

WELCOME TO THE...
**MCAP SPRING 2015
BREAKFAST SEMINAR**

Presented By: MCAP Development Finance Group

AGENDA



Toronto Condo Market Outlook

Presented by: Shaun Hildebrand, Senior Vice President, Urbanation

MCAP High-Rise Condominium Land Value Report

Presented by: David McCrossan, Director, Development Finance Group

MCAP Lot Value Report

Presented by: Bruno Iacovetta, Managing Director, Development Finance Group

TORONTO CONDO MARKET OUTLOOK

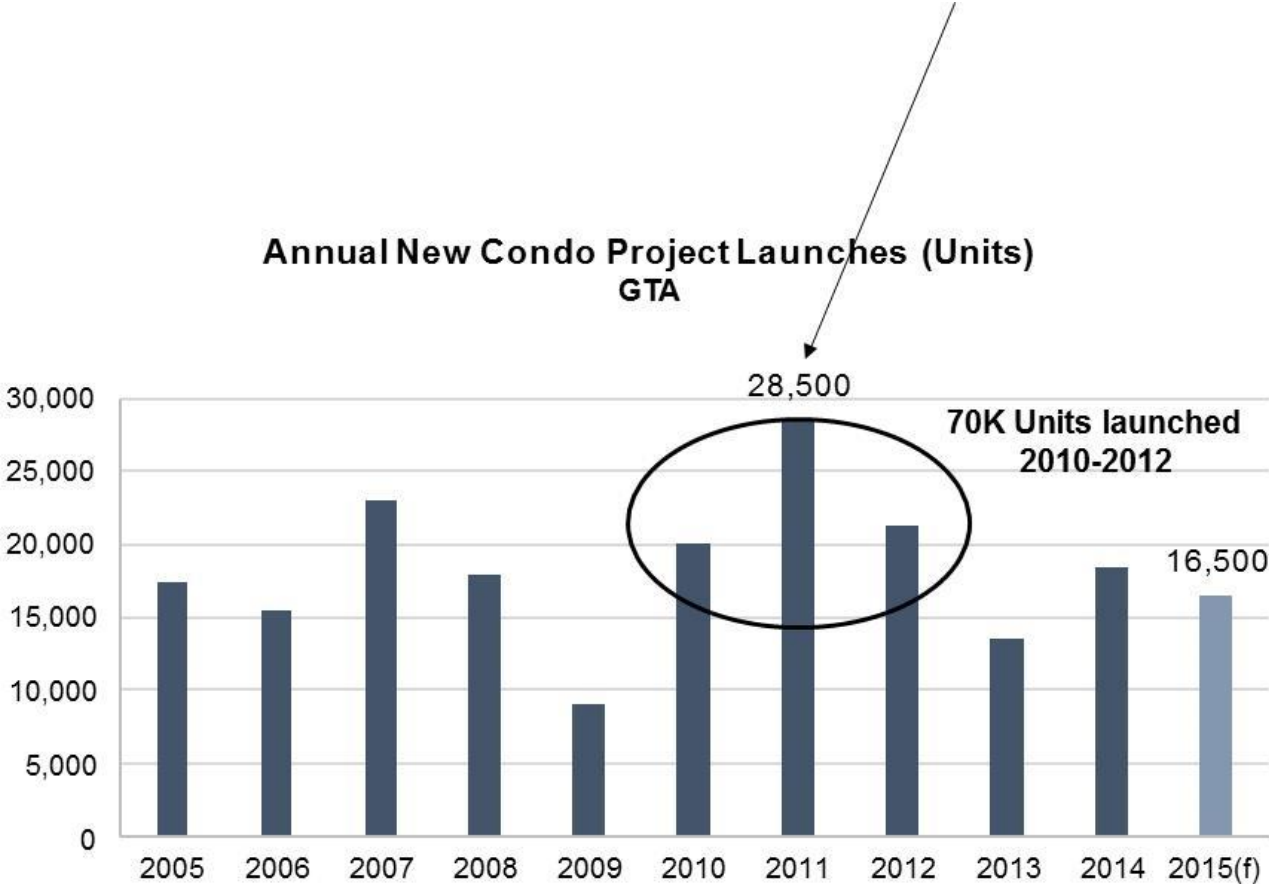
URBANATION

MCAP Spring Breakfast Seminar
June 5, 2015



we've got the answers

REMEMBER BACK IN 2011 WHEN THIS HAPPENED?



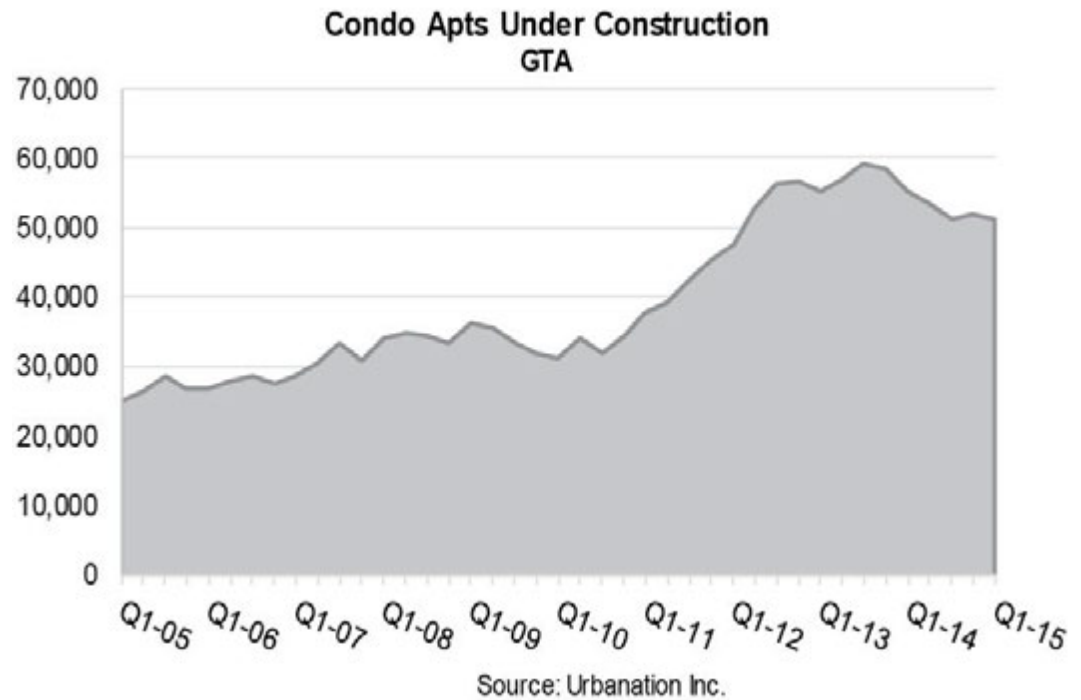
Source: Urbanation Inc.

TIMING IS EVERYTHING

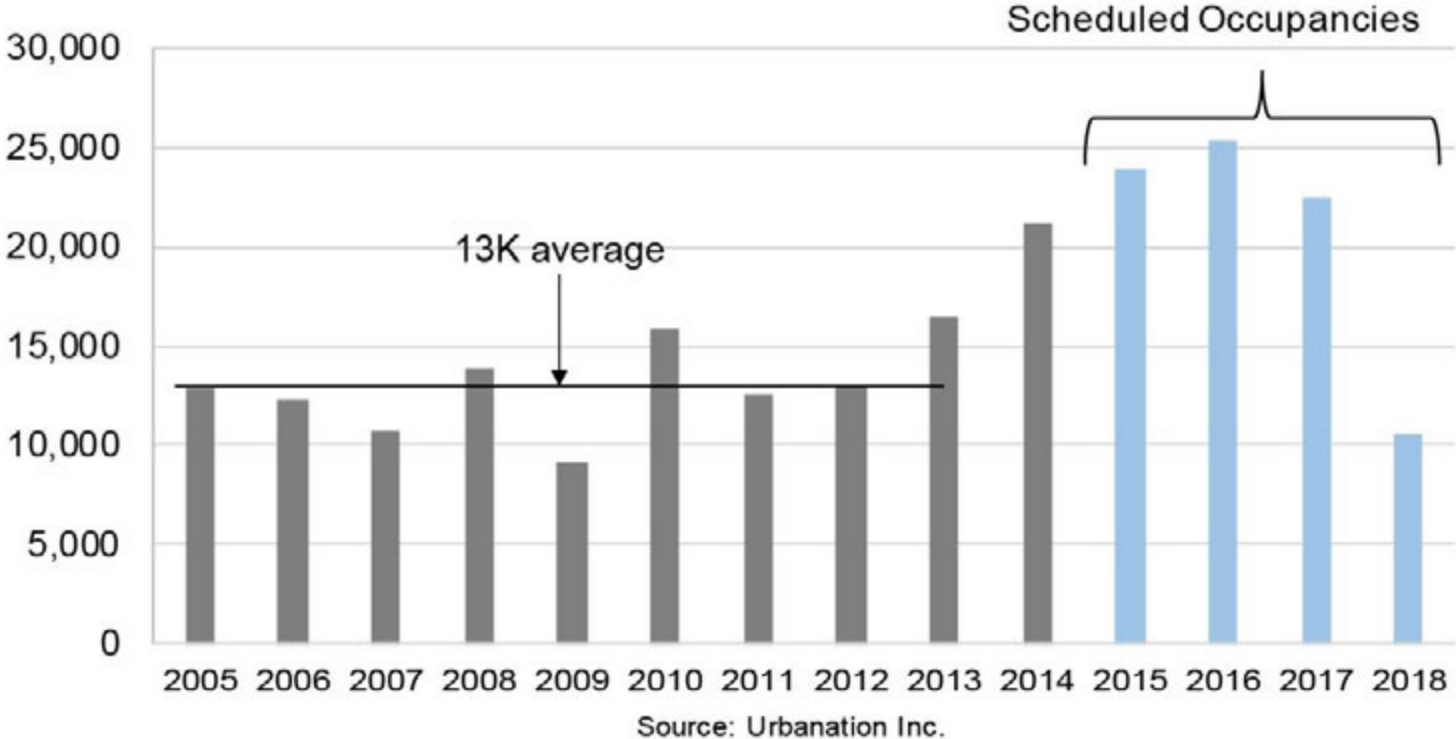


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THE CONSTRUCTION BOOM IS NOW UNWINDING



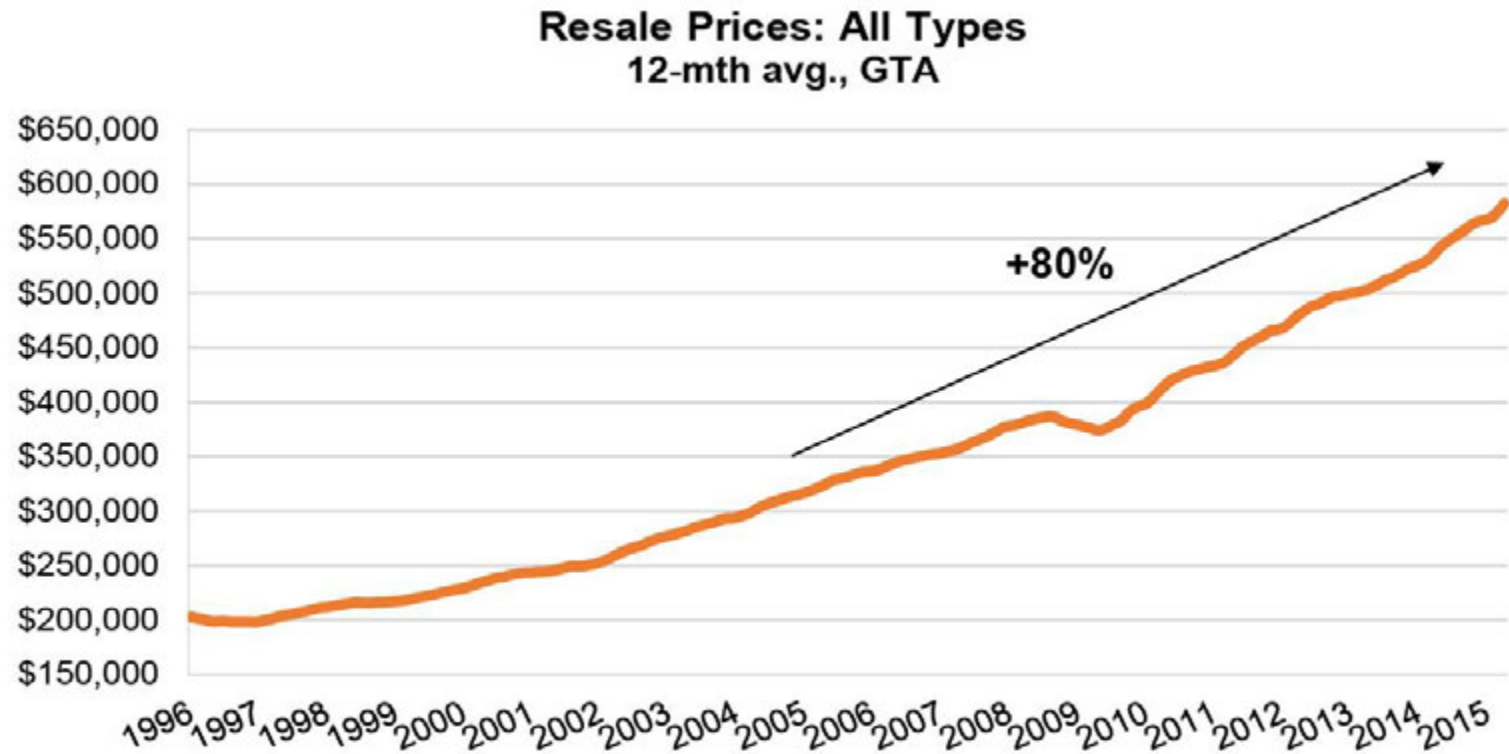
ANNUAL COMPLETIONS TO AVERAGE 24K TO 2017



FACTS ABOUT THE 50K UNITS COMPLETING IN 2015 & 2016

- 86% Pre-sold = 6,823 Unsold Units = 12 months of supply
- 73% located in the City of Toronto, 52% in former City
- Avg. Pre-sale Price = \$490 psf
- Avg. Resale Price for units registered since 2013 = \$545
- Avg. Holding Cost with 25% down = \$2.50 psf
- Avg. Rent for units registered since 2013 = \$2.50 psf

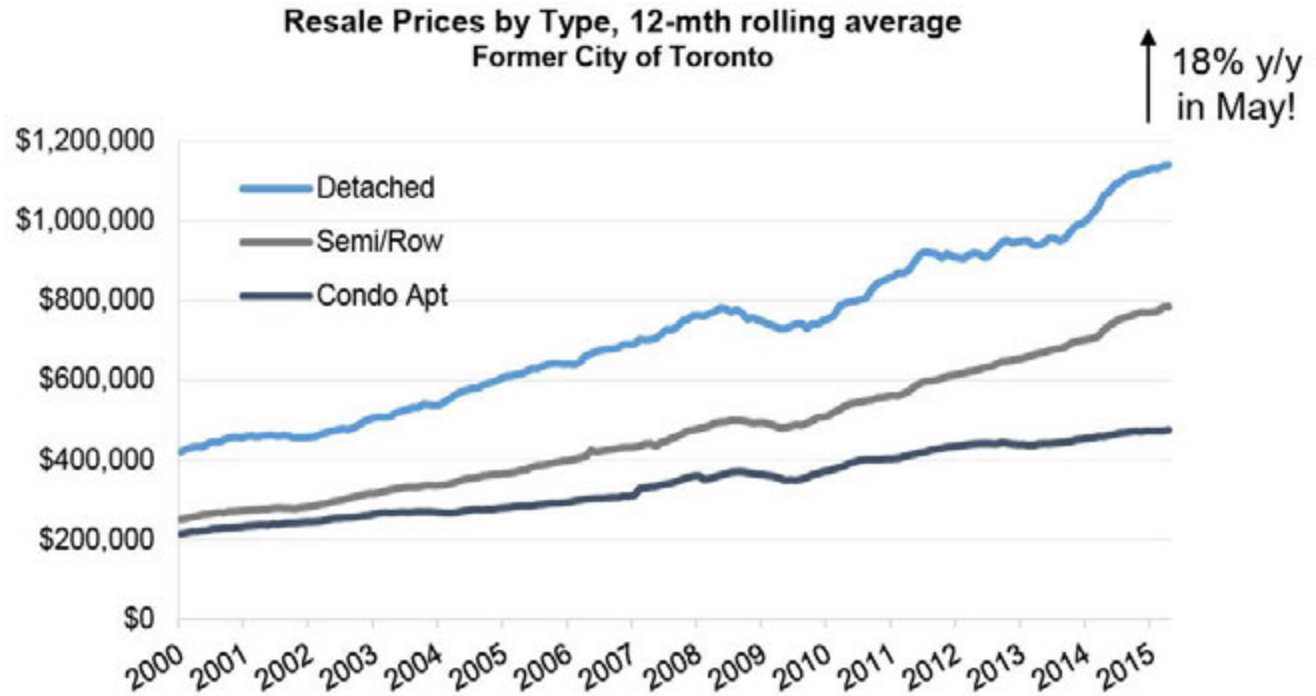
HOUSING PRICES STILL RISING BY 10%



Source: Urbanation, TREB

URBANATION

THE PROPERTY LADDER ADDS MORE RUNGS



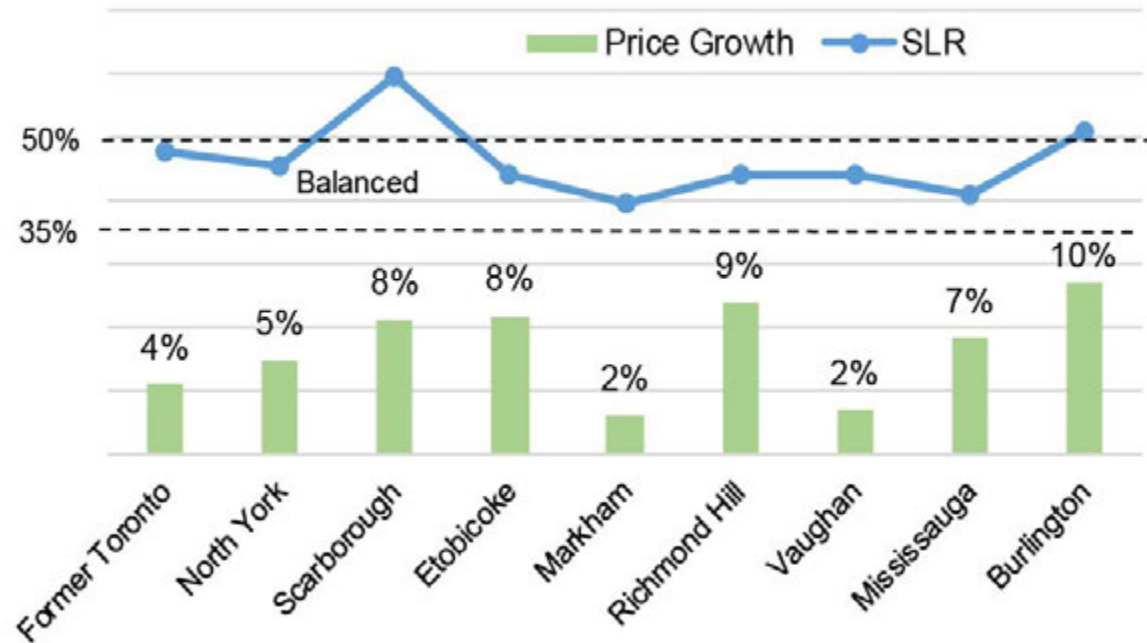
Source: Urbanation Inc. and TREB/MLS

URBANATION

BALANCED CONDO MARKET ACROSS THE BOARD



Resale Sales-to-Listings Ratio and Y/Y Price Growth PSF
Past 4 quarters, GTA



Source: Urbanation Inc., TREB/MLS

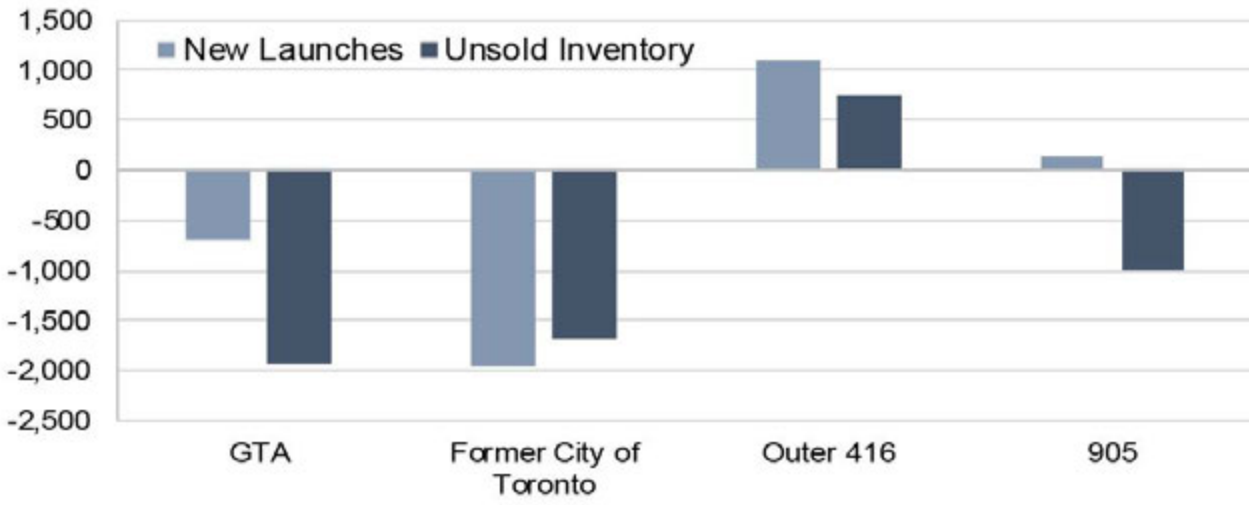
SUPPLY FALLING QUICKLY IN THE CORE



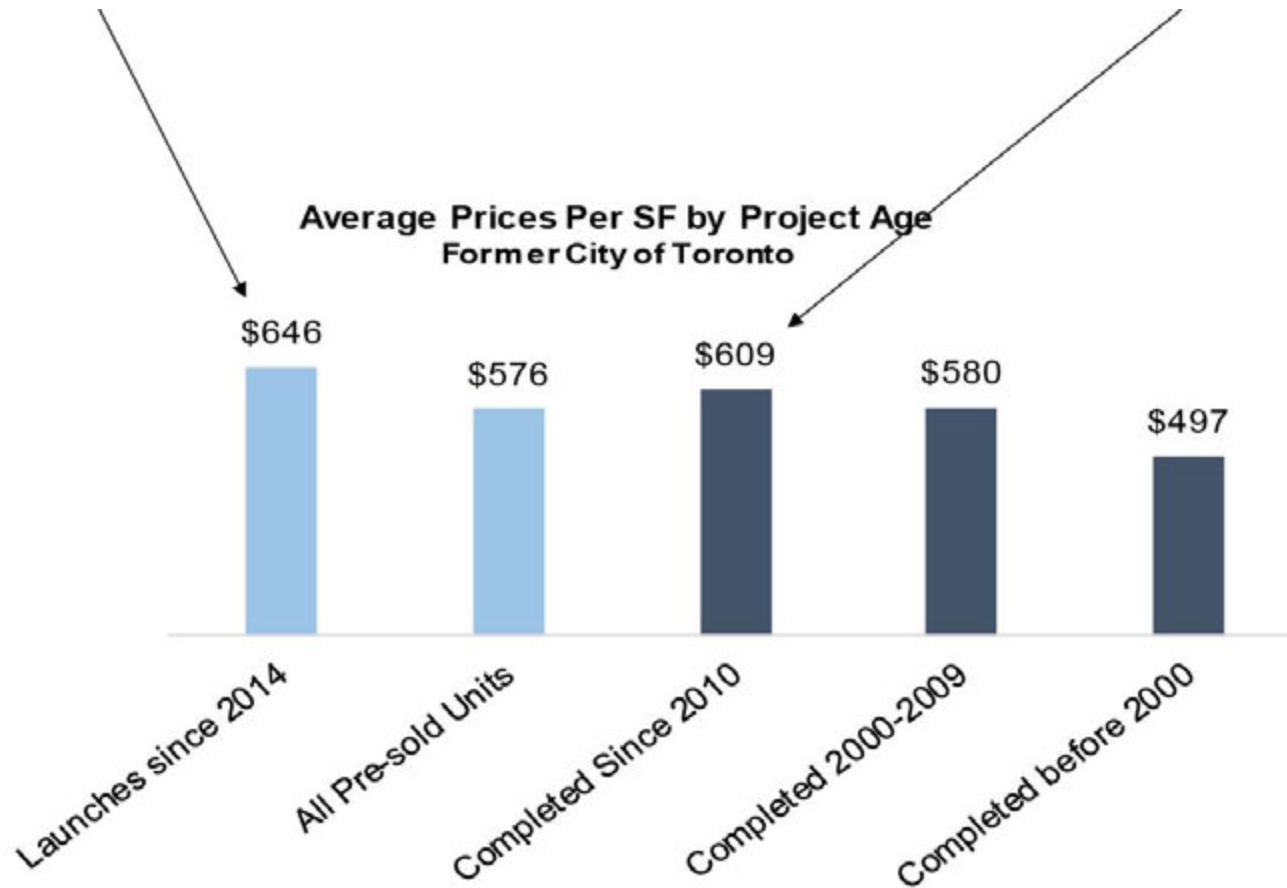
20%

Pre-con inventory in former City of Toronto

Absolute Change in New Condo Launches and Inventory
Q1-2015 vs. Q1-2014



NEW LAUNCHES PRICED 6% HIGHER THAN NEW RESALES

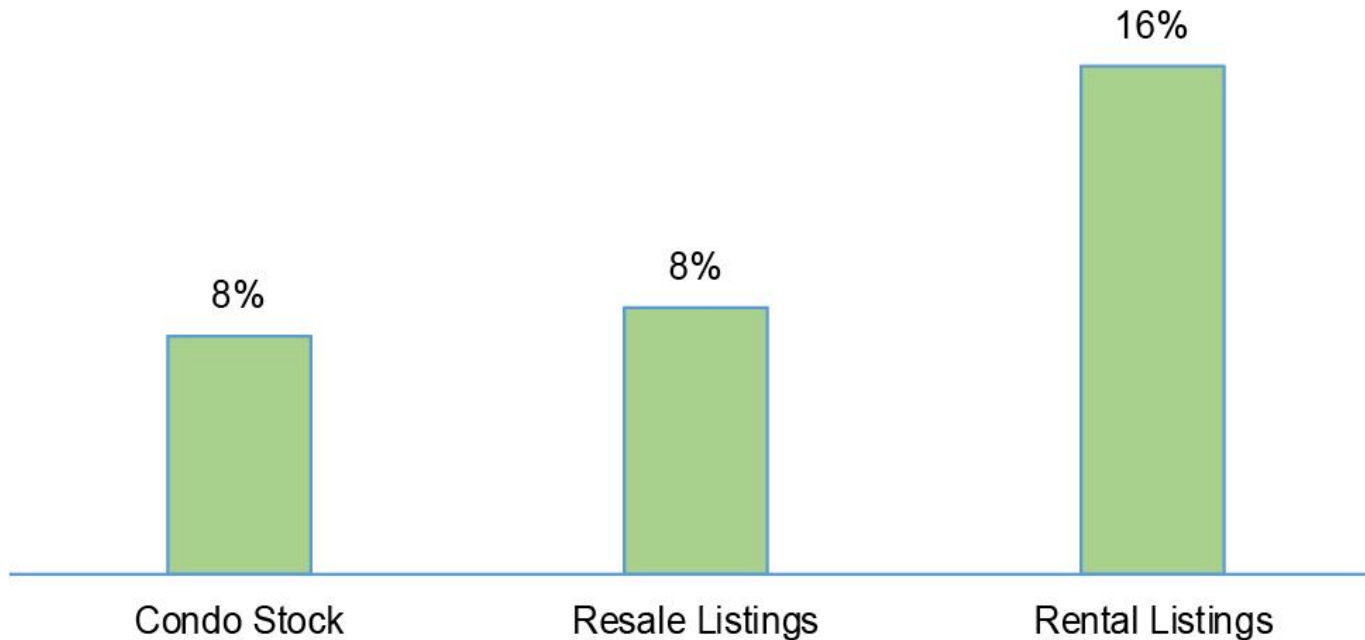


Source: Urbanation Inc. and TREB/MLS

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RENTAL SUPPLY GROWING 2X FASTER THAN RESALE

Annual Change in Condo Stock and Listing Levels
GTA



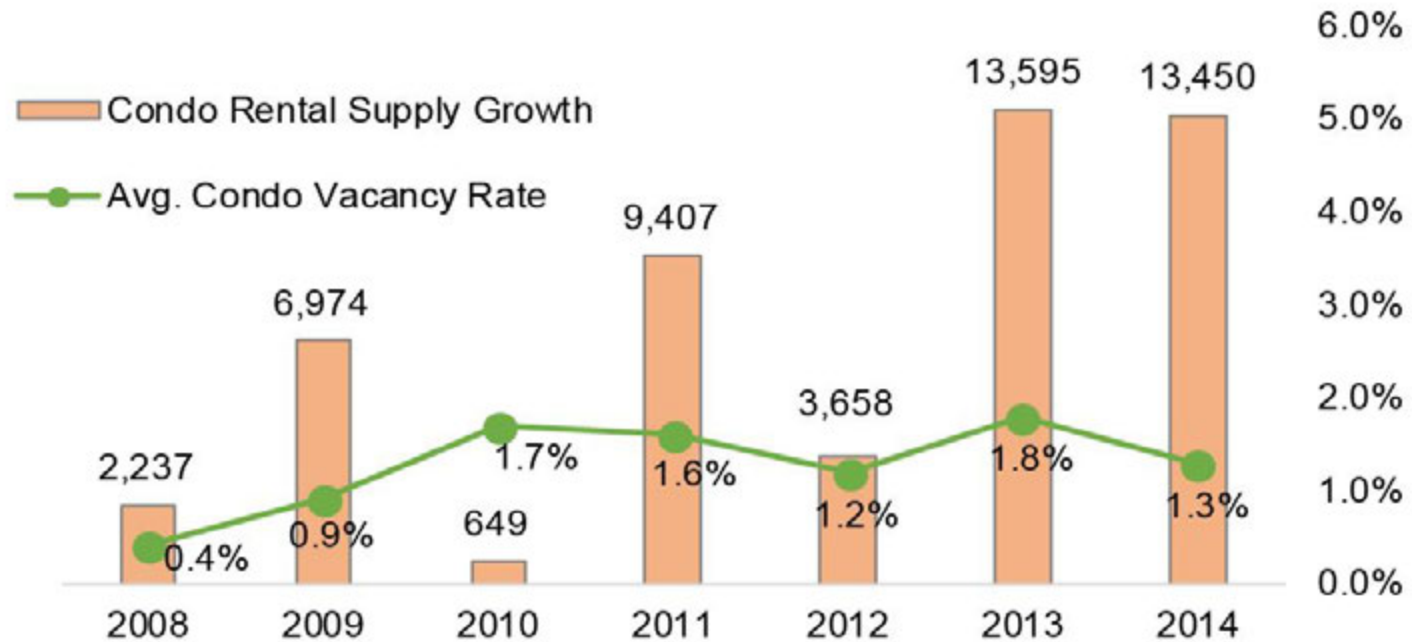
Source: Urbanation Inc., TREB

URBANATION

NO VACANCY?



Condo Rental Supply Growth and Vacancy Rates
Toronto CMA



Source: Urbanation, CMHC

IMPORTANT STATS ABOUT CONDO INVESTORS

CMHC RENTAL MARKET SURVEY

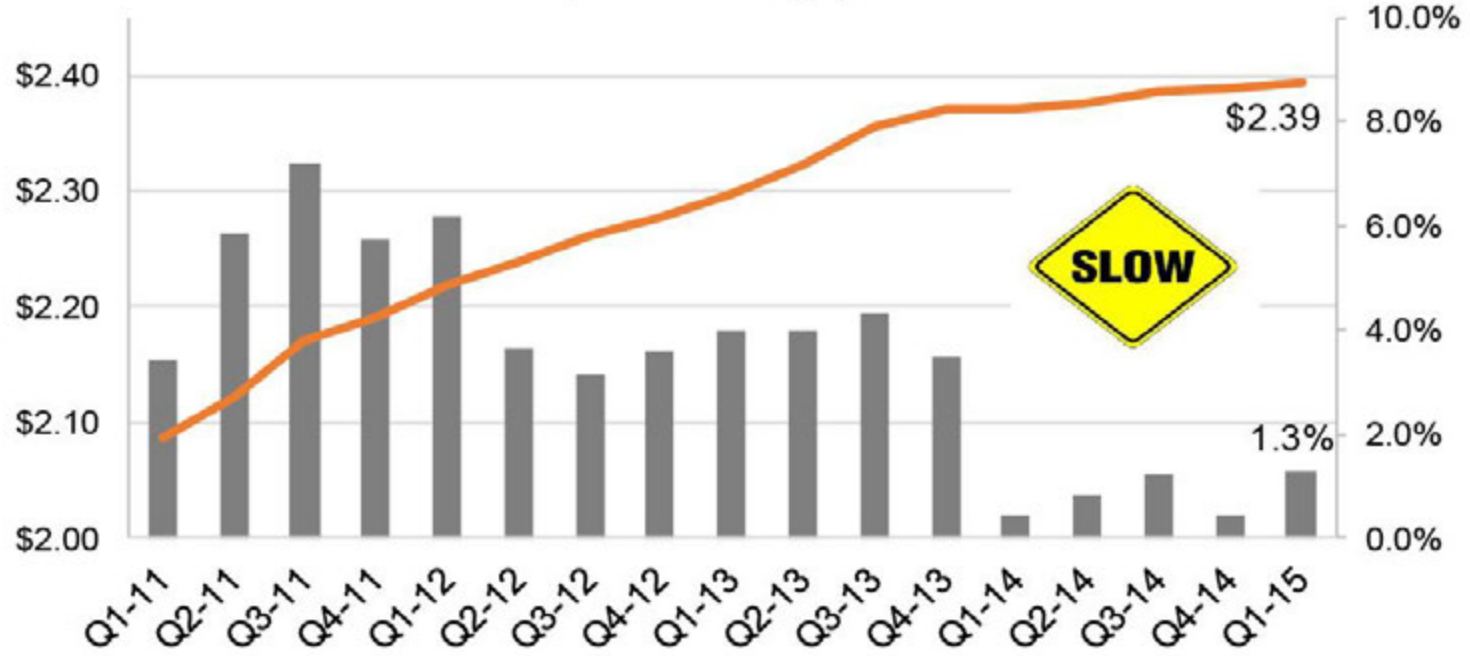
- 90,705 units used as rentals (29% of the stock)

CMHC CONDO INVESTORS SURVEY

- 72.5% of investors own 1 unit; 90% own up to 2 units
- 52% of investors rent their last purchased unit
- 52% have a mortgage on their last unit
- 27% rental investors will hold for < 5 years
- 88% will not buy another unit this year

RENTS FLATTEN AFTER 15% GROWTH IN 4 YEARS

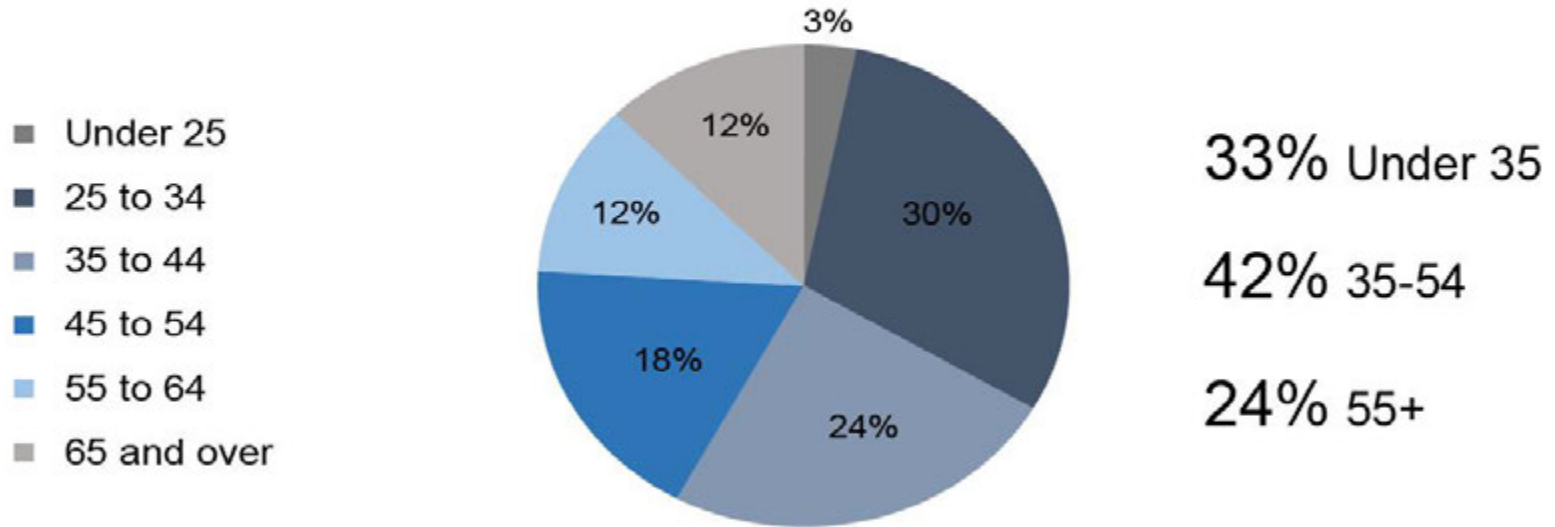
Average Rents Per SF and Annual Growth
4-quarter average, GTA



Source: Urbanation, CMHC

CONDO DEMAND A LOT MORE DIVERSE THAN YOU THINK

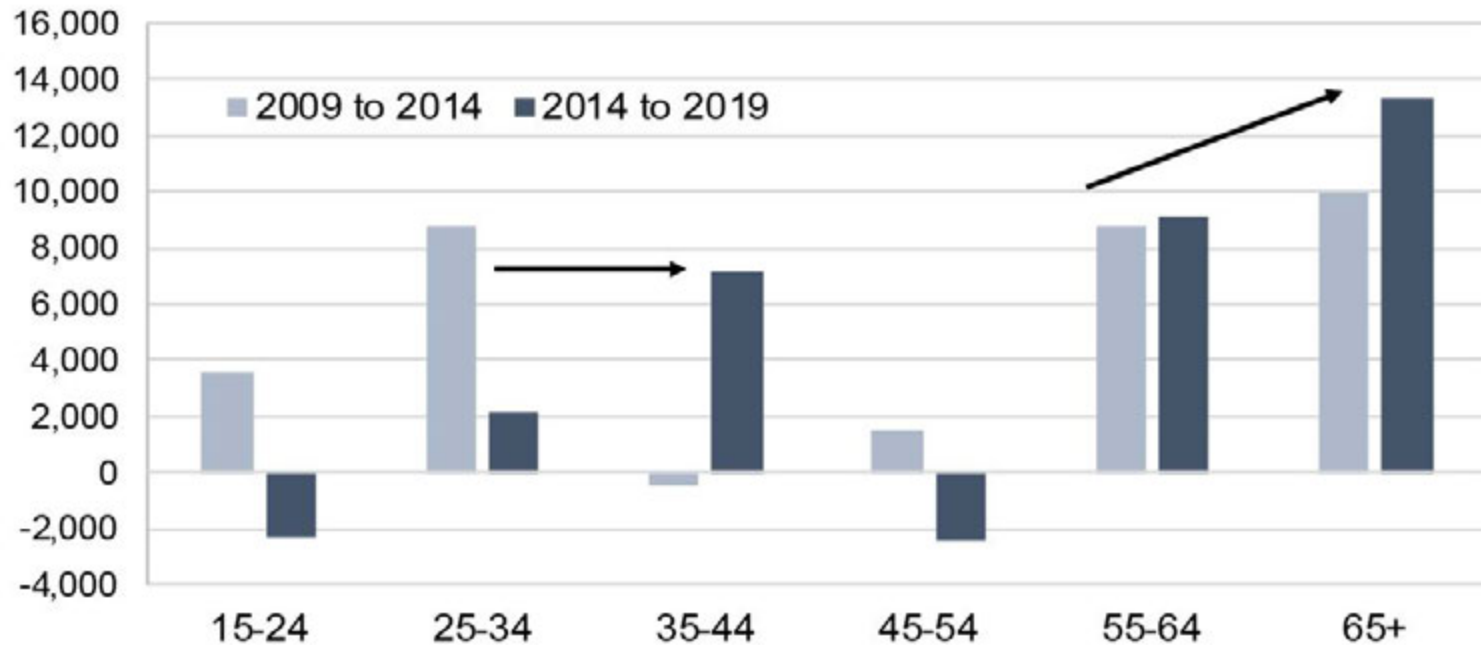
Distribution of Condo Apartment Households by Age Movers in Past 5 Years, Toronto CMA: 2011



Source: Statistics Canada compiled by Urnaation Inc.

POP. GROWTH SHIFTING TO 35-44 ACCELERATING FOR 55+

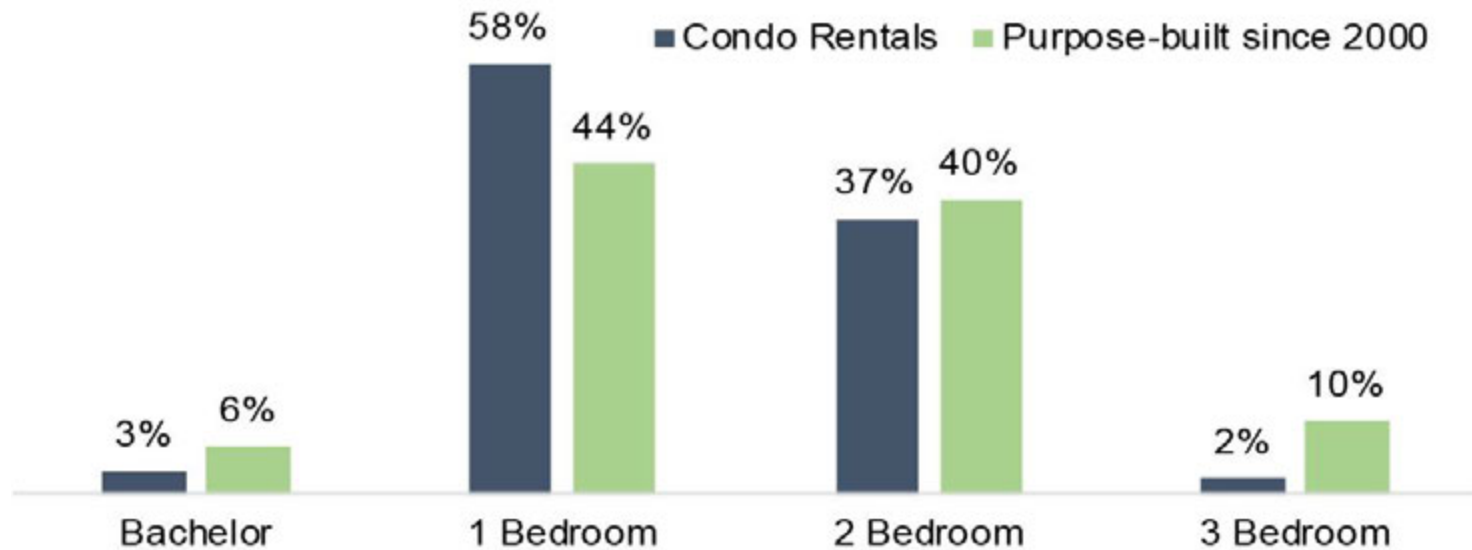
Average Annual Growth in Population by Age Band
City of Toronto



Source: Statistics Canada compiled by Urbanation Inc., Ontario Ministry of Finance forecasts

DOES THE CONDO MARKET OFFER THE RIGHT MIX OF UNITS?

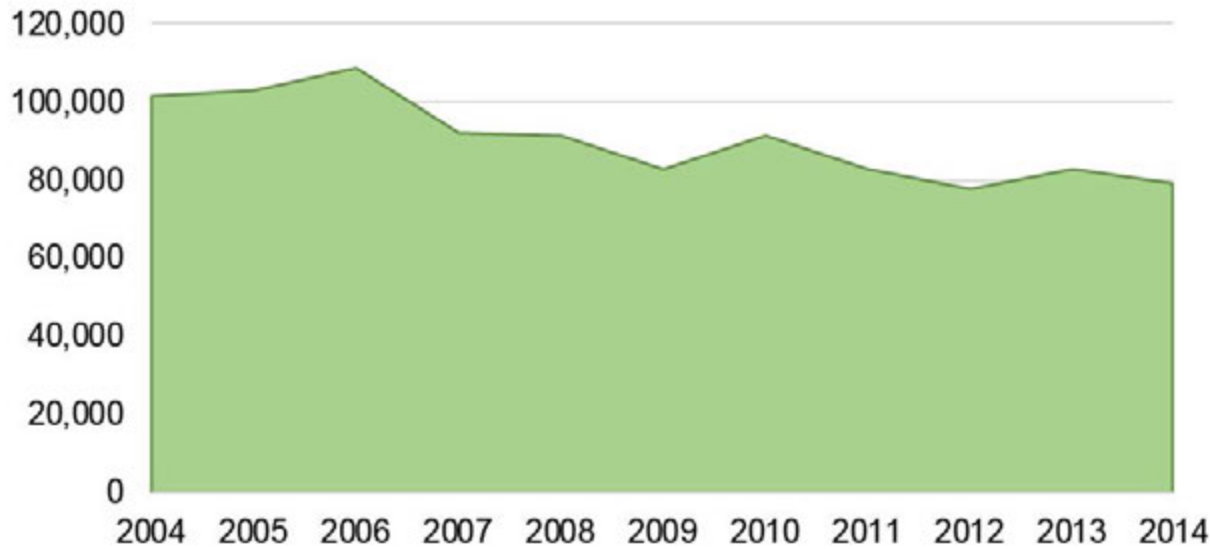
Rental Unit Mixes: Condos vs. Purpose-built
GTA



Source: TREB, CMHC

IMMIGRATION IS THE MARKET'S LIFELINE

Annual Immigration Levels
Toronto CMA



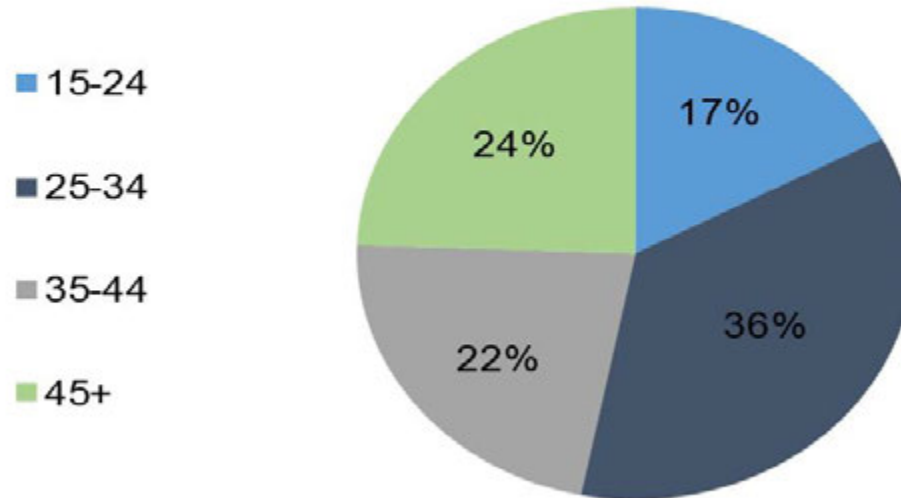
Source: Statistics Canada



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50%+ OF IMMIGRANTS UNDER 35

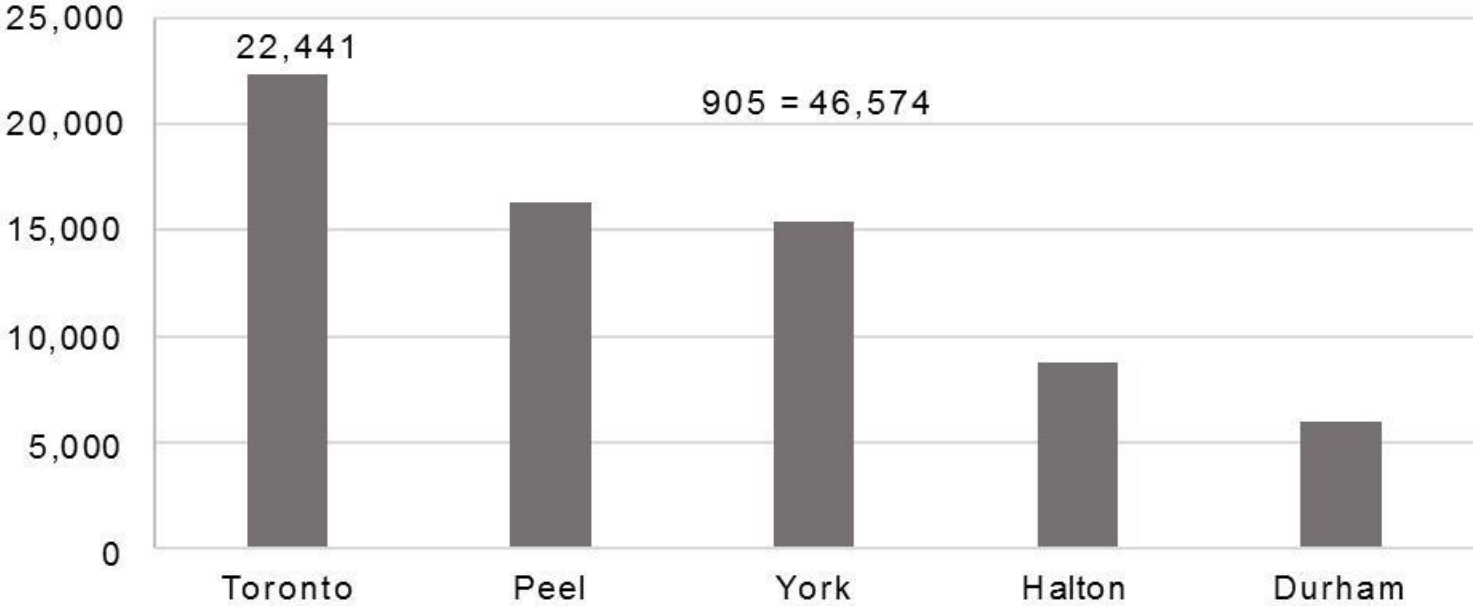
Distribution of Immigrants 15+ by Age
Past 5 Years, Toronto CMA



Source: Statistics Canada

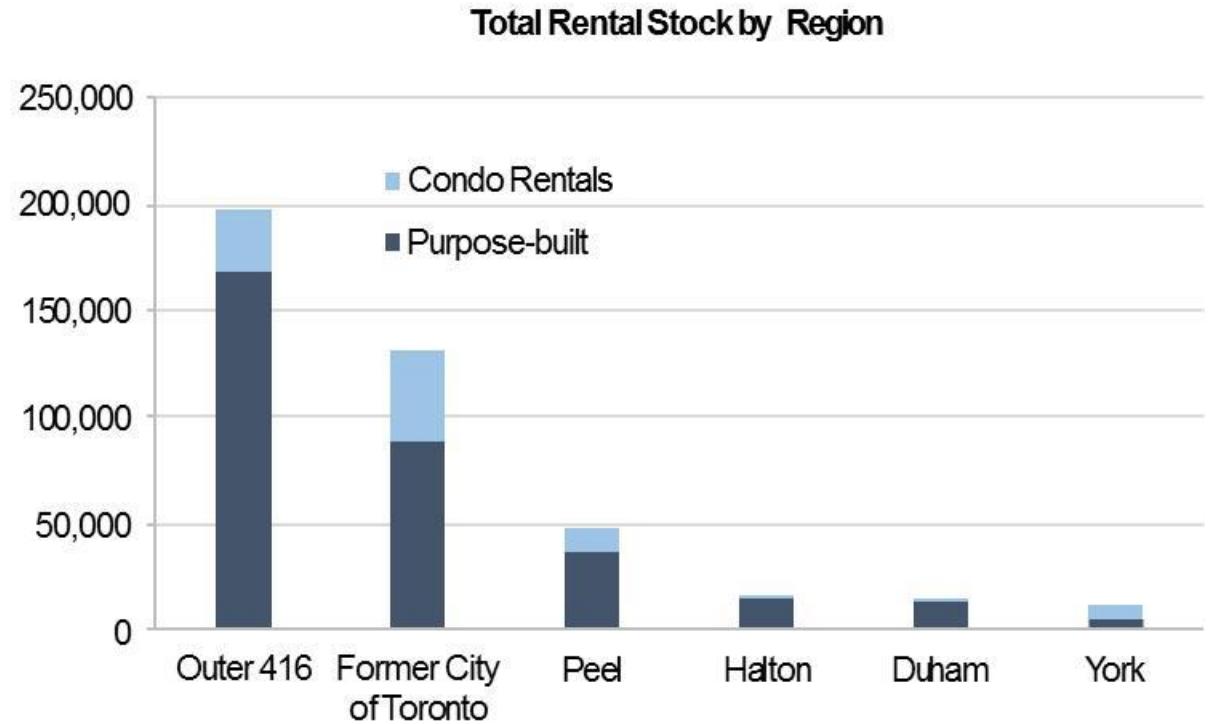
THE SUBURBS ATTRACT 2X MORE MIGRANTS

Average Annual Net Migration by Region
5 Year Avg.



Source: Statistics Canada

HIGHEST CONCENTRATION OF RENTALS IN TORONTO SUBURBS



Source: CMHC

THE RENTAL RENAISSANCE IS UNDERWAY



The Purpose-built Rental Universe
GTA

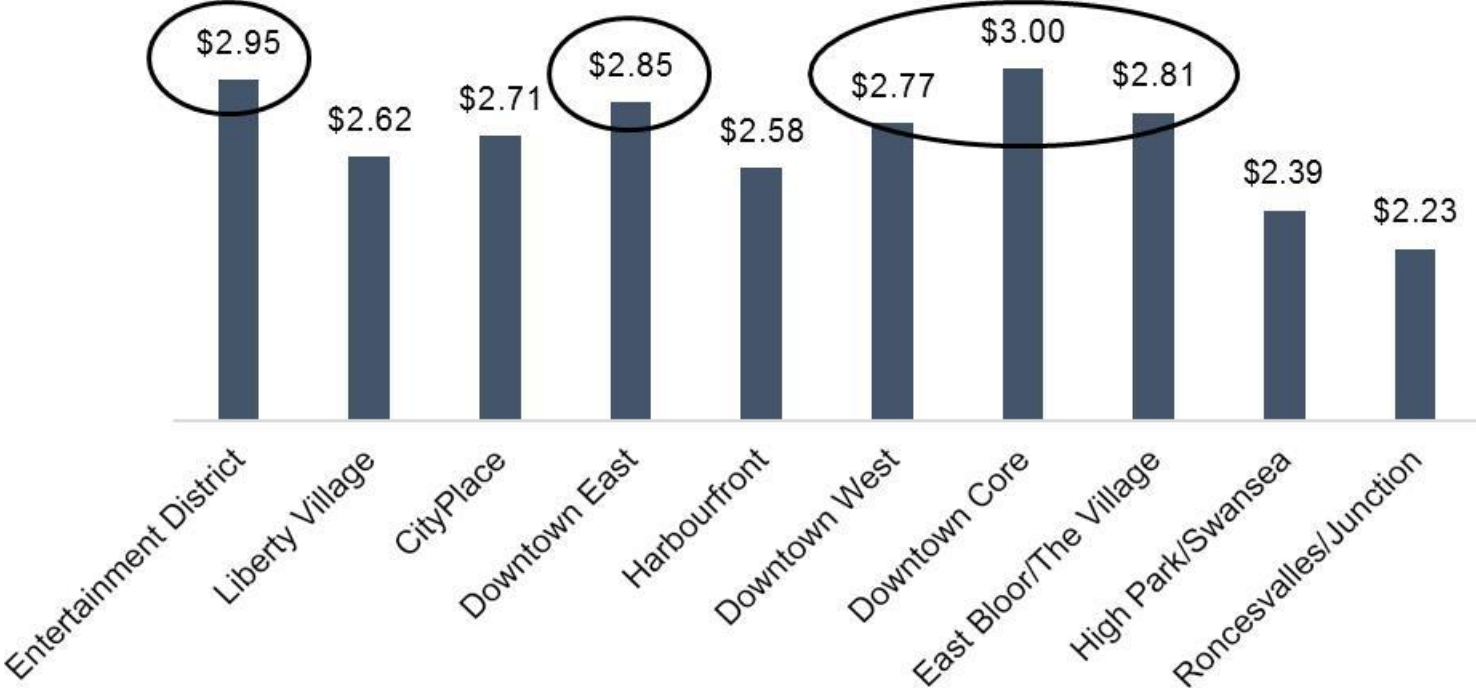


Source: Urbanation Inc.

URBANATION

RENTS APPROACHING \$3.00 PSF IN KEY MARKETS

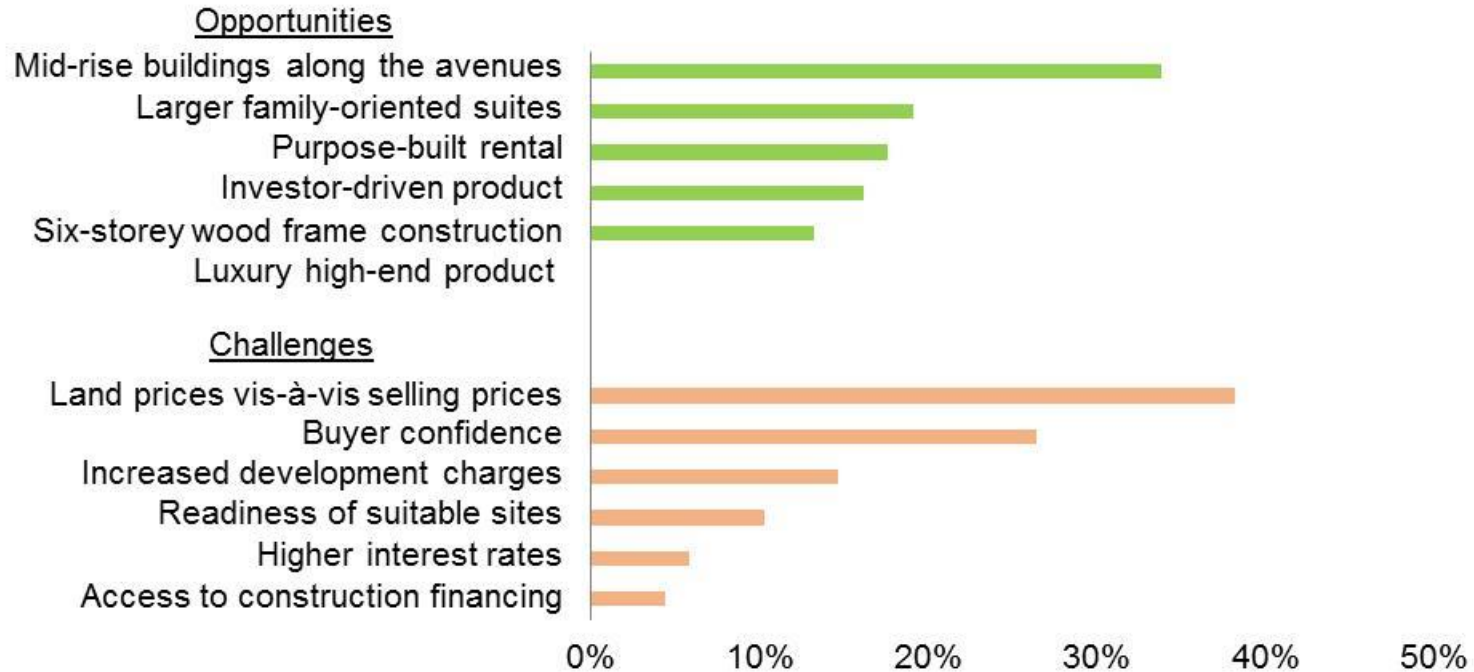
Average Condo Rent Per SF: Projects Registered Since 2013
Submarkets ranked by Rental Volume



Source: Urbanation Inc. and TREB/MLS

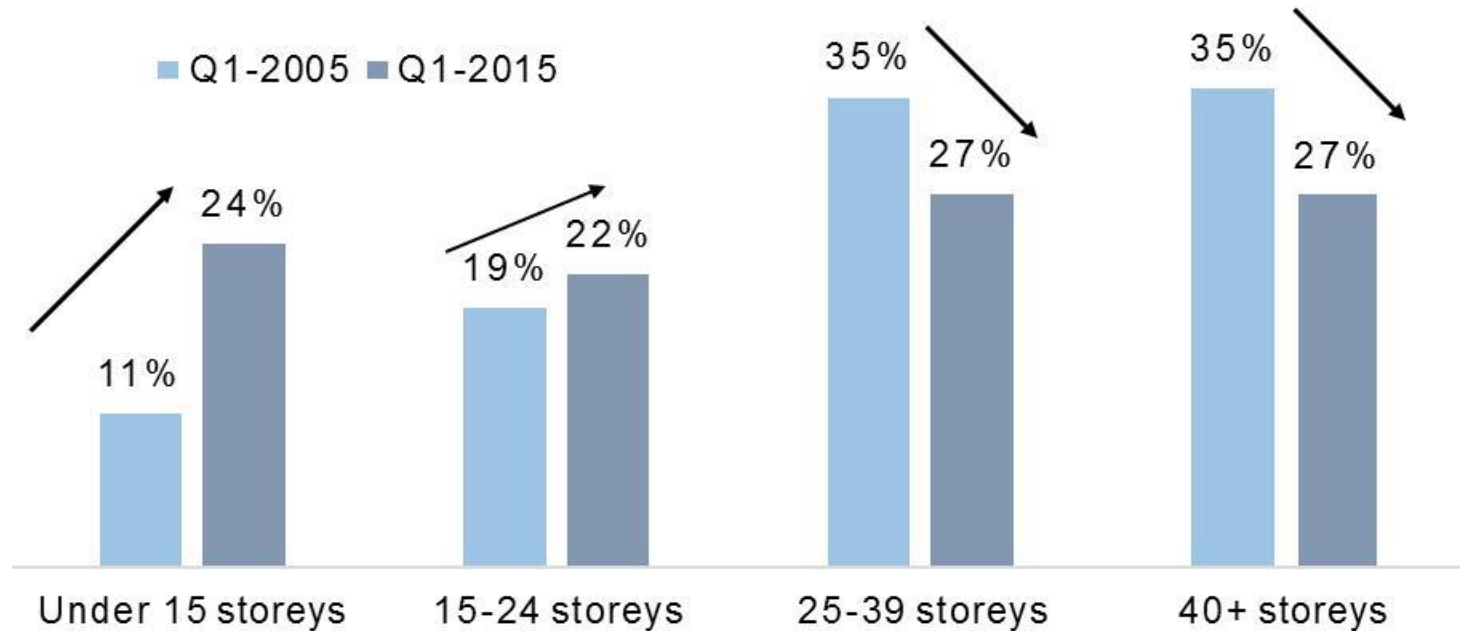
NEW OPPORTUNITIES - SAME CHALLENGES

Which are the GTA New Condo Market's Greatest Opportunities and Challenges for 2015?



THE MARKET MATURES

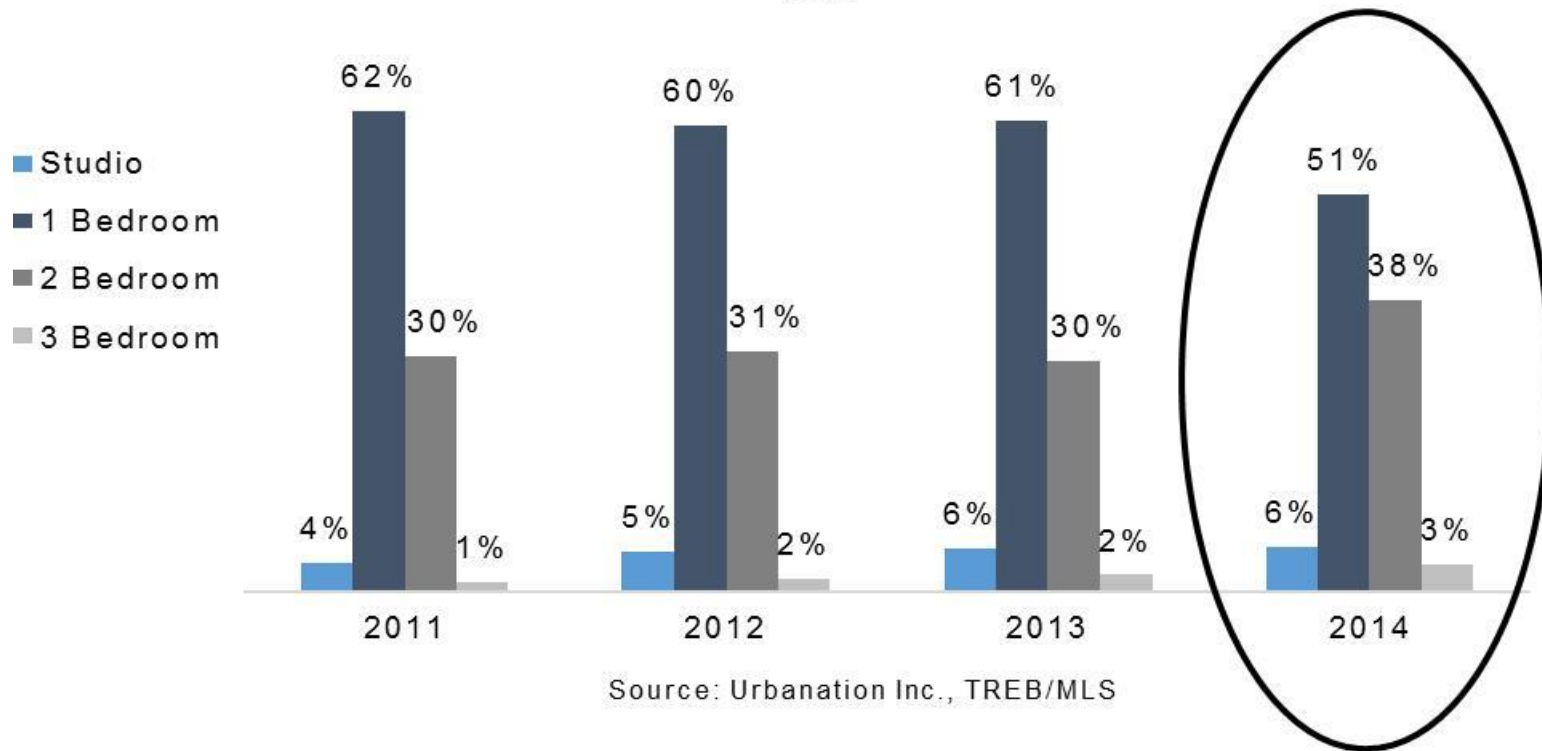
Total Units in Active Development by Building Size
Greater Toronto Area



Source: Urbanation Inc.

LAUNCHES MORE DIVERSIFIED

Distribution of New Condo Launches by Unit Type
GTA



SOME FINAL THOUGHTS

- Near perfect timing: deliveries coinciding with peak rental demand
- Some softening ahead but demographics/economics remain supportive for condo/rental demand in era of high supply growth
- Any weakness will be alleviated by less supply in 2018
- A lot more purpose-built on the horizon
- The time is right for new condo launches
- Opportunities to capture shift in demand

Urbanation Inc.
Shaun Hildebrand
shaun@urbanation.ca
416.922.2200

URBANATION

we've got the answers

URBANATION

MCAP HIGH-RISE CONDOMINIUM LAND VALUES

For the period ending June 5, 2015

***Values based on gross buildable SF.**

****Values are based on fully approved and zoned land**

Land Value Analysis Process Overview



- Land transactions are not assessed individually given their diverse nature
- This report serves as a forward looking estimate of land values in the short term
- Information from RealNet, Urbanation, Altus, and MCAP employed to undertake an extensive residual analysis process with the following considerations:
 - Projects are assessed and rated by target market / grade of product relative to their submarket peers
 - Sales / listing prices
 - Unit sizes
 - HST costs
 - Building efficiency ratios
 - Hard construction costs
 - Soft costs
 - Typical high-rise condominium builder profit assumptions

GTA High Rise Land Overview

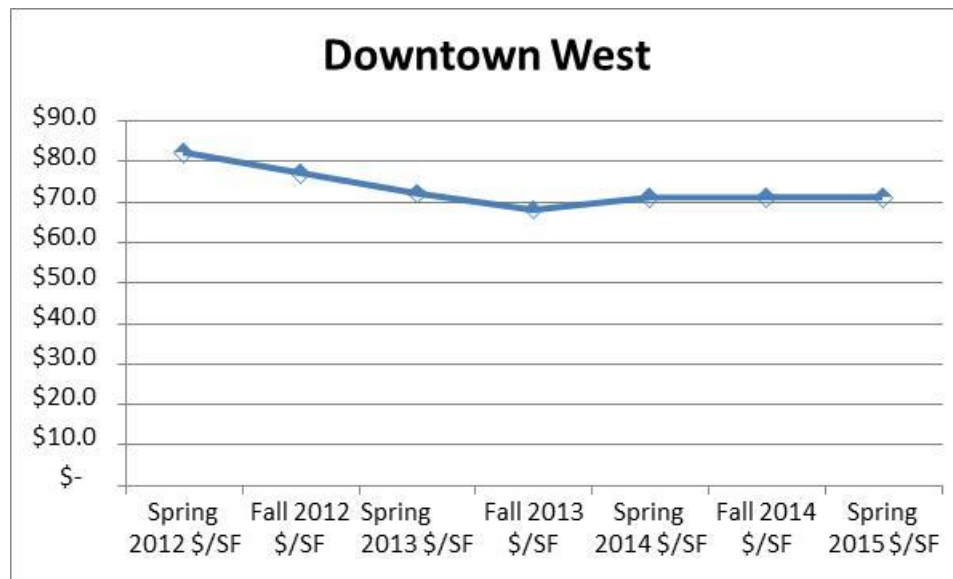


- 2014 High-Rise sales 3rd best year of last 10 → 2015 tracking lower by ~11% so far
- # months condo supply steady at ~11 months across GTA
- Only 2,131 units standing inventory (~1.2 months supply)
- Record 25,571 completions in 2014 → on track to exceed in 2015
- Rental market absorbed 2014 condo supply & moves to more balanced conditions → 2015 supply absorption?
- Rental build option increasing in popularity

DOWNTOWN WEST



- \$682/SF average unit price
- \$539,924 average sale price
- ~15 months supply



Median Land Value for Low End = \$60 / SF

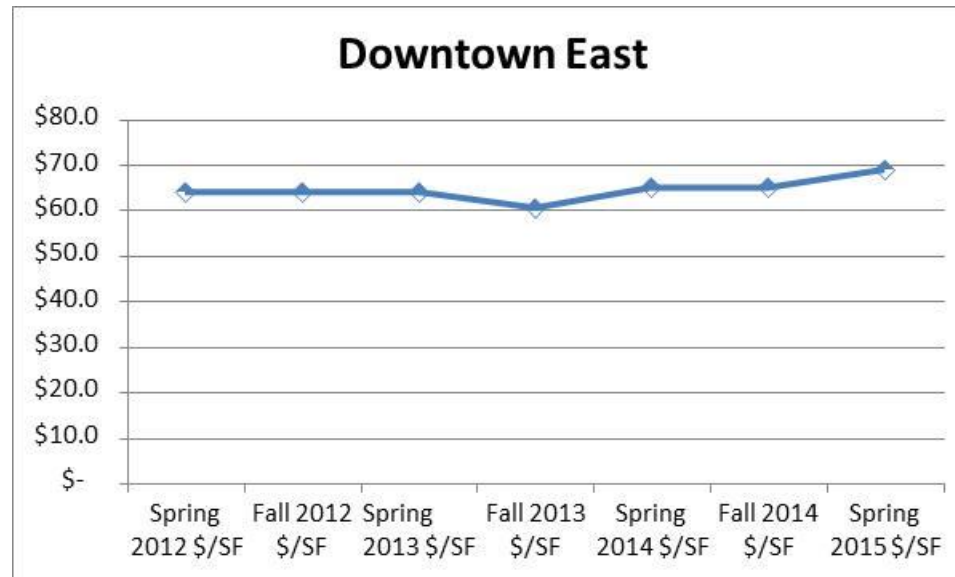
Median Land Value for High End = \$130 / SF

MCAP Land Value Range for the Submarket = \$67 to \$75 / SF

DOWNTOWN EAST



- \$583/SF average unit price
- \$447,842 average sale price
- ~5 months supply



Median Land Value for Low End = \$55 / SF

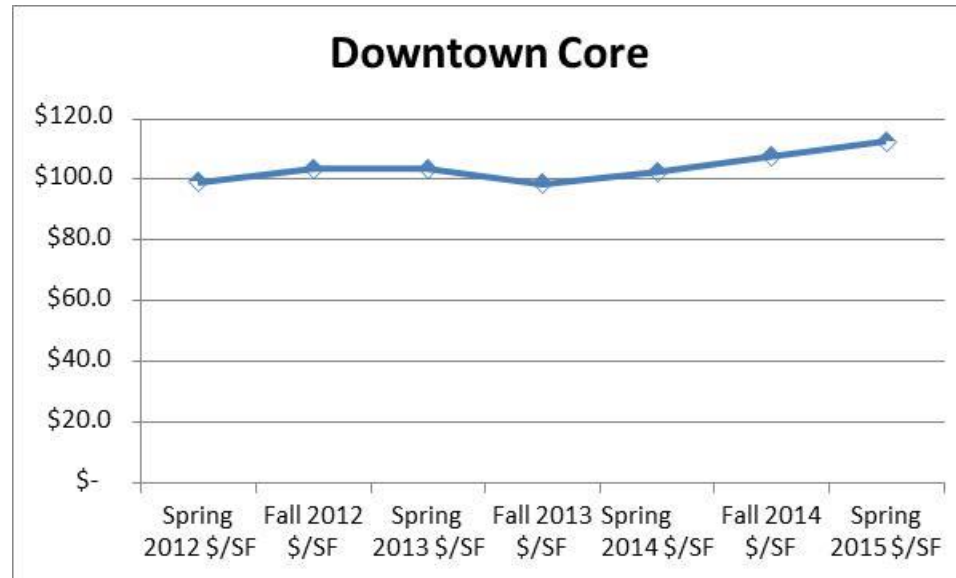
Median Land Value for High End = \$100 / SF

MCAP Land Value Range for the Submarket = \$65 to \$73 / SF

DOWNTOWN CORE



- \$873/SF average unit price
- \$862,345 average sale price
- ~4 months supply



Median Land Value for Low End = \$85 / SF

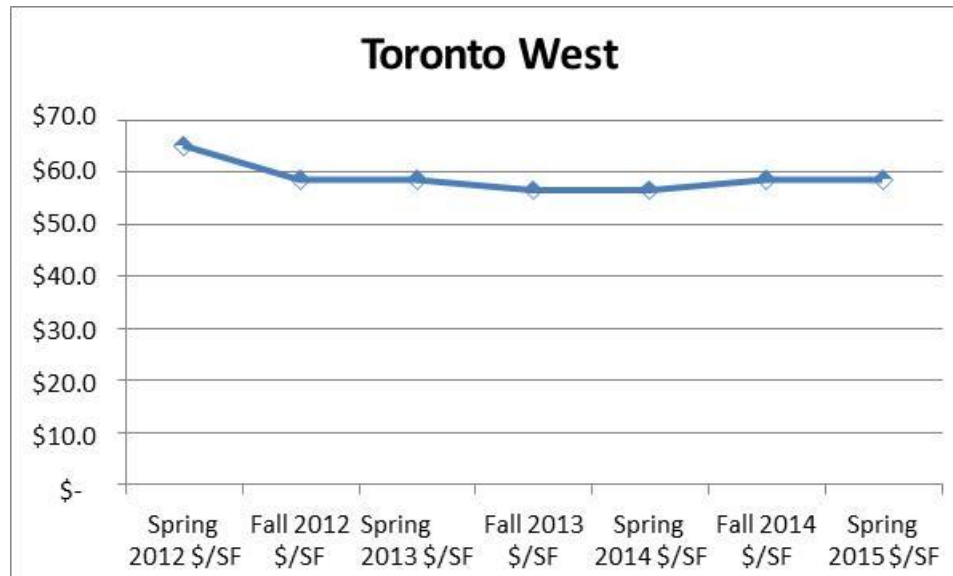
Median Land Value for High End = \$140 / SF

MCAP Land Value Range for the Submarket = \$110 to \$115 / SF

TORONTO WEST



- \$577/SF average unit price
- \$471,399 average sale price
- ~13 months supply



Median Land Value for Low End = \$50 / SF

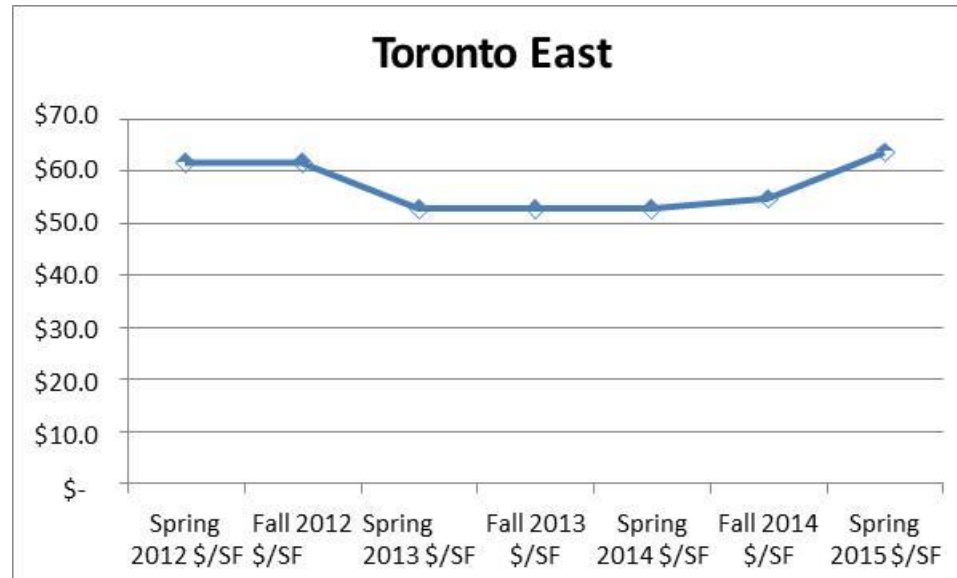
Median Land Value for High End = \$85 / SF

MCAP Land Value Range for the Submarket = \$55 to \$62 / SF

TORONTO EAST



- \$539/SF average unit price
- \$528,265 average sale price
- ~4 months supply



Median Land Value for Low End = \$45 / SF

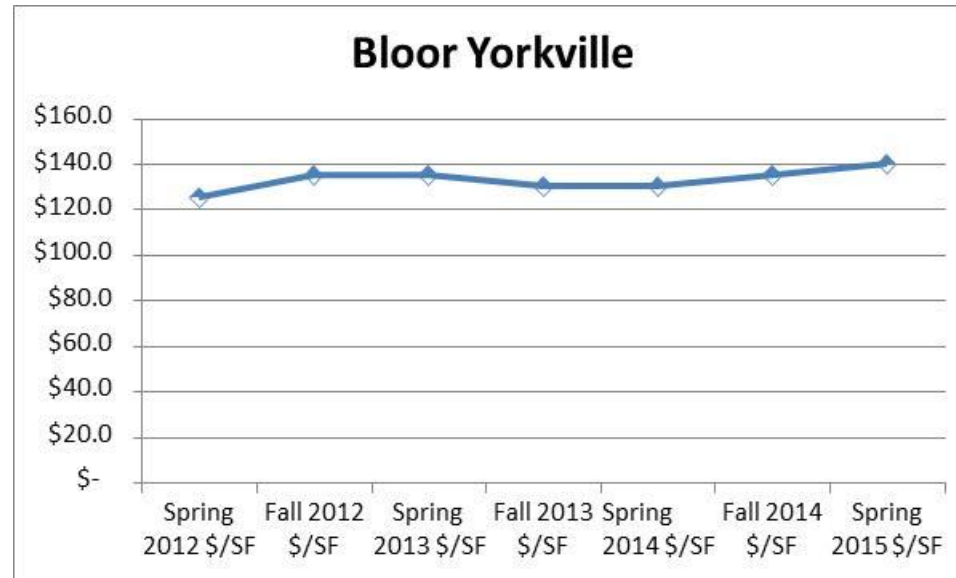
Median Land Value for High End = \$85 / SF

MCAP Land Value Range for the Submarket = \$60 to \$67 / SF

BLOOR YORKVILLE



- \$932/SF average unit price
- \$719,285 average sale price
- ~14 months supply



Median Land Value for Low End = \$90 / SF

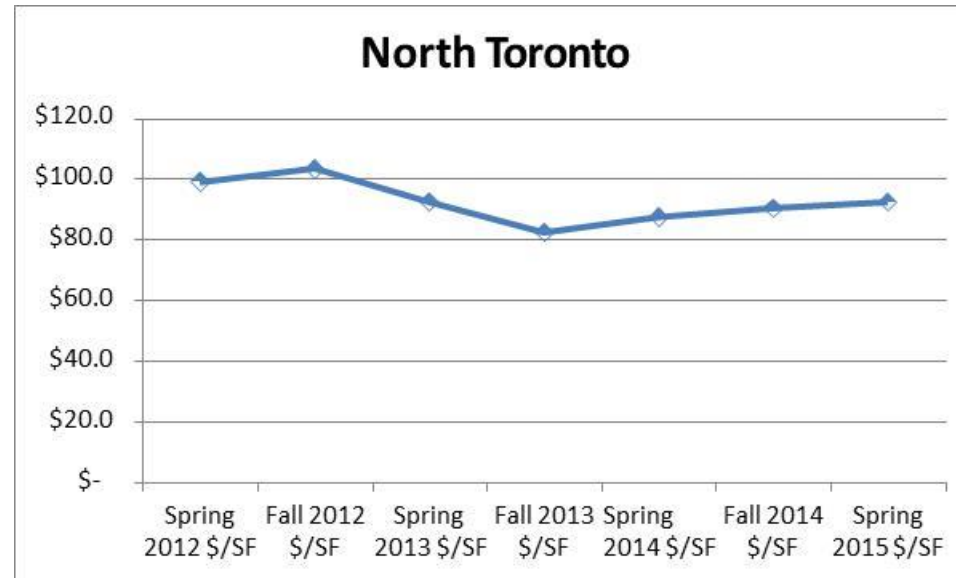
Median Land Value for High End = \$170 / SF

MCAP Land Value Range for the Submarket = \$135 to \$145 / SF

NORTH TORONTO



- \$669/SF average unit price
- \$489,891 average sale price
- ~6 months supply



Median Land Value for Low End = \$70 / SF

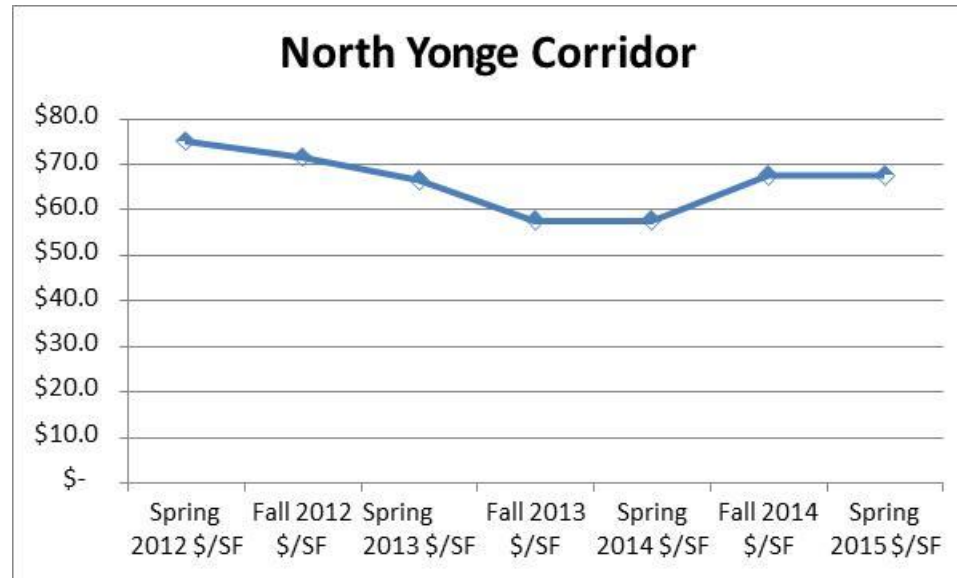
Median Land Value for High End = \$120 / SF

MCAP Land Value Range for the Submarket = \$90 to \$95 / SF

NORTH YONGE CORRIDOR



- \$577/SF average unit price
- \$432,224 average sale price
- ~8 months supply



Median Land Value for Low End = \$50 / SF

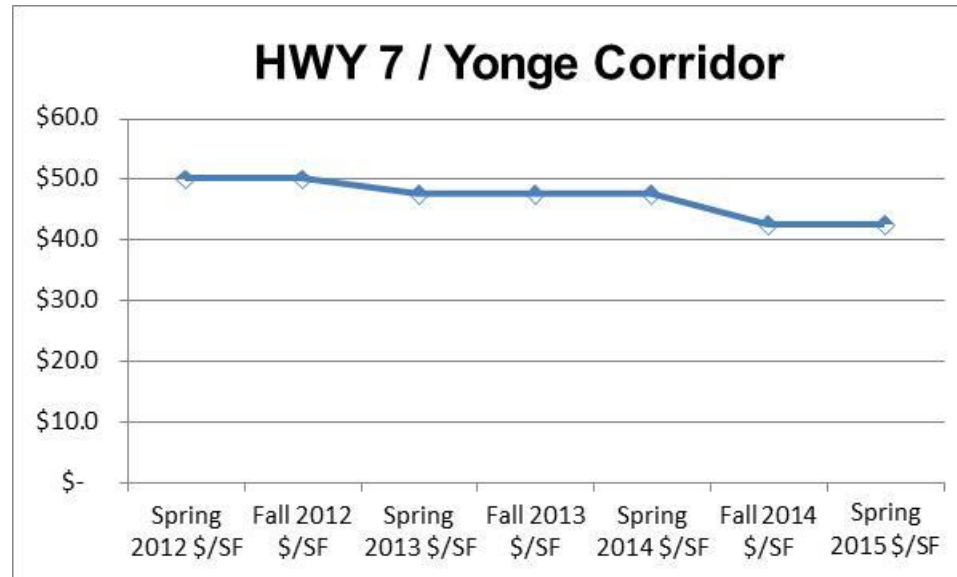
Median Land Value for High End = \$100 / SF

MCAP Land Value Range for the Submarket = \$65 to \$70 / SF

HWY 7 / YONGE CORRIDOR



- \$520/SF average unit price
- \$415,035 average sale price
- ~42 months supply

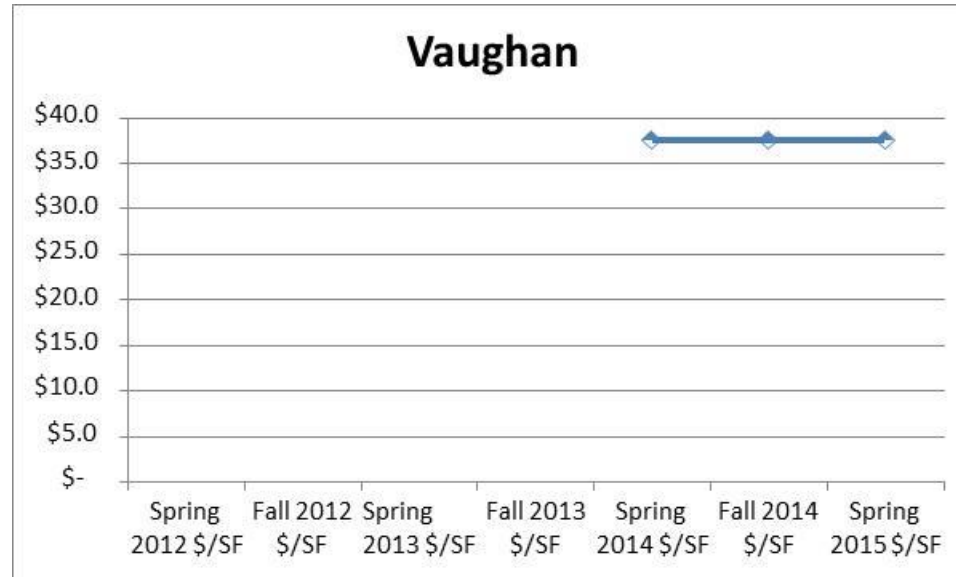


Median Land Value for Low End = \$30 / SF

Median Land Value for High End = \$55 / SF

MCAP Land Value Range for the Submarket = \$40 to \$45 / SF

- \$515/SF average unit price
- \$425,638 average sale price
- ~ 16 months supply



Median Land Value for Low End = \$30 / SF

Median Land Value for High End = \$50 / SF

MCAP Land Value Range for the Submarket = \$35 to \$40 / SF

HIGH-RISE CONDOMINIUM LAND VALUES



SUB-MARKET	LOW \$ / SF	HIGH \$ / SF	MARKET VALUE \$ / SF
DOWNTOWN WEST	\$60	\$130	\$67 - \$75
DOWNTOWN EAST	\$55	\$100	\$65 - \$73
DOWNTOWN CORE	\$85	\$140	\$110 - \$115
TORONTO WEST	\$50	\$85	\$55 - \$62
TORONTO EAST	\$45	\$85	\$60- \$67
BLOOR YORKVILLE	\$90	\$170	\$135 - \$145
NORTH TORONTO	\$70	\$120	\$90 - \$95
NORTH YONGE CORRIDOR	\$50	\$100	\$65 - \$70
HWY. 7 / YONGE CORRIDOR	\$30	\$55	\$40 - \$45
VAUGHAN	\$30	\$50	\$35 - \$40

*Values based on Gross Buildable SF

Richmond Hill Country Club – June 5, 2015

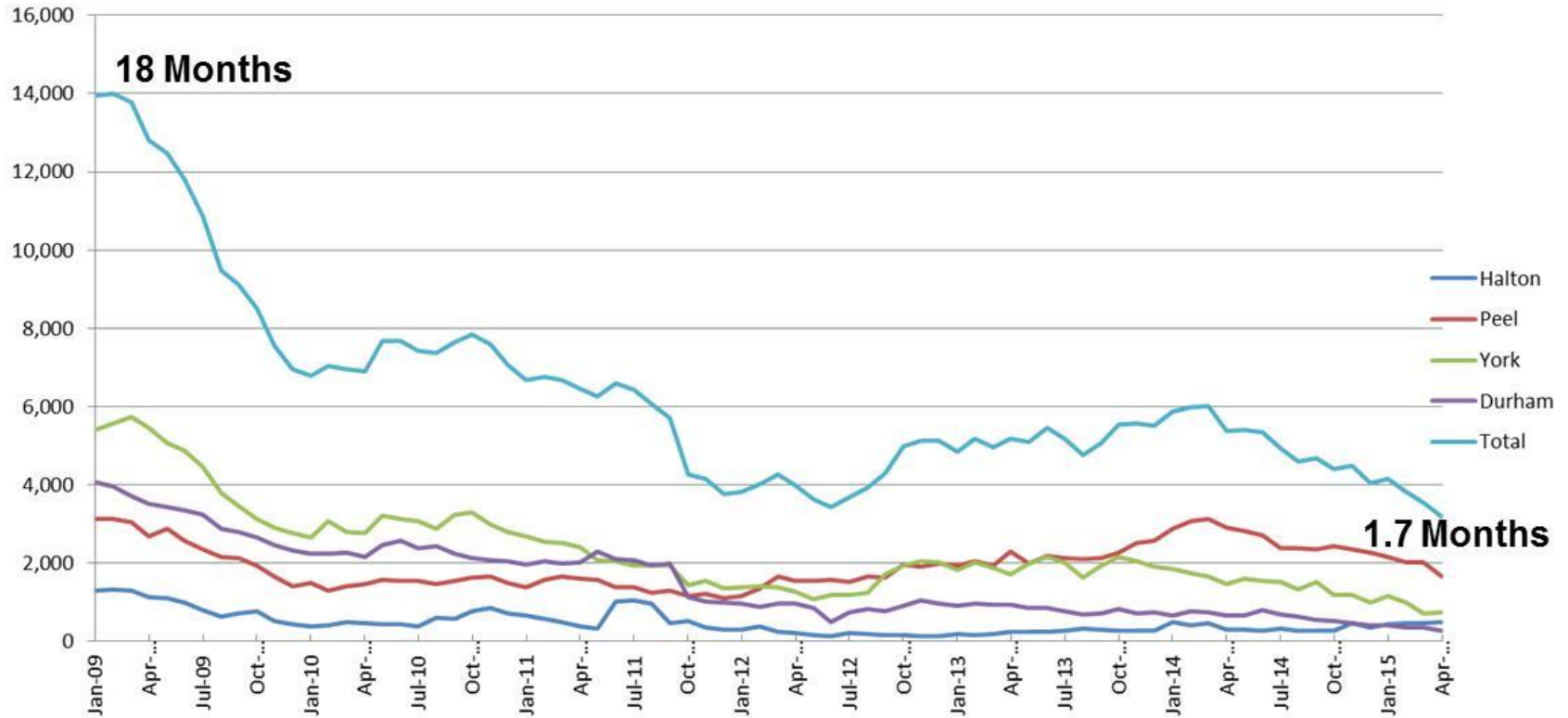
MCAP LOT VALUES

For the period ending June 5, 2015

* Values based on standard builder financing terms

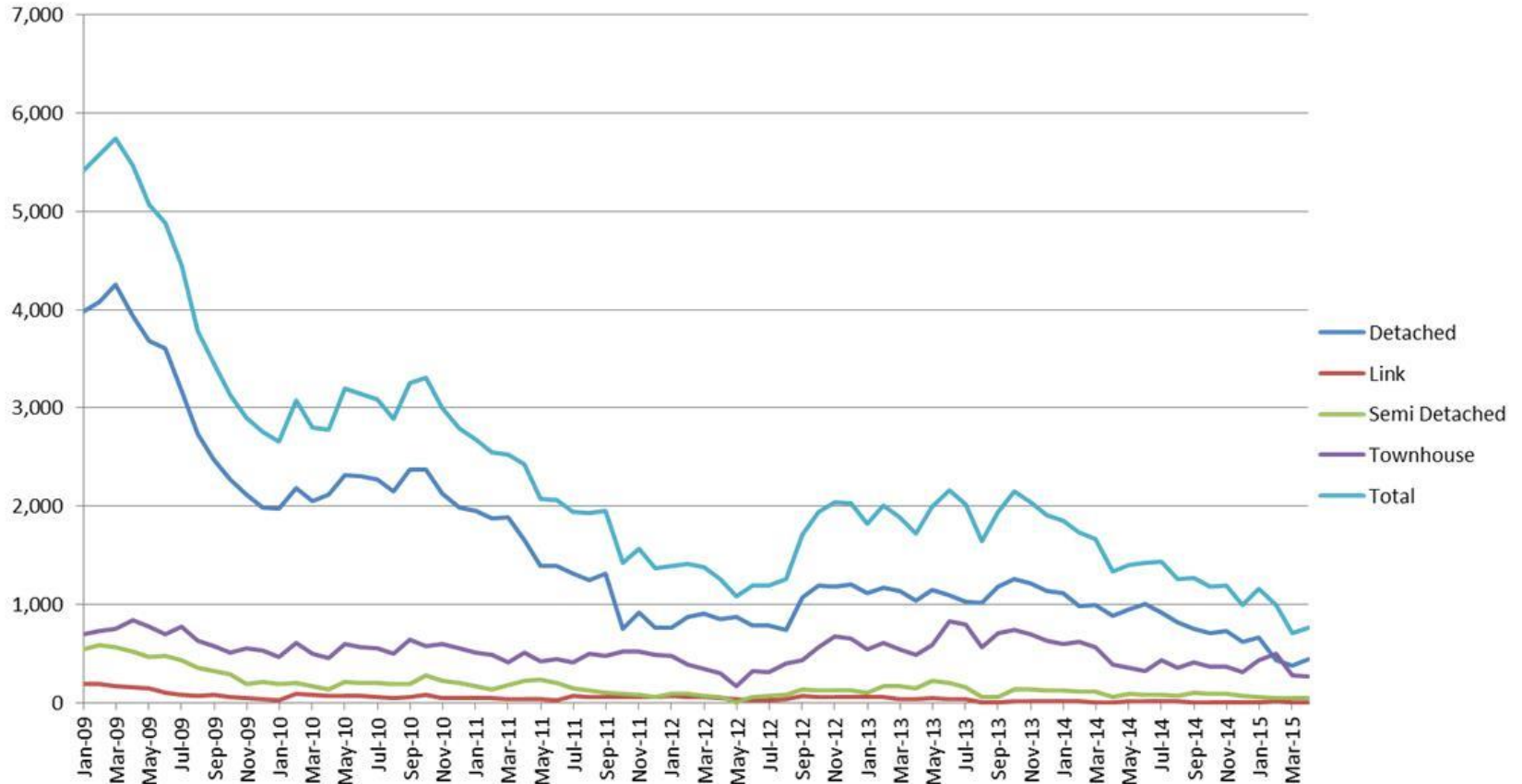
**Values include all levies except educational

GTA TOTAL INVENTORY



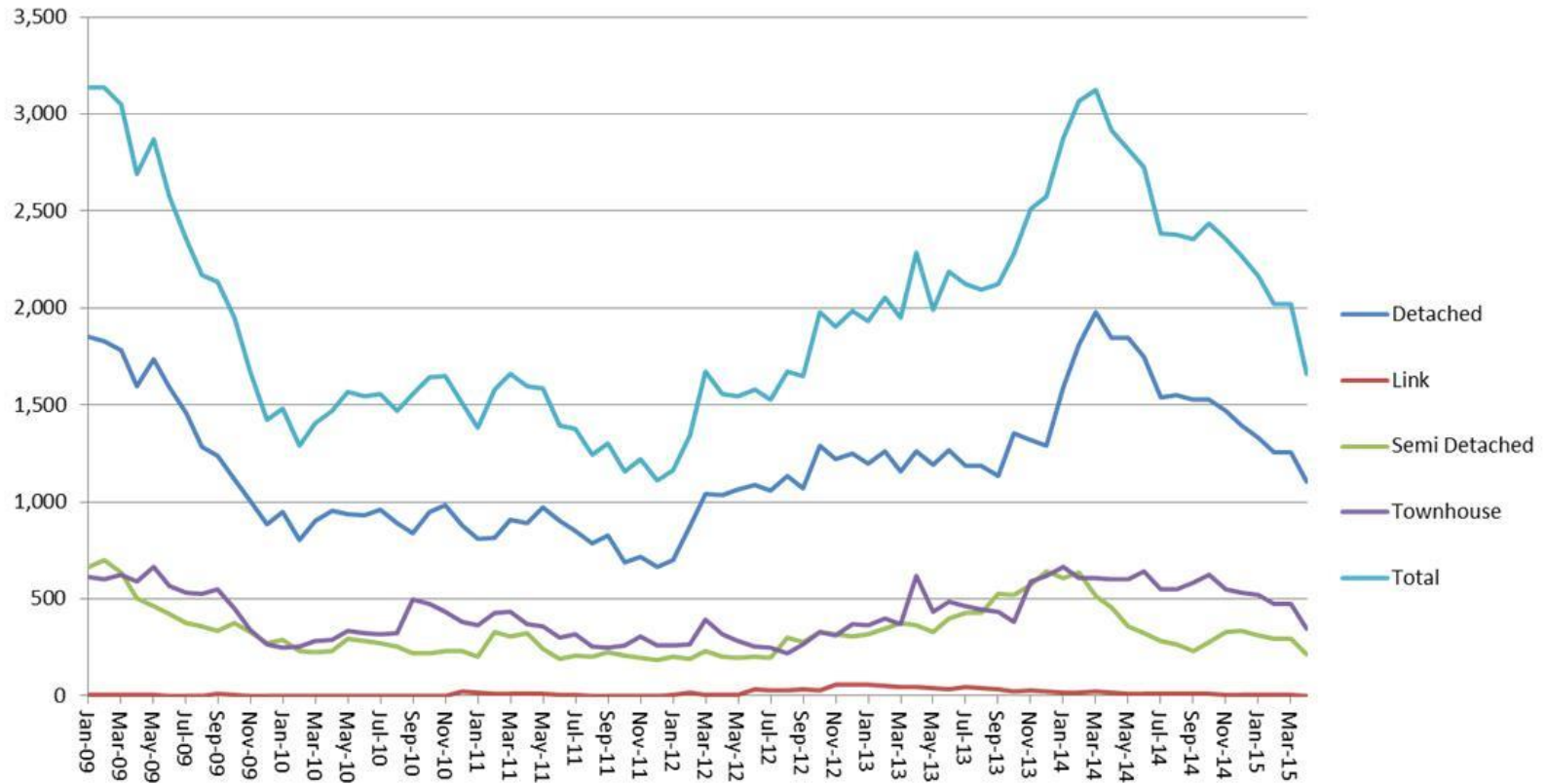
Source: Realnet

YORK REGION INVENTORY



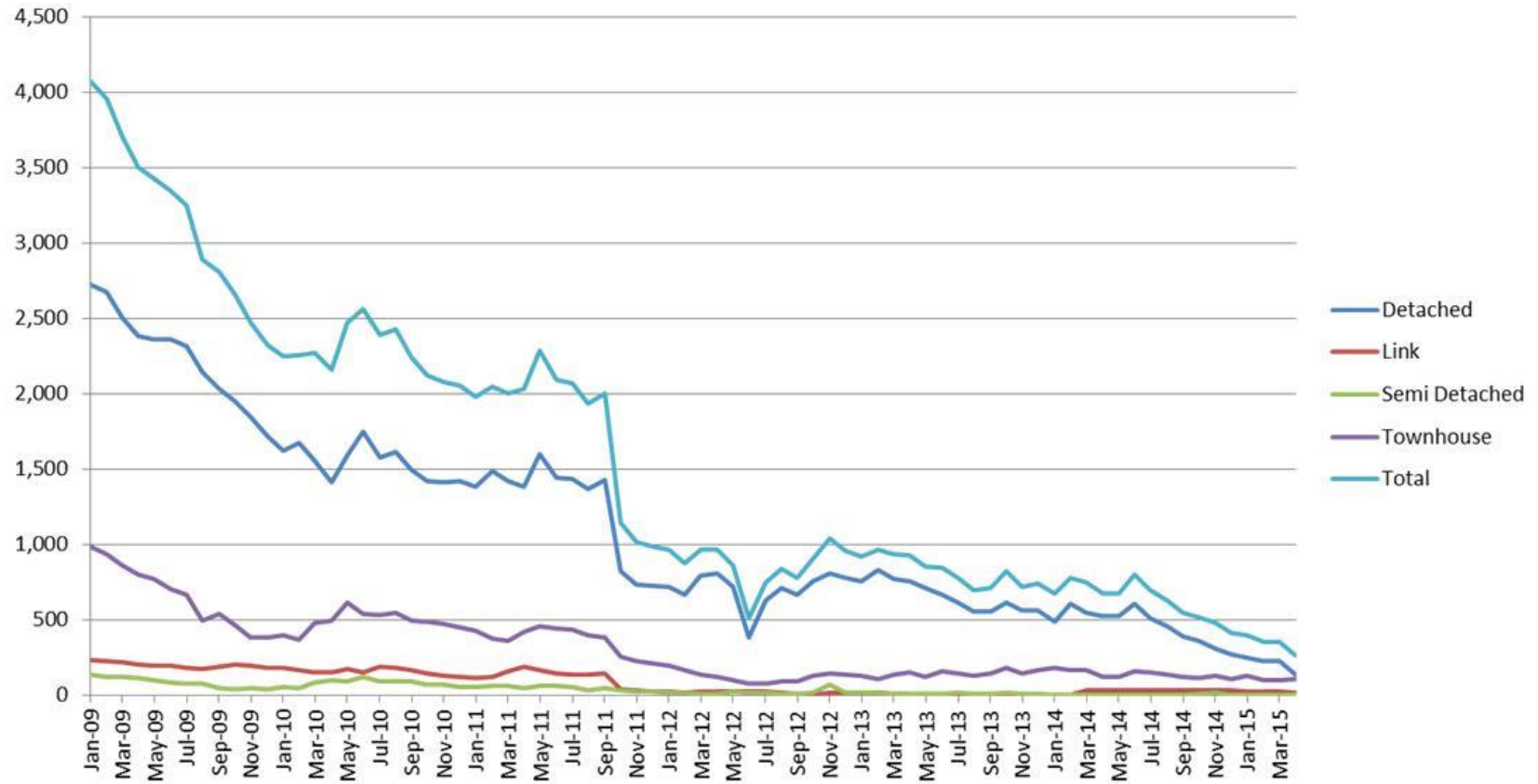
Source: Realnet

PEEL REGION INVENTORY



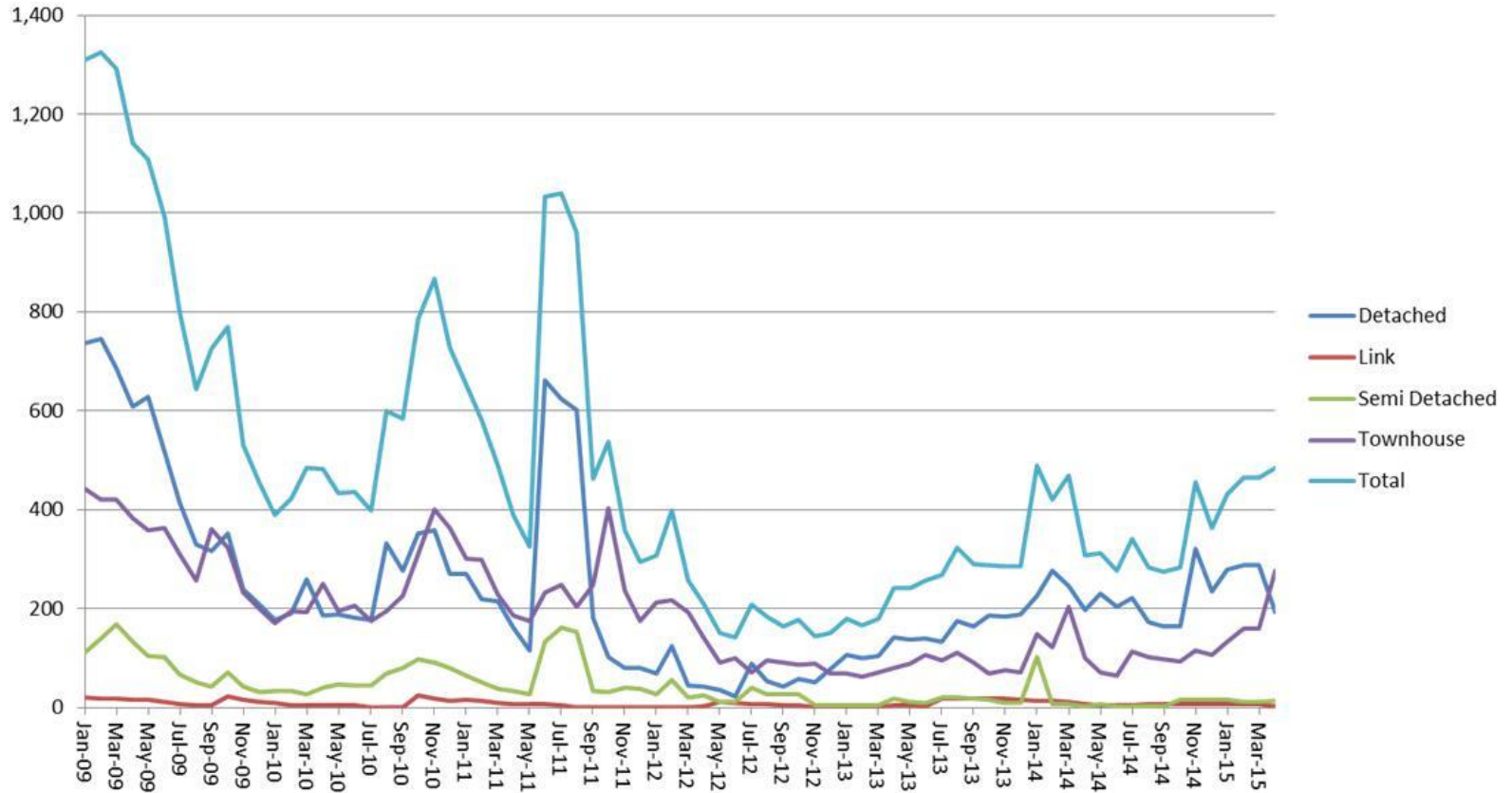
Source: Realnet

DURHAM REGION INVENTORY



Source: Realnet

HALTON REGION INVENTORY

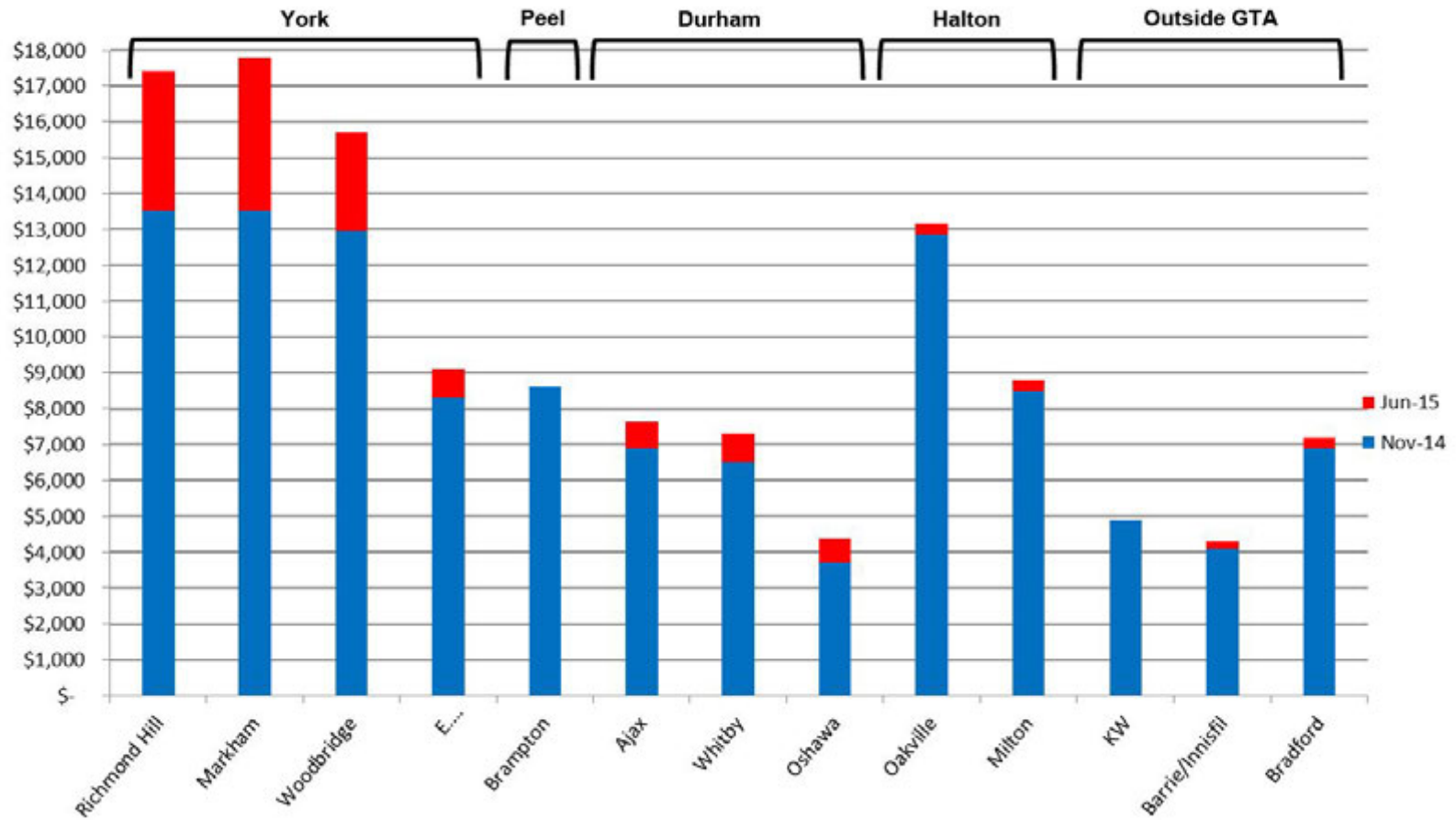


Source: Realnet

20 F.F. FREEHOLD TOWNHOUSES



Townhome Lot Values

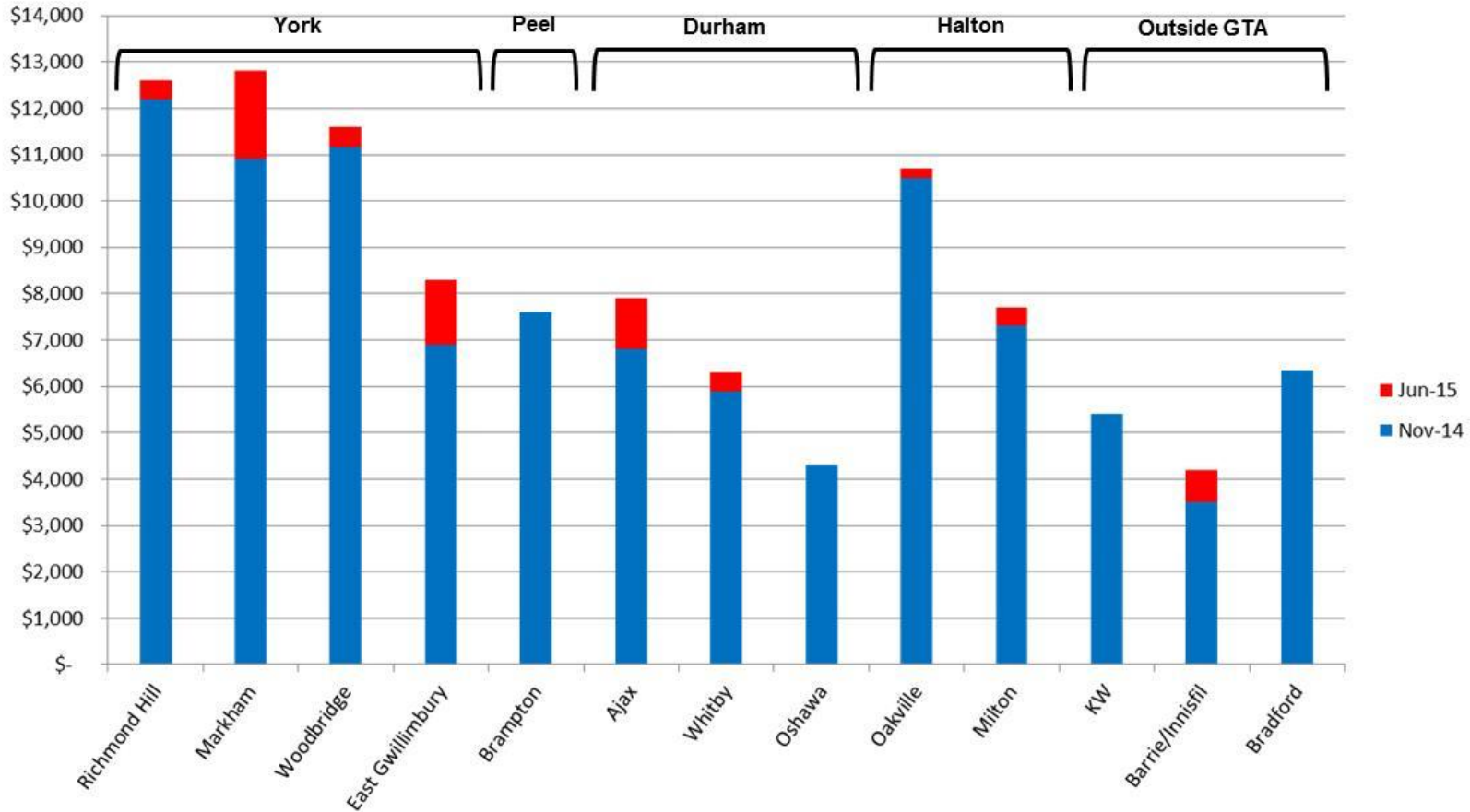


Richmond Hill Country Club – June 5, 2015

30 F.F. - 36 F.F. LOTS



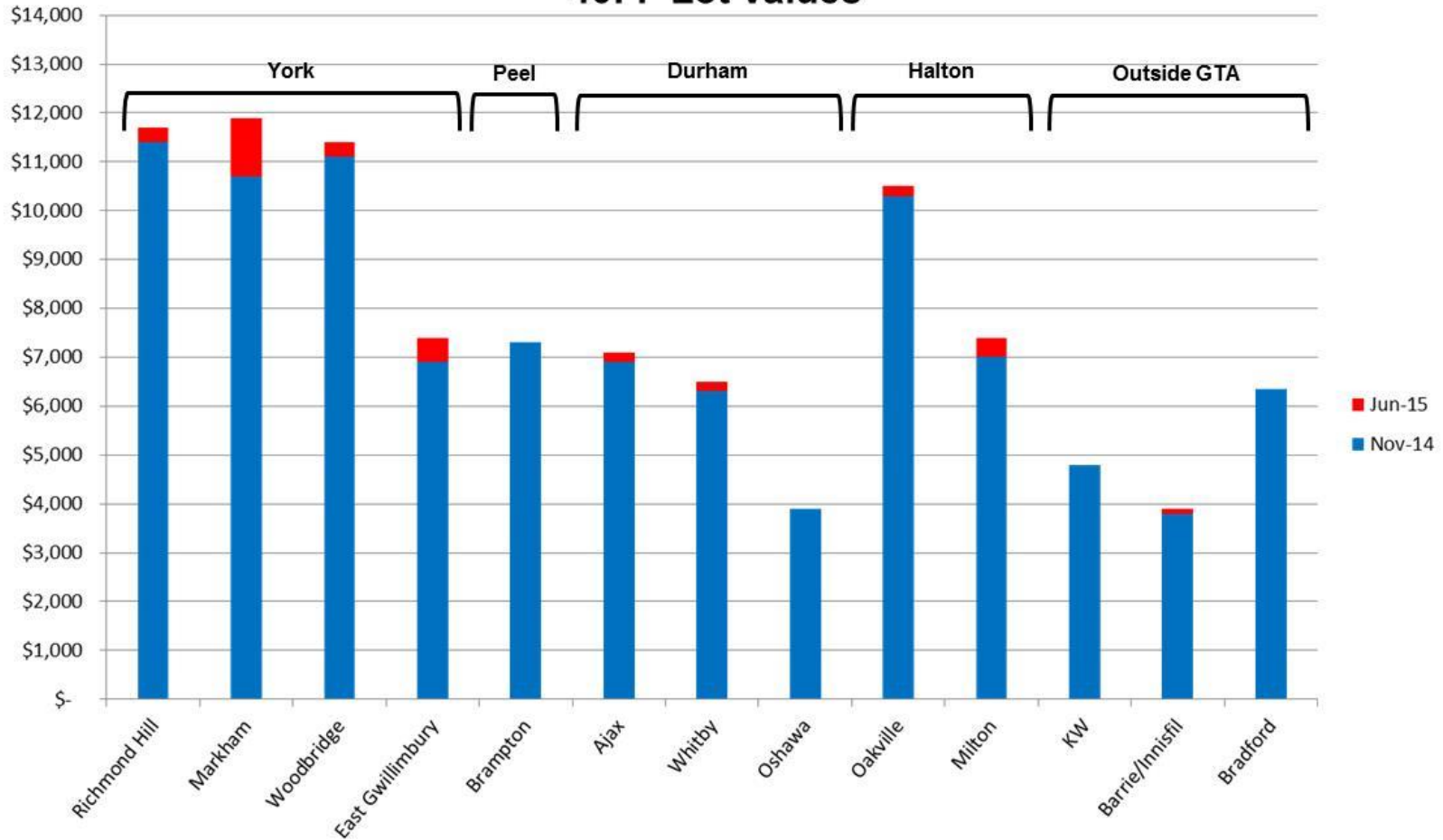
30 – 36FF Lot Values



40 F.F. LOTS



40FF Lot Values

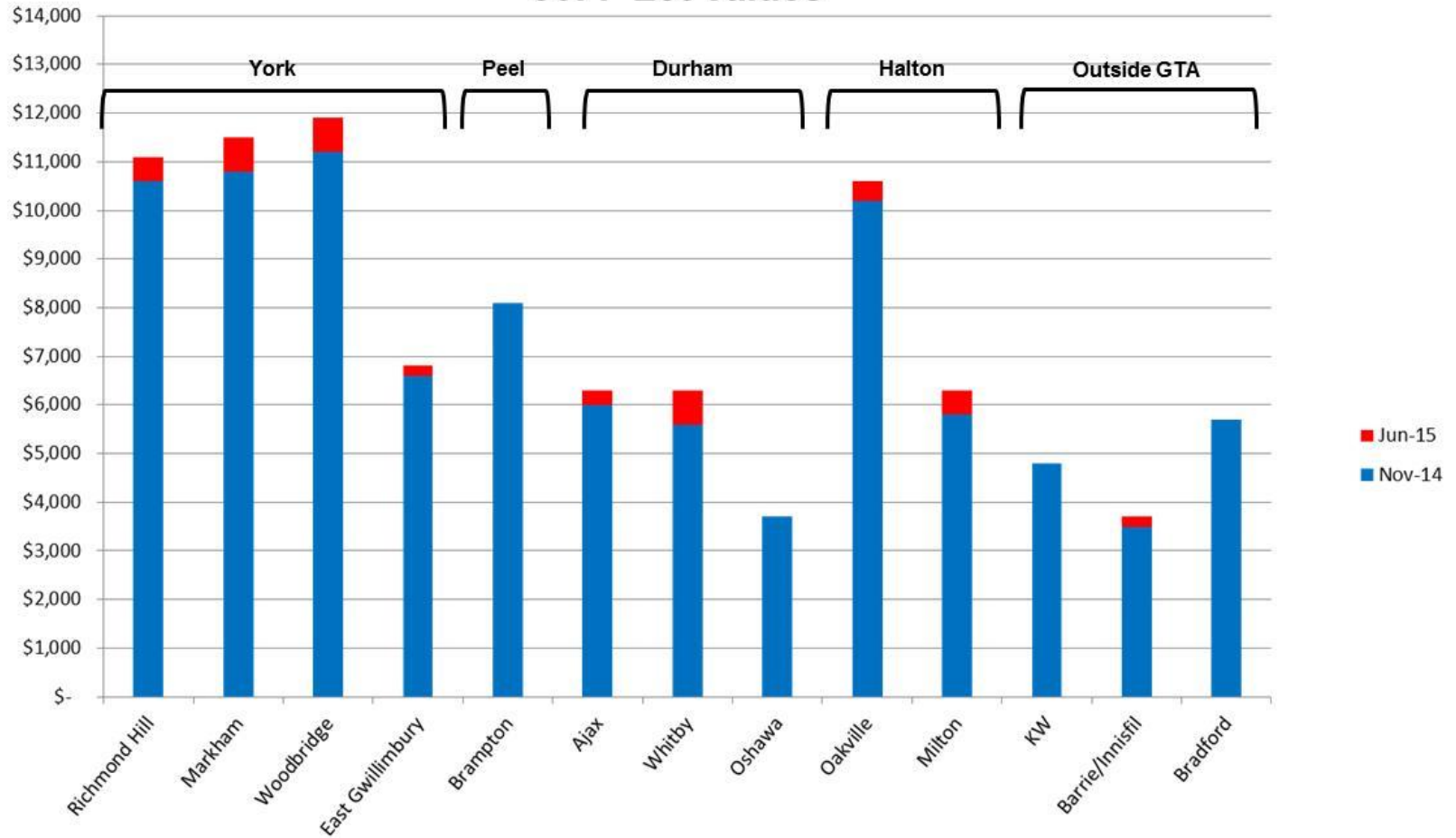


Richmond Hill Country Club – June 5, 2015

50 F.F. LOTS



50FF Lot Values



LOT VALUES



YORK REGION

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
RICHMOND HILL	\$17,300 - \$17,500	\$12,500 - \$12,700	\$11,600 - \$11,800	\$11,000 - \$11,200
MARKHAM	\$17,700 - \$17,900	\$12,700 - \$12,900	\$11,800 - \$12,000	\$11,400 - \$11,600
WOODBIDGE	\$15,600 - \$15,800	\$11,500 - \$11,700	\$11,300 - \$11,500	\$11,800 - \$12,000
EAST GWILLIMBURY	\$9,000 - \$9,200	\$8,200 - \$8,400	\$7,300 - \$7,500	\$6,700 - \$6,900

PEEL REGION

PRODUCT TYPE	TOWNHOUSE	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
BRAMPTON	\$8,500 - \$8,700	\$7,500 - \$7,700	\$7,200 - \$7,400	\$8,000 - \$8,200

DURHAM REGION

PRODUCT TYPE	TOWNHOUSE	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
AJAX	\$7,500 - \$7,800	\$7,800 - \$8,000	\$7,000 - \$7,200	\$6,200 - \$6,400
WHITBY	\$7,200 - \$7,400	\$6,200 - \$6,400	\$6,400 - \$6,600	\$6,200 - \$6,400
OSHAWA	\$4,300 - \$4,500	\$4,200 - \$4,400	\$3,800 - \$4,000	\$3,600 - \$3,800

HALTON REGION

PRODUCT TYPE	TOWNHOUSE	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
OAKVILLE	\$13,000 - \$13,300	\$10,600 - \$10,800	\$10,400 - \$10,600	\$10,500 - \$10,700
MILTON	\$8,700 - \$8,900	\$7,600 - \$7,800	\$7,300 - \$7,500	\$6,200 - \$6,400

OUTSIDE GTA

PRODUCT TYPE	TOWNHOUSE	30 F.F. to 36 F.F.	40 F.F.	50 F.F.
KW	\$4,800 - \$5,000	\$5,300 - \$5,500	\$4,700 - \$4,900	\$4,700 - \$4,900
BARRIE / INNISFIL	\$4,200 - \$4,400	\$4,100 - \$4,300	\$3,800 - \$4,000	\$3,600 - \$3,800
BRADFORD	\$7,100 - \$7,300	\$6,200 - \$6,500	\$6,200 - \$6,500	\$5,600 - \$5,800

**Values include all levies except educational*

**THANK YOU FOR
ATTENDING.**