

THE LAND DIGEST

Toronto Condo Prices Could Rise 40%

A major real estate developer is brushing off fears of a bubble in Toronto's red-hot condo market.

"My prediction, and I've been pretty accurate to date, is we are going to have a 30-to-40 per cent increase in values of the condo market in downtown Toronto over the next three to four years," Barry Fenton, CEO of Lanterra Developments, told BNN in an interview on Thursday. He later clarified he expects that price growth to occur over the next three years, not four.

According to data released by the Toronto Real Estate Board on Thursday, the average selling price of a condominium in the City of Toronto (specifically within the 416 area code) was \$415,316 during the month of November. That figure represents an increase of 5.4 percent from the same month in 2014.

If Fenton – who leads the fourth-largest condo developer in the Greater Toronto Area – is proven correct, the average selling price of a Toronto condo will surpass \$580,000 by the end of 2018. The prediction stands in direct contrast to widely held expectations of a

price correction hitting the Canadian housing market in general, and the Toronto condo market specifically.

An unprecedented 80,000 condo units are under development in Toronto, according to an estimate from ratings agency Fitch from earlier this year, representing an increase of roughly 50 per cent over the past four years. In August, the Canada Mortgage and Housing Corporation – the national housing agency – said Toronto was facing a "high risk" of correction due to overbuilding.

The growing chorus of experts raising red flags about hot Toronto condo prices extends to prominent global groups. In early November, the Organisation for Economic Co-Operation and Development said Toronto in particular was at risk of a "sharp" housing market correction.

Fenton freely acknowledges his view is "contrarian." He believes despite the record number of condo units under development throughout Toronto that inventory will start to run out in a matter of months as developers struggle to find new building sites, meaning supply will soon be outpaced by steady demand.

"There is probably something like five or six months left of inventory and that will be absorbed very, very quickly," Fenton said, noting as an example a \$330-million bid he placed for a prime piece of land on the northeast corner of the Yonge and Bloor intersection. "I got outbid by \$30-million by an unconditional offer [and] that just tells me the market is, from an acquisition standpoint, very very strong and it is going to affect the end-purchaser's ability to buy, or have more selection of inventory to buy."

"It is not the flavour of the month or flavour of the year," Fenton said, "For the past 10 years the market has been fantastic and it is only going to continue to grow."

Source: BNN
Jameson Berkow

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%

93 New Development Projects Downtown Toronto '15

Development in Toronto and East York overshadowed growth in Etobicoke York, North York and Scarborough last year, but North York's Committee of Adjustment was pretty darn busy.

In its 2015 annual report, Toronto City Planning department paints a picture in numbers of how much the city is growing and changing. In the district of Toronto and East York, encompassing the "old" city of Toronto including downtown, there were 93 new development projects, 1,408 applications to the committee of adjustment for smaller changes to properties and an impressive 1,833 applications for heritage permits. In North York, there were 63 new development projects, 1,216

applications to the committee of adjustment and 135 heritage permit applications. In the west, in Etobicoke York, there were 53 new development projects, 871 applications to the committee of adjustment and 114 heritage permit applications.

Things were more sluggish in Scarborough, which saw 45 new development projects, 485 applications to the committee of adjustment and 65 heritage permit applications. But it's not all about the numbers. The report highlights projects the city sees as game-changers. The Scarborough Civic Centre Library opened last year and construction began on the Guild Inn/Bickford House revitalization, which will bring a new banquet hall, restaurant and community centre to the heritage site about the Scarborough Bluffs. The Steeles-Redlea

Study has been established to create a planning framework for the parameters for future growth of one of the city's newly designated Regeneration Areas.

On the waterfront, there's the second phase of revitalization focusing on the port lands, the new Fort York bridge (which will begin construction soon) linking King Street West and Liberty Village to the Fort York neighbourhood, and the launch of Project: Under Gardiner, which will use a \$25-million donation from the Judy and Wilmot Matthews Foundation to create public spaces beneath the western Gardiner from Strachan Avenue to Spadina Avenue.

Source: City of Toronto

Record House Sales GTA February 2016 – TREB

March 3, 2016 -- Toronto Real Estate Board President Mark McLean announced Greater Toronto Area REALTORS® reported a record number of home sales through TREB's MLS® System in February 2016. There were 7,621 transactions reported this past February – up 21.1 per cent compared to February 2015.

The number of new listings entered into TREB's MLS® System was also up on a year-over-year basis, but by a lesser 8.2 per cent. The fact that the annual rate of sales growth outstripped the annual rate of new listings growth shows a tightening of

market conditions compared to last year.

"Even after accounting for the leap year day, sales were above the previous record for February set back in 2010. Sales were up strongly from the 15th day of the month onward as well, despite the new federal mortgage lending guidelines coming into effect that require at least a 10 per cent down payment on the portion of purchase prices between \$500,000 and \$1,000,000," said Mr. McLean.

Seller's market conditions continued throughout the GTA in February. Strong competition between

buyers resulted in a healthy growth in selling prices. The MLS® Home Price Index (HPI) Composite Benchmark was up by 11.3 per cent year-over-year. The average selling price was up by 14.9 per cent annually to \$685,278.

"Recent polling conducted for TREB by Ipsos suggested that GTA households will remain upbeat about purchasing a home in 2016. Early sales results for January and February certainly support this view. With strong sales up against a constrained supply of listings, home prices continued to trend strongly upward," said Jason Mercer, TREB's Director of Market Analysis.

RECENT SALES – Metro Toronto

Address/City	Acres	Price	Notes
363-391 Yonge St.	0.82	\$149MM	Application in Off/Ret 900k sf
57 Spadina Ave.	0.42	\$32.9MM	Approved 309,00 sf condo
66 Wellesely St. E.	0.42	\$28.8MM	Future mixed use development
381 Richmond E.	1.02	\$26.0MM	Future condo site
411 Church St.	0.5	\$27.0MM	Future condo site

Source: CFAS and RealTrack

COMMERCIAL FOCUS REALTY INC., BROKERAGE

35 The Links Road
Suite 202
Toronto, Ontario
M2P 1T7

Phone:

(416) 972-9220

Fax:

(416) 972-9588

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www.cfrealty.ca

About The Land Development Group

CFR has quality agents and advisors who have been involved extensively in the purchase and sale of development lands.

Not only can we assist in the purchase and sale function, but CFR has the contacts and expertise to participate the whole development process. We have affiliations with planners, architects and other consultants which can assist our clients.

The key members of the Land Development Group are well tied into the development community.

In many cases they have acted on their behalf in consulting situations. This allows the team great access to leading edge information regarding future growth areas, highest and best use, and new paradigms in development densities.

The Land Development Group started in 2012 and to date has sold over \$80 million worth product.

With an in house planner and accredited appraiser as part of the team, the Group can offer to its clients services like no other Brokerage. These professionals are quick to assess the potential development of property and its hidden values.

Lorenzo DiGianfelice, AACI

Broker of Record & Owner
Direct – 416-907-8281
ldigianfelice@cfrealty.ca



Mitchell Chang

Salesperson, President & Owner
Direct – 416-907-8280
mchang@cfrealty.ca

Robert Levinson

Salesperson & Owner
Direct – 416-907-8275
lev@sympatico.ca