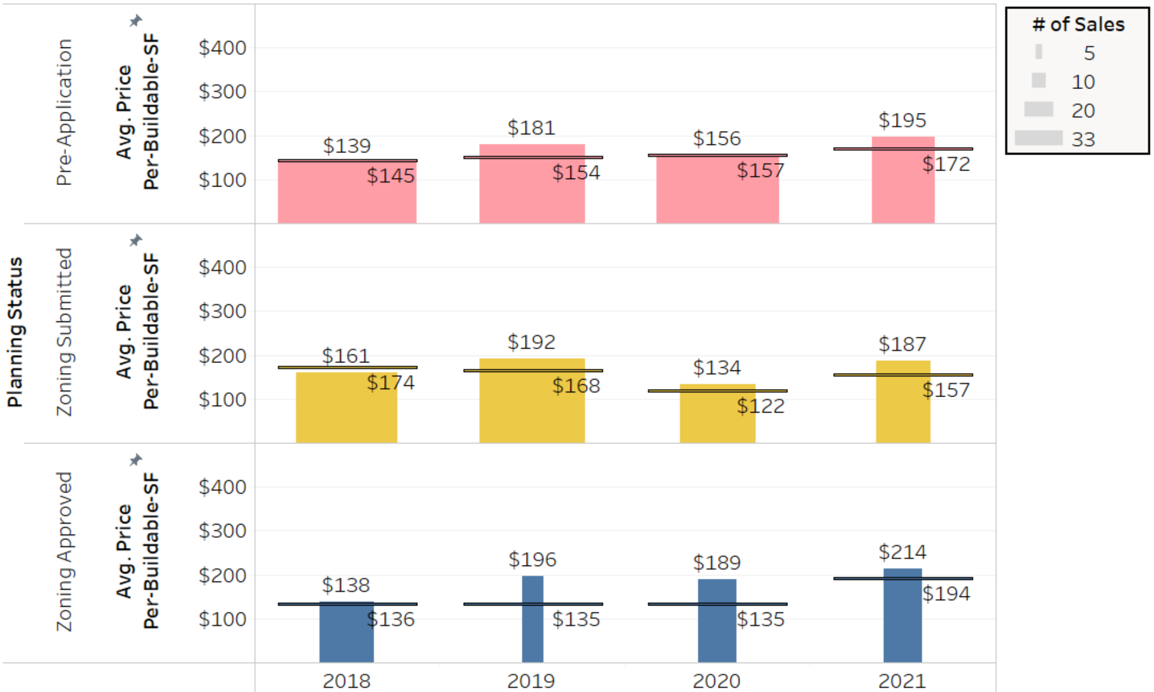
The third transaction worth noting this quarter is a 7.5 acre property at 1141 Bloor Street and 980 Dufferin Street, purchased by Hazelview Investments and co-developer Fitzrovia Real Estate for $84 pbsf. An application for rezoning has been submitted for approximately 2,100 units, and in addition, the proposal calls for a master planned community with a mix of condominium and rental properties which will include diverse housing options with Habitat for Humanity, a community hub and daycare, and opportunities for local artists and entrepreneurs.

PER-BUILDABLE-SF VALUES BY PLANNING STATUS IN TORONTO

Figure 7 presents data on land transactions in the former City of Toronto in 2018, 2019 and 2020, as well as in the nine months of 2021, showing the average (bar) and median (horizontal line) price per-buildable-sf by the planning status of the high-density land sales at the time of the closing. The width of the bar reflects the number of transactions.

The average price per-buildable-sf for pre-application sites in 2021 was $195, which is a sharp increase compared to the previous year’s price of $156 pbsf, and above 2019’s $181 pbsf.

Figure 7: Average and Median Price Per-Buildable-SF for High-Density Land Sales by Planning Status and Year, Former City of Toronto, Q1-2018 to Q3-2021



The average price per-buildable-sf for zoning submitted sites in 2021 was $187 pbsf, which is another steep increase compared to the 2020 price of $134 pbsf but is similar to the 2019 price of $192 pbsf.

The average price per-buildable-sf for zoning approved sites in 2021 was $214 pbsf, which is a slight increase from the 2020 average of $189 pbsf, and 2019's average of $196 pbsf.

The blended figures across the former City of Toronto don't tell the whole story. When comparing two sites near each other, the project with approvals typically sells for more. These are small sample sizes covering very different locations, and must be interpreted with caution. However, the expected revenue at the time of the project launch must also be considered, as a longer approvals process allows for further market appreciation (assuming a purchaser is bullish on the future of the GTA new condo market).

PER-BUILDABLE-SF VALUES & LRR BY BUILDING TYPE IN TORONTO

Figure 8 presents data on the average price per-buildable-sf and the average land-to-revenue ratio (LRR) for projects that can accommodate a high-rise building and projects that can accomodate a mid-rise building. Our definition of high-rise is 16-storeys or more. The figures are delineated by building type and year for the former municipalities of Toronto and North York.

Figure 8: Average Price Per-Buildable-SF and Land-to-Revenue Ratio by Building Type & Year, Toronto & North York, Q1-2018 to Q3-2021

	High-Rise					Mid-Rise				
Municipality	2018	2019	2020	2021	Total	2018	2019	2020	2021	Total
Toronto	$143 13%	$171 14%	$131 10%	$193 13%	$157 12%	$151 16%	$210 18%	$177 15%	$202 16%	$178 16%
North York	$98 11%	$67 7%	$103 10%	$112 9%	$95 10%	$102 13%	$90 10%	$108 11%	$121 12%	$103 11%
Grand Total	$138 13%	$164 13%	$126 10%	$182 12%	$149 12%	$139 16%	$170 16%	$157 14%	$184 15%	$157 15%

Median PBSF
$67
$100
$150
$199

Avg. PBSF
$67 $210

Traded lands in Toronto that can accommodate a high-rise tower have sold for $193 pbsf in 2021, with buyers paying for land at about 13% of expected revenue (Toronto's pre-amalgamation boundaries). The average land-to-revenue ratio (LRR) over the past four years is 12% for high-rise sites. In comparison, properties suitable for high-rises in North York have sold for $112 pbsf with an average land-to-revenue ratio of 9% year-to-date in 2021. Over the past four years, the average price per-buildable-sf for high-rise properties in North York was $95 with an average land-to-revenue ratio of 10%.

Mid-rise lands in the former City of Toronto traded for $202 pbsf in the first nine months of this year, compared to $177 pbsf in 2020. Buyers paid for land at about 16% of the estimated revenue, just slightly above the average since 2018. Typically the smaller the GFA the site can accommodate the higher the land price per-buildable-sf (to a point, the site has to be financially feasible). North York lands suitable for a mid-rise project sold for an average of $121 pbsf with an average land-to-revenue ratio of 12%.

HISTORICAL LAND PRICES BY NEIGHBOURHOOD

Figure 9 presents data on the average high-density land price for select neighbourhoods in the GTA, broken out by year from Q1-2018 to Q3-2021.

The most expensive neighbourhood in 2021 in Yorkville at $333 pbsf, 22% higher than the area's average of $272 pbsf since the start of 2018.

The next most expensive neighbourhood is the Entertainment District at $275 pbsf, which is 41% higher than the area's four year average of $195 pbsf.

King West was the third most expensive neighbourhood, with lands selling for $262 pbsf in 2021. This is 26% higher than the four year average of $208 pbsf.

Figure 9: Average Land Price Per-Buildable-SF by Year, Select Neighbourhoods in the GTA, Q1-2018 to Q3-2021

Neighbourhood	2018	2019	2020	2021	Grand Total
Yorkville	$221	$382	$145	$333	$272
Entertainment District	$150	$269	$167	$275	$195
King West	$130	$209	$308	$262	$208
Summerhill	$215	$232	$303	$207	$234
Downtown East	$230	$168	$137	$190	$170
Willowdale	$105	$82	$47	$178	$104
Bayview Village	$50	$120	$128	$161	$113
Stockyards	$14	$14	$83	$133	$61
Downsview	$78	$62	$64	$131	$79
Port Credit	$30	$51	$43	$121	$55
Junction Triangle	$97	$91	$93	$103	$95
The Junction	$57		$62	$80	$66
Mississauga City Centre		$40	$58	$73	$52
Birch Cliff Village	$16	$74	$84	$72	$70
North York City Centre	$115	$102	$149	$72	$122
The Queensway	$57	$100	$54	$66	$70
Thornhill	$44	$109	$42	$65	$60
Downtown Brampton		$23	$29	$55	$39
Guildwood	$41	$28	$36	$34	$35
Woodbridge		$43	$59	$33	$45
Richmond Hill	$43	$44	$48	$32	$44
Grand Total	$110	$122	$106	$146	$120

$0 $200 $400 — Avg. Price PBSF

Avg. Price Per-Buildable-SF: $14 – $382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PROJECT UPDATES

137 - 149 Church Street

Pemberton Group purchased this land assembly near the intersection of Church Street and Queen Street East between December 2017 and May 2018 for over $40 million. In the Q1-2018 Land Insights Report, the full assembly had not been completed, and a development application had not been submitted.

Batory estimated that a 35-storey building would be appropriate for the site, with a GFA of 238,360 sf, which worked out to a price per-buildable-square-foot of almost $180, and at the estimated revenue of $880 psf at the time of closing, this translated into a land-to-revenue ratio of 20%.

In 2018, a development application was submitted proposing a 49-storey tower with just over 330,000 sf of GFA. A revised application was recently submitted proposing a 54-storey building with a total GFA of 364,950 sf, which results in a price per-buildable-square-foot of $110. Using the estimated revenue per-square-foot of $880 at the time of closing in 2018, this results in a land-to-revenue ratio of 13%.

110 - 116 Avenue Road

Sierra Corporation purchased this 0.345 acre property near the intersection of Avenue Road and Davenport Road in March 2021 for $16.1 million. At the time of the transaction, no development application had been submitted to the City of Toronto, and Batory estimated that a 10-storey building with a total GFA of 25,000 sf would be appropriate for this small site. This translated into an inflated price per-buildable-square-foot of $644, and with an estimated revenue per-square-foot of $2,025 as of Q1-2021, this resulted in a land-to-revenue ratio of 32%.

In September 2021, an application for rezoning was submitted, proposing a 9-storey mixed-use building with a total GFA of 55,161 sf. This new proposal results in an updated price per-buildable-square-foot of $292. Using the same estimated revenue of $2,025 psf, this results in a land-to-revenue ratio of 14%.

1552 - 1572 Kingston Road

K2 purchased this 0.47 acre property near the intersection of Kingston Road and Warden Avenue in May 2020 for $9.1 million. At the time of closing, the developer had not started the entitlement process for these lands. Batory estimated that a 7-storey mid-rise development with a total GFA of 70,725 sf would be appropriate for the site. This GFA estimate resulted in our price per-buildable-square foot for the site of $129. Bullpen felt that average revenue at the time of closing was approximately $860 psf, which translates to a land-to-revenue ratio of 15%.

In late July 2021, an application for rezoning was submitted to the City of Toronto, calling for a 7-storey building with a GFA of 80,853 sf and a total of 93 units (three studio units, 67 one bedroom units, 19 two bedroom units, and two units with three or more bedrooms). Using the estimated revenue of $860 psf from the Q2-2020 report, the updated price per-buildable-square-foot is $112, and the updated land-to-revenue ratio is 13%.

21 - 53 Broadview, 18 - 40 Lewis & 344 Eastern

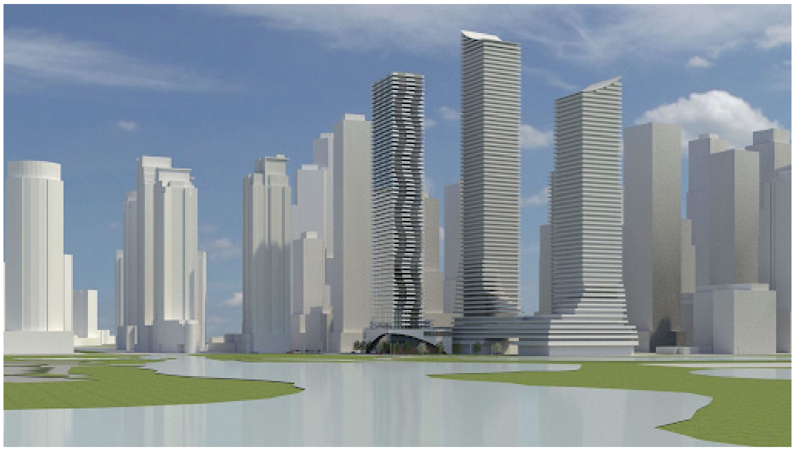
Streetcar Developments assembled a large development site that includes 21 to 53 Broadview Avenue, 18 to 40 Lewis Street, and 344 Eastern Avenue between 2019 and 2021.

No development application was submitted during this time, and Batory and Bullpen worked through various attempts to estimate the size, scope and value of the assembly, and what might get built on the site, ranging from a boutique 6-storey condo of just 20,000 sf at $1,065 psf in 2019 up to a 14-storey building with 115,000 sf of GFA at $1,175 psf in early 2021.

As of September 2021, Streetcar's OPA and rezoning applications were proposing two 12-storey mixed-use buildings with a total GFA of 316,803 sf. The proposal calls for 110 one bedroom units, 195 two bedroom units, 35 units with three or more bedrooms, and 102 parking spaces.

Based on the available data on the closed properties to date, the land has traded at $152 per-buildable-sf.

2199 Lakeshore Boulevard West



Marlin Spring purchased this 0.676 acre property at 2189 Lakeshore in the Humber Bay Shores area in April 2021 for $40 million. No development application had been submitted at the time of closing, and Batory estimated that a 50-storey tower with 410,000 sf of GFA was appropriate for the site, which resulted in a land price of $98 pbsf and an LRR of 8%. An application for rezoning was submitted in September 2021.

Marlin Spring has plans to develop a 59-storey condominium tower with approximately 650 units and a four-level parking garage with 158 residential parking stalls, 67 shared visitor and commercial stalls, and 5 car-share spaces. With a proposed total GFA of 483,460 sf (476,406 sf of residential GFA and 7,054 sf of non-residential GFA), the updated price per-buildable-square-foot of $83, and with an estimated revenue per-square-foot of $1,165 at the time of closing, translates to an updated land-to-revenue ratio of 7%.

805 - 813 Glencairn Avenue

Chestnut Hill Developments purchased this 0.406 acre property near the intersection of Marlee Avenue and Glencairn Avenue in September 2020 for $5.85 million. Without an active development application, Batory estimated that a 6-storey building with just over 90,000 sf of GFA was appropriate for the site, which resulted in a land price of $64 pbsf (LRR = 7%). An application for rezoning was submitted in October 2021 and is currently under review.

Chestnut Hill is seeking approvals for a building much more aggressive than Batory estimated. The proposal calls for a 28-storey mixed-use building with a total of 306 units, a residential GFA of 233,499 sf, and a non-residential GFA of 2,416 sf (retail space at grade). 184 resident and visitor parking spaces, 307 bicycle parking spaces, and the conveyance of an on-site linear park are contemplated. The updated price per-buildable-square-foot is just $25, and with the estimated revenue per-buildable-square-foot of $985 at the time of closing, this translates to a land-to-revenue ratio of 3%.

FINAL THOUGHTS

The GTA average land price has remained fairly flat over the past 15 months, but the blending of data over the entire region has masked changes on a micro level. When getting more granular, land prices declined during the pandemic, but are now trending back up.

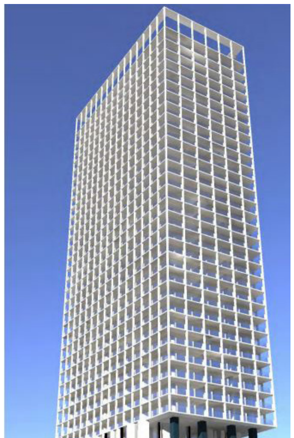
There continues to be trepidation on the buy side from developers worried about the continued increase in construction costs, which will only see more upward pressure given the very strong pre-construction condo sales in 2021. In terms of proforma inputs and considerations, development charges have risen, the ultimate impacts of inclusionary zoning are unknown, product cost inflation and availability is a big concern, and future interest rate hikes continue to weigh on the minds of land purchasers. A rush to beat future planning changes (inclusionary zoning) has resulted in a flood of residential development applications, which will ultimately slow down the approval process even more.

Revenue growth has continued on an unsustainable path, as negative cash flow for hold and rent investors is now a given, and as these investors look to sell in the resale market, affordability for end-users remains a huge concern. With that said, there does not seem to be many future factors that will put significant downward pressure on housing demand in the GTA, with immigration expected to pick up, employers looking to bring their employees back to the office, college and universities looking to further boost enrollment, and the tourism and short-term employment market (driven by film and entertainment) in Toronto to return to normalcy and even expand in 2022.

We will continue to monitor and assess the high-density land market and GTA transactions, and report on the trends we see in the marketplace.

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES

363-391 Yonge Street - Downtown Yonge



19 Hollis - Weston

422 Wellington Street - King West

906 Yonge - Yorkville

1141 Bloor Street West - Bloordale Village

307 Sherbourne - Cabbagetown

225 Queen - Downtown East

330 Campbell Avenue - Junction Triangle

420 Lakeshore - Lakeview

35 Plains - Aldershot

AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES

91-101 Raglan Avenue - Humewood

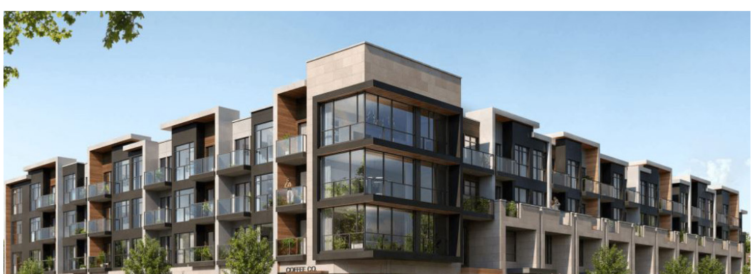
2151 Kingston Road - Birch Cliff Village

61-75 Brownlow Avenue - Davisville Village

5238 Dundas - Six Points

500 Sheppard - Bayview Village

71 Ontario Street - Downtown East



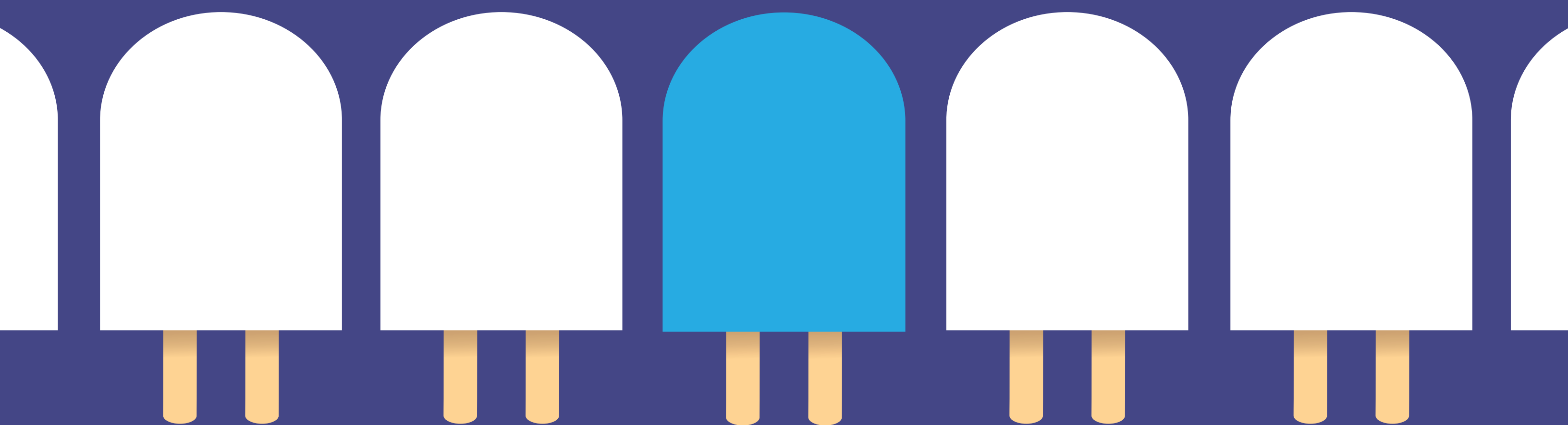
120 Deane - Kerr Village

58 Glen Everest - Birch Cliff Village

221-231 Finch Avenue West - Willowdale

403 Keele - Junction

46 Main - Markham Village



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Disclaimer

The material within this document provides an opinion on land use planning and market-related matters. The individual land use assumptions provided represent an estimate of the highest and best use that could reasonably expect to achieve in the current planning regulatory framework.

Information included should not be regarded as a substitute for obtaining professional advice from Bullpen Consulting & Batory Management — a service requiring the engagement and payment of fees. Similarly, this information should not be relied upon as legal or financial advice. Bullpen Consulting & Batory Management shall not be held responsible for any loss, damage or inconvenience sustained by any person or entity relying on the information included in this document.