

# onthemarket

The low-rise new home market continues to gain strength across the GTA heading into the summer months. New growth communities offering affordable homes near major transit hubs are selling out very quickly.

For example, the growth around the South Barrie GO Train has been rapid with developers such as Pace, Pratt, Opus, Great Gulf and Tribute selling many homes. Approval times continue to be a major determinant to available inventory. Over the last several months pent-up demand has been evident with home prices rising and inventory supply is severely limited.

Some municipalities have struggled with the rapid development and issues with regards to infrastructure may be present to maintain the pace of growth. The mid-rise/high-rise condo market may be the solution to the missing middle in many new communities, particularly in commuter friendly areas.



## Richmond Hill Uplands of Swan Lake Caliber Homes

Prices range from \$999,990 to \$1,489,990 for 1,960 sq. ft. to 2,830 sq. ft.  
Townhomes  
[www.swanlaketowns.ca](http://www.swanlaketowns.ca)



## Woodbridge Archetto Towns Marlin Spring

Prices range from \$1,074,990 to \$1,324,990 for 1,781 sq. ft. to 2,571 sq. ft.  
Townhomes  
<https://marlinspring.com>



## Guelph Royal Valley at Victoria Park Phase 2 Mikmada Homes

Prices range from \$739,900 to \$1,169,900 for 1,400 sq. ft. to 3,300 sq. ft.  
Townhomes plus detached homes  
[www.mymaplepark.com](http://www.mymaplepark.com)



## Aurora Royal Hill Lindvest and Dormer Homes

Prices range from \$2,185,000 to \$3,075,000 for 3,124 sq. ft. to 5,073 sq. ft.  
Detached homes on 40', 50', 60' and 90' lots  
<https://royalhill.com>



## Kleinburg Urban Green Kleinburg Pine Valley Estates

Prices range from \$999,900 to \$1,254,900 for 1,813 sq. ft. to 2,804 sq. ft.  
Townhomes  
<https://urbangreentowns.com>

## Build homes more quickly and prices will go down



RICHARD LYALL  
RESCON

If the present trend continues, owning a home may soon become a luxury that only the very wealthy and affluent can afford.

The average price of a home in Canada is expected to hit \$620,000 this year — 9.1 per cent higher than 2020. In Toronto, the average price of a two-bedroom home is \$1.1 million, up 21 per cent from a year ago. StatsCan reports that new home prices in February rose at their fastest pace in more than three decades.

A combination of tight supply and lumber shortages has contributed to the problem. The cost of lumber has more than doubled from a year ago, due to shutdowns of sawmills because of the pandemic. Lumber prices could go even higher as demand for the product is not expected to abate anytime soon.

But there are other reasons for the higher prices. Barriers to building more housing are also adding to the cost. There is a labyrinth of approvals that must be navigated before shovels go in the ground. This costs money, which is passed on to the consumers by way of higher prices for housing.

A report by the C.D. Howe Institute found that restric-

tions and extra costs on building new housing — such as zoning regulations, delays on permit approvals, development charges, and limits on greenfield housing development — are dramatically increasing the price of housing developments.

According to the report, the barriers add \$168,000 to the average cost of \$751,000 for a single-detached home in Toronto, or 22 per cent of the cost.

The report identified the high rate of subjecting single-detached building-permit applicants to a zoning review as one of the main reasons for the increases in price for those dwellings in Toronto.

Cutting the zoning review rate to the provincial average would reduce single-detached home prices by \$27,000. The total benefit of reducing development and zoning costs by half would be an over \$80,000 reduction in single-detached dwelling prices in York Region and nearly \$75,000 in Toronto.

Sadly, we are well behind other countries when it comes to dealing with construction permits. The World Bank ranks Canada 64th in the world, behind Thailand, Estonia, Singapore, Lithuania, Kazakhstan and Mongolia.

Carleton MP Pierre Poilievre recently highlighted the plight of The WoodSource in Ottawa in one of his podcasts. It took

the company three years to get a permit and cost \$600,000 in fees to build a \$1-million warehouse. Fifty years earlier, the company built a warehouse and only had to wait four days for a permit.

There are very good economic reasons to reduce the extra costs and ensure that houses are built quicker. Economist David Rosenberg noted in a recent article that the local economy is on life support, with only ongoing government stimulus and the red-hot housing market as sources of any vitality.

Total residential construction has surged 22.5 per cent in the past year and that has taken the housing share of GDP to a record high of 9.3 per cent — double the historical norm.

He noted that if the real estate gravy train ends, the negative multiplier effects will reverberate across the entire economy.

We are under-producing to the tune of 12,000 housing units a year here in Ontario. Modernizing the approvals process and implementing a standardized e-permitting system would help, but we clearly need to do everything in our power to ensure that housing construction is not impeded — and that extra costs are reduced.

A first step would be to simplify and update zoning bylaws and reduce development charges.

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## Mortgage-seekers lose out by not shopping around

### MARTIN SLOFSTRA

Results from a Homewise survey of 750 mortgage-seekers across Canada between the ages of 25 to 44 (many of whom are first-time home buyers) confirm that half of Canadians do not shop around for their mortgages.

According to the poll, 37.9 per cent of potential home buyers would go to their current bank; 13.1 per cent answered “one of Canada’s big banks only”; and, 49.1 per cent said “somewhere else.”

According to Jesse Abrams, CEO and co-founder of Toronto-based Homewise, “We were surprised by how many Canadians would only

go to one bank for a mortgage. This is an outdated and inefficient way to finance one of the biggest commitments of a home-buyer’s life. By not shopping around, home-buyers can lose money on rates, but that’s only part of the story.”

Abrams says mortgage-providers offer different features such as penalties if a mortgage is broken before the term is complete, which can be thousands of dollars more depending on the lender. “This is especially important for first-time buyers, who may not be aware of the intricacies of the market.”

Turning to a familiar bank may seem like the easiest

solution but there is a lack of transparency in many of the available options — especially if a buyer considers only one lender, he says.

Among the numerous considerations when shopping for a mortgage are the different types of interest rates available (fixed, variable or a hybrid of the two); key features such as payment frequency; pre-payment options; and, whether the mortgage is open, closed, portable, assumable, and/or has low penalties if you have to break it early.

“It’s about due diligence,” Abrams said. “We’re talking an outlay of hundreds of thousands of dollars, so why go for only one option? Too many borrowers, especially first-time home buyers, don’t realize they have other options besides banks, and they are far too often leaving thousands of dollars on the table.”