THE STATE OF HOME BUILDING IN THE GREATER TORONTO AREA

Toronto Green Home Summit

JANUARY 28, 2016
TODAY’S OUTLINE

• The building industry
• A fast growing region
• Provincial policy
• Tale of two markets
• Industry challenges
• No time for small plans
• **BILD** is Building Industry and Land Development Association

• More than 1,475 member companies

• Represents builders, developers and renovators, plus companies from all areas of the industry including design and architecture, financing and professional services, legal services, marketing, and construction

• Local partner of the Ontario and Canadian Home Builders’ Associations
THE BUILDING INDUSTRY IN THE GTA

30,077 new housing starts

155,300 new jobs created

$23 billion in investment value

*All figures from 2014*
The GTA grows by up to 100,000 people and 50,000 jobs each year.

The GTA is home to more than 6 million people and it is forecasted to grow to 9.4 million people and 4.5 million jobs by 2041.

The GTA is a major piece of the Greater Golden Horseshoe - one of North America’s fastest growing urban regions.

The GTA grows by up to 100,000 people and 50,000 jobs each year.
A HIGHLY REGULATED INDUSTRY

The GTA building and development industry works under a multitude of public policies and plans.
• Greenbelt protects green and agricultural space

• Places to Grow sets out plan for growth in the region

• Policies require intensification and development within established boundaries

• Industry implementing the objectives of Places to Grow for 10 years
SHIFT IN THE GTA NEW HOMES MARKET

Yearly New Home Sales by Year & Project Type
Greater Toronto Area - 2006 to 2015

- High Rise
- Low Rise

10 Yr. Avg. = 36,543
A TALE OF THE HIGH-RISE MARKET

- More than 200 high-rise projects across the GTA
- Price per square foot continues to increase
- Creative use of space helps reduce suite size without sacrificing living space
- Smaller suites help stabilize unit price
THE TALE OF THE LOW-RISE MARKET

• Demand outpacing supply

• Constrained supply of new low-rise homes coming to market due to a lack of serviced developable land

• Price of new low-rise homes continues to increase
PRICE IS A FUNCTION OF SUPPLY/DEMAND

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

Source: RealNet Canada Inc.
PRICE GAP CONTINUES TO GROW

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

Source: RealNet Canada Inc.
LOW-RISE INVENTORY CONTINUES TO SHRINK

New Home Price Index & Remaining Inventory by Project Type

- **Unit Type**
  - High Rise
  - Low Rise

**Price Index**
- $818,354
- $446,981

**Rem Inv**
- 20,983
- 4,669

Source: RealNet Canada Inc.
IMPACT ON THE RESALE MARKET

New Home Price Index & MLS® HPI
Greater Toronto Area - As at October 31, 2015

Price Index

Source: RealNet Canada Inc.
GOVERNMENT FEES AND CHARGES ADD UP

Source: Altus Group
• Constrained supply of developable land
• Out of date zoning bylaws
• Disconnect between public policy and public perception
• Need for Infrastructure and investments in infrastructure
To support the development of quality complete communities, governments need to:

- Streamline the planning approval process
- Update zoning bylaws
- Increase transparency and accountability
- Educate the public about intensification
Thank you

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