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The Land Digest

New Provincial Polies and Impacts

Toronto continues to grow. The GTA's steady growth in population, property value, and density shows no signs of abating in the coming years. In fact, Ontario's Ministry of Finance projects the GTA as the province's fastest growing region, with a population increase of 3 million (or 45.8%) by 2041, including a significant contribution from steady international migration.

The province is looking at implementing policies to manage the forthcoming population growth in order to maximize efficiency, usability, and quality of life across the GTA. Chief among the government's aims is limiting suburban sprawl, a controversial initiative that will decrease the construction of single-family homes on the sparsely-settled outskirts of the region. If implemented, however, these policies could mean significant benefits for property owners and investors whose interests lie within Toronto proper.

As builders are limited in their options in the suburbs, we'll see more intensification in already built-up areas. Higher real estate prices, particularly for multi-unit buildings, will follow. Owners and investors holding property in dense, built-up areas will be in a favourable position as demand is limited in the region's outskirts and tenants or buyers start to look within the city for housing options.

A 2013 report by researchers at the University of Ottawa found that "large houses and big yards are less important to GTA residents than walkable, mixed-use neighbourhoods, short commutes to work, and easy access to frequent rapid transit." And as governments around the world work to respond to climate change, the cost of fuel is likely to rise as new regulations on carbon set in. This means suburban commuters may choose to move closer to their places of work (into condos located in more densely built-up areas) to save on skyrocketing transportation costs.

t looks like high-profile politicians, including Mississauga Mayor Bonnie Crombie and Ontario Finance Minister Charles Sousa, are looking to encourage greater density, thereby stimulating an already-hot real estate market in the region's built-up areas. Increasing density often results in the construction of new public transit, bike paths, and walkways, thereby making already-dense neighbourhoods more livable, more accessible, and more coveted by new tenants and buyers.

While there is concern that these kinds of policies could impede the supply of affordable housing in the GTA's outskirts, it's also highly likely that these types of regulations will contribute to what real estate policy professional Tom Curtis calls "the Manhattanization of the downtown core… and skyrocketing rents and property values," an undeniable boom to property investors and owner-landlords within the city.

The GTA is set to debate and analyze proposed new policies until at least September 2016 before any formalized legislation is tabled. Researching and acting on urban property investments before legislation is introduced is key, as realty prices may jump as a reflection of newly-implemented policies.

Source: Empire WIre

Economic Indicators:

Real GDP Growth	
Q1 2016	2.4%
Toronto Employment Growth	
May 2016	2.5%
Toronto Unemployment Rate	
May 2016	7.3%
Inflation	
May 2016	1.5%
Bank of Canada Overnight Rate	
Jun 2016	0.5%
Prime Rate	
Jun 2016	2.7%
5 Year Mortgage Rate Fixed	
Jun 2016	4.6%

Transit Spending in 416 – Show Me The Money

A flurry of new reports, aimed at the June 28th meeting of Toronto's Executive Committee, are making clearer the costs of the City's ambitious transit network plan and they make grim reading when counting the dollars. The projected costs of both the Relief Line and the Scarborough Subway Extension (SSE) have risen sharply. The cost of the SSE is now $3.1b for a single stop to be built by 2025. As a result, the cost of this plus the planned accompanying Eglinton East LRT would be at least $1b more than the money allocated for it by the City, provincial, and federal governments. The Relief Line—estimated to cost $3.2b four years ago—is now estimated to cost $6.8b, partly because it is now planned to stop at the West Don Lands site ("Sumach" as per below) and Unilever site ("Broadview" in the map below), partly because of the very preliminary nature of the earlier estimate.

One of the reasons given for the sharp rise in the estimated cost of the SSE is that previous estimates were made, "based on 0% design". The estimates for the Relief Line and most of the other projects in Toronto's transit plan to 2031 are currently also made on that basis too, so could change further over time; in fact the relief line initial business case document states explicitly, "the costs included in this initial business case should not be used for budgeting purposes". Several of the other projects deemed priorities, notably the Waterfront transit 'reboot', are still in early stages of public consultation with several quite different options possible and no costs have yet been estimated.

hree years ago Jennifer Keesmaat, the City's chief planner, said that an LRT in Scarborough would be preferable to a subway. Now it appears that there may not be money enough to do both, she recently tweeted that "sober second thoughts" on transit options for the area would be needed.

SmartTrack is the one piece of good news from a funding perspective. Because it is now a more limited scheme than was originally envisaged, its stations will only cost $700m to $1.1b to implement, and in the election campaign Trudeau pledged up to $2.6bn in matching funding when it was thought to be a $8bn plan. The Eglinton West LRT portion of SmartTrack is currently pegged between $1.5b and $2.1b, so it's possible that SmartTrack may only be a $3.3b plan now.

The federal government has already promised $840m to fund essential TTC repairs and maintenance as part of its infrastructure fund. This is just phase one of a planned ten years of infrastructure spending, with public transit spending being around a third of the allocation, being handed out to municipalities proportional to their size. But crucially, it has to be matched by municipal or provincial funds to be released (and of course there is no guarantee that future forecast funding will indeed be forthcoming).

Meanwhile, Ontario has announced a five year, $8.3b climate action plan. This will include funding for electric cars and cycle paths but its transit funding is limited to between $355 and $675m to accelerate deployment of the GO RER program: this may speed aspects of SmartTrack's plans but won't otherwise help Toronto to meet its transportation goals.

The provincial government device for that is its Moving Ontario Forward plan, which is putting about $16b towards GO Regional Express Rail and several other art and bus rapid transit project across the GTHA over 10 years. Some of that money was also recently allocated to further plan and design the Relief Line ($150m) and the Yonge North extension ($55m).

Source: Urbantoronto

RECENT SALES – Metro Toronto

Address/City	Acres	Price	Notes
10 St Mary St. & 79 Nicolas St.	0.43	$40,000,000	Assembly future high density residential
22 Davisville Ave.	0.61	$11,444,500	Future high density Residential
35 & 45 The Esplanade	NA	$65,000,000	High density residential site
972-980 Queen E.	0.35	$9,000,000	Holding future mid rise residential 4% cap rate
8 Price St.	NA	$68,000,000	Future residential condo development

Source: CFAS and RealTrack

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