

GTA HIGH RISE LAND INSIGHTS REPORT

Q4 - 2020
Published February 2021



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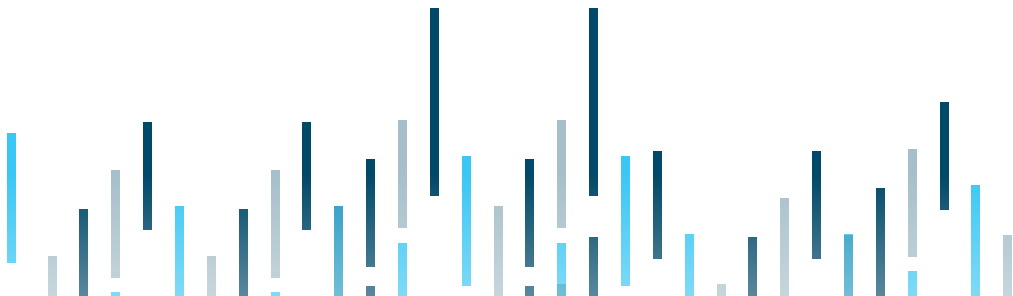
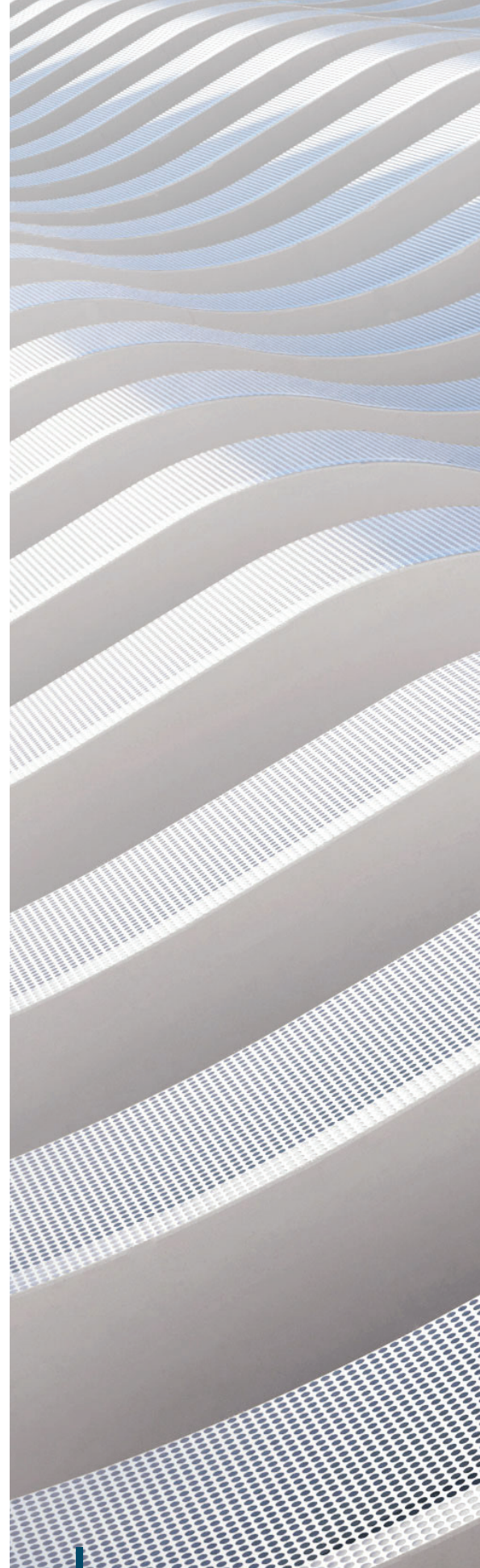
INTRODUCTION

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 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 ($250,000 \times 50\% = 125,000$ sf) to the sales price to get \$80 per-buildable-sf (pbsf).

In the event that the land parcel trading is an additional property to be added to an existing assembly where a residential development application has already been submitted, this will be considered a pre-application project under its planning status.

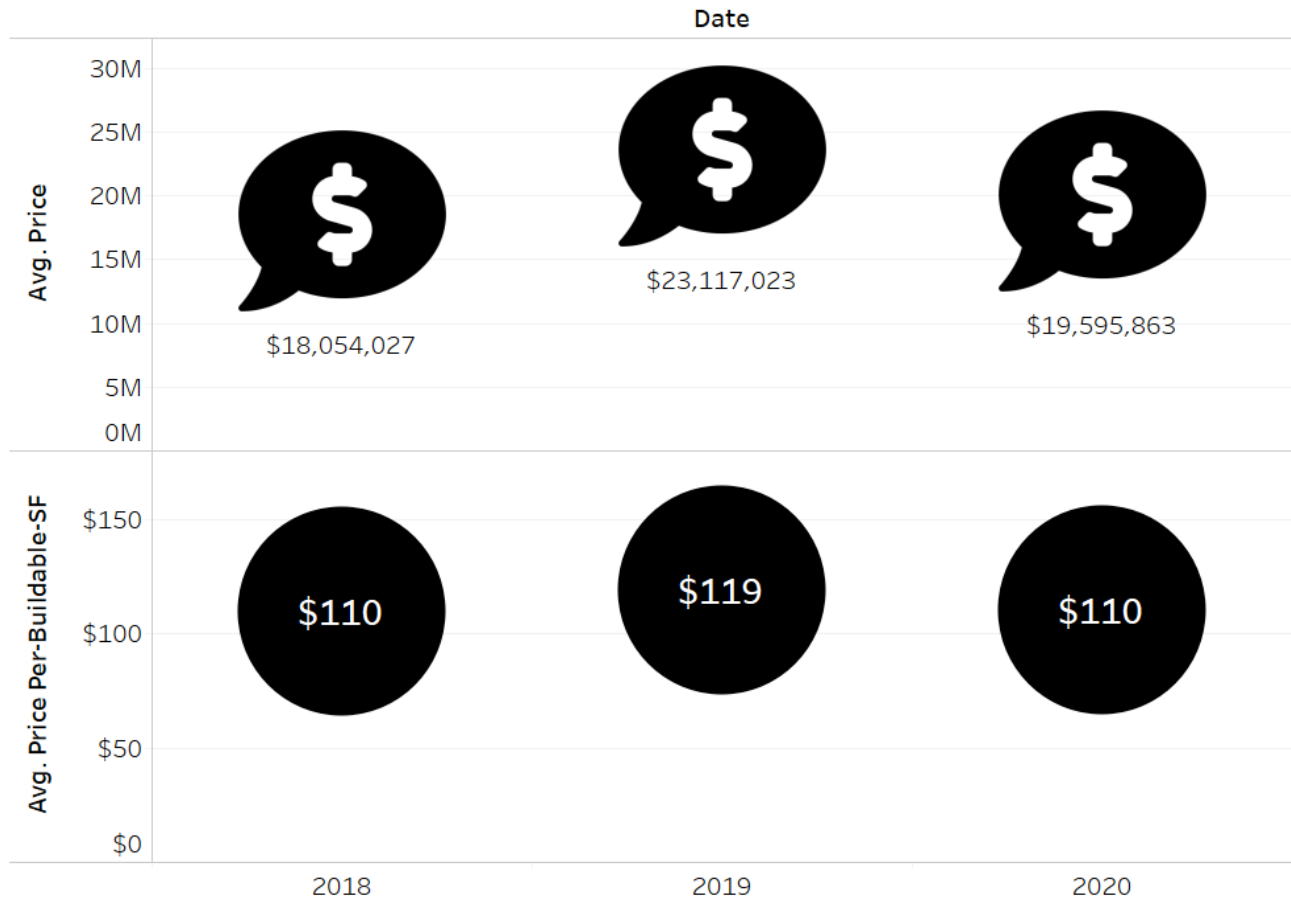


ANNUAL HIGH-DENSITY LAND PRICES IN THE GTA

Figure 1 looks at the average price and average price per-buildable-sf for GTA land transactions that were identified as having future development potential as a condominium or rental apartment. The average property sold for \$19.6 million in 2020, down from \$23.1 million in 2019.

On a per-buildable-sf basis, the average estimated price per-buildable-sf was \$110 in 2020, a decline of 8% annually from \$119 pbsf in 2019, but identical to 2018's result.

Figure 1: Average Price & Price Per-Buildable-SF, High-Density Land Sales in the GTA, 2018 to 2020



GTA HIGH-DENSITY LAND SALES IN Q4-2020

In Q4-2020, Bullpen and Batory reviewed 31 land sales. The average sales price of those lands was \$112 per-buildable-sf. Bullpen estimated that residential condominium apartments at those projects could sell their units at an overall average price of approximately \$1,117 psf at the time of the land sale, which indicates that developers paid for land at about 10% of expected revenue in the fourth quarter.

Q4-20: \$112 per-buildable-sf

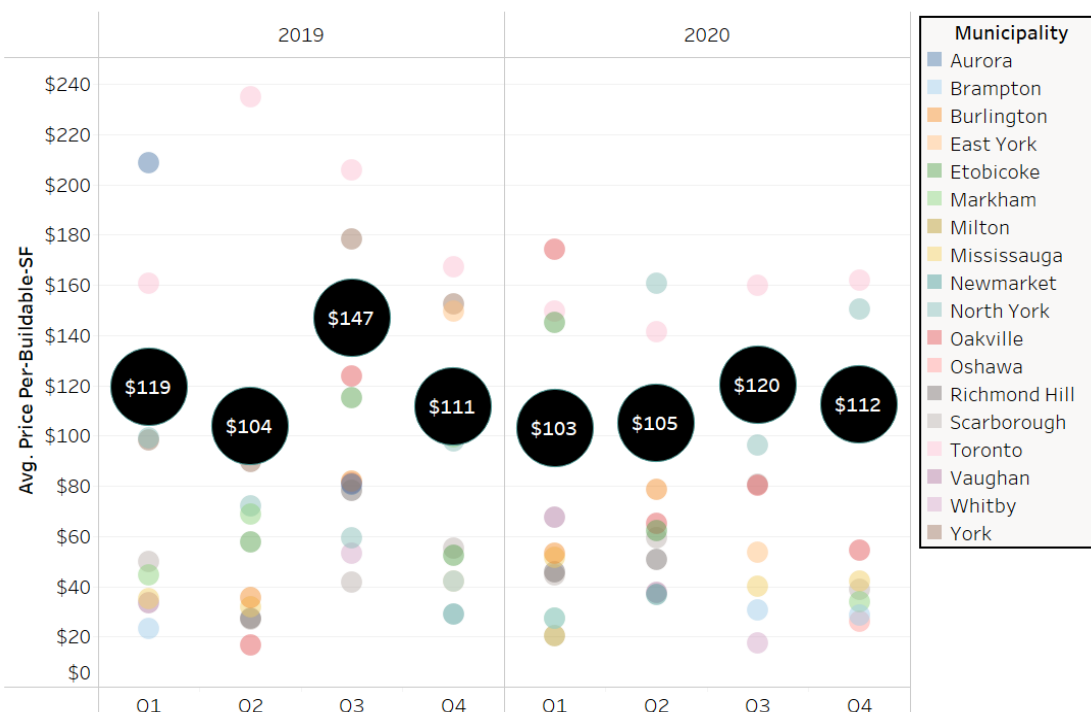
HISTORICAL HIGH-DENSITY LAND SALE DATA

Overall GTA Average Land Price

Figure 2 looks at historical high-density land sale data in the GTA by quarter since Q1-2019 using estimated and unrevised average price per-buildable-sf (pbsf) figures from previous Land Insights Reports - the coloured markers reflect the average quarterly pricing by municipality and former municipality.

The \$112 pbsf (straight average) in Q4-2020 in the GTA is down from the third quarter (\$120 pbsf), but nearly identical to Q4-2019's price of \$111 pbsf.

Figure 2: Average Price Per-Buildable-SF by Quarter, GTA & Municipalities, Q1-2019 to Q4-2020

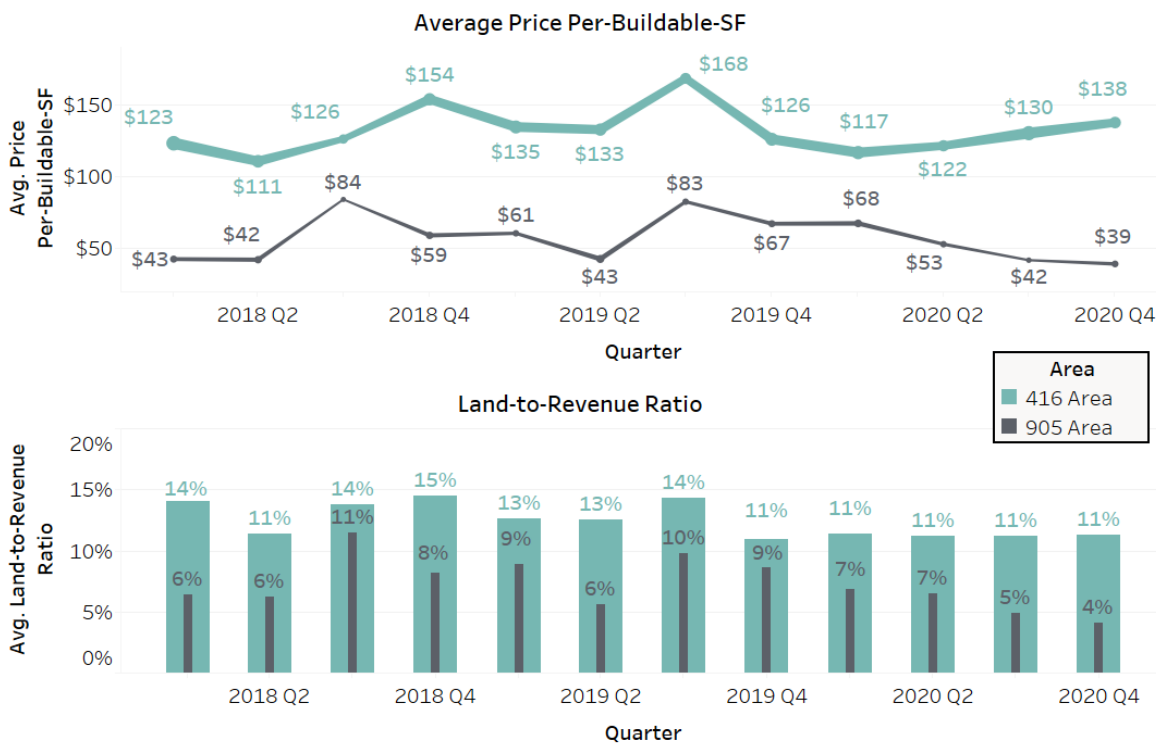


It should be noted at this juncture that these are very small sample sizes and include transactions in very diverse locations, in various stages of entitlement, with very different risk profiles. The blending of data at a GTA level doesn't provide a lot of value on a quarterly basis given the limited number of trades.

Land Prices & Land-to-Revenue Ratio in the '416 Area' versus the '905 Area'

Figure 3 presents data on the City of Toronto (416 area code) and the suburban GTA (905 area code) high-density redevelopment land market over the last three years. The top panel looks at the average land price per-buildable-sf, while the bottom panel looks at the land-to-revenue ratio. The average land price per-buildable-sf in the 416 area was \$138 pbsf in the fourth quarter of 2020, which was up over the third quarter (\$130 pbsf) and annually (Q4-2019: \$126 pbsf). The 905 high-density lands sold for \$39 per-buildable-sf on average in Q4-2020, down quarterly and annually. There were more new condo sales in the 905 than the 416 in 2020, but the decreasing land price reflects the fact that we are seeing more multi-tower land sell, as well as more transactions in the outer-suburbs.

Figure 3: Average Land Price Per-Buildable-SF and Average Land-to-Revenue Ratio by Area, GTA (416 vs 905 Area Codes), Q1-2018 to Q4-2020



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

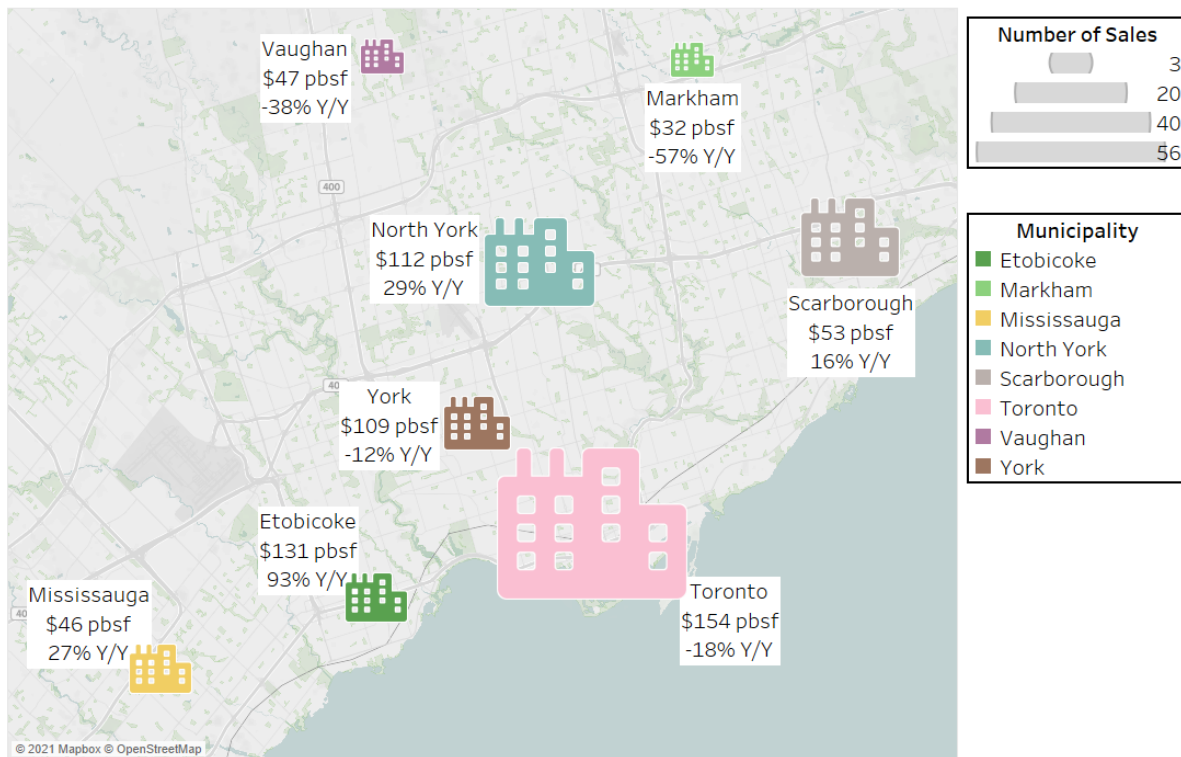
This is done to establish a reasonable “Land-to-Revenue Ratio” estimation that can be tracked over time. How much will developers or other high-density land purchasers pay for property in relation to the going market rate for new condominium apartments, and how does that rate change based on location and time?

In the 416 area in Q4-2020, the average purchaser paid for land at 11% of estimated revenue, which surprisingly was exactly the same in each of the last five quarters. In the 905 area, purchasers paid for land at 4% of revenue, down from 5% in Q3-2020 and 9% in Q4-2019.

SUMMARY LAND SALES DATA & PROJECTIONS FOR TOP MUNICIPALITIES

Figure 4 presents summary data on the top municipalities in 2020. The map shows the average high-density land price per-buildable-sf, and the annual change in that price.

Figure 4: Average Price Per-Buildable-SF and Annual Change in Land Price, Select Municipalities, 2020



Given the limited number of transactions in many of the municipalities, and price comparison year-over-year has limited value due to the wide array of project locations, size, and site status. However, pricing in the former City of Toronto was \$154 pbsf in 2020, down 18% annually. The 2019 result was skewed upwards by a number of high-profile trades in luxury markets.

The sample size of transactions in Etobicoke was small in 2020, and pulled up by one Kingsway site, leading to the 93% year-over-year price growth.

INDIVIDUAL TRANSACTIONS IN Q4-2020 BY NEIGHBOURHOOD

Figure 5 breaks down the Q4-2020 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 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 or Ratio.City for their assessments of these sites.

The 31 land sales in the Q4-2020 had an average size of 2.1 acres, with the potential apartment projects having an average height of 26-storeys. The average project is projected to have 434,000 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 \$27.2 million or \$112 per-buildable-sf (straight average), with a weighted average of just \$65 per-buildable-sf. The average of the individual land-to-revenue ratios equals 9% (the weighted average was presented earlier in the report).

Figure 5: Summary Data on High-Density Land Transactions by Neighbourhood, GTA, Q4-2020

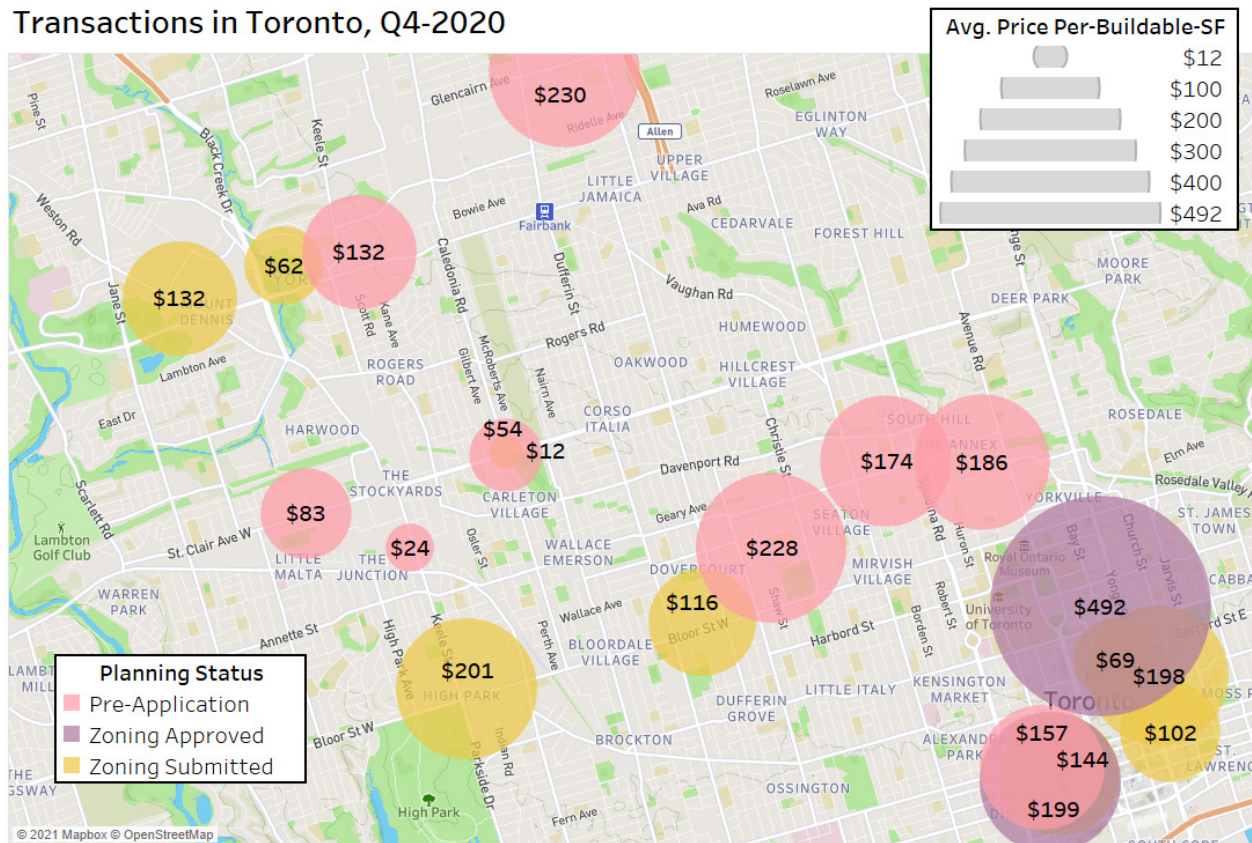
	Number of Records	Avg. Lot Size (Acres)	Avg. Estimated/ Proposed Height	Avg. Price	Avg. Price Per-Buildable-SF	Avg. Land-to-Revenue Ratio	
416 Area	Downtown Core	2	0.3	51	\$90,964,017	\$281	19%
	North York West	1	0.4	9	\$8,765,000	\$230	23%
	High Park	1	0.4	13	\$27,850,000	\$201	17%
	The Annex	2	0.2	9	\$6,416,500	\$201	15%
	Ryerson	1	0.3	53	\$73,000,000	\$198	15%
	Yorkville	1	0.1	30	\$23,008,235	\$186	9%
	Entertainment District	3	0.4	54	\$65,000,000	\$167	11%
	Weston	1	0.4	35	\$6,410,000	\$132	16%
	Bloorcourt Village	1	0.3	11	\$9,365,349	\$116	10%
	Downtown East	1	0.2	45	\$18,659,136	\$102	7%
	Eglinton West	2	0.3	13	\$7,417,000	\$97	11%
	Milliken	1	0.7	24	\$17,000,000	\$84	10%
	Stockyards	1	1.0	10	\$17,000,000	\$83	9%
	Yorkdale	1	1.3	16	\$23,399,999	\$70	7%
	St. Clair West	1	2.8	20	\$39,000,000	\$54	6%
	The Junction	1	6.5	32	\$41,000,000	\$24	2%
	905 Area	Birch Cliff Village	1	19.3	12	\$16,000,000	\$20
Scarborough Junction		1	20.1	48	\$47,750,000	\$12	1%
Downtown Oakville		1	0.2	12	\$5,500,000	\$83	6%
Port Credit		1	0.5	15	\$5,100,000	\$43	4%
Thornhill		1	2.2	35	\$36,000,000	\$42	4%
Cooksville		1	0.2	18	\$3,100,000	\$41	5%
Downtown Brampton		1	1.9	8	\$5,025,000	\$29	4%
Milliken		1	0.4	30	\$5,000,000	\$26	3%
North Oshawa		1	1.1	6	\$1,675,000	\$26	4%
North Oakville		1	1.3	10	\$9,000,000	\$25	3%
		31	2.1	26	\$27,200,089	\$112	9%

SPATIAL DISTRIBUTION OF HIGH-DENSITY LAND SALES IN TORONTO

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

The \$492 pbsf land sale is an outlier because the purchase involves a site that is already under construction with significant work in place.

Figure 6: Location, Planning Status and Price Per-Buildable-SF, High-Density Land Transactions in Toronto, Q4-2020



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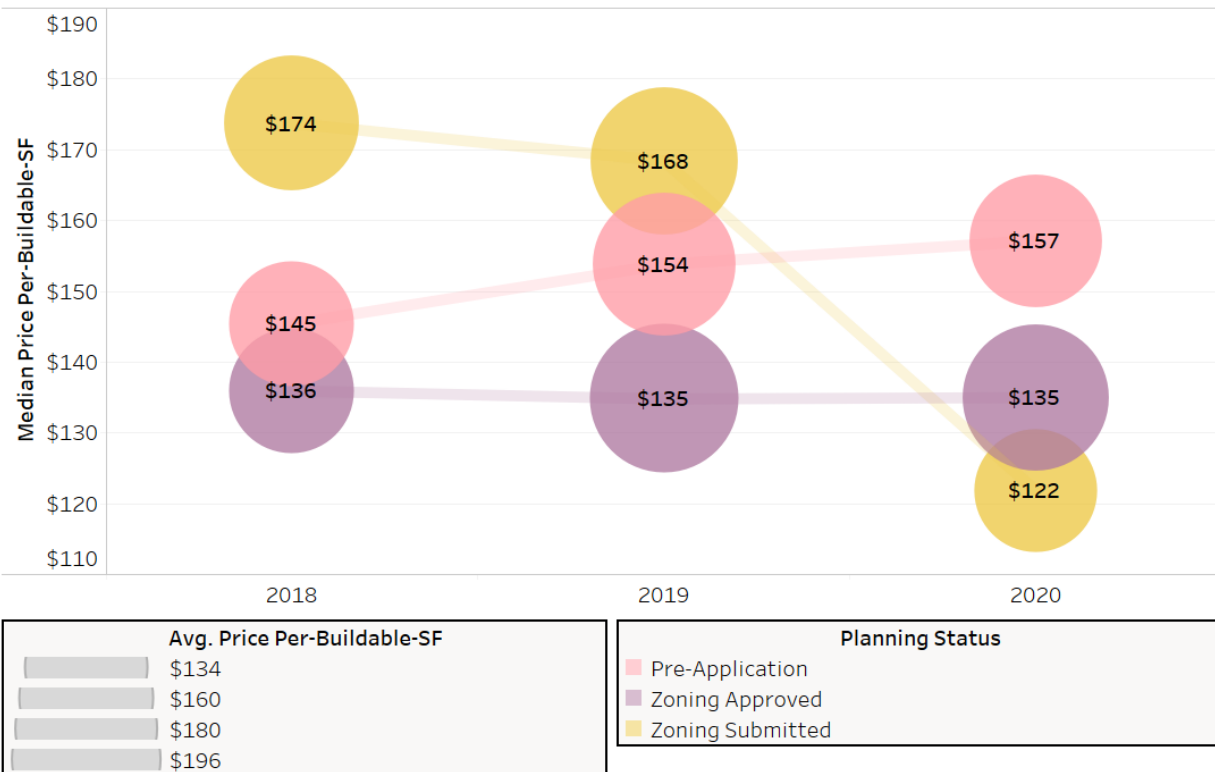
PER-BUILDABLE-SF VALUES BY PLANNING STATUS IN TORONTO

Figure 7 presents data on land transactions in the former City of Toronto over the past three years, showing the average price per-buildable-sf by the planning status of the high-density land sale at the time of the closing (by year).

The median land price of pre-application sites in 2020 was \$157 per-buildable-sf (avg: \$156 pbsf), which was up slightly from 2019's \$154 pbsf. Approved sites sold for \$135 pbsf based on the median value, however, the average value was \$189 pbsf, pulled up by \$492 pbsf transactions referenced above.

The price of lands where a development application was submitted, but no approvals were in place fell substantially in 2020 to \$122 pbsf based on the median, with the average at \$134 pbsf.

Figure 7: Median Price Per-Buildable-SF by Planning Status and Year, High-Density Land Sales in the Former City of Toronto, 2018 to 2020



The blended figures across the former City don't tell the whole story. When comparing two sites near each other, the project with approvals typically sells for more.

However, developers are factoring in when they are planning to launch into the price they pay for land.

LAND PRICES BY BUILDING TYPE IN TORONTO

It is no revelation that city councillors and community groups love small projects and encourage developers to build them. The cost to build these units can often be higher due to less efficient buildings, and the “brain damage” required to get them approved can also be very high on a per-unit basis.

The data for Toronto (presented in **Figure 8**) shows that land costs are also much higher for mid-rise projects. We define mid-rise as 5-16 storeys. The average mid-rise land sold for \$177 pbsf in 2020, which was actually down from \$210 pbsf on average in 2019 (median in 2020 was \$184, and median in 2019 was \$199).

Mid-rise sites got smaller in 2020, while high-rise sites got bigger. Because of the much larger average size for a high-rise site in Toronto in 2020, the average price per-buildable-sf declined to \$131 pbsf, however, the selling prices estimated by Bullpen increased by 6% annually. This resulted in a lower land-to-revenue ratio of 10% in 2020.

Figure 8: Summary Data on High-Density Land Transaction by Building Type and Year, Former City of Toronto, 2018 to 2020

	Date		
	2018	2019	2020
High-Rise	37 sales 0.61 acres \$32,422,134 \$1,102 psf \$143 pbsf 13% LLR	28 sales 0.48 acres \$38,755,741 \$1,248 psf \$171 pbsf 14% LLR	28 sales 1.28 acres \$41,772,048 \$1,322 psf \$131 pbsf 10% LLR
Mid-Rise	32 sales 0.39 acres \$11,714,550 \$918 psf \$151 pbsf 16% LLR	26 sales 0.47 acres \$16,260,385 \$1,170 psf \$210 pbsf 18% LLR	28 sales 0.34 acres \$9,964,416 \$1,171 psf \$177 pbsf 15% LLR

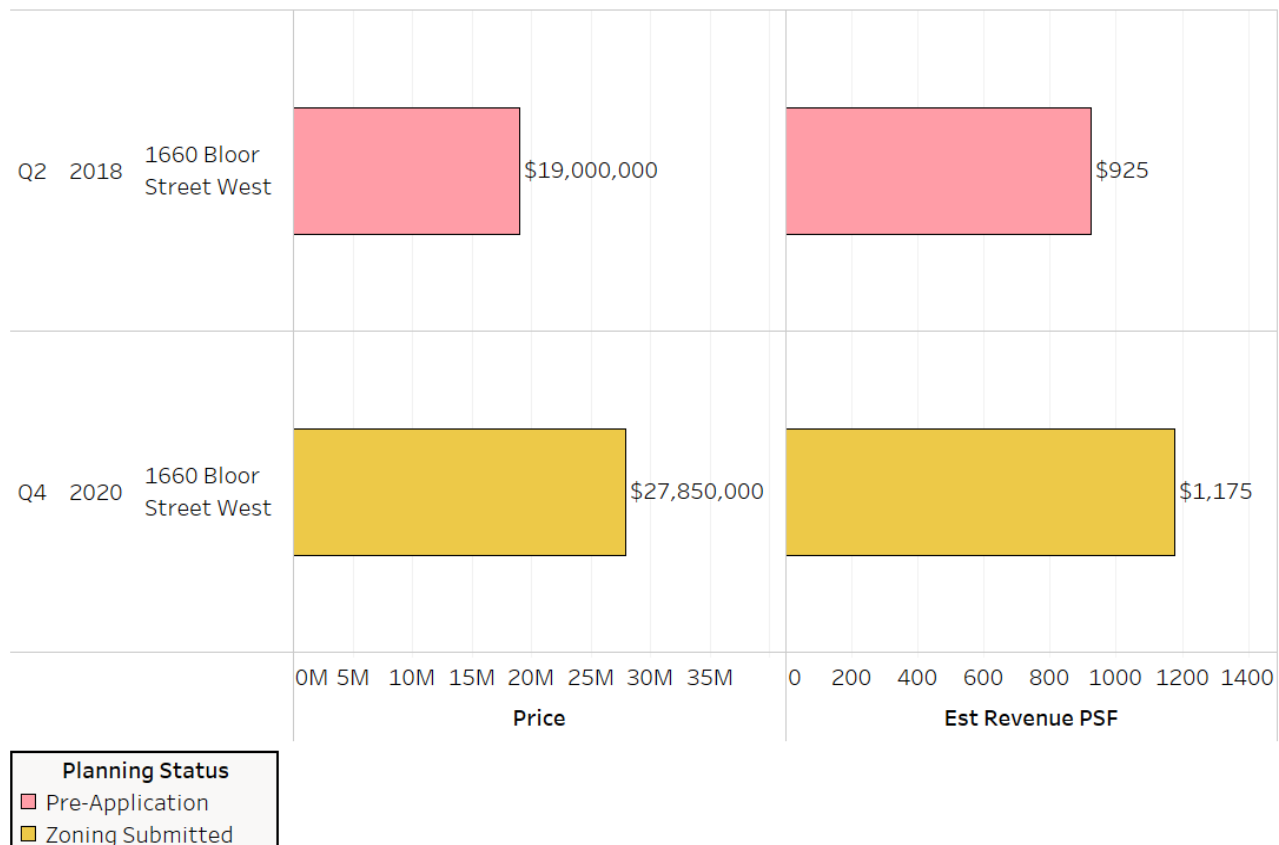
Median Price Per-Buildable-SF	
\$117	\$199

REPEAT SALE - 1660 BLOOR ST W

Figure 9 presents data on a property that has sold twice over the last three years. KS 1660 Bloor Street West Holdings Inc. purchased the site for \$19 million in the second quarter of 2018. No development application had been submitted at the time of closing and Batory estimated that a 14-storey building with about 95,000 sf was appropriate for the site - Bullpen estimated that the units would have sold for about \$925 psf at that time.

A development application was submitted in May of 2020 for a 13-storey building with just under 140,000 sf of GFA. In Q4-2020, Mattamy Urban Neighbourhoods Inc. purchased the site for \$27.9 million, an increase of 46% or about 18.5% per year. Bullpen estimated that a residential project could sell at this location for approximately \$1,175 psf, which is 27% higher than the 2018 estimate.

Figure 9: Repeat Sale, 1660 Bloor St W, Q2-2018 & Q4-2020



SAMPLE TRANSACTIONS & PROJECT UPDATES

2270 - 2296 Eglinton Avenue West & 6 Sanderstead Avenue

This 0.59 acre property on the corner of Eglinton Avenue West and Sanderstead Avenue sold for \$12.7 million in the fourth quarter of 2020. No development application had been submitted at the time of closing, and Batory estimated that a 10-storey building with approximately 97,000 sf of GFA was appropriate for the site. This translates to a \$132 pbsf land price, and a 15% land-to-revenue ratio.

We also asked Ratio.City to prepare a massing for the site, see the image below. They envisioned a 7-storey building with about 77,000 sf of GFA, which would translate into a land price of \$166 pbsf.

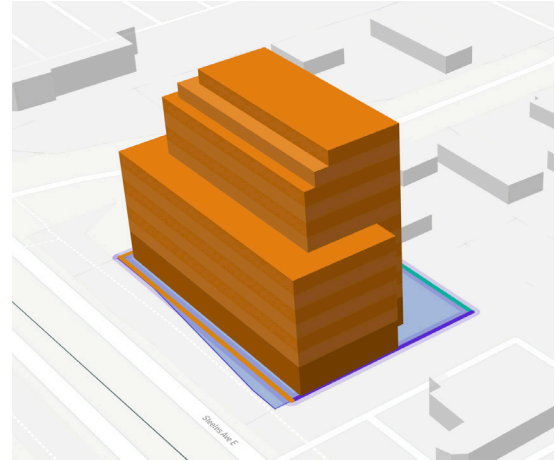


4577 Steeles Avenue East

In December of 2020, 4577 Steeles Avenue East, a 0.66 acre site sold for \$17 million. No development application had been submitted at the time of the sale, and Bullpen



turned to Ratio. City to prepare a massing for the lands. Ratio. City envisioned a 13-storey tower with just under 160,000 sf of GFA, which results in a land price of about \$106 pbsf.



However, Icon Architects has a rendering of the project on their website which shows a 24-storey tower at this site with over 200,000 sf of GFA. We included this proposal in the fourth quarter data, which translates to a land price of \$84 per-buildable-sf and a land-to-revenue ratio of 10%.

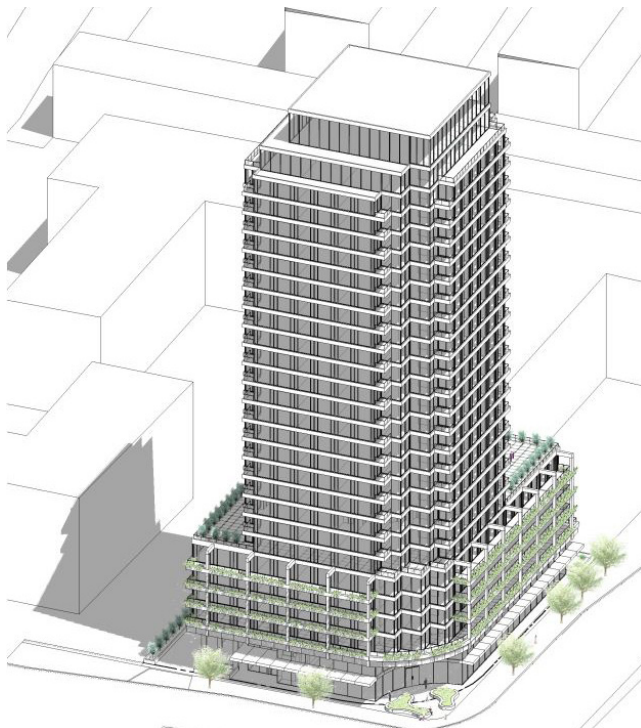
824 Sheppard Avenue West & 177 - 181 Cocksfield Avenue

In April of 2020, ACLP - Sheppard Avenue GP Inc. purchased 824 Sheppard Avenue West and 177 to 181 Cocksfield Avenue, a 1.196 acre assembly in North York, for \$12.25 million. No development application had been submitted at the time of closing, and Batory determined that an 8-storey apartment with approximately 177,000 sf of GFA was appropriate for the site. This works out to a land price of about \$69 ppsf and an estimated land-to-revenue ratio of 8%.

In October of 2020, an Official Plan Amendment and a Rezoning Application were submitted pertaining to this property. ACLP proposed a 14-storey, 270 unit purpose built rental apartment with at-grade commercial. About 20% of the residential units are targeted to be affordable rental units, and there would be two levels of underground parking containing a total of 213 parking spaces. The total GFA proposed is just over 213,000 sf. The revised land price is \$57 ppsf, with an LRR at the time of closing of 6%.



4926 Bathurst Street



Portal Developments Ltd. purchased 4926 Bathurst Street, a Shell station at the corner of Finch Avenue West in North York in early 2020. The 0.614 acre property sold for \$6 million. No development application had been submitted at the time of closing, but the CBRE Land Services Group sales brochure for the property included a couple massing options, and the mid-range of those options was included in the report (11-storey, 128,000 sf of GFA). The estimated land price was \$47 ppsf with a land-to-revenue ratio of 5%.

In late November of 2020, Official Plan Amendment and Rezoning Applications were submitted that proposed a 26-storey tower with 263 residential units and 228,249 sf of GFA. The revised land price is \$26 per-buildable-sf, and the LRR drops to just 3%.

5203 - 5215 Yonge Street & 11 Parkview Avenue

In Q3-2020, 5205 Yonge Inc purchased a development assembly which includes 5203 to 5215 Yonge Street and 11 Parkview Avenue in the North York City Centre. The 0.474 acre property sold for \$27 million. No development application had been submitted at the time of closing and Batory determined that a 32-storey tower with approximately 165,000 sf of GFA was appropriate for the site.

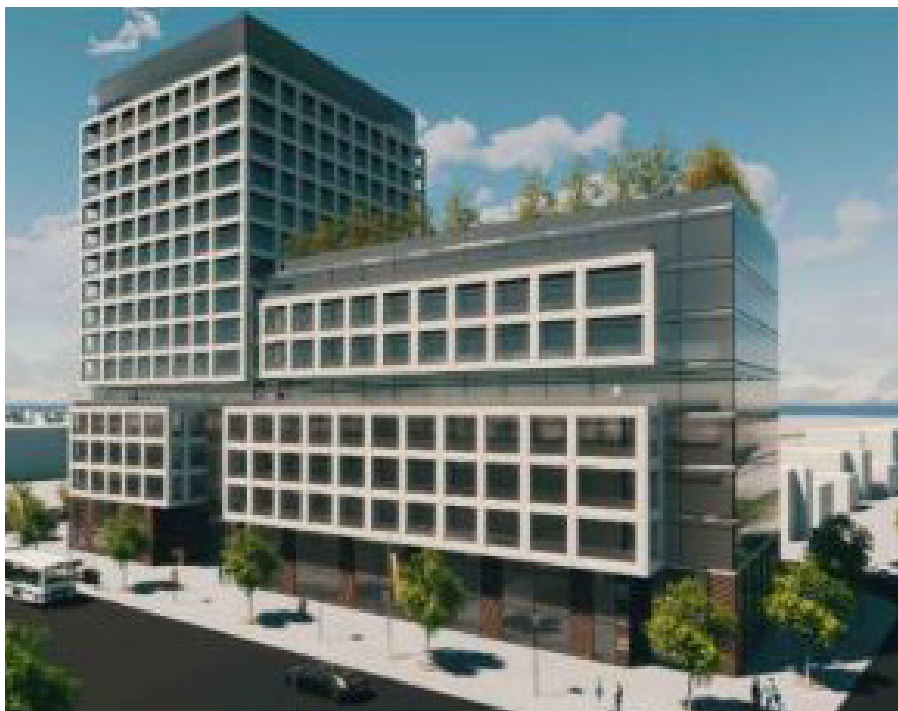
The estimated land price was \$163 pbsf with a LRR of 14%.

In December 2020, Official Plan and Zoning By Law Amendment applications were submitted to permit a 30-storey residential building with 329 dwelling units and 216,656 sf of GFA. The revised land price is \$125 pbsf with an estimated LRR at the time of closing of 11%.



1381 Lakeshore Road East

In Q2-2018, City Park Homes purchased 1381 Lakeshore Road East in Mississauga for \$5.47 million. The Lakeview area property is 1.04 acres, and sold prior to the submission of a development application. Batory determined at that time that a 5-storey apartment with approximately 87,000 sf of GFA was appropriate for the site, which results in a land price of \$63 pbsf, and a land-to-revenue ratio of 10%.



In late 2020, The City of Mississauga received an application from City Park Homes to amend the official plan and rezone the property to permit a 15-storey apartment building with 242 residential units and ground floor commercial space. The GFA proposed is 189,326 sf. The revised land price is \$29 pbsf, with an estimated LRR at the time of closing of 5%.

415 Mount Pleasant Road

In April of 2020, CAIRN Merchant Partners LP purchased 415 Mount Pleasant Road in Davisville for \$5.5 million. The 0.157 acre property was improved with a KFC restaurant. No development application had been submitted at the time of closing, and this report assumed the assembly also included 323 Balliol Street. Batory Management determined that a 10-storey apartment with 177,000 square feet of DFA was appropriate for the site. The 415 Mount Pleasant property comprised 80% of the assembly, so the land value worked out to \$39 pbsf, with a LRR of 4%.



In September 2020, Official Plan Amendment and Zoning By-law Amendment applications were submitted for 405 and 415 Mount Pleasant and 323 to 325 Balliol. The proposal calls for a 9-storey mixed use building and three townhouses. The mixed-use building would be predominantly used for seniors care, and the 94,595 sf of GFA includes ground floor retail/community use space, office space, 68 memory care suites and 18 assisted living units.

The total assembly is 0.57 acres, and 415 Mount Pleasant Road was only 28% of the lands, so the revised land price is actually \$208 pbsf. This is a significant revision, and shows how difficult it is to calculate the value of a single property in a larger assembly.

1319 Bloor Street West

KS 1319 Bloor Street West Holdings Inc. purchased the 2.45 acre Value Village site in the Junction Triangle area in Q4-2019 for \$80 million. The site is located at Bloor's southwest corner with St Helens Avenue, a short distance west of Lansdowne subway station. At the time the property closed, no rezoning application had been submitted to the City of Toronto. Batory determined that a multi-



tower development with approximately 964,000 sf of GFA and a maximum height of 31-storeys was appropriate for the site. The estimated land price was \$83 pbsf, with a land-to-revenue ratio of 8%.

An application seeking Zoning By-law Amendment, which was submitted to the City in December 2020, proposed a 33-storey tower located near the southwestern corner of the site, and a 31-storey tower located at the northeastern corner of the site, connected by a podium ranging in height from 4- to 7-storeys. A total of 634 residential units are proposed and just over 625,000 sf of GFA. Along the west edge of the site, a strip of land would be conveyed to Metrolinx to accommodate a GO station platform for the Bloor-Lansdowne line and a multi-use path.

The revised land price is \$128 pbsf, with a LRR at the time of closing of 12%.

630, 636 & 686 Finch Avenue East

In October of 2019, 2715649 in Ontario Inc purchased 630 and 686 Finch Avenue East, a 1.95 acre property, for \$45 million. In December of that year, they also purchased the 0.414 acre property at 630 Finch Avenue West for \$8.33 million. As of the end of Q4-2019, no development application had been submitted for this combined 2.364 acre site on the north side of Finch Avenue East, west of Leslie Street. Batory determined a 6-storey apartment with about 288,000 sf of GFA was appropriate for the site based on past planning precedents.

In September 2020, developers Tridel and BAZIS proposed a 12-storey apartment with 206 residential units, retail space on the ground floor and 311 parking spaces, including 60 visitor spots. According to the City of Toronto, the properties in this development include 630 Finch, 648 Finch and 73 Barstock Drive. The total GFA proposed is just under 305,000 sf.



The revised land price is \$109 pbsf, with a LRR at the time of closing of 12%.

2116 Eglinton Avenue West

In September 2018, 2116 Eglinton Holdings Limited purchased this namesake property, which is located on the northeast corner at Little Boulevard, halfway between the Fairbank and Caledonia stations on the new Eglinton LRT. The 0.369 acre property sold for \$5.45 million. Batory management determined that a 9-storey apartment with about 56,000 sf of GFA was appropriate for the site. The estimated land price was \$97 pbsf, with a land-to-revenue ratio as of Q3-2018 of 14%.



A development application was submitted in September 2020 that seeks Site Plan Approval for a 9-story building with a total gross floor area of 85,971 sf. A total of 104 condominium units are proposed, and instead of traditional retail space, ten live-work units are envisioned along the Eglinton Avenue frontage.

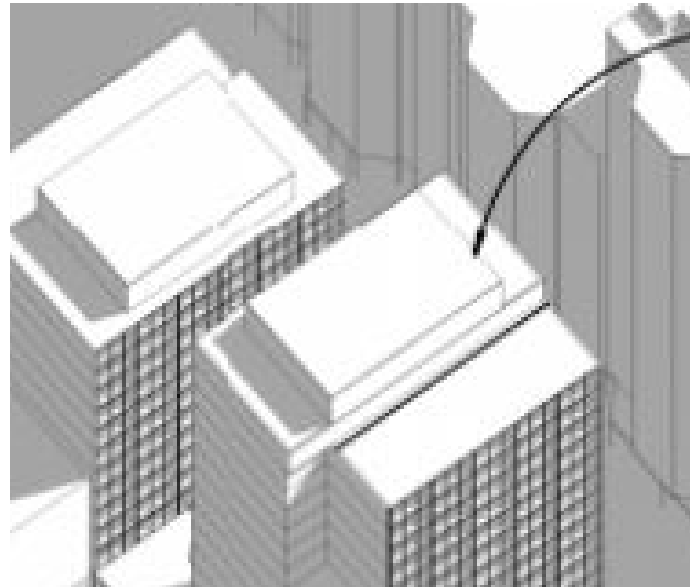
The revised land price is \$63 pbsf, with an estimated LRR at the time of closing of 9%.

689 King Street West

Timbercreek Asset Management purchased 689 King Street West in March of 2018 for \$19.6 million. At the time of the sale, a 3-storey retail building was proposed on the 0.4 acre site.

Batory estimated that a 17-storey apartment with 192,000 sf of GFA was appropriate for the site. This estimate translates to a per-buildable-sf price of \$102, which represented an LRR of 10% at that time.

Timbercreek did not ultimately pursue a residential development at the site, selling to Magna Hotels in December 2019 for \$24.75 million. Magna is proposing a hotel with 145,540 sf in 13- and 18-storey towers (see inset image).



If we assume that a residential building of 145,000 sf could have been built at this site, the 2018 transaction from Timbercreek actually traded for about \$135 pbsf (13% LRR), and the Magna trade would be at \$170 pbsf.

66, 68, 72, 74, 82 & 86 Bathurst Street



HNC Bathurst Street N-1 Inc. (Hines) purchased this 0.79 acre site in June 2018 for \$35 million. An Official Plan Amendment and a Rezoning Application had been submitted just weeks before the closing which proposed a tiered 17- to 20-storey, 333 unit residential condominium development with mixed-use at grade. The development would have a total GFA of just over 340,000 sf. The land price was \$103 pbsf at the time of closing, with an estimated LRR of 9%.

The latest architectural plans submitted in 2020 show a slightly smaller project with 311,840 sf of GFA (retail, office and residential rental) and 307 residential units. The revised land price is \$112 pbsf with an updated LRR at the time of closing of 10%.



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FINAL THOUGHTS

The pace of high-density land transactions in the GTA has not slowed, as developers continue to evaluate the market on a long-term basis. Total sales in the GTA new condominium apartment market in 2020 were down year-over-year, but with an average 2nd quarter with a normal level of launch activity, the sales would have likely finished at the fifth highest level on record. Which is a significant accomplishment given how developers had to switch to virtual sales.

The average land price declined year-over-year, which is related to a reduction in the number of transactions in luxury markets like Yorkville and Forest Hill. Anecdotally, developers are being more cautious in their underwriting, and building in less price growth moving forward (which is reflected in the lower land-to-revenue ratio), despite another 5% increase in new condo pricing in 2020.



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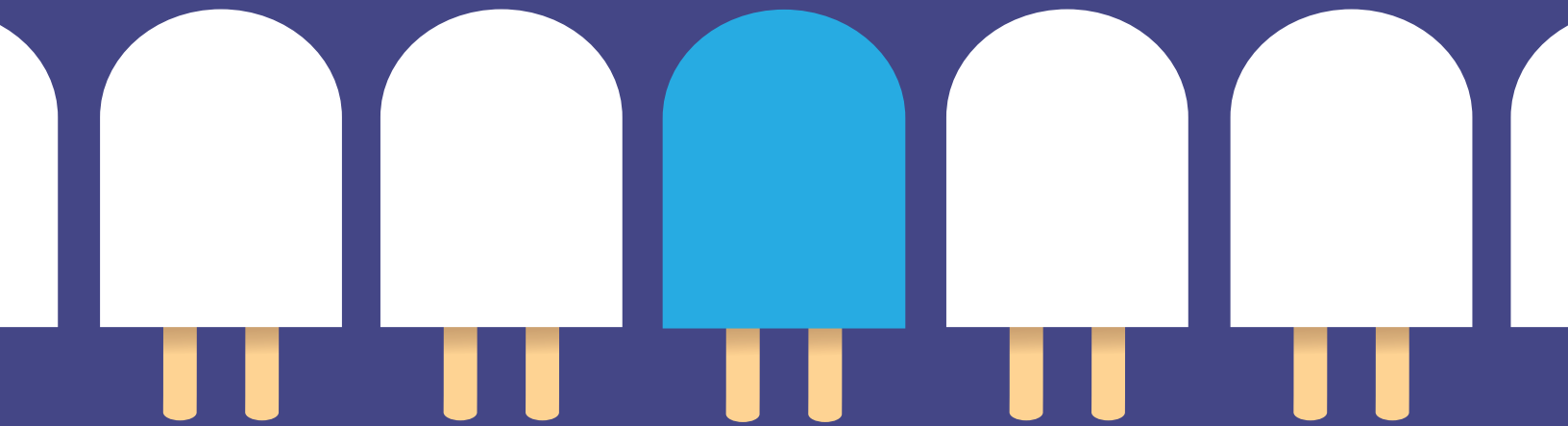
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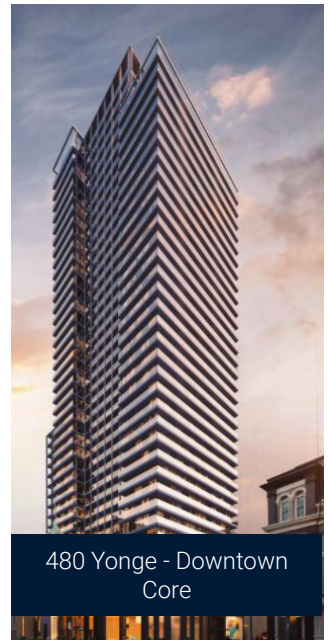
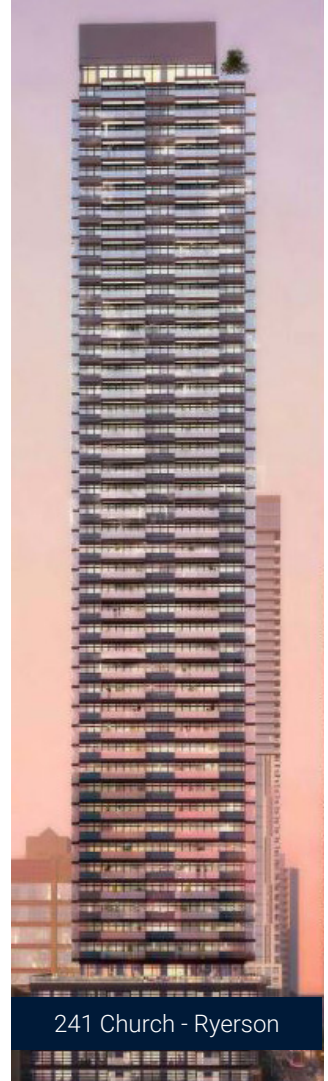
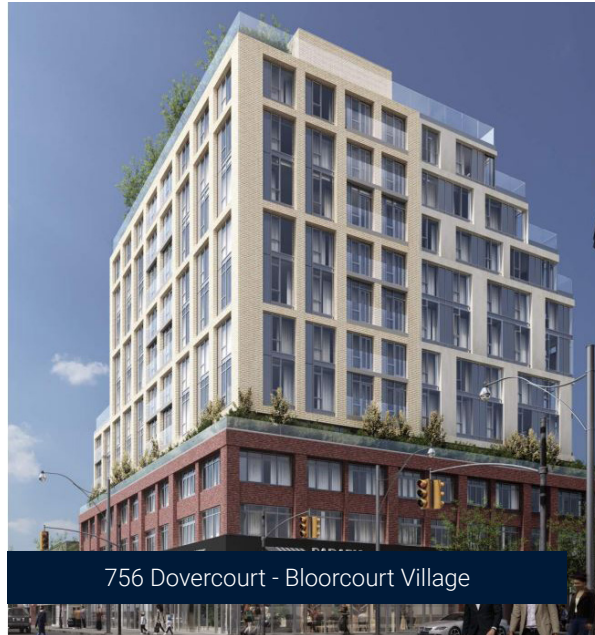


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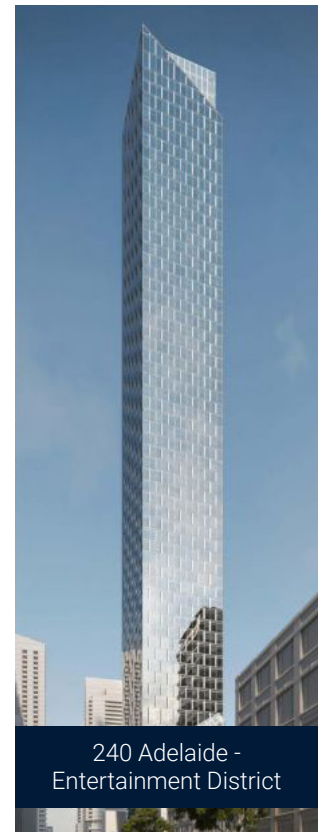
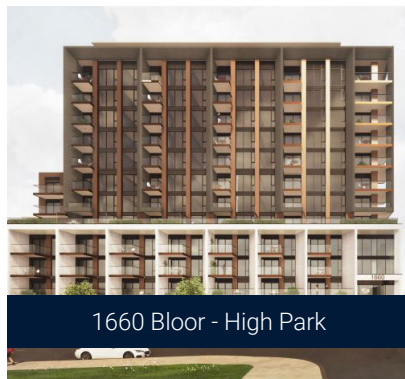
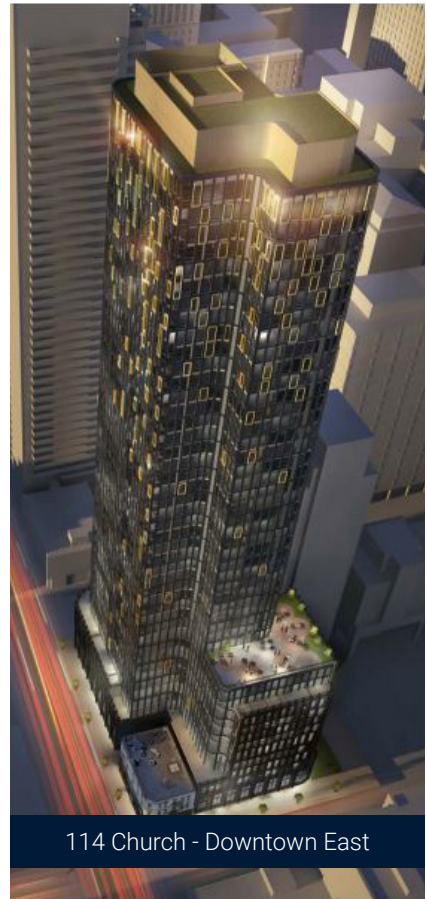
What is possible? The answer, of course, is everything.



AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES



AVAILABLE RENDERINGS FOR ZONING SUBMITTED OR ZONING APPROVED SITES



Kristin Ley, Partner, Cohen Highley, has joined RHBTv News as an on air legal analyst. Kristin will be answering questions from YOU our viewers.



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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.

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