

THE LAND DIGEST

Renting may become the NORM

For Brian DePratto, Canada's housing market is both business and personal. The TD Bank economist studies Canada's hot real estate sector but he wonders when he and his fiancée will be able to make their dream of buying Toronto house a reality.

"We would like to own a home eventually," said DePratto. "But certainly the way things are looking right now it doesn't really make a lot of economic sense for us to dive in." And he's not alone.

Many millennials are finding home ownership out of reach. The average home in Canada now costs more than half-a-million dollars – that's up eight percent in the most recent quarter.

In Toronto that same home will cost about \$600,000. It's nearly \$1.1 million in Vancouver. Low interest rates are keeping mortgage payments affordable.

But a recent BMO survey found as many as four in 10 first-time homebuyers couldn't afford a down payment without help from family members. And those who can't tap into the 'bank of mom and dad' are deciding to rent.

"Unless you've got significant savings or willing to take really significant risks given today's prices, renting might be the only option for a lot of people," said Greg Romundt, president of Centurion Apartment REIT.

Renters can still take part in the housing boom by investing in real estate stocks. Once taxes, fees and other costs are accounted for, condo owners would have been better off renting and investing in Canadian Apartment REIT, according to a recent RBC report. And the market is responding to this rental renaissance. Two dozen new rental projects are underway in Toronto and nearly 50 are on the drawing board.

"That's really unprecedented. As a country we really haven't built a lot of new rental apartment stock since the '70s," said Romundt.

The construction of new rental apartments is now double the five-year average across Canada's six largest cities.

Back in Toronto, TD's Brian DePratto is still renting – and watching the market closely. TD forecasts that home prices will likely fall up to three percent in the next couple of years. That may give him a chance to get into the market.

"Right now it's just a matter of timing the market, looking at what's happening and figuring out when the right time to move is," said DePratto.

"With this price correction, it's probably not going to be this year."

Source: RHB Magazine

Economic Indicators:

Real GDP Growth	
Q3 2015	2.3%
Toronto Employment Growth	
Oct 2015	4.5%
Toronto Unemployment Rate	
Oct 2015	7.1%
Inflation	
Oct 2015	1.0%
Bank of Canada Overnight Rate	
Nov 2015	0.5%
Prime Rate	
Nov 2015	2.7%
5 Year Mortgage Rate Fixed	
Nov 2015	4.6%

MPAC Land Values – Yorkville is the Highest Priced

Land for high-rise condo development in Toronto is priciest in Bloor Yorkville with a market value of \$135 to \$145 per square foot. According to MCAP's spring market report for residential land values in the GTA, the mink mile is even costlier than the Downtown Core, where land is valued at \$110 to \$115 per square foot (values are based on gross buildable square foot)

Both sub-markets saw an increase from last year. In spring 2014, Yorkville was valued at \$125 to \$135 per square foot and Downtown Toronto was valued at \$100 to \$105.

Land in the North Toronto submarket is more valuable than the Downtown West (\$67 to \$75 per square foot)

and the Downtown East (\$65 to \$73 per square foot). Perhaps its subway access that makes the Bloor Yorkville, the Downtown Core and North Toronto the priciest places in the city for condo developers to build.

Highway 7/Yonge Corridor was the only GTA submarket evaluated by MCAP to see a slip in the market values, though it was a small one: in the 2014 report, high-rise condo lands were valued at \$45 to \$50 per square foot while in 2015, the value was \$40 to \$45.

The report also looked into how land values compare across GTA regions building low-rise housing. Among 20 front foot townhouse lots, York Region was home to the three highest priced communities for building:

Richmond Hill (\$17,300 to \$17,500), Markham (\$17,700 to \$17,900) and Woodbridge (\$15,600 to \$15,800).

Each of these markets also saw significant gains over the previous year with land values in the \$13,000 range. In 2014, none of the communities recorded values above the \$13,200 to \$13,400 range.

Richmond Hill, Markham and Woodbridge were also home to the most expensive land values for 50 foot lots, 40 foot lots and lots within the 30 to 36 foot range.

*Source: Monica Warzecha
BuzzBuzz*

1 Yorkville is on the MOVE

Bazis and Plaza are gearing up for construction of their new condominium tower named after its address of 1 Yorkville. Designed by architect Roy Varacalli to soar to over 600 feet into the air near Toronto's busiest subway interchange, the 58 storey tower will rise behind a row of heritage storefronts along Yonge Street two blocks north of Bloor.

From Yonge Street, anyone walking by will know that "something is up" on the site because of empty storefronts and boarded up windows, but it has been the back side of the site where most of the action has been taking place.

Over the past several months, preparation for construction by TMG Builders has included stabilizing the delicate heritage building fronts in preparation for some heavy construction immediately behind them. Now, demolition of their back rooms has been completed, with shoring followed by excavation of the foundation pit to begin shortly.

The exceptional structure will be built above the fully restored Yorkville Village buildings that date to the 1860s. This meticulous preservation work — overseen by ERA

Architects, Toronto's premier heritage specialists — will involve the retention of not just the graceful historical facades but the entire original structure of the 19th century buildings. This is where the condominium's boutique retail offerings will be housed. 1 Yorkville is also about changing perspectives, with a magnificent tower that's clad in what Varacalli describes as "3D wallpaper".

Source: UrbanToronto

RECENT SALES – GTA

Address/City	Acres	Price	Notes
955 Weston Road York	1.9	\$6.8MM	71 towns \$95,700/lot or \$90 psf
47 Camden Street Toronto	0.06	\$4.5MM	Part of assembly for high rise
670 Progress Ave Scarborough	8.82	\$20.0MM	Purchased by Fieldgate – commercial lands - future
9251 Yonge Street* Richmond Hill	1.88	\$16.0M	Approved 500,000sf \$32 psf
2175 Keele Street Toronto	14.63	\$21.0MM	Former hospital purchased by Daniels

Source: CFAS and RealTrack * **SOLD by CFR**

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