2023 Market Outlook
& 2022 Year in Review

A Look Ahead at GTA Housing, Infrastructure and Sustainabilty

Toronto Regional Real Estate Board

Professionals connecting people, property and communities.

Sounding the Alarm on Housing, Infrastructure and Sustainability

A Message from the President and the CEO

Over the past decade, we have experienced the devastating impact of damaging winds, torrential downpours and rising temperatures to neighbourhoods right across the country. Recent years have shown climate change is getting worse.

"This is a wake-up call for developers. We know there is a better way to build homes and communities. Before property developers construct their next project, they need a long-term vision with an eye on environmental sustainability from raw materials to green designs that will benefit, not burden, future generations," said TRREB CEO John DiMichele.

A greener future is not possible without building greener homes.

"Homeowners also play a key part by making choices and changes that protect and conserve resources while optimizing energy in their homes. There are incentives and a grant program that not only help achieve this, but also fight climate change," said TRREB President Paul Baron.

Sustainable housing is the way forward. Now more than ever, it is the right thing to do, and it's never too late to start taking action.

This year's *Market Outlook & Year in Review* report continues to be the go-to source for what's next in the GTA real estate market. Inside, you can discover new research from the Canadian Centre for Economic Analysis that examines transit and transportation trends for the next three decades. We know that the population of the GGH is growing, and the current infrastructure will certainly not keep up.

To keep plugged in, turn the pages for more research on building a better tomorrow. We partnered with the Pembina Institute to reveal the effects electrical vehicles (EV) will have on the residential real estate sector. There is a strong need for multi-unit residential buildings to install charging stations as more EVs hit our roads.

We also highlight ways affordability and supply challenges continue to exist in our marketplace.

Our work at TRREB includes reviewing current policies impacting buyers. The OSFI mortgage stress test and higher interest rates are making it harder for prospective buyers to call a place home. Meanwhile, the latest Ipsos polling results for TRREB on buying intentions show a strong demand for housing. But this want and need for housing is not backed by a diverse supply of homes. Instead, homeowners are up against climbing average prices and strong competition.

We will continue to sound the alarm on housing, infrastructure and sustainability. The citizens of our regions must see real solutions in the real estate landscape before it's too late.

Paul Baron
2023 President
Toronto Regional Real Estate Board

John DiMichele
CEO
Toronto Regional Real Estate Board

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Discover the Digital Digest

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Executive Summary

2023 Market Outlook

Higher immigration levels and increased borrowing costs are two forces that will impact the housing market in 2023. TRREB is forecasting:

- A total of 70,000 sales. This is below the 2022 result, but we will see marked improvement in the second half of 2023.
- The average selling price will reach $1,140,000 for all home types combined. This is up compared to the average price in the second half of 2022, but down by 4% when compared to 2022 as a whole.

Buying and Selling Intentions

Fall 2022 Ipsos polling revealed increased demand for homeownership in 2023. The results included:

- Overall buying intentions were up slightly compared to the fall poll of 2021, with 28% of respondents indicating that they will *likely* purchase a home in 2023.
- The number of first-time buyers as a share of *likely* homebuyers also increased, with the intending first-time buyer share increasing to 46% compared to 39% in the previous poll.
- Listing intentions (those *very likely* or *somewhat likely* to list their home) for 2023 were up compared to 2022 for townhomes and similar to 2022 for condominium apartments and semi-detached houses.

2022 Year in Review

The housing market started off strong in 2022, but GTA home sales trended lower in the spring and summer. In 2022, the GTA housing market had:

- 75,140 home sales.
- 152,873 new listings.
- An average price of $1,189,850 for all home types.

The New Homes Market

According to Altus Group, new home sales took off in early 2022 but dropped towards the end of the year. The highlights for new homes were:

- Total sales were down 44% when compared to 2021.
- The benchmark price for a new single-family home was $1,742,000 in November 2022.
- The available inventory in the new single-family market was 4.5 months.

The Commercial Market

Each sector in the commercial market had varying trends. The highlights were:

- Overall Q3 transaction activity in the GTA rose slightly by 2% when compared to the same period in 2021.
- Availability rates in the GTA office market climbed slightly when compared to 2021.
- Industrial supply tightened as we moved through 2022.

Transportation Infrastructure in the Greater Golden Horseshoe

TRREB partnered with the Canadian Centre for Economic Analysis to unpack where transit and transportation infrastructure are headed by 2051. The takeaways are:

- The GTA population could grow to 16.9 million residents.
- The demand for transportation would be up 122% – greater than the increase in capacity – if work from home rates return to pre-pandemic levels.
- Lower-income households could spend as much on transit and transportation as on food.

Homeowners and Tenants in Multi-Unit Residential Buildings Access EV Charging

More and more drivers are choosing electrical vehicles (EV) in Canada. The findings from new research by the Pembina Institute are:

- Developers and building owners should prepare today for the rapid growth of EVs on the road.
- In Q1–Q3 2022, one in 16 vehicles sold in Canada were EVs.
- By 2030, one out of three vehicles sold in Ontario will be electric.

R-LABS Contribution: The Real Estate Industry's "Crisi-tunity" Moment

R-LABS co-created three solutions in response to the housing supply crisis. Examples of their work and partnerships are:

- R-Hauz is solving the missing middle through off-site prefabricated housing solutions like laneway homes and mass timber avenue townhomes that conform to city planning frameworks.
- OneClose is solving interim occupancy interest for new condominium owners allowing them to lock into a mortgage at the time of occupancy.
- RIOS is improving the efficiency and flow of new housing supply, beginning with a new condominium assignment fulfillment service.

2023 Market Outlook: What's Trending Next

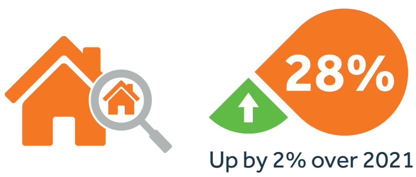
With Survey Results from Ipsos

Highlights

Home sales will remain on a relatively flat trajectory in the first half of 2023. The lingering effects of higher borrowing costs and related economic uncertainty will initially impact buying intentions. However, in the second half of 2023, a relatively resilient labour market and downward trending fixed mortgage rates will prompt a gradual increase in homebuying activity. For calendar year 2023, there will be a total of 70,000 sales transactions through TRREB's MLS® System in its *Market Watch* reporting area.[1] While this sales total will be below the 2022 result, there will be a marked improvement on a monthly basis, especially in the second half of 2023.

Fast Fact: Buying Intentions

Source: Ipsos



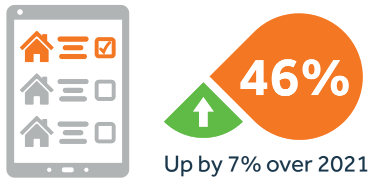
Up by 2% over 2021 polling

28% of respondents said they will consider purchasing a home in 2023.

The most recent Ipsos polling results from the late fall of 2022 support increased demand for ownership housing through the year. Overall buying intentions were up compared to the fall of 2021, with 28% of respondents indicating that they will consider the purchase of a home in 2023. The number of first-time buyers as a share of *likely* homebuyers also increased, with the intending first-time buyer share increasing to 46% compared to 39% in the previous poll.

Fast Fact: First-Time Buying Intentions

Source: Ipsos



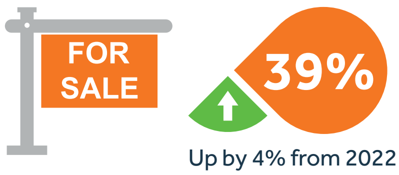
Up by 7% over 2021 polling

46% of first-time buyers intend to purchase a home in 2023.

Listing inventory will continue to be a persistent problem in 2023. Because the economic downturn will be shallow and brief, there will be no widespread panic listing of homes. This means that as the demand for ownership housing gradually picks up in the second half of 2023, market conditions will tighten. While inventory levels are expected to remain low historically, recent Ipsos polling suggests that the share of homeowners considering listing their home for sale may increase in 2023 to 39% compared to 35% in 2022. More importantly, this increase in listing intentions is entirely driven by those who say they are *very likely* to list.

Fast Fact: Listing Intentions

Source: Ipsos



Up by 4% from 2022

39% of homeowners said they would consider listing their home in 2023.

Listing intentions (those *very likely* or *somewhat likely* to list their home) for 2023 were up compared to 2022 for townhomes and similarly to 2022 for condominium apartments and semi-detached houses. Listing intentions for detached houses were down to 39% compared to 2022 – the lowest level since Ipsos polling started asking this question on behalf of TRREB. This suggests two things: we may see an uptick in listings for more affordable home types, but as overall demand for ownership housing picks up, we could see very tight market conditions for detached homes.

Fast Fact: 2023 Price Outlook

Source: Toronto Regional Real Estate Board

Down by 4% from 2022

For 2023 as a whole, TRREB expects the average selling price to reach $1,140,000 for all home types combined.

[1] *TRREB's reporting area for its monthly Market Watch publication includes the City of Toronto; the regions of Halton, Peel, York and Durham; the five municipalities comprising south Simcoe County; and the Town of Orangeville.*

Home prices are expected to remain relatively flat in the first half of 2023 – in line with the trend experienced in the Greater Toronto Area since August 2022. However, competition between buyers will increase in the second half of the year, exerting renewed upward pressure on home prices. The more affordable market segments, including condominium apartments and townhouses, will likely lead the initial price recovery phase. For 2023 as a whole, expect the average selling price to reach $1,140,000 for all home types combined. This will be up compared to average prices in the second half of 2022, but down by approximately 4% compared to 2022 as a whole. This outlook follows listing price intentions collected by Ipsos, where the average listing price is expected to be down year-over-year in 2023.

Fast Fact: 2023 Sales Outlook

Source: Toronto Regional Real Estate Board

Down by 7% from 2022

For the 2023 calendar year, TRREB is forecasting a total of 70,000 sales for all home types.

The GTA population will grow at a record pace in 2023, as the region continues to be the single-greatest metropolitan beneficiary of immigration in Canada. As these new households look to take advantage of the GTA's cultural and economic diversity, they will require a place to live. While immigrant households have a higher propensity to eventually purchase a home, many of these newcomers will initially choose to rent due to affordability issues. This factor will add steam to an already competitive rental market, supporting the continuation of double-digit annual average rent increases.

Fast Fact: Gradual Increase in Market Activity

Source: Toronto Regional Real Estate Board

In the second half of 2023, a relatively resilient labour market and downward trending fixed mortgage rates will prompt a gradual increase in homebuying activity. The average selling price will also be up when compared to prices in the second half of 2022.

2023 Market Outlook: What's Trending Next

With Survey Results from Ipsos

Interest Rate Outlook

We will continue to look at the housing market through the lens of borrowing costs in 2023. The view, however, will change. Whereas most of 2022 was characterized by a steep upward trend in interest rates, the curve will flatten and start to point downward in 2023.

The consensus view is that the pace of inflation will ease as we move through the year, ending between 2–3%. Because of this expectation, we are already seeing lower bond yields for medium-term Government of Canada bond yields, like the five-year bond that underpins popular five-year fixed mortgage products. By the end of 2023, the five-year yield will have dipped at least 50 basis points from the beginning of the year. Any unexpected dip in economic growth could cause bond yields to recede even further. In this case, it is possible that the Bank of Canada could actually reverse course and introduce a cut to its target for the Overnight Lending rate by the end of this year as well.

All else being equal, a dip in borrowing costs will be beneficial to would-be home buyers as we move through 2023. Initially, lower borrowing costs coupled with lower home prices will see average monthly payments mortgage payments decline, which in turn, could prompt an increase in buyers moving off the sidelines and back into the market.

While actual rate increases could improve homeownership affordability, buyers will still be faced with the OSFI stress test which increasingly became disconnected from reality as the rate tightening cycle progressed in 2022. There were periods in 2022 when mortgagees were being stress tested at rates greater than 7% – well-above the OSFI benchmark of 5.25% .

Recent Ipsos polling suggests that the OSFI stress test is having more impact on home buying intentions than ever before, with 63% of *likely* purchasers indicating they were impacted – the highest share since 2019. Most respondents who said they were impacted indicated that the stress test was prompting them to consider purchasing a different type, location and/or price point of home.

In 2023, OSFI should rethink its stress test to account for the interest rate cycle and the probability that mortgagees will never be faced with a mortgage rate as high as the stress test. Given the positive economic impact of the housing sector, it does not make sense to artificially subdue the market.

On a positive note, Ipsos polling indicated that the average down payment for intending homebuyers remained high at 31%, in line with results from a year earlier.

Fast Fact: Stress Test Impacting Buyers

Source: Ipsos

63%

The highest share since 2019

63% of *likely* purchasers said they were impacted by the stress test.

Mild Downturn in Economic Growth

Consumer spending, or lack thereof, will weigh on Canadian economic growth in the first half of 2023. Household spending dipped in the third and fourth quarters of 2022, as high inflation and high borrowing costs prompted many households to dial back their spending. This outlook for slower consumer spending, at least in the short term, is supported by a downward trend in the Ipsos National Consumer Confidence Index. In January 2023, the Ipsos index dipped below 50 points – down 3.1 points since February 2022. This dip in consumer confidence could be attributed to higher borrowing costs and high inflation. As a result of this dip in confidence and spending, the consensus view is that we could experience an economic slowdown or even mild recession between the first and third quarters of this year.

While a contraction in the economy, however mild, is never welcome, it will be a relief valve from an inflation perspective. Less consumer spending (demand) coupled with improved global supply chain conditions will ultimately result in the rate of inflation trending closer to the Bank of Canada's 2% target as we move through the year. This will eliminate the need for further rate hikes and could result in the Bank of Canada reversing course in order to stave off any protracted economic downturn.

Fast Fact: Household Spending

Source: Based on Statistics Canada

High inflation and high borrowing costs caused a dip in household spending towards the end of 2022.

Labour Market Will Remain Tight

Labour market conditions will remain, on balance, a driver of housing demand in 2023. While there is expected to be a shallow recession this year, the impact will not be deep enough or long enough to markedly impact the unemployment rate or incomes. This is because employers will be reticent to consider widespread layoffs to account for a relatively short-lived economic downturn. Because labour market conditions are so tight, it is very likely that anyone laid off would find another job and would not be available for work when economic conditions improved.

Far from considering layoffs, the majority of firms surveyed by the Bank of Canada in their *Business Outlook Survey*, indicated that they were expecting to hire new employees in 2023, even though sales were expected to dip over the same period. This speaks to businesses' longer-term outlook of growth across a diversity of sectors.

Stable labour market conditions and an absence of widespread layoffs will support confidence in purchasing and paying for a home. This will also allay fears surrounding the ability of existing homeowners to make their regular mortgage payments.

Immigration Will Drive Housing Demand

The drivers of housing demand discussed above are cyclical in nature and can change in the relatively short term. In contrast, the key long-term driver of housing demand – whether ownership or rental – is population growth. In the GTA and broader GGH, immigration drives population growth. With the federal government setting national targets for immigration near the 500,000 mark over the next three years, the number of households settling in southern Ontario will be at our near record levels.

The majority of immigrants settling in the GTA and GGH will be economic migrants with the wherewithal to purchase or rent market-based housing. This will increase the demand for housing relative to a constrained supply, resulting in upward pressure on home prices and rents. Past Ipsos polling has found that the propensity to buy a home is higher with immigrant households compared to households born in Canada. While immigration-based population growth is key to our region's economic development and growth, we must ensure that recent policies pointed at increasing supply actually result in shovels in the ground in 2023. The GTA and GGH will need more supply in the aggregate and also a greater diversity of home types to bridge the gap between traditional single-family homes and condominium apartments.

Fast Fact: Immigration Targets

Source: Government of Canada

Federal government national targets for the next 3 years

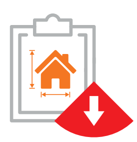
High Rental Demand and Double-Digit Rent Increases to Continue

High borrowing costs have resulted in a cyclical shift from homeownership demand to rental demand. On top of this, the population in the GTA and GGH is growing on the back of immigration. Many immigrant households tend to rent when they first arrive in our region – purchasing a home happens at some point in the future. Both of these trends will continue to play out in 2023.

Rental vacancy rates for purpose-built rental properties and individual investor-held rental properties will trend lower this year. The result will be strong competition between renter households and sustained double-digit rent increases. This underpins the need for more rental supply.

Fast Fact: Rental Listings

Source: Toronto Regional Real Estate Board



Vacancy rates for purpose-built and individual investor-held properties will trend lower in 2023.

2022 Year in Review: A Look Back

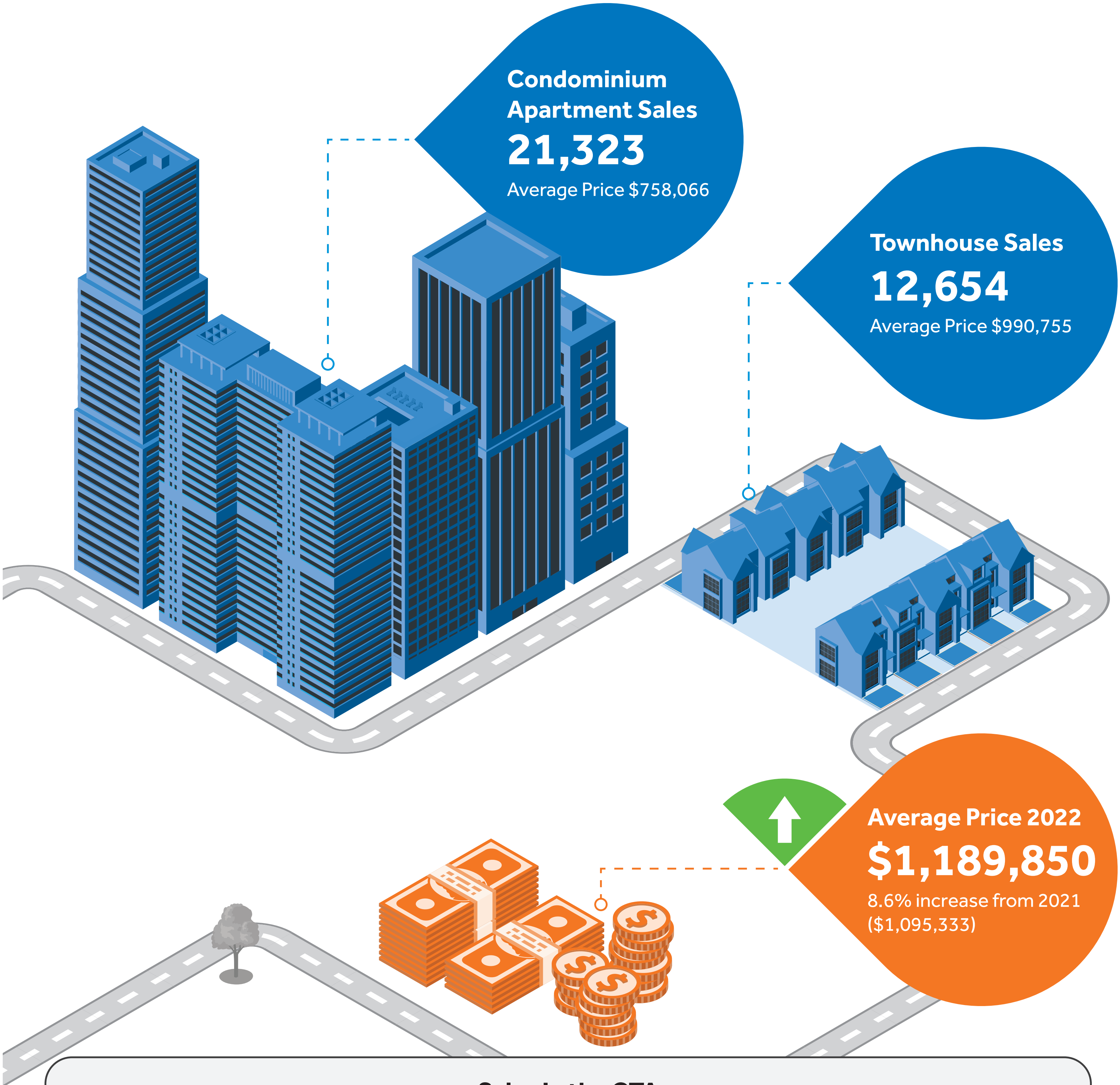
Detached Sales
33,568
Average Price $1,545,428

Semi-Detached Sales
6,896
Average Price $1,182,970

New Listings
152,873
8.2% decrease from 2021 (166,600)

Total Sales in 2022
75,140
38.2% decrease from 2021 (121,639)

Bank of Canada Interest Rate Hikes
7



Sales in the GTA

Toronto	Durham	Simcoe County	Peel Region	York	Dufferin County	Halton Region
27,769	9,875	2,309	14,167	12,852	493	7,675

New Homes Review and Outlook

Research from Altus Group

The Latest Trends in the New Homes Market

- 2022 was a year that began with much optimism yet ended with many concerns – this time not from the pandemic but from market forces impacting both our daily lives and real estate markets.
- Because of the challenges, new home sales that began in 2022 at a near record pace are expected to conclude the year with one of the lowest yearly totals on record.
- Single-family new home sales were the story of the year for the unprecedented lows of July through September, with annual sales at their second lowest level ever.
- Condominium apartment new home sales held up better with sales on track for a new record through the first four months of the year. Slowing sales for the remainder of the year will see the annual number fall by one-third from 2021's heady total but still register as a top seven year.
- The outlook for 2023 is for both new homebuyers and builders to remain cautious in the face of economic headwinds. Demand for new condominium apartments is expected to remain at current levels through much of the year. A lack of available supply and continued affordability challenges are expected to keep new single-family home sales constrained.

Fast Fact: Expected Condo Apt. Completions in 2022

Source: Altus Group

~11,000

The expected completions of condominium apartments in 2022

2021 ended on a feverish note in the Greater Toronto Area (GTA) new housing markets. That momentum carried through to the early part of 2022 aided by robust employment growth. But the combination of cumulative interest rate increases and elevated inflation dampened activity throughout the remainder of the year. Total new homes sales shrank by 44% for the first 11 months of 2022 compared to a year earlier. The new condominium apartment market held up reasonably well and registered a one-third drop in sales through November 2022 compared to 2021's near-record high. Single-family sales, on the other hand, were the main drag on total sales, having posted a 67% decline due to supply shortages and affordability woes.

Fast Fact: New Single-Family Home Availability

Source: Altus Group

4.5 Months

Number of months of available inventory in the new single-family market

New Condominium Apartment Sales Are Down But Not Out

- New condominium apartment sales started in 2022 at a record pace as the momentum from 2021's near record level continued into the start of the year. However, the cycle of rising interest rates and inflationary pressures took hold and sales slowed from their torrid level through the remained of the year. Year-to-date sales through November were down by one-third compared to the elevated 2021 total, but held up in comparison to recent years.
- New single-family sales, on the other hand, went in the opposite direction. The second half of 2021 saw sales begin to slow in response to a drop-off in supply and affordability concerns. 2022 began in a similar fashion before plummeting to three consecutive record lows below the 100 unit mark. January–November 2022 sales were two-thirds below the previous year and on track for their second lowest level on record.

Fast Fact: GTA New Home Sales

Source: Altus Group

	Condo Apt.	Single-family
2017	33.0	7.4
2018	20.3	3.6
2019	26.3	9.3
2020	20.4	17.1
2021	32.8	13.9
Jan-Nov		
2021	30.6	13.3
2022	20.4	4.3

Units in 000s

905 Regions, with a More Balanced Sector Split, Faced Larger Declines Than Toronto

- All regions in the GTA shared in the year-to-date decline in total new home sales in 2022. However, the 905 regions fared worse due to their larger ratio of single-family to condominium sales.
- In the 905 regions, York saw the biggest decline in new homes sales activity, driven by a large reduction in both

single-family and condominium apartment sales. At the other end of the spectrum, Peel and Halton Regions saw a relatively less severe decline in sales activity.

Fast Fact: GTA New Home Sales by Region (YTD Nov)

Source: Altus Group

Region	Condo Apt.	Single-family
Toronto	11.8 15.0 in 2021	0.2 0.3 in 2021
Durham	1.3 2.3 in 2021	1.0 4.1 in 2021
York	1.7 5.2 in 2021	1.4 5.0 in 2021
Peel	3.6 4.9 in 2021	0.7 2.4 in 2021
Halton	2.0 3.3 in 2021	1.0 1.4 in 2021

Units in 000s

Benchmark Prices Peaked in Early 2022 and Have Been Falling Since

- Benchmark prices for both condominium apartment (March) and single-family homes (July) reached a record high in 2022. But the combination of repeated interest rate increases, soaring construction costs and elevated inflation were a drag on benchmark pricing in the back half of 2022.
- The supply issues that largely drove the record benchmark price for a new single-family home have not changed. However, affordability and economic concerns are pushing many buyers to the sidelines. For condominium apartments, sales have held up better and the soaring spread between the single-family and condominium apartment benchmark price has benefitted condominium apartment demand. New condominium apartment supply has roughly been keeping pace with sales resulting in more moderate price decreases.

Fast Fact: GTA New Home Benchmark Prices

Source: Altus Group

Condo Apt.
$1,121,906
Average Asking Price in Nov 2022

Single-family
$1,742,000
Average Asking Price in Nov 2022

Average asking prices of available new home inventory at end of period with outliers removed

Looking Ahead

- Looking ahead to 2023, concerns surrounding interest rates, inflation and a potential recession have combined to dampen demand prospects though record immigration to Canada is expected to provide additional support. Provincial legislation to increase new home construction should assist in easing supply issues toward the latter part of the year and into 2024.
- Little change is expected in demand levels for new condominium apartments though builders continue to bring new supply to the market. All told, expect 2023 new condo apartment sales in the GTA to struggle to match 2022 levels.
- The new single-family home sector is expected to languish in the face of ongoing supply constraints and affordability challenges due to elevated prices and interest rate hikes.

Note: This research from Altus Group reflects the time period from January 2022 to November 2022.

Commercial Market Review and Outlook

Research from Altus Group

Capital Market Activity Is Up in the First Three Quarters of 2022

- The GTA market had the highest investment volume across the nation, totalling $25.1 billion, a 10% jump from the first three quarters of 2021. Despite this jump, the third quarter of 2022 had a total investment volume of $6.1 billion, trailing behind the first two quarters, as well as the third quarter of 2021.
- Enduring multiple interest rate hikes and concerns of a possible recession, transaction activity in the GTA rose slightly, jumping 2% as compared with the previous year, to 2,290 transactions in the first three quarters of 2022.
- The land sectors and the industrial asset class continue to be the primary drivers of market activity as developers rush to buy land and meet the continually growing demand for commercial real estate products.

Fast Fact: GTA Property Transactions by Asset Class YTD (Q3 2022 vs Q3 2021)

Source: Altus Group

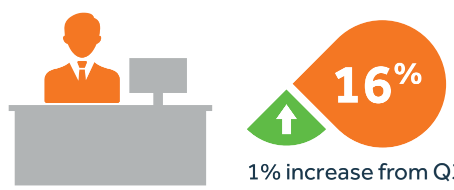
Land	$6.69 Billion	Res. Land	$6,629,308,021 - Q3 2021
Land	$4.46 Billion	ICI Land	$3,808,532,545 - Q3 2021
Land	$0.51 Billion	Res. Lot	$847,604,354 - Q3 2021
	$3.52 Billion	Office	$1,697,237,140 - Q3 2021
	$2.31 Billion	Retail	$2,303,756,419 - Q3 2021
	$5.51 Billion	Industrial	$5,432,324,619 - Q3 2021
	$2.61 Billion	Apartment	$2,805,571,417 - Q3 2021
	$50 Million	Hotel	$150,191,000 - Q3 2021

GTA Office Struggles with a Slow Return of Tenants and Heightened Availability Rates

- The office sector investment activity increased in 2022, as investors adjusted and reevaluated their real estate portfolios. When compared to the first three quarters of 2021, the office sector in 2022 doubled in investment volume, with slightly more than $3.5 billion in sales proceeds.
- This growth in investment volume can also be attributed to trophy office transactions which have occurred over the course of the year, such as RBC Plaza. With interest rates rising and talks of a possible recession, investors remain cautious, carefully planning and executing their investment strategies.
- Availability rates in the GTA office market pushed up to 16% as of the third quarter of 2022, rising from the 15% seen a year prior. This occurred as the hybrid model of work remained popular, and a new supply of office space was added to the market. The GTA office market saw just over 2 million square feet of office completions in Q3 2022. As of Q3 2022, there were 28 office projects underway in the GTA, occupying 6.1 million square feet of office space, with an availability rate of 42.6%.

Fast Fact: Office Available Rate in Toronto (Q3 2021 vs Q3 2022)

Source: Altus Group



1% increase from Q3 2021

Strong Demand for Industrial Product Persists as Supply Lags Demand

- The industrial availability rate dropped to 1.0% as of Q3 2022, tightening from the 1.5% noted a year prior. This is a further indication that any new industrial product coming to the market is being rapidly swept up, as investors continue demanding more.
- With the demand for industrial assets continuing to rise as an investment option, it is no surprise that the industrial asset class had the second highest sales proceeds, coming in after the land sectors (both ICI and residential). Investment volume for the industrial asset class sits at $5.5 billion for the first three quarters of 2022, a 1% rise over the previous year.
- As of Q3 2022, there were ten industrial buildings completed in the GTA, totalling 1.2 million square feet. Toronto currently has 19.7 million square

feet of industrial space under construction, totalling 70 buildings, with an availability rate of 58.4% pre-leasing activity.

Fast Fact: Office Projects Under Contruction in Toronto (Q3 2022)

Source: Altus Group

6.1 million

Square feet under construction

Looking Ahead

- Investment activity will likely continue to slow for the remainder of 2022 and into 2023, especially due to continued expected high interest rates and the threat of a possible recession.
- The land sectors (ICI and residential), the industrial asset class, and the multi-family asset class are expected to remain investor favourites going forward. The multi-family sector is expected to experience persistent demand and higher rental rates, especially amid the rising immigration levels and continued housing unaffordability.
- Moving into 2023, investor confidence is expected to remain strong in the GTA market; however, it will be tempered with some cautiousness. The GTA continues to be an investor favoured market, coming second behind Vancouver in the top three most preferred Canadian markets amongst investors, according to Altus Group's Investment Trends Survey.

Fast Fact: Availability Rate for Industrial Assets Across GTA in Q3 2022

Source: Altus Group

1%

0.5% decrease from Q3 2021

As of the third quarter of 2022, industrial assets across the GTA had an availability rate of 1%, a drop from the 1.5% recorded in the same time period in 2021, making it the lowest availability rate across the major markets.

Note: This research from Altus Group reflects the time period from January 2022 to November 2022.

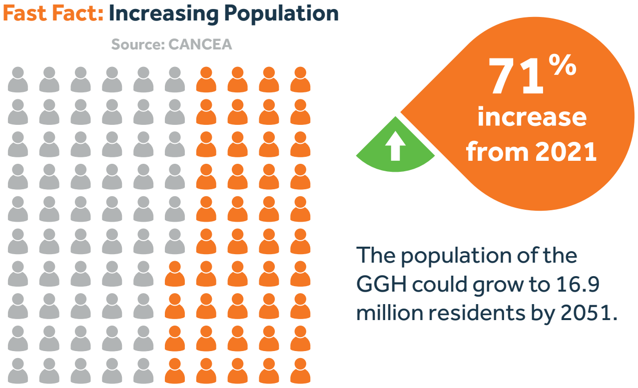
CANCEA: The Importance of Planned Transportation Infrastructure in the Greater Golden Horseshoe

The Greater Golden Horseshoe Region (GGH) is home to over two-thirds of Ontario's population and jobs. Over the past decade, the GGH population has increased by over 1.2 million people (a 13.5% increase) and the number of jobs in the region grew by 470,000 (an 11% increase). While the growth of the GGH was always expected to continue, the federal government's recent announcement to increase immigration levels into Canada by 55% relative to pre-pandemic levels will accelerate its growth.

Given the region's importance to the prosperity of Ontario with the GGH supporting two-thirds of the GDP of Ontario and a quarter of Canada's GDP, it is critical that the region's transportation infrastructure keep pace with, and be aligned to, the future population and economic growth requirements. Under the new immigration targets, immigration into the GGH is expected to more than double from an average of 112,000 new immigrants per year from 2009 to 2019, to almost 200,000 per year.

Fast Fact: Increasing Population

Source: CANCEA



The population of the GGH could grow to 16.9 million residents by 2051.

In this scenario, the population of the GGH could grow to 16.9 million residents by 2051 (a 71% increase from 2021) and support 8 million jobs (a 63% increase from 2021) in the region. Over the next decade, an additional 250,000 dwellings in the GGH, on top of the 1.2 million[1] of new dwellings previously targeted, appropriate to the needs of aging and evolving household structure, would be required to house the faster growth of the population. This rapid growth is expected to place further pressure on the GGH's transit and transportation system in the coming years.

To address the growing needs of the region, Ontario plans a large expansion of the transit and transportation network over the next 30 years based on pre-pandemic trends. Key aspects of the GGH transportation plan include expanding GO train service to provide 15-minute all day service across the network; expansion of subway, light rail transit, and bus rapid transit lines; and increasing highway capacity through widening existing corridors and adding new connecting highways.

However, it is critical to understand how Ontario's transportation plan in the GGH will fare in meeting the needs of all its residents in the face of changing immigration policies and evolving workplace trends such as working from home. At a high level, the pressure facing Ontario's transportation network is a function of:

- The **capacity** of the network to provide service for transit and transportation.
- The **demand** for transit arising from the distribution of where people live and where people work (as travelling to and from work is the primary driver of weekday commuting) and evolving **work-from-home** (WFH) trends.

Prior to the pandemic, only 7% of the workforce in the GGH regularly worked from home. While during the pandemic this had increased to over 30%, recent trends are indicating that many are returning to their usual place of work, at least on a part-time basis. However, it is unlikely that all will return to pre-pandemic behaviour. If 20% of the workforce continues to work from home:

- There would be a total of 6.8 million daily commuters in the region by 2051, a 63% increase from 2019.
- The total number of daily transit trips in the region would more than double while car commutes would increase by about 30%.

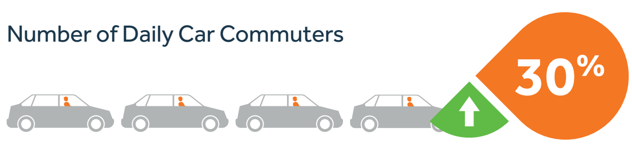
Fast Fact: Travel Patterns In the GGH (2019 vs 2051)

Source: CANCEA

Number of Daily Transit Commuters

	2019*	2051**
Total Daily Transit Commuters	1.07 million	2.19 million
Age less than 45 years	710,000	1.38 million
Older than 45 years	360,000	810,000

Number of Daily Car Commuters



	2019*	2051**
Total Daily Car Commuters	3.58 million	4.61 million
Age less than 45 years	1.87 million	2.28 million
Older than 45 years	1.71 million	2.33 million

* Prior to the Pandemic ** Post-Pandemic WFH

By 2051, aggregate capacity across the transit system could increase by 103% (more than doubling), but total demand for travel could increase by 105%. Fortunately, from a transit-demand point of view, the increased demand for services by the faster population growth is somewhat balanced by the increased preference to work remotely. If WFH rates were to return to pre-pandemic levels, the increase in demand would be 122% due to people traveling to work, which is significantly greater than the increase in capacity.

The general trend of younger people using transit is expected to continue with over 1.3 million people under 45 years old taking transit daily by 2051, but older ages (partly driven by an aging population) increasing to 2.3 million daily car commuters.

Across the GGH, each municipality is going experience different levels of growth and investment. While the aggregate capacity across the entire system is growing largely in line with aggregate demand, the experience across municipalities does vary, particularly when work-from-home behaviour is taken into account.

Fast Fact: Capacity Growth vs Demand Growth

Source: CANCEA


Durham
0.75*
0.88**


Simcoe
0.82*
0.96**


Halton
0.83*
0.97**


Toronto
1.17*
1.30**


Hamilton
0.97*
1.16**


Waterloo
0.89*
1.05**


Niagara
0.98*
1.17**


Wellington
0.95*
1.12**


Peel
1.02*
1.20**


York
0.87*
1.02**

< 0.85	Capacity Growth Less Than Demand
0.86 to 0.99	Capacity Growth Slightly Less Than Demand
1.00 to 1.14	Capacity Growth Slightly More Than Demand
1.15+	Capacity Growth More Than Demand

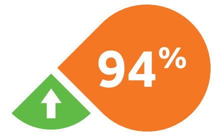
* Pre-Pandemic WFH   ** Post-Pandemic WFH

The differences between regions arises from the relative differences between expected population growth, employment growth, and infrastructure investments. Some regions have a larger growth (whether in population or jobs), but a smaller increase in capacity compared to others.

To achieve this across the region overall, the capacity and demand must be geographically aligned which requires that housing policy and economic development are integrated with transit and transportation growth. In particular, to leverage the capacity provided by all-day two-way service in the GO network, and to improve the balance of flow in opposite directions on highways, employment growth needs to move away from the traditional downtown-centric approach, while being "last-mile" accessible from the expanded regional networks.

Fast Fact: Cost of Commuting in 2051

Source: CANCEA



1.4 million lower income households could spend as much on transit and transportation as on food.

The availability to WFH is possible for only certain occupations, such as professional services. For other occupations, such as services, manufacturing, or health care, many of which have lower pay and are often held by younger people, WFH is not possible. This has implications for commuting costs and affordability for those groups. By 2051:

- Over 4.8 million people under the age of 25 will require the means to access their employment or school, an increase of 71% on current levels. Many of these people have little opportunity to work remotely or commute via private vehicle due to occupation and incomes constraints.
- Over 1.4 million lower-income households (lowest quintile) in the GGH could spend as much on transit and transportation as on food. This is a 94% increase on current levels.

Ensuring that the transit system is sufficient to meet their needs is important to the overall well-being of the region and equitable access to economic opportunities.

Conclusions

If the planned increase in capacity occurs, the GGH's overall experience with transit and transportation should largely be maintained as the population and economy grows. However, the various municipalities in the region will experience the growth differently, and long-term policies, such as immigration policy, and work-from-home trends, could significantly put the sufficiency of the network at risk. Critically, it requires that housing, transit, transportation, and economic planning be aligned over the long term to ensure efficient use of infrastructure investment. If this occurs, the regional transit and transportation network could serve the needs of its residents well over the next 30 years.

Read the Research

[1] The GGH portion of the provincial target of 1.5 million new homes over the next decade

[2] Full details at: https://www.ontario.ca/page/connecting-ggh-transportation-plan-greater-golden-horseshoe

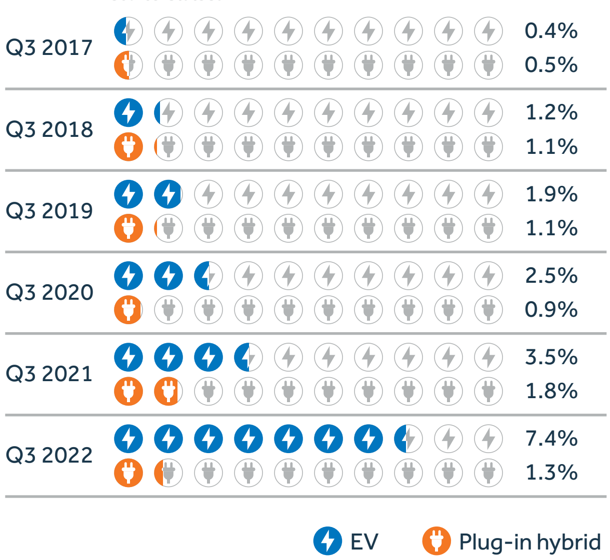
Pembina: Helping Homeowners and Tenants in Multi-Unit Residential Buildings Access EV Charging

Canadians and businesses alike are increasingly interested in making the switch to electric vehicles (EV). Recent surveys, including EY June 2022, continue to show that Canadians intend on purchasing an EV as they become more affordable. As EV purchases grow, residents will increasingly factor in the availability of home charging into their housing decisions. With more than 70% of EV charging currently occurring at home, there is huge opportunity for properties to set themselves apart by being ready to offer charging. Municipalities and the real estate sectors need to be prepared to offer easily accessible charging.

Over the next decade, property developers will need to construct new buildings with the electrical infrastructure to support EV charging while owners of existing buildings will need to pursue retrofits – especially for multi-unit residential buildings (MURBs). Given that MURBs make up 30% of Canadian homes, and closer to 40% of homes in cities like Toronto (StatsCan), preparing – and future-proofing – these buildings should be a priority. Without targeted investment and policy action, many residents may not find a condo or apartment that suits their charging needs and be unfairly excluded from the EV market. To address this gap, the City of Toronto now requires EV-readiness for 100% of low-rise residential parking and 25% of mid- and high-rise residential and commercial parking in new developments.

Fast Fact: EV and Plug-In Hybrid Proportion of New Vehicle Registrations in Canada

Source: StatsCan



Electric Vehicle Trends in Canada

EV adoption is accelerating in Canada. In Q1–Q3 2022, one in 16 vehicles sold in Canada were EVs, and one in 13 were EVs and plug-in hybrid. This is expected to increase significantly with the federal government's sales standard for light-duty vehicles, which will set the number of EVs sold by automakers at 20% of new vehicle sales by 2026, 60% by 2030, and 100% by 2035, leading to around 40% of new vehicles being electric by 2035. (Transport Canada).

Since 2019, Ontario has pulled ahead of Quebec and British Columbia as the leading market for EV adoption with almost 20,000 new EV registrations in 2021 (StatsCan). By 2030, the Ontario government expects that one out of three vehicles sold in the province will be electric – with one million EVs on the road in Ontario (ON Gov).

Fast Fact: EV Estimated Share of Light-Duty Vehicles on the Road (with EV Sales Mandate)

Source: Dunsky and NSCan, 2022

Economic and Environmental Benefits of Going Electric

The economic and environmental benefits of EVs are helping drive these trends among consumers. Across personal vehicle classes, EV models in Canada are already cheaper over their lifetime than gas-powered equivalents, except for pickup trucks, which are near parity (Clean Energy Canada). This is largely because the average fuel and maintenance costs are significantly lower. Upfront sticker prices of EVs are also set to decline over the next few years, reaching parity with gas-powered vehicles as soon as 2026 (BNEF).

In every province across Canada, it is already much less carbon intensive to drive an EV than a combustion vehicle because of their efficiency in converting energy to motion. Driving an EV will become cleaner and cleaner with Canada committing to reach net-zero emissions by 2050 and decarbonizing its electricity grid.

EVs also make for healthier communities by cutting out harmful tailpipe emissions. With 30% of Canadians, and almost half of residents in Toronto, living within 250 metres of a major roadway (often in MURBs), EVs can help reduce the incidence of respiratory illness and death from traffic-related air pollution (CBC).

Fast Fact: Average 10-Year Fuel & Maintenance Costs of ICEVs and BEVs Per Household

Source: 2 Degrees Institute, 2018

National Average
$37,934
Internal Combustion Engine Vehicle (ICEV)

National Average
$10,987
Battery Electric Vehicle (BEV)

Six Things Building Owners Need to Know

With EVs poised to become a major presence on Ontario's roads over the next decade, the charging options for drivers will need to expand significantly to keep up with demand and prepare for future growth. The federal, Ontario, and municipal governments have made strides to support EV chargers, contributing almost $2 billion to expand public charging that will complement home charging.

For owners of single-family homes, with their own private parking spot and electrical panel, the process of installing electrical infrastructure for chargers is relatively straightforward. Retrofitting MURBs, however, is more challenging and costly. Condominium dwellers and residential co-ops need to collectively agree to change the building's common electrical infrastructure.

Building owners should consider the following when planning to electrify different building types for EV chargers in apartments, townhouses, condos, and other forms of MURBs:

1. Constructing new buildings to support EV charging from the outset is the most cost-effective approach, allowing owners to avoid the need to make more expensive retrofits to the building's electrical infrastructure down the line.
2. Buildings don't need chargers immediately; they can make parking spaces "EV-ready" by installing energized outlets so that residents can easily plug chargers into the wall when the demand arrives.
3. In new and existing buildings, planning for 100% of parking to be EV-ready will save money by removing redundancies. It may be tempting to install only a small batch of chargers and the EV-ready infrastructure needed now. But, without planning for how the building will support more charging in the future, those first few chargers may exhaust the building's electrical capacity later and electrical hardware may need to be replaced in subsequent retrofits.
4. EV energy management systems (EVEMS) manage the rate and timing of EV charging for vehicles so that multiple EVs can charge on the same circuit. Using these systems, many buildings can minimize or avoid the need for expensive upgrades to expand their electrical capacity.
5. Depending on housing type, the building owner or condo board will recuperate costs differently. It is important that condo boards do not place the bulk of building-level costs onto the first EV owner and instead distribute them over time.
6. Building and condo owners should avoid the temptation of only electrifying a few stalls for EV owners to share. When EV adoption is low, this approach may work, but it is unlikely that EV drivers will want to coordinate charging schedules with their neighbours on a daily basis.

Recommendations to Scale Up EV Charging Solutions

For MURBs to implement EV-ready retrofits at the scale and speed that is required, governments at the federal, provincial, and local levels will need to step up and help reduce the upfront costs of these renovations.

Federal: The federal Zero Emission Vehicle Infrastructure Program (ZEVIP), which provides funding for projects that install chargers, should also fund EV-ready projects without requiring chargers immediately – to meet both present and future charging demand. The federal government can also support EV chargers through Canada Infrastructure Bank and Canada Housing and Mortgage Corporation funding.

Provincial: Ontario should consider introducing rebates for condos and apartments to undertake EV-ready retrofits. BC Hydro's rebate of up to $3,000 for MURBs to create an EV-ready plan is a good model (with another rebate of up to $600 per parking stall for installation). In addition to rebates, other forms of financing for EV-ready retrofits should be explored.

Municipalities: Local governments should explore opportunities for property-assessed clean energy (PACE) programs to finance EV-ready projects, funding upfront costs and then spreading repayments over a long time period through property assessments that are paid back by property taxes. Ontario already has provincial legislation that enables municipal PACE programs, and the City of Toronto currently runs two residential PACE programs (Pembina).

The real estate sector should prepare for the rapid growth of EVs on the road. Canadians clearly see the benefits of electric vehicles. The availability of home charging will become a deciding factor in housing decisions over the coming years. By making decisions today on how to provide EV charging, property developers and building owners can set themselves apart and cost-effectively help residents benefit from going electric. This will support existing residents and help attract new ones, all while helping Canada reach its net-zero climate commitment. If getting started is of interest, look out for the Pembina Institute's guidebook coming in Q1 2023.

Learn More

The Real Estate Industry's "Crisi-tunity" Moment

Contribution from R-LABS Canada

The great companies needed to solve the world's big problems in real estate and housing do not exist yet, and R-LABS is co-founding them.

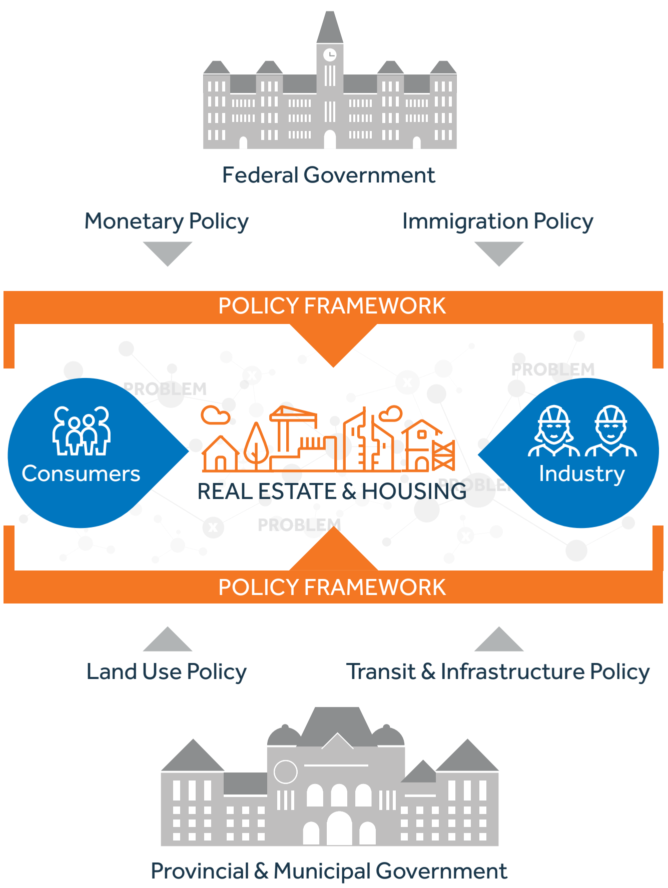
Real estate and housing are something we are literally all in together – governments, industry and consumers alike – but if you look carefully, you will see that no one is actually in charge of it. Today, we find ourselves in an environment that is rich with many complicated and interrelated problems, and many people (both here and around the world) are calling real estate and housing a crisis.

Governments cannot solve these problems on their own, and while industry's role is to be in the business of solutions, we must also appreciate that the business model and thought process used by real estate in the past has its limits. So, if real estate and housing are in a state of crisis, this may be the industry's "crisi-tunity" moment. Cue Einstein here because, "We're not going to solve the problems before us with the same thinking we used to create them."

In this moment, industry has a massive opportunity and arguably a responsibility to lead through innovation.

Who Is in Charge? The *"Crisi-tunity"* Moment

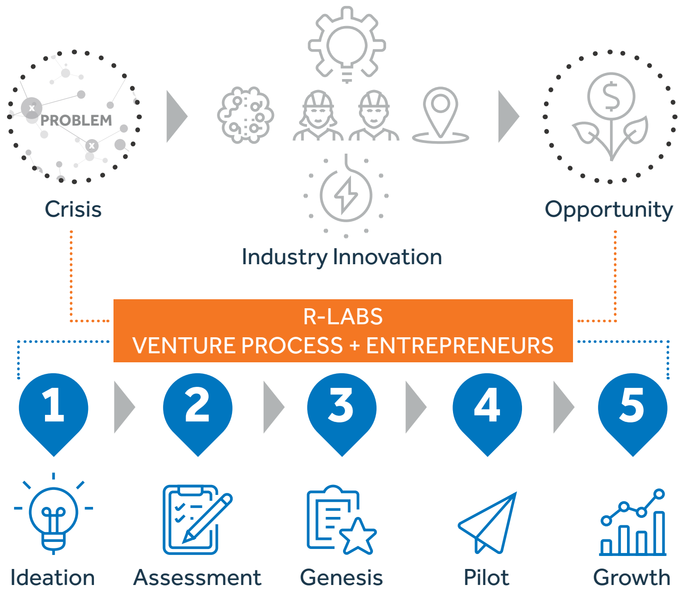
Source: R-LABS



Industry understands the complexity and interdependencies of the problems, and when it applies novel thinking, can deliver new capabilities through open innovation and entrepreneurial business models and transform crisis into opportunity.

Industry Innovation

Source: R-LABS



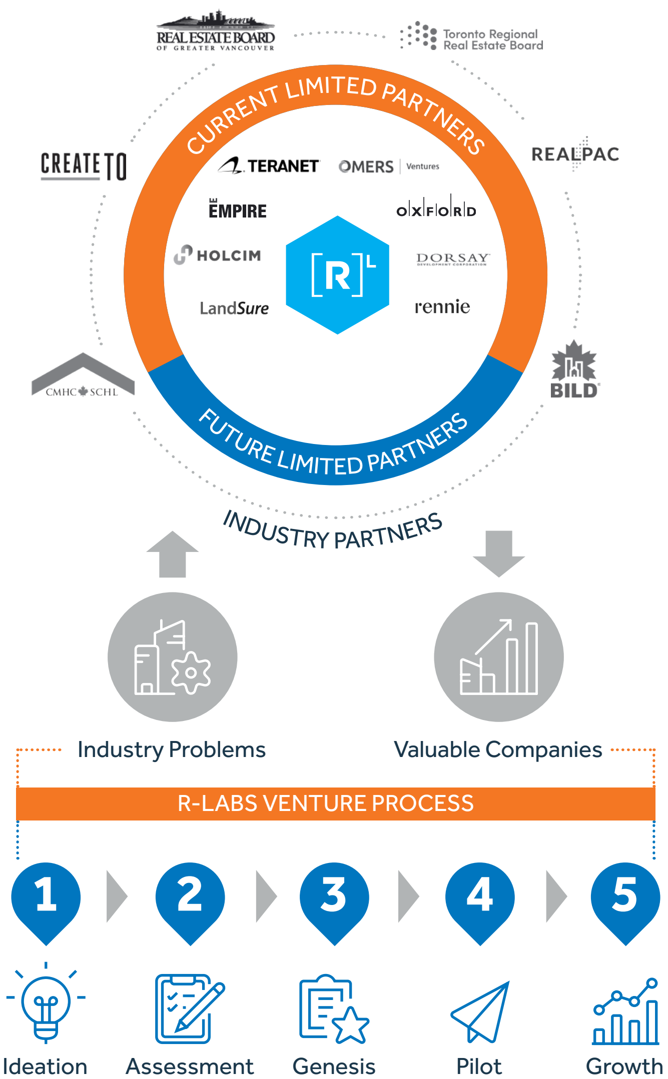
The R-LABS partnership was founded in Toronto four years ago with a big vision – to build the great companies the world needs to solve major problems in real estate and housing. Through R-LABS, large corporations and institutions become co-founders alongside game-changing entrepreneurs and co-create the great companies the world needs, each solving specific problems in residential and commercial real estate.

Companies co-founded at R-LABS to date include R-Hauz (r-hauz.ca), which is solving the missing middle through off-site prefabricated housing solutions like laneway homes and mass timber avenue townhomes that conform to city planning frameworks. OneClose (oneclose.ca) is solving interim occupancy interest for new condominium owners allowing them to lock into a mortgage at the time of occupancy. RIOS (onrios.com) is improving the efficiency and flow of new housing supply, beginning with a new condominium assignment fulfillment service.

As the industry Venture Builder in this problem-rich environment, R-LABS finds itself gaining momentum and expanding its partnerships, having the right model, at the right time, in the right place, and delivering both a return on society + return on investment. In this momentum and through its unique platform, R-LABS also finds itself aware of this moment of transformative opportunity to form an

Industry Innovation Agenda together, and discuss what that could mean not just for the LAB and the industry, but for the region, the country, and possibly the world. In this moment, great opportunities will not be seen with our eyes; they are going to be seen with our minds.

We Build Great Companies That Solve Big Problems in Real Estate
Source: R-LABS



In good LAB protocol, let's ask ourselves, "What if?" Two very innocent and basic words on their own, but when combined, have the power to create a mindset that can change the future.

- "What if" together, we created an Industry Innovation Agenda?
- "What if" that Innovation Agenda put in place a set of behaviours that could unlock the human potential of this diverse region of 8 million people and that led to the renaissance of the region?
- "What if" this region stopped being known for having one of the most unaffordable housing markets in the world and started being known as the place where real innovation happens and where great new global companies are created?

We think there is good evidence to suggest that we could be in the early-stage formation of a Global Cluster of Innovation (COI) here, and this "crisi-tunity" moment cannot be wasted.

In this moment, please consider a key LAB formula and question:

OUTCOME = EVENT + RESPONSE

Through this formula, we know that the crisis event we now face in real estate and housing is not going to be what defines us. What will define us and our future outcome is how we handle it.

The key question for you today is – what will your response be to these crisis events: denial, blame or innovation? We believe history will look back on this time and show those who were the learners and those who were the lessons. That applies to each one of us, our businesses, our industry and our region. There is much great work to be done together, let's not let the "crisi-tunity" moment go to waste.

We encourage fellow entrepreneurs and innovators to learn more about our venture building platform, our partner companies and what we have co-created. Scan the QR code below and join us in this incredible journey of innovative growth and transformation at R-LABS.

R-LABS Partners Event – November 28, 2022 – The Formation of a Global Cluster of Innovation in Real Estate and Housing

R-LABS is the Real Estate Industry Venture Builder operating as a partnership of corporations, global institutions, game changing entrepreneurs and industry groups to deliver Industry Innovation in Real Estate and Housing. For more information, please visit rlabs.ca

Learn More

What Policymakers Are Telling TRREB

Everyone deserves a safe and affordable place to call home. This is not a luxury, instead, is an essential human right.

However, as we recover from the tremendous impacts of the COVID-19 pandemic on our nation's housing market and as the cost of living increases around the world due to Russia's illegal war in Ukraine, far too many Canadians are finding it increasingly difficult to find the home they want and need.

As Canadians navigate through this incredible challenge, we promise that our Government will continue to stand by them.

Earlier in November, our legislation to provide rent supports to those who need it the most became law. This means a tax-free payment of $500 to nearly two million low-income renters – including students and seniors – who are struggling with the cost of housing.

Furthermore, under our Rapid Housing Initiative, 4,500 affordable housing units will be built in Canada for those in severe housing need. This is in addition to the over 10,000 such units already under construction across the country.

Our historic investments have put us on track to double housing construction over the next ten years.

We are also developing and scaling up rent-to-own projects across Canada, creating a Tax-Free Home Savings Account, banning foreign buyers from buying homes for two years, taxing home flipping, launching a $4 billion Housing Accelerator Fund, and working with the provinces and territories to develop a Home Buyer's Bill of Rights.

Since 2015, we have helped more than a million Canadians find a safe and affordable place to call home. Please know that this focus on what matters most will never waiver.

Right Hon. Justin Trudeau
Prime Minister of Canada

PRIME MINISTER · PREMIER MINISTRE

Ontario is in the middle of a housing supply crisis. By 2031, around 1.5 million new residents are expected in the Greater Golden Horseshoe, and increased federal immigration targets mean we can expect even more residents in the years ahead.

Our government is working to ensure all Ontarians – both newcomers and long-time residents – can find a home that meets their needs and budgets. And we know what must be done to reach that goal: Ontario needs more homes built faster.

That's why our government introduced a series of housing supply action plans that support our goal of building 1.5 million new homes by 2031. We have backed dozens of measures to increase supply, including removing barriers that delay development approvals and supporting "gentle density" to bridge the gap between single-family homes and high-rise apartments.

However, no single level of government can solve the housing crisis alone. We are counting on our municipal partners to reduce costs and delays at the local level, and we are counting on the federal government to support Ontario by delivering our fair share of funding under the National Housing Strategy.

Every Ontarian deserves a safe and attainable place to call home – and that's what our government is working to ensure.

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

Ontario

What Policymakers Are Telling TRREB

Our government is building Ontario by getting shovels in the ground for housing, transit, and other critical infrastructure.

The province's Transit-Oriented Communities Program, for example, will create vibrant, mixed-use communities that are connected next to or within a short walk to public transit and will build more housing, including affordable housing. Work is already underway to deliver these communities at future stations along the Ontario Line and Yonge North Subway Extension, creating over 73,000 new jobs and about 47,000 new residential units. With more housing built closer to transit, people can get to and from their jobs, schools and homes much faster. It's part of our government's plan to deliver livable, sustainable and complete communities for Ontarians.

Through its agency, Infrastructure Ontario, the government is working on a new attainable housing program to support the dream of home ownership for more Ontarians. This program will aim to build attainable homes in mixed-income communities that will meet people's needs, budgets, and help them to build equity.

It's part of our government's bold action plan introduced by the Minister of Municipal Affairs and Housing, Steve Clark, to build 1.5 million homes over the next 10 years.

Hon. Kinga Surma
Minister of Infrastructure, Province of Ontario

Ontario

A house isn't just four walls and a roof – it's a home, where we raise our families, build our futures, and contribute to our communities. And our government firmly believes everyone deserves to have one.

The fact is, Ontario is in a housing crisis. It hurts families, it lowers our economic competitiveness, and it holds back our province's potential.

We knew that the status quo was simply not working, and something had to change. That's why our government has taken bold action to solve the housing crisis.

Study after study has shown us that we must build 1.5 million homes over the next decade in order to meet the demand of Ontario's population growth. That's why we made a promise every year over the next four years to introduce a housing supply action plan.

More Homes Built Faster represents the bold solutions required to get shovels in the ground so we can build the 1.5 million homes that we desperately need over the next decade.

It puts forward innovative approaches to speed the approvals process while protecting consumers and empowering our municipal partners to cut through the delays and help us get homes built.

Thank you to TREBB for your valued partnership. We look forward to continuing to work with you to get more homes built faster than ever before.

Hon. Michael Parsa
Associate Minister of Housing, Province of Ontario

Ontario

What Policymakers Are Telling TRREB

Left, right, and centre, everyone agrees – Ontario is currently in the throes of a housing crisis. People can't find or afford a place to live where they want to live, and the problem is only getting worse. That is why our government has decided to take bold and decisive action to get 1.5 million new homes built over the next 10 years. By cutting unnecessary costs and removing red tape through legislation like the More Homes Built Faster Act, the Ontario government is doing its part to grow the province's housing supply and restore the dream of homeownership for countless Ontarians.

But problems like the housing crisis don't exist in a vacuum. We can't just build millions of new housing units in the years ahead without properly investing in the hard infrastructure necessary to accommodate and connect burgeoning communities. That's where Ontario's Ministry of Transportation comes in. From new highways to transit expansions, we're investing more than $86 billion over the next 10 years in transportation projects across the province. Over $25 billion of this historic investment will go toward planning and/or construction of highway expansion and rehabilitation. This includes Highway 413 – a new 400-series highway and transit corridor across York, Peel, and Halton regions which will save commuters time, support the movement of goods, and bring relief to the most congested corridor in North America. More than $61 billion of this 10-year investment will go toward building and improving public transit.

In terms of new construction, we intend to grow the GTA's subway system by 50% – the largest subway expansion in Canadian history. This includes the Scarborough Subway Extension, Sheppard Subway Extension, Crosstown West Extension, Yonge North Subway Extension, and the Ontario Line. That's in addition to all the ways we're investing in and improving the transit experience, including fare and service integration and adding more ways to pay on GO and local transit agencies.

Under the leadership of Premier Ford, our government is not only addressing the housing crisis by ensuring more homes get built, we're fostering the growth of complete communities through investment in the transportation infrastructure necessary to get people from Point A to Point B, now and into the future.

Hon. Stan Cho
Associate Minister of Transportation, Province of Ontario

Ontario

As Toronto recovers from the impacts of COVID-19, I am optimistic that Toronto will come back stronger than ever. Our city is growing. From every corner of this country, and around the world, people dream of building their lives in Toronto. I have a strong mandate to build more housing, get transit built, and make life more affordable for all who choose to call our city home. Throughout the pandemic, we worked to ensure quality supports and service delivery for all residents. Now, as residents return to work, support small businesses, and attend community events, we have all the right tools to ensure a strong recovery, from strong partnerships with all levels of government, with community leaders, and with private sector partners, to the City's sound fiscal management – reflected in our continued positive credit ratings.

These partnerships are critical as we tackle the need to getting more affordable housing built faster. Nowhere is the nation-wide housing crisis felt more acutely than here in Toronto. We recognize that a more concerted, coordinated effort is required. This is why my very first order of business after being re-elected was to get to work on my five-point plan to get more homes built faster, starting with establishing a Development & Growth division at the City that will cut through the bureaucratic approval process and get new homes built as quickly as possible. Beyond housing, these are economically challenging times for everyone. I am committed to making sure we do everything we can as a municipal government to keep the cost of living in Toronto affordable.

We know residents need affordable, reliable transit to get to work, and take care of their families. That's why we're continuing to invest in the TTC and its state of good repair while at the same time we are working with the other governments to expand our transit system. In the year ahead, I look forward to seeing new transit lines opening while we push ahead with construction on more than $28 billion in key transit projects. People from all walks of life and diverse backgrounds contribute to making this city one of the greatest in the world. I remain steadfast in my commitment to ensuring this city remains the place where they can build their futures. Making sure that young people can live and raise their families in our city, that seniors can stay in their neighbourhoods, and that newcomers can settle and thrive in this wonderful city we call home.

John Tory
Mayor, City of Toronto

TORONTO

What Policymakers Are Telling TRREB

Housing is a fundamental need. It supports positive health and social outcomes and connects residents to our economy, transportation systems and community services.

Like many communities across the province and country, York Region is facing a housing affordability crisis. Our population and economy are growing and diversifying, but the housing supply has not kept pace with resident needs. At the end of 2021, more than 15,500 households were on York Region's subsidized housing waitlists. In that same year, only 232 subsidized units became available through a combination of turnover and newly built units – and less than 1% of new ownership units in York Region were deemed affordable.

To address this housing affordability crisis, York Regional Council and The Regional Municipality of York have reaffirmed our commitment to building complete communities that offer a full range of housing options and services to meet the needs of residents of all ages, abilities, income levels and stages of life.

At the Regional level, work continues on housing policy and program initiatives to help inform and address housing needs. In fact, four critical plans are in development to address the gaps and needs in our communities. These include an updated 10-Year Housing and Homelessness Plan, an Emergency and Transitional Housing System Plan, a 40-year Community Housing Development Master Plan and an Affordable Private Market Housing Implementation Plan.

However, no single level of government can tackle the housing crisis on their own. To truly address shortfalls in our housing supply, continued collaboration with federal and provincial governments, local cities and towns, community partners, developers and landlords is essential. As is sustained federal and provincial investment in affordable rental housing.

York Region plays a fundamental role in the growth management of our community. As an upper tier municipality, the Region is responsible for coordinating the water, wastewater, transportation and transit infrastructure required to meet the 2051 growth targets set out by the province. To meet these infrastructure demands, York Region sets planning priorities based on the principle that growth should pay for growth; meaning the financial burden of growth-related infrastructure should not sit with existing taxpayers.
While York Region and York Regional Council remain aligned with the provincial goal of building more homes and increasing the speed of approvals as one way to address housing affordability challenges, we do have concerns that Bill 23 will not achieve these goals. York Regional Council has called upon the Government of Ontario to pause Bill 23 and to work in consultation with all municipalities to address the housing affordability crisis in a way that supports local planning decisions.

The housing affordability challenges across our communities will not be solved with a single piece of legislation or by a single level of government. Addressing ongoing affordability challenges requires sustained funding, long-term planning, multi-sector partnerships, innovation and policy.

York Region is committed to building communities that offer a fulsome mix of housing options and Regional Council looks forward to the opportunity to continue our work with all partners to achieve this goal.

Wayne Emmerson
Chairman and CEO, Region of York

York Region

What Policymakers Are Telling TRREB

As I have said repeatedly, and TRREB members, homebuilders and buyers, have all agreed, there is a housing crisis and the planning system is broken.

Markham has consistently undertaken actions to improve the supply of housing, including affordable and purpose built rentals. As part of Housing Choices: Markham's Affordable and Rental Housing Strategy, we are developing Inclusionary Zoning and assessing public land opportunities for affordable housing. The Province's drive to incentivize construction of affordable housing is supported by the City. It is important that residents not feel home ownership is out of reach. That said, it cannot be at the expense of existing property taxpayers, or to the detriment to the quality of life of our current and future communities. I am concerned with recent proposed legislative changes to the planning system, as they will penalize municipalities for matters often beyond our control. This is akin to a TRREB member being penalized for a purchaser not getting their financing approved. Many of the desirable features TRREB members list to sell homes, like community amenities and park space, will be impacted by this legislation. Reducing the funding for parkland construction means less sports fields and amenities while drastically reducing complete parks that serve communities.

Markham has been a leader in preserving our cultural heritage. One only has to visit Main Street Markham or Main Street Unionville to see the value of preserving our heritage. The Province's changes will impact our ability to preserve and promote our unique communities. While the proposed changes to site plan control may seem insignificant, many of Markham's new communities are outstanding places because we can shape their character and urban design – two things TRREB members use to sell homes in these communities. Ultimately, the biggest shift this legislation will result in is moving away from growth paying for growth, to property taxpayers subsidizing growth. This will result in significant property tax increases for residents and businesses, impacting ongoing affordability in our communities to maintain our current service levels. To solve the housing supply challenge, the Federal and Provincial governments, along with municipalities and the development community, need to work together on a balanced approach that can deliver necessary supply and provide livable communities for all Ontarians.

Frank Scarpitti
Mayor, City of Markham

MARKHAM

As the Mayor of Richmond Hill, I am keenly aware that housing affordability is a critical issue for the whole of the Greater Golden Horseshoe area. Addressing this very complex challenge will take all levels of government and many other partners working together for a common goal. At a Municipal level, the City of Richmond Hill has an Affordable Housing Strategy endorsed by Council on November 24, 2021 which is a multi-phased and multi-pronged strategy for the City to work with the building and development sector to create affordable housing in the private housing market in Richmond Hill.

Working together with City staff, the implementation of actions listed in the strategy will assist our present and future residents with choice in housing form and tenure. Moreover, it will support the City's growth aspirations and bolster the local economy by attracting and retaining talent and labour.

In the spring of 2022, the Affordable Housing Strategy Implementation Committee was formed, comprised of Council members and members representing key stakeholder groups involved in the provision of affordable housing. This Committee will work to drive forward strategic priorities as they are identified.

David West
Mayor, City of Richmond Hill

Richmond Hill

What Policymakers Are Telling TRREB

Within the purview of your level of government, what specific steps have you taken over the past year and what steps do you plan on taking in 2023 and beyond (such as implementation of the More Homes Built Faster Act, 2022) to ensure we have an adequate supply and mix (ownership and rental) of housing that will assist with affordability in the Greater Golden Horseshoe?

Peel Region is a growing municipality with a long history of welcoming diverse newcomers. Providing a mix of affordable housing options for households of all ages, sizes, incomes and backgrounds is essential to building and maintaining a strong and healthy community. We are committed to working with partners to address the current housing affordability crisis.

We have had many recent successes in creating affordable housing options. In 2021, we saw the creation of 1,400 new affordable ownership units which exceeded our target that 30% of new ownership housing be affordable to low- or moderate-income households. In addition, land and units have been secured through new private developments to support affordable rental units.

As Service Manager for the affordable housing system, the Region also ensures availability of non-market housing and supports for lower income households and others in need. The Region's 10-year Peel Housing and Homelessness Plan (PHHP) guides interventions to help residents get and keep safe, affordable housing. In 2021, the Region supported more than 28,000 households with housing supports, including more than 3,600 through the emergency shelter system.

The Region leads the development of affordable housing projects and emergency shelters, including those identified in the Council-approved Housing Master Plan. The Region also supports and oversees the development of third party-led projects that are funded by federal, provincial and regional funding. Over the previous council term of 2018–2022, four new rental and supportive housing buildings were completed with a total of 392 units.

The Region also supports non-profit and private developers to create new affordable rental housing targeting middle-income households. Through the Peel Affordable Rental Incentive Program, Council approved $7.5 million in funding to three agencies to create 130 affordable rental units in 2021. For 2022, Council committed funding of $2.5 million through a call for applications launched in the fall. The results will be announced in early 2023.

There are no "silver bullets" to quickly resolve the housing affordability crisis. Many policy levers and enabling resources are needed. Solutions to housing challenges are found at all levels – municipal, provincial, federal, industry and community. Coordinated action is needed to encourage the use of housing for homes, for example, addressing vacant units and speculation. Action is also needed to increase the supply of new affordable housing and ensure the longevity of existing affordable housing, expand the scope of social programs to assist families in carrying high housing costs and to strengthen our ability to support the community housing sector to respond to rapidly growing need.

Achieving housing affordability is a key priority for the Region, and we will continue to work closely with all stakeholders to ensure that our strategies and plans meet community needs.

Nando Iannica
Regional Chair and CEO, Region of Peel

Region of Peel
working with you

What Policymakers Are Telling TRREB

As Ontario's third-largest city, Mississauga is growing into a thriving urban centre in the heart of the GTA.

We have entered into a new stage of our growth and are building up, not out. Our downtown, uptowns, Cooksville and waterfront communities continue to intensify, which will help us attract new residents and accommodate the 250,000 new residents we expect to welcome over the next thirty years.

As a city in high demand, we are also experiencing the housing affordability crisis more acutely than others. Know that we are working collaboratively across every level of government to build more homes and bring greater affordability to the market.

The good news is that construction is at a 30 year all time high and we are working to get more shovels in the ground. As we do, it will be essential that growing cities like Mississauga have the funding we need to build the necessary infrastructure, like roads, bridges, community centres and libraries, to support these new developments. We also want to ensure our new residents have access to all the great amenities that not only enhance their quality of life but make Mississauga a great place to live.

Mississauga is committed to helping build more homes that are within reach of our residents and remain committed to our housing strategy, Making Room for the Middle, which continues to develop and provide support to our residents who are struggling to find proper housing. We have undertaken a number of initiatives to increase the housing supply and promote affordability, including:

- Exploring new housing options like garden suites, duplexes and triplexes.
- Passing an Inclusionary Zoning by-law that requires a portion of new units in future developments located in protected major transit areas to be provided at affordable rates.
- Working with the Region of Peel and the Canada Mortgage and Housing Corporation to secure funding to fund supportive and affordable housing in Mississauga.
- Protecting the existing stock of purpose-built rental units through passage of the Rental Housing Protection and Demolition Control By-laws.

As Mayor, my top priority is working collaboratively to tackle the housing affordability crisis and maintaining the quality of life our residents have come to expect and deserve.

Mississauga must remain a place where people can afford to live, work and play, and we are committed to working with our partners at both levels of government to ensure we have housing options that work for all of our residents.

Bonnie Crombie
Mayor, City of Mississauga

MISSISSAUGA

What Policymakers Are Telling TRREB

Brampton embodies the spirit of people "living the mosaic" with 234 identifiable cultures speaking 115 different languages. We are a modern, inclusive city of opportunities with a young, diverse workforce and a population growing at three times the provincial average.

We have made major investments in transit, recreation and secured commitments to significantly improve local health care. We continue to expand our extensive network of parkland, we are protecting our natural heritage assets and we are making our streets safer and more accessible no matter how one chooses to travel them.

Brampton is also undergoing another exciting transformation. We have established our city as a major innovation and education hub, created high-skilled jobs of the future, retained renowned global companies and we have helped them to expand.

We are open for business, a city nurturing an environment of more affordable housing choices and a community seeing record investments from the private sector. In the first eleven months of 2022, Brampton issued over 10,000 building permits representing nearly $2 billion in construction value being added to our community.

Brampton is a welcoming city, and we are making every effort to enrich the quality of life of all residents.

Patrick Brown
Mayor, City of Brampton

BRAMPTON

Durham Region has long been seen as a desirable place to live and raise a family. I am incredibly proud of the work our Region is doing to help maintain Durham as the best place in the world to live, work and grow a business.

I am pleased to highlight three initiatives Durham Region has undertaken in the past year to ensure we have an adequate supply and mix of housing.

First, in December of 2021, Regional Council approved Amendment #186 which provides policies and delineations for the seven "Protected Major Transit Stations Areas" along the GO Rail line. We envision these PMTSAs to evolve as areas that will offer higher density forms of housing in liveable communities that are transit-oriented and walkable.

Second, in mid-2022, Regional Council approved the "At Home Incentive Program" (AHIP) which supports the development of affordable housing through direct funding support and by expediting planning approvals. The AHIP provides capital grants to eligible residential developments.

Finally, a new Economic Development Strategy and Action Plan is about to be launched that puts people first and recognizes that to attract the talented workforce to attract jobs, it is essential to have a proper supply and mix of housing to accommodate a diverse workforce at different stages of their careers.

John Henry
Regional Chair and CEO, Region of Durham

DURHAM REGION

What Policymakers Are Telling TRREB

The City of Oshawa is charting a path of ambitious growth, anchored by thousands of new employment opportunities while welcoming many new companies into our community. With resilience throughout a global pandemic, the City of Oshawa is reporting 2022 building permit activity exceeding any year in Oshawa's recorded history.

Our previous annual building permit record was set in 2017 at $614 million. Year to date, the City has shattered this record with over $845 million in building permit values for 2022 – double the pace of 2021. Much of this development activity is helping to address supply shortages, with planning areas projected to accommodate up to 50,000 residents in low, medium and high density units.

With a population growth of approximately 10% from 2016 to 2021, Oshawa continues to be one of the fastest growing communities in Canada. Companies across the GTA are discovering the unique opportunities that Oshawa provides – the proximity to major North American markets, world-class research facilities and a pipeline of talent spanning nearly 30,000 post-secondary students. A community exceptionally positioned to live, work, learn and invest in.

Looking towards our economic future, Northwood Business Park presents the City's next prime employment development opportunity. Approximately 500 acres of developable land designated for employment and commercial uses are attracting further investment in our community.

Dan Carter
Mayor, City of Oshawa

TThe City of Pickering is on a journey of growth and transformational change.

Our population is expected to grow to over 150,000 by 2036 and Pickering is ready to take bold action to help plan for, and support, the anticipated population and employment growth, and get the issues of housing affordability and attainability under control.

Namely, the City is focused on intensification of its City Centre and Kingston Road Corridor, which will see higher density housing through compact, transit supportive, walkable, and environmentally sustainable development.

As well, we recognize the importance of providing housing choices, not just towers, for our current and future residents. This means considering a range of space and lifestyle options in communities like Seaton, North East Pickering (Veraine), and the Duffins Rouge Agricultural Preserve (Cherrywood), which would enable us to meet the Province's growth targets while remaining sensitive to the surrounding agriculture and natural lands through prompt, yet thoughtful and meaningful action. We need to strike the balance of growing our city and strengthening our environment in order to address this housing crisis in a thoughtful and responsible manner.

Kevin Ashe
Mayor, City of Pickering

“We know there is a better way to build homes and communities. Before property developers construct their next project, they need a long-term vision with an eye on environmental sustainability from raw materials to green designs that will benefit, not burden, future generations.”

- John DiMichele, TRREB CEO

“Homeowners also play a key part by making choices and changes that protect and conserve resources while optimizing energy in their homes. There are incentives and a grant program that not only help achieve this, but also fight climate change.”

- Paul Baron, TRREB President

Toronto Regional Real Estate Board

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