



Commercial & Investment Real Estate Report

Government Interventions Impact Real Estate Values.

I live just north of Kensington Market and spend most of my days in central Toronto. It seems to me that over the past decade there is a visible increase in the amount of people on the streets.

Most of the new population in Toronto reside in recently constructed condo developments. A decade ago there were just over 165,000 units in the GTA in 1,000 condo buildings. Today there are over 328,000 condo apartment in 1,800 buildings, almost a 100% increase. In the Toronto city centre, several areas have seen their populations double or more from 2011 to 2016. One standout is the area along Queen St. W. between Shaw St. and Dovercourt, which has seen its population shoot up 109.2% over the five-year period. Liberty Village has also seen tremendous growth, with a population increase of 174.9% over the past five years.

The amount of people working in central Toronto has also increased. Downtown currently has 5.3 million square feet of office space under construction and office vacancy rates have dropped over the past decade from over 7% to under 3.3%, their

lowest ever.

All these new people on our streets have a profound effect on congestion and affordability. Both our municipal and provincial governments have taken steps over the past year to combat these problems but their interventions create mixed results for property owners.

Toronto city council implemented the Bloor St. bike lanes and King St. vehicular traffic management restrictions as a means to combat congestion and offer alternatives to car transportation. I've spoken to a number of retailers and property owners on both streets who feel that sales have been adversely affected by these two traffic management programs. The City of Toronto argues that information they receive from credit card billing agencies show that the dollar volume along both strips remain about the same and the advantages to mobility outweigh business concerns.

What the use of 'Big Data' doesn't show is that the consequences of traffic management measures have an uneven effect on businesses and property owners. A fine-dining restaurant dependent on clientele driving from further distances will feel the effects more than a take-out fast food establishment that depends on local custom-

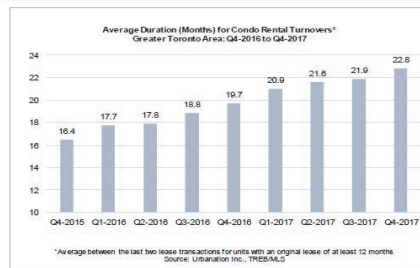
ers. Traffic management policy can have long-term implications to tenant mix and rental rates.

New provincial residential rent controls and guidelines now further limit Landlords ability to terminate a tenancy or escalate rents and add additional restrictions and cost to obtaining vacant possession of a unit which could affect property value. Toronto City council is considering a policy that would ban short-term rentals such as Airbnb for properties that aren't the landlord's primary dwelling including separate units within the building. This not only acts as a disincentive for landlords to build new units or rent out under-utilized space, but reduces affordability for property owners by taking away an important revenue stream. Tenant affordability will also be affected as less units will be coming on the market reducing supply and further raising rental rates. Tenants are also choosing to stay in apartments longer as they can no longer afford to move if their life circumstance change.

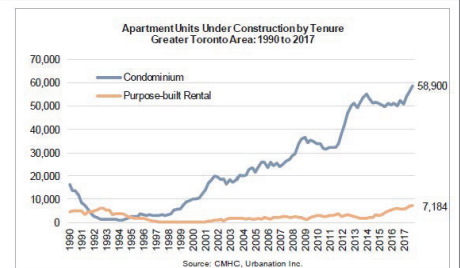
Government interventions are intended to combat social inequities and improve quality of life but sometimes they can have unintended adverse effects making the situation worse.



Apartment rental rates have risen over 9% in the past year.



Residential tenants are staying longer in apartments.



Although apartment supply is increasing it is not expected to meet demand.

Don Mulholland's Recent Real Estate Activity:



40 Laird Dr.

Sold Price: \$2,400,000

- Located in an emerging retail node in Leaside
- Main floor 2,829 sf w/ 15' ceilings
- Stable 2nd flr Office Tenant.



582 Richmond St. W

Sold Price: \$805,000

- 1,700 sf Bldg with rear patio and 2 car pkg
- Restaurant quip. included
- Assumable LLBO license



18 Gloucester Lane

Asking Price: \$35.00 Gross

- Stunning 1,689 sf 2nd flr
- True Loft Space w/ 10' ceilings, sep. WC & kit
- All units and common areas completely reno'd



300-1485 Dupont St.

Leased Rate: \$18.50 Gross

- 4,039 sf w/ 16' ceiling and windows on 3 sides
- Rented as photo studios
- Large kitchette and 2 en-suite washroom



988 Queen St W

Leased Rate: \$68.50 Gross

- 850 sq. ft. w/ 11' ceilings
- Full basement
- Historical building w/ original leaded windows & restored tin ceiling

Thinking of Selling or need Leasing Assistance...?

Please give me a call or drop me a line to arrange a free, no-obligation, evaluation of your property.

To Owners of Commercial and Investment Properties:

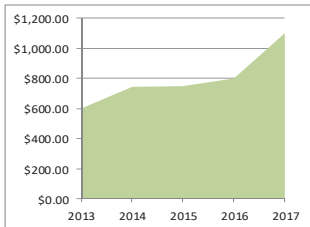
I invite you to take part in a Survey designed for property owners. This survey seeks to determine how owners evaluate governmental interventions such as traffic management plans, new residential rental rules and other municipal and provincial policies that effect property owners. The survey can be accessed at: www.DonMulholland.com/Survey

Results will be available on my website and shared in my next newsletter.

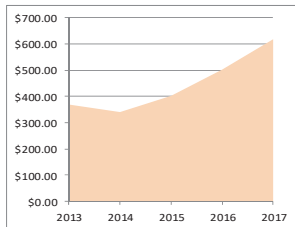
Don Mulholland is a proud member of the following organizations:



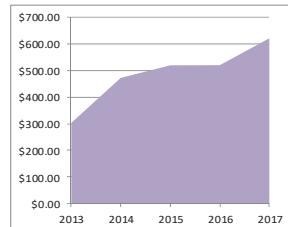
Queen St. W. (Spadina to Dufferin)



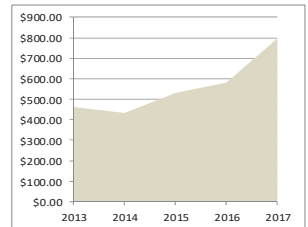
Dundas St. W. (Spadina to Dufferin)



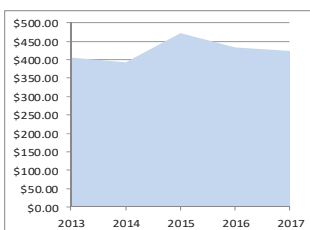
College St. (Spadina to Lansdowne)



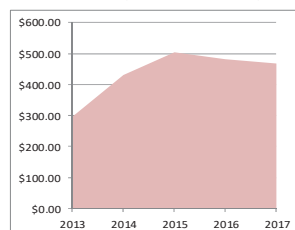
Roncesvalles Ave.



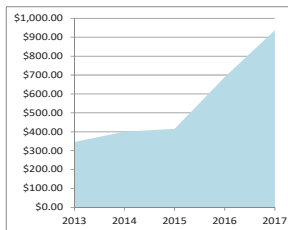
Queen St. W. (West of Dufferin)



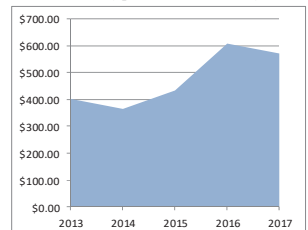
Dundas St. W. (Dufferin to Bloor W.)



Spadina Ave.



Bloor St. W. (Spadina to Dundas W.)



The graphs above show the average sale price per sq. ft. of existing building above grade as reported on MLS® and are used to illustrate year over year change. Sales prices vary by block. Many factors affect property values such as location, size, configuration, use, taxes, operating expenses, condition of the property and development potential. Please call me for a free, no-obligation, evaluation of your property.