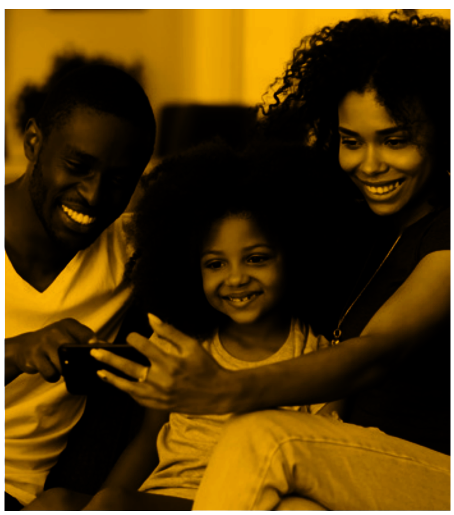
Toronto Regional Real Estate Board
Celebrating 100 Years

Market Year in Review and Outlook 2021

Real Estate Sector Driving Our Region's Economic Stability

Through and Beyond COVID-19



We're guiding decisions for the largest purchase most people will make in their lifetime.

TRREB Members know what makes a house a home, and how businesses, transit and schools are critical to building a community – these go hand in hand with attracting people to the GTA. Determining what else drives our region's economic stability – diversity, vibrancy and accessibility have played a large role – through and beyond COVID-19, is key.

Lisa Patel
2020/2021 PRESIDENT
TORONTO REGIONAL REAL ESTATE BOARD

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Lisa Patel, 2020/2021 TRREB President

In the evolving environment, there's no question that we were looking for a signal that spoke to the economic health of our region, and we found that through the real estate market. The hard work of TRREB Members comes through in this report, and it is a must-read for those interested and invested in the future of the Greater Toronto Area (GTA) and surrounding regions.

Together as REALTORS®, we've become an essential part of the recovery of our economy. The results of the past year were driven by Members who act as vital instruments propelling economic activity in our communities. Clients and consumers turn to us for insights into the market, and in this report, you'll find valuable information, but more importantly, you'll feel confident in delivering the latest trends to your buyers and sellers. There's also a section featuring Ipsos' home buyers survey results, which I believe you will truly benefit from reading. In fact, the positive results, up from last year, reveal most buyers will be using the services of a TRREB Member in 2021.

We're guiding decisions for the largest purchase most people will make in their lifetime. TRREB Members know what makes a house a home and how businesses, transit and schools are critical to building a community – these go hand in hand with attracting people to the GTA. Determining what else drives our region's economic stability – diversity, vibrancy and accessibility have played a large role – through and beyond COVID-19, is key.

But there's still work to be done, and we want to make a positive change. Tackling housing supply and affordability is of the utmost importance to our future. Our Members understand the housing hurdles their clients face. Whether it's transit-oriented communities or bridging the gap between high-rise condos and detached homes, they're hearing it first and from the source themselves.

Change also brings new perspectives. Page by page, we're revealing new information on the market. How has the pandemic changed consumer intentions and impacted the new homes and commercial markets? What is the state of the mortgage industry, and what is forecasted for 2021? We explore each of these timely questions, and others, to deliver trusted analysis and evidence-based research to you.

I feel prepared to tackle the future and answer questions from clients and consumers, and by reading this report, you can too. Join the dialogue and strive to represent the future of our industry.

Lisa Patel
2020/2021 President, Toronto Regional Real Estate Board

A Message from the CEO

John DiMichele, TRREB CEO

I am struck by how well TRREB Members have adapted to the challenges they face in this pandemic environment, and how they continue to help buyers and sellers achieve their goals. This is a testament to their professionalism, and the relationships they foster with their clients make them the backbone of this industry. TRREB Members help drive economic activity that allows us to gauge the state of the real estate market year over year. Combined with research and consumer sentiment surveys, we are able to provide you with important metrics that inform where the market is today and where it appears to be heading.

We've sub-titled this year's report *Real Estate Sector Driving Our Region's Economic Stability Through and Beyond COVID-19*, to hone in on the real estate market during the unprecedented challenges of the pandemic. Whether it's residential, commercial or the rental sphere, we're providing trusted information that is data driven and evidence based.

When TRREB first released the *Market Year in Review & Outlook* report in 2016, we called for improvements to our transportation system and public infrastructure as well as increased affordability and availability of housing options. Since then, we've successfully engaged politicians at all levels of government, and in turn, continued to move the dial on housing supply and transportation related issues. In fact, infrastructure and real estate should not be viewed in silos; rather, there is a responsibility to view them as interconnected. There has been some policy movement; however, we need to see sustained action from policymakers to convert these issues into timely action.

This report comes together after a year of great strides and advocacy work related to housing and the economy. When the COVID-19 pandemic hit, TRREB submitted a detailed policy brief on government economic initiatives to municipal, provincial and federal governments. With regards to housing supply, our key recommendations are to expedite the creation of "missing middle" housing, that is, multi-unit low-rise housing between detached and mid- to high-rises. It is crucial that we expand these development opportunities in residential areas which are currently only zoned for detached and semi-detached housing. We also noted that any new demand-side stimulus should be considered cautiously to ensure that affordability challenges are not exacerbated, including housing price inflation due to a lack of adequate supply.

Most importantly, we're offering solutions backed by up-to-date data on the state of the real estate market to help decision-makers respond to the current state of affairs in an informed way.

John DiMichele
CEO, Toronto Regional Real Estate Board

Executive Summary

A Quick Glance at TRREB's In-Depth Report

This year's report focuses on how real estate is driving economic stability during the unprecedented challenges of the COVID-19 pandemic. The real estate market has, and will, continue to be a major driver of recovery. On average, every MLS® System home sale results in over $68,000 of spin-off expenditure along with the associated jobs and government revenues. That's billions of dollars benefitting the economy.

Inside, you'll find evidence-based research that reveals new insights on our current environment, as well as an outlook for the rest of the year.

2020 Market Year in Review

The first quarter of 2020 started off strong until the pandemic hit in mid-March followed by the province-wide shutdown, which resulted in historical low market activity. However, sales growth quickly rebounded in the latter half of the year, which is a testament to the resilience and flexibility of the regional economy and population. For 2020 as a whole, 95,151 sales were reported through TRREB's MLS® System, an increase of 8.4 per cent year over year, whereas new listings were up only by 2.6 per cent. The disconnect between new listings and sales accelerated the growth of price. The overall average selling price increased by 13.5 per cent to $929,699 in 2020.

Outlook for 2021

Home ownership will remain strong in 2021. Looking ahead, total home sales are expected to range between 100,000 and 110,000. In addition, the overall average selling price for all home types and areas combined will eclipse the $1,000,000 mark for the first time. Ipsos conducted consumer surveys for TRREB regarding home buying and selling intentions for 2021. The key findings show COVID-19 has not dampened future home buying intentions.

Fast Fact: Home Buyers' Intentions

Source: Ipsos

Ipsos 2020 survey respondents overwhelmingly said they would be using a REALTOR® in 2021.

Renting in the GTA

Despite the economic uncertainty resulting from COVID-19, the demand for rental accommodation remained very strong in the GTA in 2020. However, the number of condominium apartments listed for rent at one point during 2020 almost doubled compared to 2019. Increased supply resulted in more negotiating power for prospective tenants, as well as a decline in average rents for condominium apartments. But looking forward, as economic growth continues to strengthen and population growth starts to accelerate, based on immigration and non-permanent migration, demand for rental units in the GTA will remain strong and potentially accelerate.

Industrial, Office and Retail Sectors Predicted to Rebound

A shift in commercial market activity was experienced in 2020. Altus Group found that lockdown restrictions and gathering limitations due

Executive Summary

A Quick Glance at TRREB's In-Depth Report

to COVID-19 posed challenges to the office and retail sectors, which saw year-to-date volumes drop by 61 per cent and 20 per cent, respectively. However, pent-up demand drove activity in multi-family and residential land markets, and demand for logistics space to keep up with e-commerce sales led to strong investor preference for industrial assets. Investors are cautiously optimistic that 2021 will see a recovery in the second half of the year, driven by continued growth in industrial and multi-family assets, and economic improvement as a result of the vaccine.

Climbing New Home Sales

Altus Group also reported a solid year for new home sales. The market saw overall sales grow by 5% to almost 38,000 homes, which is above the 10-year average and the best year reported since 2017. Demand occurred across the built-form spectrum, including detached, semi-detached and row townhouse units, with both townhouse and detached sales almost doubling last year's volumes. However, strong sales have eroded supply and have put upward pressure on prices. Sales growth was strongest in the 905 regions, with more single-family homes sold in York Region in 2020 than in the entire GTA in 2018. Looking ahead, single-family new home sales are expected to remain active, but will be impacted by declining inventories and rising prices.

The Mortgage Industry and the Deferral Cliff

The federal government's response to the pandemic included the mortgage deferral program, which led 768,000 homeowners to defer their mortgage in 2020. While there were predictions of a "deferral cliff," there has been no evidence of widespread mortgage delinquencies. Instead, Mortgage Professionals Canada found there was a rebound in activity, and similar to Realtors, mortgage brokers also had a busy year. Even in December, a time we would usually see a seasonal slowdown, activity was still strong with record-high real estate transactions. Healthy activity in the real estate sector with the continuation of low interest rates is expected in 2021.

Bridging the Gap Between Detached Homes and High-Rises

As a result of municipal zoning restrictions, the majority of our urban areas lack a variety of housing – they are mostly occupied by low density single-family homes. Urban Strategies Inc. found that increasing the amount and variety of housing, or in other words, addressing the "missing middle," in those areas could significantly, and quickly, alleviate the tight housing supply. Allowing secondary units in all Toronto neighbourhoods could result in the rapid addition of 300,000–400,000 units. Increasing the missing middle can stabilize the population in these areas and also help sustain social and retail amenities. The Urban Strategies report demonstrates excellent examples of efficient and aesthetically pleasing missing middle types of development in both urban and suburban settings.

Fast Fact: Missing Middle Opportunities

Source: Urban Strategies Inc.

Over recent decades, new housing in the GTA has consisted mostly of either single-family houses or high-rise apartments, with very little in the middle.

A Call for Action

While some things changed, many did not. Housing affordability and tight housing supply, in addition to the variety of supply, continue to remain key issues across our communities. We also heard from consumers, and we know that demand is stronger than ever. With that said, TRREB will continue to call on policymakers to make a stronger commitment to turn the GTA's housing challenges into long-term solutions.

2020 Year in Review and 2021 Outlook

With Survey Results from Ipsos

Total sales and the overall average selling price for 2020 were inline with TRREB's forecast. A total of 95,151 sales were reported through TRREB's MLS® System, slightly lower than the 97,000 mark that was forecast, but still representing an increase of 8.4 per cent year over year. The overall average selling price increased by 13.5 per cent to $929,699 – slightly higher than the $900,000 average price originally forecast[1]. With these statistics in mind, it could be argued that 2020 unfolded as expected, but clearly, from the middle of March 2020 onward, the Greater Toronto Area housing market and broader regional economy was on anything but familiar footing.

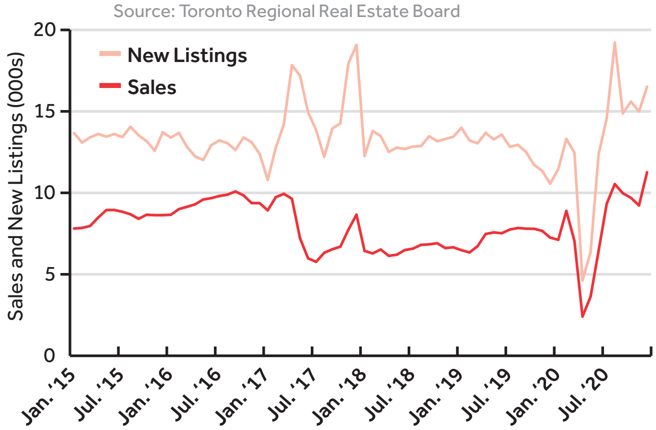
The Ups and Downs During COVID-19

The first quarter of 2020 started very strong relative to 2019, until the declaration of the worldwide COVID-19 pandemic in mid-March and the subsequent public health-related shutdown of most in-person economic activity. Uncertainty on the part of businesses and households during the early days of COVID-19 translated into a substantial dip in residential real estate listings and transactions reported through TRREB's MLS® System. Following the trends for Gross Domestic Product and employment, total sales dropped below 3,000 in April 2020 and below 5,000 in May.

Fortunately, the lows in economic growth, employment and housing transactions were short-lived.

Figure 1: TRREB Sales and New Listings

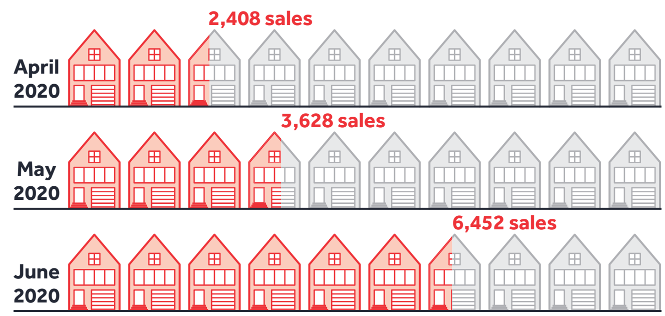
Source: Toronto Regional Real Estate Board



Business and consumer confidence started to rebound very quickly through the spring, as many sectors of the economy were able to operate at a relatively high level despite strict public health restrictions. Of particular note were sectors of the economy associated with average to above-average earnings, which underpin the demand for ownership housing in the GTA.

Fast Fact: COVID-19 Market Impacts

Source: Toronto Regional Real Estate Board

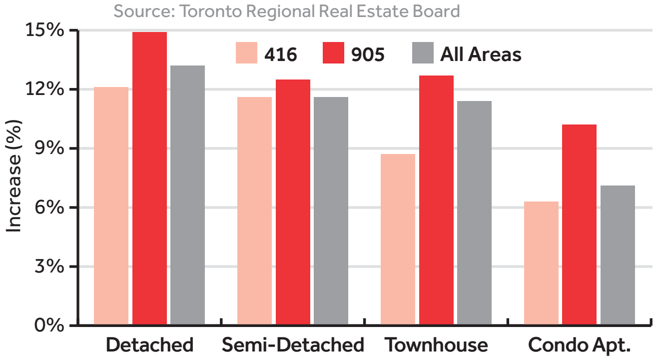


In the absence of COVID-19, sales likely would have been above the 10,000 mark per month in Q2 2020.

Adding to the confidence-boosting effect of an improving economy and labour market was the fact that borrowing costs trended dramatically lower in Q1, both in terms of variable and fixed term mortgages. This obviously had a positive impact on affordability and was a driver of demand for home ownership.

The supply of listings did not follow the same trend as sales in 2020. Whereas sales were up on a year-over-year basis by 8.4 per cent, new listings were up by only 2.6 per cent. The greatest difference in annual rates of sales growth and new listings growth was in the detached market segment. Detached sales were up by 15.1 per cent in 2020 compared to 2019, whereas new listings were actually down over the same period. The bottom line is that in all low-rise market segments – detached houses, semi-detached houses and townhouses – market conditions became tighter, with increased competition between buyers translating into double-digit year-over-year rates of average price growth for low-rise home types.

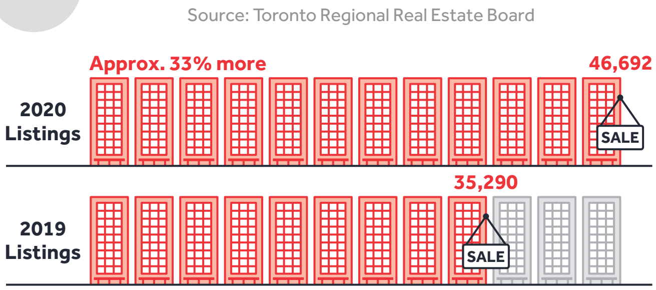
Figure 2: Year-Over-Year Average Price Increase by Type



Condo Listings Soar Compared to Sales

The one exception to tightening market conditions was the condominium apartment market segment. Over the course of 2020, growth in new condominium apartment listings far outstripped growth in sales. In TRREB's fall 2020 consumer polling conducted by Ipsos, it was found that more than two-thirds of investor-owners were considering listing their properties for sale. Survey results further indicated that investor selling intentions were partly driven by stricter regulations surrounding short-term rentals and the prospect of a City of Toronto vacancy tax. The Ipsos polling of investors also found that the impact of COVID-19 on traditional and short-term rental demand had prompted many investors to list their units for sale as well. Finally, existing owner-occupiers of condominium apartments likely listed their units for sale in order to move up in the market, perhaps taking advantage of very low borrowing costs to do so.

Fast Fact: Condo Market Conditions



Condo market conditions favoured buyers in 2020.

The condominium apartment segment experienced the slowest pace of average price growth in 2020, at 7.1 per cent. Moreover, the annual pace of price growth actually decelerated as the year progressed and condo buyers became more aggressive with their offers.

The pace of sales and new listings varied by location in the GTA in 2020. Overall sales growth in the GTA regions surrounding Toronto were up by 14 per cent year over year, whereas sales in the '416' area code were down by 1.1 per cent in 2020 compared to 2019. The sales decline in Toronto resulted solely from the dip in condominium apartment transactions, which have traditionally accounted for approximately half of all sales within the City's boundaries.

The number of new listings for properties located in the GTA regions surrounding Toronto were down on a year-over-year basis by 4.3 per cent. In Toronto, new listings were up by 15.8 per cent compared to 2019. This dichotomy is largely explained by the fact that the listing supply of single-family homes, which make up the majority of properties in the suburban regions of the GTA, has been constrained for a number of years and 2020 was no different[2]. In contrast, the supply of condominium apartment listings was up markedly in the '416' area code.

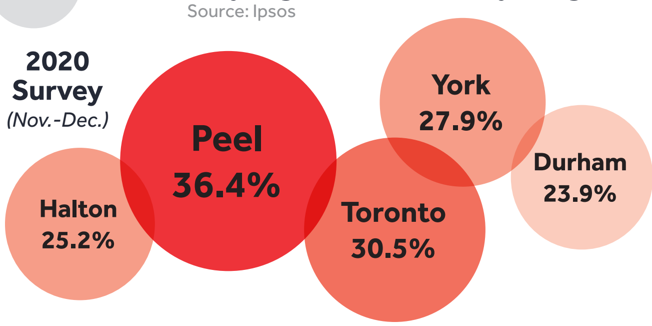
2021 Buying Intentions and Housing Market Outlook

Ipsos Home Buyers Survey Results

In November/December 2020, Ipsos polled GTA consumers on their home buying intentions in 2021. While COVID-19 presented a period of uncertainty, the pandemic does not appear to have dampened home buying intentions. The share of survey respondents who indicated they were likely (combined very likely and somewhat likely responses) to purchase a home to live in over the next year was 30 per cent – in line with the 29 per cent share reported in the fall 2019 and 2018 surveys. Home buying intentions were highest in Peel Region and Toronto – over 30 per cent in both cases.

Fast Fact: Buying Intentions by Region

Source: Ipsos

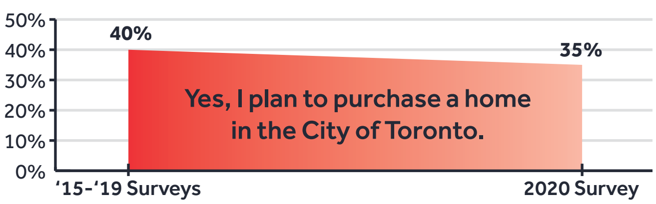


Home buying intentions range between 23.9% and 36.4% across the five GTA regions.

Of those likely buyers, 41 per cent were first-time buyers. After accounting for the credibility interval of the Ipsos poll, the intending first-time buyer share was similar to levels reported since 2017. First-time buyer intentions were highest in Peel Region and Toronto, at 45 per cent and 44 per cent respectively. It is worth noting that these areas have significant concentrations of condominium apartments, which are often the entry point for first-time buyers. This bodes well for a recovery in condo market conditions moving forward.

Fast Fact: Likely Buyers in Toronto

Source: Ipsos



Of the likely buyers, there was a marked shift in the location where they plan on purchasing a home in 2021.

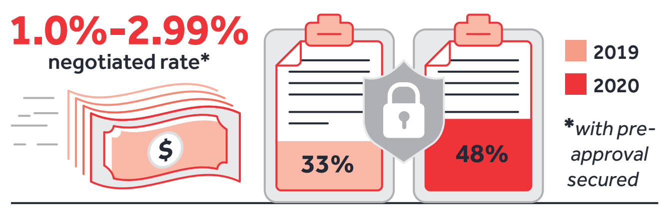
The change in favour of locations outside of the '416' area code could support hypotheses about COVID-19 prompting many households to seek new housing options outside of denser urban areas. Following the shift in purchase location preferences discussed, it is also important to note that 61 per cent of likely buyers indicated that COVID-19 was a factor in their decision on where to purchase a home.

Mortgage Market Trends

Similar to survey results from previous years, approximately 80 per cent of likely home buyers will use a mortgage in the purchase of their next home. The average intended down payment percentage was approximately 30 per cent – similar to polling results from the previous three years. The most common down payment percentage range for likely home buyers was 20 to 24.9 per cent, also consistent with survey results from recent years.

Fast Fact: Negotiated Mortgage Rates

Source: Ipsos



48% of respondents indicated their negotiated rate was between 1.0 and 2.99% in 2020, while only 33% were in this range in the 2019 survey.

The most common sources for down payments for likely home buyers were savings outside of a Registered Retirement Savings Plan (36%) and equity in a current home (26%). For first-time buyers, there was also a greater reliance on other sources, including savings within an RRSP and/or gifts from family or friends.

The two-percentage point mortgage stress test mandated by the Office of the Superintendent of Financial Institutions (OSFI) at the beginning of 2019 impacted approximately 54 per cent of likely buyers. The most common influences of the OSFI stress test were the intended home purchase price, size of down payment and the type of home purchased.

Intending purchasers indicated that high Realtor usage would continue in 2021, with approximately 81 per cent of those surveyed indicating that they would be using a Realtor – up from 78 per cent in 2019.

2021 Housing Market Outlook

The latest Ipsos Home Buyers survey results suggest that home buying intentions for 2021 remain strong from a historic perspective. With this in mind, the following are key points summarizing TRREB's housing market outlook over the next year:

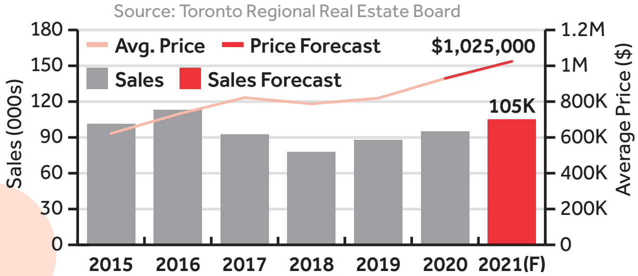
1 Combined home sales reported through TRREB's MLS® System for the GTA, south Simcoe County and Orangeville are expected to range between 100,000 and 110,000 in 2021, with a point forecast of 105,000 transactions.

2 The pace of new condo apartment listings will start to ebb, especially in the second half of 2021. With single family listings remaining constrained, expect total new listings to range between 155,000 and 165,000, with a point forecast of 160,000.

3 The overall average selling price for all home types and areas combined will eclipse the $1,000,000 mark for the first time on a calendar year basis. TRREB's point forecast is $1,025,000, representing a year-over-year increase of 10 per cent.

Figure 3: Sales and Average Price Forecast

Source: Toronto Regional Real Estate Board



Drivers and Challenges Impacting 2021

Economic conditions will continue to improve over the course of 2021, albeit with a temporary blip downwards for GDP and employment growth in the first quarter as we work our way through the remainder of the necessary public health measures, including lock downs and stay-at-home orders. In the second half of 2021, once vaccine uptake is more widespread and case counts recede, expect the sectors most impacted by COVID-19, including hospitality and entertainment-related sectors, to improve.

Very low borrowing costs will be sustained throughout 2021 to support continued economic recovery. Because of this, negotiated mortgage rates will remain low throughout the year as well. It is possible that medium- and longer-term fixed rates could start edging upward later in 2021 as recovery takes hold and underlying Government of Canada bond yields trend upwards anticipating rate hikes from the Bank of Canada in 2022 and beyond.

Looking longer term, immigration and net growth in non-permanent residents will trend to record levels once the pandemic has subsided with global uptake of the various vaccines. The GTA will continue to be the single-greatest metropolitan beneficiary of immigration into Canada, as the substantial federal government immigration targets take effect. Population growth will be especially important for the condominium market. Newcomers looking to purchase their first home or rent a condominium apartment from an investor, will see both condo ownership demand and rental demand pick up substantially, thereby helping to absorb any excess inventory of units available for sale.

The key challenge to the housing market over the next year and beyond will be a familiar one: lack of supply. Policymakers at all levels of government have acknowledged the need for a greater supply of housing and a greater diversity of housing types. TRREB looks forward to continuing their work with policymakers to find solutions to bring more housing online.

1 *Sales counts and average prices referenced in this document reflect the boundaries covered by TRREB's monthly Market Watch publication.*

2 *TRREB has commissioned a number of research reports dealing with the constrained supply of ownership housing in the Greater Toronto Area. Summaries of these reports have been published in past Market Year in Review and Outlook reports.*

VIEW MORE DETAILS

Rental Market Review and Outlook

With Survey Results from Ipsos

Rental Market Review and Outlook

With Survey Results from Ipsos

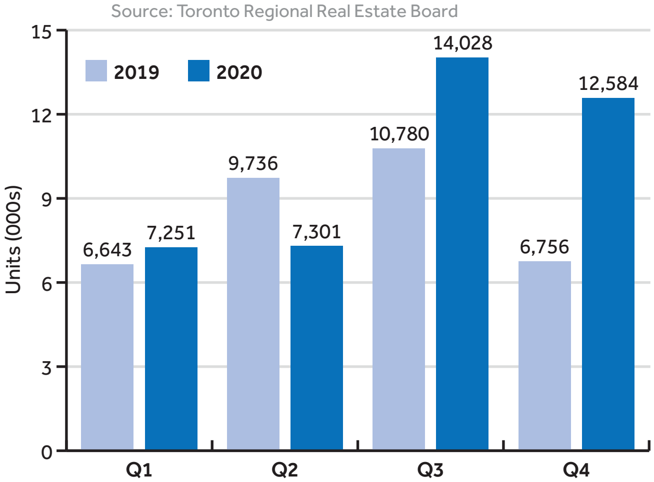
Despite the economic uncertainty resulting from COVID-19, the demand for rental accommodation remained very strong in the GTA in 2020.

Rental Demand Strong in the Face of COVID-19

The overall number of condominium apartment rental transactions reported through TRREB's MLS® System in 2020 was up in comparison to 2019. However, rental transactions followed a volatile path throughout the year. The first quarter started relatively strong with the annual growth rate for rentals in the single digits. With the onset of COVID-19, second quarter transactions dropped by more than 20 per cent compared to Q2 2019.

Figure 1: Condo Rental Transactions by Quarter

Source: Toronto Regional Real Estate Board

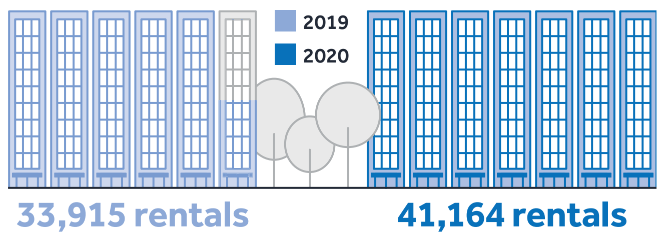


During the initial phase of the pandemic, the reasons for the dip in transactions was logical. The level of overall economic uncertainty was high, so many would-be renters put their decision on hold rather than committing to a long-term lease. On top of this, the flow of non-permanent migrants into the GTA – traditionally a major source of rental demand – came to a halt. Finally, even if a renter wanted to sign a lease agreement in the second quarter, it was difficult to get deals done because of the necessary public health restrictions and additional restrictions on showings put in place by condominium corporations.

Similar to the trend observed in the ownership housing market, the lull in demand was short-lived. In the third and fourth quarters of 2020, the number of condominium rental transactions was up strongly year over year – by 30 per cent in Q3 2020 and by over 80 per cent in Q4 2020. Some of these increases were fuelled by pent-up demand from the initial COVID-19 period in Q2 and some were likely driven by the decline in average rents, presenting some households with more affordable rental options.

Fast Fact: Condo Rental Transactions

Source: Toronto Regional Real Estate Board



41,164 condo rentals were reported through TRREB's MLS® System in 2020 – up 21% compared to 2019.

The Condo Rental Market Became Much Better Supplied

While the GTA condo rental market continued to experience strong demand, COVID-19 notwithstanding, growth in the number of rental listings far outstripped the already strong growth in demand. This meant that market conditions changed drastically in comparison to previous years, when vacancy rates were low and competition between renters was strong.

A change in investor behaviour underpinned the increase in traditional rental listings on TRREB's MLS® System. This was a trend that actually started in the pre-COVID period in 2019 and Q1 2020. Initially, the strong average rent growth between 2017 and 2019 likely prompted some investors to list their units for rent.

Actual or prospective changes in government regulations also arguably had an impact on investors'

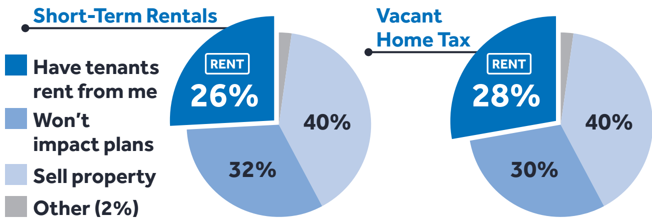
Rental Market Review and Outlook

With Survey Results from Ipsos

decisions to make their units available in the traditional rental market. Ipsos polling of investors on behalf of TRREB, suggests that new restrictions on short-term rentals announced and a prospective vacancy tax may have prompted some investors to make their units available to renters. This behavior is likely to continue moving forward based on Ipsos' fall 2020 poll.

Fast Fact: 2021 Investor Intentions

Source: Ipsos



Polling suggests that the impact of government regulations in Toronto could result in more rental supply.

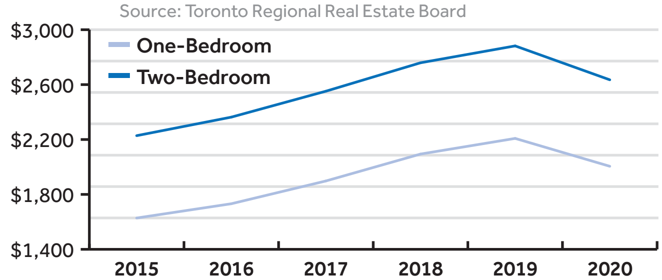
More Supply Equalled Lower Avg. Rents

The divergence in the year-over-year growth rates for condo apartments rented versus units listed for rent resulted in a much better supplied market, which benefitted renters in terms of negotiating power. The end result was a marked decline in average rents. By the fourth quarter of 2020, average one-bedroom and two-bedroom rents were down on a year-over-year basis by 16.6 per cent and 14.6 per cent respectively.

When thinking about the change in market conditions and the resulting dip in average rents, it is also important to note that annual changes in average rents was not uniform across size ranges. Units in the smaller size ranges experienced more pronounced declines in rents. This is arguably related at least in part to both the new restrictions on short-term rentals announced by the City and the impact of COVID-19 travel restrictions on the demand for short-term rental units. Faced with the prospect of a drop-off in revenues, a large number of investor-owners of smaller units listed them in the traditional rental market in order to realize an income stream. This steep increase in supply allowed renters of smaller units to be more aggressive in their rent negotiations, which exerted downward pressure on rents.

Figure 2: Average One- and Two-Bedroom Condo Rents

Source: Toronto Regional Real Estate Board



Looking Forward

Demand for rental units in the GTA will remain strong in 2021, as economic growth continues to strengthen and population growth, based on immigration and non-permanent migration, starts to accelerate. As demand continues to grow, the increased inventory of condo rental listings will be absorbed. Furthermore, as tourism starts to rebound, likely more so in 2022, it is possible that some investors will turn back to the short-term rental market for a revenue stream, subject to municipal restrictions. With more absorption and a potential reduction in supply due to a movement of units back to the short-term rental market, it is likely that average rents will find a level of support in 2021 and perhaps start to rebound as well.

VIEW MORE DETAILS

Commercial Market Review and Outlook

Research from Altus Group

Commercial Market Review and Outlook

Research from Altus Group

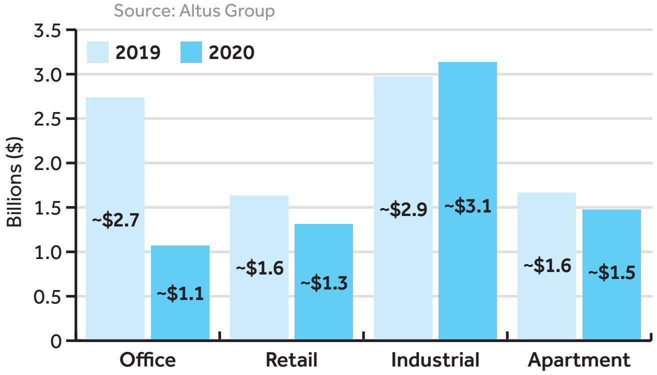
Total year-to-date (November 2020) investment transaction volume in the GTA reached $11.9 billion, down 23% compared to 2019.

Capital Market Activity Down Year Over Year in GTA

Lockdown restrictions and gathering limitations due to COVID-19 created a pause in the market and posed challenges, especially among office and retail sectors, which saw year-to-date volumes drop by 61% and 20%, respectively. As some restrictions started to lift, pent-up demand drove activity in multi-family and residential land markets, and demand for logistics space to keep up with e-commerce sales has led to strong investor preference for industrial assets.

Figure 1: GTA Property Transactions by Asset Class

Source: Altus Group



Growth in these sectors is expected to continue into 2021, but the second wave and new lockdowns in the GTA leave many anticipating tough winter months ahead until a vaccine can push recovery forward.

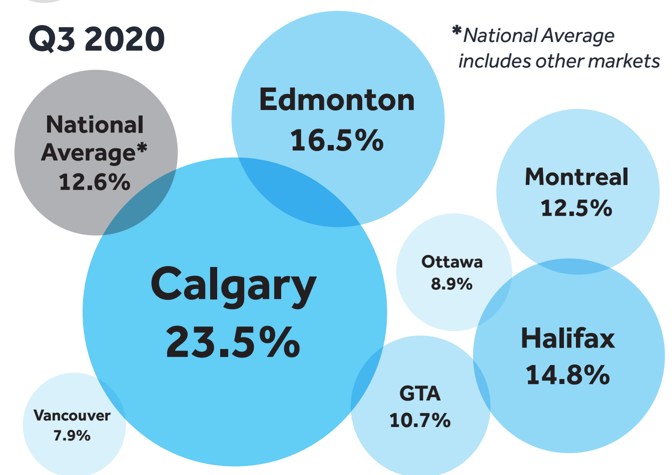
GTA Office Market Experiencing Rise in Availability Rates

After strong momentum seen over the past few years in the office market, year-to-date transaction volume totalled only $1.1 billion as of Q3 2020, down 61% from the $2.7 billion in 2019. The year started off strong with 48 transactions in the first quarter, but Q2 and Q3 each saw only 33 transactions, down from 52 and 62 recorded in 2019.

Pandemic-related restrictions were at their peak in the second quarter, resulting in only $204 million in transaction volume – the lowest volume on record since Q3 2013. However, volume in the third quarter of 2020 picked up and reached $439 million, indicating some early signs of recovery.

Fast Fact: Office Availability Rates

Source: Altus Group



GTA office availability has increased 1.8% since Q1 2020, reaching an availability rate of 10.7% as of Q3 2020.

The impact of COVID-19 has driven an increase in office availability. The national office availability rate for all classes jumped to 12.6% in Q3 2020, and office availability in the GTA was 10.7%, up from 8.8% in Q3 2019. The bulk of new office completion volume in the third quarter was seen in Toronto, with 1.3 million square feet of new office space completed, at an 11.5% availability rate. 3.7 million square feet in the Greater Toronto Area is the projected office completions for year-end 2020.

As tenants consider next steps that prioritize both productivity and employee safety, sublease space has increased. As of Q3 2020, 21.8% of available office area was sublet space, jumping from 16.9% in the previous quarter, and 16.0% in the same quarter in 2019. GTA office availability rates are expected to continue rising due in part to this ongoing increase in sublet space.

Commercial Market Review and Outlook

Research from Altus Group

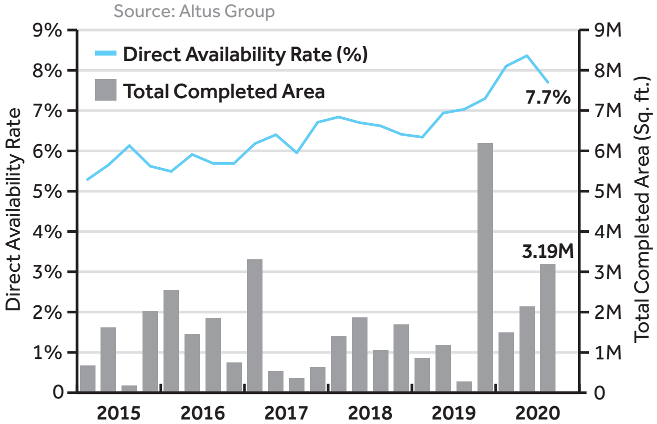
Industrial Market Gaining Momentum, with Tight Availability Rates Persisting

With strong performance throughout pandemic changes, year-to-date GTA industrial transaction volume totaled $3.2 billion as of Q3 2020, jumping nearly 5.5% compared to 2019. Industrial was the most invested in asset class in both the second and third quarters, with $1.7 billion recorded in Q2 2020 being the highest single quarter volume on record for this sector.

Despite year-to-date transaction counts decreasing slightly, industrial assets remain among the top-preferred product types by investors according to the Altus Group Investment Trends Survey results for Q3 2020.

Figure 2: GTA Industrial Availability Rate and New Supply

Source: Altus Group



The GTA recorded the majority of industrial completions among major markets in Q3 2020, with 17 new buildings totalling just under 3.2 million square feet, at only a 7.7% availability rate.

Fast Fact: GTA Industrial Completions

Source: Altus Group

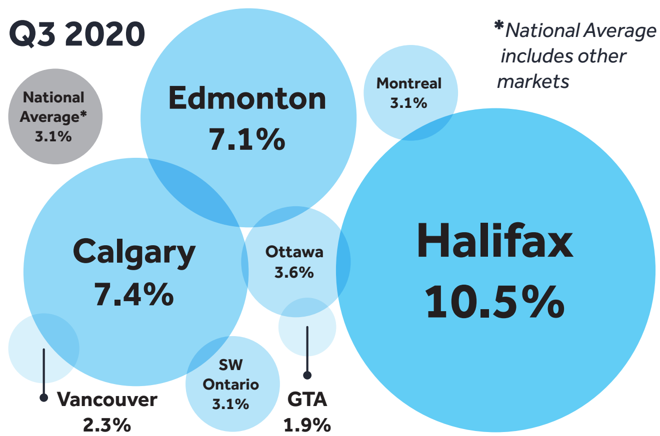
+10,000,000 sq. ft.

New industrial completions for year-end 2020 were projected to reach over 10 million square feet in the GTA.

While national industrial availability remained stable at 3.1% in Q2 and Q3, industrial availability in the GTA was tight, sitting at 1.9% in the same two quarters – the lowest availability rate across major markets. Availability is expected to remain tight into 2021, along with a continued rise in rental rates and sale prices.

Fast Fact: Industrial Availability Rates

Source: Altus Group



GTA industrial availability saw a modest increase of 0.5% year over year, creating conditions for a tight market.

Looking Ahead

Solid performance in the industrial and multi-family sectors is expected to continue in 2021. In the industrial sector, investors are likely to focus on new facilities with technological capabilities to support logistics needs. While office and retail assets have faced the brunt of pandemic challenges especially given continued lockdowns in the GTA, improvements are not expected to be seen until these restrictions are lifted. Overall, landlords, tenants and investors will continue reassessing their space needs and finding flexible solutions.

Despite ongoing uncertainty in the market, recent news of a vaccine to be distributed throughout 2021 leaves many optimistic for economic recovery, particularly in the second half.

VIEW MORE DETAILS

New Home and Condo Sectors

Research from Altus Group

New Home and Condo Sectors

Research from Altus Group

Building off of a strong 2019, the new home market in the Greater Toronto Area (GTA) was expected to have a strong year prior to the start of the pandemic. Buyer demand was up for both single-family and condominium apartment homes at the start of 2020, with a healthy economy, strong job growth and attractive interest rates all contributing to what should have been a strong year. The first wave of the COVID-19 pandemic caused disruptions throughout the market, with restrictions impacting everything from how homes were sold and projects were launched to construction activity, resulting in a virtual pause in the market in April and May. Despite these pressures, single-family home and condominium apartment sales rebounded strongly in the summer and total new home sales were up 7% over 2019 (through November 2020) driven by a surge in demand for single-family homes which was up over 79% compared to 2019. The market saw overall sales grow by 5% to almost 38,000 homes, which is above the 10-year average and the best year reported since 2017.

Fast Fact: New Home Demand in 2020*

Source: Altus Group

*January 2020–November 2020

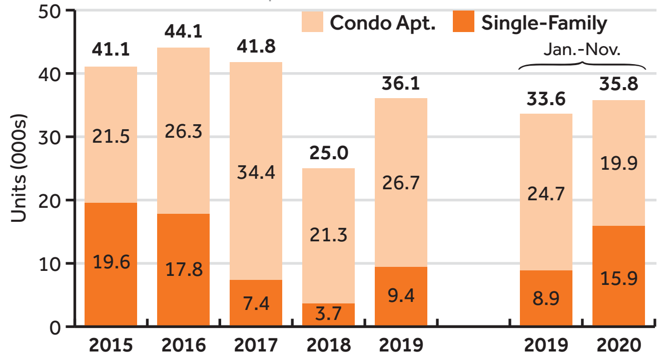
Single-family new home sales nearly doubled from 2019; affordably priced townhouses did particularly well.

Single-Family New Home Sales Were the Best Since 2016

Demand for single-family homes recovered quickly after restrictions were relaxed in May and reached volumes not seen since 2016. Demand occurred across the built-form spectrum, including detached, semi-detached and row townhouse units, with both townhouse and detached sales almost doubling last year's volumes. However, strong sales have eroded supply and have put upward pressure on prices.

Figure 1: GTA New Home Sales

Source: Altus Group



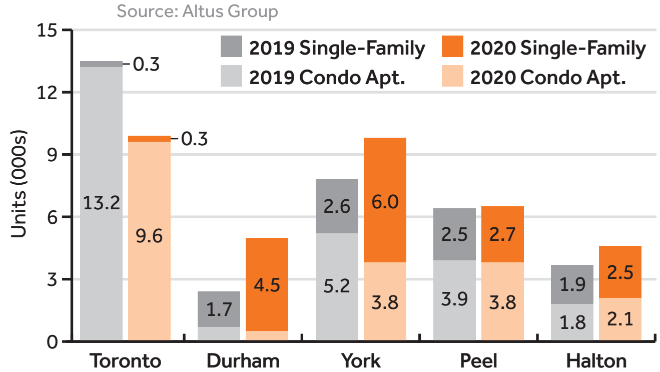
Condominium apartment demand started the year very strongly, with February reporting the second highest volumes since 2000 (almost tying the record in 2017), but saw sales stall as restrictions delayed new project openings which were slower to recover. The market did enjoy record sales volumes over the summer months, which is typically a quieter period for new openings, and has seen stable demand through the fall months, but is currently trending 20% below 2019 volumes.

Sales Growth Was Stronger in the 905 – Fuelled by Single-Family Home Activity

The slower condominium sales activity has been more apparent in the City of Toronto which has seen a year-over-year decline in sales. In the 905 areas of the GTA, sales are up in all regions for single-family homes, while condominium apartment sales increased in Durham and Peel Regions.

Figure 2: GTA New Home Sales by Region (YTD Nov.)

Source: Altus Group



New Home and Condo Sectors

Research from Altus Group

Above: Single-family townhouses in the City of Toronto.

Durham Region saw the biggest improvement in sales activity, up over 115% compared to last year. York Region saw the biggest improvement in single-family home activity, both from a volume and percentage perspective, with sales up by 134%.

Fast Fact: York Region 2020 Activity

Source: Altus Group

More single-family homes were sold in York Region in 2020 than in the entire GTA for all of 2018.

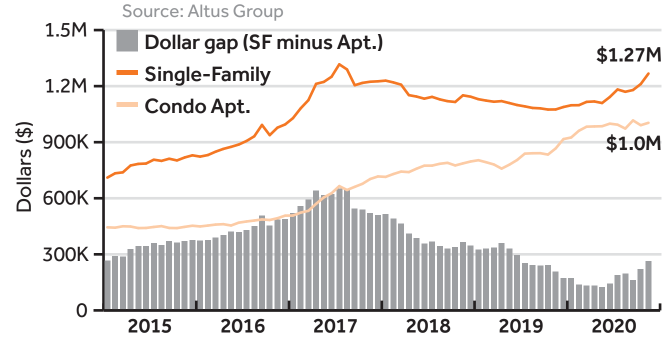
Benchmark Prices – Declining Inventories and Robust Demand

Benchmark prices for both condominium apartment and single-family homes rose during the pandemic, in part fuelled by record low interest rates, as well as low inventory levels. The condominium apartment benchmark price reached record levels, surpassing $1 million for the first time in September. Single-family benchmark prices also rose and reached the highest level since early 2018.

The rise in the benchmark price for condominium apartments was influenced by the lack of new openings during the spring, which impacted inventory levels and created strong demand for affordably priced units at launch. As inventory levels recovered in the fall, the growth in benchmark prices has stopped and is expected to remain more stable as more competition from the resale market occurs. The market has also seen an increase in completions – surpassing 20,000 units and the total for 2019 – adding to the elevated resale inventories, and is expected to moderate conditions for price growth in the first half of 2021.

Figure 3: GTA New Home Benchmark Prices*

Source: Altus Group



**average asking price of available new home inventory at end of period with outliers removed*

Looking Ahead

Forecasting activity during a pandemic is challenging – leaving uncertainty around the impact from the pandemic on the housing market in 2021. While demand for housing in the GTA is expected to be robust, a softening rental market, restrictions on short-term rentals and sharply rising resale inventories for condominium apartments are expected to dampen demand.

Single-family new home sales are expected to remain more active but will be impacted by declining inventories and rising prices. Townhouse units are expected to remain in high demand, given the relative affordability compared to apartment units, but overall sales volumes are expected to dip given the lack of supply.

VIEW MORE DETAILS

Mortgage Industry Review and Forecast

Findings from Mortgage Professionals Canada

Mortgage Industry Review and Forecast

Findings from Mortgage Professionals Canada

There's no denying it, there has never been a year like this one: record-breaking transactional lows in the spring with a slingshot recovery that saw six consecutive months of record-breaking highs. Even in December, when we would normally see the seasonal slowdown, activity was still strong.

Business is Brisk for Mortgage Professionals

Mortgage Professionals Canada (MPC) members are mortgage agents and brokers all across the country. When Realtors are busy, mortgage brokers are busy, so it has been a very good year for most, although in April, many wondered if they would survive this year. The required COVID-19 lockdowns created significant uncertainty in the early days, with many of us unsure if our employment was secure. The new normal of a socially isolated work-from-home environment was foreign and for many, felt like a precursor to mass Canada-wide layoffs and redundancies. This bled into a national dialogue about possible spikes in mortgage foreclosures and falling house prices.

Mortgage Deferral Program and Rebound in Market Activity

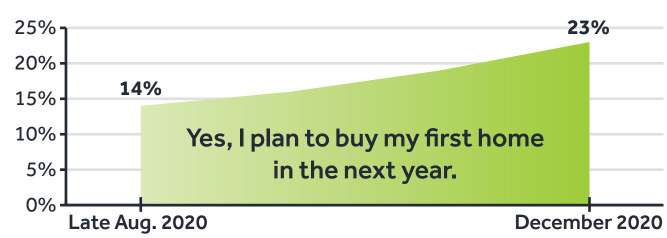
The federal government, to their tremendous credit, coordinated an unprecedented response to an unprecedented situation. Within a month, the Bank of Canada reduced its overnight interest rate to its "effective lower bound" of 0.25% to reduce debt carrying costs for Canadians and their businesses, and began buying sovereign and business debt to ensure interest rates also came down. Programs through the Canada Mortgage and Housing Corporation (CMHC) and the Office of the Superintendent of Financial Institutions (OSFI) provided banks and lenders with capital relief to ensure they could continue to extend credit where necessary and, of course, support the mortgage deferral program.

At the peak, 768,000 mortgages in Canada were in deferral. Many policymakers assumed the worst, with the head of CMHC predicting that come September, when the program expired, fully 1 in 5 mortgage holders would be in arrears. With many forced to sell, creating inventory spikes at a time when unemployment was high and immigration and therefore household formation were at all-time lows, CMHC predicted house price reductions of 9–18%.

None of these dire predictions came to pass. Nor are they likely to. But we were fortunate to have policymakers who prepared for worst case scenarios.

Fast Fact: Canadian Buying Intentions

Source: Mortgage Professionals Canada



Mortgage Professionals Canada saw a significant rise in buying intentions during the last four months of 2020.

Mortgage Industry Review and Forecast

Findings from Mortgage Professionals Canada

The vast majority of those who lost their jobs due to the pandemic were low income earners – Canadians who are much more likely to be renters than property owners. Those with well paying, salaried positions found that their employment situation was not unstable, and confidence grew as we became accustomed to isolation and business through web cams. Many also realized their current home wasn't large enough or well suited to both live and work in. Many who took the deferrals offered by their banks and borrowers also began voluntarily resuming payments as their anxiety reduced.

The outcome was the rebound in activity we all witnessed this summer and fall. With the exception of micro condo units in very urban cores, almost every property type has seen strong appreciation. And demand for suitable housing is stronger than ever.

Consumer Sentiments

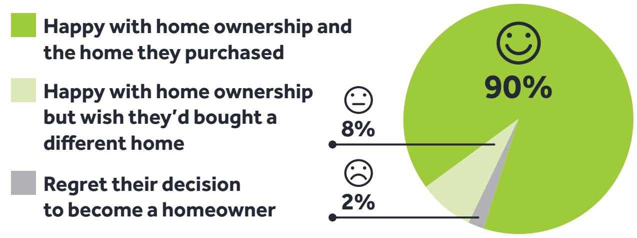
MPC has conducted consumer surveys every six weeks since the end of August. We wanted to understand how sentiment toward housing may be impacted by the so-called "deferral cliff," and if we would see Canadians' interest in home ownership fall with the frequent media reporting of expected pricing corrections. The good news is Canadians' desire to become homeowners is now stronger than ever.

Historically, our *Annual State of the Residential Mortgage Market in Canada* report will tell us that:

- Somewhere around 7% of Canadians who are not currently homeowners expected to buy in the coming year;
- Our August report showed 14% of non-owners intend to buy in the next year, the September report showed 16%, our October report showed 19%, and our December report showed 23%. While intentions do not always translate into action, the indication is that sentiment toward the security of home ownership is as strong as it has ever been.

Fast Fact: Homeowner Sentiment

Source: Mortgage Professionals Canada



MPC surveys consistently show that Canadians are generally happy with their decision to purchase a home.

Concluding Thoughts on Market Outlook

1 As frontline health care workers became the first recipients of vaccines across the globe in December, raising optimism of an end to the pandemic in the coming months, we expect to see continued healthy activity in the real estate sector into 2021.

2 The governor of the Bank of Canada has reassured Canadians that their overnight rate will likely remain at the effective lower bound until 2023, and continue with their quantitative easing through debt purchasing to ensure continued low interest rates in the credit markets.

3 While bond yields will increase slightly with market optimism about a return to normal, the fiscal policy of the Bank of Canada and federal government will ensure mortgage rates will also remain near historic lows through much of the coming year and possibly beyond.

4 With the mortgage deferral programs also appearing to have wound down without large foreclosures required, the mortgage market will remain strong, with our banks and lenders well positioned to continue to extend credit at very low rates.

5 And as immigration returns and with the federal government's increased targets for newcomers, demand should remain strong through 2021.

VIEW MORE DETAILS

The Missing Middle Opportunity:

An Answer to Toronto's Housing Shortages

Research from Urban Strategies Inc.

The Missing Middle Opportunity:

An Answer to Toronto's Housing Shortages

Research from Urban Strategies Inc.

This report on the missing middle has been commissioned by the Toronto Regional Real Estate Board (TRREB) to assess the potential for increasing the available housing supply by introducing new forms of housing in the single-family neighbourhoods across the GTA.

What is the Missing Middle?

The missing middle is a phrase used to merge two ideas. First, that of housing type. The vast majority of the housing built in recent decades has been either high-rise or low-rise with very little in the middle.

Fast Fact: Missing Middle Examples

Source: Urban Strategies Inc.

Ranging from conversions within existing houses to mid-rise apartments on collector roads, these examples represent the broad range of missing middle options.

Above:
This garden suite took advantage of the unusually configured and deep lot size. The unit is an anomaly because it is located on a separate lot, despite being behind street-facing homes.

The second idea is the limited geographic opportunity for more intensive, lower-scale new housing development. Most municipalities in the Greater Toronto Area (GTA) have planning and other regulations that restrict multiple unit development to a small part of their urban area. As a result, the region consists primarily of either single-family neighbourhoods or apartment neighbourhoods with very little in the middle.

The Missing Middle Opportunity

A lot of recent press and conference activity has identified the opportunity. Most of our urban area is occupied by low density, single-family homes; increasing the amount and variety of housing in those areas could significantly, and quickly, increase such housing supply.

Over recent decades, new housing in the Greater Toronto Area has consisted, to an overwhelming degree, of either single-family houses or high-rise apartments, with very little in the middle. Yet while

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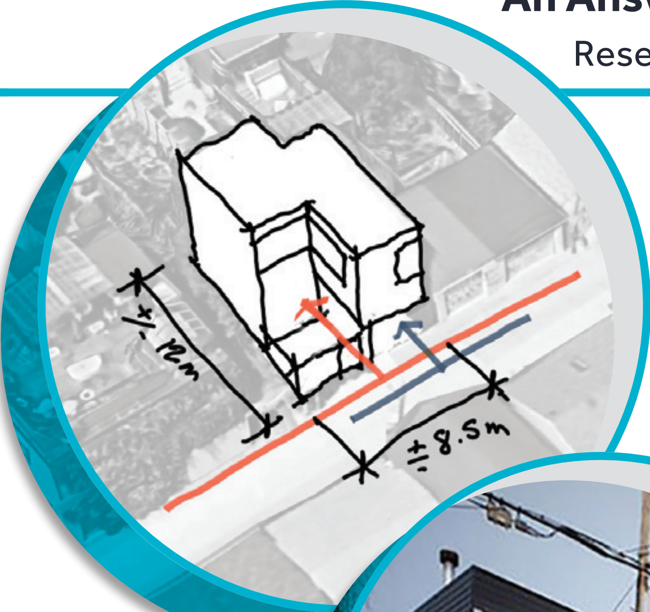


Above: Laneway housing involves adding units to the rear frontage of a lot on a laneway.

Beside: A 1,300 square foot laneway house, accommodating a family of 5. Public living is arranged on the upper levels over top of sleeping zones.

marketing studies show a strong preference for lower, ground-related housing, the price of detached houses in Toronto spirals out of reach of most residents.

Why is Missing Middle Development Important?

The vast majority of new apartments are being built in taller buildings. That drive for height is impelled by high land costs in areas designated for apartments and by the spiraling soft and hard costs of new development. Those new apartments tend to be smaller, with very few having two or more bedrooms, thus not meeting family housing needs.

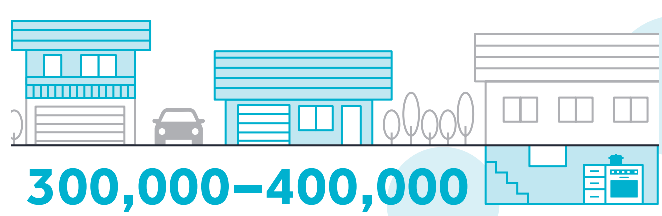
Conversion of existing housing or introducing new units at slightly higher density in neighbourhoods zoned for single-family housing has been restricted by a multiplicity of planning regulations, by high and escalating development fees and by permitting complexities. While there have been important and effective recent measures to streamline the planning approvals process and reduce the financial burden on missing middle housing within much of the City of Toronto's boundaries, work remains to be done in the City's suburbs and across the broader GTA region.

The Urban and Suburban Opportunity

Relaxation of current prohibitions on conversions to allow additional units in what are now single-family units is the easiest and quickest way to make a significant addition to the region's housing supply. Such conversions are now only allowed as-of-right in limited parts of the GTA. Permitting secondary units in all City of Toronto neighbourhoods could result in the rapid addition of 300,000–400,000 units in those areas. The City of Toronto's emerging policy changes on permitting a greater variety of missing middle housing forms should be explored for their applicability across the region, where even greater potential exists to provide a significant quantity of new housing relatively quickly and inexpensively.

Fast Fact: Secondary Units

Source: Urban Strategies Inc.



Permitting secondary units in all City of Toronto neighbourhoods could result in the rapid addition of 300,000–400,000 units in those areas.

Missing middle strategies will also benefit those living in the region's single-family neighbourhoods. They have been experiencing substantial population decline, which if unchecked, could lead to the steady loss of their educational, social and retail amenities. Increasing the missing middle population can stabilize the population in these areas, improving the long-term quality of life for existing as well as new residents.

Laneway housing and garden suites are currently permitted in most of Toronto's older neighbourhoods, which have a street and block and often a laneway development pattern conducive to the addition of such units. Those housing forms will need to be adapted to fit into the more modern house-form and street patterns of Toronto's newer suburban neighbourhoods, although the presence of two+ car garages, split-level layouts and side driveways can be explored to see how best to add secondary units.

Lower-scale additions are not the only way to add housing opportunities in existing neighbourhoods. Encouraging 4–6 storey apartment construction as-of-right along the major streets and avenues in the urban region could represent the next big opportunity for missing middle housing. Such streets are frequently lined by extensive strip malls and other low intensity uses, providing relatively easy-to-develop sites in the newer parts of the urban area if more permissive zoning and planning policies are introduced.

The Province of Ontario has set minimum density standards in areas around transit stations. Cities in the region should proactively work to facilitate development in these locations by enabling missing middle development forms as-of-right, providing not only for high-rise development, but for a measure of larger unit, ground-related housing.

The Impact of the Pandemic

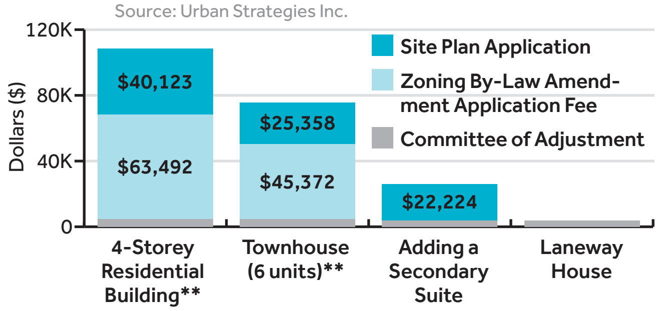
The post-COVID city is likely to see some substantial changes in its retail and industrial land-use structure, as older malls and employment areas are converted to residential use. Planning policy should take care to ensure that such new schemes include a proportion of ground-related housing, particularly where adjacent to single-family neighbourhoods, so as to demonstrate the attractiveness of modern ground-related housing forms. The tower renewal program, aimed at adding new development around high-rises with extensive and under-used at-grade open areas, could also provide opportunities for such housing.

The Cost of Missing Middle Housing

Missing middle housing is poised to take advantage of significant breakthroughs in low-rise construction techniques, particularly the employment of mass timber, modular construction, which could show substantial reductions in development time and cost. Governments and trade associations should actively promote whatever regulatory and construction practice changes are necessary to facilitate these innovations.

Figure 1: Fees Associated with Missing Middle Housing*

Source: Urban Strategies Inc.



*excludes Building Permit Fees

**excludes Development Charges that can range from $33,358 to $72,158 per unit

A Key Initiative to Foster Missing Middle Housing

A vigorous program of facilitating missing middle housing forms must be accompanied by a communications program that reduces the perceived threat of such intensification in single-family neighbourhoods, showing the benefits of new population to such areas, the lack of any evident negative impact on property values and the attractiveness of such new housing forms.

VIEW MORE DETAILS

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

The COVID-19 pandemic has affected every aspect of our daily lives, from how we interact with each other to the way we view society. This has been a challenging period with great uncertainty. However, our real estate market has endured and remained resilient. Growth in this sector plays a crucial role in the economic success of our country.

We know that the homes that we decide to settle in are more than just where we choose to reside; they are where we build our lives, raise our families and create cherished memories. Lately, our homes have also served as makeshift office spaces, learning environments for those in school, and a place to social distance.

With so much importance on a safe and reliable surrounding, no Canadian should be without somewhere to call home. That is why our government has invested in affordable housing to help to reduce homelessness and support vulnerable Canadians. Our Rapid Housing Initiative (RHI) invests $1 billion to create new permanent, affordable housing units across the country. By making investments in affordable housing, we are creating jobs, strengthening communities across Canada and helping the housing sector.

Right Hon. Justin Trudeau
Prime Minister of Canada

PRIME MINISTER · PREMIER MINISTRE

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

Now more than ever, we are reminded of how important it is that everyone in Canada has a safe and affordable place to call home. We know that these are trying times, which is why our government is taking action to support those in need and implement measures to bolster our financial system and the Canadian economy.

In the face of significant job and income loss due to the COVID-19 pandemic, we have provided lenders with the ability to help homeowners financially impacted by the pandemic through default management tools, which included the option for a temporary deferral of mortgage payments for up to 6 months. We encouraged homeowners to contact their financial institution at the first sign of difficulty to discuss their situations and explore all options. Canada Mortgage and Housing Corporation (CMHC) is also working with landlords and housing providers affected by COVID-19 to find appropriate solutions for them. In return, we have insisted on patience from landlords – specifically that they refrain from evictions during the crisis.

We originally planned to launch Phase 2 of the Federal Community Housing Initiative (FCHI-2) on April 1, 2020; however, we delayed the launch to enhance the design of the program to meet community housing providers' needs, as well as give housing providers additional time to submit their applications in light of COVID-19. To avoid funding interruptions, federally administered housing providers whose operating agreements ended between March 31, 2020, and August 31, 2020, and were in the process of enrolling to FCHI-2, continued to receive their current level of federal assistance under the same terms and conditions until August 31, 2020.

In addition, direct affordability support to households in housing need is also available in a number of provinces via the Canada Housing Benefit, which took effect on April 1, 2020. We are continuing discussions with the other provinces and territories to accelerate the flow of this benefit to Canadians in need of assistance.

The Government of Canada has also implemented measures to bolster the financial system and the Canadian economy through the launch of a revised Insured Mortgage Purchase Program (IMPP). The IMPP provides access to funding for financial institutions to ensure liquidity that supports lending to Canadian consumers and businesses and secure broader financial market stability.

Like other government organizations, we want to do our part to help ensure that Canadians feel supported and heard, which is why we continue to closely monitor the pandemic's latest developments and adjust our response as needed. CMHC stands ready to further support liquidity and the stability of the financial markets through its mortgage funding programs, as necessary.

Hon. Ahmed Hussen
Minister of Families, Children and Social Development, Government of Canada

Minister of Families, Children and Social Development

Ministre de la Famille, des Enfants et du Développement social

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

Our government knows a strong housing market with the right mix of housing is vital to supporting the GTA's growth and economic recovery, which is why we are committed to increasing housing supply in the region.

Last year we released the new Provincial Policy Statement to increase the supply of land for housing to help people find homes closer to where they work, and allow homebuilders to plan for a range of housing types. It also encourages transit-oriented communities to build more housing, including affordable housing near transit hubs.

Our recent changes to A Place to Grow: Growth Plan for the Greater Golden Horseshoe give municipalities more flexibility to plan for an appropriate range and mix of housing to meet the needs of their residents.

This works with our government's Housing Supply Action Plan, More Homes, More Choice, which made it easier and more predictable to build new homes, while reducing planning timelines.

We're seeing great progress. Housing starts in 2020 from January to October were up 14 per cent compared to the same period in 2019 in the GTA.

I want to thank the Toronto Regional Real Estate Board and your members for all you do, and for your ongoing advice and partnership. We will continue to work with you to help Ontarians find homes that meet their needs and budgets, and get our economy back on track.

Hon. Steve Clark
Minister of Municipal Affairs and Housing, Province of Ontario

Ontario

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

There is no doubt that 2020 was a difficult year for our entire city. Residents and businesses across Toronto were heavily impacted by the pandemic and continue to feel the devastating impacts of this virus.

Before the pandemic, Toronto was the fastest growing city in North America. People from all over the world came to Toronto to be part of our success story. We cannot lose sight of this. This will drive our city's recovery and rebuilding efforts once the pandemic is over, and it will ensure that Toronto comes out of this stronger than ever. A big part of that will be our continued efforts in building up our city. Whether it is investing in important housing, transit and infrastructure projects – we know that in order to build a world-class city, we need to move forward on all these fronts.

It's why we are moving forward with our HousingTO Action Plan with a goal of building 40,000 affordable housing units, including 18,000 supportive homes, 1,000 of which will be modular homes. It's why we are moving forward with investments in our TTC, including Automated Transit Control and Rapid Bus Transit which will make the system more efficient so that people can get where they need to go quickly and reliably. But while we upgrade our current system, we know we need to build new transit lines to connect all corners of our city. In partnership with the other levels of government, we are moving forward with the largest expansion of our transit system so that we can get people moving.

The pandemic also presented us with opportunities to modernize our city government and to adapt to a new way of delivering services. It was clear that during the pandemic, residents wanted places to go outside while being safe and distanced from others. As a result of this shift, we created CafeTO – a quick start program that opened up new patio spaces for restaurants in the City, providing restaurants the ability to stay open and for patrons to enjoy their favourite local eats while being safe. During the program, we were able to create hundreds of new patios across the City. We also expanded our cycling infrastructure to ensure that people could get around during the summer. The City launched ActiveTO which closed major roads across the City for pedestrians and cyclists to enjoy, and added bike lanes along Bloor and the Danforth to keep all corners of the City connected. We made possible the largest one-year expansion of on-street bike lanes ever in our city's history. The City also continued to keep the TTC in full service to ensure that frontline and essential workers were able to get to and from work. We did this all while moving forward with other city priorities, including expanding the housing supply, repairing our transit system and focusing on key infrastructure projects. It is clear that we haven't lost sight of what's important and what it takes to grow our city.

I am proud of the work we have done as a city united in confronting COVID-19, but I know there is more work ahead. I will continue to work hard in building up Toronto and working with other levels of government to ensure that Toronto will remain the economic engine of this country and a place where people from around the world come to live and where everyone, from all walks of life, can live.

John Tory
Mayor, City of Toronto

TORONTO

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

The Ontario Government is making it possible to reimagine how Ontario builds new transit and communities. We have adopted and legislated new modern approaches to building dynamic, complete, mixed-use communities centred around public transit stations.

By 2046, about 9.5 million people are expected to call the Greater Toronto Area home. We recognize the need for better infrastructure to support this impending population growth. That is why we are making a historic commitment to invest almost $143 billion into the province's infrastructure over ten years. We also understand that we need to be bold and smart in how we build new complete communities and employment centres to support the region for the generations to come.

This past summer our government passed the *Building Transit Faster* Act and the *Transit-Oriented Communities* Act, and very recently passed the *Ontario Rebuilding and Recovery* Act. We are modernizing outdated approaches that have caused costly delays in the construction of necessary infrastructure. This work introduces new tools that would accelerate the delivery of priority projects like transit and long-term care homes and support the creation of more housing, including affordable housing, so Ontarians can benefit from our investments sooner.

We know that the COVID-19 pandemic's devastating impacts on our economy has created an added sense of urgency. This challenging time has shown all of Ontario how truly important these investments are to help spur economic activity and create new jobs, and to also build safe, affordable and accessible essential infrastructure for a brighter future.

Hon. Kinga Surma
Associate Minister of Transportation (GTA), Province of Ontario

Ontario

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

The Region of Peel is home to almost 1.5 million residents, and is expected to exceed two million by 2051. Providing housing choice, including a range of affordable housing options, is not only critical to the Region's recovery following COVID-19, but also its ability to meet the long-term needs of this growing community. Looking ahead, the Region will continue to collaborate with communities and the development industry to ensure we provide prompt and appropriate development approvals to meet our shared housing goals.

In addition to supporting market housing demand through intensification and greenfield development, we will continue to implement the Peel Housing and Homelessness Plan (2018–2028), recognizing that affordable housing is foundational for a strong, resilient community and a sustainable economy. The Plan outlines tools and strategies to support housing affordability, including the Region's Affordable Housing Incentives Pilot Program, which introduces incentives for private and non-profit developers to build affordable rental housing, and the My Home Second Unit Renovation Program, which seeks to optimize existing stock by supporting homeowners interested in renovating their second units. Above all, the Region remains committed to building a safe and healthy "Community for Life" in Peel, where everyone has an opportunity to thrive.

Nando Iannicca
Regional Chair and CEO, Region of Peel

Region of Peel
working with you

At the City of Mississauga, we have implemented a number of key measures to ensure that economic prosperity continues in our City even during these challenging times. Specifically regarding the housing and real estate markets, we have pre-zoned all of our land in downtown Mississauga to expedite the process of getting shovels in the ground on new developments. During the pandemic, we have also invested in numerous online systems to accelerate approvals of new developments. For example, we have moved our Planning and Development Committee online, as well as our Committee of Adjustment, so that business could continue unabated. This has allowed the City to not only maintain our service levels throughout the pandemic, but Mississauga has actually generated better construction values this year than in the previous one. We are also currently undergoing a review of our official plan, in tandem with the Region of Peel, that ensures we have a variety of housing options available to residents, as we know that in the next 20 years our population is expected to grow to more than 900,000 residents.

Bonnie Crombie
Mayor, City of Mississauga

MISSISSAUGA

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

After extensive consultation, Brampton Council adopted our 2040 VISION two years ago. It's a vision celebrating a rich mosaic of people coexisting and thriving in harmony. It's a future where people are connected by modern transit, arts, culture, and green spaces, with a Town Centre at its heart.

As a forward-thinking City, we are committed to championing smart planning for vibrant, healthy, and complete communities. It's about world class transit, critical social infrastructure, and vibrant Urban Hubs with direct connections to nature and quiet spaces. It's about the environment, active lifestyles and promoting better health for our residents. It's about focusing on our Innovation District in Downtown Brampton.

Brampton is setting the bar very high, and our vision and expertise is driving that change towards a new way of thinking about City building. Brampton is growing fast. Our City saw the second largest increase in population among Canada's 25 largest cities during the last census, and Brampton's growth rate is three times that of the provincial average. We are preparing for Brampton to grow to approximately 1 million people over the next 30 years, which means ample opportunity for a diversity of housing types, infrastructure and jobs.

I am pleased that our 2021 Budget delivers a third consecutive property tax freeze on the City Portion of the Tax Bill and delivers the largest ever annual contribution of $114 million to City reserves, strengthening the City's financial position. The 2021 Budget also keeps up the investment momentum in priorities that shape our future, such as transportation, sustainability, economic growth, and healthy living. Brampton is a young, dynamic, and rapidly growing GTA municipality focused on the future.

Patrick Brown
Mayor, City of Brampton

BRAMPTON

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

The Regional Municipality of York consists of nine local cities and towns and provides a variety of programs and services to 1.2 million residents, 54,000 businesses and 650,000 employees. By 2041, York Region is forecasted to grow to 1.79 million people and 900,000 jobs.

The 2020 COVID-19 global pandemic is unprecedented in its global reach and impact. Economies around the world are feeling the effects of lockdowns, business closures, supply disruptions, layoffs and loss of income. In York Region, our residents, businesses and the local economy have not been immune to these challenges.

As we look to 2021 and a potential COVID-19 vaccine, we also turn our attention to economic response and recovery. One avenue of recovery includes the housing and development industry.

The real estate and housing industry are significant players in the amount, type and location of housing delivered in our communities, which in turn impacts economic recovery and growth. Development proponents are key partners in the provision of housing to meet the needs of all types of households.

In York Region, we see a continued need for housing to meet the needs of households throughout income spectrums, including type, size and tenure. This is a need we anticipate will grow as a result of the economic uncertainty caused by the COVID-19 pandemic.

Despite the challenges COVID-19 has presented, there remains an opportunity to be collaborative and embrace housing innovations, including design and construction that enhances the health and well-being of occupants and the affordability of new housing units. York Region's plan for future growth includes an integrated approach to planning which combines pedestrian friendly, walkable communities with the construction of new rapid transit lanes and stations connecting York Region and the Greater Toronto Area.

City building initiatives, specifically in our four major city centres in Markham, Vaughan, Richmond Hill and Newmarket, also include a healthy mix of housing options to meet the needs of residents of all ages, stages and abilities.

Housing is a priority for York Regional Council and connects residents to our economy, transportation systems, health and social services and the environment. To support a strong economic future, York Region will look to the housing industry to play a pivotal role in building resilient, equitable and health communities today and for future generations.

Wayne Emmerson
Chairman and CEO, Region of York

York Region

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

While our battle with COVID-19 is not yet over, city-building in Vaughan continues.

Despite the universal challenges of COVID-19, Vaughan remains a city in demand. Our economy is showing signs of resilience. In fact, during the first quarter of 2020, the City of Vaughan issued 656 permits valued at over $128 million. More than 12,300 inspections have taken place from January to March 2020 – well exceeding 2019, 2018 and 2017 during that same period.

The Vaughan Metropolitan Centre (VMC) is our emerging downtown core, which continues to attract significant opportunities for investment and growth. The VMC is the largest and most ambitious project in Vaughan's history. Nearly 50,400 residents in more than 25,000 residential units are moving into the VMC. This far exceeds targets for residential units and population growth targets identified for the 2031 planning horizon. We are working on 22 active development files, including three that are in the pre-application consultation phase, which represents an additional 7,011 units. Based on the approved and proposed residential developments to date, the total number of new residential units currently occupied in the VMC is 2,137, with another 4,383 new residential units currently under construction. With a transit system anchored by the subway that offers seamless connectivity throughout the GTA, the VMC is one of the best places to live, work and play.

Maurizio Bevilacqua
Mayor, City of Vaughan

VAUGHAN

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

As more people look to move out of the city, they simply can't ignore Durham. We are a family friendly, economically strong, and diverse region that offers a high quality of life. Our continued support for our growing population will continue beyond COVID-19, as we aim to further grow and diversify Durham Region's housing options. Durham Region is the best place to live, work, grow, and invest – and it's a place that we hope many more people come to call home in the future.

John Henry
Regional Chair and CEO, Region of Durham

DURHAM REGION

The real estate and the housing market continues to play a key role in delivering strong economic growth for Oshawa. In spite of the global pandemic, Oshawa is anticipating $500 million in building permit value by year-end 2020. This news comes as the City of Oshawa was recognized by Altus Group as the #1 City for development approval timelines across the Greater Toronto Area. The Conference Board of Canada forecasts Oshawa's 2021 GDP growth at 5.8%.

In north Oshawa, the Columbus Part II Plan is expected to accommodate up to 32,000 new residents, and the RioCan retail hub will be developing 840,000 sq. ft. of commercial space and create nearly 2,000 jobs, both with easy access to Highway 407 East.

We are excited to welcome major investments in our community, including GM Canada's recent announcement to invest $1.3 billion at the Oshawa Assembly Plant, hiring up to 1,700 hourly workers.

Panattoni Development Company is also constructing 1 million sq. ft. of new industrial space – a project with an estimated value of $70 million.

As the host city to three post-secondary institutions providing a talent pipeline of over 25,000 students, we are looking forward to a bright and innovative economic transformation.

Dan Carter
Mayor, City of Oshawa

Oshawa®
Prepare To Be Amazed

Solutions from Policymakers for Economic Recovery and Growth

Dignitary Submissions

Pickering is invested in a number of transformational projects that will welcome a broad and diverse range of housing and employment opportunities, while also ushering in a new and urban dynamic to the city.

There are a number of residential and mixed-use projects either underway or in the development review process, including the burgeoning community of Seaton, City Centre redevelopment, Universal City Condos, and the SmartCentres master-planned community. Combined, they will provide an exciting array of homes and communities for singles, couples, seniors, and families.

Job creation remains a priority as we want our residents to be able to work close to home. Kubota Canada's $67 million new headquarters and manufacturing facility sited in our Innovation Corridor will be open for business in 2021. Phase One of the Durham Live project is nearing completion, and upon full buildout, it will create in excess of 10,000 new jobs for Pickering and Durham residents.

Equally as important, Durham Live will be one of Ontario's premier tourist destinations showcasing the Pickering Casino Resort, Canada's largest film studios, a waterpark, boutique hotel, shops, and restaurants. The City Centre project will feature a new arts centre, central library, and a senior youth centre all connected seamlessly to the Pickering Town Centre by pedestrian friendly walkways dotted with cafés, stores, and dining establishments.

As the gateway to the east GTA, Pickering is strategically located where Toronto, York, and Durham Regions meet. And with all of the positive and progressive growth taking place, it is truly becoming one of the very best places to live, work, play, and invest.

Dave Ryan
Mayor, City of Pickering

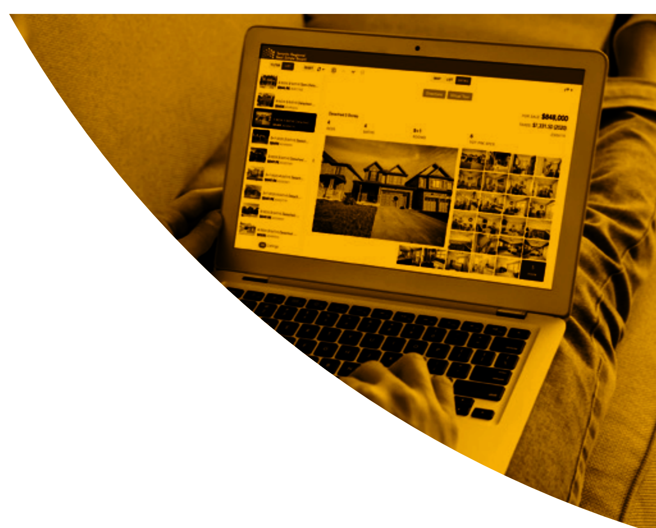
City of PICKERING

I am struck by how well TRREB Members have adapted to the challenges they face in this pandemic environment, and how they continue to help buyers and sellers achieve their goals.

This is a testament to their professionalism, and the relationships they foster with their clients make them the backbone of this industry. TRREB Members help drive economic activity that allows us to gauge the state of the real estate market year over year.

John DiMichele
CHIEF EXECUTIVE OFFICER
TORONTO REGIONAL REAL ESTATE BOARD

Toronto Regional Real Estate Board
Celebrating 100 Years



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