



**Toronto
Real Estate
Board**

SERVING GREATER TORONTO REALTORS®

MARKET YEAR IN REVIEW & OUTLOOK REPORT

2018

STEERING THE WAY

to Housing & Transportation Diversity in the Greater Golden Horseshoe

The background is a stylized map with various colored lines representing roads and paths. A prominent black road with a white dashed center line and a yellow border curves around the text. Several location pins in different colors (orange, purple, teal, red, blue, green) are scattered across the map. The map uses a light beige color for buildings and green for parks or trees.

“This report is full of evidence-based research and data that can help to serve as the basis for implementing innovative and practical solutions to many of the transportation and housing problems we see today.”

– John DiMichele
CEO, Toronto Real Estate Board

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MESSAGE FROM THE PRESIDENT: Steering the Way to Housing Diversity



As a Broker of Record, I can really appreciate all the research and data featured in this year's report. I know how important it can be for our REALTORS® to have the latest market data at their fingertips when they meet with clients, and I'm glad that TREB is able to provide this data to our Members and to all those interested in learning more about our marketplace.

This year's report features some great intelligence, with sections on the market in 2017 (p. 13) and 2018 (p. 21), punctuated by the results of TREB-commissioned Ipsos surveys of homeowners and intending buyers. Data on who intends to buy, as well as what these potential buyers are looking for, can be invaluable information for you as you serve your clients in the coming year.

The real estate industry is a key contributor to our economy, and with new research on the economic impact of the housing sector conducted by Altus Group (p. 8), the true significance of our industry is even more clear. From the impact of TREB MLS® System home purchases and sales, to government revenues associated with residential sales, to the impact of the new construction sector, this research highlights the depth with which a single transaction can affect our economy.

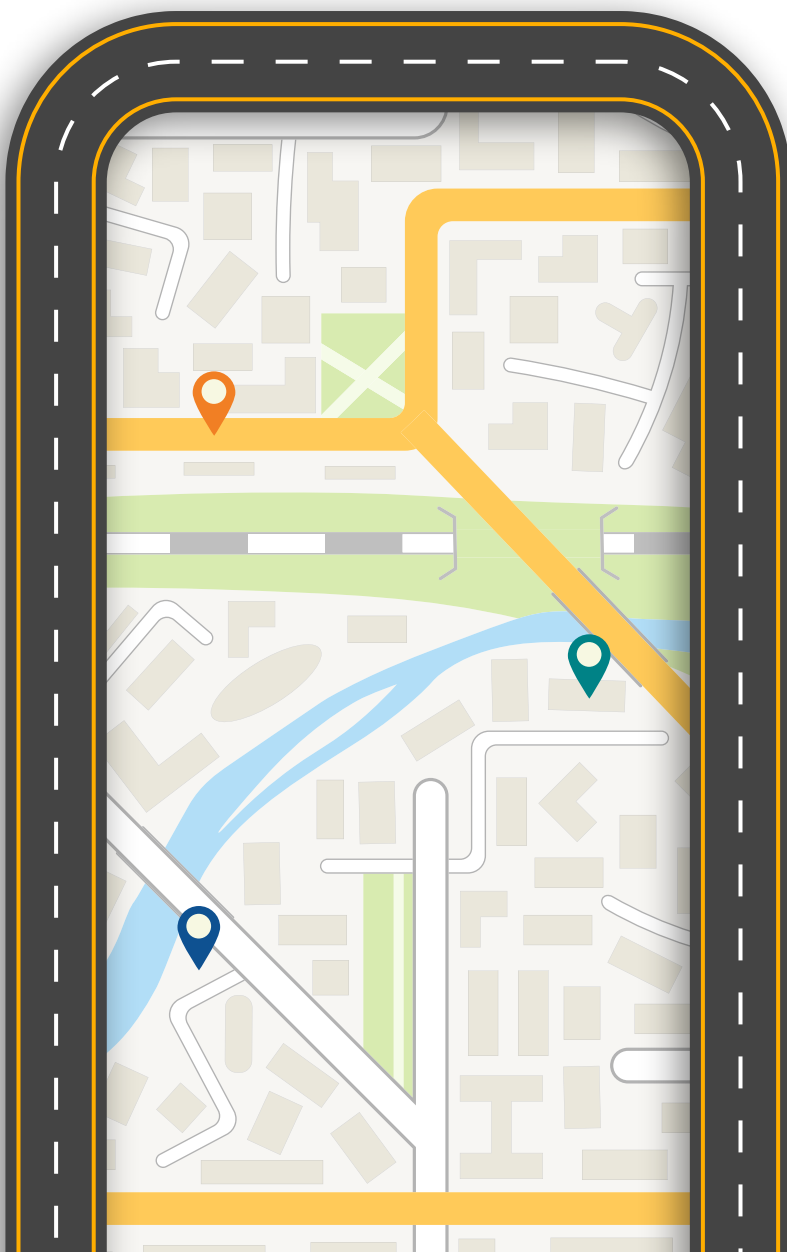
How can we alleviate pressure on housing supply and, in turn, positively impact housing affordability in the Greater Golden Horseshoe? New research by the Canadian Centre for Economic Analysis on the missing middle (p. 63), suggests creating diverse housing stock might be the answer.

There are also sections on the New Home market featuring research and data from Altus Group (p. 69) and the Commercial market (p. 75). With so much to read, I'll leave you to dive in to this year's great content.



TIM SYRIANOS

2017/2018 President, Toronto Real Estate Board



MESSAGE FROM THE CEO: Steering the Way to Transportation Diversity



Thank you for taking the time to read TREB's *Market Year in Review & Outlook Report 2018*. This year, in addition to providing you with a detailed review of the GTA housing market in 2017, as well as a look forward at what to expect for 2018, TREB has continued to steer the conversation to housing and transportation diversity in the Greater Golden Horseshoe and the effects these elements would have on the future of the region and quality of life.

Several sections of this report touch on the issue of transportation in the region. In fact, the report is full of evidence-based research and data that can help to serve as the basis for implementing innovative and practical solutions to many of the transportation and transportation infrastructure problems we face today. And, this is critical, because waiting to solve these issues is not an option.

We've all experienced it: being stuck in gridlock for hours, or being late for an important meeting due to traffic. Traffic congestion is a serious issue in our region, and better traffic management solutions for our roads and highways are critical. To better understand the issue, TREB reached out to government policymakers from across the region, asking them what they are doing to manage traffic in their area (p. 29). Additionally, this report features a study by the C.D. Howe Institute, which focuses squarely on the issue of mobility and traffic congestion (p. 49).

I can say with confidence that while all the plans to create a better integrated transit network will be to the benefit of many within the region, the impact of these changes will not be felt for years. In the meantime, we cannot afford to forget about the car, especially since it's likely that we'll have more cars on the road every year. And, as immigration to the region continues to grow, traffic congestion will only get worse, and the need for effective and efficient transportation solutions will only multiply. To learn more about what we can do to aid the smooth movement of people and goods, read the Toronto Region Board of Trade's submission on the topic (p. 57).

This comprehensive study also features important research on the housing industry, from a snapshot on the economic spin-offs created by our industry (p. 8), to a look at the missing middle in housing through innovative research conducted by the Canadian Centre for Economic Analysis (p. 63). There are also sections on the New Homes and Commercial market segments.

This report is full of the hard data required to better understand our marketplace and the policy issues that inform it. We hope that it will provide the much needed evidence to make better growth decisions for one of the most important regions in the country.

A handwritten signature in black ink, appearing to read 'John DiMichele'. The signature is fluid and stylized, with a large loop at the beginning and a long, sweeping tail.

JOHN DiMICHELE

Chief Executive Officer, Toronto Real Estate Board

EXECUTIVE SUMMARY

This year's report focuses on the twin issues of housing and transportation diversity in the Greater Golden Horseshoe Region. In addition to sharing the latest Greater Toronto Area housing market and commercial real estate data, TREB worked with several of our partners, including Ipsos, Altus Group, the C.D. Howe Institute, the Toronto Region Board of Trade, and the Canadian Centre for Economic Analysis to contribute insightful research on this year's key themes. Below is just a brief snapshot of the contents of this year's report.

FAST FACT

17 Years

*of supply represented by spare bedrooms
in the GTHA (40 years outside GTHA)*

Source: Canadian Centre for Economic Analysis (CANCEA)

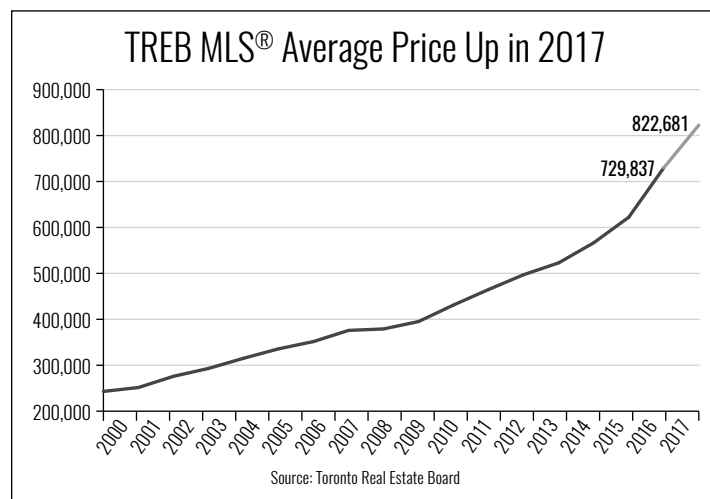
The Economic Impact of the Real Estate Industry

Exciting new research from Altus Group helps to highlight the importance of this report and the housing industry more broadly speaking. This study, starting on page 8, illustrates the economic impact of the housing sector in the Greater Toronto Area, with a focus on spin-off expenditures and jobs associated with TREB MLS® System home sales, government revenues accruing directly and indirectly from TREB MLS® System home sales, and the economic impacts associated with new home construction over the period 2014 to 2016.

Recapping the Market in 2017

The story for the market in 2017 was one where sales were down but price and number of listings were up.

Punctuated by Ipsos consumer survey results, this first section of the report will help us understand how the market shaped up in 2017, including a detailed look at the impact of the Ontario Fair Housing Plan (FHP) and new stricter mortgage guidelines introduced by the Office of the Superintendent of Financial Institutions (OSFI).



Looking Ahead to the Market in 2018

Featuring the results of Ipsos surveys of intending buyers and sellers, this section of the report features an in-depth look at what to expect from the GTA housing market in 2018. While strong local economic conditions coupled with an increased immigration target will result in sustained household growth in the GTA, in the short term, government policy decisions and higher borrowing costs could act as a drag on demand for ownership housing.

Greater Golden Horseshoe Transportation Infrastructure Improvements

Excellent transportation networks are a key component of any global city. Transportation networks also affect the real estate industry, since people tend to prefer living in conveniently accessible areas. TREB approached

government officials from across the Greater Golden Horseshoe to understand how they plan to improve transportation infrastructure in their area.

Addressing Congestion and Improving Mobility Across the Region

Research from the C.D. Howe Institute starts on page 49 of the report and explores how best to fix congestion and broader mobility issues across the Region. From traffic congestion to high taxes on home ownership, C.D. Howe argues there are many impediments to mobility in the Region and these serve to stunt productivity and economic growth.

The Smooth Movement of People and Goods

Following on the heels of the previous section, the Toronto Region Board of Trade's research on the smooth movement of people and goods again puts the issue of lost productivity due to congestion front and centre. Their research argues that taking steps to ensure people and goods travel more efficiently throughout the Region will help to strengthen our position as one of the most competitive and sought after business regions in the world.

Addressing Supply Pressures: The “Missing Middle”

Starting on page 63, research by the Canadian Centre for Economic Analysis (CANCEA) puts forth a new solution to a long-held problem: how best to address housing affordability pressures in our region. CANCEA argues that by inspiring the building of missing middle housing and incentivising current households to right-size to more appropriate and desirable housing, it's possible to offset existing housing affordability pressures.

FAST FACT

\$68,275

in annual spin-off expenditures generated by the average housing transaction in the GTA.

Source: Altus Group Economic Consulting

New Homes and Residential Land Data

Numbers from Altus Group confirm 2017 was another strong year for new home sales in the Greater Toronto Area and the residential land sector soared to new heights in the past year as well. Looking forward, it is unlikely that 2018 will see another record year on the new home sales front, but residential land sales in 2018 are predicted to be as robust as they were in the past year.

The Commercial Market

The amount of leased space reported through TREB's MLS® System in 2017 was down from the 2016 total, while total commercial sales also declined. Market conditions in the industrial and office segments allowed for increases in average lease rates. Properties in the 1,000 to 5,000 square foot range represented the majority of commercial purchases.

Tying it all Together

Ultimately, the research presented to you in this year's report highlights the need for policymakers to base their policy decisions on evidence and facts. A measured approach guided by hard data is the only way to ensure we address the housing and transportation pressures currently faced by our Region.



Section Summary

- The average annual spin-off expenditure generated by home sales through TREB's MLS® System between 2014 and 2016 amounted to approximately \$7 billion. These expenditures helped create and support over 142,000 jobs.

FAST FACT **\$1.59B**
is the amount of annual GTA LTT revenue from 2014 to 2016.
 Source: Altus Group Economic Consulting

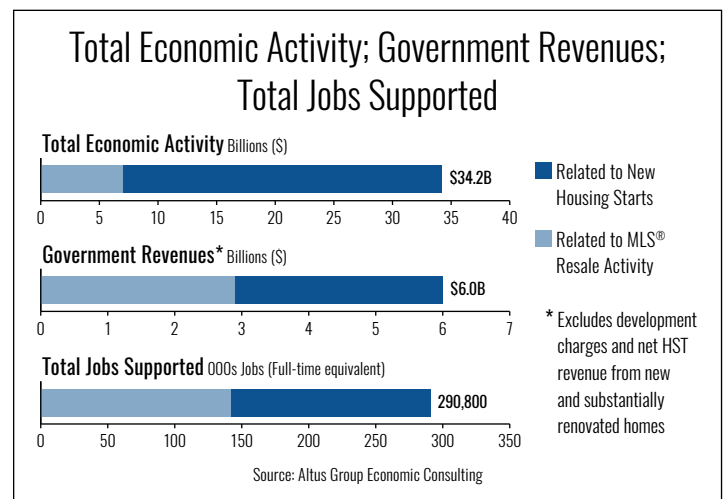
- TREB MLS® System home sales also resulted in substantial tax revenues for all levels of government. A combined \$2.9 billion in federal, provincial, and local tax revenue was generated annually.
- New housing construction, which often starts with a GTA REALTOR® bringing their client to a sales centre, resulted in an annual economic impact of \$27.2 billion associated with almost 150,000 jobs. Underlying these jobs was more than \$27 billion in economic activity annually.

FAST FACT **\$2.9B**
is the combined tax revenue generated annually through TREB MLS® System home sales.
 Source: Altus Group Economic Consulting

Housing is a critically important industry in the Greater Toronto Area (GTA). Buying and selling existing homes and building new ones all contribute to the housing stock, providing homes for the growing number of persons and families that choose to live in this region. These activities are also critical for creating and supporting a wide array of jobs, not only directly related to housing, but across virtually all sectors of the economy.

New research by Altus Group illustrates the broad economic impact of the housing sector in the GTA. Specifically, this report examines three major impacts that the housing industry has on the prosperity of the GTA:

- Spin-off expenditures and jobs associated with TREB MLS® System home sales;
- Government revenues accruing directly and indirectly from TREB MLS® System home sales;
- The economic impacts associated with new home construction.

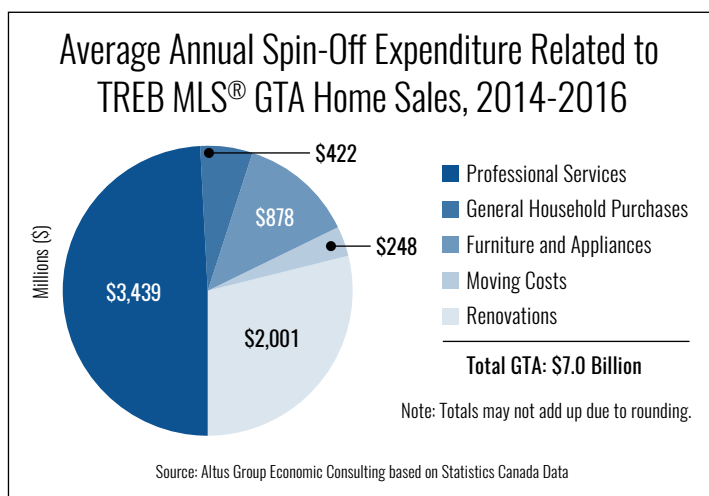


TREB MLS® System Home Sales

Existing home transactions across the GTA generate significant economic activity through direct, indirect,

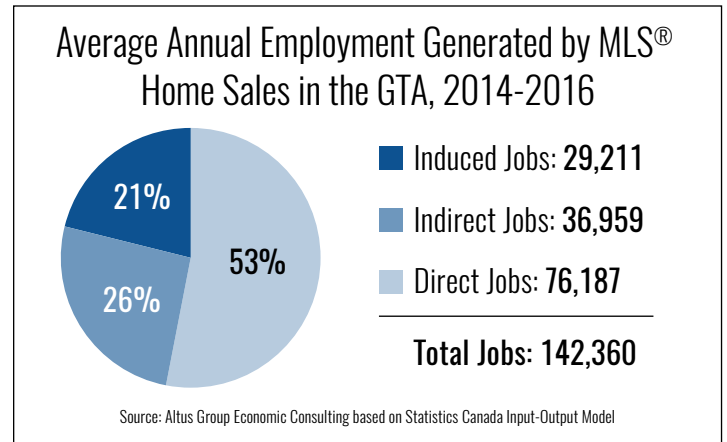
and induced expenditures, including the direct provision of goods and services associated with the purchase and sale of a home (direct impacts), the production of these goods and services including raw materials (indirect impacts), and additional rounds of spending by workers employed in the production of the goods and services (induced impacts). When it comes to TREB MLS® System sales, key expenditure categories are professional services, renovations, furniture and appliances, moving costs, and other household items.

Altus Group found that an estimated average total of \$68,275 in spin-off expenditures was generated by the average housing transaction in the GTA on an annual basis over a period of three years (2014 to 2016) from the date of purchase, excluding taxes. For the average of 102,345 homes processed annually through the TREB MLS® System during the 2014 and 2016 period, spending attributable to home sales totalled approximately \$7.0 billion per year.



Direct, indirect, and induced spending connected to TREB MLS® System home sales is also associated with a substantial number of jobs. All told, some 76,200 jobs are supported annually by home sales in the GTA directly

related to industries supplying products and services to home buyers and sellers.

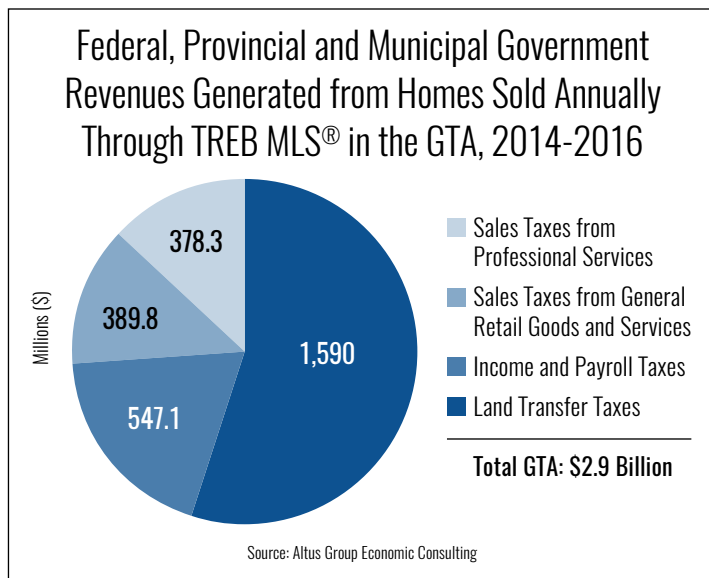


Magnitude of Government Revenues Associated With TREB MLS® System Sales

TREB's MLS® System home sales also result in considerable tax revenue for all levels of government through channels such as sales taxes, income and payroll taxes, land transfer taxes, and municipal charges.

Based on sales tax rates and TREB MLS® System annual home sales over the period 2014 to 2016, total government revenues amounted to \$2.9 billion annually. This included almost \$800 million in sales taxes, almost \$1.6 billion in land transfer taxes, and over \$500 million in income and payroll taxes. A breakdown of government revenues at all three levels is featured in the following chart.

FAST FACT 142,000+
is the average annual employment generated by TREB MLS® home sales in the GTA.
Source: Altus Group Economic Consulting



Economic Impact From New Housing Construction

New housing construction in the GTA also generates significant economic activity. The residential construction sector directly employs some 38,865 persons in the GTA. In addition, residential construction investment also spurs significant spin-off spending in many other sectors of the economy through the production of goods and services supporting the construction process. Together, direct, indirect, and induced spending resulting from home construction supported almost 150,000 jobs, based on annual new housing construction activity between 2014 and 2016. Underlying these jobs was more than \$27 billion in economic activity annually.

FAST FACT → **\$68,275**
in annual spin-off expenditures generated by the average housing transaction in the GTA.
 Source: Altus Group Economic Consulting

Today, the majority of homes that start construction have already been sold, with substantial upfront deposits at a pre-construction sales centre. GTA Realtors often represent their clients during the new home sales process.

According to Ipsos, 62 per cent of new home sales in the last twelve months involved a Realtor. Looking forward, 74 per cent of buyers likely to purchase a new home indicated that they intended to use a Realtor.

Conclusion

This report by Altus Group on the economic spin-offs generated by the housing industry makes it clear that the industry is a significant contributor to our local, provincial, and national economic engine.

Whether we look at spending, jobs created or tax revenue generated, the real estate industry's impact cannot be denied. It is up to governments to be mindful of this fact when developing policies pointed at housing and understand that policies detrimental to the housing sector can be detrimental to the economy at large.

Policies that focus on increasing the supply of land available for development, as well as the overall supply of housing are very important for the sustainable growth of the GTA region. Policies that incent home ownership by making it more affordable and attractive, such as lower Land Transfer Tax rates, better integrated transportation options, and a more diverse housing stock, will further make this a reality.

On this score, TREB has consistently argued for an evidence-based approach to policymaking. TREB believes that data and facts should be what guides legislation at all levels of government, and we remain committed to conducting high quality, objective re-

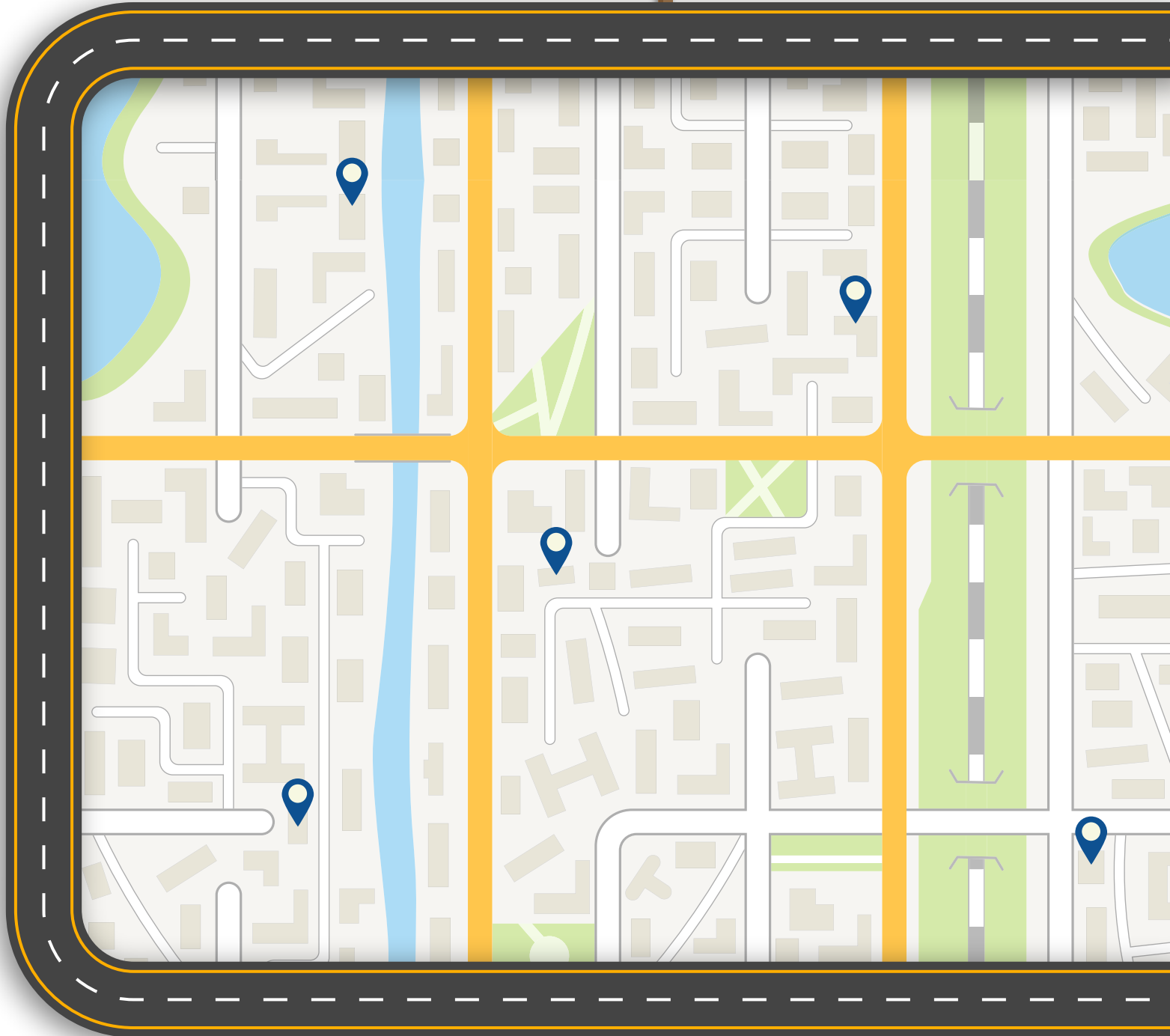
search on the top of mind issues surrounding the real estate industry. This means not only thinking about what the impacts, either positive or negative, may be on the housing market, but also the broader impacts on the economy, including government revenues.


FAST FACT

74%

of buyers likely to purchase a new home in the next 12 months will use a REALTOR®.

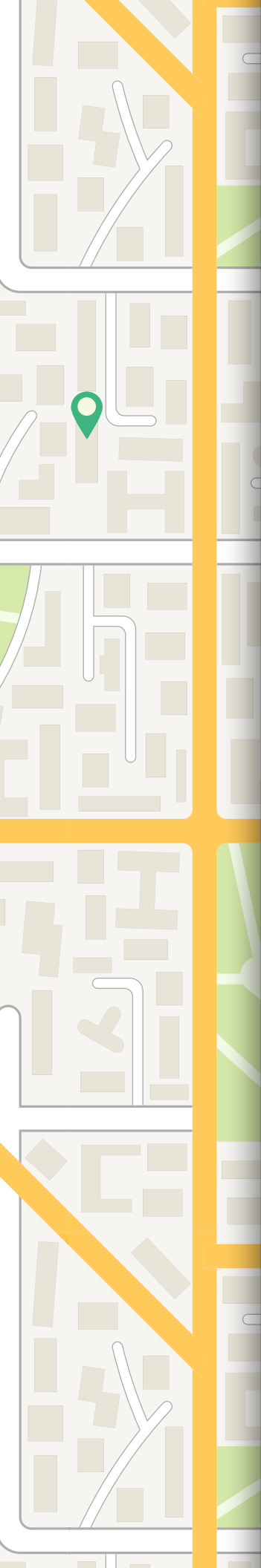
Source: Altus Group Economic Consulting





“Much of the story underlying home sales, listings, and prices in 2017 was rooted in changes to government policy.”

– Toronto Real Estate Board



MARKET YEAR IN REVIEW

The Market in 2017



MARKET YEAR IN REVIEW: The Market in 2017

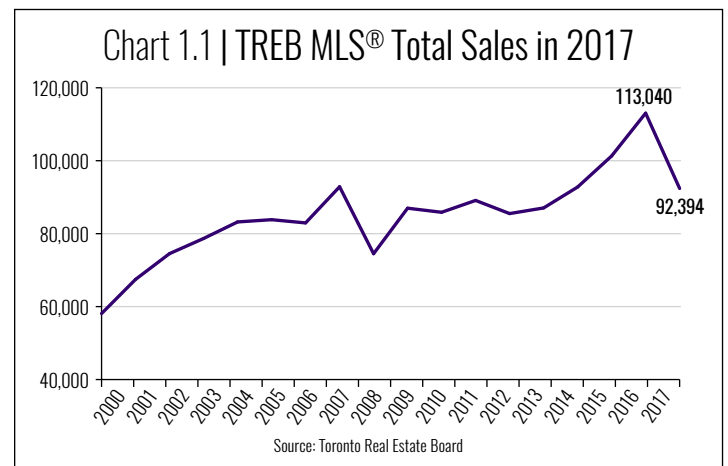
Section Summary

- Total sales reported through TREB's MLS® System in 2017 amounted to 92,394 - down by 18.3 per cent compared to the record set in 2016.
- The overall average selling price of \$822,681 was up 12.7 per cent compared to 2016. Both average price and MLS® Home Price Index (HPI) annual growth rates were strongest in Q1 2017.
- The pace of year-over-year price growth receded during the last two-thirds of 2017, as listings increased relative to sales. Total new listings entered into TREB's MLS® System amounted to 178,489 - up 15.7 per cent compared to 2016.
- While the announcement of the Ontario Fair Housing Plan (FHP), including a tax on foreign buyers, was the main impetus for the change in market conditions in the spring and summer of 2017, the effect was more psychological. Multiple sources have confirmed that foreign buying activity was very low prior to the FHP and remained low afterward.
- Demand for ownership housing strengthened in Q4 2017, perhaps indicating the waning effects of the FHP, and perhaps due to new, stricter mortgage lending guidelines announced for 2018, prompting home purchases earlier than they otherwise would have taken place.

Market Recap

In January 2017, after a record-breaking year for home sales, TREB released its second annual *Market Year in Review and Outlook Report*, which put forth an argument that government policy decisions would be the key factor influencing home sales in 2017. TREB argued that if the

government did not intervene in the market, we could see the third consecutive record year for home sales. TREB also hypothesized that government intervention, including policy decisions such as a tax on foreign buyers, could result in a reduction in home sales. With the introduction of the FHP, we saw the latter scenario play out throughout much of 2017.



Notwithstanding government policy changes, underlying market fundamentals remained in place to support strong demand for ownership housing in the GTA in 2017. The unemployment rate in the region trended lower throughout the year, indicating that growth in employment was outstripping growth in the labour force. Tighter labour market conditions promoted wage and salary growth above the rate of inflation, which translated into enhanced consumer confidence in the ability to make large purchases.

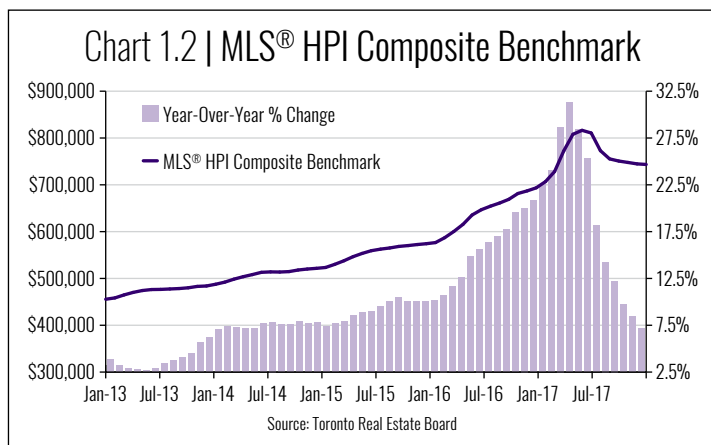
The ability of a region to create jobs on a sustained basis across a number of different sectors serves to attract newcomers from across the globe. On net, population growth in the GTA continued to be driven by immigration in 2017. Positive net immigration, coupled with labour market and other demographic factors, all served to drive up demand for ownership housing. The fact that



borrowing costs, while up in 2017, remained low from a historical perspective, also served to drive demand.

In line with favourable demand factors, home sales were reported through TREB's MLS® System at a rapid pace in the first quarter of 2017 – up by 11.5 per cent compared to Q1 2016. As was the case in 2016, however, home buyers were up against an extremely constrained supply of listings for all home types, with listing supply most constrained for the detached segment. This led to intense competition between home buyers and an accelerating pace of price growth that saw the annual average growth rate peak out at over 30 per cent in March 2017.

The strong price growth, both average price and MLS® HPI, reported in Q1 2017 was arguably the catalyst that finally prompted the Ontario government's announcement of the Fair Housing Plan (FHP) in April 2017. The FHP included a 15 per cent tax on foreign buyers. The impact of the FHP on the demand for ownership housing was swift, with the number of residential transactions reported through TREB's MLS® System down substantially in the spring and summer months on an annual basis.



Research by TREB and other organizations showed that foreign buying activity represented a very small percentage of overall GTA home sales. For example, an

Ipsos survey of TREB Member REALTORS® estimated the foreign buyer share to be 4.9 per cent, plus/minus two percentage points. Research by Statistics Canada and land registry estimates subsequently released by the Ontario government were within this range. The fact that sales receded by more than this amount on a year-over-year basis following the announcement of the FHP suggests that the impact of the FHP and the foreign buyer tax therein was more psychological in nature, as many would-be home buyers took a step back temporarily to reassess their positioning in the market.

FAST FACT

92,394

*total sales reported through TREB's
MLS® System in 2017.*

Source: Toronto Real Estate Board

During the spring and summer, active listings increased to more normal levels from a historic perspective. The result of fewer sales and an increased supply of listings was a moderation in the pace of year-over-year price growth, as buyers benefitted from more choice. However, when broken down by home type, home prices were not affected in a uniform manner. For example, the more expensive detached market segment experienced slower price growth than the condominium apartment segment. In fact, condominium apartment prices continued to experience double-digit growth, on average, throughout 2017, as demand remained strong relative to the supply of listings.

In the fall of 2017, federal government policy pointed at mortgage lending guidelines was introduced. The Office



MARKET YEAR IN REVIEW: The Market in 2017

of the Superintendent of Financial Institutions (OSFI) announced regulation changes that mandated stricter stress tests of borrowers from federally regulated lenders, in an attempt to mitigate potential risks to the Canadian financial system. Following this announcement, sales of ownership housing picked up noticeably. In all likelihood, a combination of buyers moving their purchase up before the stricter lending guidelines came into effect and the waning psychological effect of the FHP played into the uptick in sales.

FAST FACT

~\$822K

was the overall average selling price in 2017.

Source: Toronto Real Estate Board

The bottom line is that much of the story of home sales, listings, and prices in 2017 was rooted in changes in government policy. The discussion below expands upon these themes against the backdrop of consumer survey results from Ipsos, as well as prevailing economic conditions throughout the year.

Ipsos Homeowner Profile

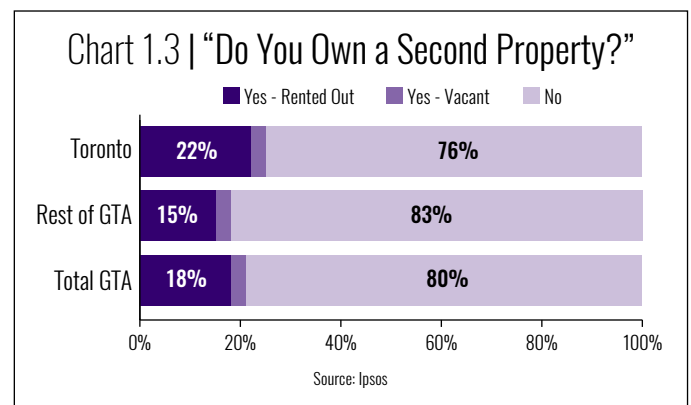
In November 2017, Ipsos undertook a third annual fall survey of existing homeowners in the GTA on behalf of TREB. The survey involved 2,501 households including a sub-sample of 1,000 “recent homebuyers,” defined as those having purchased a home in the preceding 12 months.

The following are key findings from the survey broken down into ownership characteristics, listing intentions and

recent home buying activity (where percentages are stated, totals may not add to 100 per cent due to rounding).

Ownership Characteristics

- 98 per cent of homeowners surveyed said their most recent purchase was for a home to live in, with the remaining two per cent saying that they purchased a property to rent out.



- 20 per cent of respondents said they owned a second home, with the great majority (90 per cent) renting out their second home to tenants.
- The City of Toronto researched a tax on vacant units in 2017. If faced with such a tax, owners of second properties in the City of Toronto would consider the following three options:
 - 25% would not be impacted at all;
 - 37% said they would sell their investment property;
 - 36% said they would rent their property to tenants.

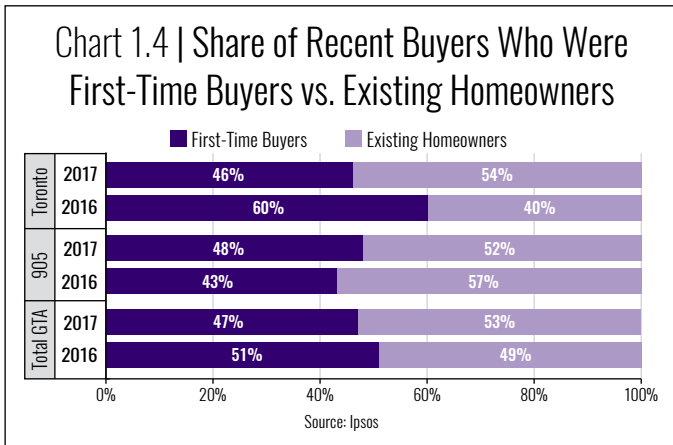
Listing Intentions

- 40 per cent of homeowners surveyed indicated that they were likely (“somewhat likely” or “very likely”) to list their home for sale in the following 12 months. The likelihood to list was up compared to the 30 per



cent share reported from the spring survey conducted by Ipsos and is in line with the fact that the supply of listings increased over the course of 2017, especially after the FHP announcement.

- The single most popular reason respondents gave for planning to list their home for sale was to buy a larger house (18 per cent). The second most common reason for listing their home for sale was for financial reasons, particularly to profit from the increase in their home's value (14 per cent).



- 62 per cent of intending home sellers indicated that new policies announced by the Ontario government (e.g., the FHP) had wholly or at least partially influenced their decision to list their home for sale.
- Three quarters of intending sellers said they intended to purchase another home; 11 per cent said that they would rent their next home; with the remainder saying they would move in with family, move to assisted/retirement living, or to some other housing choice.
- By far the most common reason for NOT planning to move in the next year (82% named as at least one reason) was simply the fact that respondents were happy with their current home. A smaller share of those sur-

veyed cited moving costs, land transfer taxes associated with purchasing their next home (more so in the City of Toronto), deciding to renovate instead and/or issues presented by stricter mortgage lending guidelines.

Recent Home Buyers

- On average, survey respondents have owned two homes. Almost two-thirds (62 per cent) of these homeowners purchased their current home in 2011 or later.
- 68 per cent of recent home buyers purchased a resale home, with the remaining 32 per cent purchasing new construction. The resale share for recent transactions was slightly lower than for all homeowners' purchases over time.

FAST FACT

15.7%

is the amount that new listings were up in 2017 compared to the previous year.

Source: Toronto Real Estate Board

- Approximately half of recent home purchases involved a detached home. The second most popular home type among recent buyers was the condominium apartment, at 22 per cent. The detached share for recent home buyers was four percentage points lower than the share for all homeowners, likely due to the fact that many recent buyers have turned to less-expensive home types, especially first-time buyers.
- First-time buyers accounted for 47 per cent of recent home purchases – down from 51 per cent reported



MARKET YEAR IN REVIEW: The Market in 2017

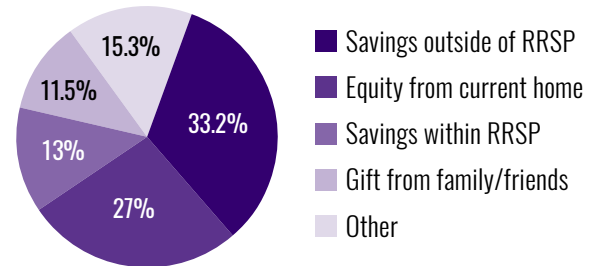
in the 2016 survey. The decline was based in the City of Toronto, where the share of first-time buyers dropped from 60 per cent in the fall of 2016 to 46 per cent in 2017. In the rest of the GTA, the share increased from 43 per cent to 48 per cent. First-time buyers have flexibility – many can continue to rent or to live with family. Therefore, with the announcement of the FHP, many would-be first-time buyers likely put their decision on hold to see how market conditions changed.

- Recent home buyers indicated that, on average, they had a down payment representing almost 29 per cent of the purchase price. The down payment share was similar across the GTA.
- In general, for all homeowners, the size of the average down payment as a share of the purchase price trended higher as the purchase price increased. This likely points to the fact that many home buyers purchasing more expensive homes are already homeowners and have been able to take advantage of an increase in home equity to make their new purchase.
- The largest sources of down payment for recent home buyers were savings outside of an RRSP (31%) and equity from the buyers' current homes (23%).
- Similar to previous survey years, approximately two-

thirds of recent home buyers chose a fixed rate, closed mortgage. The most common mortgage rate range was 2.0 to 2.99 per cent.

- Looking forward, 84 per cent of all existing homeowners surveyed were confident that they would still be able to afford their mortgage payments if their current interest rate increased by two percentage points. The share was only slightly lower for recent home buyers, at 83 per cent.
- As discussed in the introductory section to this report on economic impacts, the spin-off expenditures related to ownership housing will remain strong moving forward, insofar as renovation activity is concerned. 42 per cent of all homeowners surveyed indicated that they would undertake renovations over the next year, at an average cost of almost \$24,000. 16 per cent of homeowners indicated that they would spend \$50,000 or more on renovations.

Chart 1.5 | Average Share of Down Payment for Recent Home Buyers by Source



Source: Ipsos

Rental Market Trends

Much of the housing discussion in the GTA in 2017 revolved around ownership housing and the related changes in market conditions discussed above. However, it is important to point out that according to the 2016 Cen-

FAST FACT

98%

of homeowners who purchased their most recent home purchased it to live in.

Source: Ipsos



sus, one-third of households in the GTA rent the home in which they live. While the ownership market benefited from more listings supply in 2017, the opposite was true in the rental market. This fact, coupled with the fact that demand for rental housing remained strong, created intense competition between renters.

The key indicator of rental market tightness is the vacancy rate, which is surveyed each year by the Canada Mortgage and Housing Corporation (CMHC). CMHC publishes the vacancy rate for both purpose-built rental apartments and investor-held condominium apartments. For both of these market segments, the vacancy rate was down in the fall of 2017 compared to the same period in 2016.

The vacancy rate for purpose-built rental apartments dropped from 1.4 per cent on a year-over-year basis to 1.1 per cent. The condominium apartment vacancy rate dropped from 1.1 per cent in 2016 to 0.7 per cent. This means that it became harder to find a home to rent over the past year. Strong demand up against falling supply translated into double-digit annual rates of growth for average rents in 2017.

According to TREB's *Rental Market Report* released each quarter, growth in the average cost to rent a one-bedroom condominium apartment in the GTA increased from an annual rate of 7.8 per cent in the first quarter of 2017 to 10.9 per cent year over year in the fourth quarter. Growth in the average two-bedroom rent followed a similar trajectory throughout the year, from close to seven per cent to almost nine per cent. In the fourth quarter, the average one-bedroom rent was \$1,970; the average two-bedroom rent was \$2,627.

Policy decisions contained in the FHP, particularly expanded rent control provisions, were designed to limit

annual rent increases for sitting tenants. However, an unintended consequence could be to further constrain the supply of rental units, both in the purpose-built and investor-held condo segments.

If a large- or small-scale investor is faced with a ceiling on rent increases with no ceiling on annual cost growth, they may be less likely to invest in rental properties and could look elsewhere for returns on their money. Furthermore, when it comes to investor-held condominium rental apartments, it is possible that the rental stock could also contract if condominium apartment owners choose to take advantage of double-digit price growth over the last year and sell their units rather than rent them out.

As we move through 2018, it will be important to monitor the impact of the FHP on the rental market to see if this type of unintended consequence starts to materialize.

FAST FACT

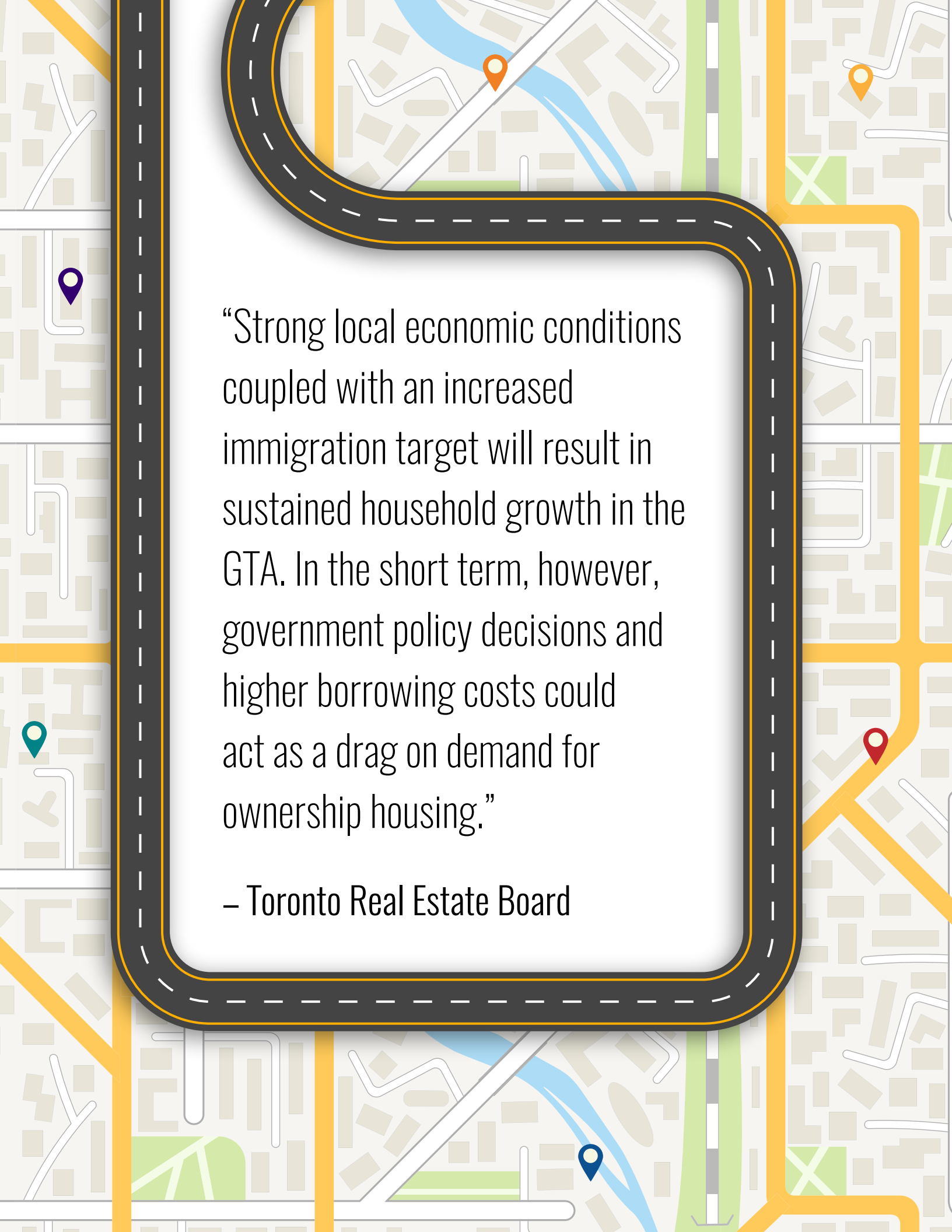
40%

of current homeowners are likely to list their home in the next twelve months.

Source: Ipsos

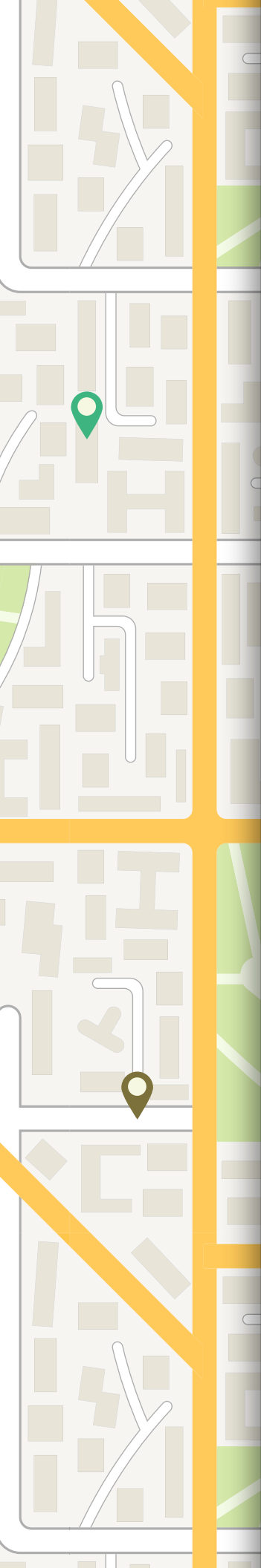
Looking Forward

The changes in market conditions that started to unfold in 2017, including the impacts associated with federal and provincial policy changes, will certainly carry over into 2018. The following section of this report will consider many of the issues and trends discussed above, but in the context of the year to come.

The background is a stylized map with various elements: a blue river, grey roads, green parks, and several location pins in orange, purple, teal, and red. A prominent black road with a white dashed center line and yellow borders curves around the text box.

“Strong local economic conditions coupled with an increased immigration target will result in sustained household growth in the GTA. In the short term, however, government policy decisions and higher borrowing costs could act as a drag on demand for ownership housing.”

– Toronto Real Estate Board



Looking Ahead to 2018



MARKET OUTLOOK: Looking Ahead to 2018

Section Summary

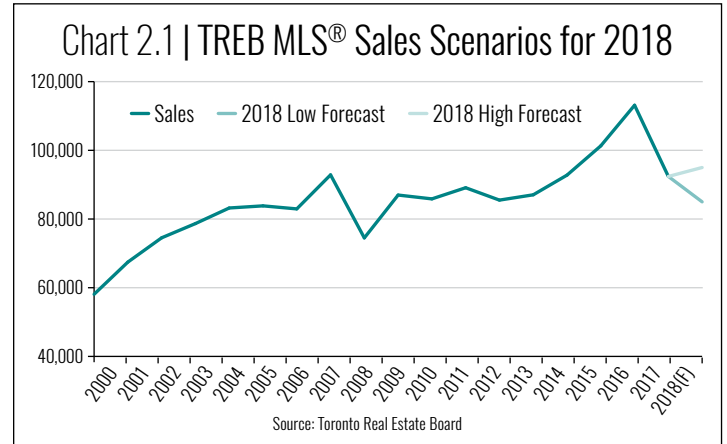
- 26 per cent of respondents in the November 2017 Ipsos Home Buyers Survey indicated that they were very likely or somewhat likely to purchase a home in the following 12 months.
- Approximately one quarter of respondents felt that they would not qualify for a mortgage on their chosen home if their qualifying rate increased by two percentage points.
- The forecast range for sales reported through TREB's MLS® System in 2018 will be between 85,000 and 95,000 transactions.
- The forecast range for the overall average selling price will be between \$800,000 and \$850,000, pointing towards a flattening of the price trend in 2018.
- Continued rent growth well-above the rate of inflation is expected for 2018 due to dwindling supply and newly-introduced rent control legislation.

Ipsos Profile of Likely Home Buyers

In November 2017, Ipsos undertook a third annual survey of intending GTA home buyers, on behalf of TREB. The survey sought to define what share of the GTA population was likely to purchase a home in 2018 and to understand what influenced the preferences and decisions of these would-be home buyers.

The Ipsos polling was conducted online with a final sample size of 1,000 'likely home buyers,' defined for the purposes of this report as those who indicated that they were 'very likely' or 'somewhat likely' to purchase a home over the next year. A total of 3,974 individuals were interviewed to obtain the sample of likely home

buyers. The credibility interval for the GTA is ± 3.5 percentage points. The credibility interval is wider for sample subsets based on geography, home type, etc.

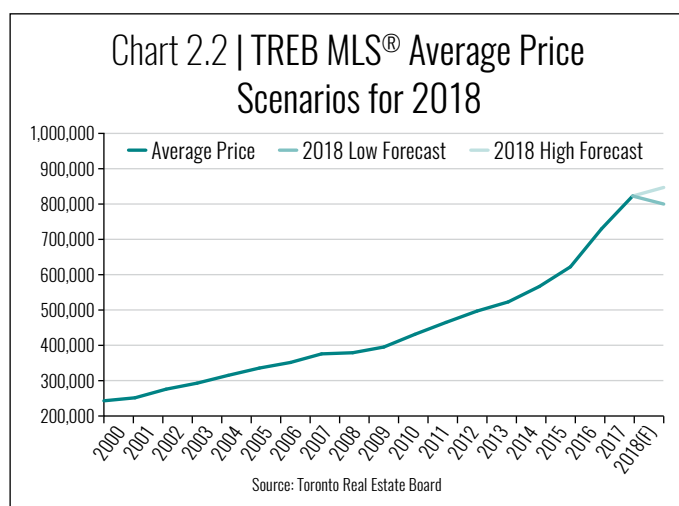


The following summarizes the key points from the survey:

- 26 per cent of GTA residents indicated that they are likely to purchase a home in 2018. While this share has trended lower since the first survey in fall 2015, overall intentions remain somewhat on par over the last three years after taking into account the credibility intervals for the surveys. Respondents in the City of Toronto are more likely to buy a home (28%) in 2018 than those in surrounding GTA regions (25%).
- 48 per cent of respondents not intending to buy a home over the next year said they already owned their home and/or were content with their existing living situation. 28 per cent of respondents said cost/financial issues was their main reason not to buy. A minority (15 per cent) said the components of the Ontario Fair Housing Plan influenced their decision.
- A year-over-year dip in buying intentions was most notable among first-time buyers. In the fall of 2016, first-time buyers accounted for more than half of all



intending home buyers, and almost two-thirds in the City of Toronto. First-time buying intentions in the most recent survey dipped to 41 per cent for the GTA as a whole, to 46 per cent for the City of Toronto, and 37 per cent for the GTA regions surrounding Toronto. High home prices, stricter mortgage lending guidelines and tight condo market conditions could present obstacles for first-time buyers in 2018.



- The most popular home type people plan to purchase in 2018 is a detached home, representing 47 per cent of buying intentions. Detached buying intentions are higher in the GTA regions surrounding Toronto (54 per cent) versus the City of Toronto itself (39 per cent). Condo apartments are the second most common home type likely buyers intend to purchase, at 22 per cent for the GTA and 27 per cent in the City of Toronto. Condominium apartment buying intentions are lower in the GTA regions surrounding Toronto, at 18 per cent.
- The estimated purchase price for the GTA was down slightly compared to the results from the fall 2016 survey. This is in line with the change in market conditions we have seen over the past year and with the

TREB forecast for 2018.

- Intending home buyers were well-aware of the potential impacts of mortgage lending guideline changes (OSFI-mandated stress test, etc.) and higher borrowing costs. Many respondents indicated that mortgage-related issues would play a role in their decision making process.
- The great majority of intending buyers – 84 per cent – will be purchasing a home to live in, 15 per cent will rent their property out, with the remaining one per cent purchasing an investment property to leave vacant. All told, 99 per cent of properties that survey respondents plan to purchase will be housing people.

Demographic and Economic Drivers

The GTA population will continue to grow in 2018, as the GTA is one of the single greatest beneficiaries of newcomers to Canada. The federal government’s plan to increase immigration levels steadily between 2018 and 2020 will serve to augment GTA population growth and thereby housing demand.

FAST FACT

99%

of intending home buyers plan to live in their purchase (84%) or rent it out (15%).

Source: Ipsos

Years of immigration into the GTA have resulted in a virtuous circle, whereby the high levels of ethnic and cultural diversity in the region attracts additional newcom-



MARKET OUTLOOK: Looking Ahead to 2018

ers. On top of this, is the attractiveness of the region's economic diversity and the overall quality of life. The economic strength creates jobs across many different economic sectors requiring a wide array of skill sets.

The consensus view is that Canada will pace the G7 in terms of economic growth in 2018, boding well for the future diversity of the GTA economy. Job growth in the region is expected to be strong, resulting in an unemployment rate near historic lows and average earnings growth above the rate of inflation.

FAST FACT 31%
is the average size of intending buyers' down payment for the GTA as a whole.
 Source: Ipsos

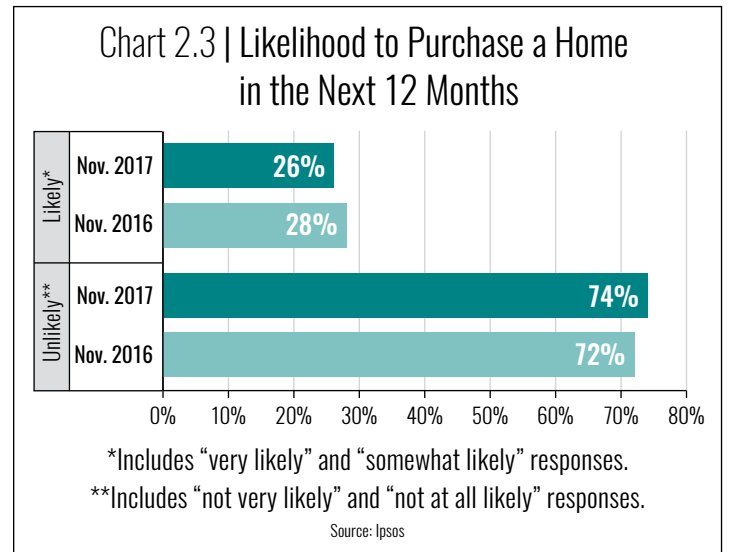
A healthy and growing regional economy translates into robust consumer confidence, which is imperative in sustaining the demand for ownership housing and the positive economic impacts that accrue from home sales each year, including billions of dollars in spin-off spending, government revenues and associated jobs.

Focus on Mortgage Rates and New Qualification Guidelines

The majority of home buyers purchase their home through the use of a mortgage. This was confirmed by the Ipsos Home Buyers Survey, which found that 74 per cent of intending home buyers in 2018 will use a mortgage.

Given that the majority of intending buyers will use a mortgage, the cost of borrowing is very important from

an affordability perspective. Mortgage rates increased markedly in the second half of 2017 as the Bank of Canada increased its Target for the Overnight Lending Rate. Forward rates for Government of Canada bond yields point to gradual rate increases continuing over the next year as well.



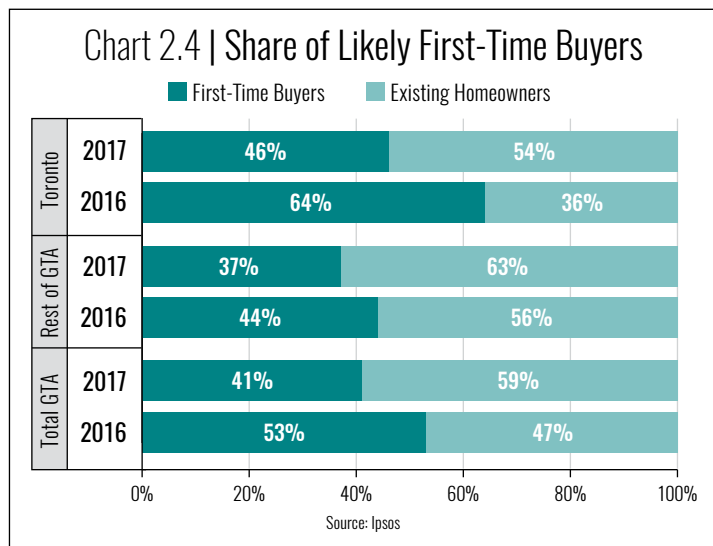
Intending buyers are aware of the prospect of increased borrowing costs. In the fall 2016 Ipsos Survey, the most common range for intending buyers' pre-approved mortgage rate was between 2.0 and 2.99 per cent. In the fall 2017 survey, there was a substantial shift to the 3.0 to 3.99 per cent range, now representing basically the same share as the 2.0 to 2.99 per cent range.

On top of market-based increases to borrowing costs, new stress test guidelines announced by the Office of the Superintendent of Financial Institutions (OSFI) in October 2017 are also expected to have an impact on intending home buyers. Expanding upon new regulations announced in the fall of 2016 for high ratio borrowers, OSFI has now mandated a stress test for borrowers with a down payment of greater than 20 per cent, who negotiate a mortgage with a federally regulated financial institution.



Under the new OSFI stress test rules, borrowers will now have to qualify for their mortgage at the greater of their contract rate plus two percentage points, or the posted five year fixed rate as reported by the Bank of Canada (5.14 per cent at time of printing).

The 2017 Ipsos survey found that 26 per cent of intending home buyers would have difficulty qualifying for a mortgage on their preferred home. Not surprisingly, the share was higher for intending first-time buyers (29 per cent) compared to existing homeowners (23 per cent), likely because most first-time buyers may not have as much flexibility with regard to the down payment amount and/or the amount of income that can be dedicated to mortgage payments.



The fact that the stress test will present difficulty for some intending home buyers makes sense when the hypothetical increases in monthly payments that they will be tested against are considered. Using calendar year 2017 average prices, TREB estimates that under the new stress test rules, borrowers would be required to qualify at \$450 to over \$950 more per month than their actual payment depending on home type, with the

upper end of the scale in the detached market segment and the lower end for condominium apartments.

Increased borrowing costs coupled with a stricter stress test regime will certainly affect intending buyers' decisions in 2018. While some buyers ultimately may choose not to make a home purchase, others will choose to modify their desired home type and/or area.

Outlook for Home Sales and Prices

As discussed above, there will be factors in 2018 that promote the demand for ownership housing and others that act as a drag on demand. Strong local economic conditions, including income growth above the rate of inflation, coupled with an increased immigration target will result in sustained household growth in the GTA, both in 2018 and over the longer-term. However, in the next 12 months, demand will be stunted by the impact of government policy decisions and higher borrowing costs.

FAST FACT

74%

of likely buyers think they would still qualify for a mortgage at 2 percentage points higher.

Source: Ipsos

We will start 2018 with both the FHP and the new OSFI stress test regulations weighing on home sales reported through TREB's MLS® System. Similar to the Greater Vancouver experience, however, we will start to see the psychological impact of the FHP, particularly the tax on foreign buyers, wane.



MARKET OUTLOOK: Looking Ahead to 2018

A 2016 Ipsos survey of REALTORS[®], TREB analysis of assessment and land registry data, and a recent Statistics Canada report all found the share of foreign buying activity and ownership to be below five per cent in the GTA. This number is not surprising given that net population growth in the region is based on immigration. It follows that the steep drop-off in sales experienced in the wake of the FHP will dissipate.

FAST FACT

82%

of intending home buyers plan to use a REALTOR[®] in 2018 to guide them through their transaction.

Source: Ipsos

While the impact of the FHP will decline throughout 2018, the new OSFI stress test guidelines, coupled with higher borrowing costs compared to much of 2017 will stunt home sales to a certain degree.

TREB estimates that the OSFI-mandated two percentage point stress test could prompt some households to put their decision to purchase on hold. The Ipsos survey found that 26 per cent of intending buyers indicated that they could have difficulty qualifying for a mortgage on their preferred home in the event of a two per cent increase in borrowing costs. However, not all of these 26 per cent will necessarily decide not to purchase. The OSFI guideline change will not necessarily lead to a binary decision; whereas some households may simply decide not to purchase a home as a result of the stress test, others may change the type or location of their

purchase, or the lender they choose to use (i.e., move from a federally regulated lender to a non-federally regulated lender), or some combination thereof.

When we consider the combination of solid demographic and economic conditions versus the impact of higher borrowing costs and various government policies, the latter will win out in the short term. TREB MLS[®] System home sales will range between 85,000 and 95,000 in 2018, relative to 92,394 transactions in 2017. The final sales numbers will depend on the actual impact of the factors straining demand outlined above.

Despite a dip in home sales, market conditions will remain balanced enough to see support for home prices, especially as we move toward the end of 2018. Months of inventory will trend between 2.5 and three months over the course of the year – up from what we experienced in 2016 and first quarter of 2017, but in line with what was experienced in the second half of last year.

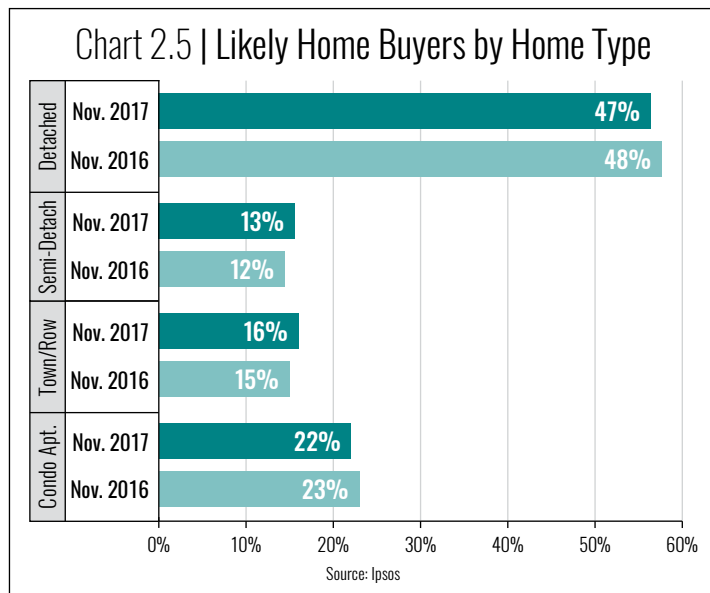
Balanced market conditions will result in an MLS[®] Home Price Index (HPI) Composite Benchmark that will increase in the mid-single digits throughout 2018, but will certainly accelerate in the second half. The forecast range for the overall average selling price is between \$800,000 and \$850,000. It is likely that the average price will be flat to down in Q1 and Q2 but up by more than inflation in Q3 and Q4.

Housing Supply Through the Policy Lens

The announcement and initial immediate impact of the FHP, and particularly the tax on foreign buyers, was the big housing story for the GTA in 2017. The psychological impact on demand that the FHP produced was a temporary one. Senior government officials have ac-



knowledgeably publicly that the impact of the FHP was psychological. When the short-term effects of the FHP recede, just as the effects of the foreign buyer tax did in BC, we will still be left with a supply problem in the GTA – for both ownership and rental housing.



The fact that months of inventory remained low, despite the initial steep drop-off in sales in 2017 is telling in this regard. Over the medium- to longer-term, market conditions will tighten up again as the region’s population continues to grow. If the supply of ownership housing does not increase to meet demand, we will move back toward a period of unsustainable, double-digit price growth.

The situation in the rental market is no different. Commentators in both the private and public sectors have suggested that more households should rent in the GTA. This suggestion would make more sense if there were reasonable prospects for an increased supply of rental units. However, additions to the purpose-built rental supply over the past decade have been inadequate. While the secondary rental market – condominium or

freehold properties owned by investors and rented out – have picked up some of the slack, vacancy rates in this market segment are also rather low.

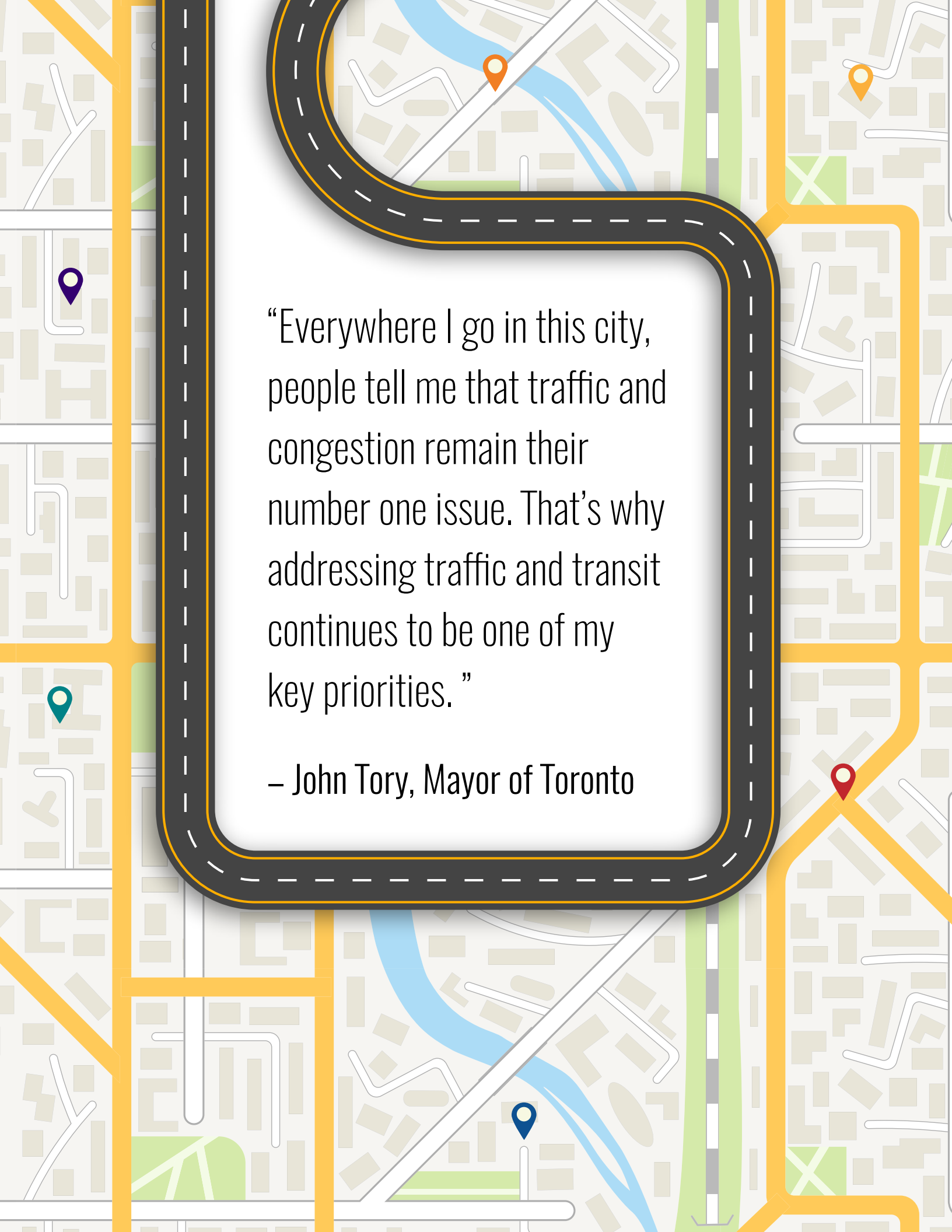
Adding to the lack of rental supply moving forward will undoubtedly be the existence of rent controls. It’s expected that investors will be less likely to invest in rental properties if they have a ceiling on rent increases, irrespective of how much their costs may have increased above the rate of inflation.

The provincial government has committed to working with industry and other levels of government to alleviate housing supply constraints. TREB has been a key participant in the various round tables, meetings and presentations that have been held since the FHP was announced in April 2017.

With this in mind, it is TREB’s hope that we will see further movement on the policy front as it relates to housing supply in the marketplace. To this end, see page 63 of this year’s report for a CANCEA study titled *The “Missing Middle.”*

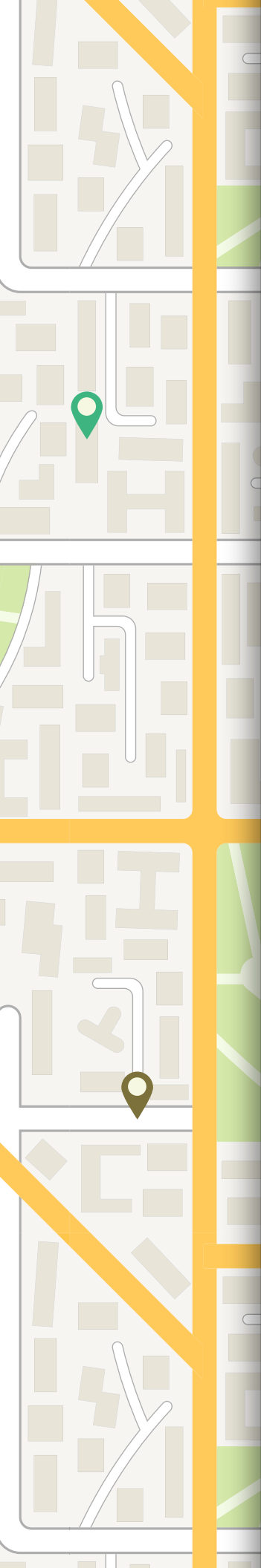
In closing, government policy decisions can greatly influence housing market conditions and, perhaps even more importantly, broader economic conditions. As discussed in the introduction to this report, the economic impacts from housing are huge. For example, every 10,000 fewer sales reported through TREB’s MLS® System resulting from changes in government policy could result in hundreds of millions of dollars in lost spending and government revenues, and thousands of jobs could also be impacted.

This is certainly information that should be well-heeded by policymakers in 2018 and beyond.



“Everywhere I go in this city, people tell me that traffic and congestion remain their number one issue. That’s why addressing traffic and transit continues to be one of my key priorities.”

– John Tory, Mayor of Toronto



GOVERNMENT SUBMISSIONS

Transportation Infrastructure



GOVERNMENT SUBMISSIONS: Transportation Infrastructure

Section Summary

- Excellent transportation networks are a key component of any global city.
- Transportation networks also affect the real estate industry – people want to live in conveniently accessible areas.
- TREB approached government officials from across the Greater Golden Horseshoe to understand how they plan to improve their transportation infrastructure.

Transportation Plans in the Greater Golden Horseshoe

In the fall of 2017, TREB approached regional and municipal leaders from across the Greater Golden Horseshoe to solicit feedback and input on how they plan to address road transportation infrastructure challenges both now and in the future.

The question posed to these leaders was:

“The Greater Golden Horseshoe is often at or near the top of lists of desirable global regions in which to live and do business. With increased business activity and immigration/migration to this region, transportation gridlock

threatens to derail economic development in the GTA. What are your current plans to alleviate transportation pressures in your Region?”

Featured in this print version are submissions from:

- **John Tory**, Mayor, City of Toronto
- **Roger Anderson**, Regional Chair & CEO, Durham Region
- **Frank Dale**, Regional Chair, Peel Region
- **Wayne Emmerson**, Chairman & CEO, York Region

as well as a selection of quotations from the following mayors:

- **Geoffrey Dawe**, Mayor, Town of Aurora
- **Rick Goldring**, Mayor, City of Burlington
- **Allan Thompson**, Mayor, Town of Caledon
- **Steve Pellegrini**, Mayor, Township of King
- **Bonnie Crombie**, Mayor, City of Mississauga
- **Tony Van Bynen**, Mayor, Town of Newmarket
- **Tom Rowett**, Mayor, Township of Scugog

The online version of the report, available for viewing or download on Stratus and TREBhome.com, includes the full slate of submissions as well as responses from the following:

- **Doug Nadorozny**, Chief Administrative Officer, Town of Aurora
- **Harry Schlange**, Chief Administrative Officer, City of Brampton
- **Garry Cubitt**, Chief Administrative Officer, Durham Region
- **Janice Baker**, City Manager and Chief Administrative Officer, City of Mississauga
- **Jag Sharma**, City Manager, City of Oshawa

FAST FACT *Sixteen* submissions received from regional leaders and policymakers for this report.*
Source: Toronto Real Estate Board

**Read the full slate of responses online at TREBhome.com*



JOHN TORY
Mayor, City of Toronto



Everywhere I go in this city, people tell me that traffic and congestion remain their number one issue. That's why addressing traffic and transit continues to be one of my key priorities.

We are doing everything we can to get Toronto moving.

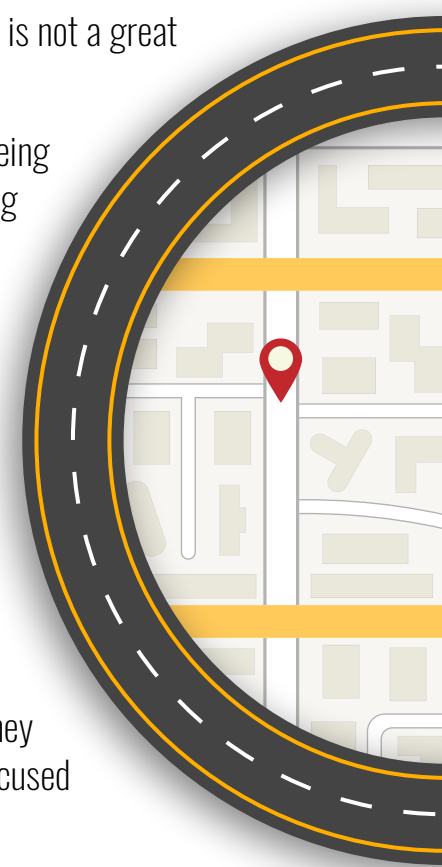
Since coming into office, I have taken more than a dozen concrete steps to improve the way people move around this city. We've accelerated road construction projects where it makes sense so work gets done faster and traffic disruptions end sooner. In 2017, some 32 projects have been accelerated. We've increased enforcement along rush hour routes so people stopping to get a coffee or their dry cleaning stop inconveniencing everyone else just trying to get around. And I've personally chaired the road closures coordination committee to make sure we plan road closures better. We've moved marathons, coordinated construction projects and injected a good dose of common sense into the whole process.

While these short-term measures have made a difference in peoples' lives, the long-term plan has to be to build more transit. But for decades, our city has failed to invest in expanding our transit network. Toronto has grown, but our transit map hasn't. And so our subway cars are jammed, our streetcars are packed and our bus network is insufficient to get people from where they live to where they work. And because transit is not a great option for many, our roads are also clogged with traffic.

For the first time, we have a Transit Network Plan so that multiple transit projects are being built at the same time, as opposed to one project at a time. That means we are getting SmartTrack built. We're getting the Relief Line built. We're extending the Eglinton Cross-town east and west. And, finally, we are getting on with building the Bloor-Danforth subway extension further into Scarborough.

I've worked hard to bring the provincial and federal governments on board with significant funding dollars for Toronto. The Trudeau government has pledged billions for transit project in Toronto. At my urging, they're also back in the housing game and will be providing significant funding for affordable housing. The Wynne government is spending billions to enable SmartTrack and they will be funding partners on many more future transit projects.

Ultimately, the No. 1 fix for traffic congestion is to give more people transit options so they can get out of their cars. We've made real progress. We have a lot more to do, and I'm focused on finishing the job for the benefit of all residents.





GOVERNMENT SUBMISSIONS: Transportation Infrastructure



ROGER ANDERSON Regional Chair and CEO, Durham Region



Every year, the Region of Durham invests in infrastructure and facilities that will help make our Region an attractive place to live and learn and an efficient place to do business. Over the next 10 years, we will dedicate close to \$1.2 billion to building and maintaining our road network. In 2017, we worked to improve mobility across Durham Region with investments in roads, bridges, cycling facilities and Durham Region Transit. This includes work such as advancing Bus Rapid Transit corridors and widening key arterial roads including cycling facilities as appropriate to support active transportation. We are also improving Regional roads that connect to Highways 407, 412 and future 418, as well as the future GO East rail extension to downtown Oshawa and Bowmanville, and supporting economic development in these corridors.

To respond to the ongoing growth of our communities and their need for integrated mobility, challenges like climate change and new opportunities from emerging technologies, we are updating our Regional Transportation Master Plan to take us through to 2031 and beyond. We also continue to call for allocation-based federal and provincial funding to help improve and extend our transit system.



Another important piece of transportation infrastructure could be an economic game-changer for Durham and Ontario: the development of an airport on the federal lands of Pickering. We are advocating vigorously for a federal decision to proceed with the Pickering airport because this additional aviation capacity will be required to support travel and goods movement to and from the GTA. As a 21st century airport, by design it would allow easy access by transit and meet the highest standards of sustainability, accessibility and resilience. Located along the 407 corridor, an airport in Pickering would be an employment and innovation hub that will attract aviation and aeronautics firms and many other businesses that value global connectivity.

As we look to the future, both challenges and opportunities to managing traffic are emerging in the form of electric, autonomous, connected and shared vehicles. Regardless of the technology involved, efficiently and safely moving people and goods in support of a prosperous economy continues to be a high priority for Durham Regional Council.



FRANK DALE
Regional Chair, Peel Region



Peel Region is the fastest growing regional municipality in Southern Ontario. Continued growth in the Region means a more prosperous economy and job opportunities.

Busy roads indicate a healthy local economy. It illustrates people's desire to live and work in Peel, as well as a business' desire to locate within regional boundaries. However, there comes a point when congestion is no longer economically beneficial. While road expansion projects are important, the Region recognizes that these types of projects alone will not successfully manage long-term transportation challenges. Through the update of Peel Region's Long Range Transportation Plan, the Region and its many partners are making strides in bringing sustainable transportation to the forefront, along with transit infrastructure and goods movement.

One of the Region's major transportation goals is to achieve a 50-50 mode share target by 2041. This is a transportation vision where 50% of trips are made via sustainable modes of transport, such as transit, walking, cycling and carpooling. The remaining 50% is attributed to trips being made in vehicles with a single-occupant.

A 50-50 mode share is the most feasible option to accommodate the population forecast while reducing strain on the greater transportation network. Initiatives in other sectors of transportation, especially local and regional transit, will allow the Region to support this target. One-third of the Region's residents already use sustainable modes for daily travel. This alone is a major achievement! In fact, Peel Region has the fastest growing transit use. Mississauga Transit and Brampton Transit have significantly increased ridership rates when compared to the Greater Toronto and Hamilton Area. With high priority transit corridors planned through Metrolinx's recent Regional Transportation Plan and the future MTO Transportation Plan for the Greater Golden Horseshoe, Peel Region's transit infrastructure will only continue to be more comprehensive as the years go by.

It is important that the goods movement sector also remains a priority for Peel, as one of the nation's significant freight hubs. Moving commodities into, out of and through Peel Region drives economic growth and contributes to the quality of life that citizens are drawn to. Peel Region has a total of 118,400 jobs and 4,370 businesses in the goods movement sector. Aside from employment growth here at home, Peel's goods movement industries contribute \$48.8 billion worth of gross domestic product to the regional, provincial, and national economy.

The Region of Peel's goal is to make things happen in a progressive and informed manner. We all benefit from a strong, well thought out transportation plan that supports a healthy, safe and connected community. Our goal now and in the future, is to ensure that anyone living in Peel or travelling through, can see, enjoy and move through the Region as easily as possible in the way of their choosing.



GOVERNMENT SUBMISSIONS: Transportation Infrastructure



WAYNE EMMERSON
Chairman and CEO, York Region



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, 51,000 businesses and 600,000 employees. York Region is planning for the future and it is expected to grow to 1.79 million people and 900,000 jobs by 2041.

York Region has planned for this future growth through the development of a Transportation Master Plan (TMP). The plan establishes the vision for transportation services, assesses existing transportation system performance, forecasts future travel demand and defines actions and policies to address road, transit and active transportation needs in York Region to 2041.

In addition, York Region Transit (YRT/Viva) is one of the vital components of the transportation network and helps manage this growth. YRT/Viva serves an area of 1,776 square kilometres with over 5,300 bus stops and 140 routes across the Region. Ridership has grown to approximately 77,000 riders per weekday and more than 22.8 million riders annually.

Through the TMP and YRT/Viva, a number of important investments and initiatives are underway or planned to help reshape how York Region offers public transit. Highlights of the plan include:

- In 2005, York Region launched the world-class Viva bus rapid transit system that has grown to six routes with their own dedicated lanes, and this system continues to grow with service and more expansion planned over the next few years. In 2018, YRT/Viva begins a two-year electric bus trial to explore alternative fuels and contribute to a Regional goal of zero greenhouse gas emissions by 2051.
- In December 2017, York Region welcomed its first subway into the Region with the Toronto-York Spadina Subway Extension to the City of Vaughan. The vision for Vaughan Metropolitan Centre (VMC) is as a high-density, mixed-use new urban community and an ideal location for employers and residents, and provides a vital link to our Highway 7 West Viva route while supporting long-range planning and economic development.
- York Region released its 2018 Ridership Growth Study that further aligns and integrates transportation within the Greater Toronto Area and Metrolinx. In the study, a number of initiatives are outlined to build the future of public transit for the next decade in York Region:

All of these initiatives are underlined by Council support and investment. York Regional Council has committed more than \$2.2 billion over the next 10 years for transportation-related improvements, including \$1.5 billion for roads. This is the largest investment in transportation improvements and infrastructure than in any previous term of Council. This is the importance York Region places on creating better mobility across the Region.



GEOFFREY DAWE, Mayor, Town of Aurora



We continue to work with the Region of York in the development of the Region's Transportation Master Plan to develop solutions to address gridlock and traffic challenges. Efforts to create a world class transit system are already underway with the bus rapid transit systems on Davis Drive in Newmarket and Highway 7 in Richmond Hill.

RICK GOLDRING, Mayor, City of Burlington



Burlington is completing a new Official Plan and Mobility Hub Secondary Plans. The mobility hubs will provide opportunities for younger residents to get into the Burlington real estate market as well as giving aging baby boomers the opportunity for a walkable lifestyle. Burlington will successfully create better mixed use areas with higher density that is well-served by public transportation.

ALLAN THOMPSON, Mayor, Town of Caledon



[Our recently completed Transportation Master Plan] ensures that Caledon, in collaboration with the Province and the Region of Peel, plans, builds and maintains an interconnected transportation network. It recommends over \$50 million in capital projects to accommodate future growth to 2031.

STEVE PELLEGRINI, Mayor, Township of King



We're supporting Metrolinx as it begins plans to improve and expand service in King. The majority of the work will focus around the King City GO station with 500 new parking spaces, a new kiss and ride

drop-off, a new platform, two new pedestrian bridges and bicycle facilities. The plan also calls for trains every 15 minutes by 2025.

BONNIE CROMBIE, Mayor, City of Mississauga



Our future transit planning efforts continue to be shaped by the progress made during the Mississauga Moves Transportation Summit in 2015. We heard a wealth of solutions to move people and our economy forward. These ideas are shaping Mississauga's first-ever 25-year Transportation Master Plan. It's our roadmap to ensure we envision - and achieve - our future transit needs.

TONY VAN BYNEN, Mayor, Town of Newmarket



In order to support [our] targeted growth, a modern and integrated transportation system is a must. A multi-modal approach involving bus rapid transit, regional express rail, active transportation and efficient highway connections as key ingredients has been planned and is being implemented.

TOM ROWETT, Mayor, Township of Scugog



[We] strive to maintain the small town charm while preparing for an increase in development which will bring much needed intensification. Improvements and upgrades are underway through council's strategic plan to bring long-term sustainability to the Township.



GOVERNMENT SUBMISSIONS: Transportation Infrastructure



GEOFFREY DAWE
Mayor, Town of Aurora



Aurora is a vibrant, diverse, and fast-growing community. With a population of over 60,000, we have doubled in size since 1990 and are expected to reach a population of more than 70,000 by 2031. Keeping our residents, visitors, and businesses connected and moving is a top priority for the Town and the Region of the York.

Aurora is fortunate to be located between two major highways: the 400 and the 404, and has easy access to downtown Toronto by the GO Train. By 2025, GO Train service between Aurora and Union Station will increase into a two-way service every 15 minutes, making it even more accessible to those needing to commute to the city.

Recognizing that the use of GO service in Aurora has increased dramatically and will continue to do so, we focus on making the first and last mile of people's commute more efficient. The challenge now is to alleviate parking concerns and help find alternatives to get commuters to the train station without using an automobile. We are working on various options, such as shuttle buses and the sharing economy, and are committed to working with our municipal and transportation partners to find viable solutions to the first mile/last mile challenge.

We continue to work with the Region of York in the development of the Region's Transportation Master Plan to develop solutions to address gridlock and traffic challenges. Efforts to create a world class transit system are already underway with the bus rapid transit systems on Davis Drive in Newmarket and Highway 7 in Richmond Hill.

The road network of the future must support multiple, different modes of transportation – transit, cycling, walking and driving. Aurora has a Comprehensive Trails network and we are continuing to expand our trails to ensure that cycling and walking are viable options to the automobile within the town.

We also recognize that economic development will be a key driver in easing traffic congestion. It's important that we are able to provide employment opportunities close to home so residents can take advantage of public transit, walking, or cycling to get to and from work.

Our goal is to ensure that Aurora continues to be one of the best places to live in Canada, and improving our transportation network is a key part of maintaining that status.



RICK GOLDRING
Mayor, City of Burlington



As Mayor of Burlington, it's a great honour to have the opportunity to contribute to this highly respected, TREB Annual Market Year in Review and Outlook Report.

Burlington is a very desirable place to live and is drawing people from the Greater Toronto and Hamilton Area (GTHA), Ontario, Canada and the world. But we can't be complacent, we must successfully meet the challenges that growth will continue to bring. Efficient transportation within our city and to connections throughout the GTHA is of critical importance to the City of Burlington.

The population of the Greater Toronto and Hamilton Area (GTHA) is expected to reach more than 10 million by 2041. Most of this growth, 79%, will take place outside of Toronto. There will be pressure on surrounding municipalities and it also means that the transportation congestion and grid-lock we currently experience will continue to grow if we do nothing to change.

A key direction in Burlington's 25 year Strategic Plan approved in 2016 is 'A City that Moves.' This is a transportation-based objective that commits our city to providing more mobility choice within the city and region through improved public transportation. We are making this a priority in so many ways. We are taking action to reduce our reliance on cars and this involves changing our approaches to how we plan and build our city, how we use roads and making transit effective and useful for existing and new users.

Burlington is completing a new Official Plan and Mobility Hub Secondary Plans (Downtown, Burlington Go, Aldershot Go and Appleby GO). The mobility hubs will provide opportunities for younger residents to get into the Burlington real estate market as well as giving aging baby boomers the opportunity for a walkable lifestyle. Burlington will successfully create better mixed use areas with higher density that is well-serviced by public transportation.

In process is also the development of a new transit plan and transportation plan. But to be successful, we will need more than solid plans, it will require Council to invest more money in our transit system. We will implement a new frequent transit network with better service that will improve the customer experience and benefit overall ridership improvements. An expanded and safe cycling network will be a priority. Burlington is working closely with our partners at the province to improve GO connections and highway upgrades. GO Transit has added more bus services from Burlington to Niagara, and regular GO service to Niagara is vital to meet the gridlock challenge.

Reliable transportation links to other areas of the GTHA is a concern for business and it's a key to business attraction in Burlington. The Burlington Economic Development Corporation continues to attract new jobs to Burlington resulting in Burlington having the highest jobs to population ratio in Halton Region so residents can both live and work here.

Burlington is committed to being a leader within the GTHA as we support and find initiatives that respond to the crippling impact that traffic congestion produces.



GOVERNMENT SUBMISSIONS: Transportation Infrastructure



ALLAN THOMPSON
Mayor, Town of Caledon



Our approach to the question is threefold. First, our recently completed Transportation Master Plan has 6 key goals:

- Establish a multimodal transportation outlook that allows for the safety and mobility of all road users such as adults, children, seniors and people with disabilities.
- Ensure that Caledon continues to plan, build and maintain an interconnected transportation network, in collaboration with the province and the Region of Peel (for highways/roads under their jurisdiction).
- Define a transportation vision that encompasses community values and identifies a direction to address the Town's mobility needs in an effective, responsible and sustainable manner.
- Provide a transportation framework that will support an economically sustainable and environmentally respectful growth management strategy consistent with local, regional and provincial policies.
- Identify opportunities for a multimodal approach to transportation service delivery that will maximize transportation capacity and foster the use of sustainable modes of transportation such as transit, cycling, and walking, while also considering the needs of automobiles and safe and efficient goods movement.
- Reflect the rural and urban character of Caledon, the rich heritage of the community, and its high quality of life.

It ensures that Caledon, in collaboration with the province and the Region of Peel, plans, builds and maintains an interconnected transportation network. It recommends over \$50 million in capital projects to accommodate future growth to 2031.

Secondly, we are striving to build a bicycle-friendly community for all residents and visitors. An active transportation strategy is recommended as part of the TMP to connect the natural environment, heritage sites, and local communities across Caledon. It promotes healthy and active living and enhances our profile as a tourism destination.

The key components of our active transportation strategy include:

- A network of on-road and off-road walking and cycling facilities with proper signage, pavement marking and safety-enhancing structures.
- Policies and Guidelines to promote active transportation facilities (e.g. cycle tracks in new subdivisions) in existing and new developments.
- A "Complete Streets" policy that prioritizes pedestrians, cyclists and transit riders when roads are being repaired or rebuilt in villages or hamlets.

Furthermore, in 2017, Caledon launched a pilot program of a network of signed bike routes with enhanced maintenance service objectives supplemented by increased community outreach, engagement, and education.

The third component of our plan to address gridlock focuses on public transit. We are currently in the midst of a Transit Feasibility Study to assess and recommend innovative public transit solutions that fit our growing community.

The study will assess the benefits and costs of various transit possibilities, including regular and on-demand transit that connects our tri-nodal growth areas (Bolton, Caledon East, and Mayfield West) and less-dense/dispersed communities with major destinations for employment, services, and amenities in and nearby Caledon.

The transit proposal will complement existing transit services from Brampton Transit, GO Bus, TransHelp and Caledon Community Services, and build on future transit plans from Metrolinx, Brampton Transit, York Transit and others.

In 2018 and beyond, Caledon will continue to focus on implementing recommendations of the Transportation Master Plan, expanding our active transportation/bicycle-friendly infrastructure and the introduction of public transit. With these three components we are confident that Caledon's future growth plans will contribute positively to the gridlock issue.



STEVE PELLEGRINI
Mayor, Township of King



Even though large portions of King Township are rural, we believe it's important to play a leadership role in maintaining and improving our transportation network.

Our residents and businesses need to be able to move people and goods quickly, efficiently and with as little impact on the environment as possible.

There are several ways we're committed to making this happen. First, we continue to invest in our own transportation infrastructure. We've set out a comprehensive 10-year plan to maintain, upgrade and rehabilitate roads and bridges in King Township. This includes roads and bridges in the Holland Marsh, also known as Canada's Soup and Salad Bowl. More than 60 per cent of the Marsh is in King Township and the farmers in that area need reliable, safe roads and bridges to move between their fields and send their produce to the marketplace. The agriculture industry in the Marsh contributes between \$95 million and \$169 million to the provincial economy each year.

We've also just approved a plan to retrofit more than 2,000 streetlights from high-pressure sodium to light emitting diodes (LED). The retrofit will make driving our streets safer.

Supporting and forming partnerships with other organizations is also part of our transportation strategy.

For example, King Township's council recently wrote to Ontario's Ministry of Transportation in support of completing the ongoing environmental assessment of the proposed GTA west corridor. Council felt that delaying the protection of lands within the GTA West Corridor Route Planning Study Area from development may pressure the route north into the environmentally sensitive lands of the Oak Ridges Moraine.

We also work very closely with the Regional Municipality of York, the upper-tier level of government that is responsible for many roads in King Township, along with the regional public transit system.

Finally, we're supporting Metrolinx as it begins plans to improve and expand service in King. The majority of the work will focus around the King City GO station with 500 new parking spaces, a new kiss and ride drop-off, a new platform, two new pedestrian bridges and bicycle facilities. The plan also calls for trains every 15 minutes by 2025.

Expanding public transportation will give our residents the option of leaving their vehicles at home, which in turn will lead to reduced congestion and harmful emissions.

A healthy, well-maintained transportation network is important to our residents and businesses, and that's why we'll continue to look for opportunities to improve it.



GOVERNMENT SUBMISSIONS: Transportation Infrastructure



BONNIE CROMBIE
Mayor, City of Mississauga



In Mississauga we are building a complete city – a place where people can live, work, get to school and enjoy an unrivalled quality of life. Complete cities are well planned cities – linked by extensive, reliable and affordable public transit.

For the second consecutive year, the City of Mississauga has issued \$1.3 billion in building permits. We are a city in demand. Over the next two decades, the Region of Peel will need to accommodate over 300,000 people and approximately 150,000 jobs, much of which will be in Mississauga. Nearly a quarter of that growth is expected to live in the area immediately surrounding Hurontario Street.

Council and staff are planning new and important intensified developments, consistent with the growth requirements for Mississauga, in the Ontario Government's Places to Grow Act. We have undertaken a series of comprehensive studies and community consultations, where residents and businesses have shared their local knowledge, ideas and vision for the future. These consultations have produced blueprints like Inspiration Port Credit and the Downtown 21 Master Plan which have led to ground breakings on new mixed-use developments along our sprawling waterfront and in our downtown. These transformational developments will be walking distance from public transit.

Our future transit planning efforts continue to be shaped by the progress made during the Mississauga Moves Transportation Summit in 2015. We heard a wealth of solutions to move people and our economy forward. These ideas are shaping Mississauga's first-ever 25-year Transportation Master Plan. It's our roadmap to ensure we envision – and achieve – our future transit needs.

Ensuring current transit initiatives are integrated into future ones remains a top priority. We continue to work with businesses at the Aerocentre in the Airport Corporate Centre – and across the City – to find ways to address the first and last kilometer problem. We are also working closely with the Greater Toronto Airport Authority to help advance plans to transform Pearson International into a mega transit hub – the Union Station of the Western Toronto Region.

If we're going to convince people to get out of their cars, we have to make public transit seamless, affordable and efficient. We are achieving this goal as we press ahead with Metrolinx to build the Hurontario Light Rail Transit (LRT) plan. We're on track to get shovels in the ground and construction underway next year. The 20 kilometer, 22 stop LRT, will connect GO Train stations from Port Credit and Cooksville. It will loop around the downtown and be plugged into MiWay.

While the Mississauga Transitway Bus Rapid Transit (BRT) service has become an essential east-west service, the LRT will be the north-south spine of a regionally-integrated, rapid-transit network. Renforth Gateway was the final, eastern most bus station to open along the Transitway in 2017.

Mississauga's growing residential and employment population reinforces our bigger efforts to bring about all-day, two-way, GO Train service on the Milton and Kitchener lines with our Missing Link plan. Improved transit service is critical to our city's future. It's at the heart of our government relations efforts.

Transit is at the heart of a complete city. This is the Mississauga we are building.



TONY VAN BYNEN
Mayor, Town of Newmarket



Mayor Van Bynen and the Council of the Town of Newmarket have had a focus on transforming the primary corridors of Davis Drive and Yonge Street into urban centres for intensification. This objective has been confirmed and endorsed in the Official Plan through the Urban Centres Secondary Plan approved in 2014. It calls for 33,000 residents and 32,000 jobs to be located in these two corridors by 2051.

In order to support this targeted growth, a modern and integrated transportation system is a must. A multi-modal approach involving bus rapid transit, regional express rail, active transportation and efficient highway connections as key ingredients has been planned and is being implemented.

York Region Transit serves the community well with a network of surface bus routes traversing the community using its main streets and collector roads connecting to major points of origin and destination, like GO Rail and Bus stations, high schools, Upper Canada Mall, Southlake Hospital, Recreation Centres, Main Street Historic Downtown and significant employers in commercial and industrial areas.

Bus Rapid Transit (BRT) is also provided by York Region along Davis Drive with the vivaNext Yellow Route and soon along Yonge Street with the vivaNext Blue route by 2019. This service runs in an exclusive centre corridor providing passengers with priority service along the corridors.

Metrolinx has announced its Regional Express Rail service improvements coming to the Barrie Line and serving Newmarket with 30-minute train frequencies in both directions during peak periods and hourly all-day service during other times during the week and on weekends. This will provide Newmarket residents and employees with frequent connecting regional transit within the decade. Together with the increased service, Metrolinx will also establish a second GO Rail station on Mulock Drive, in addition to the existing station on Davis Drive. The Davis Drive station has also been designated as a Mobility Hub and plans are being finalized for integrating the rail service with intersecting BRT and connecting cycling/walking Active Transportation routes.

The Active Transportation System involves a primary north-south multi-use path known as the Tom Taylor Trail, forming part of the regional Lake-to-Lake cycling trail between Lake Ontario and Lake Simcoe. Recently a new east-west cycling route has been established through dedicated cycling lanes providing travellers with more environmentally-friendly, safe and healthy choices for making trips within Town.

And finally, Newmarket is well-positioned on Highway 404 with two interchanges at Davis Drive and at Mulock Drive, which provide convenient connections to this controlled-access highway running south to Toronto within 20-30 minutes. Improvements to the Mulock Drive interchange are being planned with the MTO to include all-movements to/from the north as well.

Hopefully this gives you an overview of the transportation system improvements in Newmarket aimed at supporting growth and providing safe, efficient and convenient travel options for those living, working or going to school in Town.



GOVERNMENT SUBMISSIONS: Transportation Infrastructure



TOM ROWETT
Mayor, Township of Scugog



The Township of Scugog is nestled on the shores of Lake Scugog in northern Durham Region, an hour east of Toronto. Scugog is a thriving small town with a charming Victorian downtown that is home to many shops, restaurants and cafes. The Township also has an incredible agricultural centre mixing rural settings with cultural charm. The town of Port Perry was recently voted in the top five places to live in the GTA by Toronto Life Magazine.

Mayor and Council strive to maintain the small town charm while preparing for an increase in development which will bring much needed intensification. Improvements and upgrades are underway through council's strategic plan to bring long-term sustainability to the Township.

Improvements for Employment Lands: This year, Line 6 underwent extensive improvements and upgrades. Project improvements provided better access to over 100 acres of employment lands, upgrading from a rural road to an urban road. Upgrades and improvements included road widening, installation of municipal water service, bike paths, conduit for fibre optics, as well as upgraded hydro infrastructure. Fully serviced employment lands is a vital aspect for the success of any municipality.

Cross walk improvements: In the interest of increased community safety, staff launched a mid-block cross walk pilot program. In high traffic intersections in and around schools, a mid-block cross walk sign was placed in the centre lane of select roads, alerting drivers to be aware of students and reduce their speed. The pilot program was such a success, it was rolled out permanently across the Township.

Quote from Mayor Rowett: "The Township is on the cusp of a major growth for a Township of 22,500 people. A "mini-boom" is set to happen that will increase the town's population significantly.

"We recently had an expansion to our water pollution control plant – our sewage plant that's operated by the region," he explains. "This past June was the official opening, and it has opened up the door so that we can now have residential development within the urban town proper of Port Perry, where we haven't had any significant growth for over a decade – almost 14 years."

The Township is expecting to see rapid growth for a community of this size. Previously the township averaged 20 houses a year, and over the next five to six years, the township will be averaging 200 houses a year.

Under council direction, staff are kicking off a Community Improvement Plan. The plan will provide incentives for developers who want to locate in our 'employment area.'

Development: Currently, the Township is in discussions with future developers for five potential sites for a future hotel proposal. Depending on the site, they may have mixed use that would come with road needs analysis as well as an opportunity to address future parking requirements.

LED and Broadband: The Township is ready to install LED bulbs with adaptive controls that are ready to integrate with upcoming Smart City initiatives. Paired with community Wi-Fi and rural broadband strategies, Mayor Rowett feels the Township of Scugog will be ready for future pilot projects and technological initiatives as they roll out.

Honk Mobile Pilot: Additional transportation services improvements include the introduction of the Honk Mobile pilot. The parking application pilot has been introduced at lake front parking, with plans to roll out across town.



DOUG NADOROZNY Chief Administrative Officer, Town of Aurora



Aurora is located in central York Region 30 minutes north of Toronto, sitting on the beautiful Oak Ridges Moraine with easy access to Highway 404 & 400 corridors.

As the Greater Golden Horseshoe is often a list-topping global region, Aurora is often at or near the top of the list within the Region, and in fact, Canada. According to MoneySense magazine's Best Places to Live 2016 report, Aurora is the top place to live in York Region, and among the Top 20 places to live in Canada, moving up from 30th place in 2015.

In addition to our excellent quality of life and location, one of the primary reasons Aurora is considered inherently livable is that the transportation and transit systems that serve the Town are excellent. In fact, Aurora was highlighted as an emerging top home location by a separate RBC-Pembina study (2012), highlighting our walkability, access to public transit and an increase in mid-rise development.

Aurora has also recently been announced by the province as the terminus on the Barrie GO train line for all-day, two-way GO service, at the Aurora GO Station at Wellington Street and Industrial Parkway. Aurora is also pleased to welcome a second GO train station serving Aurora residents on the Richmond Hill line: Bloomington Station, at our south-east border.

Aurora shares an easterly border with Highway 404, and currently has two interchanges at Wellington Street and Bloomington Road. Aurora is also well served by Highway 400, only 8 km to the west.

Regional roads, Leslie Street and St. John's Sideroad, in Aurora's newest development area in the north-east quadrant of Town, are currently undergoing improvements, adding bike lanes and expanding the intersection to five lanes each way (completion early 2018). Also in this vicinity, there is a third Highway 404 interchange at St. John's Sideroad contemplated in York Region's 10-year capital plan.

Aurora is also serviced by nine main York Region Transit routes, including bus rapid transit in the form of Viva Blue, running up and down Yonge Street every fifteen minutes or less.

Clearly, the transit and transportation infrastructure serving Aurora is part of what makes it such a desirable place in which to live and do business – and significant investment in system improvements are on the horizon as well.



GOVERNMENT SUBMISSIONS: Transportation Infrastructure



HARRY SCHLANGE
Chief Administrative Officer,
City of Brampton



Transportation is a key priority as identified in our strategic plan. Well-planned infrastructure and efficient transportation shape a liveable city and to achieve this, the City is working on a number of initiatives that focus on:

- Building on the strength of existing local and regional transportation networks to expand opportunities for development;
- Increasing local transit service to help people access places, goods and services; and,
- Keeping people and goods moving efficiently by investing in new infrastructure and maintaining a state of good repair.

Some of the City Initiatives currently underway include:

- Queen St. Rapid Transit Master Plan – to determine dedicated rapid transit technology (BRT or LRT) and alignment as well as planning and urban design framework
- LRT Extension EA (Gateway-Brampton GO) – to determine a preferred LRT route between Brampton Gateway Terminal and Brampton GO Station with LRT alternative routes along Kennedy and McLaughlin Roads
- Brampton Transportation Master Plan (TMP) – provides strategic direction for a sustainable, safe and efficient multi-modal city-wide transportation network addressing transit, active transportation, roads, goods movement and transportation demand management
- Active Transportation Master Plan – to develop an implementation strategy to build a connected cycling and pedestrian network to enable safer, more convenient travel by non-motorized modes
- Züm Airport Road expansion – to extend current Züm Bovaird service via Airport Road between Bovaird Drive and Steeles Avenue with buses connecting to Malton GO

Brampton's transportation network continues to grow to serve the needs of its residents and employers, with an emphasis on increasing the use of sustainable modes of transportation (transit, walking, cycling, and auto trips with more than one occupant). Since 2009, the population of Brampton grew by 19% while local transit ridership grew by 88%. This is testament to the fact that the City is investing heavily in transportation and related infrastructure. At the same time, we continue to advocate to higher levels of government for investments and improvements to inter-regional transit, including improvements to the GO Rail line serving Brampton and the planned Hurontario Light Rail Transit corridor. Ongoing local and regional planning (such as the Metrolinx Regional Transportation Plan) will result in continuing expansion of the City's local and higher order transit networks over time.

Connectivity is key to Brampton's continued growth – the City is working with multiple levels of government, transit agencies and other partners to improve its connections with neighbouring municipalities, the broader Greater Toronto and Hamilton Area, and beyond. How growth occurs in Brampton is another key element in alleviating transportation pressures in the City. Brampton has the opportunity for development in both its greenfield and intensification areas. New development in the greenfield areas is being planned to be transit supportive and less reliant on the private car. New intensification-type development will be focused in select areas and will be supported by higher order transit services.

Brampton is a rapidly growing city, with forecasts indicating that it will grow from 600,000 to 900,000 people by 2041. Maintaining an efficient transportation system while accommodating this growth will be challenging. We are up to the challenge!



GARRY CUBITT

Chief Administrative Officer, Durham Region



In Durham Region, about 5000 more vehicles are using our road network each year. Battling gridlock in our rapidly growing community is a complex undertaking that requires effective collaboration with many partners. While the Region is responsible for key components such as Durham Region Transit, major arterial roads, traffic signals and policing, continued cooperation with area municipalities, adjacent regions, Metrolinx and provincial ministries is critical to keep the system running smoothly.

Actions to meeting this objective range from filling potholes and plowing snow to developing and implementing long range capital, operating and asset management plans for our transportation system. We are constantly seeking ways to improve the efficiency, capacity and safety of the road network. The Region applies Intelligent Transportation System technologies to address congestion and incident management and to create smarter construction work zones. Our Traffic Management Centre uses the data collected through these technologies to better monitor and manage traffic congestion in real time and improve safety.

To meet the mobility needs of our residents and businesses, over the next 10 years we plan to invest approximately \$690 million in road expansion, \$366 million in road rehabilitation, \$79 million in bridges and \$55 million in expansion and upgrades to traffic control signals and Intelligent Transportation Systems. Increasing the use of public transit also plays a vital role in managing traffic congestion. Building on the success of our Highway 2 PULSE bus rapid transit (BRT) service, we are extending dedicated BRT lanes in that corridor to make the trip faster and more reliable. Over the next decade, capital investments for buses, technology and buildings in the range of \$317 million are planned to expand and improve Durham Region Transit. With additional support from federal and provincial partners we can do more.

The Region is also working with our eight area municipalities to develop and improve our active transportation networks so that walking and cycling are safe, attractive and healthy options for shorter trips.

Durham Region is geographically the largest municipality in the GTA so operating and maintaining our transportation network is a major undertaking. We work closely with all of our partners to coordinate projects and minimize the impacts of construction. Regional staff is dedicated to planning and providing safe, accessible, sustainable and efficient mobility for all Durham residents and businesses.



GOVERNMENT SUBMISSIONS: Transportation Infrastructure



JANICE BAKER
City Manager and Chief Administrative
Officer, City of Mississauga



Mississauga is doing what it can to manage traffic with smart tech and best practices, but this City understands alleviating transportation pressure means eliminating driver pressure: the feeling you must drive because you have no choice.

Unprecedented transit investment

This year, construction begins on Hurontario Light Rail Transit, running 20 kilometres from Port Credit to Steeles Avenue through Mississauga City Centre, already the second busiest GO Bus terminal in the network. Mississauga's busiest GO Train stations (Port Credit, Clarkson and Malton) also look forward to major change when train service steps up to every 15 minutes in both directions by 2025 through the Regional Express Rail Program.

The next wave of major transit investment is laid out in the latest provincial plans, including bus rapid transit on Dundas Street, extension of light rail on Eglinton Avenue to Pearson Airport and surrounding area, and extension of light rail on the waterfront from Toronto to Port Credit. The City and Metrolinx are also pursuing the possibility of all-day, two-way service on the Toronto-Milton GO line, stopping in six Mississauga communities (Dixie, Cooksville, Erindale, Streetsville, Meadowvale, and Lisgar).

Mississauga Transit (a.k.a. MiWay) has been an innovator from the start. MiWay was first in Ontario to roll out air-conditioning and bendy buses and has provided real-time bus information to phones since the 1970s. The MiWay Five Plan pledges 10 new goals in 5 years to stay ahead of the curve, including smooth connections to GO transit and the Hurontario LRT.

Alternatives when you need them

Mississauga is asking residents Does Cycling Move You?, gathering input on version 2.0 of the City's action plan for expanding and improving the cycling network. Meanwhile, a pilot program is underway to let ride-hailing services, like Uber, legally test their viability alongside the taxi fleet.

Designing places we want to be

Transportation isn't just about how to go; it's also about where to stop. Mississauga is overhauling its parking policies, making it easier for private properties to rightsize parking lots and for public parking to be tailored to a neighbourhood's needs. In the same spirit, greater prominence is now given to streetscape design in the development process and road building projects alike. Intensive growth on major corridors and new interest in old malls and main streets also make for great places to live and spend leisure time without commuting to bigger cities for entertainment.

Planning for the future

Momentum from today's initiatives drives Mississauga's future plans. The City is now inviting participation in Mississauga Moves, a city-wide conversation that will result in a strategic vision and action plan for the next 25 years of transportation in Mississauga. Share your ideas at www.mississaugamoves.ca.

For the committed driver, Mississauga offers some of the most car-friendly conditions in the region. For those eager to expand their options, Mississauga is also a great place to be.



JAG SHARMA
City Manager, City of Oshawa



With a population of 168,000, the City of Oshawa has diversified its economy into a health sciences, education and advanced manufacturing hub. The city is expected to have the fastest-growing economy this year among 15 medium-sized census metropolitan areas analyzed by the Conference Board of Canada. Oshawa added over 2,600 jobs in 2016, representing approximately 4% job growth in each of the past two years. The City is experiencing a period of unprecedented growth, with over \$4.7 billion in current and proposed development across 60 projects.

Oshawa is the largest community in Durham region and has an established transportation network including the Oshawa Executive Airport, Regional transportation connections and an intermodal port on the shores of Lake Ontario. Highlights include:

Integrated Transportation

- With 401, 407, GO Train, VIA Rail Access and CP/CN rail service, Oshawa can simply be described as connected.
- The highway 407 extension through Oshawa opened in 2016.
- The next phase connecting the 407 to the new 418 and existing 115 is underway.
- GO Transit provides 30 minute train service to and from Downtown Toronto with additional trains covering peak times.
- A planned track extension will include two additional stops in Oshawa with 15 minute service intervals.
- VIA rail stops nearly 20 times daily connecting Oshawa on the Windsor-Quebec City corridor.

Oshawa Executive Airport

- Traffic at the Oshawa airport is projected to grow from 61,500 to 102,000 aircraft movements per year over the next five years.
- Recent renovations to the airport include a new navigation tower, runway and the construction of corporate aircraft hangers

GO Transit Expansion

- The Province and Metrolinx, the operator of GO Transit, is undertaking the eastern extension of the regional commuter rail system beyond the existing Oshawa GO station.
- This will create two new stations in Oshawa and two in Clarington further east.
- The new service will use tracks located north of the 401 Highway that will support significant opportunities for new commercial and residential development and intensification.
- The proposed Thornton Corners station will be closely linked to the expansion of Trent University Durham.
- The proposed Oshawa Centre station will serve the City's urban growth centre and the ongoing revitalization of the downtown core.

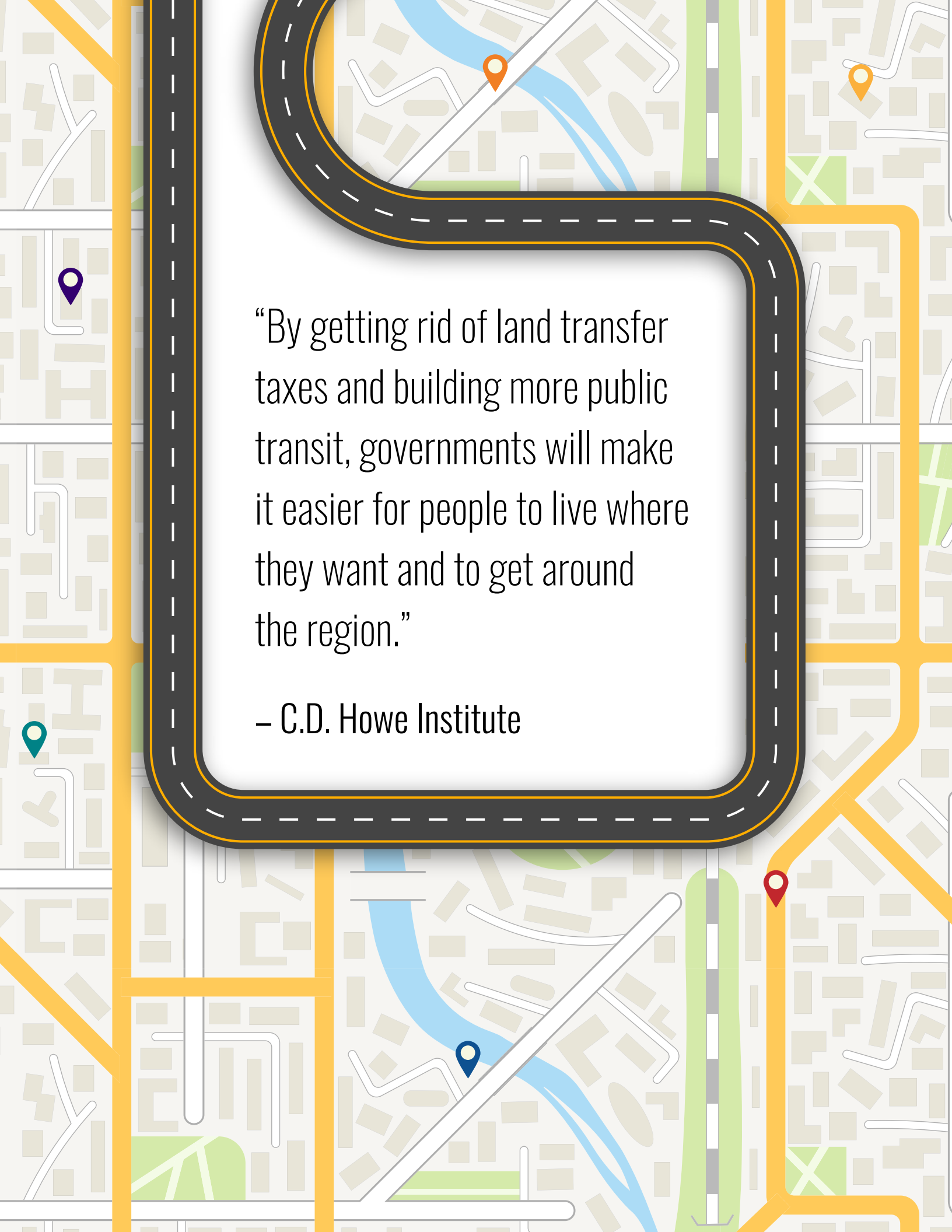
Intermodal Port

- In 2016, the port handled 372,301 metric tonnes of regular cargo such as calcium chloride, salt, potash, steel and liquid asphalt. In addition, 27,422 cubic metres of special projects, mainly windmill components, were received. The rail spur is being utilized for steel shipments across Ontario and western Canada. With Highway 401 only two kilometres away, the Port of Oshawa is truly intermodal.

Dark Fibre Network

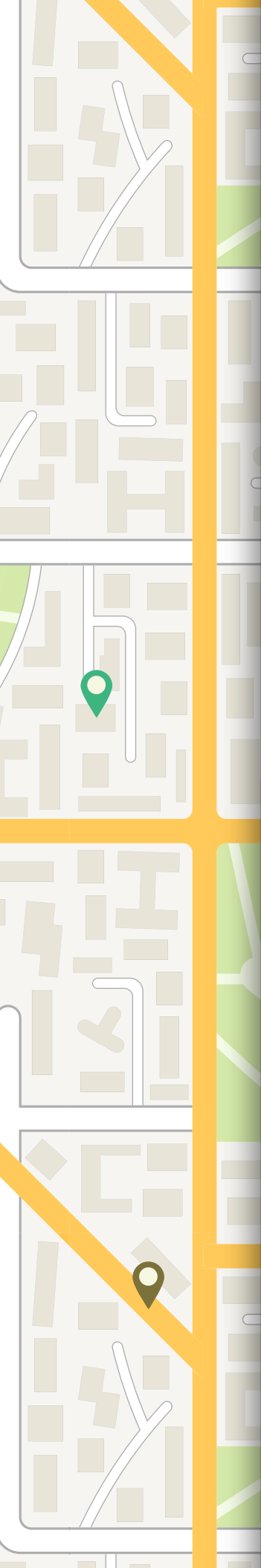
- Oshawa Public Utilities Corporation (OPUC) provides safe, reliable and efficient electricity distribution services to over 57,000 customers; develops, constructs and operates clean and green energy generation assets in Ontario; and provides a reliable dark fibre optics communications network within Oshawa.

Commuter and information connectivity are critical for attracting growth and investment, and Oshawa is a city well positioned for the future.

The background is a stylized map with a grid of streets, a blue river, and green park areas. A thick, black road with a dashed white center line and a yellow border curves around the text. Several orange location pins are scattered on the map. The text is centered within the road's curve.

“By getting rid of land transfer taxes and building more public transit, governments will make it easier for people to live where they want and to get around the region.”

– C.D. Howe Institute



Transportation & Congestion



Section Summary

- Quality transportation and housing options are key factors in any world-class city.
- Currently, Toronto is experiencing both high levels of traffic congestion and high taxes on home ownership.
- Reducing or eliminating the Land Transfer Tax and building more public transit will allow people more options to live where they want.

Introduction

Few things define the character of a city like its transportation and housing. London is famous for the Tube, New York for its gorgeous brownstone homes. What is Toronto known for? These days, it's the awful congestion and North America's highest taxes on buying a home. Governments in the region are making it more difficult for people to get the kinds of housing in the neighborhoods that suit them and aren't building transit in the places people need it.

FAST FACT 16%

is the average decrease in sales volume since the institution of the Toronto Land Transfer Tax.

Source: C.D. Howe Institute

By getting rid of land transfer taxes and building more public transit, governments will make it easier for people to live where they want and to get around the region. New transit – which could be partly financed by road tolls – will reduce the eye-watering economic cost of

congestion, but will only happen if politicians have the right incentives to make these kinds of smart decisions. Toronto is falling behind the rest of the world in how it makes decisions to invest in transit region-wide. It's time to reinvigorate our transit system to cut the cost of congestion and make it easier for people to get around.

The Lost Mobility from Land Transfer Taxes

Two days after the January 30 release of this report is an anniversary of sorts for the City of Toronto. It marks 10 years since it began collecting a Land Transfer Tax (LTT) on most real estate transactions.

Starting February 1, 2008, Toronto City Council began collecting a tax of up to 2 per cent, on top of the then up to 2% provincial transfer tax, on the value of homes above \$400,000, with an exemption for first-time buyers.

A lot has happened since then. For example, the iPhone wouldn't be released in Canada until mid-2008. And the world has also learned a lot about the harmful effects of land transfer taxes.

The C.D. Howe Institute's look at Toronto's LTT in 2008,¹ and subsequent related work,² was the first in the world to estimate the economic harm of the tax. Studies using various methods around the world from places as diverse as France;³ Germany;⁴ New York City;⁵ Washington, D.C.;⁶ Australia;⁷ and many studies⁸ in the United Kingdom⁹ all show the same result: LTTs substantially reduce the number of housing transactions.

Looking at the longer-term impact¹⁰ of the Toronto LTT shows that it resulted in, on average, a 16 per cent decrease in sales volume, even in the midst of the epic real estate boom of the last five years. The effect of the LTT on transactions varies by house price, with the largest



effect on homes in areas with resale prices below the median market sale price. Because the LTT reduces the incentive to move, the tax has resulted in more Toronto residents choosing renovations to their current homes as opposed to relocating.

The world has also learned a lot about the broader economic costs of these levies. The Institute's first study¹¹ estimated that the dollar value of lost mobility is about 13 per cent of every \$1 of revenue that the LTT generates for Toronto's coffers. Another study of the similar United Kingdom tax¹² found that the economic cost of the tax there was 29 per cent for every dollar of government revenue and that the economic costs accelerate as the tax rate increases.

That UK study of the tax system at the time looked at what kind of household moves transfer taxes stymie by tracking households over time, before and after they move. The tax tends to reduce the moves within a city rather than longer-distance moves or job changes. That means the economic cost to homeowners of transfer taxes is when they have to suffer through growing traffic congestion year after year to get to their same job because they can't afford to move closer. The personal cost is that families don't have access to neighbourhoods with the kinds of schools they want their kids to attend or the right-sized house for a growing family.

While the studies keep showing the economic harm, Canadian governments keep on increasing transfer taxes. The City of Toronto and Ontario each introduced new top rates of 2.5% on homes over \$2 million. The City also recently increased the tax that most buyers pay by mimicking the rates and brackets of the province, increasing the tax by 0.5% on the value of a house in between

\$250,000 to \$400,000. British Columbia and Ontario both introduced new transfer taxes on foreign buyers.¹³ And cities across the country are constantly¹⁴ asking for provinces to grant them the power to introduce one.

FAST FACT

13%

is the estimated dollar value of lost mobility for every \$1 of revenue the Toronto LTT generates.

Source: C.D. Howe Institute

It's time that governments learn from the studies that have been done on the harm of LTTs in the last 10 years and reduce or remove them.

The Lost Mobility from Congestion

Land Transfer Taxes exacerbate what we call the hidden economic costs of congestion. Congestion slows down traffic – that is the visible cost of congestion when people decide to make a trip. The hidden cost of congestion is that workers do not take jobs that are the best fit for them. Companies lose out, because the pool of workers they may draw from is shallower than otherwise. People lose opportunities to learn from others around them. Businesses with unique offerings do not have ready access to a broad market. For the Greater Toronto and Hamilton Area we estimate¹⁵ these additional costs to be at least \$1.5 billion and as much as \$5 billion per year in lost wages.

When a person lives in an urban area, that person has a positive benefit on others living in the same region without even realizing it. Studies around the world¹⁶ have



C.D. HOWE RESEARCH: Transportation & Congestion

found that doubling the size of an urban area tends to increase incomes between 3 and 8 per cent. This is known as a positive agglomeration externality. Publicly financed transportation infrastructure makes it easier for people to get around and enables more people in an area to connect than otherwise, and enhances that agglomeration effect. That's why we need more public transit.

FAST FACT

\$1.5-5B

is the estimated yearly lost wages due to the hidden costs of congestion.

Source: C.D. Howe Institute

However, any government subsidy for transportation will induce an increase in travel demand which, without a price on road use, will result in a return in congestion¹⁷ on the newly built transportation infrastructure. When a driver enters a roadway, she bases her travel decision on the private cost (such as her time, parking, and vehicle operating costs) of driving a car. She does not take into account that her choice may prevent others from using that road, or slow them down. Other drivers on the road impose the same cost on her. The same story applies if she gets on a crowded bus, streetcar, or subway, for example. The result is congestion, which is a negative externality. That's why we need road pricing.

Governments should take revenues from any congestion charge and put it back into transportation infrastructure. Some cross-subsidization between areas in which agglomeration and congestion externalities interact will make the region better off.

Earmarking money from congestion pricing to pay for transit infrastructure doesn't just have an economic benefit. It can help make the deal more palatable for drivers. If the managers of the regional transit agency make sure that money delivers the right kinds of projects in the right places, drivers will know they'll have other transportation options in exchange for paying more.

Fixing Toronto's Congestion Problem

Delivering the right kinds of infrastructure projects in the right places is a big 'if.' Anyone who has followed transportation debates in the region has seen a lack of political will to reduce congestion. The province quashed Toronto's plans for road tolls, and politicians can't decide on where to build new transit. With a few tweaks to how we make transportation decisions in Toronto, we can lower the economic cost of congestion.

Originally created in 2007, Metrolinx started with the intent of creating a regional transit plan for the Greater Toronto and Hamilton area with a board made up of local government officials. Two years later, Metrolinx expanded to become the GO Transit operator. The province then removed the local government officials from the Metrolinx board, which is now made up of people appointed by the province.

Metrolinx now faces many difficult decisions. Foremost is integrating regional and local transit fares. The government announced a \$1.50 discount for those who transfer from the GO train to the Toronto Transit Commission (TTC) system starting in January. However, this is only a stop-gap measure, as the issue of people transferring from one system to another will be substantially greater once the Regional Express Rail plan is up and running. Other problems keep coming up, such as which projects



to prioritize, who should operate new lines, and how to pay for it all.

How can the region overcome local opposition to changes while finding a way to act in the regional interest? Right now, it's easy for local politicians to pass blame around, especially to an unelected transit board.

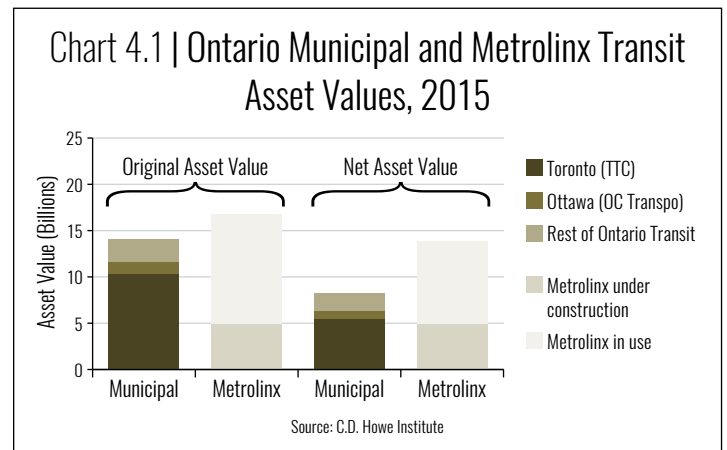
The first step is for the province to restore the role of municipal governments on the board of Metrolinx. The current board lacks the accountability that municipal politicians would have if they failed to deliver on transit promises.

An all-politician board would have no transit-specific expertise. The province can solve that problem by having a combination of policymakers and experts on the board. It can then create subsidiary operations to Metrolinx that, while reporting to the board with many regional elected officials, has area-specific expertise. For example, there could be a corporation with a mandate on planning and capital investment. Another company could specialize in bus and transit delivery. And, another for heavy rail, for example. The province could even create a company responsible for operating major highways in the region. The boards of those companies could have specific expertise plus local government oversight.

Such a move would be better than amalgamating services into one level of government. For example, there is often talk of transferring the TTC's subway lines to Metrolinx. A better approach is to recognize the unique status of the TTC and Metrolinx within any overarching regional body.

Metrolinx has more in assets than the rest of the province's municipal transit combined. Cities have historically

invested almost as much as Metrolinx, as measured by their original investment. However, Metrolinx has much more up-to-date transit, as measured by the current net book value after deducting accumulated amortization, and even more coming with projects currently under construction.



Metrolinx and the TTC have almost 90 per cent of transit assets in the province (see above). There's no pretending that Toronto can have only one seat on the board of a reconstituted Metrolinx. One option is to re-envision the TTC as a jointly owned operating corporation of a newly reconstituted Metrolinx, with the City holding the controlling share.

FAST FACT 3-8%

is the average income increase after an urban area is doubled, through infrastructure, for example.

Source: C.D. Howe Institute

Some of the largest transit investments happening now would fit this model nicely. For example, the new Eglinton



C.D. HOWE RESEARCH: Transportation & Congestion

Crosstown LRT line will be owned by Metrolinx. However, it has signed a ten-year agreement¹⁸ with the TTC to operate it. The TTC is one of North America's best transit operators, winning the award of transit agency of the year¹⁹ in 2017. But, the TTC doesn't have the remit to plan for new projects, such as subway expansions, or operate buses outside of Toronto's borders. Nor has it been great at building new projects.²⁰

FAST FACT

90%

is the amount of Ontario's transit assets owned by Metrolinx and the TTC combined.

Source: C.D. Howe Institute

If the TTC operated under contract to Metrolinx, the TTC would be able to operate its routes just as it does today. It could also expand its operations outside Toronto if it can prove it's the best operation for the job. That could result in more jobs at the TTC.

There are great examples Toronto can look to. One model to follow is Transport for London,²¹ which operates transit in the UK's largest city. Its board²² is chaired by the Mayor of London and includes diverse representation, such as from workers, disability advisors, and industry experts. It also contracts out the delivery of many of its bus routes to private operators.

Toronto policymakers don't have to look internationally for such a model. In Vancouver, the provincial legislation lays out that a Mayor's Council made up of representatives from each of the region's 21 municipalities

appoints most of the board of Translink, the regional transit coordinating body. Translink has many subsidiary companies²³ that operate transit services under contract. The contracting allows cities the flexibility to own and operate their own bus system, if they like, as West Vancouver²⁴ does. That operating flexibility allows cities to operate their own transit, with additional local services if they like. It also allows the flexibility to have private contracting for bus services.

Vancouver's system isn't perfect. Recent debates in Vancouver²⁵ have resulted in the Mayor's Council looking to put more local politicians on the board of TransLink. The beauty of the British Columbia model is that it doesn't create a new layer of government. The regional transit body is the regional coordinator, less than it is a regional authority.


Toronto doesn't even need to look that far for a good model. There's one right here: Waterfront Toronto. Created in 2001 to oversee the revitalization of Toronto's waterfront, it received equal amounts of seed financing from federal, provincial and local governments. Its board²⁶ has a mix of local policymakers and the right kind of experts appointed by multiple levels of government to lend practical advice to the organization. The last few years have seen the fruit of Waterfront Toronto's success, ranging from flood protection from the Don River²⁷ that will open up new areas for housing to Google's Sidewalk Labs²⁸ picking Toronto for its neighborhood of the future.²⁹

We don't need to go back to the early days of Metrolinx's board to get transit right in Toronto. However, a balance between local accountability and expertise from transit experts will create the right incentives for policymakers to put the right projects in the right places.



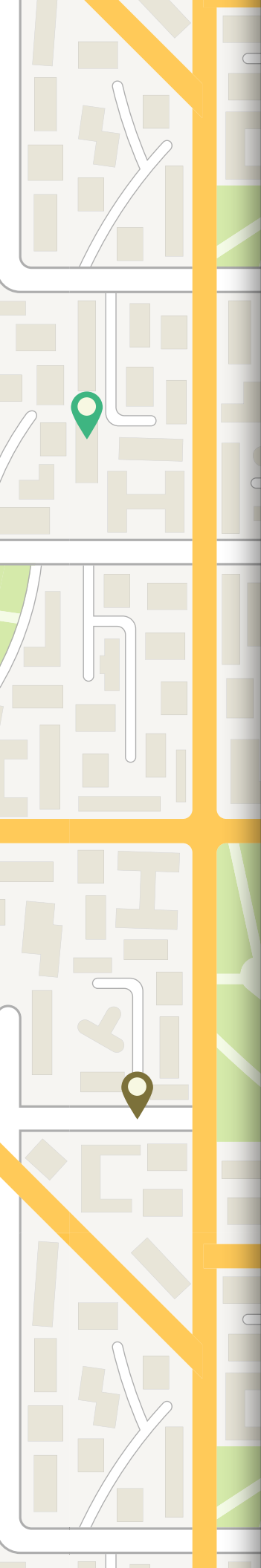
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- ²⁹ <https://sidewalktoronto.ca/>

The background is a stylized map with various elements: a blue river, green parks, and grey building footprints. A prominent feature is a thick, black road with a dashed white center line and a yellow border, which curves around the text box. Several orange location pins are scattered across the map. The text is centered within a white rounded rectangle that is framed by the road graphic.

“Toronto has really captured the world’s attention. We’re the fastest growing city region in North America. We’re recognized as one of the most diverse populations, with a terrific talent pool that global companies want to access. There’s a huge opportunity for us to accelerate this appeal.”

– Jan De Silva, President & CEO,
Toronto Region Board of Trade



The Smooth Movement of People & Goods



THE TORONTO REGION BOARD OF TRADE'S RESEARCH

Section Summary

- The Toronto region is attracting an increasing level of recognition as a global centre for business growth, talent and productivity.
- Toronto's economy boasts a well-diversified economy with a high concentration of firms in traditional industries such as Auto & Parts, Food & Beverage, Aerospace and Medical Devices, as well as emerging sectors such as Fintech, Cleantech and Citytech.
- In October 2017, Prime Minister Trudeau, Google's Eric Schmidt and Sidewalk Labs CEO and former Deputy Mayor of New York, Dan Doctoroff were in Toronto to announce that Sidewalk Labs will play a major role in developing Quayside, the 12-acre site on the waterfront.
- Engaging tech leaders like Google to integrate new technology and design solutions for Quayside's development will go a long way to making Toronto a centre for urban innovation.

FAST FACT ~50%
of Ontario's GDP is attributed to Toronto businesses and industry alone.
 Source: Toronto Region Board of Trade

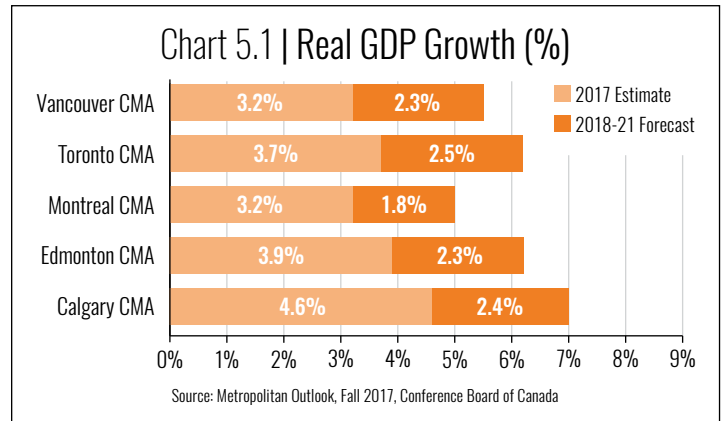
- The Toronto Region Board of Trade (the Board) is committed to establishing the Toronto region as a global champion through a suite of policy and advocacy initiatives including trade, transportation and talent.

- In the context of upcoming provincial and municipal elections, top of mind is our region's transportation challenges which cost us billions of dollars annually in lost productivity and congestion.

The Toronto Region is Growing

The world today seems like a very different place than it was a year ago. Despite Brexit and the election of Donald Trump as America's 45th President, Canada appears to be an island of political and economic stability.

Our national GDP was forecasted to grow by 2.6% in 2017, and in 2018, it is forecasted to grow by 2%. The Toronto region is thriving and will continue to grow at a respectable clip over the next five years.

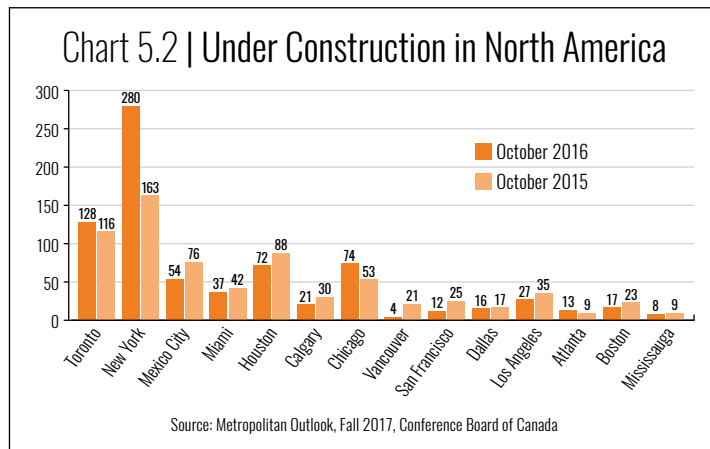


This growth is fueled by Toronto's booming real estate market, record levels of high- and mid-rise building construction and a rapidly growing population – thanks, in part, to Canada's generous immigration policies. As a result, we see inclusive, diverse business communities and a well-diversified economy.

Toronto is Canada's largest urban region. It is home to almost 6 million residents and almost half of the province's labour force. Businesses and industry here account for nearly 50% of Ontario's GDP and 20% of Canada's GDP.



In a North American context, we're the 4th largest metro region by population size after New York, Los Angeles and Mexico City. The Toronto region is attracting close to 120,000 new people every year – the equivalent of adding a city the size of Kingston. This growth alone puts significant pressure on our transportation infrastructure among other factors.



For years, our global benchmarking report *Toronto as a Global City: Scorecard on Prosperity* emphasized a well-educated population; a critical mass of firms with a unique mix of products and services; a well-diversified economy with a solid base of economic clusters from more traditional to more emerging sectors such as Fin-tech, Cleantech and Citytech; an international hub airport; and sophisticated and renowned universities and colleges.

The Toronto region also stands to benefit from our highly-educated and globally-connected newcomers, especially as they look to grow their businesses globally. As we showed in Scorecard 2011, crumbling transportation infrastructure is our largest impediment to realizing companies' full export potential and growing our export share. With only 5% of export ready companies in Canada trading globally, the Board has been instrumental in helping close to 200 companies expand trade in goods

and services beyond our traditional markets.

If there were two things that could be significantly improved in the Toronto region, they are related to the movement of people and goods. By tackling these two issues, our quality of life and export potential could be greatly enhanced.

Movement of People: Our Progress has Stalled

In 2014, the Toronto Region Board of Trade released a report called *Build Regional Transportation Now*.

FAST FACT

120,000

new people are moving to the Toronto region every year.

Source: Toronto Region Board of Trade

The Board asked governments to prioritize business-case based planning to build transit where it was most urgently needed first. We asked for a long-term financial plan. We also asked to clarify accountability and depoliticize decision-making by proposing a different governance model for how transit decisions get made in our region. The options ranged from improving the status quo to accelerating progress to a fully amalgamated system – either as a provincial crown agency or municipal special purpose body. Fast forward to today. Our region still faces similar issues. Some would argue that these issues are even more acute than back in 2014, as a result of sizzling growth in population, years of under-investment in transportation infrastructure and lack of progress.



THE TORONTO REGION BOARD OF TRADE'S RESEARCH

By now our region should:

- Have transit projects prioritized based on comparative business cases to maximize our resources;
- Have a long-term funding strategy (including operating expenditures) to ensure planned transit projects get built;
- Be pushing new city growth to underdeveloped transit stations to help reduce pressure on roads and generate revenue for transit;
- Have a simple, single point of decision and planning, rather than seemingly endless political risks for projects exposed to shifting political agendas at multiple levels of government;
- Have seamless and reliable electronic fare payments, and a consistent fare experience that bypasses jurisdictional issues as is the case with our peer city regions around the world;
- Be well on our way to delivering growth in our transit capacity; and
- Have better connected communities through frequent GO services. Better regional mobility can help to address Toronto's housing affordability crisis with serious implications on our ability to retain and attract talent.

We need to be moving faster if we are serious about realizing the Board's vision to make Toronto one of the most competitive and sought after business regions in the world.

Movement of Goods is as Critical as the Movement of People

Last year, the Board expanded its focus from the movement of people to include the movement of goods. One of the Toronto region's most important barriers to the smooth movement of people is the need for efficient movement of goods. The transportation of people and goods in the Greater Toronto and Hamilton Area (GTHA) contributes to the ever-increasing costs of congestion. A 2009 report for Metrolinx found that annual congestion in the GTHA cost \$6 billion and estimated that these costs will rise to \$7.8 billion by 2031.

All levels of government are now focused on improving transit and the movement of people, but the issue of congestion will not be addressed until the same level of effort is directed towards the movement of goods.

The movement of goods is often an afterthought in an economy seemingly more interested in the latest social media app than in how food makes its way to local restaurants and stores. Yet, in addition to being the basis of how we address many of our most basic needs, the movement of goods also represents a significant part of our economy.

According to the Board's first report in the Movement of Goods Series *Economic Impact of the Movement of Goods in the Toronto-Waterloo Innovation Corridor*:

- Goods movement industries – wholesale and retail, transportation and warehousing, construction and primary industries – contribute 1.4 million direct jobs and \$171 billion in annual GDP – one third of the

FAST FACT

\$7.8B

is the estimated annual congestion costs in the GTHA by 2031.

Source: Metrolinx



Toronto Waterloo Corridor's total.

- The Toronto region is the largest transportation hub in Canada. Approximately 1 million tonnes – or \$3 billion worth – of goods move in, out and through the Region daily on roads alone (not including air, rail and water).
- Without efficient goods movement, our daily life would grind to a halt.
- The combination of high population growth, underdevelopment of higher-order regional transit and the lack of regional goods movement strategy impacts our competitiveness as a commercial and trading centre.
- Ultimately, our residents pay the price through rising costs for consumer products, slowing employment and reducing our quality of life.
- Goods movement industries provide key support for the region's economic clusters including Auto & Parts, Food & Beverage, Aerospace and Medical Devices; if we are serious about boosting trade from 5% of SMEs exporting to 23%, the same level as our larger firms, we need an efficient goods movement strategy emphasizing multi-modal connectivity.

Through a series of four reports, the Board is mapping the current state of goods movement throughout the Corridor and will produce a comprehensive multi-modal regional strategy. The Board has partnered with industry experts to profile key channels for moving freight in the Corridor including rail, ports, airports, trucks and pipelines.

Next Steps

Stay tuned for ongoing policy and advocacy on both movement of people and movement of goods to make Toronto one of the most competitive and sought-after

business regions in the world. In the fall of 2017, the Board implemented the following:

- Hosted the 3rd annual Transportation Summit *Accelerating The Movement of People & Goods* with 300 city builders, business leaders and government officials from 110 diverse organizations across 10 sectors; and
- Released three reports in the Board's Movement of Goods Series to raise awareness about the bottlenecks to moving people and goods around the region and offer practical solutions to removing these barriers.

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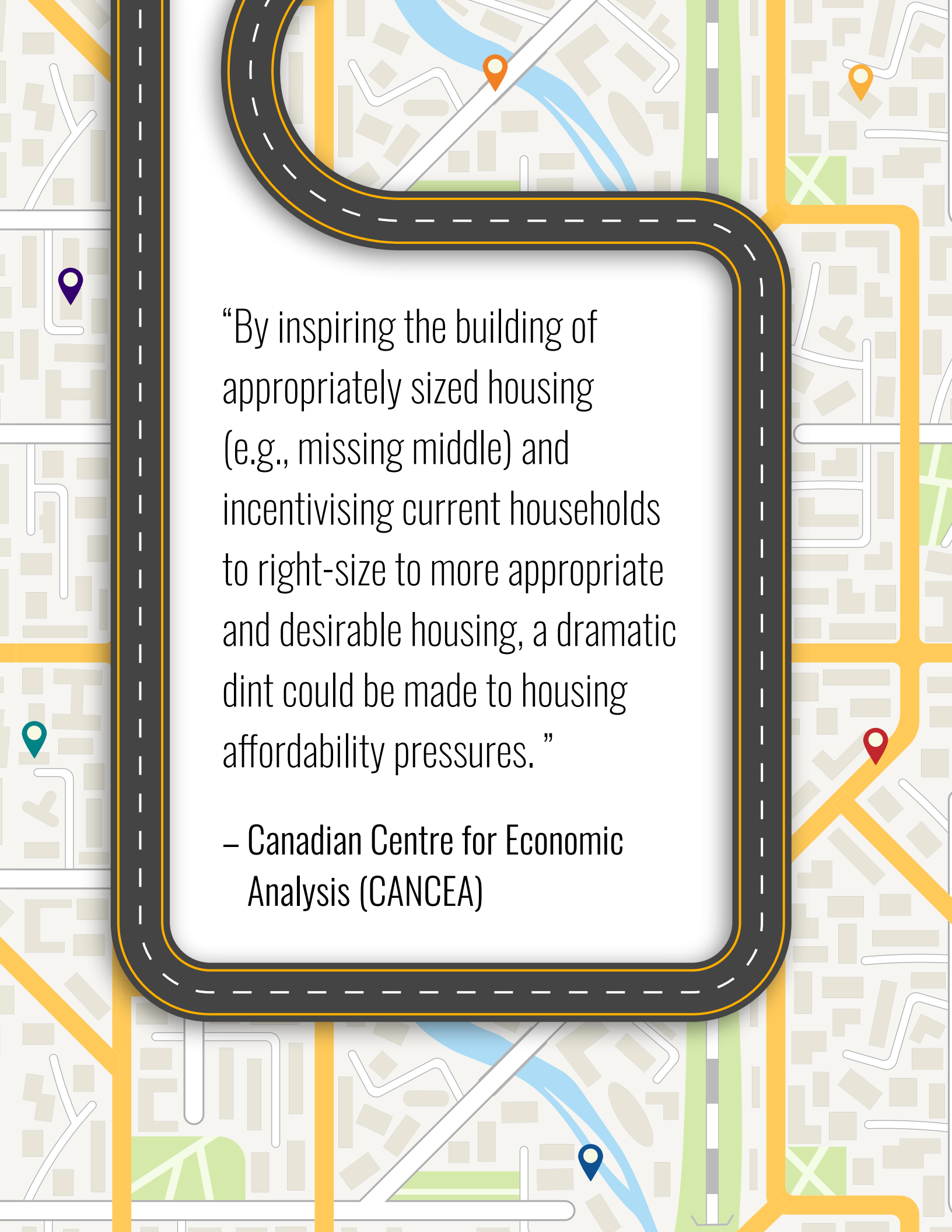
1.4M

jobs are created by goods movement industries each year in the Toronto-Waterloo Corridor.

Source: Toronto Region Board of Trade

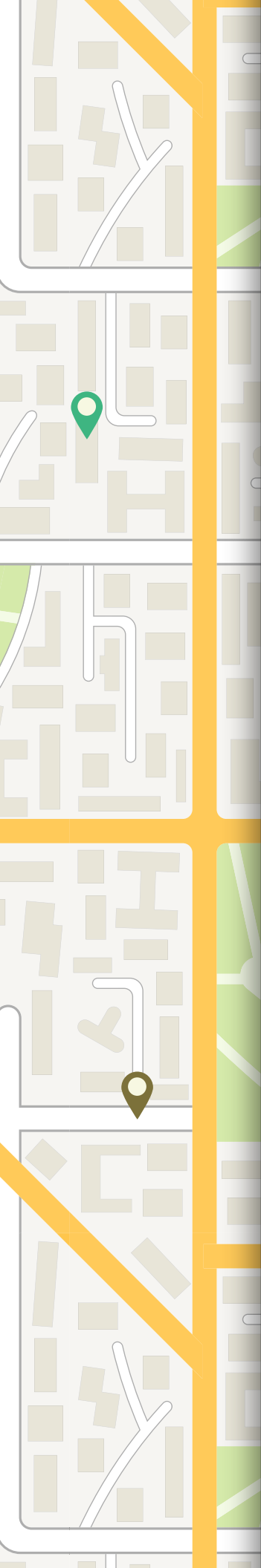
About the Toronto Region Board of Trade

The Toronto Region Board of Trade is one of the largest and most influential chambers of commerce in North America. Our constant flow of ideas, people and introductions to city-builders and government officials firmly roots us as connectors for, and with, the business community. We act as catalysts for the region's growth agenda, at home and on a global scale with our World Trade Centre Toronto franchise. Backed by more than 12,000 members, we advocate on your behalf for policy change that drives the growth and competitiveness of the Toronto region. We want Toronto to be recognized as one of the most competitive and sought-after business regions in the world, and we believe this reputation starts with you and your business.

The background is a stylized map with a grid of streets, a blue river, and green parks. Several location pins are scattered across the map: a purple one on the left, a teal one on the left, a red one on the right, and an orange one at the top. A thick, black, dashed road with yellow borders curves around the text box.

“By inspiring the building of appropriately sized housing (e.g., missing middle) and incentivising current households to right-size to more appropriate and desirable housing, a dramatic dint could be made to housing affordability pressures.”

– Canadian Centre for Economic Analysis (CANCEA)



The “Missing Middle”



CANCEA RESEARCH: The “Missing Middle”

Section Summary

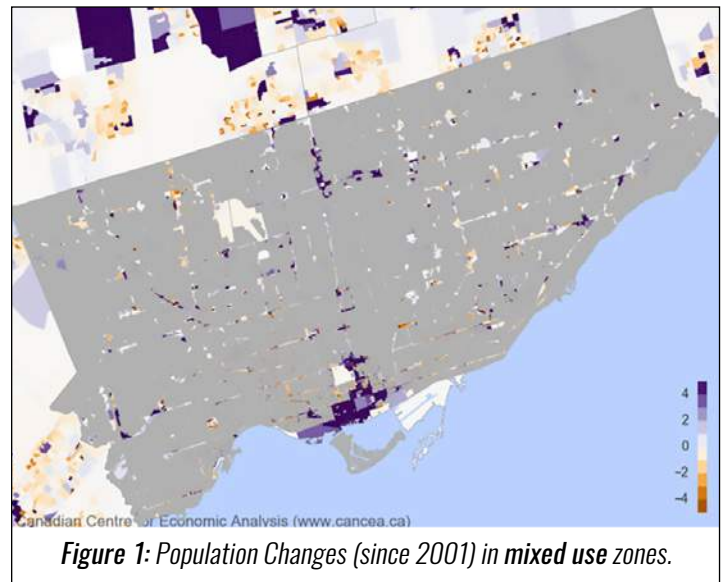
- There are over 5 million spare bedrooms in Ontario, equivalent to 25 years’ worth of construction. There are over 400,000 homes in Ontario that have three or more empty bedrooms, representing nearly 1.3 million empty bedrooms in family-sized homes.
- In the GTHA, approximately 45% of housing units are single-detached homes and 35% are in apartment buildings (equal to New York City metro area); only 20% are “missing middle” housing.
- 30% of GTHA commuters commute 45+ min. each way. Outside the GTHA, 85% commute by car (5% by transit). In the GTHA, 70% commute by car (20% by transit).
- Housing affordability could be improved significantly over the next 15 years by incentivising households to right-size and developers to build appropriately sized units. These changes could reduce housing affordability pressures to levels below those seen in the 2000s.

FAST FACT 20%
is the number of GTHA households living in “missing middle” type housing.
 Source: Canadian Centre for Economic Analysis (CANCEA)

- If housing stock formation in the GTHA began to incentivise people to select right-size homes (moving to better fit housing), house sales in the region would grow by 67,500 to 94,500 over ten years, being an annual increase of 7.1% to 10.1% in house sales.

Productivity and the “Missing Middle”

Currently, about 45% of GTHA households live in detached homes and 35% live in apartment buildings. This leaves 20% living in what is often called the “missing middle” – that is, the “gentle density” housing types such as semi-detached, row homes, townhomes, multiplexes, and courtyard apartments. Such housing types provide more affordable ground-level (or close to it) housing, without having to live in smaller, family unfriendly units, many stories off the ground.



However, “gentle density” is not being built to the levels required as it is restricted in many places. Even in the City of Toronto, where condo towers are plentiful, a significant portion of the city only allows detached homes (“yellow” belt). It has been estimated that up to 40% of the city is zoned this way (Novakovic, 2017), or roughly 60% of the residentially-zoned lands (Kalinowski, 2017).

Increasing the productivity of land that is already serviced would be a more cost effective way of producing appropriate and affordable housing stock without having to open up new land supply farther afield from employ-



ment centres, which is generally unproductive. This is especially true in seemingly obvious places, such as the TTC’s Line 2 subway, along much of which (e.g., along Danforth Avenue) is surprisingly low density.

Tying this back to zoning highlights an interesting trend in Toronto. By “graying out” all zones other than mixed use residential, residential apartment, and unclassified (e.g., much of the waterfront) (Figure 1), since 2001 we can see significant population growth (dark colours), largely where there are a lot of new towers (Figure 1).

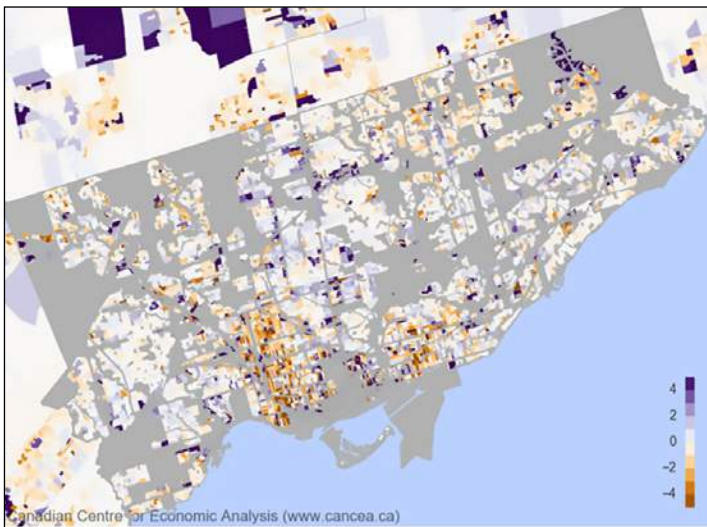


Figure 2: Population Changes (since 2001) in residential-only zones.

Moreover, population decline is seen in most zones (white and brown colours) limited to ground level housing (residential-only, excluding residential apartment) (Figure 2). These are the zones that also tend to see more over-housing.

Right-Sizing

Although numerous experts argue that the GTHA has a generic housing supply problem, the main issue is that as a society we are not matching families with appropriate housing in a broad sense of the term. Such experts

simply advocate building more, but there is a more cost effective alternative with more winners: reducing the significant “over-housing” that exists in Ontario. That is, when people are living in homes that are much bigger than their needs, they limit appropriate options for growing families.

FAST FACT

30%

of GTHA households are currently under-housed or nearly under-housed.

Source: Canadian Centre for Economic Analysis (CANCEA)

In the GTHA, over 30% of households are either under-housed or nearly under-housed. Of the under-housed, they are “short” by nearly half a million bedrooms; at current construction rates, it would take over two years to construct the housing to accommodate these families.

Unfortunately, discussions around appropriate housing do not discuss “over-housing.” But, as it turns out, nearly two-thirds of Ontario households are over-housed to the tune of over 5 million empty bedrooms. At current construction rates, this represents 25 years of housing

FAST FACT

25 Years

of housing supply represented by the over 5 million empty bedrooms in Ontario.

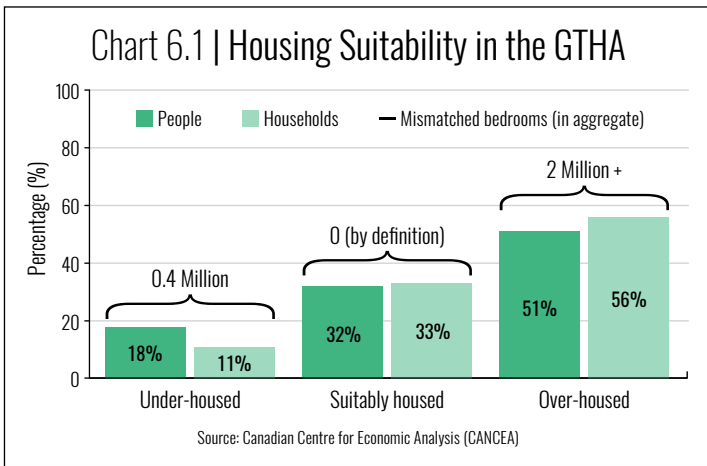
Source: Canadian Centre for Economic Analysis (CANCEA)



CANCEA RESEARCH: The “Missing Middle”

supply. In other words, the number of spare bedrooms in the homes of the over-housed represent 10.5 times the number of bedrooms the under-housed are short.

The following table shows that the GTHA has less of an over-housing issue than the rest of the province, and that less than a third of Ontarians are actually “suitably” housed.

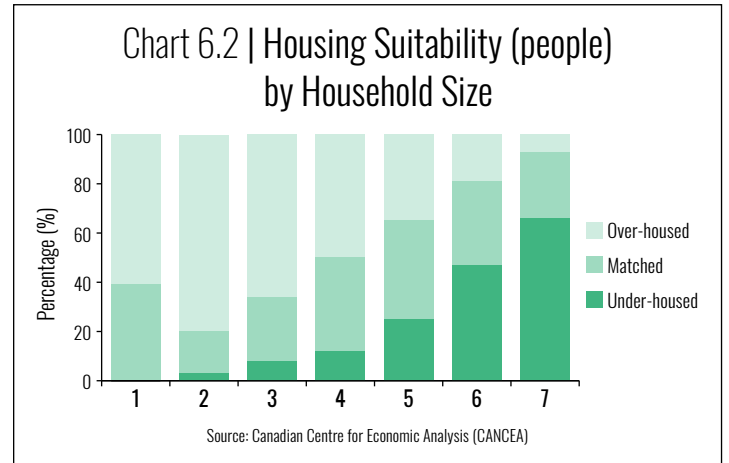


Breaking this down shows that this housing suitability issues comes from a mismatch between the housing sizes needed and available – in other words, it is a housing fit problem.

FAST FACT *17 Years*
of supply represented by spare bedrooms in the GTHA (40 years outside GTHA)
 Source: Canadian Centre for Economic Analysis (CANCEA)

Perhaps not surprisingly, the proportion of people who are under-housed increases with household size: 80% of people in 2-person households are over-housed whereas 67% of people in 7+ person households are under-housed.

In gross count terms, a majority of under-housed people live in 5+ person households whereas a majority of over-housed people live in 1–3 person households. Furthermore, housing suitability also varies by location, tenure, and income.



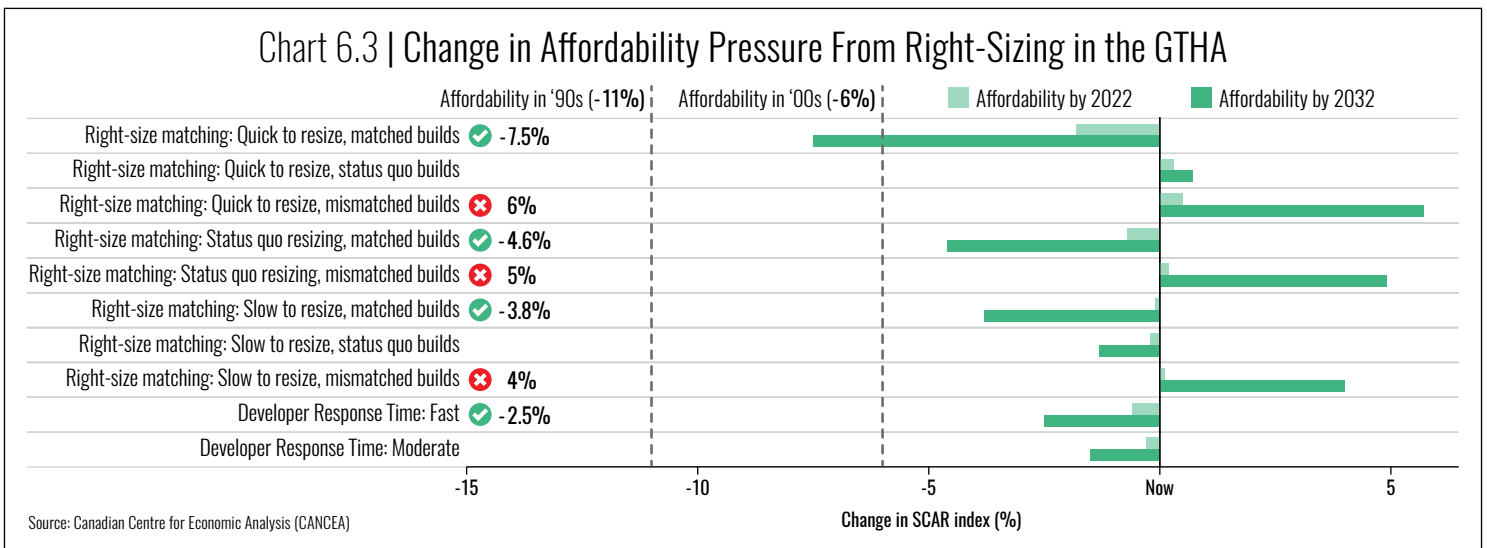
Impacts on Affordability

Through the analysis of many factors of affordability contained in “Understanding the forces driving the shelter affordability issue” (Canadian Centre for Economic Analysis, 2017), we find that right-size matching is a critical component to be addressed as part of addressing the housing affordability problem. Right-size matching is split into two pieces:

- (1) The propensity for households to right-size their housing (e.g., reduce over-housing). Such behaviour is affected by the likes of housing style preference (rather than utility), transaction costs, and having appropriate housing options (e.g., a place to downsize to) available to them.
- (2) What developers build (i.e., matched to needs, status quo, or purposefully mismatched needs). Such behaviour is largely affected by regulation, business models and risk-adjusted profit potential.



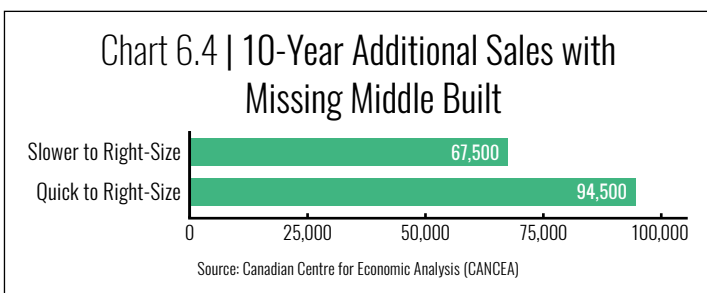
Chart 6.3 | Change in Affordability Pressure From Right-Sizing in the GTHA



Housing affordability could be improved significantly within the next 15 years by incentivising households to right-size and developers to build appropriately sized units. These changes could reduce housing affordability pressures (as measured by the SCAR index) to levels below those seen in the 2000s, which means better housing affordability outcomes.

- A lack of appropriate housing choice: in terms of size, location/transit access, and tenure;
- A lack of housing productivity: in terms of lots of over-housing and density being too low; and
- Many families being “forced” into worse options, for example, people buying when they should rent or moving farther away (e.g., from their work).

Chart 6.4 | 10-Year Additional Sales with Missing Middle Built



As part of the right-sizing process, house sales in the region would grow by 67,500 to 94,500 over ten years, being an annual increase of 7.1% to 10.1% in house sales, as illustrated below (assuming no other changes in the real estate market).

Conclusions

GTHA’s affordability pressures are generally due to a few key linked issues:

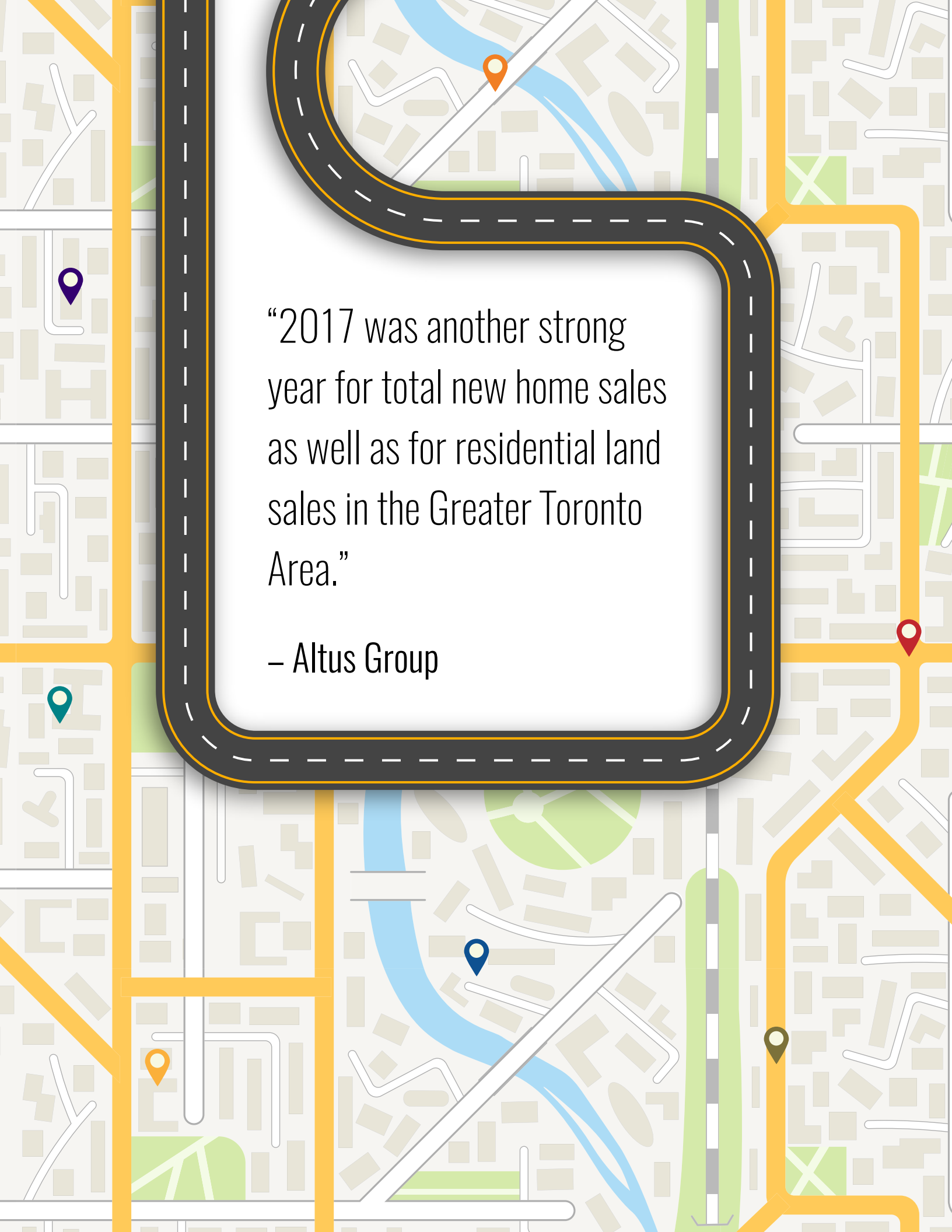
FAST FACT

67%

of people who live in 7+ person households are under-housed.

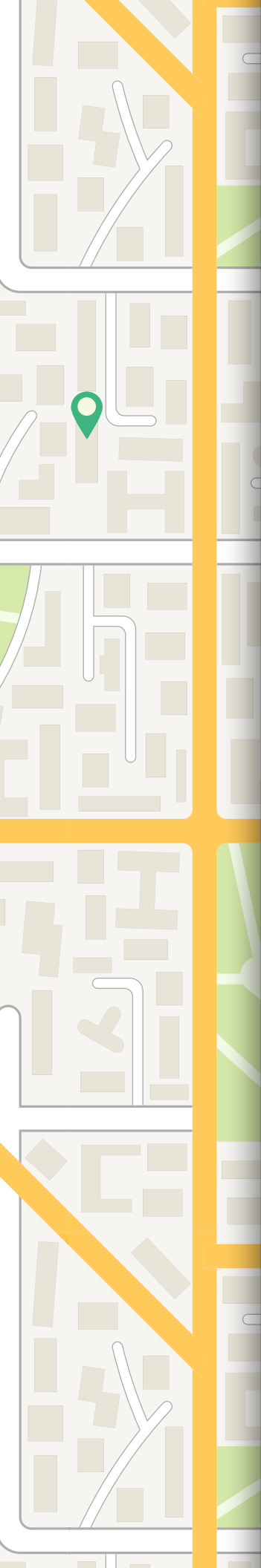
Source: Canadian Centre for Economic Analysis (CANCEA)

By inspiring the building of the appropriately sized housing (e.g., missing middle) and incentivising current households to right-size to more appropriate and desirable housing, scenario analysis suggests that a dramatic dint could be made to housing affordability pressures.



“2017 was another strong year for total new home sales as well as for residential land sales in the Greater Toronto Area.”

– Altus Group



New Home & Residential Land Sectors



Section Summary

- 2017 was another strong year for total new home sales in the Greater Toronto Area and is expected to finish among the top 5 years yet recorded by Altus Group.
- New condominium apartment sales set a new record in 2017, while single-family new home sales were down throughout the GTA.
- Low inventory levels help to explain escalating prices across all home types but especially for new condominium apartments.
- It is unlikely that new condominium apartment sales will see another record year in 2018, while new single-family new home sales are expected to continue to be constrained in the year ahead.

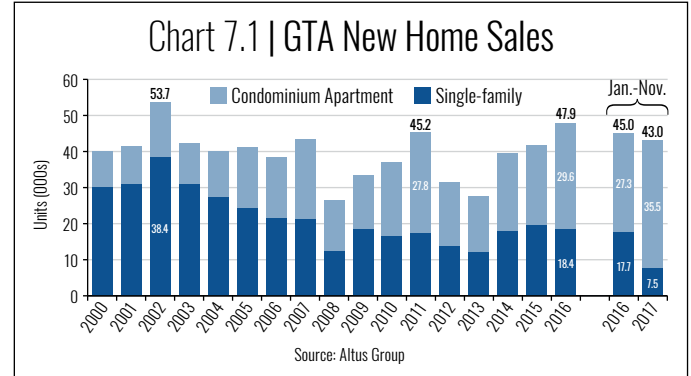
New Home Sector

2017 was another strong year for total new home sales in the Greater Toronto Area (GTA). While there was a brief lull in the summer months following the introduction of the Fair Housing Plan, the market picked up again in the fall. Total new home sales (single-family and condominium apartment combined) through November were running just slightly below 2016's pace, with 2017 expected to finish among the top 5 years yet recorded by Altus Group.

FAST FACT **50%+**
is the amount sales plummeted in the new single-family home sector in 2017.
 Source: Altus Group

Another Record Year in 2017 for New Condominium Apartment Sales

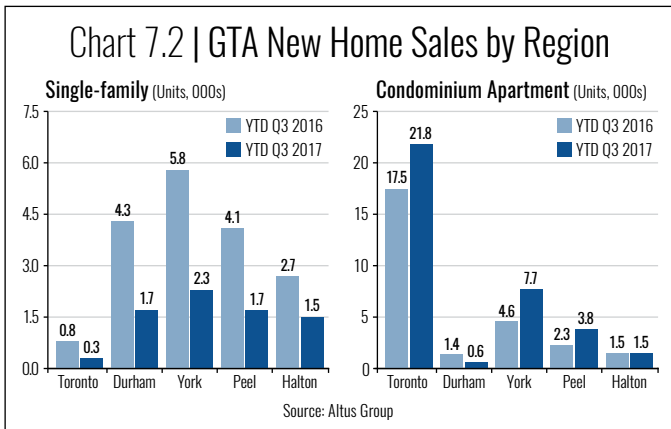
- Newly-built condominium apartment sales (which includes apartments in low-, medium- and high-rise buildings, lofts, and stacked townhouses), with one month of sales yet to be recorded for 2017, had already smashed the previous annual record set in 2016.
- Demand for new condominium apartments in 2017 was fueled by three key buyer groups – small investors who have become the de facto providers of new rental housing supply in the GTA, end user buyers who might prefer a single-family home but were seeking out more affordable options, and the more traditional end users who value the lifestyle and amenities of well-located projects.



- The story in 2017 was quite different for the new single-family home sector (single-family includes detached, link, semi-detached, and traditional townhouse units), where sales plummeted by more than 50% in 2017, constrained by lack of available product to purchase (in particular, affordable homes).

Single-family New Home Sales Down Throughout the GTA

- The plummet in new single-family sales in 2017 was

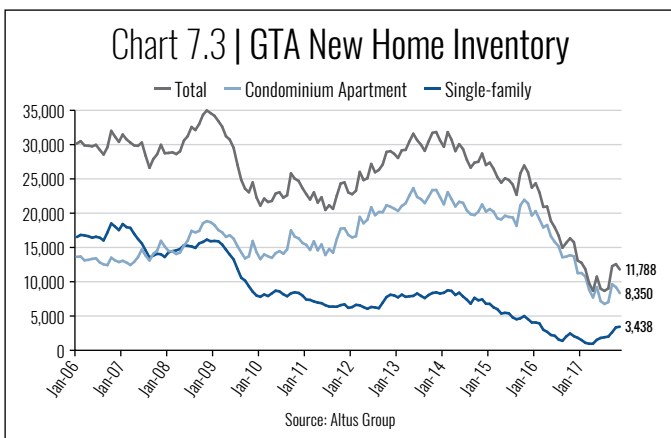


felt throughout the GTA, with each of the five regions posting declines in the range of 50% or more.

- While the City of Toronto accounted for more than half of new condominium apartment sales in 2017, the strongest percentage increases were in York Region and Peel Region (more than 50%).

Decimated Inventories a Key Factor in Escalating Prices for New Condominium Apartments

- New condominium apartment inventory available to purchase at the end of November 2017 represented less than 3 months of supply, based on the monthly pace of sales over the previous 12 months. To avoid significant upward price pressures, 9-12 months of condominium apartment inventory is needed. It is not



surprising, therefore, that prices for available new condominium apartments escalated through 2017, with the November average up 43% compared to a year earlier (to just over \$700,000).

FAST FACT

\$1.2M

is the average asking price for a new single-family home in late 2017.

Source: Altus Group

- Although the inventory of new single-family homes has been on the rise since April 2017, there were still relatively few new single-family homes available to purchase on average in 2017 compared to historical levels. Asking prices for new single-family homes averaged about \$1.2 million in late 2017, 25% ahead of a year earlier, although most of the increase occurred prior to spring 2017.

Looking Ahead

- Single-family new home sales are expected to continue to be constrained in 2018 by the amount of product that makes it to the market. Excess inventory in the resale market will offer more competition to the new home market, and keep potential price increases in check.
- While many end-user buyers have been looking to the condominium apartment sector for more affordable new product, some are now starting to be priced out of this segment as well; as such, it is unlikely that we will see another record year for new condominium apartment sales in 2018.



Section Summary

- Over the past year, the residential land sector soared to new heights in the Greater Toronto Area.
- Residential land sales (including lots) were on track to set another record, based on data through the third quarter of 2017.
- The 2017 increase was driven by low and medium density land sales, while sales of high density residential land kept pace with 2016.
- The 2017 increase was due to the 905 Regions.
- It is expected that residential land sales will continue to be robust in 2018.

Residential Land Sector

The residential land sector soared to new heights in the GTA in 2017, according to Altus Group data.

Buoyant Residential Land Sales

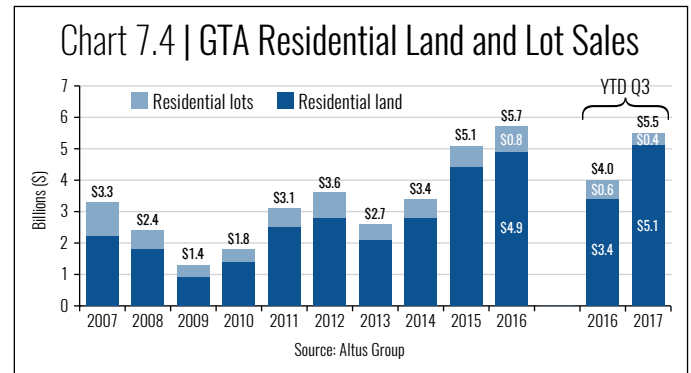
- Residential land sales (including lots) were on track to set another record in 2017. As of the end of the third quarter, the total volume had already reached \$5.5 billion, just shy of the record annual volume of \$5.7 billion set in 2016.

FAST FACT

611

is the total number of residential land sale deals occurring in the first three quarters of 2017.

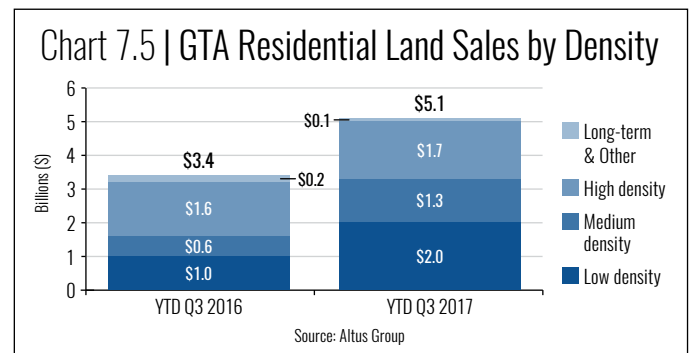
Source: Altus Group



- A total of 611 deals occurred in the first three quarters of the year. Just under half of the deals were smaller deals in the \$1 million to \$3 million range, accounting for about 9% of overall dollar volumes for residential land and lot sales.

2017 Increase Driven by Low and Medium Density Land Sales

- By the end of the third quarter, low density residential land sales (primarily for detached/semi-detached homes) had already surpassed the annual total for 2016 of \$1.5 billion, and the record of \$1.6 billion set in 2015.



- Medium density land (primarily for future town-house-oriented developments) also set a new record in 2017, with sales through the third quarter already smashing the annual record set in 2016 of \$851 million. This segment is being driven by a growing

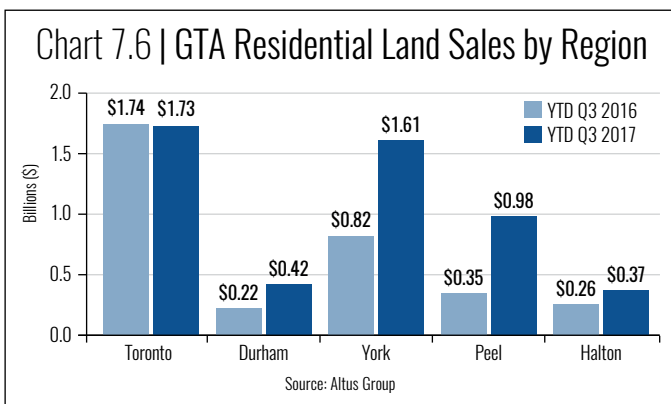


demand for more affordable ground-oriented housing product.

- Sales of high density residential land (primarily for condominium and purpose-built rental apartment development) kept pace in 2017 with 2016's already strong dollar volumes.

All of 2017's Increase Due to the 905 Regions

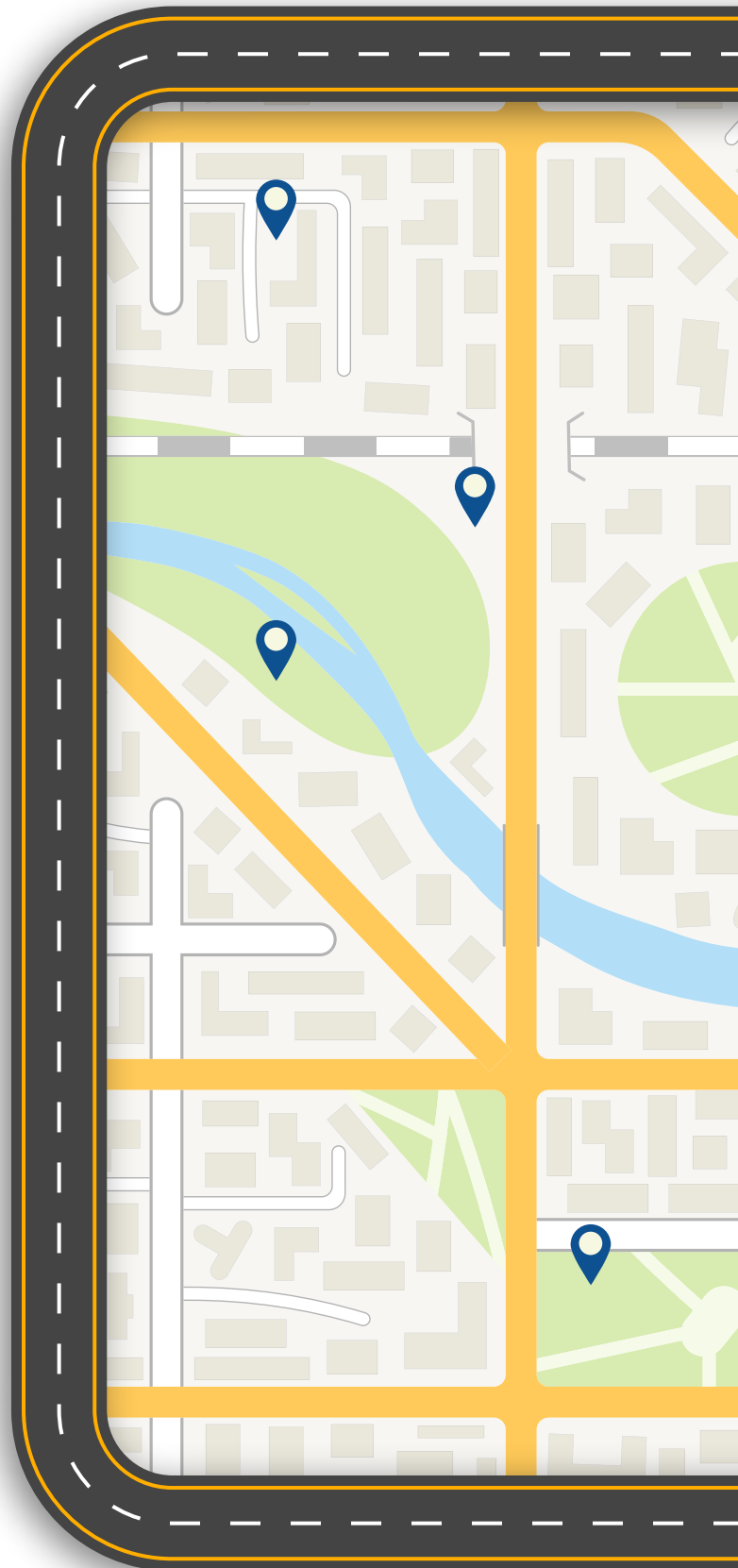
- The 905 regions were the force behind stronger GTA residential land sales volumes in 2017. Sales volumes through the first three quarters were up 178% in Peel, almost double in Durham and York, and up 41% in Halton.

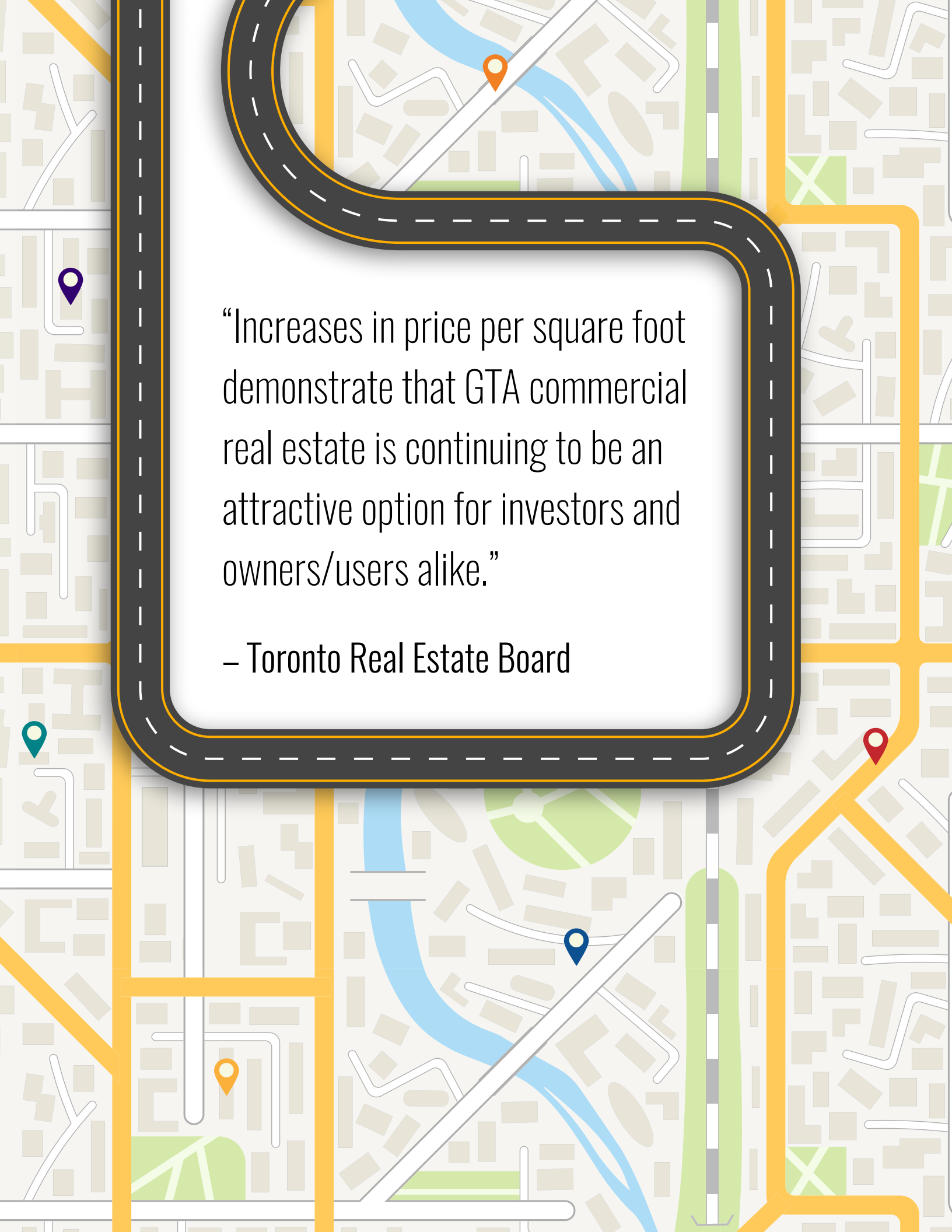


- Consistent with the stability in GTA-wide high density land sales, total residential land sales in the City of Toronto were relatively stable in the first three quarters of 2017 compared to the same period in 2016. The City of Toronto accounted for about one-third of the total dollar volume in the GTA.

Looking Ahead

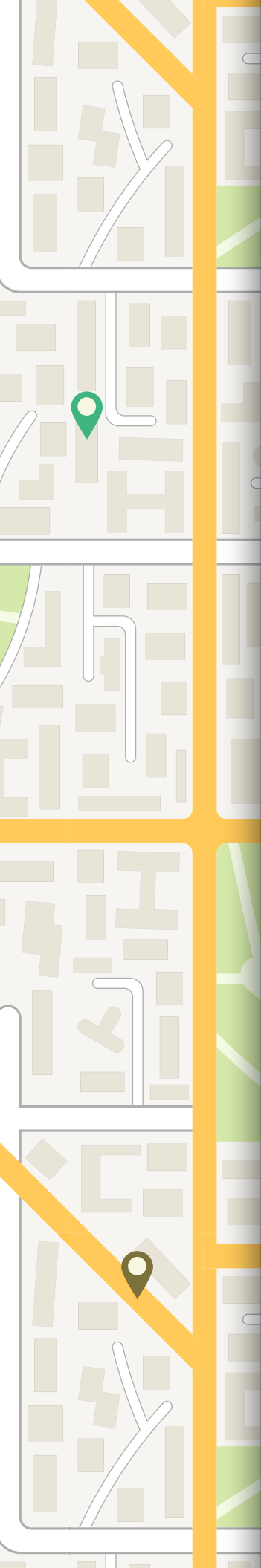
- With population growth, and therefore the need for new housing, projected to stay relatively buoyant in the GTA over the medium- to longer-term, residential land sales should continue to be robust in 2018.



The background is a stylized map with a grid of grey buildings, blue rivers, and green parks. A prominent black road with a white dashed center line and a yellow border winds through the map. Several location pins in orange, purple, teal, and red are scattered across the map.

“Increases in price per square foot demonstrate that GTA commercial real estate is continuing to be an attractive option for investors and owners/users alike.”

– Toronto Real Estate Board



Leasing & Sales Figures



COMMERCIAL MARKET: Leasing & Sales Figures

Section Summary

- The amount of space leased in 2017 was down from 2016 totals.
- Total commercial sales reported through TREB's MLS® System declined from 2016 numbers.
- Market conditions in the industrial and office segments allowed for increases in average lease rates.
- The Bank of Canada Business Outlook Survey illustrates a continued trend of business confidence.
- Properties in the 1,000 to 5,000 square foot range represented the majority of commercial purchases.

Introduction

In 2017, the Toronto Real Estate Board's Commercial Network Members reported a decrease in commercial leasing activity. Commercial property sales also decreased compared to 2016. The sections below provide a breakdown of TREB MLS® System commercial transactions in conjunction with core economic drivers.

Commercial Leasing

In 2017, over 23 million square feet of combined industrial, commercial/retail, and office space was leased through TREB's MLS System. This represented a 9.6%

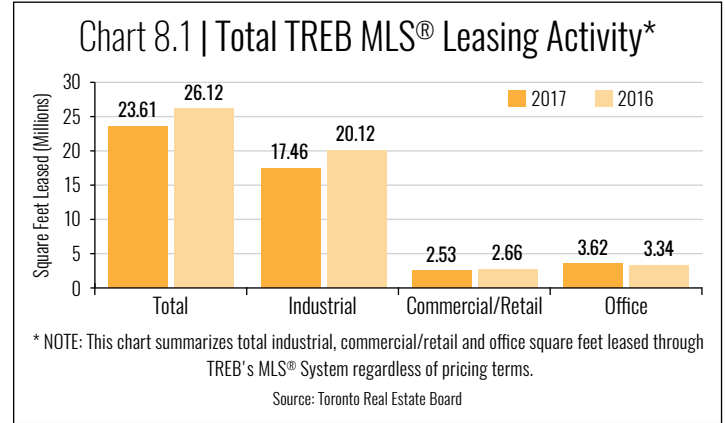
FAST FACT

74%

of total leased space was in the industrial market segment.

Source: Toronto Real Estate Board

decrease compared to more than 26 million square feet leased in 2016.



Typically, the vast majority of commercial space leased through TREB's MLS® System comes from the industrial market segment. This held true in 2017 as the total share of industrial space leased amounted to 74 per cent. The industrial leasing result in 2017 was 13 per cent lower than reported in 2016. This reduction can be attributed to a significant difference in deals involving industrial spaces of 100,000 square feet and above with 30 such deals being reported in 2016 compared to 17 deals in 2017.

The commercial/retail sector also experienced a dip in the amount of space leased. In 2017, 2,533,171 square feet of commercial/retail space was leased, down 4.9 per cent on a year-over-year basis compared to 2016. The only segment that experienced an increase in space leased in 2017 was the office segment, up 8.4 per cent over 2016 to 3,621,280 square feet.

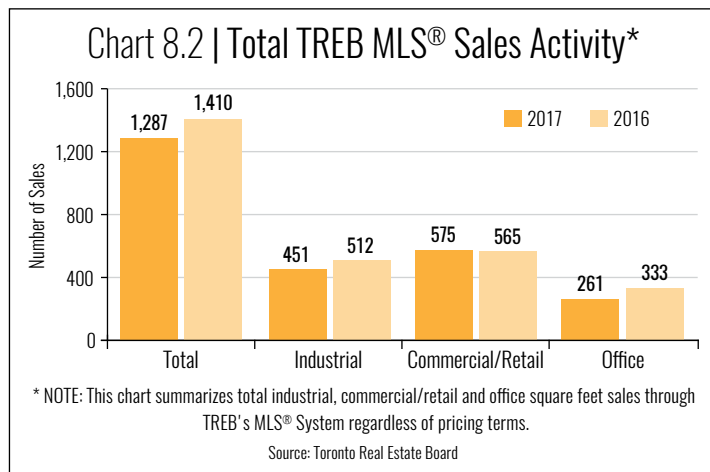
While the amount of space leased was down year over year, average lease rates for industrial, commercial/retail, and office space were up in 2017 compared to 2016. The average industrial lease rate rose 12.7 per cent from \$5.68 per square foot in 2016 to \$6.40 per square foot in 2017. The office average lease rate also showed an

COMMERCIAL MARKET: Leasing & Sales Figures



improvement of 9.5 per cent from \$13.41 in 2016 to \$14.69 in 2017. The commercial/retail sector experienced growth in the average lease rate, from \$17.67 in 2016 to \$18.33 in 2017, an increase of 3.7 per cent. It is important to note that while changes in market conditions play a key role in changes in average lease rates, compositional changes (size, location, etc.) in the mix of properties leased from one year to the next can also be an underlying factor.

Looking forward, the Bank of Canada (BOC) Business Outlook Survey for Winter 2017/2018 presents a positive view on the performance of Canadian businesses. The report suggests that businesses expect continued sales growth across most regions, coupled with firms looking to hire more workers. An increase in sales and hiring could benefit the commercial real estate sector in 2018, as it is likely that more commercial space will be needed to facilitate an increase in production.



Commercial Property Sales

Commercial property sales through TREB's MLS® System in 2017 were down compared to 2016. A combined 1,287 industrial, commercial/retail, and office properties were sold in 2017, down 8.7 per cent from 1,410 proper-

ties sold in 2016. Industrial property transactions fell by 12 per cent on a year-over-year basis to 451. Similarly, the office segment saw a decrease of 21.6 per cent to 261 properties sold. Commercial/retail properties saw an increase in sales of 1.8 per cent to 575.

FAST FACT

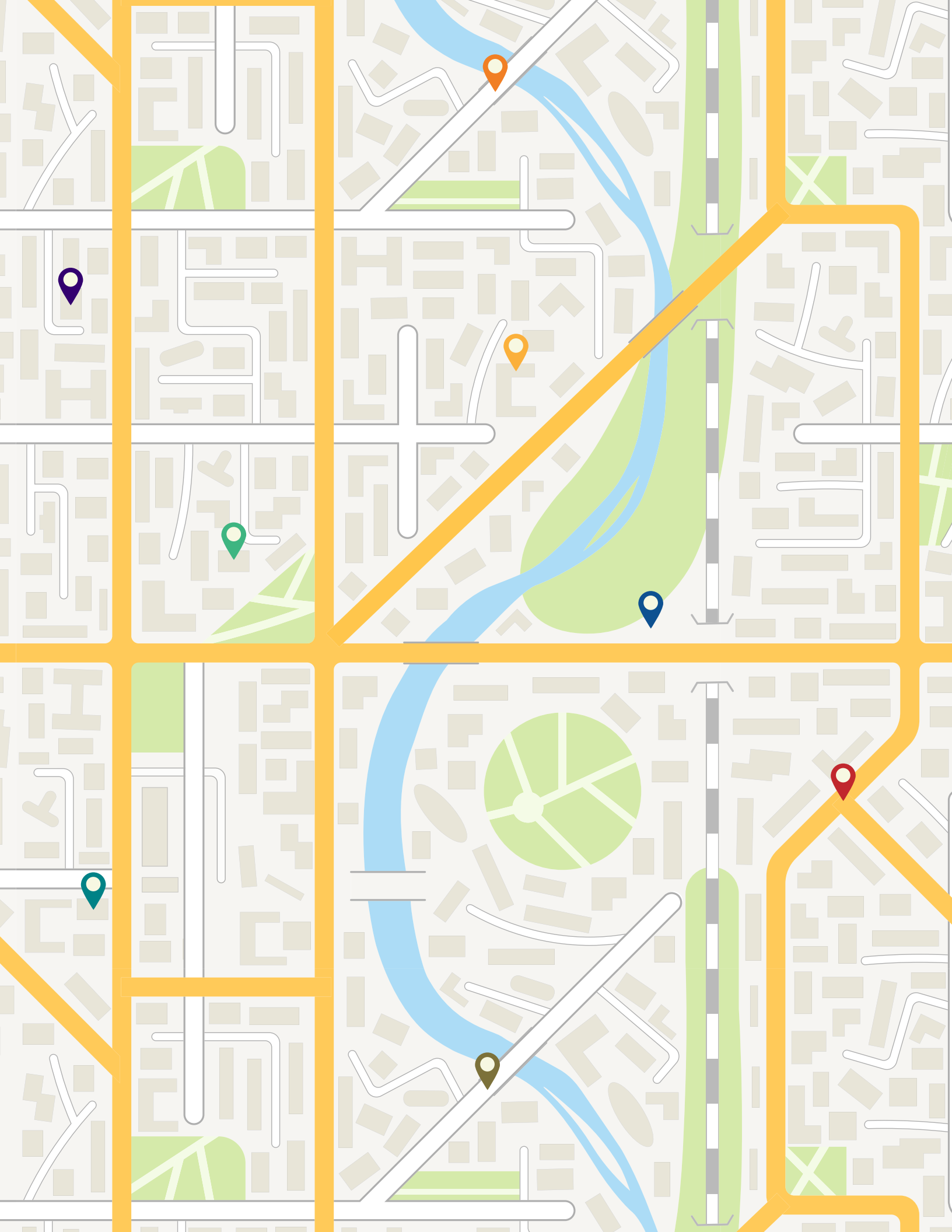
58%

of all commercial units sold were between 1,000 and 5,000 square feet.

Source: Toronto Real Estate Board

According to sales data entered through TREB's MLS® System, the most popular size range of units sold amongst the three commercial sectors was between 1,000-5,000 square feet. This represented 58 per cent of total commercial sales. In the aforementioned 1,000-5,000 square feet size range, the average size of these sold industrial units was 2,338 square feet, with an average price per square foot of \$218. Sold commercial/retail units were an average size of 2,300 square feet with an average price per square foot at \$437. The average size of a sold office space in this range was 2,037 square feet at an average price of \$389.50 per square foot.

Despite the slowdown in sales, the increases in price per square foot demonstrate that GTA commercial real estate is continuing to be an attractive option for investors and owners/users alike. For 2018, the continued success of commercial real estate in the GTA will not only depend on firms' expectations for increased sales and production, but also on government policy at the municipal, provincial, federal and even international (trade-related, etc.) levels.





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