

THE LAND DIGEST

Development Land Pricing GOING UP

Economic Indicators:

Real GDP Growth Q2 2017	+4.5%
Toronto Employment Growth Jul 2017	1.3%
Toronto Unemployment Rate Jul 2017	6.9%
Inflation Jul 2017	1.2%
Bank of Canada Overnight Rate Aug 2017	0.75%
Prime Rate Aug 2017	2.8%
5 Year Mortgage Rate Fixed Aug 2017	4.8%

CoStar News can report that Trinity Development Group Inc. has teamed up with Timbercreek Asset Management Inc. for the winning bid on the Main and Main portfolio.

The much sought after portfolio, expected to be sold in the range of \$400 million to \$500 million, has been described by brokers from CBRE Ltd. as a "generational opportunity" to bidders looking to acquire prime, urban income-producing properties as well as key redevelopment opportunities in downtown Toronto and Ottawa.

Sources say as many as 70 groups looked at the portfolio, which includes 13 development properties, six income properties and 2.1 million square feet of potential development opportunities. The portfolio comprises 10.7 acres and includes 16 hard corners and 5,574 square feet of frontage.

Two separate sources indicated the two companies had paired up on the transaction and confirmed their selection but could not describe the exact nature of how they will deal with the properties, other than noting that Timbercreek was providing financial assistance. Sources also could not confirm a timeline on when

the deal will close.

"Land assemblies and zoned development sites are hot right now, with residential density prices rising rapidly. Toronto prices were \$75 per square foot buildable five years ago, and today they top \$250 per square foot," said Alex Avery, former real estate analyst from CIBC World Markets and author of *The Wealthy Renter*.

"Ontario zoning policy, including 2017 proposed changes, are driving this rapid growth in value," said Avery, who added he expects prices will continue to rise rapidly, and might even accelerate.

"Toronto residential prices have risen a lot over the past 15 years, but can still go a lot further before becoming economically problematic," Avery said, adding he was not surprised to see so much interest in this portfolio given the state of the market.

"The buyers of Main and Main are investing in a very scarce resource, that at the very least will remain very scarce, and at best offers significant leverage to rising residential values," said Avery.

In its 2016 annual report, First Capital states that the partners of Main and Main Urban Realty have together allocated \$320 million of equity capital toward current and future growth and development of the Main and Main Urban Realty portfolio, of which First Capital Realty's direct and indirect commitment is approximately \$167 million. As of December 31, 2016, \$120.3 million of that total had been invested.

In Timbercreek, Trinity has a financial backer with deep pockets. Founded in 1999, Timbercreek has more than \$7 billion under management globally.

Source: CoStar

Canadian Building Permit Stats

Building permits rose in September for the first time in three months, as strength in the non-residential sector outweighed some weakness in the residential sector.

Canadian municipalities issued \$7.9 billion worth of building permits in September, up 3.8% from the previous month. A 1.7% decrease in the residential sector was more than offset by a 13.9% increase in the non-residential sector. A high-value institutional building permit issued in Alberta was behind much of the increase.

The institutional component refers to buildings used to house public and semi-public services such as those related to health and welfare, education, or public administration, as well as buildings used for religious services. In September, a permit for a hospital was the main contributor to the 30.0% increase in the value of institutional building permits.

The value of residential building permits edged down \$82.7 million (-1.7%) to \$4.8 billion in September, the third consecutive monthly decline. Ontario posted the largest decrease, mainly due to lower construction intentions for apartments.

In British Columbia, the total value of residential permits increased 15.6% to \$1.0 billion, marking the third month this year that the provincial value has hit the \$1.0-billion mark. Construction intentions for apartment buildings in the census metropolitan area (CMA) of Vancouver drove the increase.

Municipalities issued \$23.4 billion in building permits in the third quarter, up 1.0% from the previous quarter. However, this advance was slightly below the average quarter-to-quarter growth of 1.6% since the start of 2016.

The value of institutional building permits reached \$2.7 billion in the quarter, with a significant portion coming from high-value permits for hospital buildings in Alberta and Ontario.

The multi-family component totalled \$7.2 billion this quarter, up 1.7% from the last quarter and the third time in four quarters that the value has exceeded \$7.0 billion. British Columbia, Quebec and Nova Scotia all posted record highs for the multi-family component in the quarter. At the CMA level, multi-family permits in Montréal passed the \$1.0 billion-mark for the first time on record, while the CMA of Halifax accounted for over 60% of the total value of multi-family dwelling permits in the Atlantic provinces.

Nationally, the commercial component decreased 3.3% to \$4.3 billion in the third quarter. However, in the province of Quebec, the value of the commercial component rose to \$943.7 million, the highest value since the second quarter of 2011. This increase contributed to the province's overall rise of 7.1%, to a record high of \$4.4 billion.

For single-family dwellings, results were split between the east and west. In the third quarter of 2017, the value of single-family dwelling permits increased throughout the Atlantic provinces and Quebec. On the other hand, Ontario, the Prairie provinces and British Columbia all reported declines in the value of single-family dwellings.

The monthly Building Permits Survey collects data on the value of permits issued by Canadian municipalities for residential and non-residential buildings. In addition to the value of the construction, the number of residential dwelling units authorized by the permits is also collected.

Source: Stats Can

LAND SOLD – Toronto

Address	Acres	Price	BUYER
64 Queen St. E.	0.14	\$20.2MM	Bazis
2673 Bayview Ave.	1.10	\$10.4MM	Th land Senator Homes
6 Lloyd Avee.	2.33	\$14.85MM	Berkely – future TH
133 Church St.	0.06	\$6.0MM	Bazis
2344-46 Dufferin*	0.15	\$2.40MM	Private – hold with income
333 Queen St. E.	0.15	\$6.9MM	WE Charity

Source: CFAS and RealTrack * Sold by the Land Group at CFR

COMMERCIAL FOCUS REALTY INC., BROKERAGE

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

Phone:

(416) 972-9220

Fax:

(416) 972-9588

We're on the Web!

See us at:

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