

THE LAND DIGEST

Provincial Policy Changes Affect Development

Economic Indicators:

Real GDP Growth	
Q1 2017	+3.7%
Toronto Employment Growth	
Apr 2017	1.6%
Toronto Unemployment Rate	
Apr 2017	6.9%
Inflation	
Apr 2017	1.6%
Bank of Canada Overnight Rate	
May 2017	0.5%
Prime Rate	
May 2017	2.7%
5 Year Mortgage Rate Fixed	
May 2017	4.6%

The Ontario government plans to strengthen its anti-sprawl policies by making southern municipalities add most new homes to already developed areas and requiring projects on undeveloped land to accommodate more people and jobs.

The province, however, is giving municipalities until 2031 to meet the new, tougher targets set out in its updated growth plan for the Greater Golden Horseshoe region, which stretches from the Niagara Region to Peterborough, Ont.

Developers tell province high density rules fuelling GTA red-hot market - Mayor John Tory pushes province for land to build affordable housing.

Under the plan, 60 per cent of new residential development will take place in existing neighbourhoods.

Municipalities will have to meet a target of 50 per cent by 2022, up from 40 per cent today.

Development of vacant land will have to accommodate 80 residents and jobs combined per hectare by 2031, up from 50 today, with 60 residents and jobs by 2022. There will be higher density targets around GO stations, light rail

and bus rapid transit and subway stations.

The province's growth plan has been facing some criticism, especially from building industry groups that suggest it has contributed to soaring home prices in the Greater Toronto and Hamilton Area.

They argue that it prevents them from building more detached homes and townhomes that would ease some of the pressure on the housing market.

Proponents of the plan say it creates walkable communities that can be well-served by transit, and protects agricultural and ecologically sensitive land.

The province was expected to bring in new rules following recommendations from an expert panel that studied the government's land-use plans for two years.

But after municipal leaders said changing their current plans too quickly would be too great a burden, the province has allowed transition time before communities have to meet the recommended targets.

The updated plan also adds urban river valleys and coastal wetlands to the Greenbelt — an 800,000-hectare area of farmland, green space and wetlands around the Greater Toronto and Hamilton Area that is protected from development.

The province is also establishing stronger protections of water systems, and loosening some of its rules concerning the uses of farmland.

Source: Canadian Press

Toronto Home Sales Decine?

A large drop in the rate of GTA home sales in May—20.3% behind the same period in 2016—is being weighed against the positives of a substantial increase in new listings. Market reports in recent months have stressed the impact of low inventory on rapidly inflating home prices and the mounting housing crisis in general, and the newly released figures from the Toronto Real Estate Board (TREB) appear to bolster that narrative.

The 20.3% decline in sales can be further broken down, with a recorded 26.3% drop in detached home sales and a smaller 6.4% drop in condominium apartment sales. In contrast, rebounding from a record low last year, May 2017's supply of listings dramatically rose by 42.9% year-over-year, with all housing types experiencing a growth in listings, except for condominium apartments.

Despite this, selling prices continued to be higher in May compared to a year ago, but lower than the previous three months. A prepared statement from TREB President Larry Cerqua stresses that inventory levels are still well below projected demand. "Even with the robust increase in active listings, inventory levels remain low. At the end of May, we had less than two months of inventory. This is

why we continued to see very strong annual rates of price growth, albeit lower than the peak growth rates earlier this year."

While these large fluctuations coincide with the recent creation of the Ontario Fair Housing Plan, a 29% year-over-year rise in the MLS® HPI Composite Benchmark price, and a 14.9% increase in selling prices—now averaging at \$863,910—TREB's Director of Market Analysis Jason Mercer stressed that any "actual, or normalized, effect of the Ontario Fair Housing Plan remains to be seen," continuing to say that "some housing policy changes have initially led to an overreaction on the part of homeowners and buyers, which later balanced out." Mercer attributes the surge in listings to a reaction by homeowners hoping to capitalize on recent price growth.

Meanwhile, the GTA commercial market showed slight signs of stagnation in May. The 377,352 ft² of combined industrial, commercial/retail, and office space leased in May was a 17.1% decline from the 455,463 ft² of leases recorded in the same period the year before. A total of 74 property sales recorded last month marked a slight decrease from the 78 recorded in May 2016. While the average selling price did increase year-over-year,

this is being attributed to the sizes and locations of the properties rather than market conditions.

Fluctuations were recorded for average lease rates in all market segments. Among these, a substantial increase in average commercial/retail and office rates that is being credited to an increase of smaller spaces, which tend to lease at higher rates per square foot. The significantly larger industrial market segment's average lease rate dropped 6.2% from May 2016's figure to \$5.59 per square foot.

Source: Urban Toronto

LAND SOLD – Toronto

Address	Acres	Price	BUYER
1 Front St. W.	1.92	\$275.00MM	Larco Investments
1461 Lawrence W.	1.08	\$4.5MM	Cobell Interiors
11 Wenderley Ave.	0.41	\$4.65MM	Landmark Capital
1 Herons Hill Way	NA	\$7.25MM	Paradise
640 Church St.	0.25	\$8.00MM	Shuipong
117 Merton Street	0.18	\$2.9MM	Private longer term hold

Source: CFAS and RealTrack

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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.

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