



# MARKET YEAR IN REVIEW & OUTLOOK REPORT



Toronto  
Real Estate  
Board

SERVING GREATER TORONTO REALTORS®

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# Message from the CEO



Dear Friends,

The Toronto Real Estate Board is very pleased to introduce its first annual *Market Year in Review & Outlook Report*, and I'd like to thank the Board of Directors for believing in and supporting this project. I think you'll find the information contained within the report both a resource and a springboard. I say a springboard because we hope that after reading it, collectively, we will be inspired to take action. As we all know, residential real estate is a key economic pillar of the Greater Toronto Area (GTA), the Greater Golden Horseshoe Region (GGH), and of Canada. While residential real estate is central to this report, we cannot ignore the important role that commercial real estate plays in fuelling our local and national economy. Whether residential or commercial, real estate transactions stimulate job creation and drive economic growth.

According to a recent Altus Group study, each home sale through an MLS® System in Ontario results in an additional 55,000 dollars in spending, on average. With a record of more than 100,000 sales reported through TREB's MLS® System in 2015, coupled with additional new home transactions, we're talking about billions of dollars worth of positive economic spin-offs and thousands of jobs. There is a responsibility on us, therefore, to promote housing policies that maintain these economic benefits. But first we have to understand how best to proceed, and that's where this multi-pronged report is especially critical.

Our *Market Year in Review & Outlook Report* is comprised of several components. It includes a compendium of exclusive commentary and never before seen results from consumer surveys of recent home purchasers and households intending to purchase a home over the next year. The results of these surveys enable us to paint a more fulsome picture of different GTA home buyer groups while gaining a greater understanding of what home buyers think of the market. Respondents were asked regarding the types of homes

they have purchased or plan to purchase, including location, actual or planned purchase price; mortgage details such as down payment amount, mortgage rate and term; whether they were first-time buyers; and whether or not they had renovation plans. Moving forward, TREB will conduct this survey yearly to track and evaluate trends on an ongoing basis.

Results from the survey will be discussed in the first two sections of the report in conjunction with TREB statistics and analysis of the record sales year we had in 2015. These sections will also feature TREB's official outlook for sales, listings, and price for 2016, including an analysis of underlying drivers such as employment and interest rates. The issue of home ownership affordability against the backdrop of new mortgage lending rules announced by the federal government in December 2015 will also be addressed.

The third section will speak to the new home market with reports from TREB's partners at the Building Industry and Land Development Association (BILD) and RealNet Canada Inc. BILD's commentary examines developing housing stock within today's land use policy framework, centering on intensification/infill development and mixed use developments, while RealNet's contribution speaks to broader trends in the new home market, including the shift from low-rise to high-rise development.

Finally, the report will examine the competitive positioning of the GGH, of which the GTA is a key part, as it pertains to the global stage. TREB engaged in consultations with industry stakeholders, including all three levels of government, industry associations, lenders and insurers, boards of trade, chambers of commerce and non-profit housing service providers to understand what they believe is required to keep the GGH at the top of the global list of regions to live, work and raise a family over the long term. We also asked them how residential and commercial real estate fits into their vision. This project represents an important step in

bringing together all of the key stakeholders concerned with the provision of housing, infrastructure, and broader economic development in the GGH today.

I hope that you will not only read this report but that you will consider it a call to action and take the information contained within as a way to expand the dialogue on these issues. There are a lot of intelligent people involved in this debate, and we need to put our heads together to ensure that we stop thinking in silos and start working together to create positive policy initiatives that promote and develop our global competitiveness.

Housing remains a key part of our economic engine and affordable home ownership should always be a priority. When we expand our housing industry dialogue to include all stakeholders – developers, builders, REALTORS®, all levels of government, non-governmental organizations and consumers – and align our principles according to feedback from the grassroots, we'll be able to identify the real challenges and opportunities facing our industry, enabling us

to create a better plan for the future Greater Golden Horseshoe region.

It gives me great pleasure to introduce the first edition of the *TREB Market Year in Review & Outlook Report* to consumers, key stakeholders, our Members and the Canadian real estate industry at large.



**John DiMichele**  
Chief Executive Officer  
Toronto Real Estate Board

# Welcome from the President



Welcome to the *TREB Market Year in Review & Outlook Report*, an initiative spearheaded by our CEO John DiMichele. I hope you'll find the information contained within to be both helpful and inspiring. As a REALTOR®, I can appreciate the value of what you'll learn from this report – never before seen statistics on consumer and home buyer intentions at your fingertips. Having that kind of knowledge at hand has the potential to revolutionize the way we work and do business.

What if you could know the preferences of those GTA households planning on purchasing a home within the next year before they even stepped into your brokerage? What are these prospective buyers planning to spend? Where do they want to live, and how far are they willing to relocate? Will they take on a mortgage and, if so, how much? Do they intend to renovate? Well, the answers to these questions and more are all contained within this report and you can just imagine what they will do for our business and marketing models!

As most of you know, a record 101,299 home sales were reported through TREB's MLS® System in 2015. It's exciting to know that GTA households continue to see home ownership as an affordable and high quality, long-term investment. But perhaps the most exciting statistic of all is the percentage of buyers who have used a REALTOR®. A recent survey of homeowners undertaken by Ipsos asked about those who have used a REALTOR® over time. Historically, for all homeowners who purchased a home before 2015, the number who used a REALTOR® was 65 per cent. In recent years, this share has increased. In 2015, 73 per cent of home buyers used a REALTOR®. Looking forward, according to Ipsos, 81 per cent of those intending to purchase a home in 2016 say they plan to use the services of a REALTOR®. This shows us that the value proposition of a REALTOR® remains strong and is growing stronger.

While most TREB Members are involved in real estate transactions in the GTA, it is important to remember that the GTA is part of a larger economic region commonly referred to as the Greater Golden Horseshoe (GGH). The

GGH represents a broader economic region that brings together much of the population of south-central Ontario. As such, another key focus of this report is to examine the qualities that make the GGH a fantastic place to live and work. TREB asked leaders and stakeholders from across the GGH for suggestions regarding the necessary actions that will allow the GGH to remain competitive in the future. These suggestions are referenced throughout this report.

In my opinion, the GGH is already comprised of world-class cities, including those in the GTA, and our aspiration should be to work toward achieving alpha city status as a top tier global city. We consistently rank as one of the top urban areas to live and do business because of the economic and cultural opportunities the GGH affords to existing residents as well as newcomers to the region from across Ontario, Canada, and the globe.

Our high standard of living will continue to attract the best and brightest to the GTA and the broader GGH, and all of these people will need a place to live. It is up to REALTORS®, therefore, to act as ambassadors of the region. We can use the knowledge we'll glean through the *TREB Market Year in Review & Outlook Report* to connect the right buyer to the right seller, all the while doing our part to ensure that our great region remains world class. In fact, with each housing transaction, the economy gets a boost and jobs are created in finance, real estate, trade, construction, and professional services. According to Altus, the annual spin-off benefits of MLS® activity in Ontario from 2012–2014 totalled \$11.1 billion.

However, we cannot take our status for granted, and we must prioritize working together to create and implement policies that continue to promote success for the real estate industry and the economy while ensuring everyone has the opportunity to attain their dream of home ownership.

A handwritten signature in black ink that reads "Mark McLean". The signature is fluid and cursive, written in a professional style.

**Mark McLean**

President, Toronto Real Estate Board

# Message from Canada's Minister of Finance



**T**he Greater Golden Horseshoe is a region I am not only honoured to serve, but also a place that my family and I are incredibly proud to call home. I chose to commit myself to public service with the objective of building a better country to call home for my family, and for all Canadians. As the Member of Parliament for Toronto Centre, I am working hard in support of our thriving communities. As Minister, I am committed to investing in growth, creating jobs and ensuring the long-term stability of the Canadian economy. Those living and working in this region can look forward to a government that is committed to making the investments needed to create jobs, one that celebrates diversity and one that puts middle class families first.

In the last election Canadians made a clear choice for new ways of doing things. This new government reflects the many characteristics that make the Greater Golden Horseshoe a fantastic place to live, and is working to address challenges which have gone unresolved for far too long. Through making significant investments into infrastructure we will reduce gridlock, create new affordable housing, and empower businesses across the Greater Golden Horseshoe. Industries across the country, and particularly the real estate industry, can look forward to our agenda which prioritizes positive and sustainable growth for our economy.

In one of my very first acts as Minister, I took immediate action to maintain a healthy, competitive and stable housing market through measures designed to increase homeowner

equity, which plays a key role in maintaining a stable and secure housing market and economy over the long term, particularly in regions like ours. Like you, I believe the Greater Golden Horseshoe is one of the best places in the world to live, work, and play – I am committed to working with the Board and its members in making it even better.

**Hon. William Francis Morneau**  
Minister of Finance

# Message from the Premier



Premier of Ontario - Première ministre de l'Ontario

January 18, 2016

## **A PERSONAL MESSAGE FROM THE PREMIER**

On behalf of the Government of Ontario, I am pleased to extend warm greetings to everyone attending the Toronto Real Estate Board (TREB) Year in Review and Outlook event, organized by the Toronto Real Estate Board.

The real estate sector is an important part of Ontario's prosperity and quality of life. It is a pleasure to join you in recognizing your industry's successes over the past year and to look forward to the opportunities in the year ahead.

I commend all members of TREB on their hard work and dedication. Take pride in knowing your efforts have made, and continue to make, Toronto — and Ontario as a whole — a better place to live, work and raise a family.

Please accept my best wishes for a memorable celebration and much ongoing success.

A handwritten signature in black ink that reads 'Kathleen Wynne'. The signature is fluid and cursive, written in a professional style.

**Kathleen Wynne**  
**Premier**





# Greetings from Ontario's Minister of Municipal Affairs and Housing

## **Greetings from the Minister of Municipal Affairs and Housing**

As Minister of Municipal Affairs and Housing, I'm delighted to outline how the Ontario government is supporting growth in the Greater Golden Horseshoe.

We need vibrant, complete communities where people can live, work and play.

To get there, we need more transit. The Ontario government will spend \$31.5 billion over the next 10 years to improve transit, transportation and other priority infrastructure projects. This includes \$16 billion to fund transit projects in the Greater Toronto and Hamilton Area, more frequent GO rail service and new LRT lines in Mississauga and Hamilton.

People at all stages of life and in any income bracket need a range of housing options. Ontario is supporting the construction of 20,000 affordable rental units and providing rental or down payment assistance to 90,000 households.

Our government is committed to growing the Greenbelt to ensure nearby lands continue to supply local communities with fresh food, fresh air and fresh water. We are undertaking a co-ordinated review of four land use plans that manage growth, protect the environment and support economic development in this region:

- the Growth Plan for the Greater Golden Horseshoe
- the Niagara Escarpment Plan
- the Oak Ridges Moraine Conservation Plan
- the Greenbelt Plan

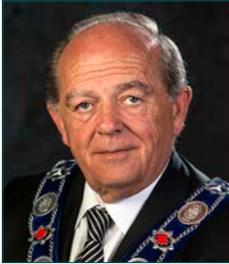
Our communities need strong municipal governments, with sustainable finances. We are reviewing the Municipal Act and listening to a range of perspectives. This includes looking at how municipalities fund their services, their responsibilities and powers. Thank you to the Toronto Real Estate Board for providing feedback through this review.

We will continue to work with our partners to build vibrant neighbourhoods, and turn houses into homes.

## **Ted McMeekin**

Minister of Municipal Affairs and Housing

# Statements from Local Public Office Holders



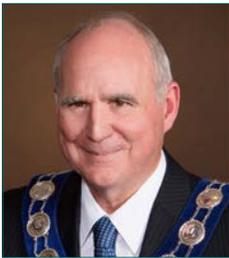
*“Looking ahead, redevelopment and intensification will be vital factors in shaping our communities. Commercial and residential densities in our centres and corridors need to optimize the benefits of transportation infrastructure investments.”*

— **Roger Anderson**  
Chair and Chief Executive Officer,  
Durham Region



*“Development activity within both the residential and the commercial markets is an important indicator of economic growth.”*

— **Gary Carr**  
Regional Chair,  
Halton Region



*“The challenge now becomes ensuring that what makes us desirable continues. This involves maintaining quality services for residents, and ensuring the continuing ability for both goods and people to move freely and effectively, both within and throughout our communities.”*

— **Frank Dale**  
Chair and Chief Executive Officer,  
Regional Municipality of Peel



*“We are also one of the fastest-growing regions in Ontario and making necessary infrastructure investments is one of the most important ways we are preparing for this growth.”*

— **Wayne Emmerson**  
Chairman and Chief Executive Officer,  
Regional Municipality of York



*The booming real estate and construction sectors continue to lead the Toronto region’s economic growth. I congratulate the real estate industry for its unprecedented success during this extraordinary period of expansion. However, this success also comes with challenges. To maintain momentum, governments and the industry must work together to support growth with significant improvements in our urban infrastructure, particularly in the area of transportation. A strong real estate market also puts substantial upward pressure on property prices, and if healthy growth is to continue, we must also find ways to ensure that our housing stock is affordable over the long term. With robust growth in the GTA’s population projected to continue, the future looks encouraging for the real estate sector. I look forward to working with you to help keep real estate and construction at the forefront of our region’s economy in the years ahead.*

— **Michael Thompson**  
Chair, Economic Development Committee  
Councillor, Scarborough Centre, Ward 37

# Acknowledgements

**T**REB would like to thank industry partners, the Building and Land Development Association, and RealNet Canada Inc., for their valuable contributions to this report. TREB also thanks the following stakeholders whose input provided a broader socio-economic context to the welfare and competitiveness of the Greater Golden Horseshoe (GGH).

To read complete submissions, please refer to the appendix on pages 30 - 59.

## Public Office Holders:

**Hon. William Francis Morneau**, Minister of Finance, Government of Canada (Page IV)

**Hon. Kathleen Wynne**, Premier of Ontario and Minister of Intergovernmental Affairs (Page V)

**Hon. Ted McMeekin**, Minister of Municipal Affairs and Housing, Government of Ontario (Page VI)



**Roger Anderson**, Chair and Chief Executive Officer, Durham Region

**Gary Carr**, Regional Chair, Halton Region

**Frank Dale**, Chair and Chief Executive Officer, Regional Municipality of Peel

**Wayne Emmerson**, Chairman and Chief Executive Officer, Regional Municipality of York

**Dave Barrow**, Mayor, Town of Richmond Hill

**Rob Burton**, Mayor, Town of Oakville 

**Bonnie Crombie**, Mayor, City of Mississauga

**Geoff Dawe**, Mayor, Town of Aurora

**Adrian Foster**, Mayor, Municipality of Clarington

**Rick Goldring**, Mayor, City of Burlington

**John Henry**, Mayor, City of Oshawa

**Frank Scarpitti**, Mayor, City of Markham

**Michael Thompson**, Councillor and Chair of the Economic Development and Culture Committee, City of Toronto

## Crown Agencies:

**Christina Haddad**, Regional Vice-President, Ontario, Canada Mortgage and Housing Corporation

**Bruce McCuaig**, Chief Executive Officer, Metrolinx



## Acknowledgements

### Financial Services:

**Derek Burleton**, Vice President and Deputy Chief Economist, TD Bank Group

**Stuart Levings**, President and Chief Executive Officer, Genworth Canada

**Douglas Porter**, Chief Economist and Managing Director, BMO Financial Group

**Benjamin Tal**, Deputy Chief Economist, CIBC World Markets Inc. (Presenter)

**Craig Wright**, Senior Vice President and Chief Economist, Royal Bank of Canada

### Building Industry:

**George Carras**, Founder of RealNet Canada Inc. and President of RealStrategies Inc. (Presenter)

**Richard Lyall**, President, Residential Construction Council of Ontario

**Bryan Tuckey**, President and Chief Executive Officer, Building Industry and Land Development Association (Presenter)

### Business Sector:

**Janet De Silva**, President and Chief Executive Officer, Toronto Region Board of Trade

**Sheila Hall**, Executive Director, Clarington Board of Trade and Office of Economic Development

**Allan O'Dette**, President and Chief Executive Officer, Ontario Chamber of Commerce

**Harry Renaud**, Executive Director, Stouffville Chamber of Commerce

### Not-for-Profit/Charitable:

**Paul Bruce**, Executive Director, Cota

**Susan McIsaac**, President and Chief Executive Officer, United Way Toronto & York Region

**Sevaun Palvetzian**, Chief Executive Officer, CivicAction



**Ene Underwood**, Chief Executive Officer, Habitat for Humanity Greater Toronto Area



### Information Services/Research:

**Sean Simpson**, Vice-President, Canada, Ipsos Public Affairs (Presenter)

**Paul Smetanin**, Chief Executive Officer and President, The Canadian Centre for Economic Analysis

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# Executive Summary

# Executive Summary

### 2015: A RECORD YEAR FOR HOME SALES

**G**reater Toronto Area (GTA) households continue to see home ownership as an affordable, quality, long-term investment as evidenced by the record home sales reported through TREB's MLS® System in 2015. Both low-rise and condominium apartment prices increased on a year-over-year basis, as measured by the MLS® Home Price Index and the average selling price. Seller's market conditions resulted in high single-digit or low double-digit annual rates of price growth for low-rise homes throughout 2015. The better supplied condominium apartment market experienced more moderate single-digit annual price increases, but price growth in

this market segment still outpaced inflation. A healthy regional economy along with historically low borrowing costs spurred demand for ownership housing in 2015. The majority of recent home buyers took advantage of competitive lending market conditions to receive substantial discounts off posted rates. A very small percentage of recent home buyers put down between 5 and 9.9 per cent toward the purchase of their new home. Finally, the economy benefited from the rise in transactions, which stimulated an additional \$5.5 billion in spending.

### 2016: HOME SALES WILL REMAIN STRONG

Home ownership demand will remain strong in 2016, with TREB MLS®

home sales amounting to between 96,500 and 105,000, depending on the direction of borrowing costs and the availability of listings. A relatively strong GTA economy will keep the unemployment rate low and result in moderate income growth. Even if borrowing costs increase alongside stricter lending guidelines, pent-up demand carried over from 2015, especially for low-rise home types, will ensure that many willing buyers remain in the marketplace. We will continue to experience seller's market conditions in 2016, but despite the tight market, price growth will be mitigated to a certain degree by the lending pre-approval process and federal lending guidelines. The average selling price will range between \$655,000 and \$665,000.

### IMPROVED INFRASTRUCTURE THE KEY TO GGH LIVEABILITY AND COMPETITIVENESS

The Greater Golden Horseshoe (GGH), which includes the GTA, is internationally recognized as a great place to live, work and play, and many see purchasing real estate in the GGH region as a wise long-term investment. While the region and the municipalities that comprise it are seen as an attractive place to reside, the stakeholders consulted for this report noted that work must be done to ensure the GGH remains a competitive global region. Improvements to our transportation system and public infrastructure, as



well as increasing the affordability and availability of housing options, will optimize the GGH's long-term potential and increase the region's liveability. In order to ensure that necessary improvements proceed in the most efficient, cost-effective and successful manner possible, it will be vital for all levels of government and all stakeholders involved in the process to coordinate their approach.

#### NEW HOME CONSTRUCTION DOMINATED BY HIGH-RISE DEVELOPMENTS

The number of new homes sold in 2015 remained within the long term normal range for the past decade and in line with net population

growth. However, a marked decade-long shift in the types of homes being built continued, with the majority of new home sales accounted for by high-rise developments last year. In contrast, ten years ago, low-rise home types accounted for the majority of new homes sold. In 2005, the provincial government introduced policies (the *Greenbelt Act* and the *Places to Grow Act*) intended to protect significant agricultural land and green space while shaping how and where our region grows. The building industry responded by constructing more high-rise condominium apartments. However, the demand for new low-rise home types has remained very strong, which has pushed new home prices to new heights. A recent survey

conducted by Ipsos for the Building Industry and Land Development Association (BILD) found that 39 per cent of residents in the GTA are very concerned about home ownership affordability. ◆

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# Market Year in Review & Homeowners Survey



# Market Year in Review & Homeowners Survey

## 1.1 RECORD TREB MLS® SALES IN 2015

In 2015, households across the GTA continued to see home ownership as an affordable, quality long-term investment – the only investment they can live in. This view was bolstered by the fact that the local GTA economy remained quite healthy despite broader economic problems associated with the Canadian energy sector. From a historic perspective, both unemployment and borrowing costs remained low, which boosted consumer confidence. This, coupled with the fact that the GTA population grew by approximately 100,000 people (more than 35,000 households) last year, explains the record number of home sales

reported through TREB's MLS® System.

The sections that follow will break down market results for 2015 in more detail, in terms of sales, listings and home prices. These TREB statistics are bolstered by a survey of recent home buyers conducted by Ipsos in November 2015. The consumer survey data

*“A safe, welcoming home is a foundation for the success of individuals and families, and ultimately helps strengthen communities.”*

– Susan McIsaac, President and CEO, United Way – Toronto & York Region

provides information on buyer profiles, mortgage trends and renovation intentions.

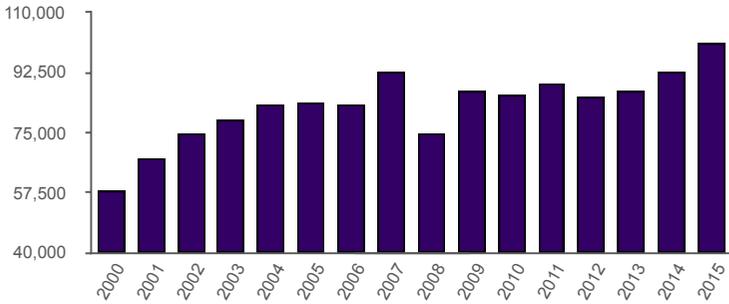
## 1.2 TREB MLS® SALES BREAKDOWN

Greater Toronto Area REALTORS® reported 101,299 home sales through TREB's MLS® System in calendar year 2015 (Chart 1.1), representing a 9.2 per cent increase compared to 2014. In addition, the 2015 sales result also represented a new sales record with an increase of 8.7 per cent over the previous record set in 2007, when a spike in sales was brought about by the impending introduction of a municipal Land Transfer Tax in the City of Toronto.

Approximately 37 per cent of all

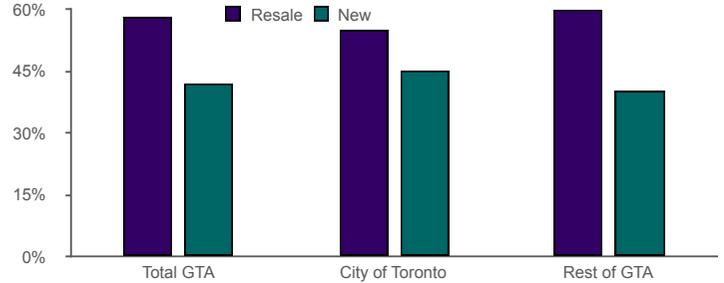
# Market Year in Review & Homeowners Survey

Chart 1.1: Record TREB MLS® Sales in 2015



Source: Toronto Real Estate Board

Chart 1.2: Resale vs. New Home Sales Breakdown



Source: Ipsos

transactions took place in the City of Toronto, with the remaining 63 per cent of deals taking place in the other regions of the Greater Toronto Area (GTA), south Simcoe County, and the Town of Orangeville. Similar proportions of sales by geography were noted in 2014.

The type of homes sold in 2015 varied notably by geography. In the City of Toronto, condominium apartments accounted for almost 47 per cent of transactions. A decade ago this share was 37 per cent. The ten-percentage point increase over the course of 10 years speaks to the massive shift in the type of homes being built in the City. This shift, including a background on land use policy and the building industry's response, will be discussed later in the report.

In the regions surrounding Toronto, low-rise home types still dominated sales. The share of transactions accounted for by detached houses, semi-detached houses and townhouses combined was at 88 per cent in 2015. This number is basically unchanged over the last decade.

### 1.3 A PROFILE OF RECENT HOME BUYERS

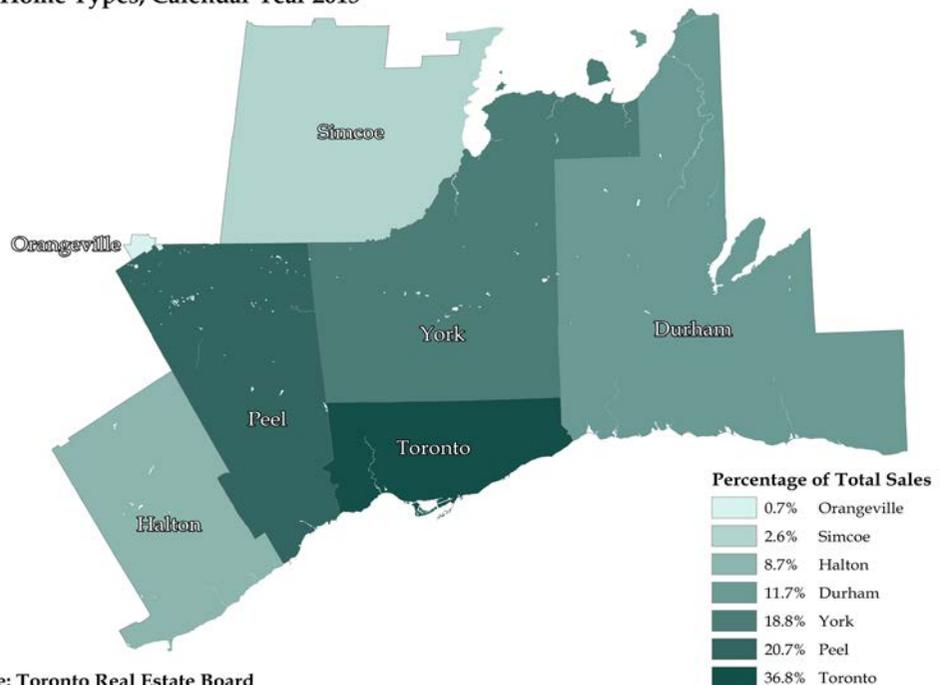
Consumer survey data collected by Ipsos Reid on behalf of TREB in November 2015 provides a comprehensive view of recent home transactions (predominantly purchased in 2015):

- Recent home buyers tended to purchase a home close to where

they previously lived in the GTA. This was most notable in the City of Toronto, where 81 per cent of buyers who purchased a home in the City had lived there previously.

- Close to 60 per cent of homes purchased in 2015 represented resale transactions, (Chart 1.2) meaning they had been lived in

### Share of TREB MLS® Sales All Home Types, Calendar Year 2015



Source: Toronto Real Estate Board

by at least one other household before the current purchaser. Forty per cent of households purchased a new home.

- First-time home buyers accounted for more than half (53 per cent) of GTA home purchases (Chart 1.3). In the City of Toronto, the first-time buyer share was above the GTA average at almost 60 per cent, while in the surrounding regions this share was below the GTA average, at approximately 47 per cent.

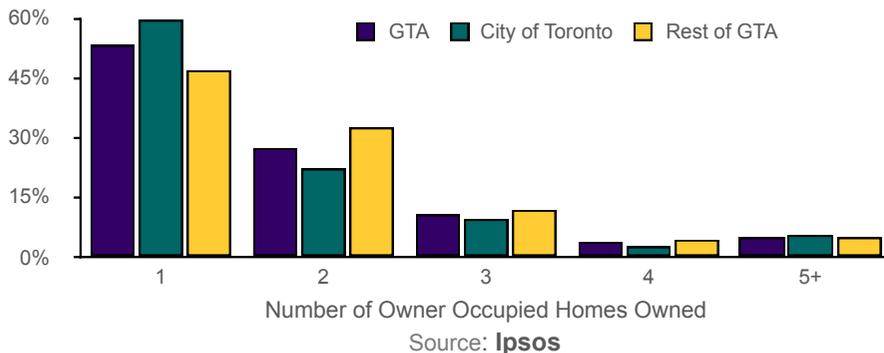
Clearly, first-time buyers continued to benefit from a diversity of home choices across the GTA. The fact that the first-time buyer percentage was higher in the City of Toronto likely speaks to the prevalence of condominium apartments, which generally sell at a lower price per square foot than low-rise home types and thus represent a popular entry point into home ownership.

- Looking at all home buyers who purchased over the last year – first-time buyers and previous homeowners combined – it was estimated that buyers, on average, have owned two homes including their current home. This finding was consistent across the GTA (Chart 1.4).
- On average, GTA homeowners have been living in their current dwelling for 10 years. If homeowners who purchased over the last year are factored out, the average number of years that owners have lived in their current dwelling increases to 14.
- Older homeowners tend to have spent more time in their current home, on average. Those aged 18 to 34 have been in their current home for 4 years, on average, whereas those aged 55 years or older have been in their current home for 19 years on average. This suggests that people’s housing needs tend to change more when they are younger, perhaps due to marriage or the arrival of children, etc.

**Chart 1.3: Share of Recent Buyers Who Were First-Time Buyers vs. Existing Home Owners**



**Chart 1.4: Number of Owner Occupied Homes Owned Over Time by Recent Home Buyers**



### 1.4 HOME SELLING PRICES INCREASED STRONGLY IN 2015

The average sale price through the TREB MLS® System in 2015 was \$622,217 – up by 9.8 per cent compared to 2014. With 101,299 sales reported, this means

# Market Year in Review & Homeowners Survey

that more than \$63 billion dollars changed hands as a result of these transactions.

When considering price trends or year-over-year price growth, TREB uses the MLS® Home Price Index, which estimates the price of benchmark, or typical, home types with the same characteristics over time. This allows for an apples-to-apples comparison which strips out the effect of changes in the mix of homes sold from one period to the next.

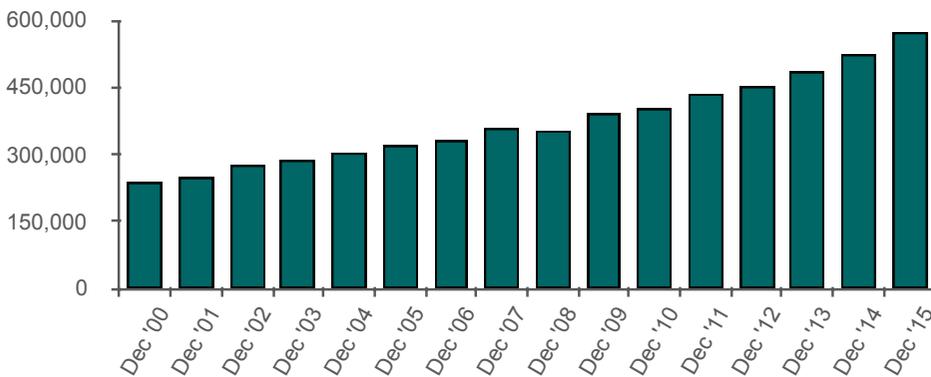
Home selling prices rose strongly in 2015. Depending on the month in question, the MLS® Home Price Index (HPI) Composite Benchmark Price, which covers all major home types, was up by between eight and ten per cent on an annual basis. The annual rate of growth generally accelerated for much of 2015.

As of December 2015, the MLS® HPI Composite Benchmark Price was \$573,500 (Chart 1.5) and ranged between \$721,000 in York Region to \$406,800 in Durham Region to

\$368,200 in south Simcoe County. Similar results were noted in the Ipsos survey of recent home buyers.

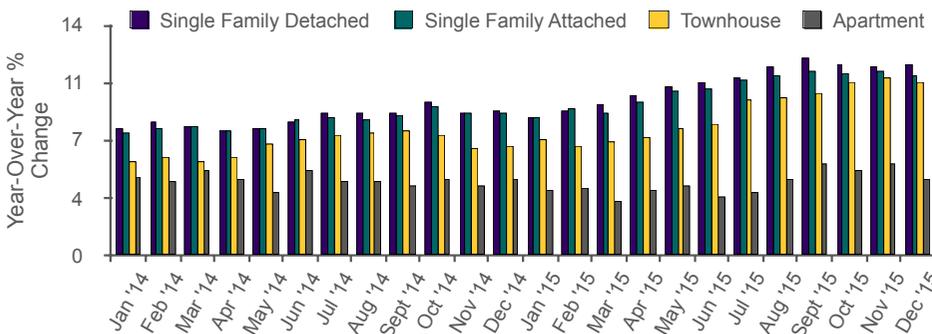
MLS® HPI Benchmark prices and annual rates of price growth were higher for low-rise home types as compared to condominium apartments (Chart 1.6). By December, year-over-year Benchmark price growth for detached and attached houses was over 11 per cent and townhouse price growth was over 10 per cent. In contrast, the annual rate of price growth for condominium apartments was 4.7 per cent.

**Chart 1.5: MLS® HPI Composite Benchmark for December (TREB Market Area)**



Source: Toronto Real Estate Board

**Chart 1.6: MLS® Home Price Index Year-Over-Year Growth**



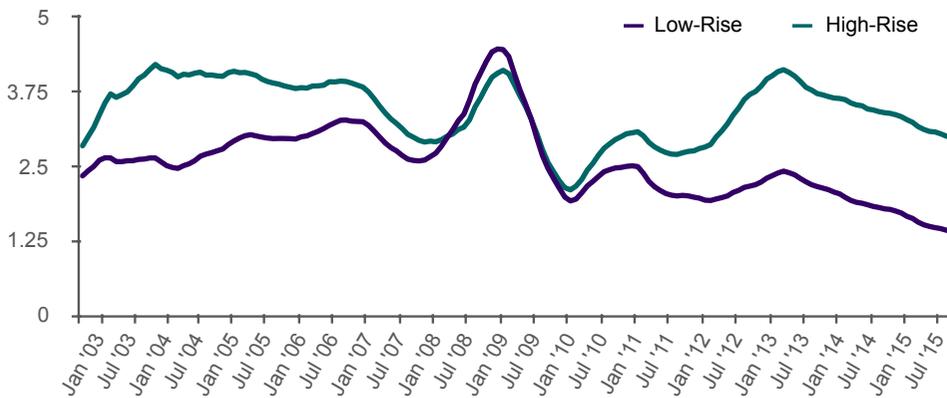
Source: Toronto Real Estate Board

## Constrained Low-Rise Supply

Over the last year, the supply of low-rise home types remained constrained while demand was at record levels. Months of inventory for low-rise home types trended at or near record lows (Chart 1.7), pointing to strong competition between buyers which translated into robust year-over-year increases in selling prices.

Low-rise homes have been in short supply, in part because many homeowners have decided to stay in their existing home rather than move. The Ipsos survey of recent buyers found that, aside from those homeowners who were simply happy in their current home, upfront costs associated with moving represented the key reason why people chose not to relocate. Upfront costs cited included moving costs, land transfer taxes, and costs associated with renovations or the purchase of new furniture.

Chart 1.7: Months of Inventory (Trend)



Source: Toronto Real Estate Board

Government policies that result in large upfront costs, like the levy of one or more land transfer taxes, can have a distortive effect on housing markets. In the City of Toronto, for example, it can be argued that the existence of the second land transfer tax since 2008 has prompted many households to remain in their current home, resulting in a short supply of low-rise listings in many neighbourhoods.

The lack of low-rise listings in the GTA, especially outside of the City of Toronto, also has its roots in provincial land use policies that have precluded the development of new low-rise housing stock. Provincial land use policies through various acts, such as the *Places to Grow Act, 2005*, and the *Green Belt Act, 2005* direct how and where growth happens in the GGH. Under this legislation, the amount of developable land was reduced, so the cost of land available for low-rise home builders increased. Obviously,

higher land costs for builders were passed on to home buyers in the form of higher home prices.

Whether we consider the impact of upfront costs including land transfer taxes or the impact of provincial land controls, the bottom line is that these policies have impacted supply at a time when demand is strong. The result has been very robust rates of price growth. While much of this price growth to date has been mitigated by low borrowing costs, policy makers must be mindful of home ownership affordability as we move forward and the impact their policies could have.

#### Healthy Condo Price Increases

While the low-rise market was characterized by strong demand, low inventories and strong price growth in 2015, the condominium apartment market in the GTA was more balanced.

As noted earlier, the Benchmark price for condo apartments rose on

a year-over-year basis by about half the annual rate of that for low-rise home types. That being said, the annual growth rate of 4.7 per cent in December was still more than double the rate of inflation.

There has been plenty of commentary over the last two to three years about the record number of condominium apartments under construction and recently completed in the GTA. One of the arguments put forth suggested we would see a glut in inventory and a steep drop-off in condo apartment prices. This argument has proved to be false.

*“It is important that our policies and infrastructure support growth on the fringe of the Greater Golden Horseshoe and we will see a transition of infill growth to the core.”*

– Sheila Hall, Executive Director, Clarington Board of Trade and Economic Development Office

A strong uptick in completions did result in increased condo listings on TREB’s MLS® System, as some investors chose to sell their units. However, far from experiencing a glut in inventory, the increase in listings was met by an increase in sales as well, so much so that inventory levels for

condo apartments actually trended lower over the last year (Chart 1.7). While months of inventory for condo apartments remained above that for low-rise home types, there was still enough competition between prospective buyers to exert relatively strong upward pressure on selling prices.

It is also important to note that not all investors chose to list their units for sale upon completion. Many investors, with a long-term investment horizon, chose to rent their units. This has been a viable option for investors for a number of years, with the vacancy rates for purpose-built and condominium apartment rental units remaining below two per cent. There are a lot of households looking to rent condominium apartments in the GTA. This is evidenced by the fact that strong growth in rental listings on TREB's MLS® System over the last two years was generally met with similar increases in the number of rental transactions.

Whether we are talking about the ownership or rental markets, it is clear that condominium apartments represent an important and desirable housing option for many households in the GTA.

## 1.5 MORTGAGE RATES, DOWN PAYMENTS AND AFFORDABILITY

### Home Ownership Remained Affordable in 2015

There is no doubt that home price growth has been very strong since the recession spanning 2008 and 2009. However, this does not mean

that home ownership has become unaffordable for a typical household in the GTA. This is because historically low borrowing costs have mitigated much of the home price increases over this period of time, thereby keeping the demand for ownership housing strong through 2015. This becomes clear if we look at a typical home buying scenario assuming the following:

- December 2015 MLS® Composite Benchmark Price of \$573,500;
- 20 per cent down payment (according to Ipsos, the most common down payment category for recent home buyers was between 20 and 24.9 per cent);
- A five-year fixed rate mortgage (the most popular mortgage term and type combination according to Ipsos);
- A realistic negotiated mortgage rate of 2.8 per cent (according to Ipsos, slightly more than 50 per cent of recent buyers negotiated mortgage rates between 2.0 and 2.99 per cent).

The share of the average household income dedicated to mortgage principal and interest, property taxes and utilities would have been approximately 32 per cent. If the higher 2015 average price of \$622,217 is used instead, the share would be higher, at approximately 34 per cent. Either way, this share, while having

increased at a moderate pace since the recession, remained affordable relative to the federal government's mandated ceiling of 39 per cent for government-backed mortgages.

### Small Down Payments Were Not That Common

On December 11, 2015, the federal government changed its policy with regard to eligibility for new government-backed insured mortgages. According to their official release: "As of February 15, 2016, the minimum down payment for new insured mortgages will increase from 5 per cent to 10 per cent for the portion of the house price [greater than \$500,000 and less than \$1,000,000]."

Approximately 43 per cent of home sales reported through TREB's MLS® System in 2015 fell into the price range affected by this rule change. However, according to the Ipsos survey of recent buyers, only a small share of these deals involved down payments between five and 9.9 per cent of the purchase price. For properties that sold for more than \$500,000 and less than \$700,000, only six per cent of buyers had a down payment between five and 9.9 per cent. For properties that sold for between \$700,000 and less than \$1,000,000, an even smaller share of buyers – three per cent – put down between five and 9.9 per cent.

The impact of this policy change will be examined in more detail in the Market Outlook & Home Buyers Survey section found later in this report. It is clear, though, that had

the new policy been enacted in 2015, very few buyers would have been affected. Taking the December 2015 MLS® HPI Composite Benchmark Price of \$573,500 as an example, the additional down payment required under the new rule would have been \$3,675. For the average priced home in 2015, at \$622,217, the additional down payment required would have been \$6,111.

It is reasonable to assume that many buyers who would have been required to produce the extra

down payment would have had the flexibility in their finances to make up the difference. This argument is bolstered by the fact that, according to Ipsos, recent home buyers' sources of down payments were quite diverse, coming from non-RRSP and RRSP savings, equity from their previous home, gifts and other sources (Chart 1.8).

### 1.6 STRONG ECONOMIC SPIN-OFFS FROM 2015 HOME SALES

In a recent analysis conducted by

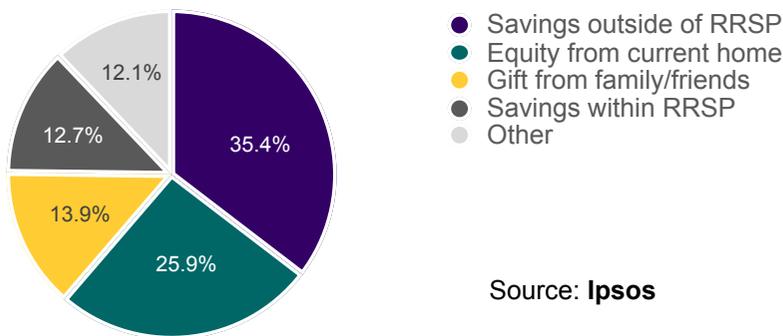
Altus, it was found that for every home sale in Ontario, there are an additional \$55,000 dollars of spin-off expenditures that benefit the economy. This suggests that GTA home sales reported through TREB's MLS® System resulted in more than \$5.5 billion dollars in additional economic benefits. This spending helped to sustain and, indeed, create jobs.

One sector of the economy that benefitted from these spin-off expenditures were renovators. On a GTA-wide basis, 57 per cent of recent home buyers said they were planning on renovating their home over the next year (Chart 1.9).

On average according to Ipsos, these home buyers planned to spend \$21,625 on their renovations. A substantial number of households – 11 per cent in the GTA as a whole – planned to spend more than \$50,000 (Chart 1.10).

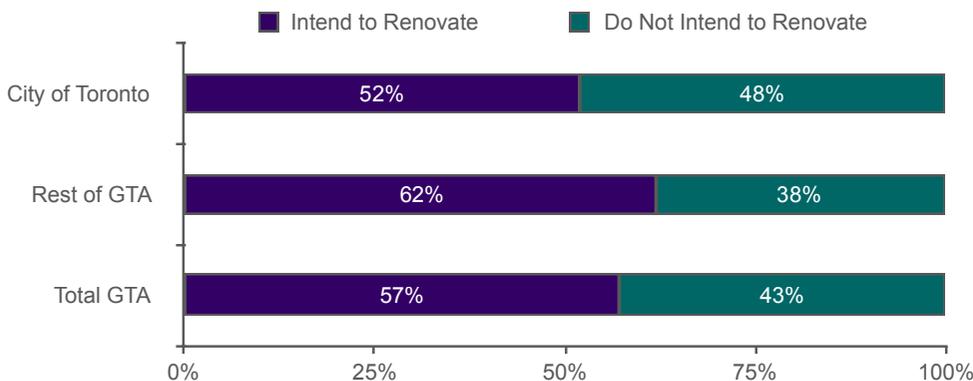
It is interesting to note that planned renovation expenditures were higher outside of the City of Toronto. This statistic may speak to the fact that there was a higher

**Chart 1.8: Down Payment Sources for Recent Home Buyers**



Source: Ipsos

**Chart 1.9: Share of Recent Buyers Who Plan to Renovate Their Home Over the Next Year**

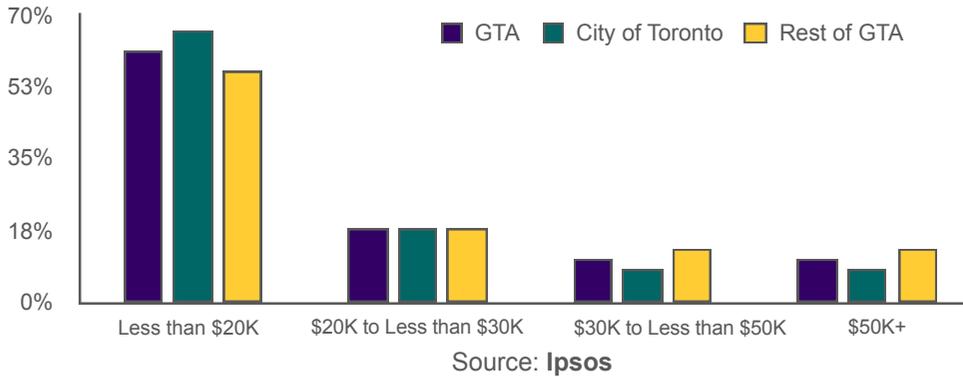


Source: Ipsos

*“Most Canadians are able to meet their housing needs in the marketplace, without government assistance.”*

– Christina Haddad, Regional Vice-President, Ontario, Canada Mortgage and Housing Corporation

**Chart 1.10: Planned Renovation Expenditures of Recent Home Buyers**



*“The strength of the real estate market is often reflective of trends in the overall economy. A strong Ontario is, accordingly, important for the real estate sector.”*

*– Allan O’Dette, President and CEO, Ontario Chamber of Commerce*

share of low-rise homes sold in the ‘905’ and ‘705’ area codes. These home types, including singles, semis and towns, likely allow for greater flexibility in terms of the types of renovations that can be undertaken.

The bottom line is that planned renovation spending provides an excellent example of the important contribution that the housing sector made to the regional and broader Canadian economies over the past year and looking forward to 2016. ♦

*“Maintaining a sound mortgage finance system that supports affordable and sustainable homeownership is critical – not only for the Golden Horseshoe Area but for all of Canada.”*

*– Stuart Levings, President and CEO, Genworth Canada*

2.0

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# Market Outlook & Home Buyers Survey



# Market Outlook & Home Buyers Survey

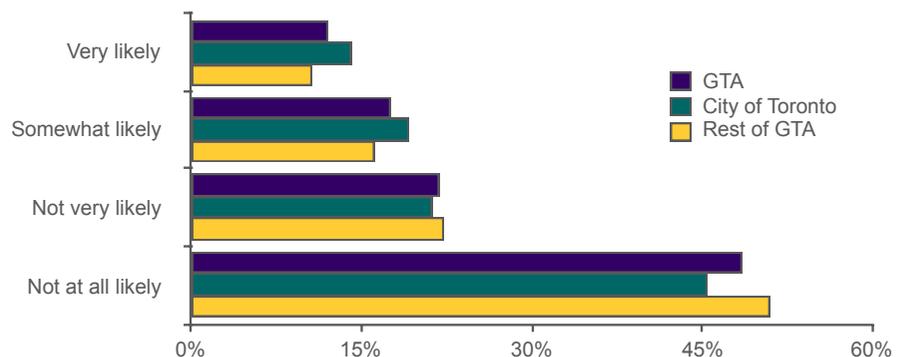
## 2.1 HIGHLIGHTS

- TREB MLS® home sales will amount to between 96,500 and 105,000 in 2016. The eventual sales count will depend largely on the direction of borrowing costs and the availability of listings, particularly in the low-rise market segments.
- While the current market consensus is calling for a modest increase in borrowing costs over the next year, slower than expected growth in the Canadian economy could result in similar, or even lower, mortgage rates compared to 2015.
- The GTA economy is expected to outperform many other regions across the country. The region

is home to a diversity economic sectors and is therefore more immune to shocks in one particular component of the economy, such as the energy sector. Second, the decline in the value of the Canadian Dollar vis-à-vis the US Dollar could benefit Toronto and surrounding regions from the perspective of exports.

- Regardless of the sales result, seller's market conditions will persist in the GTA in 2016. Strong competition between buyers will result in an average selling price of between \$655,000 and \$665,000, representing year-over-year increases of between five and seven per cent.

Chart 2.1: Likelihood to Purchase a Home in 2016 (Share of GTA Households)



Source: Ipsos

# Market Outlook & Home Buyers Survey

- While market conditions will be tight, annual rates of price growth will be mitigated by stricter requirements for pre-approvals as well as recent changes to the federal government's mortgage lending rules.

## 2.2 IPSOS SURVEY SUGGESTS HOME OWNERSHIP DEMAND TO REMAIN STRONG

Following a record year for home sales through TREB's MLS® System in 2015, the GTA housing

market is poised for another strong year. A survey conducted by Ipsos in November 2015 found that 12 per cent of GTA households said they were very likely to purchase a home over the next year (Chart 2.1). The share of very likely buyers was higher in the City of Toronto, at 14 per cent, compared to the surrounding regions where the share was 11 per cent.

The survey indicated that, GTA-wide, there was nearly an even split between first-time buyers and existing homeowners. The first-time

buyer share was higher in the City of Toronto, at 56 per cent versus 43 per cent in the surrounding regions (Chart 2.2).

This may be due to the fact that condominium apartments account for a much higher share of available listings in the City. This home type, which is generally associated with a comparatively lower average list price, is a common entry point into home ownership.

Approximately 60 per cent of very likely buyers indicated that they intend to purchase a resale home in 2016, with the other 40 per cent intending to purchase a new home, which could be completed or purchased through a preconstruction sales centre (Chart 2.3).

The resale/new home split was more or less consistent between those people looking to purchase in the City of Toronto versus the surrounding regions.

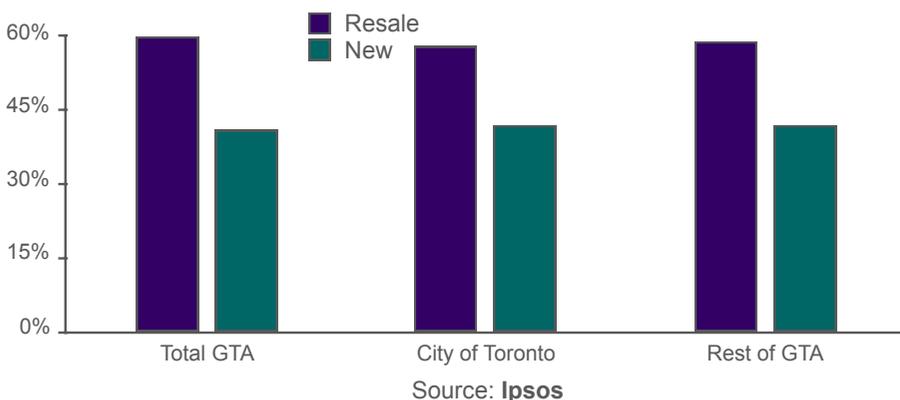
Looking at the GTA as a whole, the most common home type that would-be home buyers intended to purchase was the single-detached house. This was also the case in the City of Toronto and the surrounding regions. The second most popular home type indicated in the survey was the condominium apartment, with 18 per cent of intending buyers looking to buy a condo. The survey results suggest, however, that condo apartments were significantly more popular in the City of Toronto, where 28 per cent of prospective buyers indicated that they would purchase this home type.

The breakdown of the types of

**Chart 2.2: Share of Likely Buyers Who Would Be First-Time Buyers vs. Existing Home Owners**



**Chart 2.3: Resale vs. New Home Sales Breakdown Buyer Intentions**



homes intending buyers are looking to purchase generally follows sales trends observed through TREB's MLS® System, with detached being the most popular home type listed and sold and condominium apartments being the second most popular. This is because listings on the TREB MLS® System represent how the housing stock in the GTA has evolved over time. In contrast, condominiums account for a larger percentage of home sales in the new home market. The new home market is discussed in more detail later in this report.

When buying intentions are broken down by age range, some differences do emerge with regard to the type of homes households are looking to purchase (Chart 2.4).

Detached homes were most popular with the 35 to 54 age group, which follows the fact that this is the age range where buyers are looking to move up in the market based on equity growth in their existing home along with income growth as careers

progress. Condominium apartments were most popular with younger households, many of whom would be first-time buyers, and those households reaching their retirement years, who are looking to downsize.

### 2.3 DRIVERS OF HOME OWNERSHIP DEMAND

#### Labour Market Conditions are Positive

A substantial number of GTA households indicated that they are very likely to purchase a home in 2016, which suggests a certain degree of confidence in regional economic conditions, despite some turbulence in the larger Canadian economy over the past year.

The Ipsos survey found that approximately 83 per cent of intending home buyers will be using a mortgage to purchase their home. In taking on a mortgage, buyers will have to be confident that they will have the income to cover the principal and interest payments over the long

term. The amount of buyers planning to take on a mortgage suggests that prospective buyers are relatively secure in their employment situation and feel their income will remain the same or increase over time.

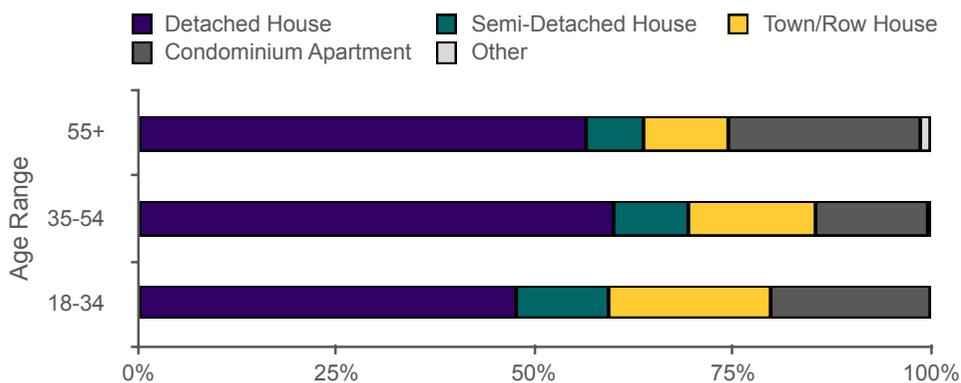
Labour market statistics for the GTA support this point of view. In November 2015, the seasonally adjusted unemployment rate for the Toronto Census Metropolitan Area (CMA) was 7.0 per cent – down slightly from October and, more importantly, down by a full percentage point compared to the 8.0 per cent level reported for November 2014 (Chart 2.5).

Despite a minor Canadian recession and a large degree of national economic uncertainty, the low unemployment rate in the GTA suggests that the local economy held up very well. In response to these tighter labour market conditions, average weekly earnings consistently rose above the rate of inflation throughout 2015.

*“Whether it’s tackling gridlock, improving productivity, increasing trade and foreign direct investment or creating jobs, solutions can be found through increased regional coordination.”*

— Janet De Silva,  
President and CEO,  
Toronto Region Board of Trade

**Chart 2.4: Home Buying Intentions by Home Type and Respondent Age Range**



Source: Ipsos

Looking forward, the GTA economy is poised to outperform the Canadian economy as a whole. First, the region is home to diverse economic sectors and is therefore more immune to shocks in one particular component of the economy, such as the energy sector. Second, the decline in the value of the Canadian Dollar vis-à-vis the American Dollar bodes well for Toronto and the surrounding regions (Chart 2.6).

The low value of the Canadian Dollar is expected to increase Canadian exports to areas south of the border and further afield, which would further bolster job creation and earnings. With this

*“The GGH offers residents a high quality of life and the ability to access good jobs locally. From the big cities of Hamilton, Toronto, Mississauga and Brampton, to the growing communities of Milton, Oakville, Pickering and Whitby, we are fast becoming a destination for global foreign direct investment.”*

– Mayor Bonnie Crombie,  
City of Mississauga

**Chart 2.5: GTA Unemployment Rate (Seasonally Adjusted)**



Source: Statistics Canada

**Chart 2.6: Exchange Rate – \$CDN/\$USD**



Source: Bank of Canada

in mind, expect the average GTA unemployment rate in 2016 to remain in line with the 2015 average. This suggests that average earnings will continue to grow in real terms as well.

Positive economic conditions in the GTA, both over the past year and moving forward, will help keep consumer confidence strong. Consumer confidence is key to

purchasing a large ticket item like a house.

**Borrowing Costs Will Remain Low**

Low mortgage rates were a very important factor supporting record TREB MLS® home sales in 2015 and will continue to play a key role in 2016. The consensus view is that the Bank of Canada (BoC) will not increase its Target for the Overnight

Lending Rate in 2016. However, beyond 2016, longer term yields for Government of Canada bonds are expected to edge upward over the next twelve months (Chart 2.7).

An examination of bond yields is important. For example, the yield on a five-year Government of Canada bond provides an indication of what it costs lenders to raise funds to lend out to home buyers in the form of the popular five-year fixed rate mortgage. As of the beginning of January 2016, the forward rate for the five-year bond, which is the market's consensus view was suggesting an increase of between 20 and 30 basis points by the end of 2016.

An increase in bond yields could result in an uptick in borrowing costs in 2016, but the magnitude of the increase is expected to be quite small. Given a 30 basis point increase in the five-year fixed mortgage rate and assuming aggressive discounts off the posted rate remain in place, the difference in the monthly payment associated with the purchase of the average priced home in 2015 would be less than \$100. Taking an even more conservative view, a 50 basis point increase in the discounted five-year fixed rate would result in a monthly payment increase of less than \$150. Under either of these scenarios, the great majority of households that could purchase at the end of 2015 will still feel comfortable purchasing and paying for their home over the long term at the end of 2016.

While the consensus view is for a moderate increase in bond yields and therefore mortgage rates over the next year, it is possible that slower than expected growth in the Canadian economy could result in bond yields remaining somewhat flat or even trending lower in 2016. In fact, at the time of writing, there was some speculation that the Bank of Canada would lower its Target for the Overnight Lending Rate at the beginning of the year.

It is also important to note that some lenders increased some of their advertised mortgage rates in early 2016, which reflects the fact that other factors beyond bond yields could impact mortgage rates.

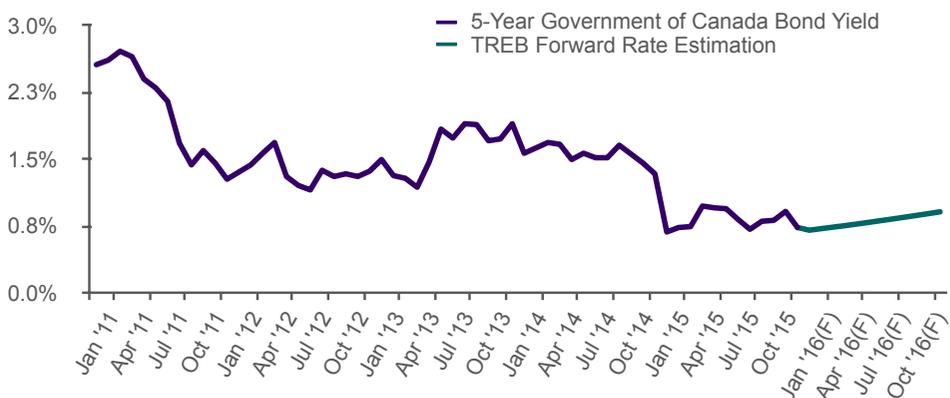
### Impact of New Mortgage Rules Not Widespread

The federal government guidelines for new government-backed insured mortgages announced on December 11, 2015 will come into effect on February 15, 2016. As of this date, the minimum down payment for new

insured mortgages will be increased from 5 per cent to 10 per cent for the portion of the home purchase price that exceeds \$500,000 but is less than \$1,000,000 (there is no government guarantee for home purchases over \$1 million – the buyer must be ready to put at least 20 per cent down).

A substantial portion, but likely less than half, of TREB MLS® sales in 2016 will fall into this price range. However, according to the Ipsos survey of intending buyers, relatively few buyers (surveyed prior to the announcement of the new policy) indicated that they would be putting between five and 9.9 per cent down on a home priced between \$500,000 and \$1 million. Nine per cent of buyers who said they intended on purchasing a home for more than \$500,000 and less than \$700,000 planned on putting between five and 9.9 per cent down. Only four per cent of buyers intending on purchasing a home for between \$700,000 and less than \$1,000,000

Chart 2.7: Government of Canada Five Year Bond Yield



Source: Bank of Canada; TREB Forward Rate Estimation

intended on putting between five and 9.9 per cent down.

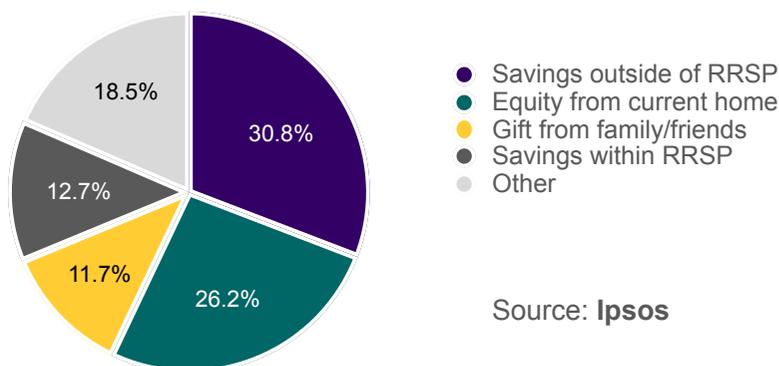
It is possible that the first month-and-a-half of 2016 could be very busy, with many would-be home buyers that have less than 10 per cent saved for a down payment pushing their home purchase forward to avoid the impact of the new lending rules. This type of type of short-term distortion is common with these types of policy changes. Over the longer term, intending buyers will have a number of options:

- A substantial portion of buyers will have access to additional funds for a down payment. For example, after February 15, 2016, a buyer looking to purchase a home for \$650,000 would need to put down an additional \$7,500 to cover off the new 10 per cent requirement.

The Ipsos survey found that intending buyers had a variety of sources for their down payment, including RRSP and non-RRSP savings, gifts and home equity (Chart 2.8). Many respondents may have had additional funds in reserve but were just not planning on using them for a down payment.

- Some intending buyers will choose to purchase a less expensive home type and/or choose to purchase in a different location in the GTA, in order to avoid making a larger down payment or to lessen the additional upfront funds required.

**Chart 2.8: Down Payment Sources for Intending Home Buyers**



Source: Ipsos

- A share of home buyers, likely a small one, will choose to put their buying decision on hold while they save more money for a down payment. These households, who were on the margin of affordability before the new guidelines were enacted, were the target of the federal rule changes.

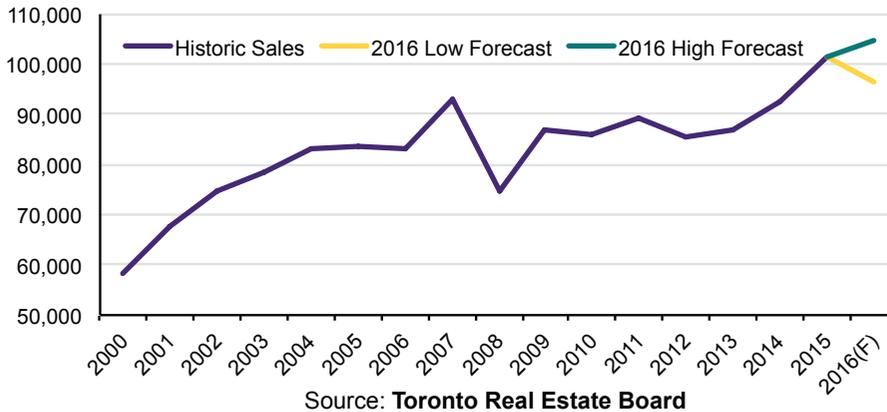
Since the new federal guidelines were announced, a lot of attention has been paid to their potential effects. With this in mind, it is interesting to note that the great majority of buyers, including first-time buyers, intending on purchasing a home in 2016 will have no need for a government-backed mortgage. Approximately three-quarters of households very likely to purchase a home either were not planning on using a mortgage at all or were planning on making a down payment of 20 per cent or more of their prospective purchase price.

## 2.4 POSITIVE OUTLOOK FOR TREB MLS® SALES AND SELLING PRICES

The key drivers underlying the housing market in the GTA, as discussed in detail above, remain conducive to strong demand for ownership housing in 2016. The majority of households who were prepared to purchase a home at the end of 2015 will also be prepared to purchase a home throughout 2016 as well. Labour market conditions in the GTA will remain positive, which will underpin consumer confidence. On top of this, borrowing costs will remain low from a historic perspective. The current market consensus suggests a moderate increase in borrowing costs. However, more sluggish growth in the Canadian economy, especially in sectors related to oil and other commodities, could result in similar or lower borrowing costs compared to 2015.

In 2015, there was a new record for transactions through TREB's

Chart 2.9: TREB MLS® Sales Outlook for 2016



MLS® System, with home sales amounting to 101,299. However, if there had been more homes available to purchase last year, the number of sales would have been even higher. At the end of 2015, there remained a substantial amount of pent-up demand in the marketplace, which will carry over into 2016.

If mortgage rates do edge upwards in 2016, the slightly higher mortgage carrying costs, coupled with stricter mortgage lending guidelines, could result in some would-be home buyers putting their decision on hold. Under this scenario, home sales reported through TREB’s MLS® System could dip below the 100,000 mark to approximately 96,500 transactions. This would be the second highest sales result on record.

Conversely, it is also very possible that a new record for home sales could be set in 2016. If borrowing costs remain in line with 2015 averages, or even

decline, TREB MLS® home sales could increase to 105,000 (Chart 2.9). Under this scenario, the main constraint would be the availability of listings, particularly in the low-rise segments of the market.

Regardless of which sales scenario plays out, very tight market conditions will persist for the low-rise segments of the market. The condominium apartment market will

*“By focusing on homeownership, we help break the cycle of poverty, reducing pressure on social services providers, and create new tax payers and ongoing contributors to the economic stability of this region.”*

– Ene Underwood, CEO, Habitat for Humanity Greater Toronto Area

remain balanced as condo buyers benefit from relatively more choice in the marketplace.

While the relationship between demand (sales) and supply (listings) will remain similar in 2016 compared to 2015, it is likely that annual rates of price growth will moderate somewhat. In effect, there will be a “policy ceiling” on price growth. Lending pre-approvals will be stricter due to both the federal government’s changes to mortgage lending rules and the prospect of stricter capital requirements for loans secured by residential real estate, as dictated by the Office of the Superintendent of Financial Institutions (OSFI), over the next year.

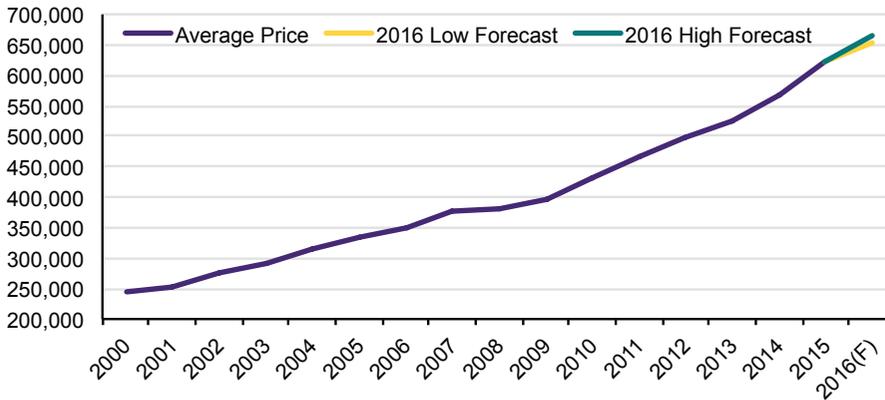
Under the scenario where sales dip to the second highest result on record, the average TREB MLS® sale price would grow by approximately five per cent to \$655,000 for calendar year 2016. Conversely, if the number of sales increased to a new record, the rate of price growth would be slightly higher, pushing the average selling price to \$665,000 (Chart 2.10).

## 2.5 THE LONGER-TERM VIEW ON OWNERSHIP HOUSING AND AFFORDABILITY

Home ownership is an important pillar of the economy in the GTA and broader Greater Golden Horseshoe (GGH). To sustain this important economic driver, home ownership must remain affordable over the long term. Over the short term, the key factors influencing affordability

# Market Outlook & Home Buyers Survey

Chart 2.10: TREB MLS® Average Price Outlook for 2016



Source: Toronto Real Estate Board

are regional economic conditions and borrowing costs. Over the longer term, however, affordability will become more a function of the government policy framework, as it relates to issues like land use, taxation and governance models.

*“Enhancing the prosperity, sustainability and quality of life of the Greater Toronto and Hamilton Area through transportation is a critical priority.”*

– Bruce McCuaig, President and CEO, Metrolinx

Government policies at all levels impact housing. The government has long played an important role in encouraging home ownership through various programs and initiatives, such as the federal RRSP Home Buyers’ Plan, the First-Time Home Buyers’ Tax Credit, guarantees on mortgage default insurance and the facilitation of a secondary market for mortgages.

Moving forward, all levels of government should continue to bring forth positive home ownership programs and initiatives. At the same time, however, government should be careful when implementing policies, to ensure that unintended consequences like market distortions are kept to a minimum.

The following report chapters consider government policy from the perspective of government, non-government and private sector stakeholders. In addition, the development of new housing within today’s land use policy framework and new home market trends are also covered. ♦

*“Housing policies that bring down the cost of construction, speed up delivery and improve the economics of investing in a broader array of housing types, including rehabilitation, would translate into lower costs for residents over the longer run.”*

– Derek Burleton, Vice President and Deputy Chief Economist, TD Bank Group

3.0

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# Vision for the Greater Golden Horseshoe



# Vision for the Greater Golden Horseshoe

## 3.1 STAKEHOLDER OUTREACH

To complement the survey results and related analyses, TREB reached out to a wide variety of leaders and stakeholders and asked them to suggest the best course of action to ensure continued success for the Greater Golden Horseshoe (GGH). The goal of this section is to situate the report within a broader socio-economic context. The findings here will help point to the current socio-economic state of the GGH as well as its future welfare. In total, 32 responses were gathered from stakeholders, including government officials, public office holders, financial services firms and organizations, not-for-profit groups, and charitable organizations. Their comprehensive responses are

located in the appendix of the report (See Appendix).

Stakeholders were asked to respond to the following questions: *The Greater Golden Horseshoe (GGH) is often found at or near the top of the list of desirable global regions in which to live and do business. What do you think is required to ensure that the GGH continues to be one of the best places in the world to live, work, and play over the long-term? How does residential (ownership and rental, market and non-market) and commercial real estate fit into your vision?*

## 3.2. POSITIVE OUTLOOK

Taken together, it is clear that all stakeholders view the GGH as a great place to live, work and play. Many stakeholder responses

described the GGH in terms of its diversity, opportunity, prosperity, growth, and livability. All of these terms underscore the region's reputation for a high quality of life and economic vibrancy. A positive reputation also helps encourage migration to the GGH, which can sustain population growth and contribute to the region's economic wellbeing. As well, being rated highly in international rankings attracts a greater amount of global investment to the region.

Respondents also noted that real estate is an important contributor to the success of the GGH. Population growth is largely driven by immigration. Newcomers to the region have historically viewed real estate as an attractive investment choice due to its "bricks and mortar" nature. Furthermore, as discussed

throughout the report, investment in real property benefits the economy through a multitude of spin-off expenditures, which contribute to job creation and expand the tax base. Because the purchase of real estate generally represents a long-term commitment, investment in real estate points to confidence in the GGH economy, our vibrant local communities, and the capacity of our human capital.

*“Real estate prices are determined by the market. As such, we make sure our community is livable so any and all types of investors: owners and renters, residential and commercial continue to invest in the livable environment we provide and encourage.”*

– Rob Burton, Mayor,  
Town of Oakville

### 3.3. AREAS OF IMPROVEMENT

There is no doubt, based on stakeholder feedback, that the GGH is an important and very well regarded region around the world. Keeping the environment in mind, there was also a strong consensus that there are a number of areas of improvement that need to be addressed to ensure the GGH remains a desirable place to live, work and play over the long term.

#### **Transportation**

Moving people, goods, and services across our regions, the province, Canada, the US border and even around the globe is essential for the future success of the GGH. Currently, long commutes on gridlocked roads with outdated transportation infrastructure hinder our future competitiveness and quality of life. Rapid, coordinated, and expansive public transportation is a fundamental component of mobility in the GGH. But, so too, is the ability to move goods in an efficient manner along our roadways. In other words, a coordinated, modern, multi-modal transportation network is required.

#### **Infrastructure**

Whether it be bridges, sewers, the electricity grid, rapid transit or roadways, well-maintained public infrastructure is vital to residents and businesses and, therefore, to our region’s economic prosperity. Residents and businesses of the

GGH require and depend upon reliable public infrastructure. For the future of the GGH, public infrastructure must be vast, interconnected, and in good standing.

#### **Affordability and housing options**

All aspects of the housing continuum are important to the GGH. As described in Section 4.0 of this report, government policies impact housing, and these policies can have unintended consequences on the housing market and housing options. Long-term housing affordability, whether we’re talking about ownership or rental, will be contingent on the government policy framework, as it relates to issues like land use, taxation, and governance models. However, as the population has continued to grow (more than 100,000 people per year, on net), the demand for new low-rise home types has remained very strong. The result has been higher land costs and ultimately higher new home prices.

### 3.4. OPTIMIZING THE POTENTIAL OF THE GGH

Throughout the 2015 federal election, the Liberal Party ran a campaign that focused largely on urban affairs issues, which included the areas of improvement highlighted by stakeholders as discussed above. Infrastructure, transportation and housing affordability were top of mind issues for GGH residents. It could be argued that the Liberal

Party's victory owed much to their commitment to making large investments in infrastructure and transportation.

Broadly speaking, Prime Minister Trudeau's electoral victory on October 19 highlights the overwhelming public support for large-scale investment in infrastructure and, particularly, transportation related infrastructure. However, the mechanisms that should be used to make these infrastructure requirements a reality are still very much the subject of debate. The fundamentals of this dialogue are critical to understand since the feedback TREB received made clear reference to the necessity of infrastructure upgrades to ensure that the GGH's high quality of life is maintained and our economic prosperity continues.

*"... A streamlined development process and close cooperation with the development community is crucial to keeping new development opportunities on the go."*

*– John Henry, Mayor, City of Oshawa*

### **Synchronization**

In addition, coordination is vital to ensure the present and future challenges for the GGH can be resolved. The reality is that the municipalities that compose the GGH are intrinsically interconnected. We can no longer afford to work in silos of responsibility, as the impacts of our decisions do not have concrete boundaries. As an example, delays in the delivery of a foreign product due to poor road infrastructure in the GGH have a wider impact – on the service to a client on the other side of the world.

The degree to which public policy is synchronized is an issue of concern, as government decisions, legislative acts, municipal by-laws, and provincial code do not necessarily work in harmony with one another. As the GGH continues to grow, contravening public policy will delay necessary decision-making and progress. Perhaps the GGH and other Canadian economic regions should focus on the bigger picture and re-evaluate the current method of governance. ♦

*"I believe the single most important issue that needs to be addressed to keep the GGH livable is traffic congestion, and I don't even drive to work. Even during off hours, it is always a daunting proposition to travel almost anywhere in the region, and I suspect many don't even try given that consideration."*

*– Douglas Porter, Chief Economist and Managing Director, BMO Financial Group*

4.0

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# The New Home Market



# The New Home Market

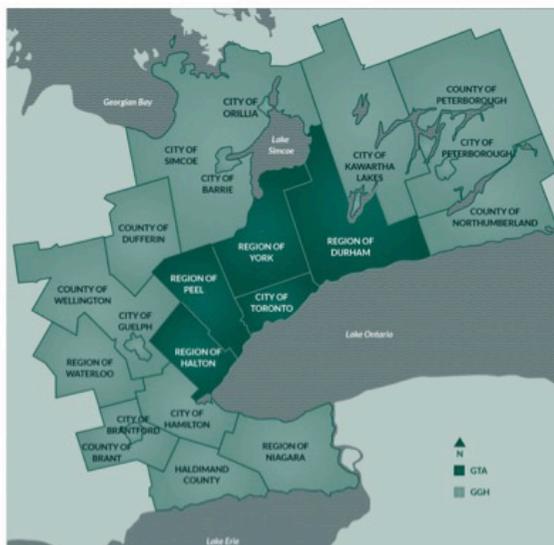
**T**he Greater Golden Horseshoe (GGH) is home to approximately 9 million people who live in a number of major metropolitan areas, including

the City of Toronto which alone boasts a population of 3 million. While the GGH accounts for roughly one-third of one per cent (0.3 per cent) of Canada's land

mass, it is home to approximately one of every four Canadians. Plus, the population of the GGH is expected to be 13.5 million by 2041, which means it will grow by



## The Greater Toronto Area in Context



# The New Home Market

more than 130,000 people each year.

Sustained population growth, a relatively strong regional economy, and low borrowing costs have

continuously bolstered demand for new homes in the GGH. In 2015, the number of new home sales reported by RealNet Canada Inc. trended within what has been the normal

range for the last decade and a half.

While the number of homes sold and constructed has remained quite steady and in line with population growth, we have seen a marked shift in the types of new homes being sold and built. A decade ago, low-rise types of homes, including detached and semi-detached houses and townhouses, accounted for the majority of new home construction. In 2015, the picture was vastly different, with units in high-rise developments comprising more than 80 per cent of new housing stock.

The impact of this structural shift is evident in the resale market as well. In the TREB Year in Review section of this report, it was noted that the total share of TREB MLS® sales in the City of Toronto accounted for by condominium apartments has increased by 10 percentage points over the last decade – from approximately 37 per cent in 2005 to 47 per cent in 2015. This increase is indicative of a broader shift that has been unfolding in the GTA, and indeed the GGH, over the past ten years.

New homes built today are the resale homes of tomorrow. As the types of new homes being constructed shifts, eventually the types of homes that are available in the resale market will shift, including those listed on TREB's MLS® System.

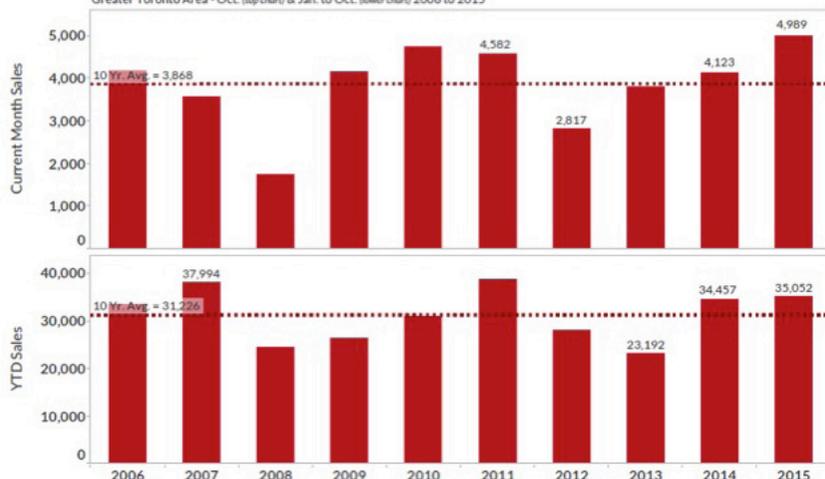
The increase in the development of high-rise housing over the past decade is largely a result



## Total New Home Sales Along Long Term Average



Total New Home Sales - Current Month & YTD  
Greater Toronto Area - Oct. (top chart) & Jan. to Oct. (lower chart) 2006 to 2015



Source: RealNet Canada Inc. (an Altus Group Company)

INFORMED ADVANTAGE

www.realnet.ca



## Widening Price Difference in GTA Home Types



Monthly RealNet New Home Price Index  
Greater Toronto Area - January 2004 to October 2015



Source: TREB, RealNet Canada Inc. (an Altus Group Company)

INFORMED ADVANTAGE

www.realnet.ca

of provincial policies mandating intensification. Ten years ago, the provincial government introduced policies (the *Greenbelt Act, 2005* and the *Places to Grow Act, 2005*) intended to protect significant agricultural land and green space while shaping how and where our region grows. These policies require more development to occur within established areas, such as a city's downtown. The plans also mandate that new developments use less land, while building to accommodate more people and jobs.

The new home industry's adaptation to these provincial policies has resulted in the region now growing up and not out. Yet, in both the new home and resale markets, demand has remained strong for low-rise homes. The market is challenged by unmet demand because consumers can only buy what exists and what is available for purchase at pre-construction.

With less land designated and serviced for low-rise development, the demand for these homes is not being met. Strong demand has led to steep increases in land prices, which, in turn, have caused low-rise home prices to rise. Other factors

contributing to an increase in low-rise home prices in the GGH include government policies at all levels and outdated zoning bylaws and approvals processes. Government fees and taxes amount to an average of one-fifth of the cost of a new home.

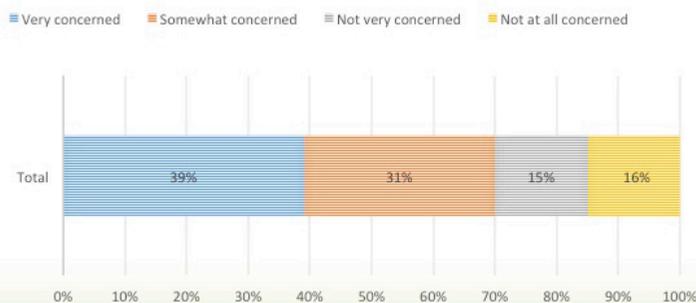
Over the last decade, the RealNet New Home Price Index for low-rise homes has trended steadily upwards, and throughout 2015 we continued to see an extremely strong pace of growth. In contrast, the New Home Price Index for high-rise homes has more or less plateaued since 2011. The divergent

low-rise and high-rise price trends speak to the differing demand/supply dynamics for the two market segments.

A recent survey conducted by Ipsos for the Building Industry and Land Development Association (BILD) found that 70 per cent of residents in the GTA are concerned about home ownership affordability. Looking forward, affordability in the new home market and, by extension, the resale market will be influenced not only by the normal factors influencing supply and demand, but also by government policy decisions. ♦

### CONCERNS ABOUT ABILITY TO AFFORD A HOME

The majority of GTA residents (70%) are concerned about their ability to afford a home the next time they buy



\*Data supplied by Ipsos Public Affairs, November 2015



5.0

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# Final Thoughts



# Final Thoughts

We hope you enjoyed reading our inaugural *Market Year in Review & Outlook Report* and that you were able to glean some valuable information. Two things should be clear at this point. First, real estate in the GTA and the GGH remains a great investment, and demand for resale and new housing continues to be strong. Second, more needs to be done in the years ahead, especially where

policy initiatives are concerned, to improve transit, infrastructure, and housing affordability.

TREB plans to keep you updated throughout the year on the progress of these initiatives, and we invite you to stay tuned. Whether in a presentation at our events or through our ongoing reports and releases, we will ensure that you're always in the loop. This report will be released annually and we would

appreciate your feedback and continued collaborative efforts. We can no longer afford to work in silos of responsibility, as the impacts of our decisions do not have concrete boundaries.

We look forward to sharing the *Market Year in Review & Outlook Report* with you next year and, until then, the latest TREB news is just a click away at [TREBHome.com](http://TREBHome.com). ♦

6.0

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# Appendix - Submissions

## Appendix - Submissions

**A**s the elected Chair of Durham Region, I feel there are a number of key priorities that are critical to ensuring the strength and vitality of every community within the Greater Golden Horseshoe.

An ongoing significant commitment is required at all levels of government to dramatically improve transit and transportation within our communities to move people and goods efficiently. This is essential for healthy communities and a robust economy.

An unprecedented opportunity exists in Durham Region to stimulate economic growth in central Ontario. By proceeding with economic development of the federal lands in Pickering, Canada's new government can leverage private sector investment and maximize job creation in the 407 east corridor and the new community of Seaton in northwest Pickering.

Durham eagerly anticipates the creation of the Seaton community. It is a chance for Ontario's land development and real estate sector to lead the way in building an innovative community for the 21st century with homes that showcase energy efficiency, accessibility, and affordability.

We look forward to once again having a federal partner in delivering affordable housing. Ensuring that all our residents have access to suitable and secure housing will make our communities stronger in every way – economically, socially, and environmentally.

Durham Region continues to be the most affordable jurisdiction in the GGH and we are committed to ensuring that a variety of housing types are provided. Looking ahead, redevelopment and intensification will be vital factors in shaping our communities. Commercial and residential densities in our centres and corridors need to optimize the benefits of transportation infrastructure investments.

I welcome the role that the Toronto Real Estate Board can play in helping Durham Region and the GGH achieve these important urban objectives.

**Roger Anderson**, Chair and Chief Executive Officer, Durham Region

**R**esidents consistently tell us how much they enjoy living in Halton Region, with 99 per cent rating our overall quality of life as high. As part of The Greater Golden Horseshoe (GGH), Halton is one of the best places to live, work, raise a family and retire. We are a vibrant and growing community with more than 530,000 residents and four distinct communities – Burlington, Halton Hills, Milton and Oakville.

Halton Region has a clear vision to ensure our region remains at the top of the GGH's most desirable places to live and play. As the fastest growing region in the Greater Golden Horseshoe, we must plan growth carefully and responsibly. We are committed to planning healthy, complete communities served by high-quality infrastructure, and connecting people and services to ensure all residents have easy access to the services they require. At the same time, we must balance the needs of the community with preserving and protecting the beautiful, natural environment of our region.

We also need to govern for the future and continue to grow our regional economy. Keeping taxes low has been a key priority. Halton has been able to keep taxes low or at the rate of inflation, with a zero per cent average annual tax increase over the past eight years. We have also achieved an AAA credit rating for more than 20 years and have one of the lowest unemployment rates in the province. Our region benefits from a strong financial foundation and the decisions we make today must support our ability to maintain this position for years to come.

Halton has a healthy real estate market. It plays a vital role in our vision for the future. Development activity within both the residential and the commercial markets is an important indicator of economic growth. It is important that we closely monitor the existing housing market for both purchase and rental properties, in order to observe trends over time and adjust the type of housing that regional government can recommend for intensification. In order to ensure we keep up with growth in our region, we also need to carefully plan and control land that is released for development so that growth remains even and that we always have the necessary infrastructure in place to support the needs of the community.

Providing a range of housing options to Halton's residents is fundamental to keeping Halton a great place to live and meeting the needs of a diverse population. Having commercial lands available, supported by the necessary infrastructure, also ensures we can attract new businesses to Halton and keep our region as one of the best places to invest and do business.

We are fortunate in this region to boast such a high quality of life. By growing our local economy, governing for the future and protecting our natural environment, we can ensure the GGH remains a great place to live, work and play over the long term.

If you have any questions, please feel free to contact me.

Thank you,

**Gary Carr**, Regional Chair, Halton Region

## Appendix - Submissions

would like to begin by expressing my appreciation to the Toronto Real Estate Board (TREB) for their invitation to share some thoughts and perspectives with the membership, by way of this Year In Review and Outlook Report.

Many members will be aware that the Region of Peel is home to over 1.4 million residents. Moreover, contained within the jurisdiction are two of Canada's ten largest cities. Your expression of interest is particularly timely, in that the Regional Council has recently approved its first 20-year Strategic Plan, which resulted from an extensive outreach and consultative process with residents and relevant stakeholder groups.

Often when one hears community leaders speak, they reference the importance of their respective town/city/region/province being an optimum place to "live, work, and raise a family." It is important to understand that these are not just words; they are objectives. And those objectives are only achieved and maintained through ongoing concerted efforts, which involves careful planning and analysis.

Our recent efforts regarding the Strategic Planning process is an example of just that. The engagement process reaffirmed a number of perspectives. Significantly, the Region has a lot to offer and much to appreciate. Being an integral part of the Golden Horseshoe, we agree with the TREB contention that it "is often found at or near the top of the list of desirable global regions in which to live and do business."

The challenge now becomes ensuring that what makes us desirable continues. This involves maintaining quality services for residents, and ensuring the continuing ability for both goods and people to move freely and effectively, both within and throughout our communities. While the list is not limited to these by any means, we consider them to be among the most pressing at the moment.

It is only by effectively ensuring the continuation and enhancement of these objectives will new residents and businesses be attracted. Growth helps to ensure that communities thrive, and a forward looking community must plan to accommodate that growth.

It is this reciprocal understanding that we are very mindful of at the Region. Furthermore, it is a critical element when addressing the issues you raise, being that of home ownership and affordability. It is our contention that development – residential and commercial – must meet the needs of a broad base of new entrants. At the Region, we would like to think that we are doing what we realistically can to make our community desirable. However, we do not wish to find ourselves in a circumstance where the affordability of our residential neighbourhoods becomes prohibitive for many.

I understand that this may pose as many questions as answers. Although, I do trust this provides the membership with some added insight into what we contemplate when making development decisions.

In conclusion, I would like to again thank you for the opportunity to share some thoughts with you, and look forward to a continued dialogue.

**Frank Dale**, Chair and Chief Executive Officer, Regional Municipality of Peel

**Y**ork Region is home to almost 1.2 million residents and 600,000 jobs and we will welcome another 600,000 residents and 300,000 jobs by 2041. We are also one of the fastest-growing regions in Ontario and making necessary infrastructure investments is one of the most important ways we are preparing for this growth.

During this term of council, York Region will invest more money in transit and transportation-related initiatives than any other term of York Regional Council. But is not just about building roads and sewers and buying more buses, it is also about building strong, caring and safe communities.

Building complete communities where all residents have access to good jobs and appropriate housing is fundamental to ensuring York Region's economy remains resilient and evolving. In York Region, while manufacturing continues to be important, new employment in knowledge-based and service activities is redefining our business landscape. York Region is home to one of the largest Information and Communications Technology clusters in Canada and our Life Sciences and Business Services sectors are growing.

To ensure we remain a desirable region to live and do business, we must continue building on our strengths to build complete communities and accelerate innovation and collaboration.

**Wayne Emmerson**, Chairman and Chief Executive Officer, Regional Municipality of York

## Appendix - Submissions

**R**ichmond Hill is a part of Canada's largest technology cluster, with access to top incubators and investors. We're leading in other sectors too, including professional, scientific and technical services, finance and insurance, healthcare, information and cultural industries. Richmond Hill is proud to be the home of Canada's most educated workforce.

Richmond Hill has extensive public transit through the GO, York Region Transit and VIVA systems as well as a future planned extension of the Yonge Street subway line into the Richmond Hill Centre.

Both Richmond Hill and the companies that call our community home are award winning! We have top technology companies and fast growing businesses in a variety of sectors.

We also pride ourselves on offering exceptional value for the cost of doing business in Richmond Hill. With reasonable development and start-up costs, fair rents, comparatively low business and residential taxes and access to competitive rates for business services, our public and private sector businesses thrive in Richmond Hill.

### **What is required to ensure that the GGH continues to be one of the best places to live over the long term?**

- Direct growth to built-up areas where the capacity exists to best accommodate the expected population and employment growth, while providing strict criteria for settlement area boundary expansions.
- Promote transit-supportive densities and a healthy mix of residential and employment land uses.
- Ensure the availability of sufficient land for employment to accommodate forecasted growth to support the GGH's economic competitiveness.
- Plan for new community infrastructure and optimize the use of existing ones to support growth.
- Identify and support a transportation network that links urban growth centres through an extensive multi-modal system anchored by efficient public transit, together with highway systems for moving people and goods.
- Plan and invest for a balance of housing in communities across the GGH to reduce the need for long distance commuting and to increase the modal share for transit, walking and cycling.

### **How does residential and commercial real estate fit into our vision?**

Richmond Hill's Economic Development Strategy promotes long-term economic prosperity to ensure that the Town of Richmond Hill remains competitive for economic development within the Greater Toronto Area and Hamilton (GTAH). Richmond Hill's Official Plan sets out the Town's future vision of building a new kind of urban as a complete community and guides how we will accommodate growth. In order to continue to support growth in the most effective and efficient way possible, residential and commercial real estate needs to take into consideration the following:

- Urban growth centres, intensification corridors and major transit station areas are a key focus for future development.
- The need for a range and mix of housing, taking into account affordable housing needs.
- Facilitating and promoting intensification in future development construction plans.
- The diversity of communities in the GGH, market segments, demand, space needs, as well as the diversity in incomes and tastes.

**Dave Barrow**, Mayor, Town of Richmond Hill

**O**ur vision for Oakville is to become the most livable town in Canada. As such, we are committed to an environment that controls growth, encourages active living and is committed to financial security. This commitment is an important part of why we continue to be an attractive destination for new investment.

We make growth pay its own way. In Oakville, developers are expected to fund their projects to the maximum allowed by the province. This places the responsibility on the developer to pay, which helps cover the costs of residential and commercial development. By making growth pay its own way, the Town of Oakville is better positioned financially to enhance existing infrastructure and ease traffic congestion.

We are creating a cleaner, greener town. We save green space. We protect our tree canopy and plant trees to reach our 40 per cent tree canopy goal by 2057. The green space and parkland we preserve enriches the community. We offer over 1,420 hectares of parkland, over 300 kilometres of trails, and more than 200 parks which include playgrounds and sports fields. Residents and businesses use this dedicated parkland for their personal enjoyment on daily basis. It's part of why we are such a desirable place to live.

We make our progress affordable. We are continuously working to keep our finances strong and stable. We challenge the status quo by controlling growth, debt and taxes to just what fits environmentally and economically. As such, we keep moving down the rate of increases of both the average total property tax bill and the total property tax levy.

Real estate prices are determined by the market. As such, we make sure our community is livable so any and all types of investors: owners and renters, residential and commercial, continue to invest in the livable environment we provide and encourage. That is why we continue to be one of the highest ranked desirable regions to live, work, play, retire and do business.

Many of our GTA neighbours are copying our efforts as we have won many successes with new and expanding investment in town. Oakville will continue on our path to become Canada's most livable town.

**Rob Burton**, Mayor, Town of Oakville



## Appendix - Submissions

The Greater Golden Horseshoe is fast becoming one of the most attractive destinations to live, work, and raise a family. With over 6.5 million people, it is also becoming one of our country's most populous regions, home to many great attractions, small towns and big cities, including my City of Mississauga.

The GGH offers residents a high quality of life and the ability to access good jobs locally. From the big cities of Hamilton, Toronto, Mississauga and Brampton, to the growing communities of Milton, Oakville, Pickering and Whitby, we are fast becoming a destination for global foreign direct investment. Mississauga is home to 62,000 businesses, including 73 Fortune 500 companies, as well as 1,400 multi-national firms. Residents are able to live and work in their own city, but also find jobs in their field in neighbouring municipalities. This is not the case in other regions of Canada.

While we are prosperous, there is much we need to do to stay competitive and ensure the GGH remains a prime destination for newcomers and businesses. It is imperative that we make investments in critical infrastructure, especially our rapid transit networks to allow people to move seamlessly and quickly across the region. This includes Regional Express Rail, specifically all-day, two-way GO Train Service on all GO lines; light rail and bus rapid transit lines connecting our municipalities to create a seamless network; and bolstered local transit networks that allow people to get where they need to go without taking the car.

At the same time as we invest in moving people quickly, we must also ensure they have access to affordable housing options, which include a mix of home ownership, but also market rental opportunities. This issue is high on the agendas of all cities in the GGH, as I know it is at the federal and provincial levels. Home prices in the GGH are rising quickly year over year, so it is important that we do more to encourage the building of market rental units. In particular, these units must be near community and transit nodes to allow people to access transit and use modes of active transportation like walking and cycling.

Finally, we must continue to make commercial growth a priority by seeking out foreign direct investment, improving trade relationships globally, and fostering local climates within our municipalities that promote business investment and growth. We must limit red tape and ensure that those businesses looking to grow are provided with the support necessary to succeed. Our commercial tax base is a strong driver of our economic prosperity.

We have built strong communities in the Greater Golden Horseshoe and I believe our future looks bright. The communities of the GGH are the economic engine of Canada, as well as one of the cultural hubs of this country. To ensure that we continue to prosper in the future, we need to make critical investments today. I am confident that by working together with organizations like The Toronto Real Estate Board, we will do this.

**Bonnie Crombie**, Mayor, City of Mississauga

**T**he GGH has a number of qualities that make it a great place to live, work, play and invest. These qualities include a high quality of life, strong employment opportunities, high quality educational institutions and a secure and safe climate for investors. In Aurora, we are honored to be considered among the best communities to invest in the GGH. Aurora was recently ranked the best place to live in York Region according to Moneysense Magazine (2014) and was recognized as a top housing location by RBC/Pembina (2012).

The Town's geographical location provides various advantages including convenient access to the GTA, southern Ontario's GGH and the northern United States. Almost half of Canada's and the United States' population live within 800 kilometers or a day's drive from Aurora. The town is well serviced with highways, airports, rail and public transit.

In our experience, a high quality of life is a key consideration for investors. The town offers an extremely high quality of life with over 40 kilometres of pedestrian trails, first class recreation facilities, cultural and heritage programming, 700 acres of woodlots and open spaces, extensive retail services and a variety of special events.

However, it is important for municipalities to maintain and modernize services to continue to position themselves as a top destination. Municipalities have limited means with which to raise funds for the upkeep and improvement of services and infrastructure. Support from upper levels of government (provincial, federal) is therefore critically important to continue to support the GGH as a preferred destination.

With respect to residential real estate, the long-term affordability of housing and the availability of rental housing will become all the more important, as Aurora's ground-related housing supply becomes built out. On the commercial and industrial side, the availability of well-planned and fully serviced employment land must be preserved for the top employers of tomorrow, to provide job opportunities for local residents and help balance the tax base.

Anthony Ierullo, Manager of Long Range and Strategic Planning, Town of Aurora, on behalf of **Geoff Dawe**, Mayor, Town of Aurora

## Appendix - Submissions

**T**he Municipality of Clarington is a vibrant community located on the eastern edge of the Greater Golden Horseshoe. We are a diverse community that lies against the backdrop of beautiful sprawling farms with a core of vibrant downtown centres. To support our vision for the community and the Official Plan, Clarington has adopted the Priority Green Clarington initiative.

We are developing a framework and criteria to promote and encourage green development. We want to build environmentally friendly, sustainable and affordable homes that reduce our environmental footprint. We are also working with local developers who have built homes equipped with water and energy saving measures. We are tracking these measures to showcase the reduced environmental impact and cost savings associated with green building. Our innovative approach to development will not only benefit and protect our environment, it will also encourage investment and make our community more attractive to new residents.

**Adrian Foster**, Mayor, Municipality of Clarington

Intensification is a word we use at city hall and around the community, but I've heard questions about what it means, especially as it applies to Burlington. One of my priorities is engaging with residents on the topic of intensification. To understand intensification, we need to understand what's driving our growth.

The Government of Canada has welcomed an average of 250,000 new immigrants per year since 2007. Recognizing Ontario is a prime destination for many newcomers, the provincial government released the Growth Plan for the Greater Golden Horseshoe in 2006.

This serves as a tool for municipalities to plan for the projected residential and employment growth of an additional 3.7 million residents and 1.8 million jobs in the Greater Golden Horseshoe by 2031.

As a result of Places to Grow, Halton Region developed the Sustainable Halton Growth Management Strategy to manage growth for the anticipated 780,000 people and 390,000 jobs in Halton by the year 2031.

A key question is: What does this mean for Burlington? Our population is almost 180,000. The city and region determined it will grow to 193,000 by 2031. In a city that is almost built out, where 50 per cent of our city is protected Greenbelt land, the next question is: Where do we grow? One of the sites slated for intensification is the downtown core. This was established by the province as an Urban Growth Centre. Our Official Plan also identifies other sites suited for intensification, such as Uptown located at Appleby Line between Mainway and Upper Middle Road. We are also looking to Urban Growth Corridors, such as Fairview Street and Plains Road.

As part of the Official Plan review, we are researching new opportunities for growth in the two provincially-designated mobility hubs, Burlington GO station and Downtown Burlington, as well as the two City-identified mobility hubs around Aldershot and Appleby GO stations.

We are also reviewing intensification opportunities at the city's aging retail plazas. We have the tools to manage our growth in a responsible way – in conjunction with community engagement.

**Rick Goldring**, Mayor, City of Burlington

## Appendix - Submissions



OSHAWA  
ONTARIO, CANADA

**MAYOR JOHN HENRY**

### OFFICE OF THE MAYOR

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December 1, 2015

Mr. John DiMichele  
Chief Executive Officer  
Toronto Real Estate Board  
1400 Don Mills Road  
Toronto, ON M3B 3N1

Dear John,

### **Re: Participation in the Toronto Real Estate Board's Annual Year In Review and Outlook Report**

As Mayor of the City of Oshawa, please see my comments below regarding your request for information for the Toronto Real Estate Board's Annual Year In Review and Outlook Report.

Oshawa has experienced the benefits that have come with being a part of the rapid growth in the Greater Golden Horseshoe (GGH). However, we are well aware of the challenges we face in sustaining and managing that growth. We feel the most important factors in continuing to be one of the world's best places to live, work and play fall into three main categories:

- Transportation infrastructure
- Real estate and land-use planning
- Economic development

To remain competitive for businesses and to ensure fast and efficient transportation options for our residents, we have initiated an Integrated Transportation Master Plan to further define the City's transportation vision. Continuous infrastructure improvements are underway in Oshawa to broaden market reach, help manage traffic congestion and provide commuter options, including the eastward expansion of Highway 407, expanded capacity at the Port of Oshawa for cargo shipments, infrastructure

investments at the Oshawa Executive Airport, and proposed GO Train servicing to downtown Oshawa. Ensuring that transportation remains efficient, effective and reliable is key to ensuring the continued attractiveness of Oshawa, but it is also important that this be part of an integrated, regional transportation system that includes all cities in the GGH and investment from all levels of government, in order to create quality employment areas and economic opportunities.

At all times, the City must ensure it has a good supply of buildable sites for potential commercial and residential opportunities and has appropriate programs (like Community Improvement Plans) in place. Related to this, a streamlined development process and close cooperation with the development community is crucial to keeping new development opportunities on the go. We must also ensure companies located in and looking to locate in Oshawa enjoy access to a skilled workforce, connected transportation infrastructure, state-of-the-art research and post-secondary facilities, and a cost-effective, competitive business environment. Oshawa also recognizes the importance of broadband internet connections to homes and businesses across the City and the GGH.

It is also important to make costs affordable for businesses to set up and get started. To achieve this, Oshawa offers development incentives including no city-level industrial development charges, a fast-tracked development process, affordable commercial real estate lease rates and sale prices, and business-friendly services.

Ensuring a broad range of housing types which are attractive and affordable to current and future residents, for all incomes and stages of the life cycle are needed in order to retain and attract resourceful people. Oshawa's neighbourhoods are safe, clean and green with connections to parks, trails and recreation facilities.

Working closely with our educational institutions, including Durham College, Trent University Durham, and the University of Ontario Institute of Technology (UOIT) is key to attracting the best and brightest students to fill our future jobs. Building and maintaining partnerships with residents, businesses, education and other stakeholders who have been crucial to the city's revitalization and advancement is key to ensuring the continued success of both Oshawa and the GGH.

Sincerely,

**John Henry**  
Mayor

## Appendix - Submissions

To remain globally competitive, and sustain the rapid pace of growth and investment that we have experienced for the past 25+ years, the Greater Golden Horseshoe (GGH) needs to focus on being a “Destination of Choice”, a global “Gateway to North America”, and a “SMART City-Region.”

### **Be a Destination of Choice.**

Immigrants to Canada and particularly Markham, bring a high level of education and training, contributing to our prosperity.

Markham offers a variety of housing options together with a refreshing mix of culture, commerce, cuisine, sport, education, parks and natural spaces. Residents are encouraged to share their culture, heritage and views through community festivals, events and the arts.

Our emerging downtown – Markham Centre, is a growing hub for residential, commercial and retail development with strong transit links.

Markham, like other GGH municipalities, needs to attract new business through competitive tax rates, positive growth policies, and inclusivity plans and programs.

Be a Gateway to North America. Markham’s diversity provides an opportunity to market ourselves globally. We receive over 20 formal business delegations annually, and regularly lead business missions to China and India.

Transportation infrastructure is vital. The close proximity of Toronto Pearson International Airport provides efficient movement of people and products worldwide.

The GGH’s solid financial status makes our region attractive to investors and businesses. Markham is headquarters to some of the world’s leading financial services companies including the Bank of China, Allstate Insurance, and Aviva Insurance. The Greater Toronto Region ranks as a ‘Top Ten’ global financial centre.

The GGH municipalities must continue to actively invest in transportation infrastructure to attract global investment and foster exporting opportunities.

### **Be a SMART City-Region.**

Intra-regional Rapid Transit is one essential component of a globally desirable place to live, work and play. The GGH needs to continue to invest in assets and infrastructure to attract future residents and businesses. Several projects underway to connect York Region residents include four more bus rapid transitway projects, two subway lines and Regional Express Rail. Together, these projects create an integrated system to move people across the GGH and the GTHA.

Through the Markham Convergence Centre, entrepreneurs and business start-ups benefit from planning, financing and legal advice. Technology companies and tech entrepreneurs are served by ventureLAB, one of several regional commercialization centres.

Markham was recently chosen for a new York University campus. York University, in partnership with Seneca College, plans initial enrolment of 4,000 students. Graduates will be encouraged to join the experienced, highly-skilled and educated workforce of Markham’s business and technology community.

How does residential and commercial real estate fit into your vision?

Markham encourages and facilitates the development of diverse housing for families, such as condominium and apartment living, affordable ownership and rental housing to ensure needs are addressed.

Markham also strives to provide a range of business opportunities by planning for mixed-use, high-density centres and corridors for office and retail businesses, while providing for a sufficient amount of land and infrastructure to support traditional industrial uses. Markham’s supporting infrastructure such as community centres, our Downtown Markham development, the planned York University campus, the new Markham Pan Am Centre, transportation corridors and our parks and multi-use pathways are strategically located within our residential and commercial areas to provide accessible and high quality recreation, leisure retail, and cultural opportunities.

**Frank Scarpitti**, Mayor, City of Markham

**T**he booming real estate and construction sectors continue to lead the Toronto region's economic growth. I congratulate the real estate industry for its unprecedented success during this extraordinary period of expansion.

However, this success also comes with challenges. To maintain momentum, governments and the industry must work together to support growth with significant improvements in our urban infrastructure, particularly in the area of transportation. A strong real estate market also puts substantial upward pressure on property prices, and if healthy growth is to continue, we must also find ways to ensure that our housing stock is affordable over the long term.

With robust growth in the GTA's population projected to continue, the future looks encouraging for the real estate sector. I look forward to working with you to help keep real estate and construction at the forefront of in our region's economy in the years ahead.

**Michael Thompson**, *Councillor, Scarborough Centre, Ward 37 and Chair of the Economic Development Committee, City of Toronto*

## Appendix - Submissions

**A**s Canada's national housing agency, CMHC's mission is to help Canadians meet their housing needs. We understand that housing matters to Canadian families, our communities and our economy. Nowhere is this more evident than the Greater Golden Horseshoe (GGH), where a large, diverse and growing population has created demand for a range of housing options.

With the benefit of 70 years of experience, CMHC helps Canadians meet their housing needs in a variety of ways. For example, through our market analysis and research work, we provide consumers, businesses and policy makers with the information they need to make informed decisions. This includes detailed housing market data at the regional and neighbourhood level for the GGH.

CMHC's housing finance activities also facilitate access to housing and promote financial stability. Each year, mortgage loan insurance from CMHC enables thousands of families in the GGH to purchase homes with down payments of less than 20 per cent. CMHC is also the only mortgage insurer in Canada for large multi-unit properties, such as rental housing and nursing and retirement homes, thus helping to ensure that residents of the GGH have access to a range of housing options.

Most Canadians are able to meet their housing needs in the marketplace, without government assistance. For those who cannot, CMHC works with the provinces, territories and other stakeholders to provide an annual federal investment of about \$2 billion in housing. Through this funding, assistance is provided to low-income families, seniors, people with disabilities and newcomers to Canada.

At CMHC, we believe our job is not just to keep the housing system strong and safe, but to make it even stronger and safer. In doing so, we will achieve our vision for CMHC as being "the heart of a world-leading housing system."

**Christina Haddad**, Regional Vice-President, Ontario, Canada Mortgage and Housing Corporation



**E**nhancing the prosperity, sustainability and quality of life of the Greater Toronto and Hamilton Area through transportation is a critical priority. Metrolinx, on behalf of the region, takes that responsibility very seriously. We are planning, building and delivering hundreds of projects across the Greater Toronto and Hamilton Area to move the region forward and give people the transportation options they need to lead productive and fulfilling lives, now and in the future.

When Metrolinx was formed in 2006, we had a mandate to develop a plan and a region in need of connectivity. We developed the Regional Transportation Plan to guide the work that needed to be done in order to transform the transportation network. Almost a decade later, we have consistently made progress in building and launching services, but more significantly, investing in better movement and integration across the region. Of course, our work continues, and as projects progress, we plan, build and deliver more ways to move the region effectively.

Metrolinx is building new transit and improving the integration of the regional transportation network. Regional Express Rail (RER) will transform GO train service by bringing more service to every line, and moving towards electrified service every 15 minutes or better, in both directions, for most GO customers. Five new light rail lines and new bus rapid transit will connect more people to transit, the launch of the Union Pearson Express and the final stages of PRESTO fare payment implementation across the region.

A key component of our vision is integrating transportation, growth and land use planning. We support and advocate for the creation of a system of interconnected mobility hubs that link transportation systems with residential and commercial spaces.

Metrolinx is finalizing our own Transit Oriented Development (TOD) Strategy to deliver mixed use, pedestrian-oriented environments at mobility hubs and other stations and rapid transit stops. We continue our work in Land Value Capture to ensure new revenue to recover some of the financial benefits accrued by property owners directly as a result of new or improved transit service, and the associated land value uplift.

Working with the Toronto Real Estate Board and other key stakeholders is critical to ensuring that, together, we can build a strong and thriving region.

**Bruce McCuaig**, President and Chief Executive Officer, Metrolinx

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In my view, one of the most pressing long-term issues facing the region relates to the housing system, and in particular, three aspects. The first is deteriorating affordability. This challenge used to be concentrated among low-income residents in the rental market, but has since spread to those households of moderate and higher incomes and within the homeownership segment. Higher land costs and restrictive government regulations have made it increasingly difficult to supply housing at an affordable cost.

The second is a declining diversity of the housing stock. The region's focus on densification has been a laudable goal, but it can reasonably be argued that the pendulum has swung too far in favour of small condo units that are typically tailored for investors and short-term living. It raises the question of how the GGH will accommodate the future changing housing needs of both the echo generation as well as the growing population of seniors.

The third aspect is inadequate infrastructure. A mix of continue rapid growth in the 905 region and revival of Toronto's downtown has placed particular strains on the transit system, which has led to growing congestion.

These longer-term risks to the quality of life in the GGH have been over-shadowed by the decade-long boom in housing sales and prices. These cracks will become increasingly visible once housing activity embarks on a cyclical cool-down and tailwinds of the boom begin to subside.

The housing boom has no doubt been a culprit in propagating these challenges over time. But a long-awaited slowdown is unlikely to provide anything more than modest relief. With household formation rates in the GGH likely to remain strong, few forecasters have been calling for anything more than a moderate cool down in home prices. And, any correction is likely to be concentrated in the condo sector, leading to a growing gap in affordability between small units and other types of dwellings. Renting is expected to become a more popular choice, leading to a further tightening in supply within the purpose-built rental market, while cash strapped governments have reduced resources to increase non-market housing supply.

As such, to address these issues, concrete actions on the part of the region's policy makers will be required. Housing policies that bring down the cost of construction, speed up delivery and improve the economics of investing in a broader array of housing types, including rehabilitation, would translate into lower costs for residents over the longer run. Part of the solution may lie in easing provincial rent regulations and unlocking cheaper land in the region that is currently sitting idle. And as government resources come available, there needs to be increased actions to tackle infrastructure deficiencies and the demands of low-income households.

Perhaps most importantly, the GGH needs to start thinking like a region with respect to housing, better aligning provincial and municipal housing policies.

Addressing these challenges through a more collaborative approach will be critical to securing economic, social and environmental prosperity in the future.

**Derek Burleton**, Vice President and Deputy Chief Economist, TD Bank Group

**T**he Greater Golden Horseshoe (GGH) region, like the rest of Canada, is recognized as one of the world's best places to live. We believe this reputation is built on a number of factors, including economic and political stability, safe and affordable housing, access to health and education, a fair justice system, low crime rate, diversity and inclusion.

As Canada's leading private mortgage insurer, we see first-hand the importance Canadians place on owning a home. Maintaining a sound mortgage finance system that supports affordable and sustainable homeownership is critical – not only for the Golden Horseshoe Area but for all of Canada.

Studies show that areas with high homeownership rates tend to have lower crime rates and a greater sense of community and belonging. Communities that offer affordable homeownership options, with easy access to transit, quality education and available healthcare are in high demand – be it from senior citizens, young families, single professionals, new immigrants and Canadians from every walk of life.

As the province of Ontario continues to grow, it is important to maintain a strong and vibrant housing market. This includes ensuring GGH residents have access to an affordable and adequate supply of housing that meets the needs of young buyers purchasing their first homes, young families looking to move up into larger homes, and seniors making decisions about where and how they want to live in their retirement.

In addition to adequate and affordable housing options, there also needs to be adequate and appropriate investment in transportation infrastructure, schools, hospitals and other priorities of importance to taxpayers.

Given the growing population within the GGH region and the fact that many residents commute from the suburbs to the major urban centres of Toronto or Mississauga for daily employment, providing a strong transportation and infrastructure system is critical. Ongoing development and improvements in this area are needed to sustain the GGH region's reputation as an enviable place to live.

**Stuart Levings**, President and Chief Executive Officer, Genworth Canada

## Appendix - Submissions

I believe the single most important issue that needs to be addressed to keep the GGH livable is traffic congestion, and I don't even drive to work (I have always taken the GO train). Even during off hours, it is always a daunting proposition to travel almost anywhere in the region, and I suspect many don't even try given that consideration. Either trips/visits are forsaken, or hours are wasted in snarls. This can represent either a personal cost, or a further hit to productivity. Real estate relates to this in a variety of ways, but simply; falling affordability anywhere close to the city centre has forced buyers to stretch increasingly far afield, even beyond the green belt, prompting lengthy commutes (and adding to congestion and time of the road).

It's not obvious what the policy response should be, given that the bigger forces driving this are a) the ongoing magnetic draw of the GGH both to international immigrants and migrants from the rest of Canada, and b) the persistence of extremely low interest rates. Congestion charges, more toll roads, higher gasoline taxes are all possibilities (which would all sync with efforts to curb carbon emissions), as are measures to try to encourage even further densification (with people actually living in downtown condo towers).

**Douglas Porter**, Chief Economist and Managing Director, BMO Financial Group

**T**he Greater Golden Horseshoe region remains an attractive location to live, work and do business. It is imperative that the region continues to improve its relative standing as other locations around the world strive to catch up. A key component to maintaining the relative competitiveness of the region is a continued focus on correcting the infrastructure deficit that has accumulated over the recent years. Infrastructure investment lifts short-term growth prospects but importantly also lifts long run growth prospects, paving the way for rising living standards and healthier communities.

Transportation infrastructure is a key competitive advantage in building the community of the future both in terms of growth and prosperity. Soft infrastructure, such educational institutions, is another area that needs continued investment to fully capitalize on our comparative advantage of a diverse, flexible and dynamic labour force. Investing in our future will provide continued support on and demand for the regions healthy real estate industry.

**Craig Wright**, Senior Vice President & Chief Economist, RBC

### **HED: Affordability, the No. 45 are top housing stories of 2015**

**T**he need for housing people can afford is a supply problem arising from market dysfunction, and we all have a responsibility to educate ourselves and tackle it head on.

That includes the residential construction industry.

Not enough housing is being built, especially for working families. Consequently prices have escalated beyond the reach of many people, including the middle class and millennials.

Affordability is a word that is now inextricably linked to housing. You'll often hear it used during banter at coffee shops and restaurants, or even say it in everyday conversation with friends and neighbours. It's unavoidable and is not going away anytime soon.

The amount of bureaucratic tape that our industry has to cut through also affects affordability, but I'll return to that a little later.

Little consideration is given to the actual supply of housing – the root cause of affordability issues in the GTA. That problem is compounded by how little thought is given to the associated economic, social and health consequences of unaffordable housing costs. An inadequate supply leads to homebuyers and renters paying too much, or living in substandard conditions. This affects the economy, investment, learning, employment and productivity.

It's important to understand affordability and what it means for Ontario. That's why RESCON sponsored a Toronto research outfit, the Canadian Centre for Economic Analysis (CANCEA), to do independent research on housing affordability in Ontario. The ground-breaking study was recognized by a number of housing industry leaders, government officials and academics in attendance at an event we organized, including Municipal Affairs and Housing Minister Ted McMeekin and Toronto Councillor Ana Bailao who made stirring speeches.

Unlike other existing indexes, the Shelter Consumption Affordability Ratio (SCAR) Index considers critical socioeconomic factors involved in the cost of housing affordability – including hydro prices, which soared by 70 per cent between 2006 and 2014.

CANCEA's Paul Smetanin, author of the housing report, writes in the report that, "Affordable housing touches on virtually every aspect of a prosperous economy, and interacts with numerous flows, dynamics and individual behaviour." We couldn't agree more. For more on this report, visit: <http://rescon.com/news/files/UnderstandingShelterAffordabilityExecutiveSummaryDEC2015.pdf>

Getting back to the red tape that results in housing price hikes, for years, those working in every part of the residential construction industry have bounced the idea back and forth about how many government bodies they have had to answer to.

Our director of technical standards, Michael Steele, made it his quest to find out just how many government entities our industry has to deal with in order to build new homes. Steele identified 45 government entities that have a direct role in the process. Forty-five!

What does that mean for new-home buyers? It has the same impact as it has on our industry: more red tape, more costs – less affordability.

Let's fix affordability together by taking some big steps, including cutting red tape one strand at a time. It won't cost a penny.

Richard Lyall, president of RESCON, has represented the building industry in Ontario since 1991. Contact him @RESCONprez or at [lyall@rescon.com](mailto:lyall@rescon.com).

**Richard Lyall**, President, Residential Construction Council of Ontario

**F**or the Toronto region to continue to succeed in the coming years, Toronto Region Board of Trade believes government and business should look at our opportunities and challenges from a regional perspective. Whether it's tackling gridlock, improving productivity, increasing trade and foreign direct investment or creating jobs, solutions can be found through increased regional coordination. Governments, businesses, community organizations and others across the region need to work together to make significant progress on these issues.

We are fortunate to possess an enviable set of assets. We are the second largest financial services centre in North America, a hotbed for sports and entertainment, and the most diverse metro of 24 major global regions in the Board's Scorecard on Prosperity series.

However, our continued success can't be taken for granted. Regions compete globally for investment, talent and the opportunity to be centres of culture. That's why the Board and our business members work with government, education, labour and not-for-profit leaders to improve mobility and drive job creation and economic development opportunities across the region.

Our members know that improved mobility across the region is critical to our economic and social prosperity. With our 66 minute commute — the second longest in North America — keeping us from jobs, family and recreational activities, and gridlock sapping \$6-billion annually from our economy due to lost productivity, we know that something must be done. Transit is needed to quickly and efficiently get people from home to where they work and back again.

The province's multi-billion dollar investment is critical to getting our region moving again and if we do things right, it will create an array of job opportunities for people of all skill and education levels, from architects to construction trades to suppliers. It will also create new housing and commercial developments along the new transit corridors opening up tremendous economic development opportunities in the future.

Equally important to our region is further developing our economic clusters. We are currently the second largest financial services cluster in North America which only continues to grow in prestige internationally, particularly after its successful performance during the 2008-09 recession.

That's why the Board incubated two clusters, beginning in 2012, one for human health sciences, the other for food and beverage. Through TO Health! our region continues to develop our human health sciences cluster which we believe can be in the top five internationally. We are also home to the second largest food and beverage cluster in North America which presents tremendous global trade opportunities.

Through this cluster strategy our region can attract more foreign direct investment and drive commercial and industrial development. Importantly, it will create more jobs for people of all skill and education levels. This is critical to ensuring all people can participate in the economy which will enable more people to get into the housing market.

**Janet De Silva**, President and Chief Executive Officer, Toronto Region Board of Trade

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**T**he Greater Golden Horseshoe encompasses a vast geographic landmass, circling the City of Toronto proper. With such a broad range of communities hosting very unique assets, goals and strengths it is critical that the voice of the GGH represents the diversity in communities.

With a common advantage of closeness to the Toronto City Centre, the Greater Golden Horseshoe communities also enjoy the many benefits of rural placement. There is great benefit for the Horseshoe communities to grow together. Balance in growth across this region is important for residential, commercial and industrial sectors. I relate this to a jigsaw puzzle: there are many pieces in the centre that create a beautiful picture; however, without the edges secured, it is not complete.

Our ability to connect the east and west both within and bordering the Greater Golden Horseshoe area, requires a strong, fluent and equitable transportation system. This creates the ability to move both people and product to share economic drivers including talent, services and products. We respect the enormity of the investment to install roads and public transit, but the benefits will outweigh the costs as this area continues to grow.

In addition to seamless transportation, the strong broadband infrastructure needs to be planned and implemented to serve the projected and future needs of business. Our ability to communicate remotely is no longer an asset ... it is a necessity for success.

As a most critical step, we must listen to the business community and ask what will be helpful to them, how will planned projects support their growth and the growth of their customers, suppliers and employment base. They will be the users that drive the economy to support investment.

It is important that our policies and infrastructure support growth on the fringe of the Greater Golden Horseshoe and we will see a transition of infill growth to the core.

A thoughtful and a proactive approach to building these encompassing communities will help to build a strong Ontario economy as these outlying communities from Niagara to Clarington, Barrie to Kawartha will build more opportunities to their bordering neighbours, and create a domino effect for economic prosperity across the Province of Ontario.

**Sheila Hall**, Executive Director, Clarington Board of Trade and Office of Economic Development

It is not by coincidence that the Greater Golden Horseshoe is routinely named one of the most desirable places to work and live. Ontario is a province that is culturally rich and full of opportunity. Harnessing that potential through economic growth is central to ensuring the Greater Golden Horseshoe and the province at large maintains its status.

That is why the Ontario Chamber of Commerce advocates for policies that improve business competitiveness across all sectors – from innovative SMEs to established multi-national corporations and industry associations. Our Emerging Stronger vision has focused on creating the winning conditions for businesses in Ontario and ensuring its continued global standing. Accordingly, we are advocating for a range of policies that help the province recover from the economic tumult of the past few years. They include repairing Ontario’s large deficit and growing debt, the need for serious infrastructure investment, and the importance of countering unemployment (among youth, in particular) by addressing skill shortages. At the same time, Ontario must look to the future and foster a culture of innovation and smart risk-taking in order to become a productivity leader.

The province must also consider the economic impacts of new municipal taxation powers. Ontario businesses recognize the need for municipalities to be strong and financially sustainable, as they face increased pressure to both deliver more and higher quality front-line services. However, in order to avoid unintended consequences and a dampening of the local business climate, the province must carefully consider which revenue tool(s) will be granted to municipalities. This priority is particularly relevant to the real estate sector and the recent decision of the Ontario government to not allow cities outside of Toronto to levy their own Land Transfer Tax is reflective of this approach.

The strength of the real estate market is often reflective of trends in the overall economy. A strong Ontario is, accordingly, important for the real estate sector.

**Allan O’Dette**, President and Chief Executive Officer, Ontario Chamber of Commerce

## Appendix - Submissions

**T**he Stouffville Chamber of Commerce recently changed our logo and tag line to read, “Stouffville a great place to grow.” All reasonable forecasts predict that Stouffville will increase its population by 50% within the next decade. In order to achieve that goal, significant improvement in regional and local public transit is mandatory. In addition, investment in infrastructure services (water, sewers) is required to allow for commercial and industrial development to balance the unprecedented growth in residential construction in our community. Traffic congestion must be avoided since there is now evidence of gridlock on the highway systems serving Stouffville.

**Harry Renaud**, Executive Director, Stouffville Chamber of Commerce

Cota would like to applaud the Toronto Real Estate Board (TREB) for posing these questions for comment. I think we all share a common desire to ensure that our communities continue to be the best places in the world to live, work, and play. However, we must address some very pressing issues relating to housing affordability if we hope to maintain this standard.

Cota is a not-for-profit charitable organization that supports people living with mental health and cognitive challenges. Each year, we support over 2,750 of Toronto's most marginalized and vulnerable people. Since Cota's catchment area is primarily Toronto, my comments will be limited to a description of issues in Toronto.

The vast majority of the people we support survive on meager monthly income received through the Ontario Disability Support Program (ODSP). The maximum monthly amount that a single individual, with no dependants, can receive from ODSP is \$1,110 per month, of which \$479 is intended as the maximum shelter allowance, and the remaining \$631 is intended to cover other basic needs such as food and clothing. That equates to an annual income of \$13,320. When faced with these facts, it becomes quite easy to understand why access to affordable housing is the dominant challenge facing many of our clients. Quite simply put, it is difficult to pursue recovery from your mental illness and achieve a state of wellness if you are struggling to find and keep a roof over your head.

As of September 30, 2015, there were 84,291 active households on the Housing Connections centralized waitlist for social housing in Toronto. When the composition of those households is considered, this figure equates to 174,423 individuals who are waiting for affordable housing options.

The Toronto Foundation's Toronto's Vital Signs Report 2015 identifies Toronto as the second most unaffordable housing market in Canada with regards to home ownership. The reality is that most people living in Toronto may never be able to enjoy home ownership. Many will be long-term renters. In fact, almost half of all current Toronto households rent. Unfortunately, Toronto happens to be one of the most expensive place in Canada to rent. In addition, both condominium rental and purpose-built rental unit vacancy rates presently hover at or below 2%.

These are complex issues that require sophisticated solutions. I believe TREB can play an important role in contributing to the development and implementation of strategies to increase affordable home ownership and affordable rental accommodation. Some options for your consideration may include:

Continued advocacy for incentives and/or the reduction of barriers that would result in the creation of more Secondary Suites. This strategy could provide some relief to the presently saturated rental market and assist those seeking additional revenue streams to support their home ownership ambitions

Support for the intensification of Inclusionary Zoning requirements in new condo developments

Support for the creation of new purpose-built affordable rental accommodation

The possibility of TREB making a capital charitable contribution to a deeply affordable housing development project, aimed at housing some of Toronto most marginalized and vulnerable citizens

**Paul Bruce**, Executive Director, Cota

## Appendix - Submissions

A safe, welcoming home is a foundation for the success of individuals and families, and ultimately helps strengthen communities. In our region, however, finding an affordable place to live has become a growing challenge for too many, especially those struggling with poverty. For our region to truly succeed, we need everyone at their best. And finding solutions to ensure that an affordable home is within everyone's reach is fundamental to make this happen. What we need now is a combination of vision, collaboration, and change. We must develop solutions to housing affordability that are multi-faceted, including new rental supply, renewal of existing housing stock, housing benefits that close the gap between income and rent, as well as affordable home ownership options. We must collaborate to ensure every sector—government, nonprofit, private—are part of the solution. And we must enable policies and smart investment that can drive home the kind of future we all envision for our region.

**Susan McIsaac**, President and Chief Executive Officer, United Way Toronto & York Region



BECAUSE THIS IS WHERE WE LIVE

November 18, 2015

John DiMichele, CEO  
Toronto Real Estate Board  
1400 Don Mills Road  
Toronto, ON M3B 3N1

Dear John,

Thank you very much for the opportunity to contribute to your Annual Year in Review and Outlook Report. I applaud your effort to contribute this analysis to inform all our work, and to place housing in the broader social, environmental, and economic context of our city region. I would be happy to do a video interview, and pending availability, would look forward to joining you at the event when you release your report in January.

Our submission is informed by the work of our recent Summit. Every four years, CivicAction holds a summit to put our finger on the pulse and identify the biggest issues facing the Greater Toronto and Hamilton Area (GTHA). Out of the summit, CivicAction sets our agenda for the next four years and focuses on high-impact initiatives that lend themselves to multi-sector solutions.

In April 2015, CivicAction's Summit, Better City Bootcamp, drove attention to five interrelated themes at the core of the health and resilience of our people and communities - infrastructure, public space, mental health, affordable housing, and childhood health. Please visit this link to see our Post-Summit report <http://civicaction.ca/wp-content/uploads/2015/02/Summit-Report-2015-High-Res.pdf>, and see below for more on the five issues where all sectors need to collectively drive action.

As for the role of residential and commercial real estate in our vision, much of it hinges on transportation and where our homes, stores and workplaces are located. Where people live in relation to where they shop and work has a critical impact on traffic congestion, carbon emissions, and our quality of life. We need to foster more opportunities for people to live, work and play in the same communities, and as we're building new residential and commercial buildings, we need to locate them along transit lines, so people have greater choice in how they get from home to work and back again. As we build up as a region, the real estate sector also has a role to play in ensuring we have the places and spaces for people to live active, healthy, socially-connected lives within their communities.

Thank you again for the opportunity to contribute our views. We look forward to collaborating with you on our shared areas of interest including housing and public space.

Sincerely,

A handwritten signature in black ink that reads "Sevaun Palvetzian".

Sevaun Palvetzian, Chief Executive Officer

110 Yonge Street, Suite 1800, Toronto, Ontario, M5C 1T4 • (416) 309-4480  
[www.civicaction.ca](http://www.civicaction.ca)



## Appendix - Submissions

The Greater Golden Horseshoe is home to the largest concentration of wealth in the nation. It is also home to the greatest concentration of working poverty in the nation – and the fastest rate of growth of the number of working poor.<sup>1</sup>

The vast majority of these working poor households are paying over half of their income on shelter, and still living in substandard rental housing, often with poor access to transit. The burden of this situation is not felt by these households alone – but has an impact on the economic prosperity of the whole region. Poverty – and poverty housing – is disproportionately correlated with poorer health, higher lost time from work due to health conditions, poorer educational outcomes for children, and other costs that affect everyone living in the region.

Homeownership can play an important role in counteracting these issues and ensuring that the Greater Golden Horseshoe region continues to be one of the best places to live, work and play - for everyone. An examination by the Boston Consulting Group of the Habitat for Humanity ownership model found that homeowners realized more stable employment, improved health, reduced use of food banks, increased engagement in community and better educational outcomes.<sup>2</sup> Moreover, every time a low income family realizes the stability of homeownership, a rental unit is freed up to offset new demands for affordable rental housing stemming from population growth.

TREB has long been a positive voice for the value of homeownership in promoting the strength and vitality of the Greater Golden Horseshoe. At Habitat for Humanity GTA, we are proud to partner with TREB, the REALTORS Care® Foundation, and leaders in the real estate industry providing affordable homeownership solutions for hundreds of hardworking, low-income families across the GTA.

From Northumberland to Niagara, Habitat for Humanity affiliates are building safe, decent and affordable homes across the Golden Horseshoe. By focusing on homeownership, we help break the cycle of poverty, reducing pressure on social services providers, and create new taxpayers and ongoing contributions to the economic stability of this region.

So, what is required to ensure that the Greater Golden Horseshoe continues to be one of the best places to live, work, and play? A continuing commitment to homeownership. But even more, a continued belief in the strength that comes from the diversity of this region. And a continued spirit of generosity that is so powerfully demonstrated through the partnership of the real estate industry with organizations like Habitat for Humanity.

**Ene Underwood**, Chief Executive Officer, Habitat for Humanity Greater Toronto Area



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- 1 John Stapleton *The Working Poor in the Toronto Region: Mapping Working Poverty in Canada's Richest City.*, The Metcalf Foundation, April 2015.
  - 2 Kilian Berz. *Transforming Lives: The Social Return of Habitat for Humanity's Work in Canada.* Boston Consulting Group, May 2015.

## Greater Golden Horseshoe Prosperity: Crucial Planning and Policy Needs

The Greater Golden Horseshoe (GGH) area has experienced significant demographic, urban and economic growth over the past decade. Around two-thirds of Ontarians live in the GGH, and the area's population is expected to grow by nearly three million over the next 20 years. There is little doubt that the GGH area remains an attractive location to live and do business, with Toronto rated as one of the best cities to live in globally. However, research by the Canadian Centre for Economic Analysis (CANCEA) has identified a series of challenges to maintain this status over the long-term. Two challenges in particular stand out:

Economic development and ensuring the right public infrastructure investment. With the recent federal election, the landscape for public infrastructure investment has potentially been transformed. The majority Liberal governments in both Queen's Park and Ottawa have an excellent opportunity to proceed with their plans to invest close to \$200 billion collectively in Ontario public infrastructure over the next 10 years. Getting infrastructure investment and economic development right means significant benefits to social and economic prosperity in the region:

Over three million jobs are expected to be generated by good public capital spending over the next 10 years, with effective infrastructure investment also supporting an additional 4.2 million jobs that are vital to a growing economy.

Providing much needed investment in Ontario's highways and transit system that alleviates congestion; a problem that costs the economy over \$10 billion annually.

Addressing housing affordability: Closely related to the themes of good infrastructure investment, government coordination and economic development is the affordability of housing in the region. Affordability is at an historical all-time high with at least 1.2 million Ontario households under twice as much pressure as the rest of the population. With the overall quality of jobs offered by the labour market in decline, and rising costs for food, fuel and other necessities, younger households are having a harder time making ends meet with many taking on substantial debt to cope. Affordability is now a serious systemic and broad societal problem that puts the region's economic prosperity at significant risk. Part of the solution is to address the forces constraining housing supply in the region, from dealing with the growing dissatisfaction with transportation infrastructure to the slow pace of building permits.

If the GGH is to take advantage of a stronger U.S. economy, a low Canadian dollar and the potential of rising business investment, the crucial opportunity to address a new era of cooperation between Ottawa, Queen's Park and municipalities is an imperative that cannot be ignored. Unlocking the region's significant potential for social and economic prosperity will require greater policy appreciation of the important connections between infrastructure, economic development and affordability. These challenges need a sophisticated, proactive and coordinated response by many government agencies; a response that is global in its approach, based upon sound investment principles and one that is markedly different from historical experience.

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