

Welcome to the...

MCAP SPRING 2016 BREAKFAST SEMINAR

**Presented By:
MCAP Development Finance Group**

Richmond Hill Country Club – June 2, 2016

AGENDA



Overview of the GTA New Housing Market

Presented by: Andrew Brethour, President, PMA Brethour Realty Group

MCAP High-Rise Condominium Land Value Report

Presented by: David McCrossan, Director, Development Finance Group

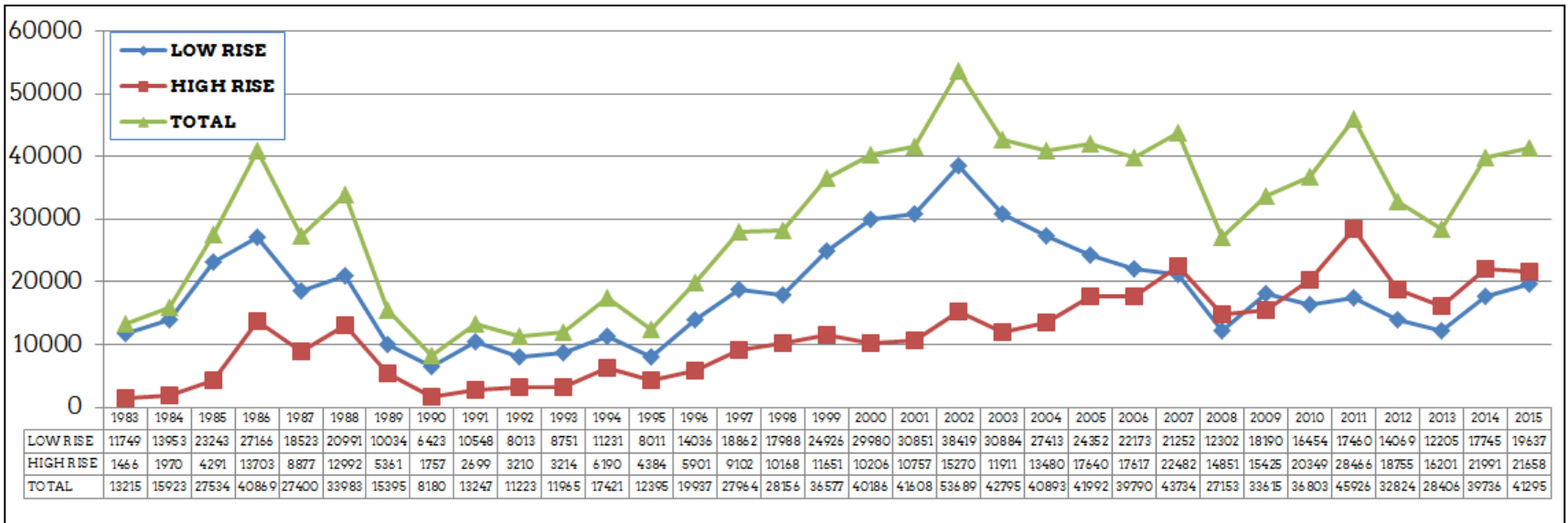
MCAP Lot Value Report

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

The Real Estate Market Continuing Boom or Ultimate Bust?



2015 Market Overview - 1



2015 total sales were 11.7% higher than the 10 year average (36,962)

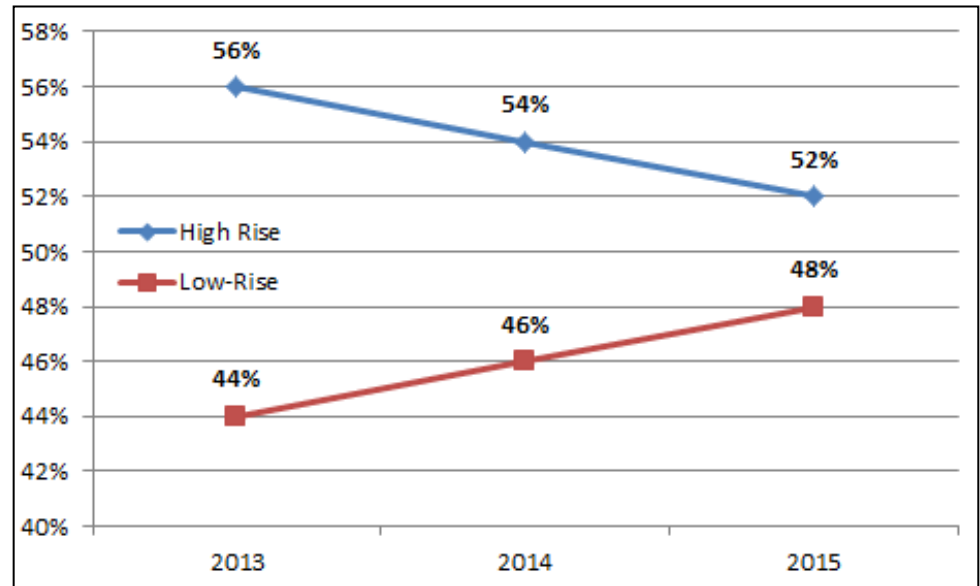


*Data from RealNet & PMA Brethour Research

2015 Market Overview - 2

- **41,295** units of new home sales
 - Up **2.4%** from 2014
 - Up **61%** from Low-rise low in 2013
- **19,637** low-rise (**48%**)
- **21,658** high-rise (**52%**)

% of Sales by Category



New low rise sales gaining ground on high rise

**Data from RealNet & PMA Brethour Research*



2015 Market Overview - 3

- **22,247** units of new home inventory
 - Down **12.3%** overall from 2014
 - Down **36.4%** on the low rise side
- **4,216** low-rise (10%)
- **20,031** high-rise (90%)



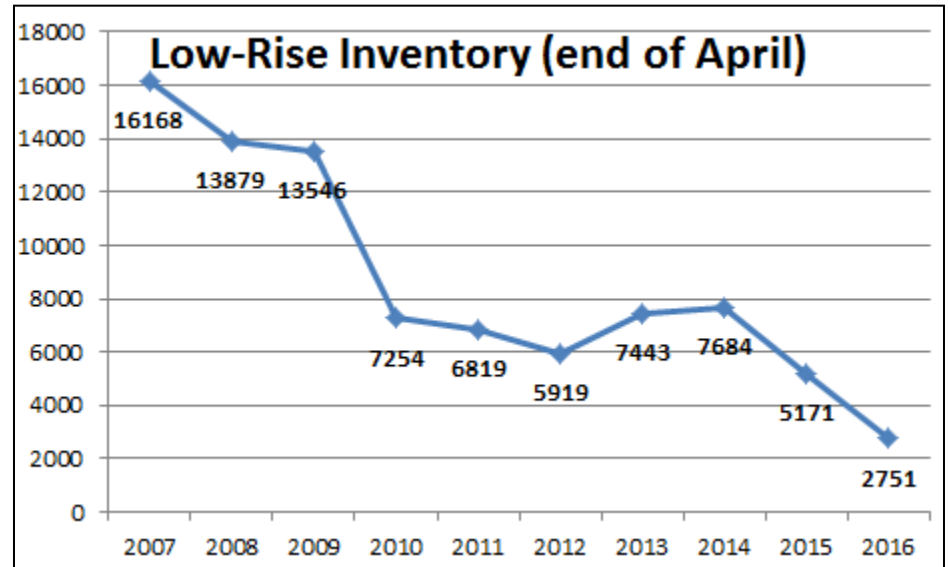
Low-Rise inventory continues to dwindle; 61% lower than the 10 year avg. (10756); overall down 15% from 10 year avg. (28424)



**Data from RealNet & PMA Brethour Research*

2016 Market Overview

- **13,737** sales through April
 - Up **3.5%** from 2015
 - **53%** of sales are low-rise
- **20,449** units of inventory
 - Down **16.9%** from 2015
 - Low-rise at only 2,751 units

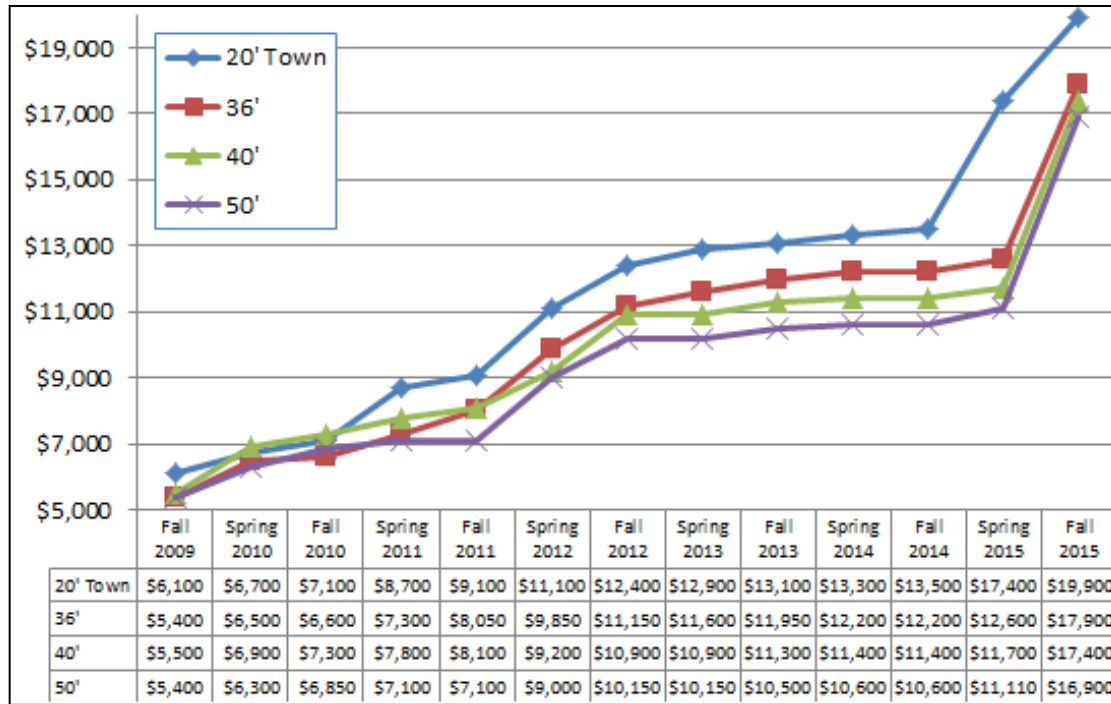


Low-Rise inventory down 82% from April 2007 and down 68% from 10-year average; overall sales still strong



**Data from RealNet & PMA Brethour Research*

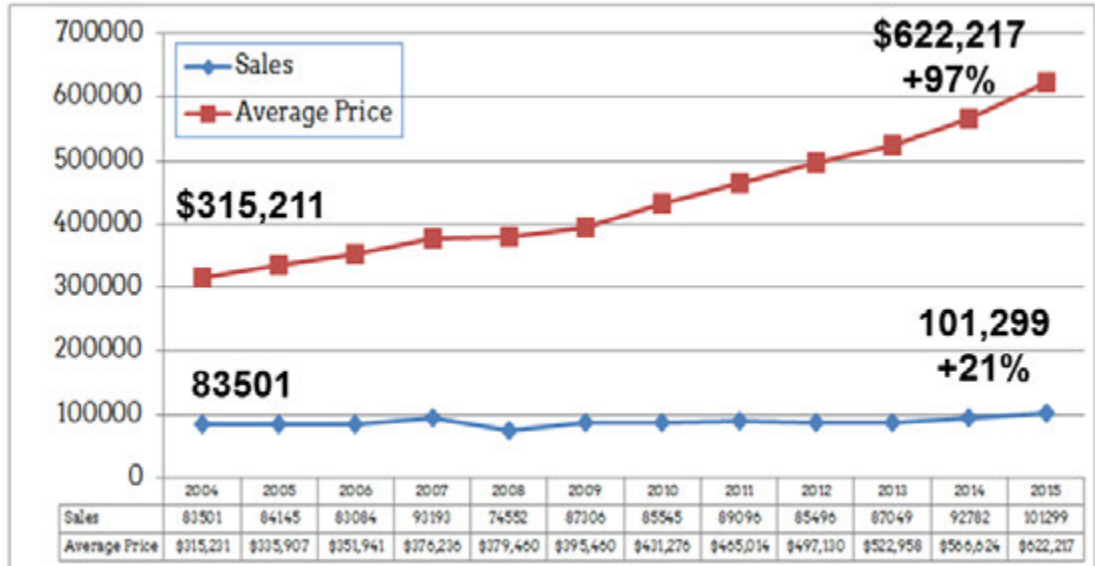
Case Study: Richmond Hill Lot Values



40' lot price has risen an average of 36% per year or a total of 216%
(220K to \$696K) since 2009

2016 Resale Market Overview

- **\$739,082** GTA average sale price for all home types in April 2016 (up 16.2%)
- **\$1,257,958** Toronto detached average for April 2016
- **\$436,545** Toronto apartment average for April 2016
- **101,299** total resales in 2015
 - New record
- Strong start to 2016
 - 2016 YTD sales up **12.2%** Y/Y



Showing data for 2004-2015

Prices up 97% from 2004-2015; new yearly sales volume record in 2015 and on pace for another record year in 2016



*Data from TREB & PMA Brethour Research

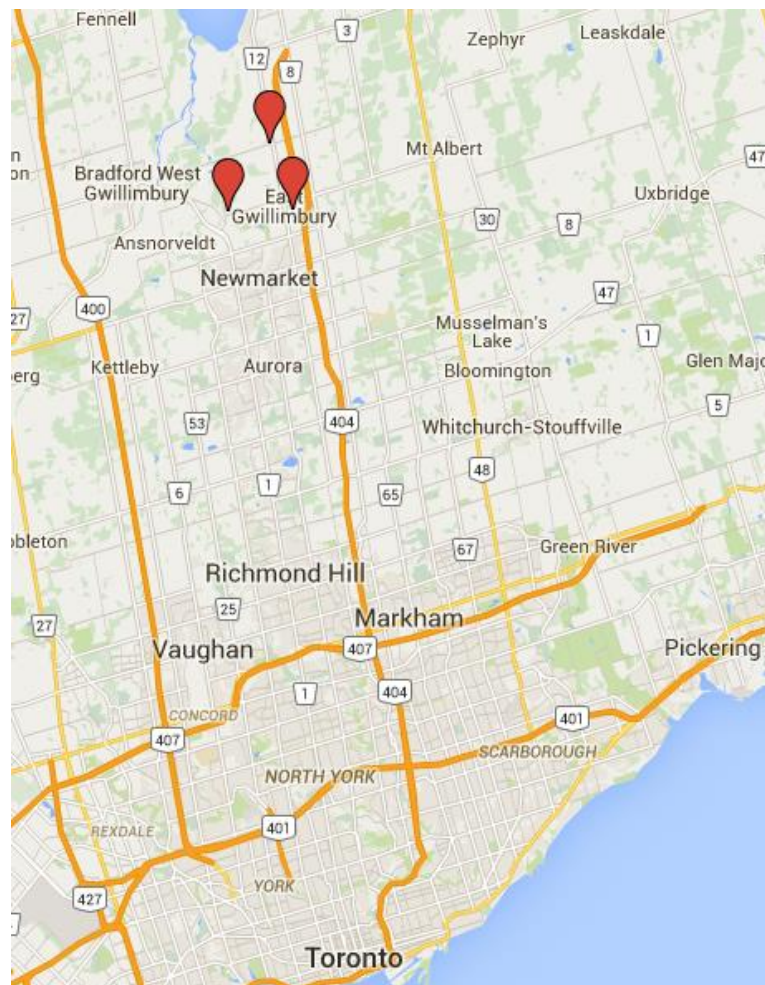
The Low-Rise Market



Can low-rise continue to gain ground on high-rise?

East Gwillimbury

- Sharon, Holland Landing, Queensville
- 7% of all GTA low-rise sales in the past 12 months were in East Gwillimbury
- Only municipalities that sold more were Brampton and Vaughan
- \$866,990 for a 3200 SqFt detached home on a 40' lot in Holland Landing



**Data from RealNet & PMA Brethour Research*

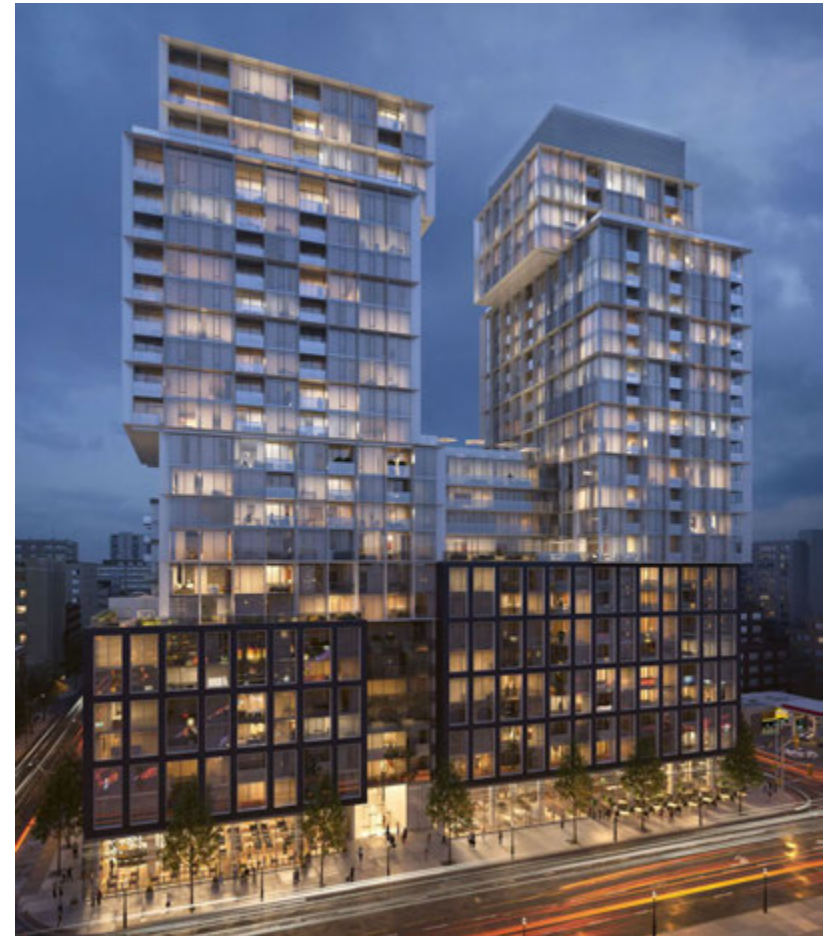
Other Low-Rise Markets

- Innisfil
- Caledonia
- Bowmanville
- Collingwood
- Angus
- Tottenham
- West Whitby
Coming in 2016
- Seaton
Coming in 2016



The High-Rise Market - 1

- Can you sell a non 'A+' site?
- Are the days of 75% weekend sales over?



The High-Rise Market - 2

- **Biggest successes in 2016 so far at 'A+' locations with a nearby subway**
 - Form by Tridel (Queen & McCaul) 181/189 sales in 1st month
 - MET by Plaza (Jane & Hwy 7) 354/510 sales in 1st month and 444/510 overall
- **Biggest disappointments in 2016 at 'non A+' locations without a subway**
 - Grand Mirage by Conservatory (Downtown Mississauga) 22/344 sales since February 2016
 - Downtown Erin Mills by Pemberton (Eglinton & Erin Mills) 60/180 sales since January 2016



Form by Tridel

The Resale Market - 1

Can this level of price growth and activity be sustained?



The Resale Market - 2

- **15** DOM average in April 2016
- **104%** of average listing price attained
- **105%** in City of Toronto
- **110%** median detached price increase in last 10 years
- **12,554** active listings at the end of April is **28.8%** lower than the 5 year average



Stacked Townhomes - 1

Are stacked townhomes here to stay?



Stacked Townhomes - 2

- 6 launches average per year from 2005-2011
- 18 per year from 2012-2014
- 17 in 2015
- 5 so far in 2016
- Creating an affordable townhome alternative
- In Vaughan:
 - **\$808,250** average townhome
 - **\$461,416 (852 SqFt)** average condo
 - **\$500,092 (1028 SqFt)** average stacked



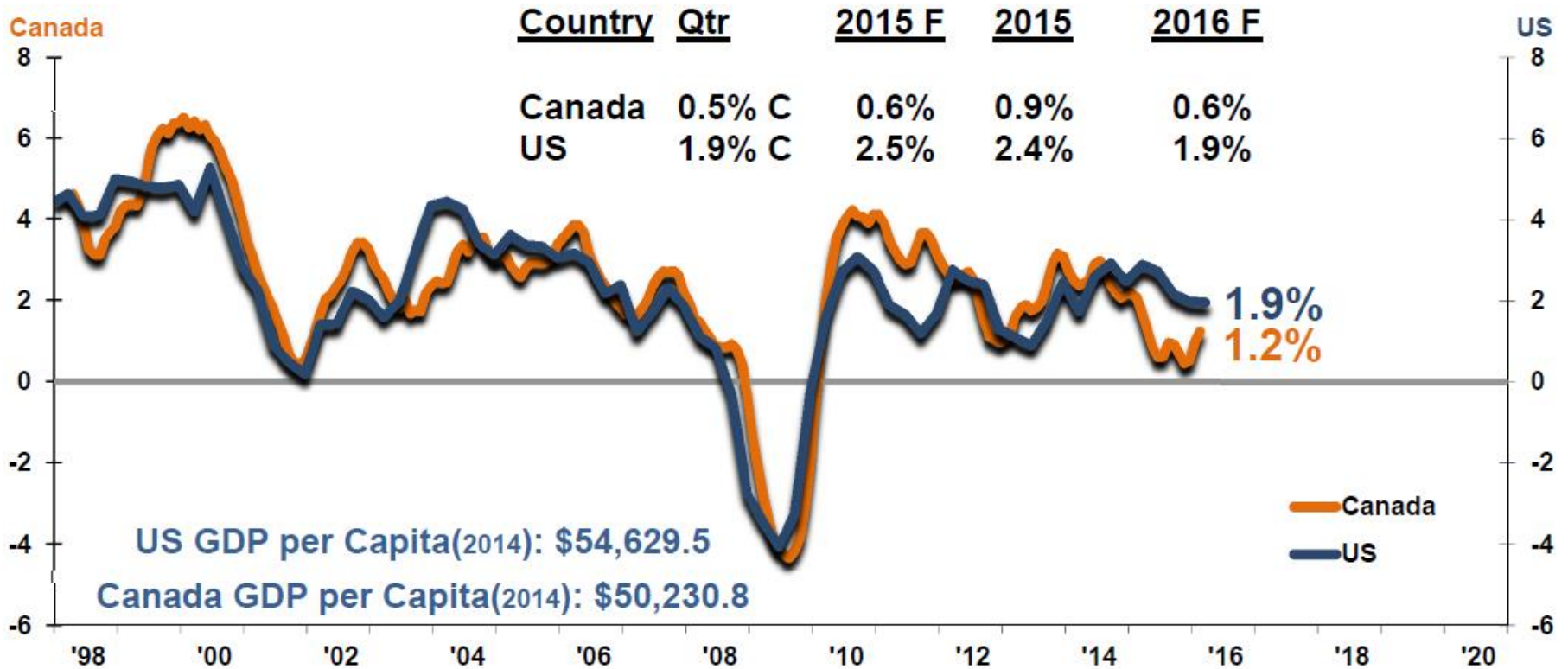
Is Canada Heading to Recession?

4 Factors Negatively Affecting Your Business

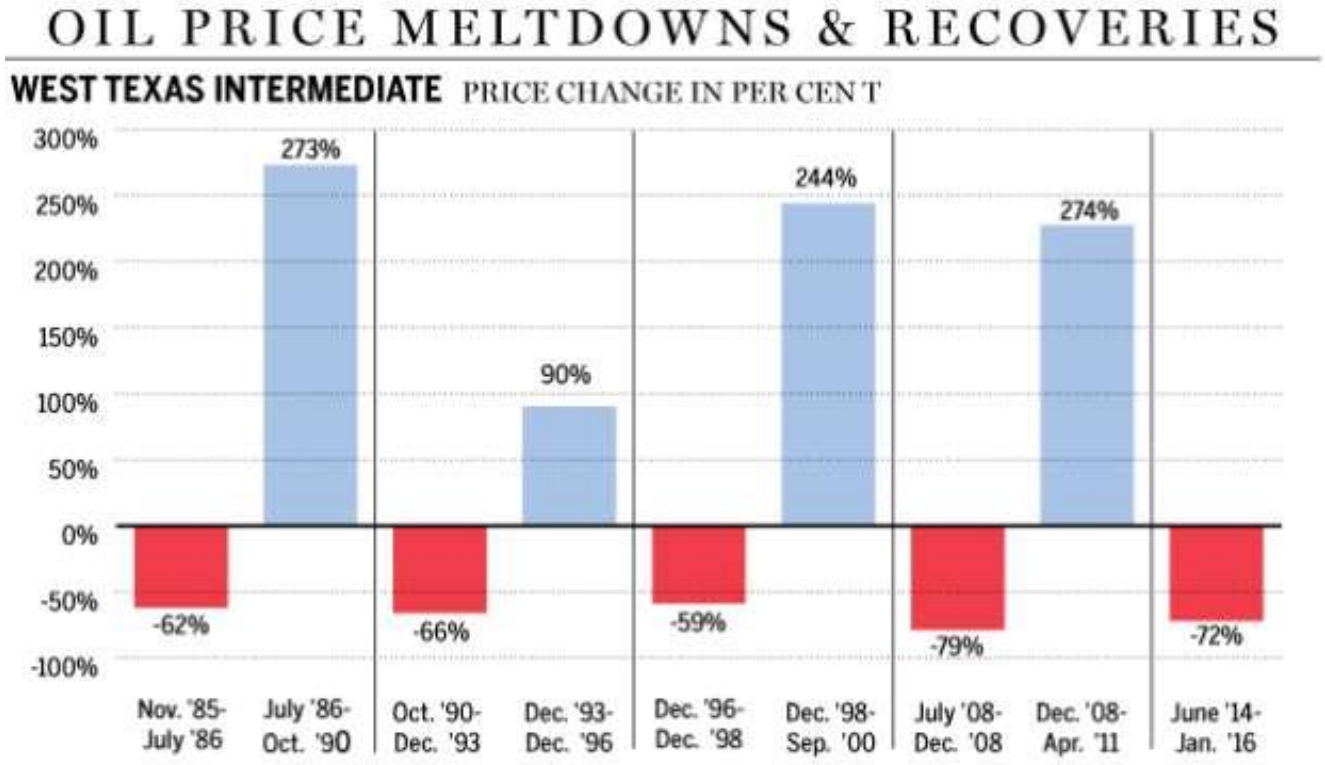
1. Economy/GDP slows
 - oil
2. Your industry slows
 - energy costs
3. 'Black Swan' event
 - Global
 - Ukraine invaded by Russia
 - Saudi-Iran war
4. Management error
 - the only one you can control



US GDP to Canada GDP



Oil Price Meltdown & Recoveries



SOURCE: TRIVEST WEALTH COUNSEL

NATIONAL POST

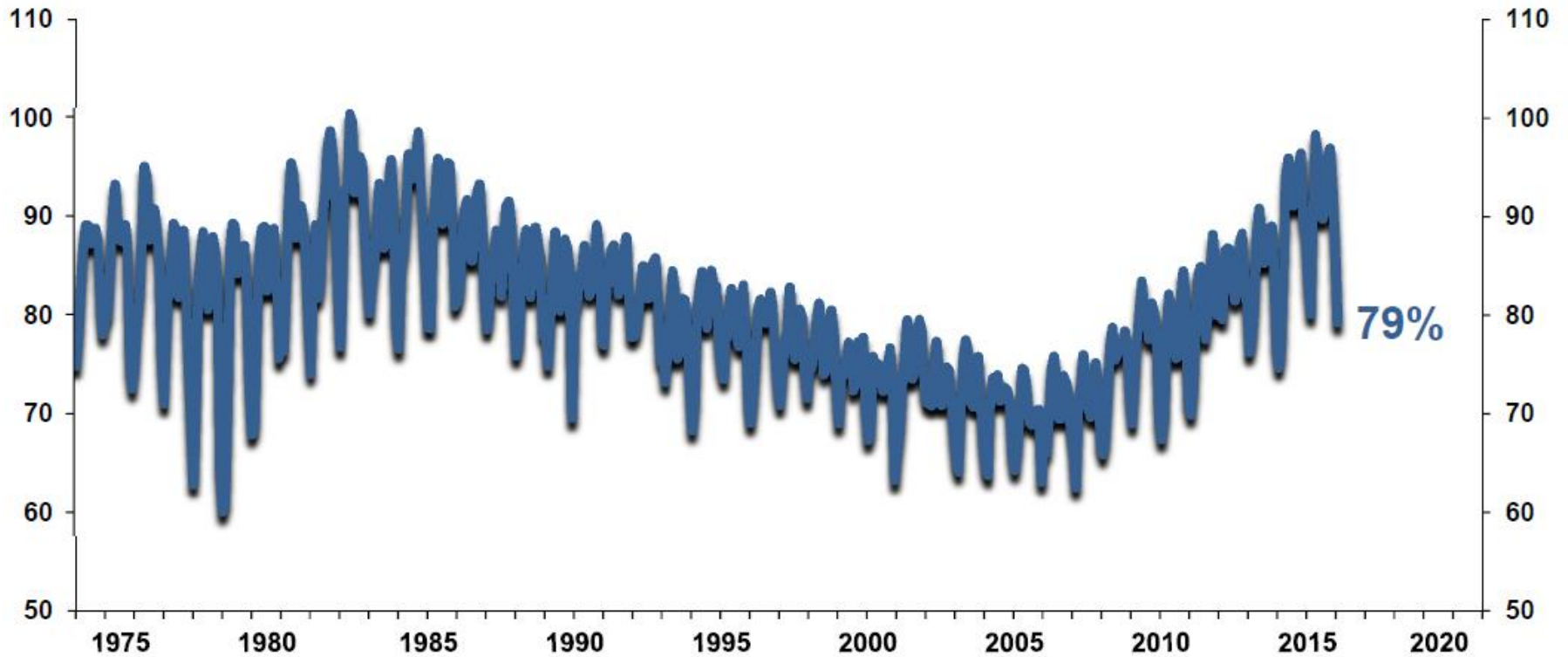
*Chart from Trivest Wealth Counsel



Crude Oil Futures Prices to Crude Oil Inventories



Percent of Energy Consumed From Domestic Sources

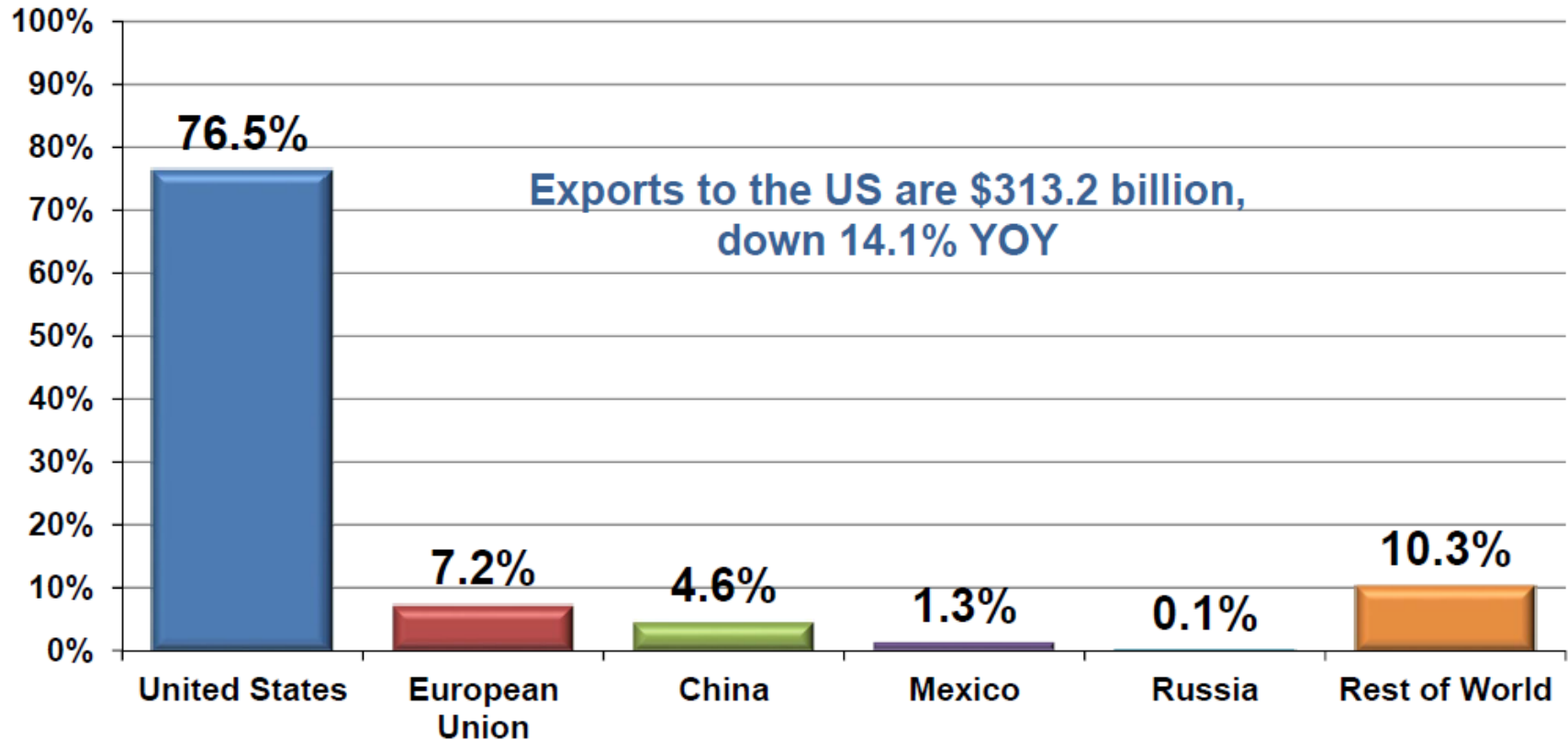


Who is Controlling Oil Prices?

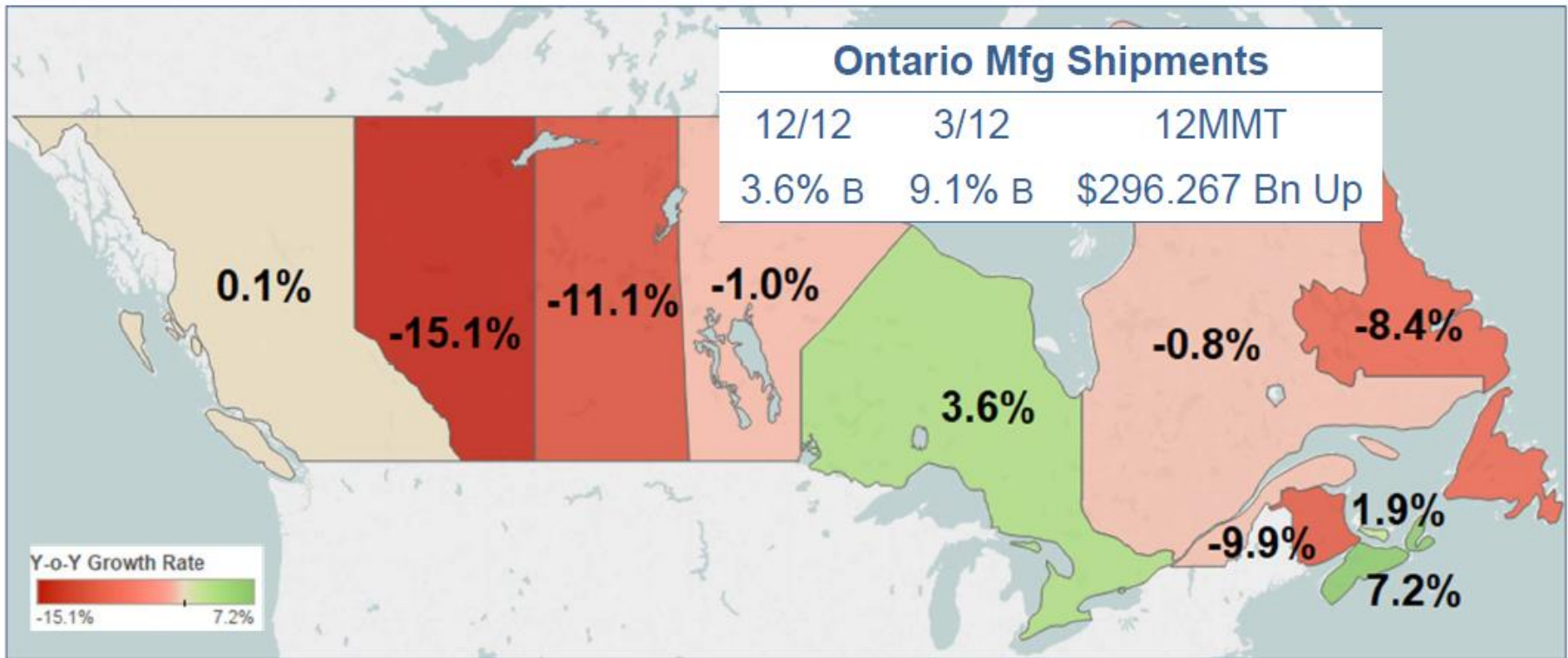


**King of Saudi Arabia
Salman bin Abdulaziz Al Saud**

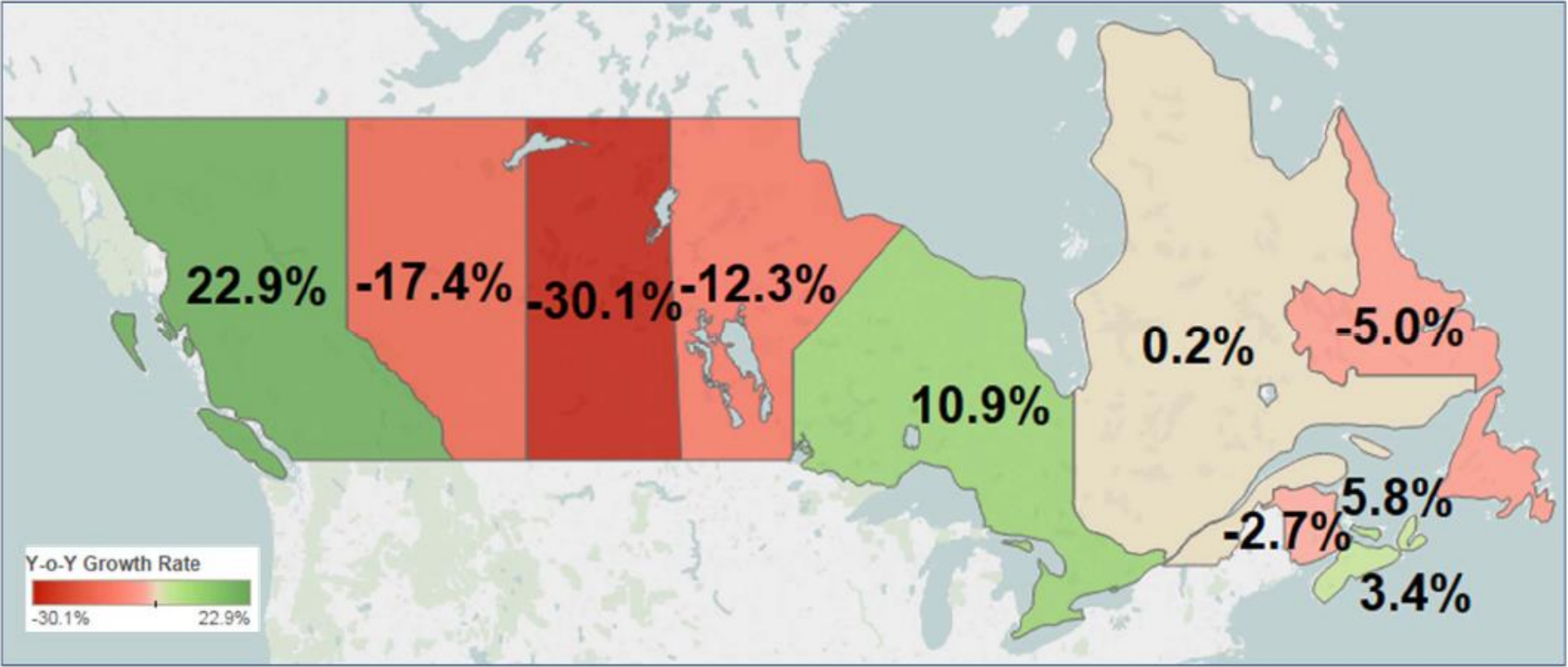
2015 Exports from Canada to World



Canada Manufacturing Shipments

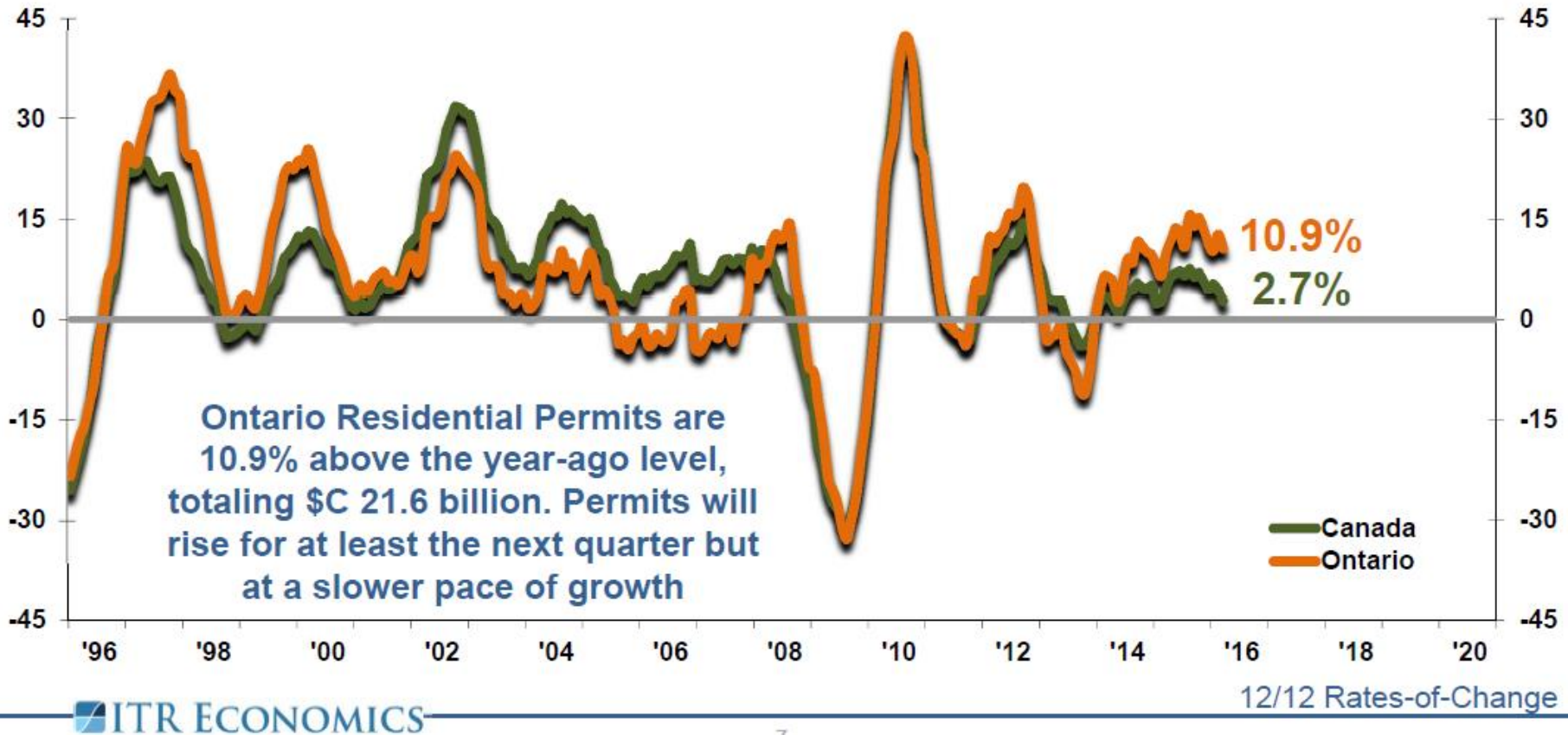


Canada Housing Unit Building Permits



*Chart from ITR Economics

Total Canada Res. Building Permits to Ontario Res. Building Permits



ITR ECONOMICS



*Chart from ITR Economics

World Countries Industrial Production



Why is Toronto an Island in Canada and North America?



IMMIGRATION!

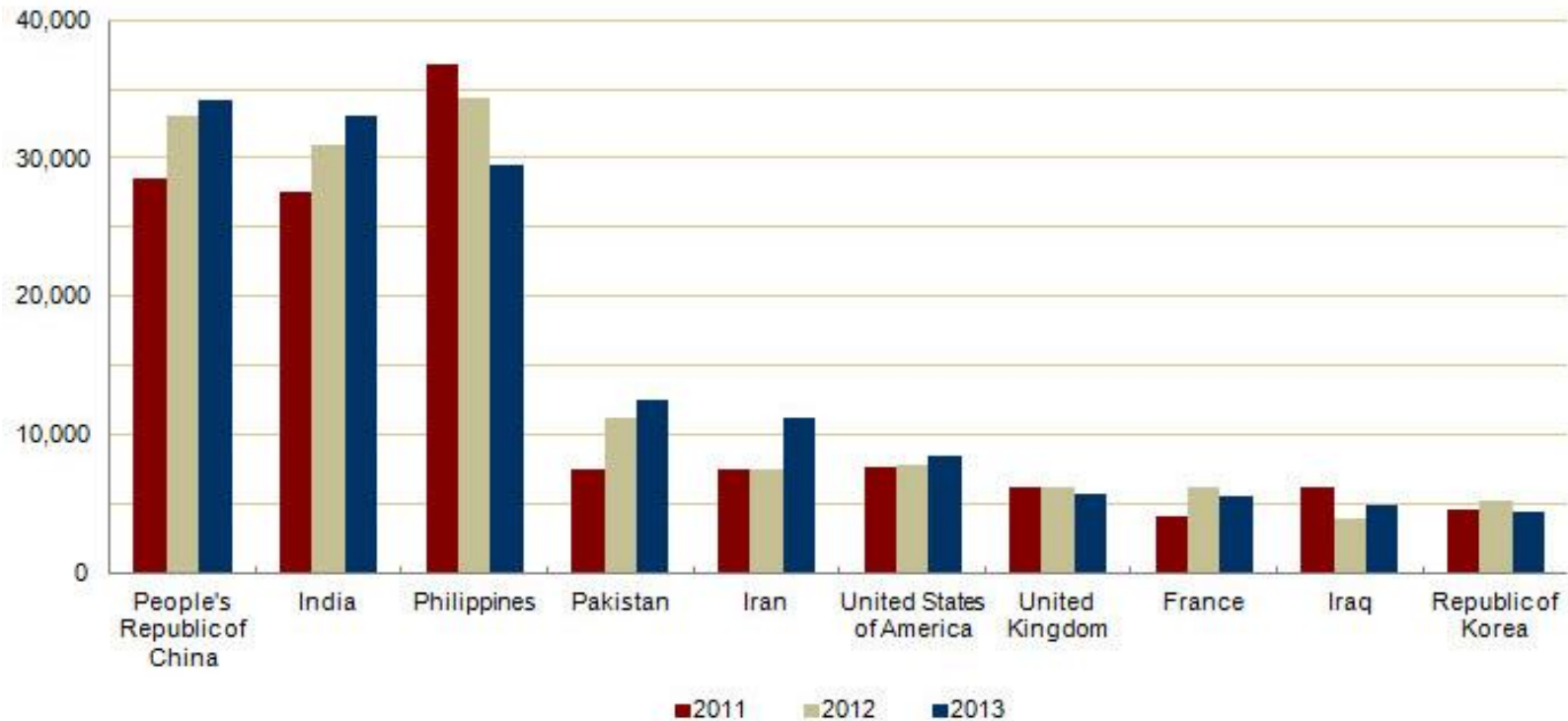
Canada – Permanent Residents by Source Country - 1

Location	Raw #			%		
Source Country	2011	2012	2013	2011	2012	2013
People's Republic of China	28,503	33,024	34,126	11.46%	12.81%	13.18%
India	27,509	30,932	33,085	11.06%	11.99%	12.78%
Philippines	36,765	34,314	29,539	14.78%	13.31%	11.41%
Pakistan	7,468	11,227	12,602	3.00%	4.35%	4.87%
Iran	7,479	7,533	11,291	3.01%	2.92%	4.36%
Canada Total	248,749	257,895	258,953	100%	100%	100%

**Data from StatCan*

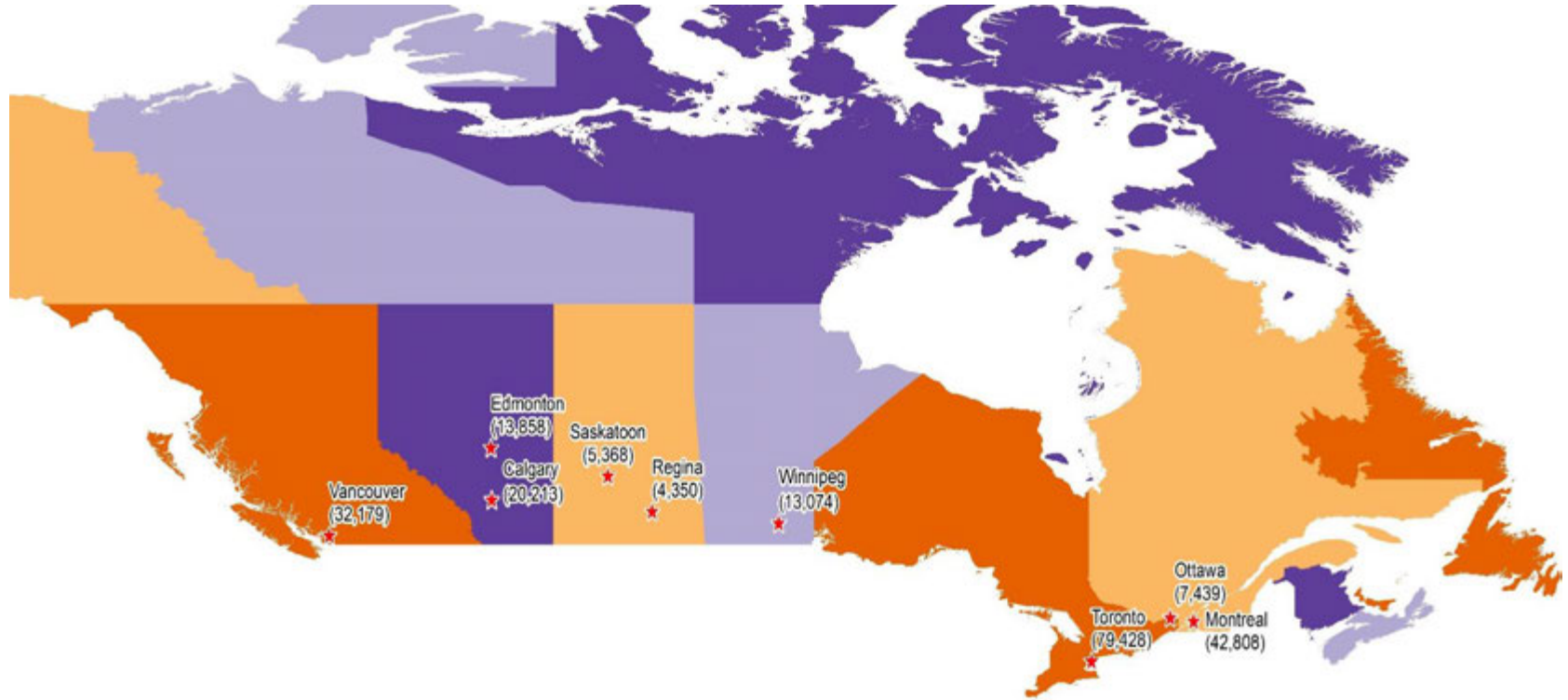


Canada – Permanent Residents by Source Country - 2



*Data from StatCan

Immigrant Distribution (2014)



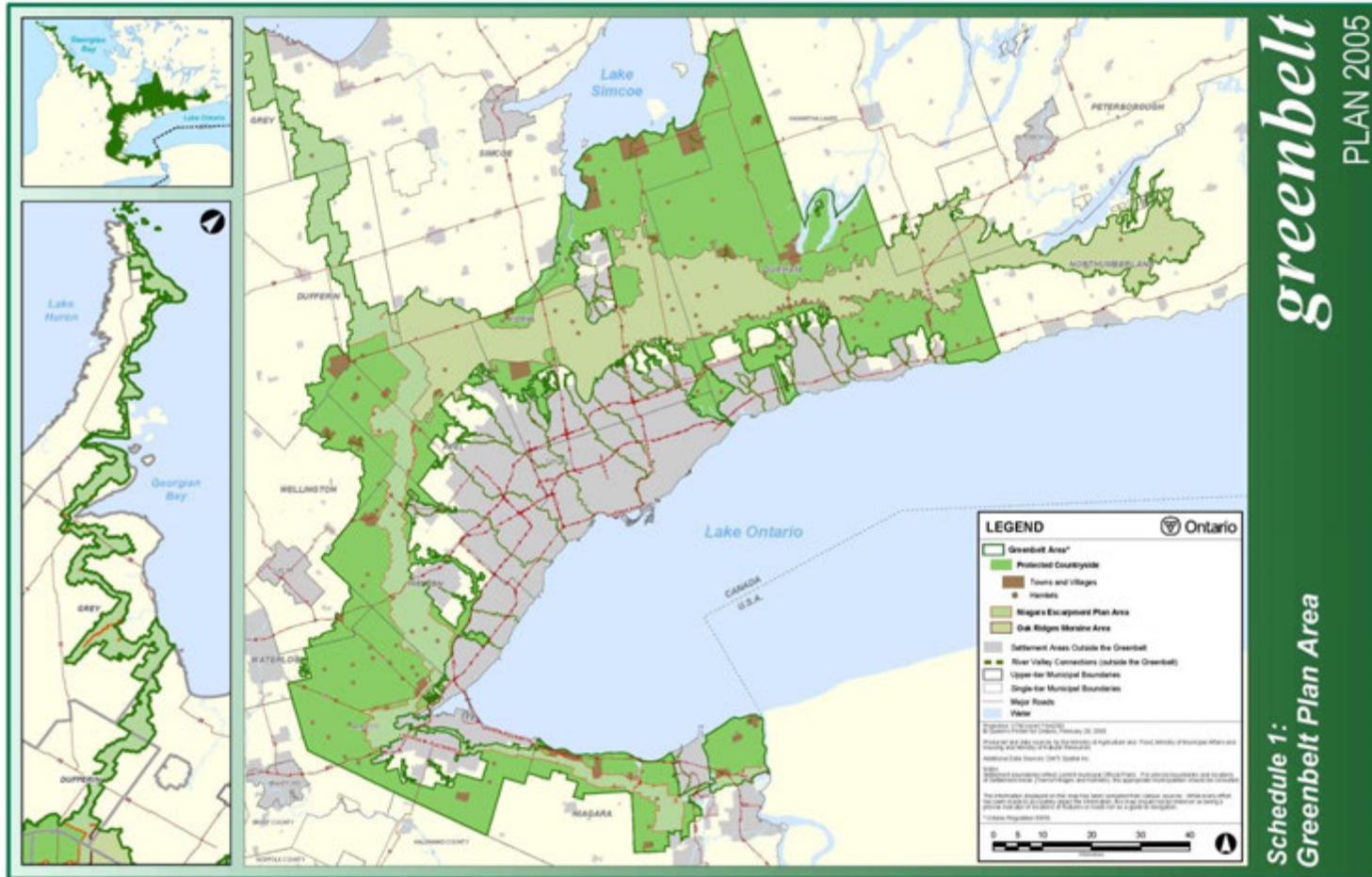
Canada's Total Immigration: 251,264

**Data from StatCan*

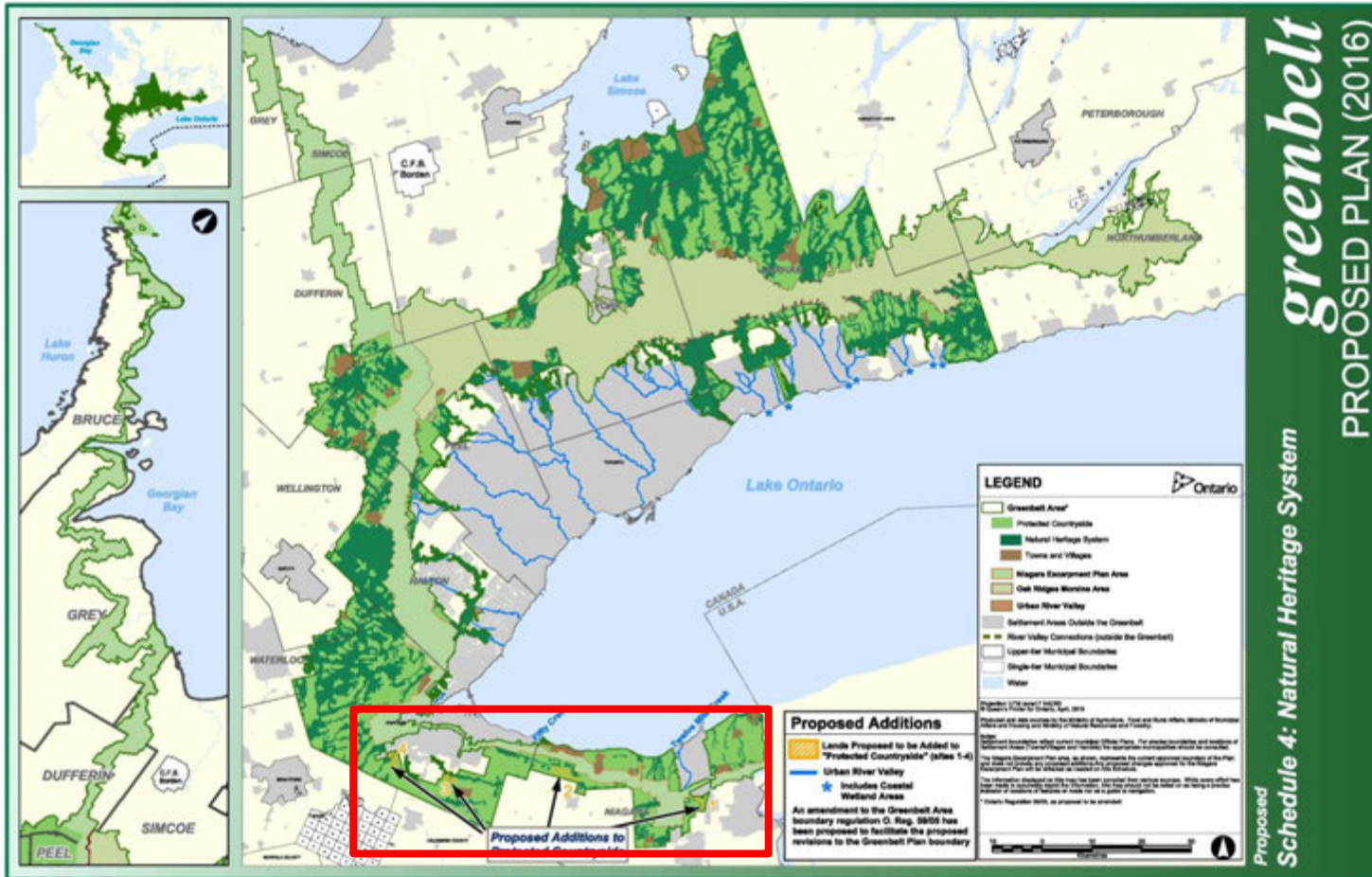
Proposed Changes to the Greenbelt Plan (2016) Photo



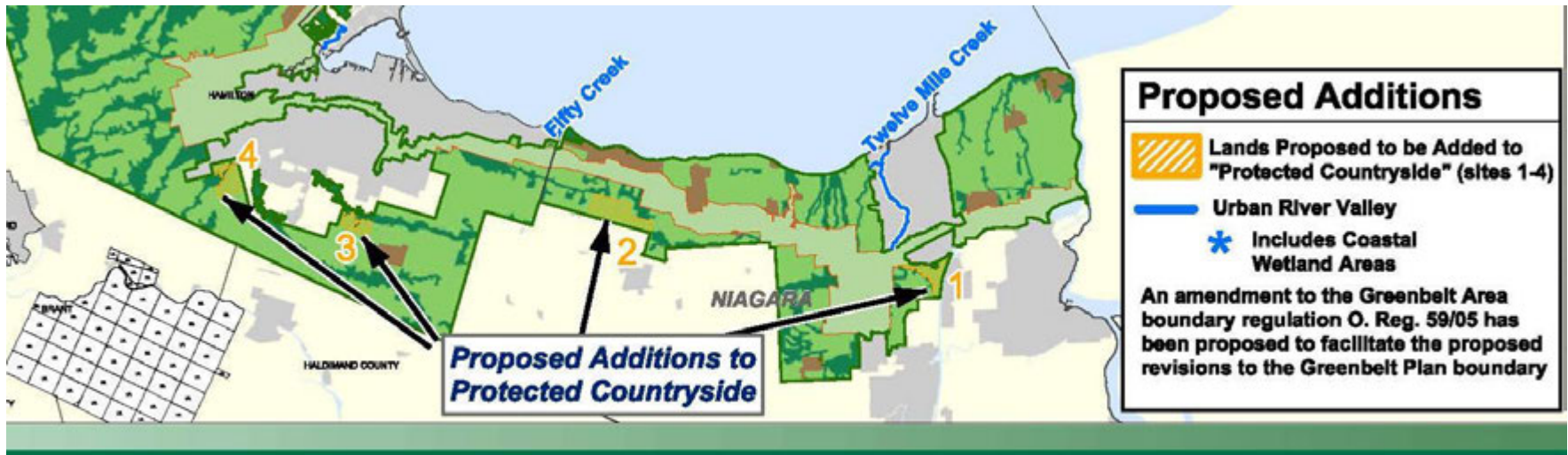
Greenbelt Plan 2005



Greenbelt Proposed Plan (2016)



Proposed Changes to the Greenbelt Plan (2016)



Toronto Real Estate: Boom or Bust?



Toronto Real Estate: Boom or Bust? - 1

1. Sales pace for 2016 continues on a tear subject to interest rates
2. Employment strength in manufacturing
3. Immigration power continues unabated – Toronto dodges national bullet
4. Interest rates remain stable until Q4 – then up!
5. Modest oil price recovery by Q2 to \$41/barrel
Stability leads to confidence – now \$50
6. Oil in Q4 holding in the \$50/barrel range and then stable rise to possible \$60 max by Q2-2017 due to supply tightening



Toronto Real Estate: Boom or Bust? - 2

7. Capital flow from China a red flag
8. Even though China's growth is down from 14.6% in 2007 to 6.9% in 2015, GDP is 22% higher. Are their numbers believable?
9. TPP good for Canada and Toronto – Trudeau must sign before he's trumped!
10. European trade agreement critical but all trade agreements uncertain due to trump
11. Eastern pipeline is a no-brainer
12. Interest rates in 2016 up $\frac{1}{4}$ point – lifetime bargain! Up another $\frac{1}{4}$ point in 2017 and 200 bps by 2019



Toronto Real Estate: Boom or Bust? - 3

13. Toronto Real Estate

- Slows in 2017 due to affordability factors
- 2016 will bring more of the same
- 2017 will see upward pressure as interest rates rise
- 2017 MLS average now surpasses income average – first time
- Debt levels crunched by rising rates
- Banks become tougher on approvals
- Soft landing but not bust until 2019
- Make hay while the sun shines!



Thank you... Live Positive!
www.pmabrethour.com



MCAP HIGH-RISE CONDOMINIUM LAND VALUES

For the period ending June 2, 2016

*Values based on gross buildable SF.

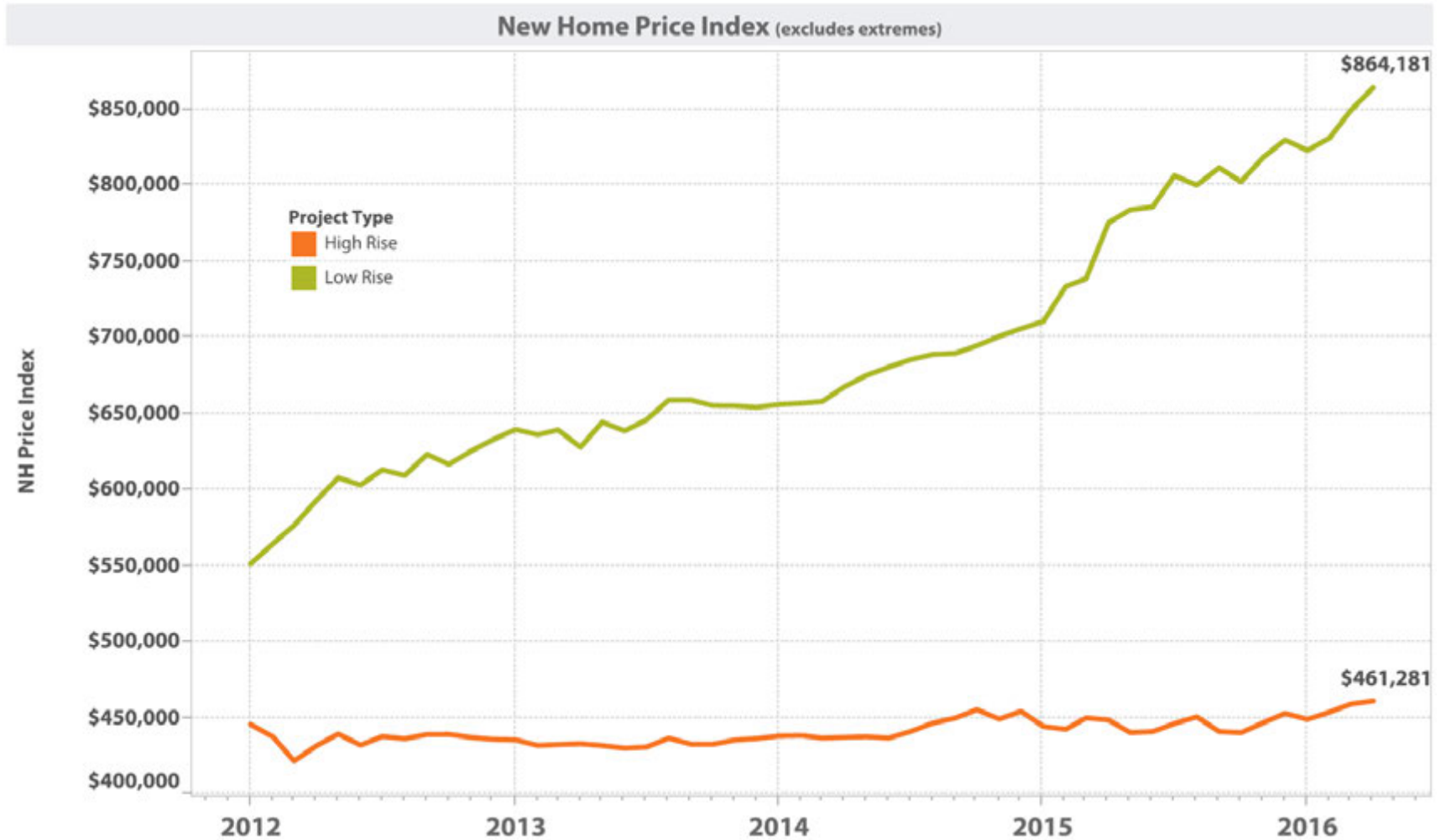
**Values are based on fully approved and zoned land

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

New Home Price Index



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GTA High Rise Land Overview

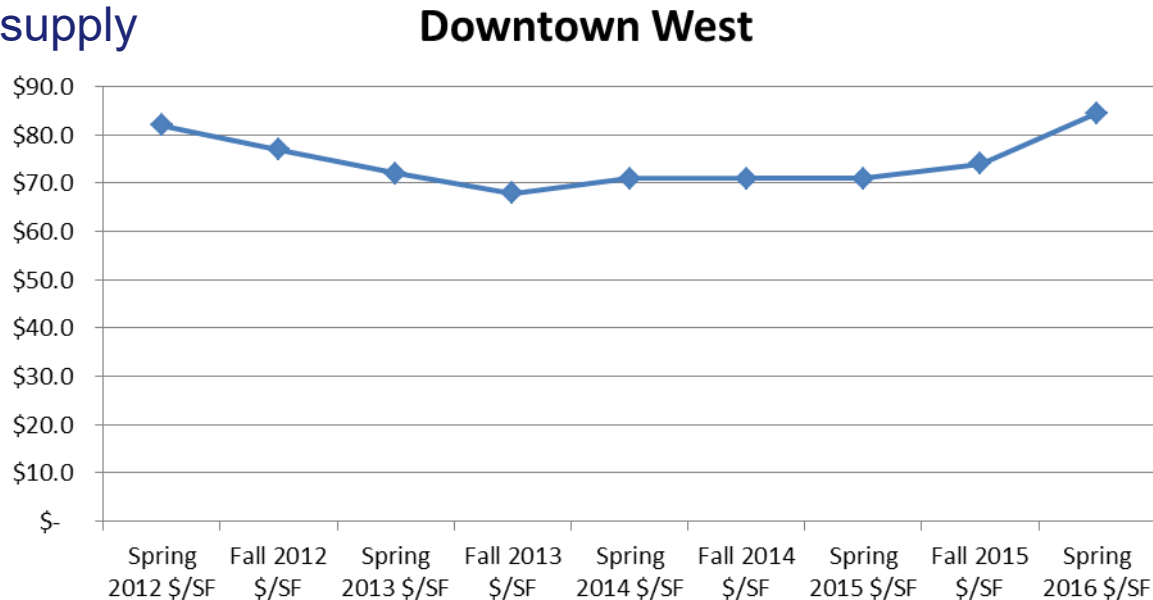


- 2015 High-Rise sales achieved 4th best year of last 10; expect annual sales to generally remain above 20,000
- # months condo supply at ~9 months across GTA
- Only 1,622 units standing inventory (~0.9 months supply)
- 20,625 completions in 2015 → 2016 tracking 24% below 2015 to date
- Rental market continues to absorb significant condo supply
- Affordability driving apartment demand → minimal expensive low-rise supply

DOWNTOWN WEST



- \$672/SF average unit price
- \$525,611 average sale price
- ~10 months supply



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

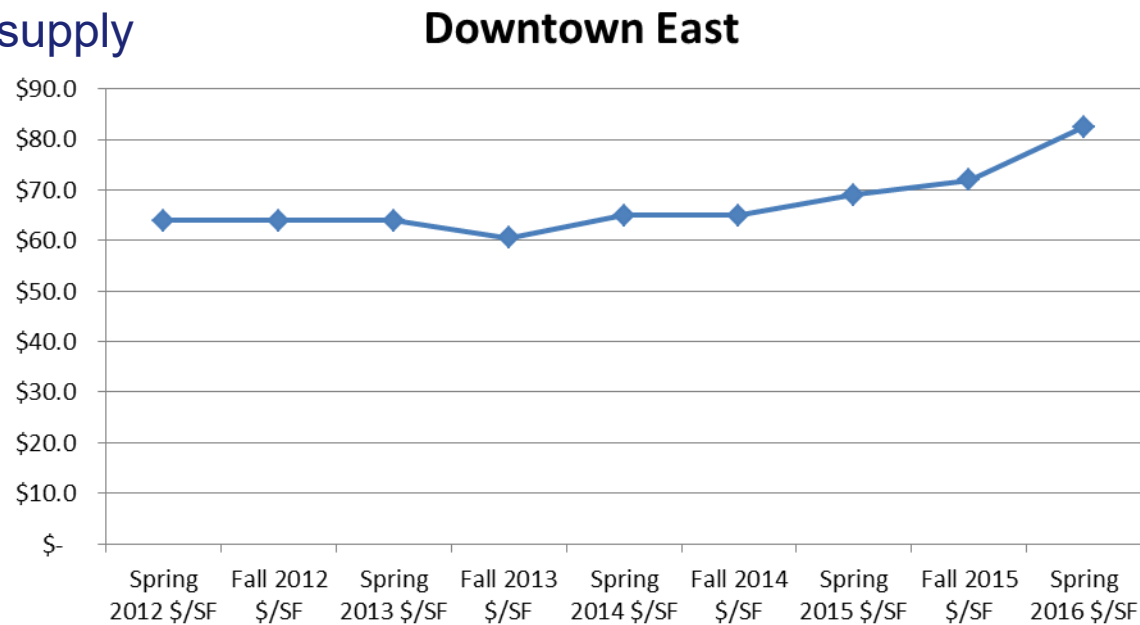
Median Land Value for High End = \$140 / SF

MCAP Land Value Range for the Submarket = \$82 to \$87 / SF

DOWNTOWN EAST



- \$649/SF average unit price
- \$450,723 average sale price
- ~4.9 months supply



Median Land Value for Low End = \$65 / SF

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

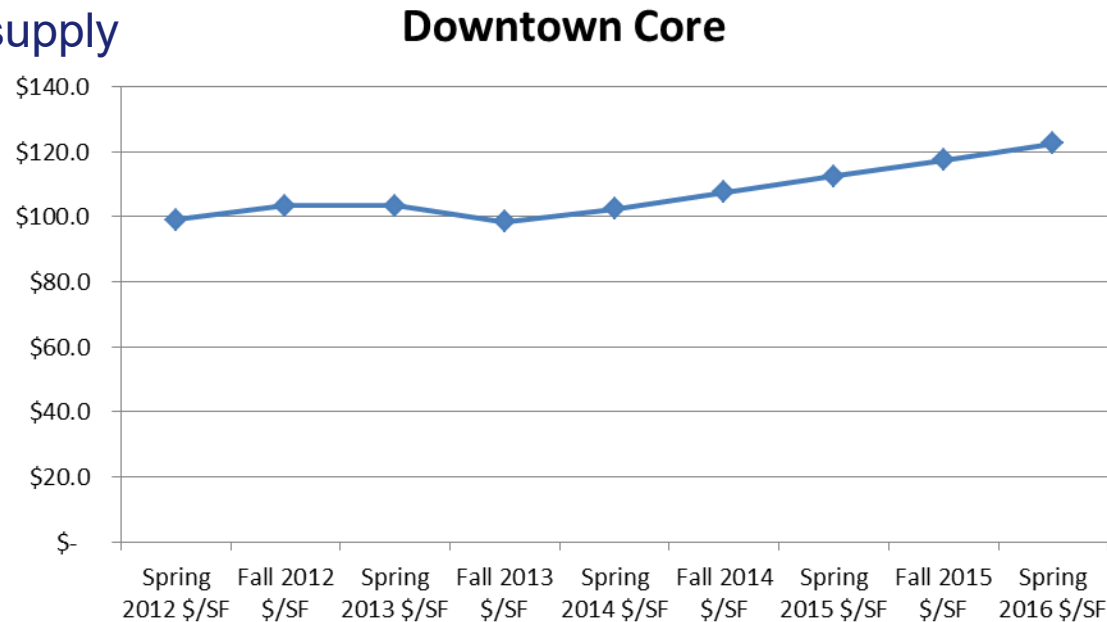
MCAP Land Value Range for the Submarket = \$80 to \$85 / SF

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DOWNTOWN CORE



- \$993/SF average unit price
- \$1,205,388 average sale price
- ~4.2 months supply



Median Land Value for Low End = \$95 / SF

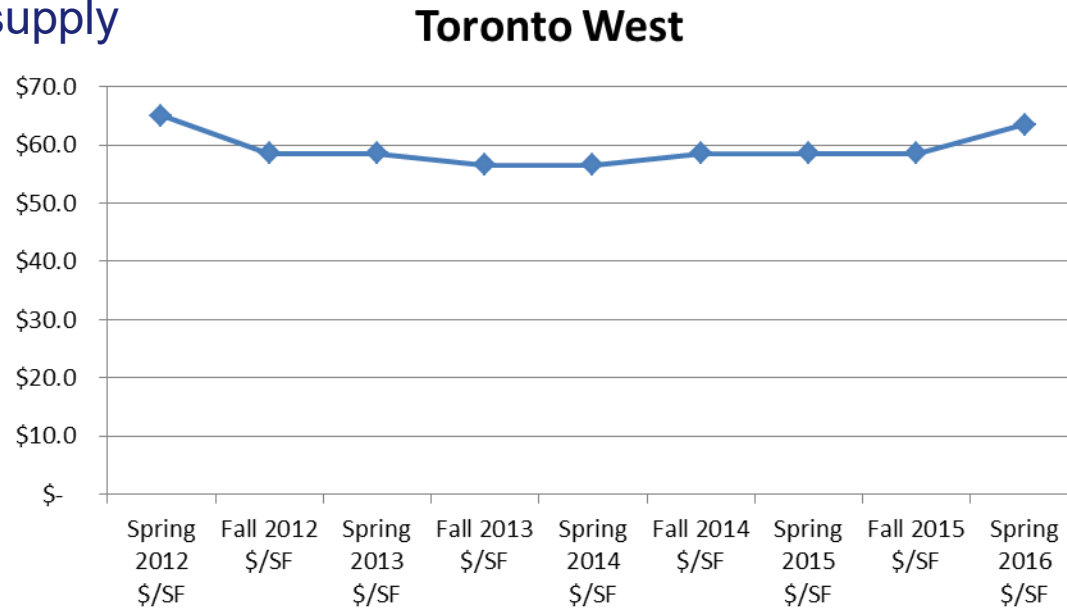
Median Land Value for High End = \$160 / SF

MCAP Land Value Range for the Submarket = \$120 to \$125 / SF

TORONTO WEST



- \$554/SF average unit price
- \$407,612 average sale price
- ~2.3 months supply



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

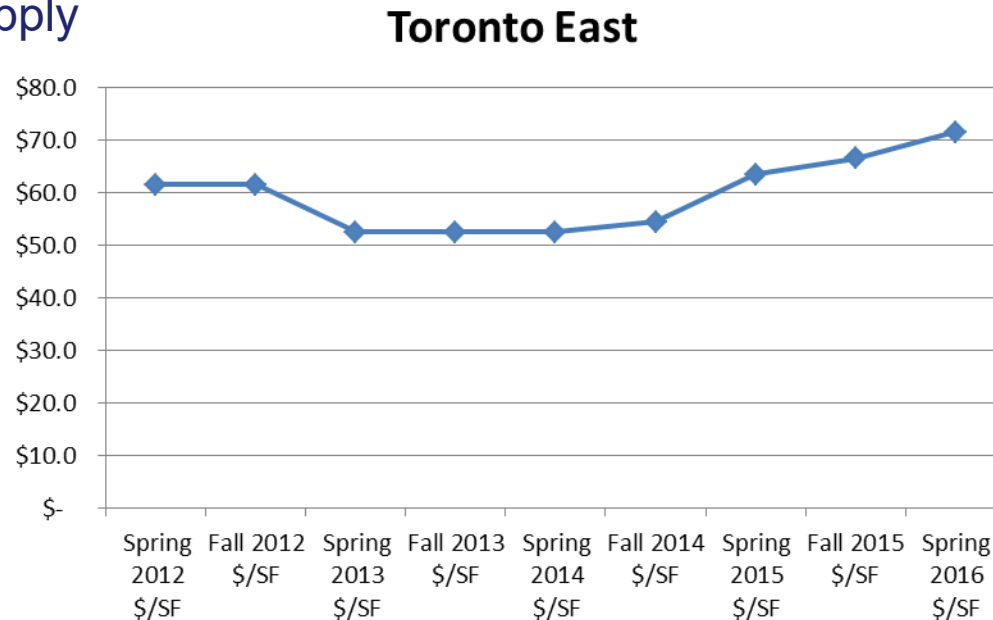
Median Land Value for High End = \$95 / SF

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

TORONTO EAST



- \$606/SF average unit price
- \$583,759 average sale price
- ~4 months supply



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

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

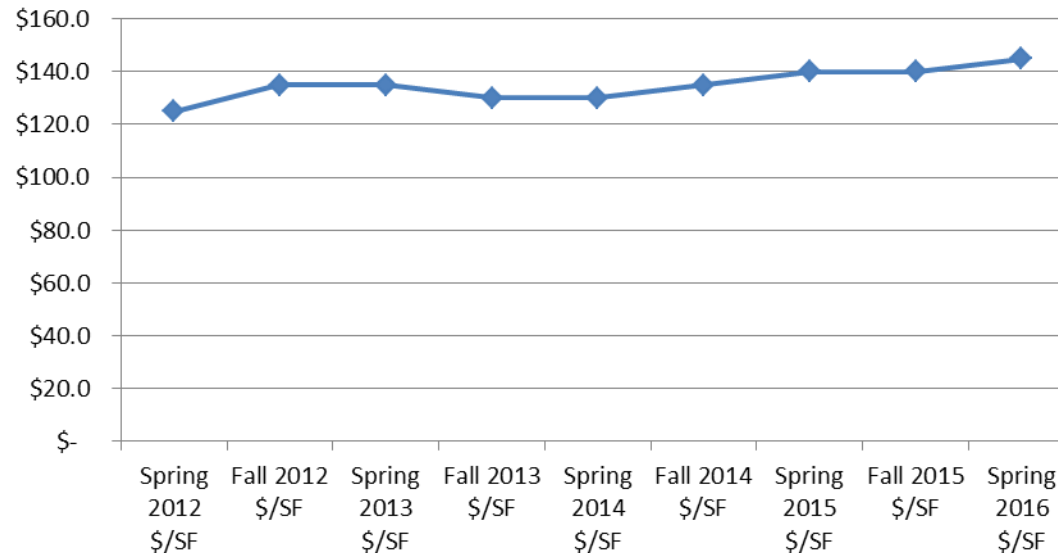
MCAP Land Value Range for the Submarket = \$68 to \$75 / SF

BLOOR YORKVILLE



- \$832/SF average unit price
- \$625,900 average sale price
- ~15 months supply

Bloor Yorkville



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

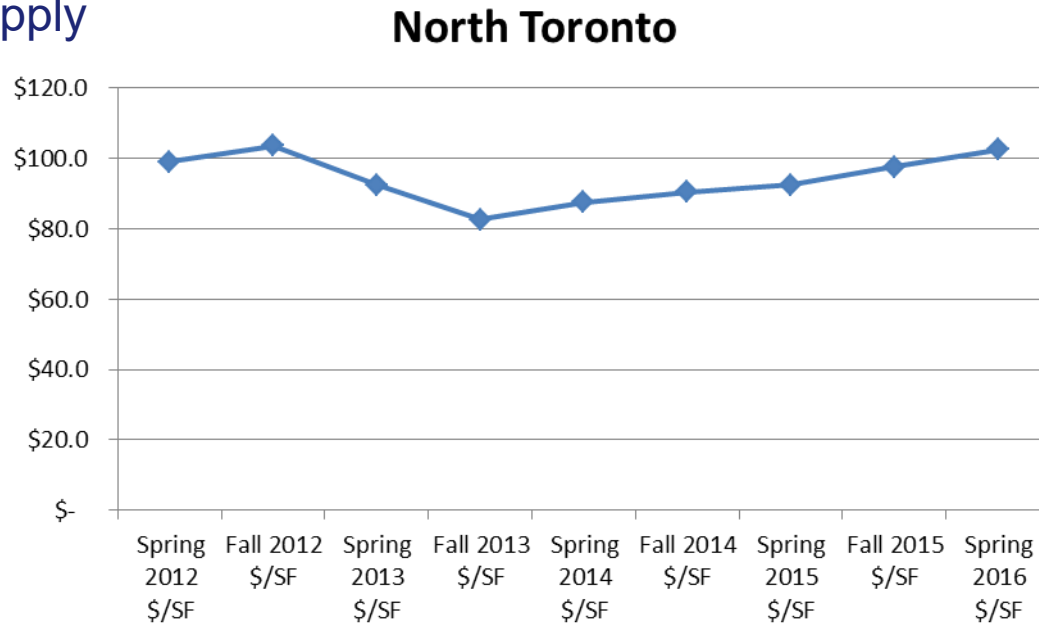
Median Land Value for High End = \$180 / SF

MCAP Land Value Range for the Submarket = \$140 to \$150 / SF

NORTH TORONTO



- \$668/SF average unit price
- \$466,892 average sale price
- ~4.8 months supply



Median Land Value for Low End = \$75 / SF

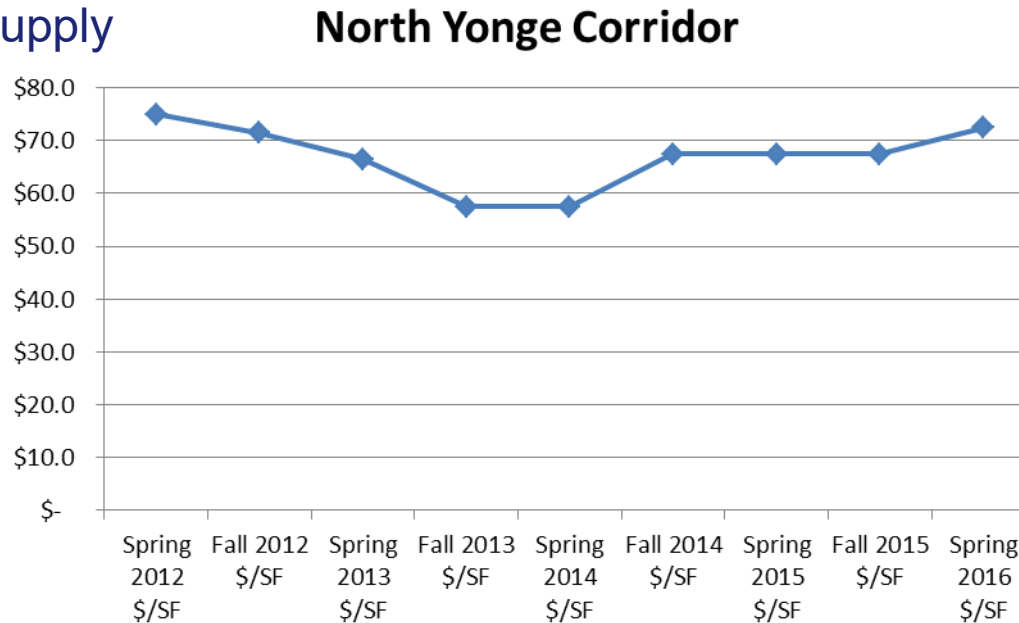
Median Land Value for High End = \$140 / SF

MCAP Land Value Range for the Submarket = \$100 to \$105 / SF

NORTH YONGE CORRIDOR



- \$608/SF average unit price
- \$394,714 average sale price
- ~17.9 months supply



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

Median Land Value for High End = \$110 / SF

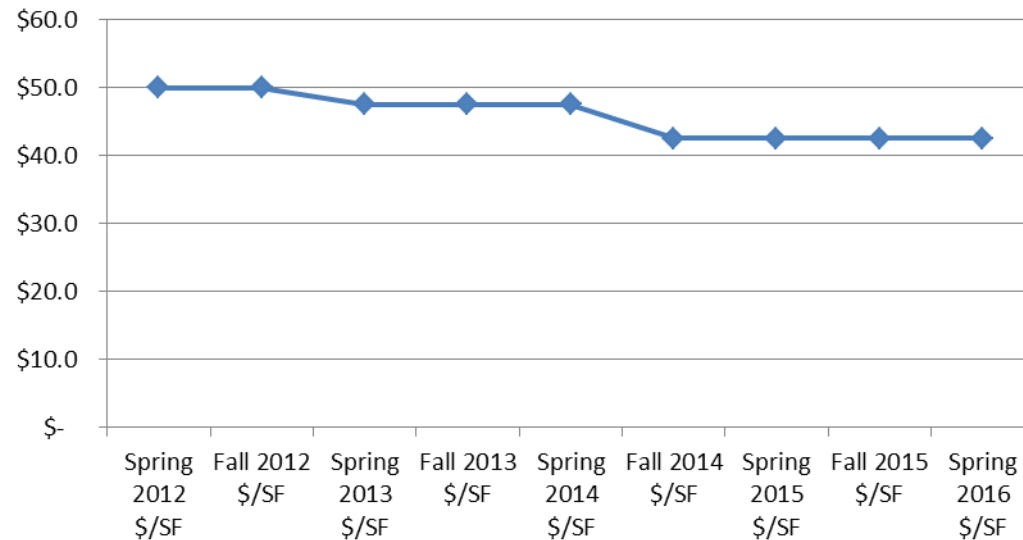
MCAP Land Value Range for the Submarket = \$70 to \$75 / SF

HWY 7 / YONGE CORRIDOR



- \$534/SF average unit price
- \$422,152 average sale price
- ~19.9 months supply

HWY 7 / Yonge Corridor

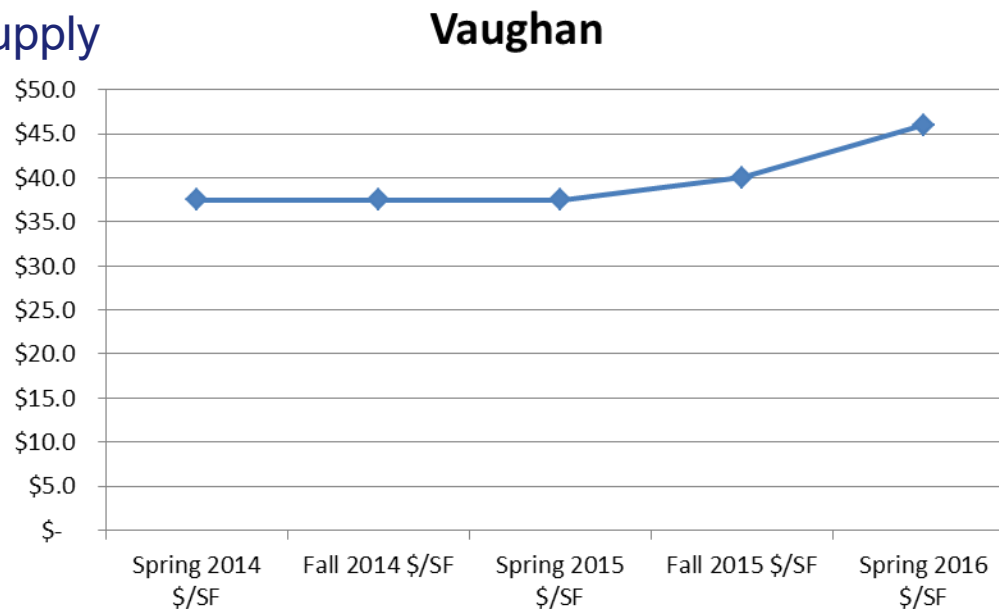


Median Land Value for Low End = \$30 / SF

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

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

- \$542/SF average unit price
- \$461,982 average sale price
- Low # months supply



Median Land Value for Low End = \$25 / SF

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

MCAP Land Value Range for the Submarket = \$44 to \$48 / SF

HIGH-RISE CONDOMINIUM LAND VALUES



SUB-MARKET	LOW \$ / SF	HIGH \$ / SF	MARKET VALUE \$ / SF
DOWNTOWN WEST	\$70	\$140	\$82 - \$87
DOWNTOWN EAST	\$65	\$120	\$80 - \$85
DOWNTOWN CORE	\$95	\$160	\$120 - \$125
TORONTO WEST	\$60	\$95	\$60 - \$67
TORONTO EAST	\$50	\$130	\$68 - \$75
BLOOR YORKVILLE	\$100	\$180	\$140 - \$150
NORTH TORONTO	\$75	\$140	\$100 - \$105
NORTH YONGE CORRIDOR	\$60	\$110	\$70 - \$75
HWY. 7 / YONGE CORRIDOR	\$30	\$55	\$40 - \$45
VAUGHAN	\$25	\$70	\$44 - \$48

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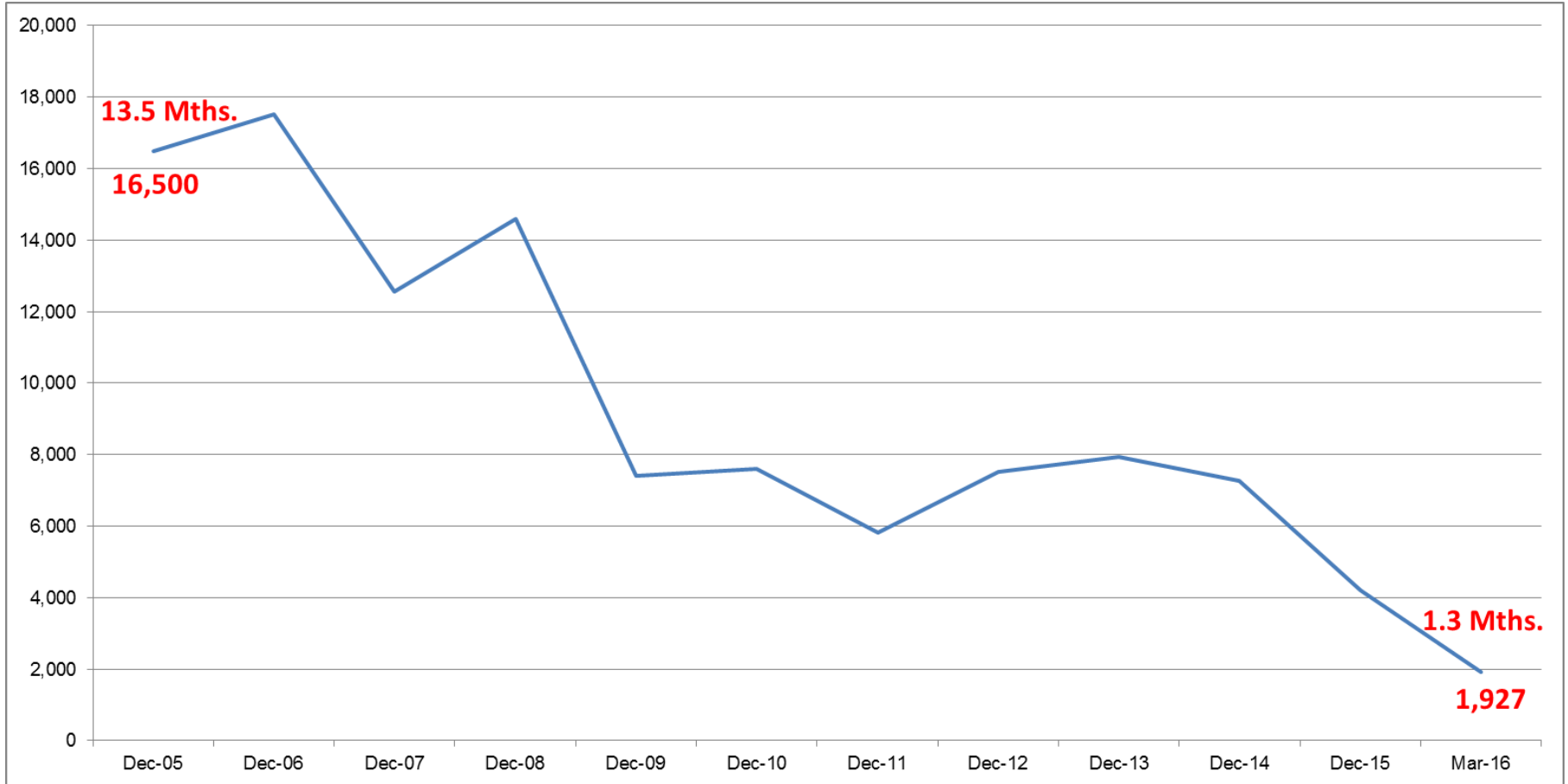
MCAP LOT VALUES

For the period ending June 2, 2016

* Values based on standard builder financing terms

**Values include all levies except educational

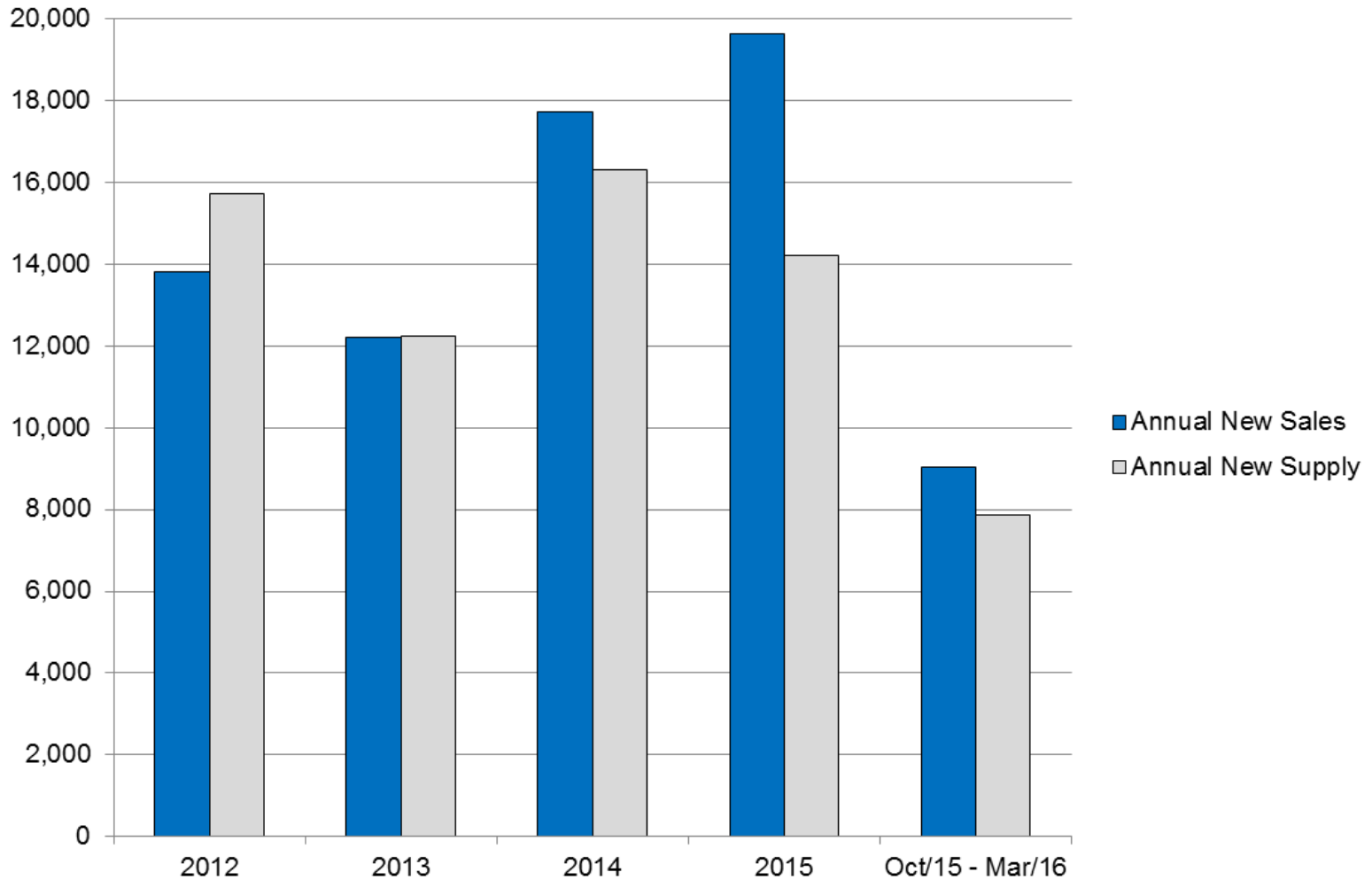
GTA TOTAL LOW-RISE INVENTORY



Source: Realnet

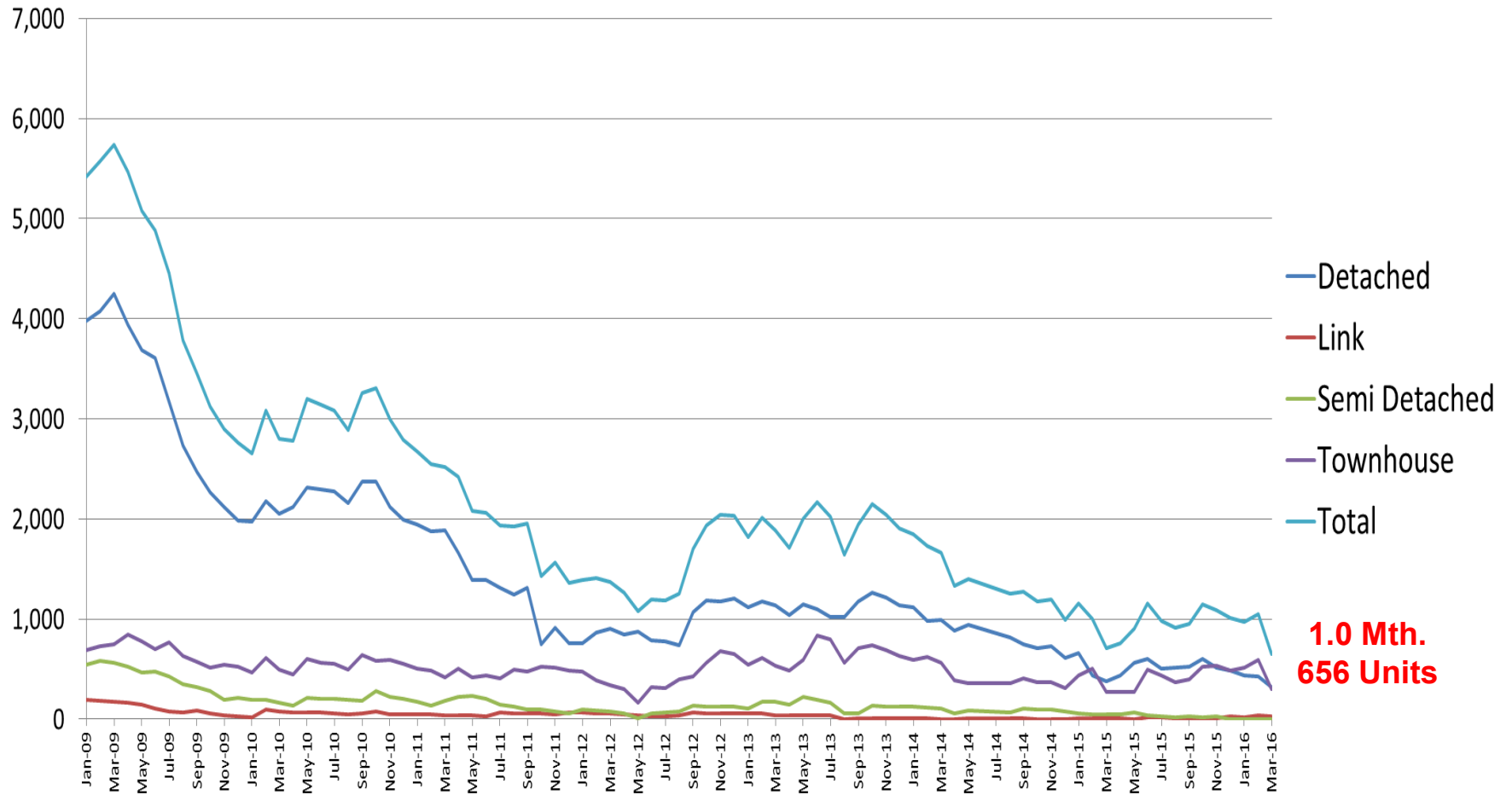
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GTA LOW-RISE SUPPLY & DEMAND



Richmond Hill Country Club – June 2, 2016

YORK REGION INVENTORY

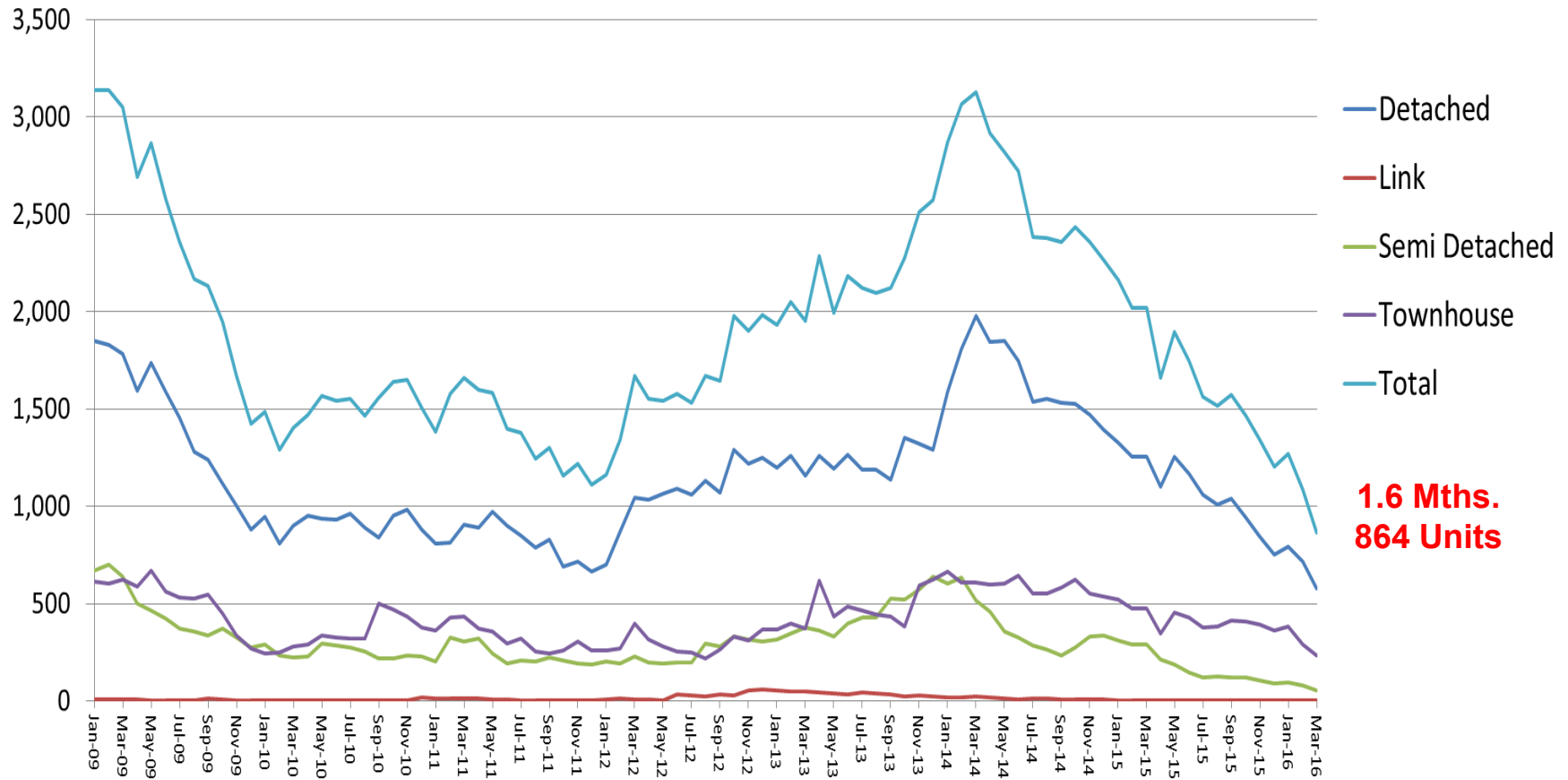


**1.0 Mth.
656 Units**

Source: Realnet

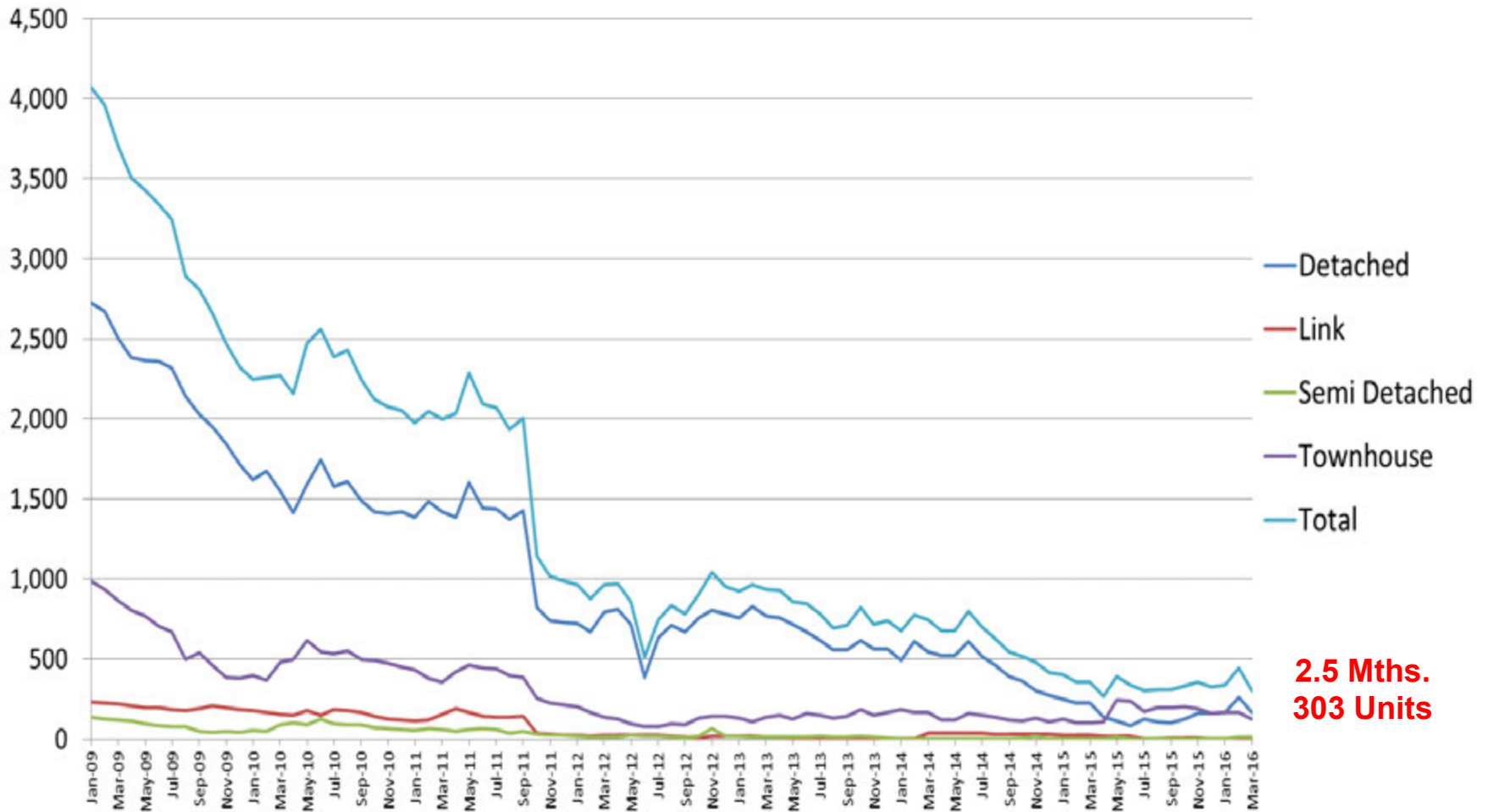
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PEEL REGION INVENTORY



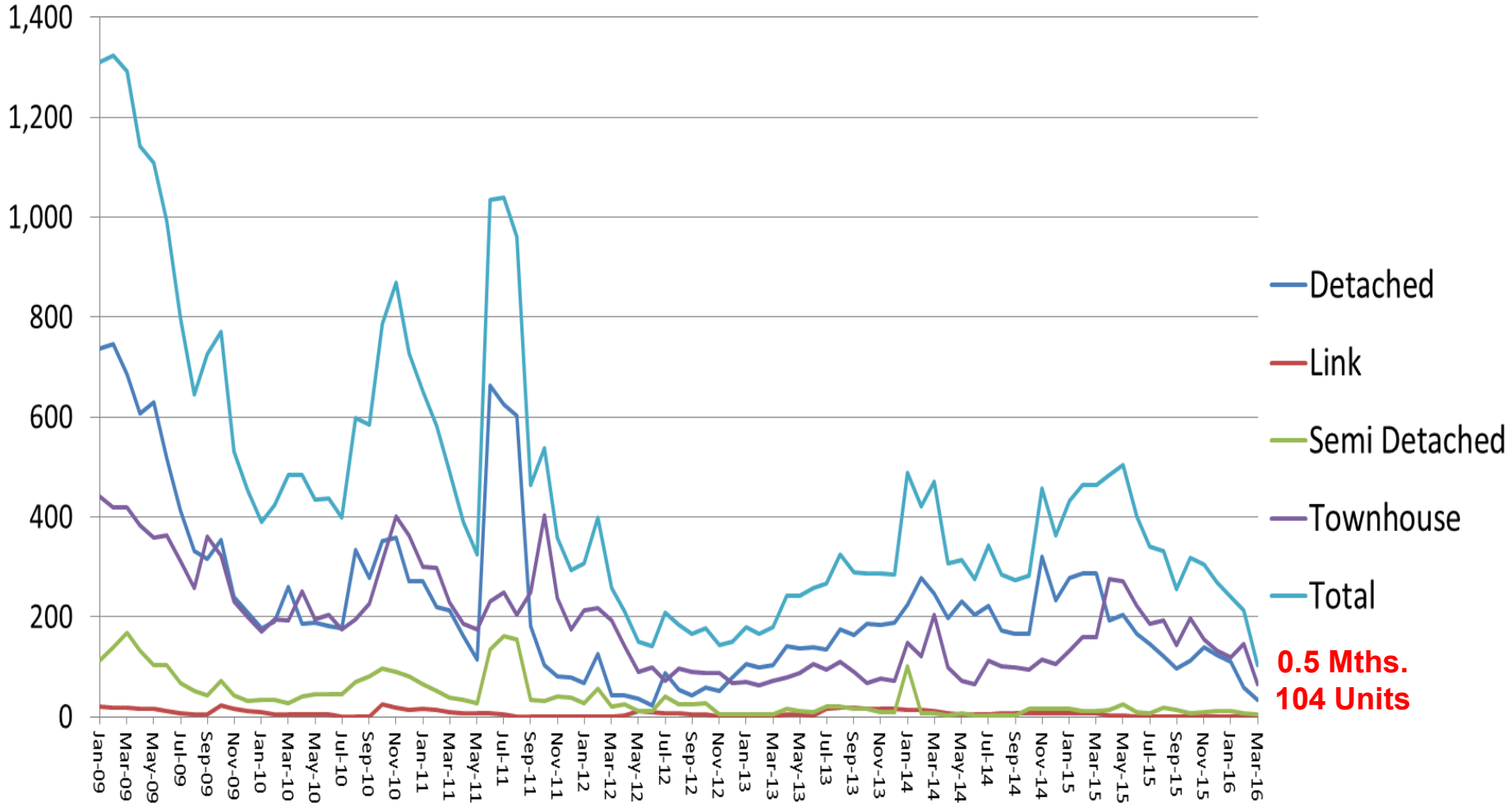
Source: Realnet

DURHAM REGION INVENTORY



Source: Realnet

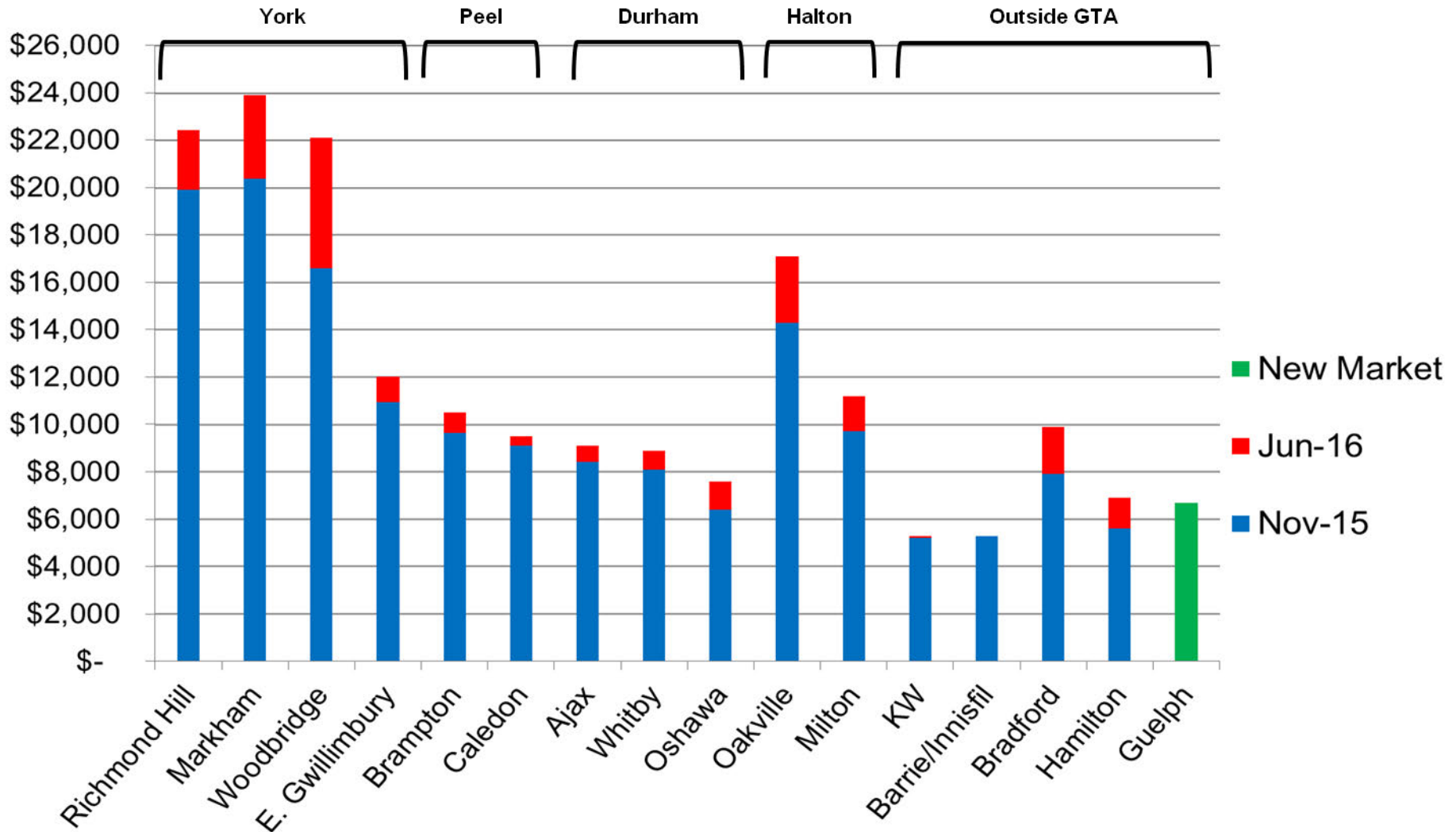
HALTON REGION INVENTORY



Source: Realnet

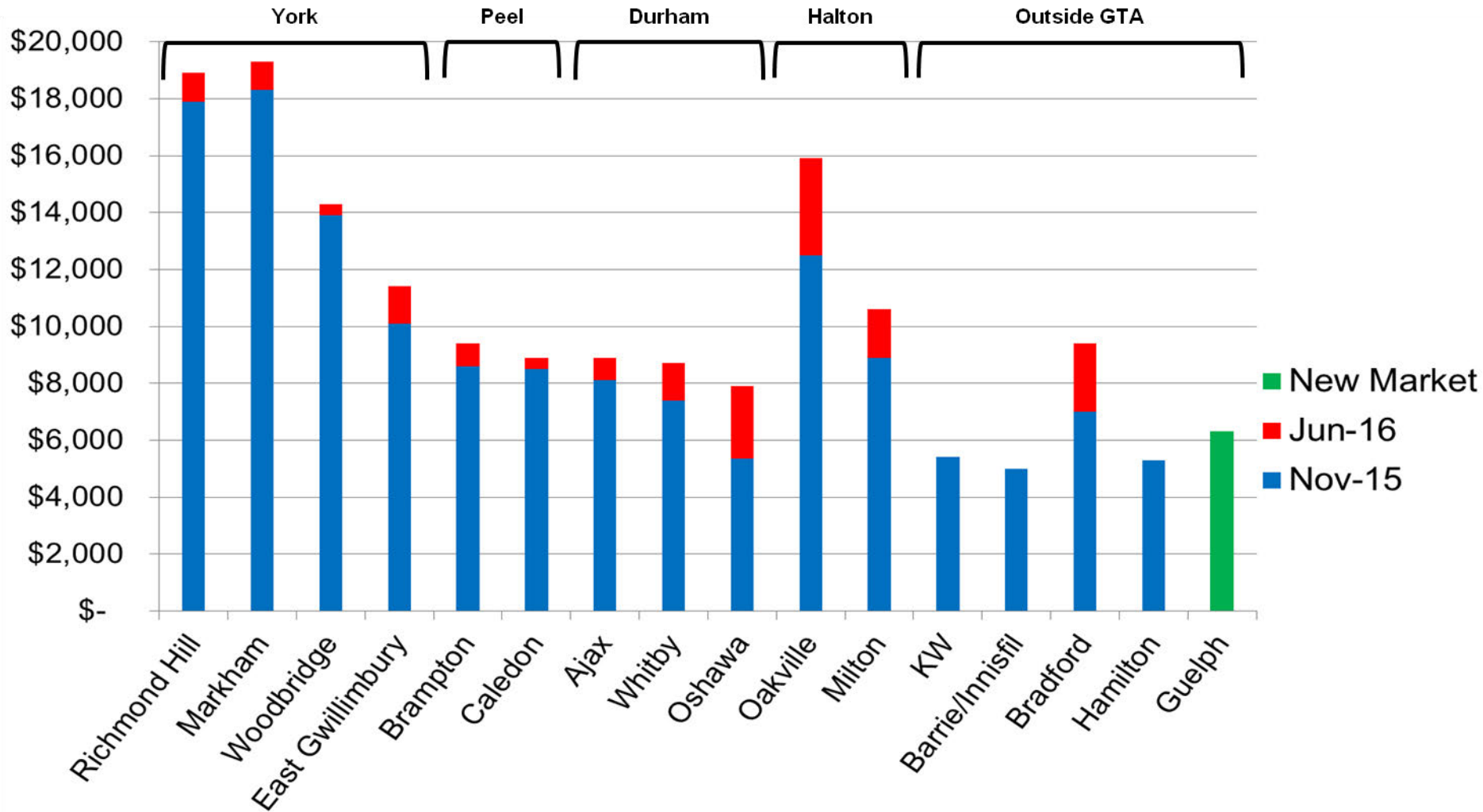
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TOWNHOUSE LOT VALUES

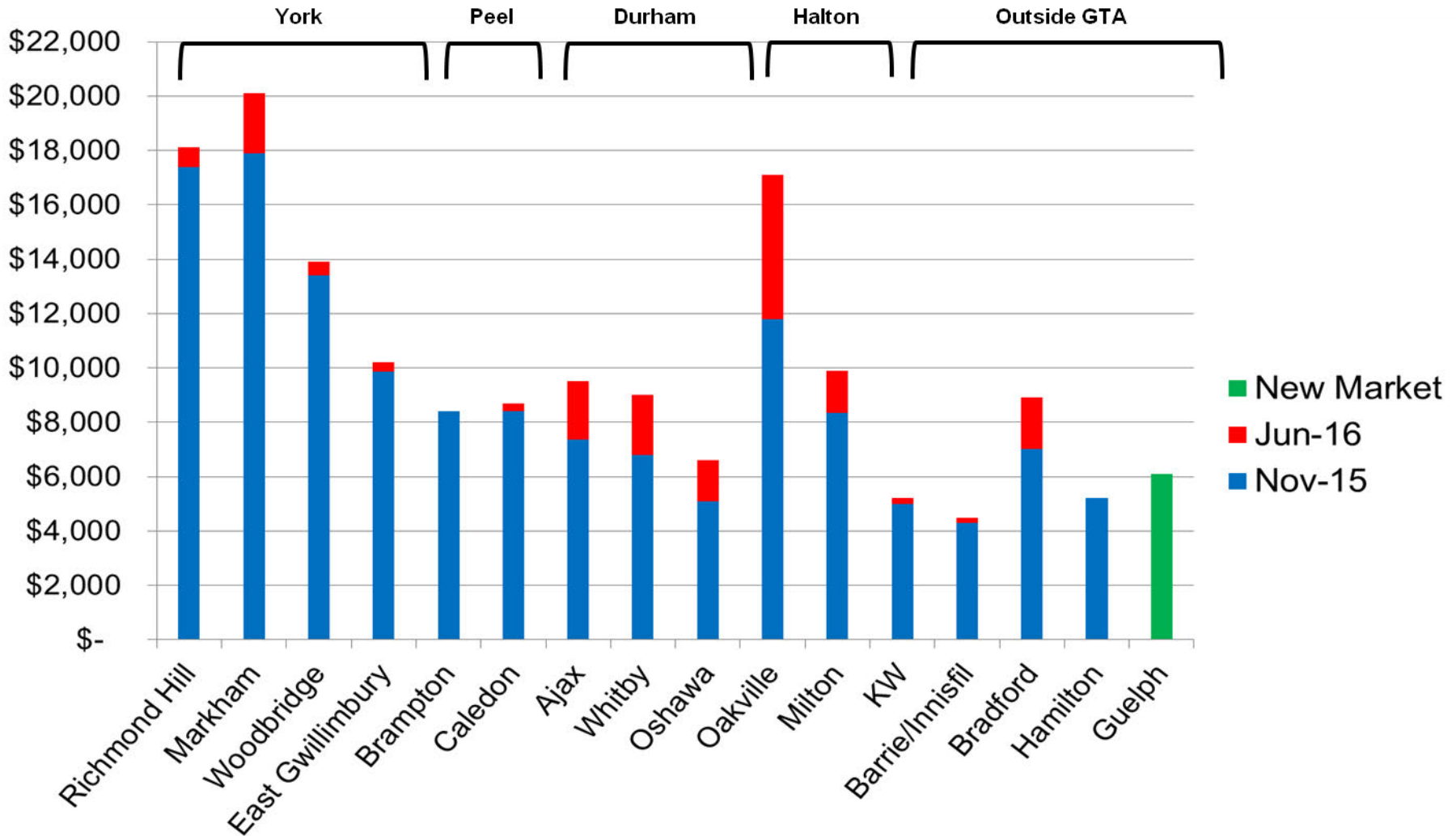


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30 F.F – 36 F.F LOT VALUES

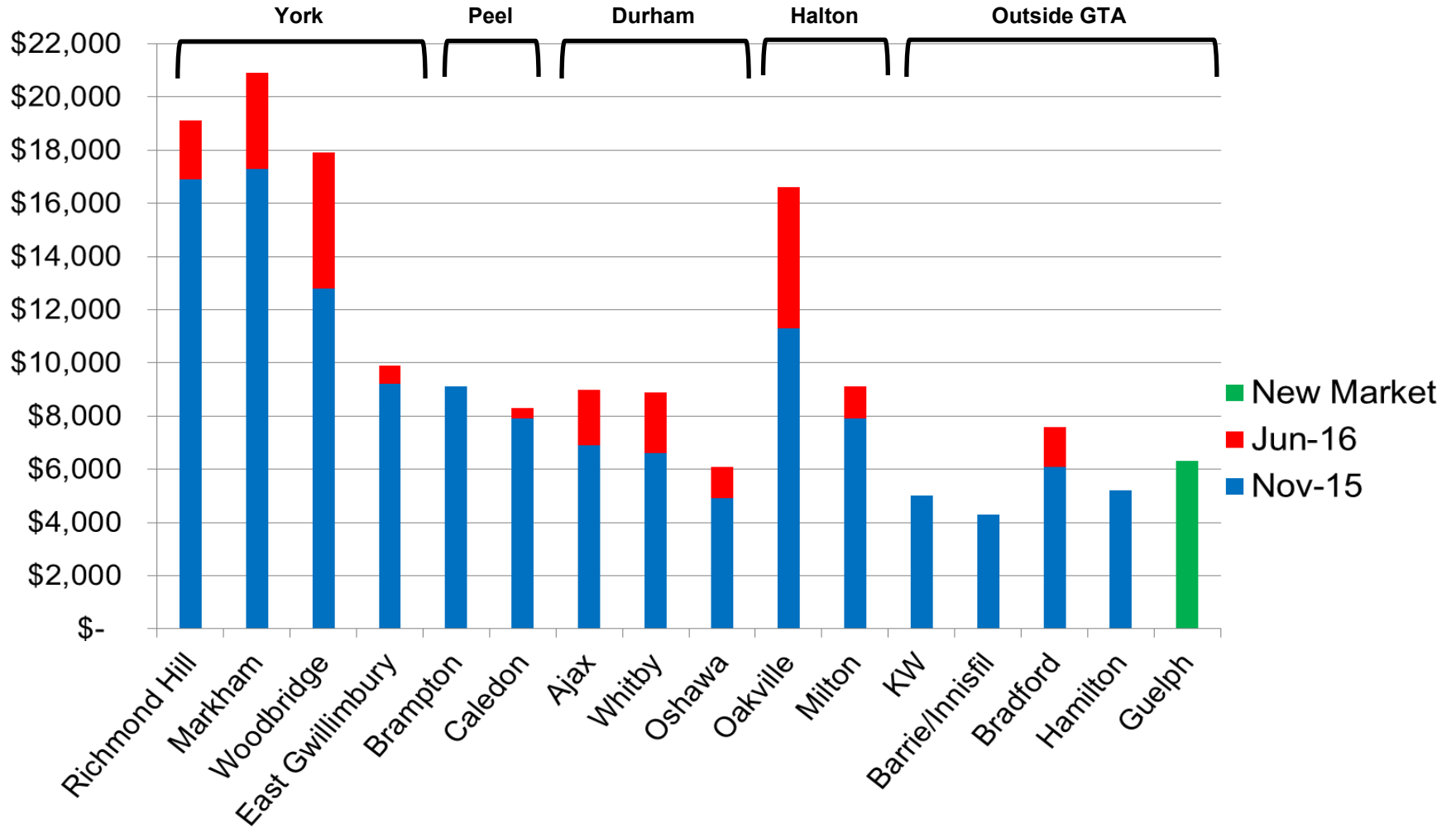


40 F.F LOT VALUES



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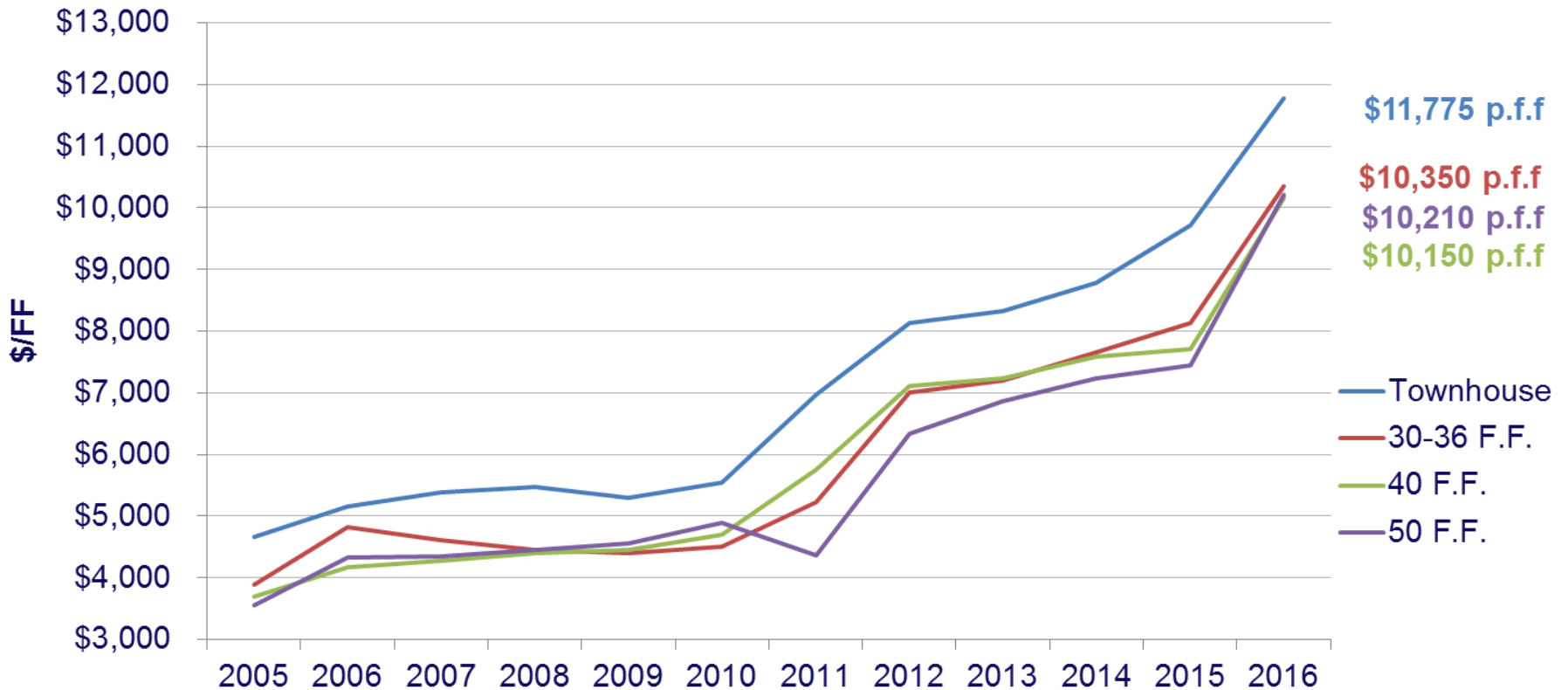
50 F.F LOT VALUES



GTA AVERAGE SERVICED LOT VALUES



GTA Serviced 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	\$22,300 - \$22,500	\$18,800 - \$19,000	\$18,000 - \$18,200	\$19,000 - \$19,200
MARKHAM	\$23,800 - \$24,000	\$19,200 - \$19,400	\$20,000 - \$20,200	\$20,800 - \$21,000
WOODBIDGE	\$22,000 - \$22,200	\$14,200 - \$14,400	\$13,800 - \$14,000	\$17,800 - \$18,000
EAST GWILLIMBURY	\$11,900 - \$12,100	\$11,300 - \$11,500	\$10,100 - \$10,300	\$9,800 - \$10,000

PEEL REGION

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F to 36 F.F.	40 F.F.	50 F.F.
BRAMPTON	\$10,400 - \$10,600	\$9,300 - \$9,500	\$8,300 - \$8,500	\$9,000 - \$9,200
CALEDON	\$9,400 - \$9,600	\$8,800 - \$9,000	\$8,600 - \$8,800	\$8,200 - \$8,400

DURHAM REGION

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F to 36 F.F.	40 F.F.	50 F.F.
AJAX	\$9,000 - \$9,200	\$8,800 - \$9,000	\$9,400 - \$9,600	\$8,900 - \$9,100
WHITBY	\$8,800 - \$9,000	\$8,600 - \$8,800	\$8,900 - \$9,100	\$8,800 - \$9,000
OSHAWA	\$7,500 - \$7,700	\$7,800 - \$8,000	\$6,500 - \$6,700	\$6,000 - \$6,300

HALTON REGION

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F to 36 F.F.	40 F.F.	50 F.F.
OAKVILLE	\$17,000 - \$17,200	\$15,800 - \$16,000	\$17,000 - \$17,200	\$16,500 - \$16,700
MILTON	\$11,100 - \$11,300	\$10,500 - \$10,700	\$9,800 - \$10,000	\$9,000 - \$9,200

OUTSIDE GTA

PRODUCT TYPE	20 F.F. FREEHOLD TWH	30 F.F to 36 F.F.	40 F.F.	50 F.F.
KW	\$5,200 - \$5,400	\$5,300 - \$5,500	\$5,100 - \$5,300	\$4,900 - \$5,100
BARRIE / INNISFIL	\$5,200 - \$5,400	\$4,900 - \$5,100	\$4,400 - \$4,600	\$4,200 - \$4,400
BRADFORD	\$9,800 - \$10,000	\$9,300 - \$9,500	\$8,800 - \$9,000	\$7,500 - \$7,700
HAMILTON	\$6,800 - \$7,000	\$5,200 - \$5,400	\$5,100 - \$5,300	\$5,100 - \$5,300
GUELPH	\$6,600 - \$6,800	\$6,200 - \$6,400	\$6,000 - \$6,200	\$6,200 - \$6,400

Richmond Hill Country Club – June 2, 2016

*Values include all levies except educational.

**THANK YOU FOR
ATTENDING.**