

THE LAND DIGEST

Building Permits – Down in Canada

Economic Indicators:

Real GDP Growth	
Q3 2016	+3.5%
Toronto Employment Growth	
Nov 2016	-0.3%
Toronto Unemployment Rate	
Nov 2016	6.9%
Inflation	
Nov 2016	1.2%
Bank of Canada Overnight Rate	
Nov 2016	0.5%
Prime Rate	
Dec 2016	2.7%
5 Year Mortgage Rate Fixed	
Dec 2016	4.6%

Municipalities issued \$7.2 billion worth of building permits in December, down 6.6% from November. Lower construction intentions were recorded for all components, led by commercial buildings and multi-family dwellings. In the residential sector, eight provinces posted declines while Ontario reported a record high.

In the non-residential sector, the value of building permits fell for the second time in six months, down 11.5% to \$2.3 billion in December, led by lower construction intentions for commercial buildings. Decreases were reported in seven provinces, with Ontario, Alberta and Quebec posting the largest declines.

The value of residential building permits was down 4.1% to \$4.9 billion in December. The decrease mainly stemmed from lower construction intentions for multi-family dwellings. Declines were reported in eight provinces. A record high in Ontario was insufficient to offset the declines in British Columbia and Alberta.

The value of commercial building permits fell 14.2% in December to \$1.3 billion, accounting for almost three-quarters of the non-residential decrease. This was the second consecutive decline

and was mainly attributable to lower construction intentions for retail and wholesale outlets, and warehouses. Construction intentions fell in nine provinces, most notably in Ontario and Alberta.

The value of industrial permits fell 9.3% to \$366 million in December, following two consecutive monthly increases. The decline stemmed from lower construction intentions for manufacturing structures and primary industry buildings. Decreases were posted in seven provinces, led by Quebec.

Municipalities issued \$2.2 billion worth of permits in the multi-family dwelling component in December, down 7.9% from November. The decrease was driven by lower construction intentions for rental-apartments and row houses. A notable gain in apartment-condominiums in Ontario moderated the declines in eight provinces, led by British Columbia and Alberta.

The value of permits for single-family dwellings was down 0.9% to \$2.7 billion in December. The largest decreases were reported in Alberta and British Columbia. Ontario, the lone province to report an

increase, was up 13.0% to \$1.5 billion, a fifth consecutive monthly advance.

Municipalities approved the construction of 19,589 new dwellings in December, up 1.1% from the previous month. The increase was attributable to higher intentions for single-family homes, which rose 9.9% to 7,057 new units. Conversely, multi-family dwellings were down 3.3% to 12,532 new units.

The value of building permits totaled \$84.5 billion in 2016, down 0.8% from the previous year. This was the fifth consecutive year that construction intentions have been over \$80 billion. Declines were recorded in four provinces, led by Alberta. Lower construction intentions were reported in the non-residential sector, while the residential sector posted a record high.

Municipalities issued \$30.4 billion worth of building permits for non-residential structures in 2016, down 4.4% from 2015 and a second consecutive year-over-year decline.

Source: Statistics Canada

Torontonians Moving to Niagara

With the Toronto Real Estate Board pinning the average cost of a home in 2017 at \$727,928 in Toronto and almost \$800,000 in the 905, it's no surprise folks are starting to look further afield for affordable living and, perhaps, a less frenzied lifestyle.

According to the Niagara Association of Realtors, the average price of a home across the region is up 24 per cent year-on-year to \$345,294, while condo prices rose 31 per cent to \$288,868. They don't release the average price of a detached house. However, in The Six a detached house costs about \$1,337,000 and a condo is about \$471,400, the TREB said.

While high-end properties in Niagara can swell far above \$500,000, there are still a lot of savings to be made for more space. And with a 10-year, \$13.5 billion program to expand the GO regional express train network – including weekday service to Niagara Falls by 2023, new stations in Grimsby and upgrades to Via Rail stations in St. Catharines and Niagara Falls – there's even more incentive to make the move. We're probably the best bang for your dollar in the country right now, anywhere from Port Colborne to Grimsby," says Patrick Dummitt, president of Niagara Association of Realtors. "Even the further east you go – Fort Erie, Port Colborne – people never used to venture out that far.

"Now people are leaving Toronto and settling in Fort Erie and doing the commute.... We're becoming quite metropolized to the chagrin of a lot of people. But what the heck, why not? We're like the last frontier for people. We've been dubbed as the suburbs of the GTA."

Dummitt first noticed the region's real estate landscape changing about a year ago when bidding was started cropping up in Niagara for the very first time. Today, \$340,000 will buy a 30-year-old house needing \$40,000 in upgrades. But with so many people wanting in, supply is scarce and properties are fetching multiple offers 30 to 40 per cent over asking prices. He says those coming from Toronto, Mississauga, Hamilton, or Oakville don't bat an eye because their houses are selling for more than double Niagara's prices so they have extra money to renovate.

All the attention has developers busy, with dozens of condos, townhouses and single-family homes on the go, or in the works across the region. St. Catharines, for instance, issued permits for 383 new dwelling units last year, up from 224 in 2015, and 36 to date this year in and around town. As such, the city has built a performing arts centre, a 5,300-seat arena and new parking facilities to accommodate the traffic.

In Niagara Falls, Mayor Jim Diodati uses words like "explosive" and "feverish" to describe the unprecedented

his city's south and southwest ends. More than half of the new home and condo purchases are from GTA buyers, he says, with "entire subdivisions selling out before we can get services in the ground." Some 761 building permits worth \$238.5 million were issued last year, up 27.3 per cent from 2015. Those numbers "are from outer space," Diodati says.

The Niagara region's population is expected to grow from 447,888 now to 610,000 by 2041, according to the municipality's forecasts.

The city and the region are building and upgrading water and sewer treatment plants, pumping stations, fire halls and expanding transit to ensure infrastructure keeps up with demand. There's a commuter airport and talk of a ferry service to the Toronto area, and the Go train expansion will improve capacity and service levels.

"You don't have to look too far down the QEW [Queen Elizabeth Way highway] to see where the average house price is \$1.2 million," says the mayor, who grew up in Niagara Falls. "For a third of that you can get a lot more house, a lot more yard, in Niagara, and with that extra equity you can start a business, buy a place in Florida or a cottage.... It really is the perfect storm of opportunity."

Source: National Post

LAND SOLD – Toronto

Address	Acres	Price	BUYER
110 Maitland St	0.30	\$13.00MM	Minto
5 St. Nicholas St.	0.06	\$4.5MM	Embee Developments
3101 Bloor St. W.	0.41	\$11.58MM	Country Homes
4097 Lawrence Ave. E.	1.06	\$4.50MM	Brownstones on Lawrence
37 Parliament St.	0.50	\$12.00MM	Graywood Developments
307 Lak Shore E.	0.38	\$11.55MM	Plazacorp

Source: CFAS and RealTrack

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