

ECONOMIC UPDATE



These are interesting times. We have a new provincial Premier who will hopefully be contributing to the economy in a positive fashion. Unraveling the mess that Kathleen Wynne wrought on the real estate economy should be job #1. Corporate tax reductions should be #2. Economic growth for Canada currently sits at less than 1.7% over the last quarter. This supposedly represents almost full employment and full capacity of the economy. It's pathetic and anemic. Our Bank of Canada

(BoC) chair believes that rates need to rise to cool inflation. I just don't see how rates can rise any more.

Government debt is at an all-time high. A rate increase will cause inflation due to the higher costs of debt payments as it forces government to borrow more money. It sure doesn't feel like good times when growth is sub 2%. I remember when robust growth and full employment represented 4-6% growth. I think the BoC needs to stay the course and I believe they will as they realize our economy is far more unstable than they believe. Despite this, obviously we are in positive growth mode.

So now it seems like people are waiting for a recession to arrive. It feels to me like we just left a recession recently. I suspect that we won't see a recession for a while as there is a lot of uncertainty globally. No doubt real estate prices everywhere are much higher. This is not just a Toronto or Vancouver issue. Many dozens of cities in the world have the same issues causing concern for their residents. The world-wide issue for housing is low supply. The

supply of housing needs to be affordable and it can't and won't be. I think high prices are a long term, permanent problem. Nimbyism exists in all places, in many places far worse than Toronto. Governments and citizens need to take action to push for more housing and more density.

Asked to make a prediction I think that Toronto will not see big increases in prices this year. I think that buyers need to absorb what has happened and that will take months. We need a government that will stop punishing investors in real estate. I believe we have that now. Having said this, I do believe that 2019 will see rising prices of more than 5%. I believe that The Office of the Superintendent of Financial Institutions will be forced to drop the 2% stress test and other new measures will arrive to help in the creation of new homes in Toronto. I believe most of the Fair Housing Act will be undone. This is all good news.

WHAT'S NEW IN TORONTO

The city and province have done their best to destroy the Toronto development business. Fortunately, it has a tailwind and as a result much is still going to happen, despite their terrible manipulations.

Soon a terrific project at 620 King Street West "King Portland Centre" will be complete. This is Shopify's new headquarters, plus an urban-styled outdoor retail mall with 160 condos. Also, coming soon to King Street West between Spadina and Bathurst is the new unnamed development by Westbank Corp. and Allied Properties. It stretches for several hundred feet along King West and encompasses plenty of historic-type buildings. This development is huge and will feature over 500 condos plus over 360,000 square feet of terrific retail and office space designed by starchitect Bjarke Ingels (B.I.G.). Also under construction now is "The Well" at Spadina, Wellington West, and Front Street West. 3.8 million square feet of office, retail, and housing will be completed here. The scope is enormous on 7.6 acres. This

will reinforce King West as a bustling hub in downtown. Three more large office and retail developments are in development off King St West between Spadina and Bathurst. All of these will add several thousand jobs to the area.

No less than 130 condo projects are under construction in the central core. Some 48,000 units. Two of them are by Lamb Development Corp, The Harlowe and East 55 (500 units). 10 hotels are being built or in planning for central Toronto. They are: Nobu, Primus Hotel at King Blue by Greenland, Manga Hotel at 203 Jarvis Street, Chelsea Green by Eaton Hotel, Canopy Hotel by Hilton at Rosedale on Bloor, Ace Hotel at 51 Camden Street and four unnamed hotels at 217 Adelaide West, 88 Queen, 475 Yonge Street and Pinnacle One Yonge. Elsewhere downtown there are over 40 office buildings with around 19 million square feet of office space currently being built or planned. Most of these are spectacular buildings with big name architects attached. All told close to 100,000 people will be employed in all of these buildings. Finally, around 100 projects

with over 37,000 units are currently in pre-construction in Toronto. Lamb Development Corp. has an additional four projects, or 1000 units, in pre-construction. These are The Woodsworth, The Bread Company, Bauhaus and Wellington House. Other great pre-construction buildings are Playground Condos, Zen King West Condos, UOVO Boutique Residences, One Forest Hill, 135 Portland Street, Mirvish + Gehry, Sugar Wharf, 88 Scott, and Lakeside Residences.

All of this new development will greatly enhance Toronto as a city and cement it as one of the world's most vibrant. We have a great five-year future ahead of us. All of this will make Toronto a very desirable place to live and housing more expensive. The question we need to consider is what are we going to do in the city to allow for more housing to ease the future price pressure.

If we don't reverse the government madness and fight NIMBYism we will just be another Manhattan.

ARE YOU A **BRAD J. LAMB REALTY VIP** CLIENT?

You will have early and preferential pricing to all our new projects:



SoBa, otherwise known as South on Bank, is Ottawa's hottest new neighbourhood and the name of the landmark residence that's setting an exciting new standard in this rapidly developing area. SoBa is taking city living to the next level with exceptional design, beautiful views, and affordable luxury in an unbeatable central location.

www.sobaottawa.com



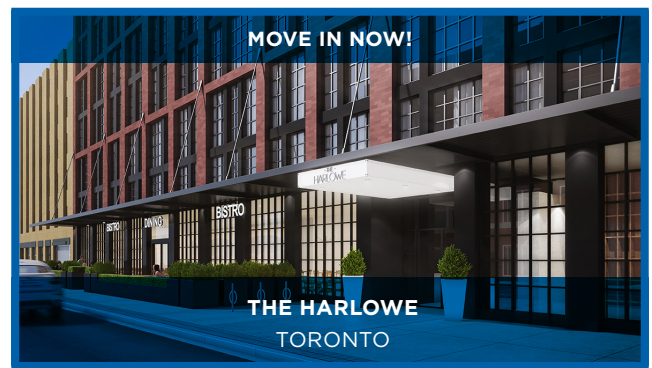
The Woodsworth will be rising just West of Spadina Avenue on Richmond Street West. This tall thin tower of 17 storeys represents the best of modern architecture and design. Set to rise in a central location that's hard to beat.

www.thewoodsworth.com



Television City is a \$360 million dollar project that will house approximately 618 units in total once complete. Occupying 44,000 sq.ft. of land, the development will consist of two separate high-rise towers connected by a skywalk. Located at 163 Jackson St. West, the proposed development calls for a 40 storey and 30 storey tower. The historic mansion currently on-site is a heritage building built in 1850 that will be repurposed and preserved as part of Television City. Owners and residents will be able to enjoy hotel-like amenities featuring an outdoor infinity pool, fitness center and skyclub.

www.televisioncity.ca



The Harlowe represents something truly rare in housing today; timeless beauty with a sense of crafted quality. It's obvious that The Harlowe has a true understanding of history because she reflects it in her style. While she is heavily influenced by a time gone by, she is thoroughly modern. Coming home to The Harlowe means walking past the elegant terrace bistro shaded by her massive suspended awning. Each apartment has been lovingly designed with you in mind, all of your concerns are taken care of.

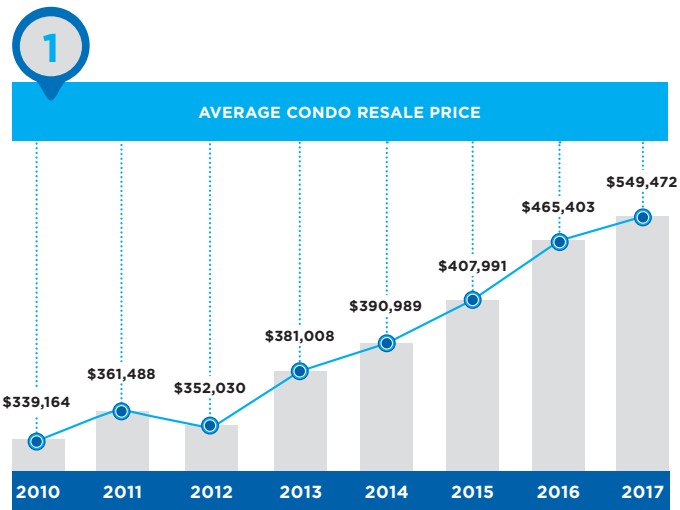
www.theharlowe.com



East Fifty Five represents the best of Toronto's dynamic resurgence as a world class city. Located in the heart of Toronto's Lower East Side, East Fifty Five adheres to Lamb Development Corporation's strict policy of beauty and excellence in architecture and design. East Fifty Five stands for simple clean lines and the "less is more" type of ideology with modern architecture. Simple, strong, clean and beautiful.

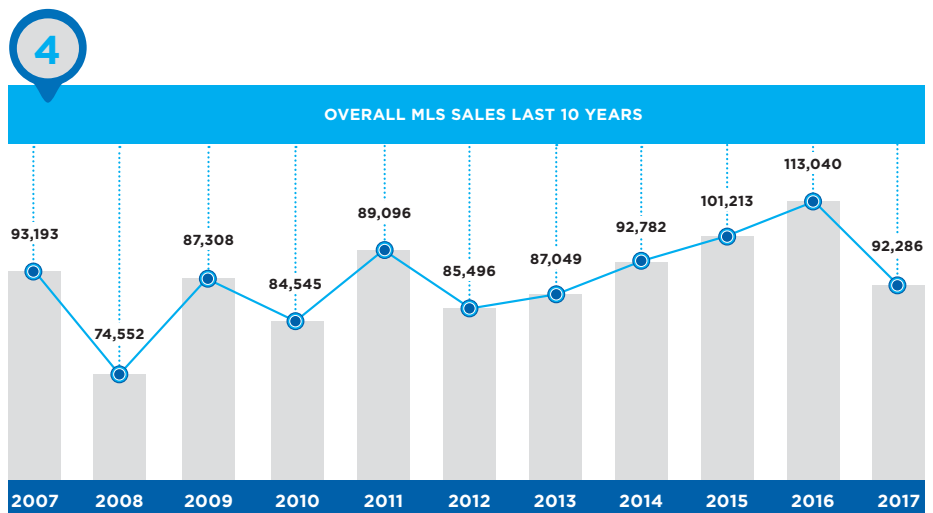
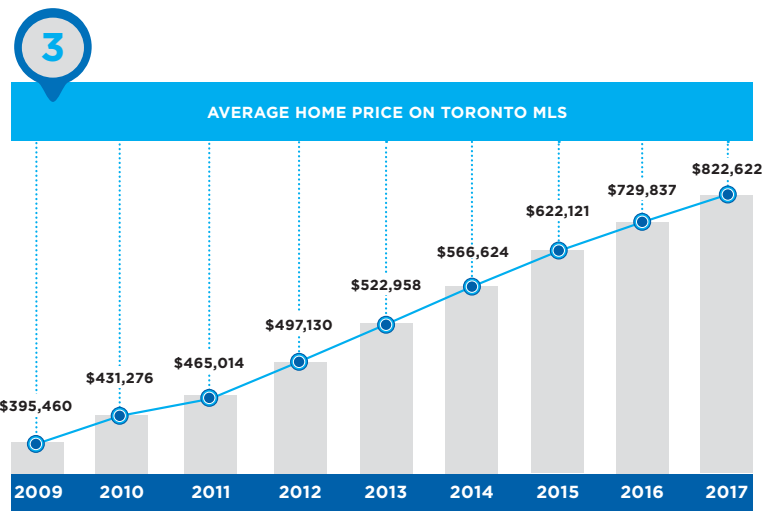
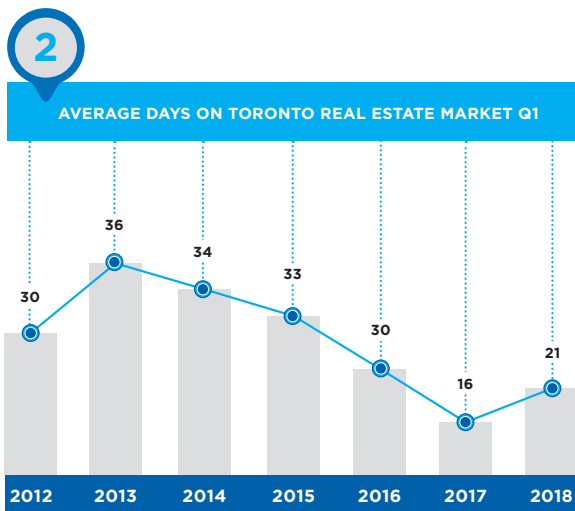
www.east55condos.com

Contact your **Brad J. Lamb realtor** for more information 416.368.5262



STATS

YOU SHOULD BE AWARE OF



HOW VARIOUS LEVELS OF GOVERNMENT ARE RUINING OUR REAL ESTATE MARKET

“Government has systematically attacked the Toronto real estate economy. Although I am not sure what the end game is, I am sure that it happened and I am sure the effects will be devastating.”

PROVINCE: The creation of new rent controls that greatly deteriorate landlord rights. This act just disincentivizes developers from building rentals. On the surface, rent controls make sense. Rents are prohibited from rising too much thereby providing reasonable rent.

REALITY: The price controls discourage new units from being built. Ultimately cost increases start to cut into any rent increases thereby making investment in this type of housing a diminishing return. It has been clearly shown that price controls and rent controls don't work anywhere. The results will create a rental stock in bad shape due to investor reluctance to maintain properties and all shortage of accommodation due to investors avoiding the sector due to poor returns and higher risks. All of this leads to higher rents.

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PROVINCE: The creation of a 15% foreign investors tax on housing. Foreign investors mostly buy new condos from floorplans. Investors are the likely buyers of condos to be built five to six years in the future. It is my observation that 95% of new condos sold before construction are sold to investors. A new project typically sells 70% of its product prior to construction. It is here that 95% of the transactions are to investors. End users simply have shown that they won't buy at this point. They are more likely to buy when the project is complete and move-in ready. If foreign investors represent 5% of transactions in a new building, then they represent 7% of the 70% sold prior to construction. This is a necessary part of the program to presell a building.

These foreign investors are not taking houses out of the system, rather they are enabling their construction and creation. Later these units ultimately end up as a home for a live-in buyer (who will not wait 6 years to move in).

REALITY: Eliminating this resource will slow down sales absorption which will slow down starts. Slower sales = longer waits for a completed building and higher prices for all consumers.

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TORONTO MUNICIPAL GOVERNMENT:

The creation of several new “Historic Control Districts.” This bylaw has created historic districts that newly name formerly non-historic buildings to historic status. This of course after the city has had 50 years to exhaustively name buildings historic or listed. The result has neutered large areas of the core from ever being developed. The buildings clearly are not historic. The city believes that the era of when the buildings were created is significant, important, and historic. The building serves as a reminder of that era. This of course is poppycock. The bylaw is just an attempt to slow down or stop density in the core. By creating huge swaths of downtown into historic districts it has made it far too difficult to develop these sites economically. Thereby in a stroke of a pen shutting down development.

REALITY: A massive cut back in density and development will cause acute housing and office shortages, creating spiralling rent and prices.

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PROVINCE: The elimination of the Ontario Municipal Board (OMB) and the creation of the Local Planning Appeal Tribunal (LPAT). The OMB represented a court that would hear property disputes and render a binding decision. The only thing keeping the city and councillors from pandering to the public was the OMB. Without a place to have these disputes heard the NIMBY's win the day. No OMB, much less development, much less density. You will notice a huge development slowdown in two to three years as the pipeline of projects falls off to nothing.

REALITY: The LPAT that replaced the OMB does not have the authority to rule in the manner of the OMB. It will be ineffective and density will tumble along with new projects.

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TORONTO MUNICIPAL GOVERNMENT:

TO Core, the new 25-year blueprint for downtown growth is basically anti-growth. Its agenda will greatly reduce housing in the city. All condo buildings with 80+ units will have to provide 40% of the units as two and three bedroom units with square foot minimums for the bulk of them. Additionally condo projects will have to provide substantial office space within the building. The whole bylaw just makes it significantly harder and more expensive to develop. It's the final dagger in condo development.

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ALL GOVERNMENTS: The constant drive for massive government taxation. Development levies, Section 37 levies, education levies, park levies, street

occupancy permits, hoarding and advertising permits, water discharge levies, HST, Land Transfer Tax, permit fees, and more. The government constantly grabbing revenue is an endless list. 25% of a condo's cost in Toronto is municipal, provincial, and federal government tax (\$125,000 in a \$500,000 home).

REALITY: Any more taxes and development is not sustainable.

TORONTO MUNICIPAL GOVERNMENT:

The creation of a Tall Building Guidelines – basically a tall building now needs to be 40 feet from its side and rear lots. So a 100 by 100 foot lot downtown would be able to have just a 20 foot wide high rise. This is just preposterous and more antidevelopment flimflammy.

REALITY: Very few high density high rises can now qualify downtown with the anti-housing guideline.

TORONTO MUNICIPAL GOVERNMENT:

Red Tape - City red tape at every level in a development's arc have added two years at a minimum to every application. This has accentuated project cancellations and spiralling costs.

What to do? You all have a vote. Get educated and make noise. This has to stop and bad ideas need to be reversed. Talk to your local councilor and Member of Provincial Parliament and voice your concern.

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OUR **INCREDIBLY** INFORMATIVE BLOG



SOME AMAZING LISTINGS FOR YOU TO BUY



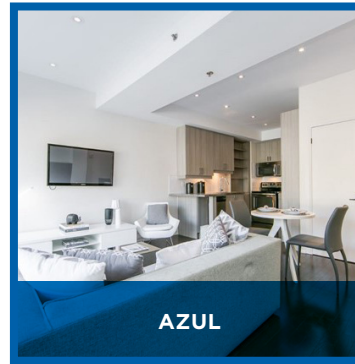
THE HARLOWE

\$1,365,400

608 Richmond St. W
Unit 602

The Harlowe by Lamb Development Corp. beautiful soaring 9Ft ceilings 2 Bd with spacious balcony.

Approx. 1,139 Sq. Ft. Loft



AZUL

\$879,000

284 Brock Ave.
Townhouse 26

Rare modern townhouse in heart of artsy dundas west. 3 levels with large private rooftop terrace.

Over 1200 Sq. Ft.



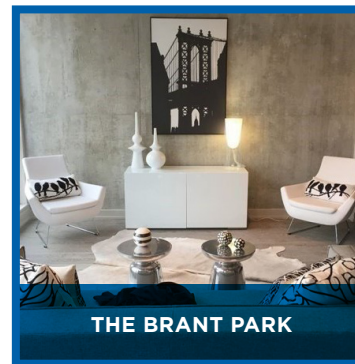
JADE WATERFRONT
CONDOS

\$879,900

2175 Lakeshore Blvd. W
Unit 3605

Gorgeous, sun filled 2Br + Den lower PH with beautiful view of lake and downtown skyline.

1142 Sq. Ft. plus 217 Sq. Ft. Balcony



THE BRANT PARK

\$1,375,900

39 Brant St.
PH 1008

Brand new, never lived in spacious 2 Bd+2.5 bath penthouse suite with large north-facing terrace in The Brant Park!

Approx. 1361 Sq. Ft.



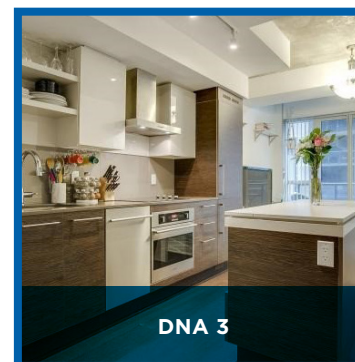
IRON WORK LOFTS

\$899,999

99 Chandos Ave.
Unit 206

"Iron Work Lofts" 15 unit authentic industrial loft building. A rare and unique true hidden gem.

Approx. 1542 Sq. Ft.



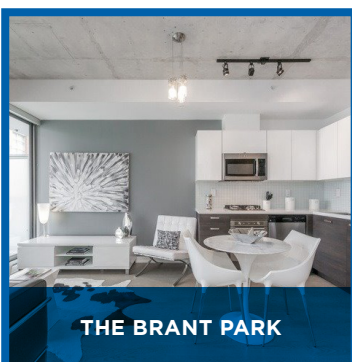
DNA 3

\$599,900

1030 King St. W
Unit 523

Dna 3! Trendy 2-Storey 1Bd+Den loft in the heart of the Fashion District.

680 Sq. Ft.

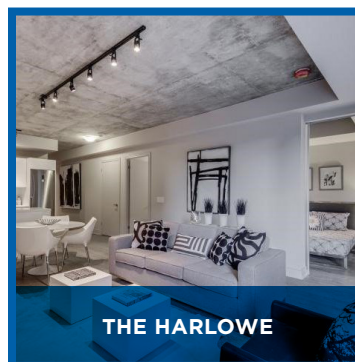


THE BRANT PARK

\$589,900

39 Brant St.
Unit 507

Live on the park at Brant Park! Tucked away one block from bustling King West. This well laid out 1Bd+Den is an escape to calm and comfort.



THE HARLOWE

\$1,061,400

608 Richmond St. W
Unit 616

The Harlowe by Lamb Development Corp. 1Bd+Den with balcony.

Approx. 866 Sq. Ft.

THEN AND NOW: GETTING RICH THROUGH REAL ESTATE



THEATRE PARK

COMPLETED IN 2015

224 KING STREET WEST | 2901

Purchase Price: \$359,900

Selling Price: \$670,000

Purchase Date: April 2015

Selling Date: June 2018



— THE — HARLOWE

COMPLETED IN 2018

618 RICHMOND STREET WEST | 414

Purchase Price: \$255,900

Selling Price: \$549,900

Purchase Date: November 2014

Selling Date: July 2018

PROFIT: \$310,100

**RETURN ON
INVESTMENT CAPITAL:** 574.2%

**ANNUAL RETURN ON
INVESTMENT CAPITAL:** 92.4%

PROFIT: \$294,000

**RETURN ON
INVESTMENT CAPITAL:** 765.9%

**ANNUAL RETURN ON
INVESTMENT CAPITAL:** 74.4%

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**REAL ESTATE
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- How to build and grow a portfolio of income properties for your long term enrichment
- Property management made easy
- The clear benefits of rental condominiums as investments
- The clear real estate path to becoming a condominium multimillionaire
- And much *much* more...

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