



Barzo Subdivision

Residential Market Justification Study

August 8, 2022

Parcel

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Executive Summary

Parcel Economics Inc. ("Parcel") has been retained by Far Sight Investments Limited ("Far Sight") to undertake a *Residential Market Justification Study* for lands municipally known as 6373 County Road 13, located in the Hamlet of Everett in the Township of Adjala-Tosorontio. The purpose of this *Residential Market Justification Study* is to determine if valid market demand exists for the scale of residential development that is being proposed within the Barzo Subdivision.

Overall, it is our opinion that valid demand does exist to support the density being proposed within the Barzo Subdivision for the following reasons:

1. Simcoe County has been and will continue to be a destination for population growth within the Greater Golden Horseshoe.

- Forecasts in Schedule 3 of the Growth Plan anticipate that population growth in Simcoe County will accelerate in comparison to past trends. Stronger population growth and an aging demographic will result in greater demand for housing in Simcoe County municipalities, including Adjala-Tosorontio.
- In the 30-year period between 1991 and 2021, the population in Simcoe County grew at an average annual pace of approximately 5,130 persons per year. To meet the 2051 population forecast included in Schedule 3 of the Growth Plan, average annual population growth in Simcoe County is expected to increase to approximately 6,500 persons per year between 2021-2051, almost 30% higher than historical trends.
- Over the past decade, all regional municipalities in the outer ring of the Greater Golden Horseshoe ("GGH") have seen intra-provincial migration increase. This trend started prior to the COVID pandemic. Accelerated migration to outer ring municipalities has been led by Millennials and Gen Z, as they move into their prime household formation years.

2. Adjala-Tosorontio has locational characteristics that are supportive of future demand for housing.

- Adjala-Tosorontio, and Everett specifically, benefit from employment opportunities in York Region, Peel Region and Toronto, as well as the Honda Plant in Alliston and CFB Borden. These

economic and employment opportunities will result in greater demand for housing in the Township in comparison to historical trends.

- Household growth forecasts prepared by Parcel indicate that Adjala-Tosorontio could add 3,470 new households in the 30-year period between 2021 and 2051, equivalent to 115 new households per year. The detailed land supply analysis completed by Parcel indicates that there is not a sufficient supply of units to accommodate this forecast demand, even when considering the 1,238 units proposed within the Barzo Subdivision. The significant shortfall of housing anticipated by 2051 indicates that the 1,238 units proposed within the will be absorbed well before 2051.
- The success of the Colgan Crossing community, which sold over 600 units within six months, validates our housing demand forecasts and demonstrates significant pent-up demand exists for housing in the Adjala-Tosorontio.

3. Demand for housing in Adjala-Tosorontio could be even greater than forecast.

- The household growth forecasts in this Residential Market Justification Study do not take into consideration the impact that the COVID-19 pandemic has had on the geospatial distribution of employment. A larger share of employers have adopted more flexible work arrangements, which allow employees to work from home. The trend towards working from home will result in greater demand for housing in municipalities such as Adjala-Tosorontio, which are on the edge of the GTA commuter shed.
- There also potential for housing demand in Adjala-Tosorontio to be even greater than anticipated due to spill-over demand from other municipalities. If there are insufficient *Community Area* lands in New Tecumseth and neighbouring municipalities, it will result in spill-over demand in municipalities such as Adjala-Tosorontio if there is a sufficient supply of land available, including on the Barzo Subdivision.

Conclusion

The results of this *Residential Market Justification Study* clearly demonstrate that sufficient demand exists to support the additional density being proposed on the Barzo Subdivision. The additional units will also result in a more efficient use of land, while accommodating units on full municipal services within the Hamlet Area.

1.0

Introduction

Parcel Economics Inc. ("Parcel") has been retained by Far Sight Investments Limited ("Far Sight") to undertake a *Residential Market Justification Study* for lands municipally known as 6373 County Road 13, located in the Hamlet of Everett in the Township of Adjala-Tosorontio. These lands are hereafter referred to as the Barzo Subdivision, or the subject lands.

1.1 Background

The location of the Barzo Subdivision is shown in Figure 1.1. The Barzo Subdivision lands were included within the Hamlet Area boundary of Everett through Amendment No. 8 to the Official Plan of the Township of Adjala-Tosorontio. As shown in Figure 1.1, the Barzo Subdivision is also located directly north of the Far Sight (RM) Subdivision, which proposes a total of 657 single-detached units (through Amendment No. 10), including 12 part lots with the Barzo Subdivision.

Figure 1.1

Location of Barzo Subdivision



Source: Parcel based on Google Earth.

As it relates to the Barzo Subdivision, these lands are planned to accommodate a minimum of 1,952 persons, as allocated by the County of Simcoe in accordance with the *Growth Plan for the Greater Golden Horseshoe* (the “Growth Plan”) and the County Official Plan policies 3.5.10 and 3.5.11. Based on this population allocation, the Barzo Subdivision would achieve a density of 32 persons and jobs per hectare.

Far Sight has recently submitted planning applications to accommodate 3,481 persons and jobs, representing a density of 57 persons and jobs per hectare on the site. These persons and jobs would be accommodated in as many as 1,238 units within the Barzo Subdivision, which includes 823 single-detached units, 415 townhouse units and 12 part-lots with the Far Sight (RM) Subdivision that will be developed with single-detached units.

1.2 Purpose

The purpose of this *Residential Market Justification Study* is to assess if valid market demand exists for the scale of residential development that is being proposed within the Barzo Subdivision.

1.3 Approach

The following section describes the major work tasks undertaken by Parcel in carrying out this *Residential Market Justification Study*. The scope of work has been divided into the following categories:

- **Simcoe County Growth Trends:** To understand broader trends that are impacting market demand for housing in Simcoe County and other outer ring municipalities of the Greater Golden Horseshoe (“GGH”), we have reviewed migration trends and recent new home sales activity. The purpose of this analysis is to identify broader economic conditions that are influencing demand for housing in Simcoe County and how this may impact demand for housing in Adjala-Tosorontio and specifically within the Barzo Subdivision.
- **Adjala-Tosorontio Demographic and Market Profile:** To contribute towards an understanding of market demand for housing, we have prepared a comprehensive economic and demographic analysis of current trends in Adjala-Tosorontio. This has included a review of the demographic and household characteristics of the population in the Township, housing construction, employment trends and commuting trends.
- **Market Demand for Housing:** Based on these demographic and market trends, as well as employment forecasts contained in Schedule 3 of the Growth Plan, we have forecast population and employment growth in Adjala-Tosorontio. We then translate this population growth into market demand for housing in the Township to 2051.

- **Housing Supply:** We have determined the available supply of unbuilt units within the seven Hamlet Areas of Colgan, Everett, Glencairn, Hockley, Lisle, Loretto and Rosemont. This land supply considers all known applications for residential units within the Hamlet Area boundaries that are estimated to be available as of June 1, 2021, as well as vacant lands not under application but designated for residential uses.
- **Residual Demand for Housing:** We then compare forecast market-based demand for housing in the Township to the available supply of units to determine if valid demand exists to support the proposed units within the Barzo Subdivision.

1.4 Assumptions

There are several underlying and basic assumptions upon which the validity of the analysis and findings presented in this report depend. Based on our considerable experience as land economists, we recognize and appreciate the problems associated with making broad and generalized assumptions about future market conditions.

Undoubtedly, deviations from historic and current trends will take place in the future. However, core assumptions are required to determine the extent of such deviations. The official statistical sources utilized in our analysis (based largely on Statistics Canada, the Census of Canada, Canada Mortgage and Housing Corporation (CMHC) and Altus Data Solutions, which have been noted where utilized) are considered sufficiently accurate for the purposes of our analysis.

If for any reason major changes occur in the marketplace which would influence the basic assumptions stated above, the recommendations and/or conclusions in this report should be reviewed in light of circumstances and revised, if necessary.

2.0

Simcoe County Market Profile

Key Findings

Forecasts in Schedule 3 of the Growth Plan anticipate that population growth in Simcoe County will accelerate in comparison to past trends. Stronger population growth and an aging demographic will result in greater demand for housing in Simcoe County municipalities.

Adjala-Tosorontio, and Everett specifically, benefit from employment opportunities in York Region, Peel Region and Toronto, as well as the Honda Plant in Alliston and CFB Borden. These economic and employment opportunities will result in greater demand for housing in the Township.

Over the past decade, all regional municipalities in the outer ring of the GGH have seen net intra-provincial migration increase. This trend started prior to the COVID pandemic. The increased migration to outer ring municipalities has been led by Millennials and Gen Z as they move into their prime household formation years.

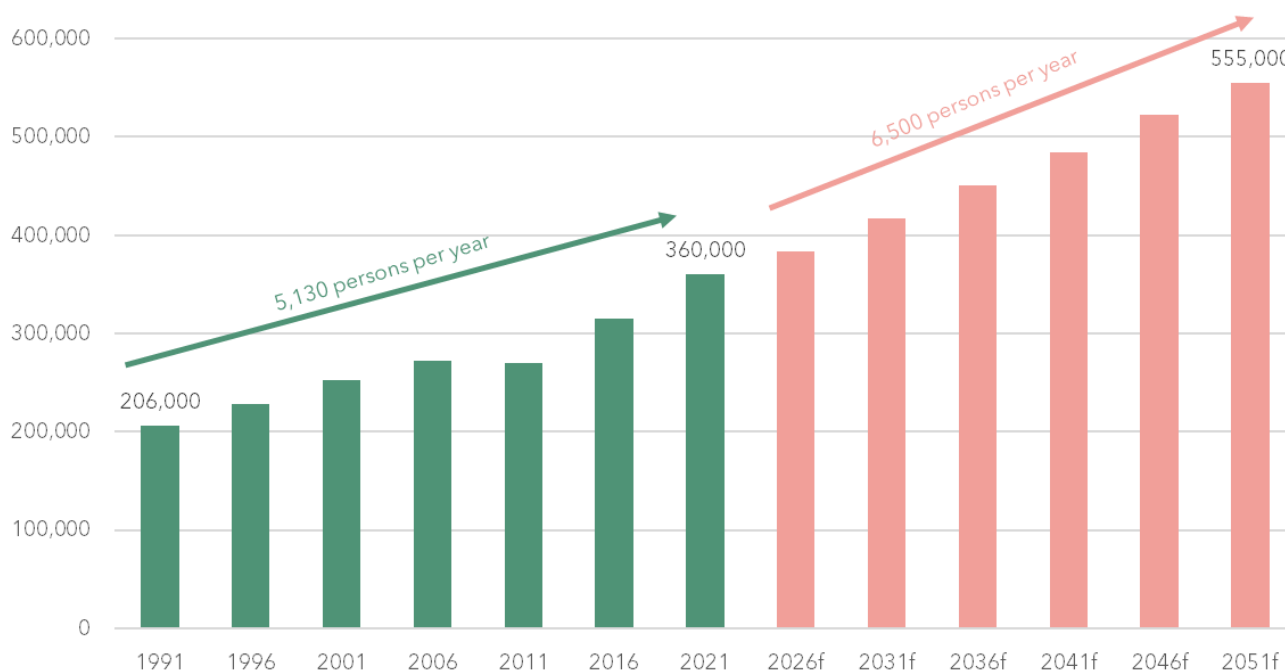
Stronger migration to Simcoe County is also evident in new home sales, which started to increase prior to the COVID pandemic. A prime example is Colgan Crossing in Adjala-Tosorontio, which sold over 600 units in the first six months.

2.1 Population Growth

Based on population growth forecasts included in Schedule 3 of *A Place to Grow: Growth Plan for the Greater Golden Horseshoe* (the “Growth Plan”), the Province anticipates that population growth in Simcoe County will accelerate between 2021 and 2051, in comparison to historical trends.¹ In the 30-year period between 1991 and 2021, the population in Simcoe County grew at an average annual pace of approximately 5,130 persons per year (Figure 2.1). To meet the 2051 population forecast included in Schedule 3 of the Growth Plan, average annual population growth in Simcoe County is expected to increase to approximately 6,500 persons per year between 2021-2051, almost 30% higher than historical trends. Therefore, in comparison to past trends, it is anticipated that housing demand in Simcoe County will increase. To accommodate this growth, it will be important that the County has an adequate supply of land available to avoid housing shortages, which will reduce affordability.

Figure 2.1

Simcoe County Population Growth, Historical and Forecast



Source: Parcel based on Hemson Consulting Ltd., *Greater Golden Horseshoe: Growth Forecasts to 2051*, August 26, 2020.

¹ To be consistent with population and employment forecasts in Schedule 3 of the Growth Plan, unless otherwise noted, all references to Simcoe County exclude the City of Barrie, City of Orillia, Mnjikaning First Nation 32, Christian Island 30 and Christian Island 30A.

With regard to population growth in Simcoe County, Hemson Consulting Ltd. ("Hemson") provide the following observation in *Greater Golden Horseshoe: Growth Forecasts to 2051*, August 26, 2020, where they state:

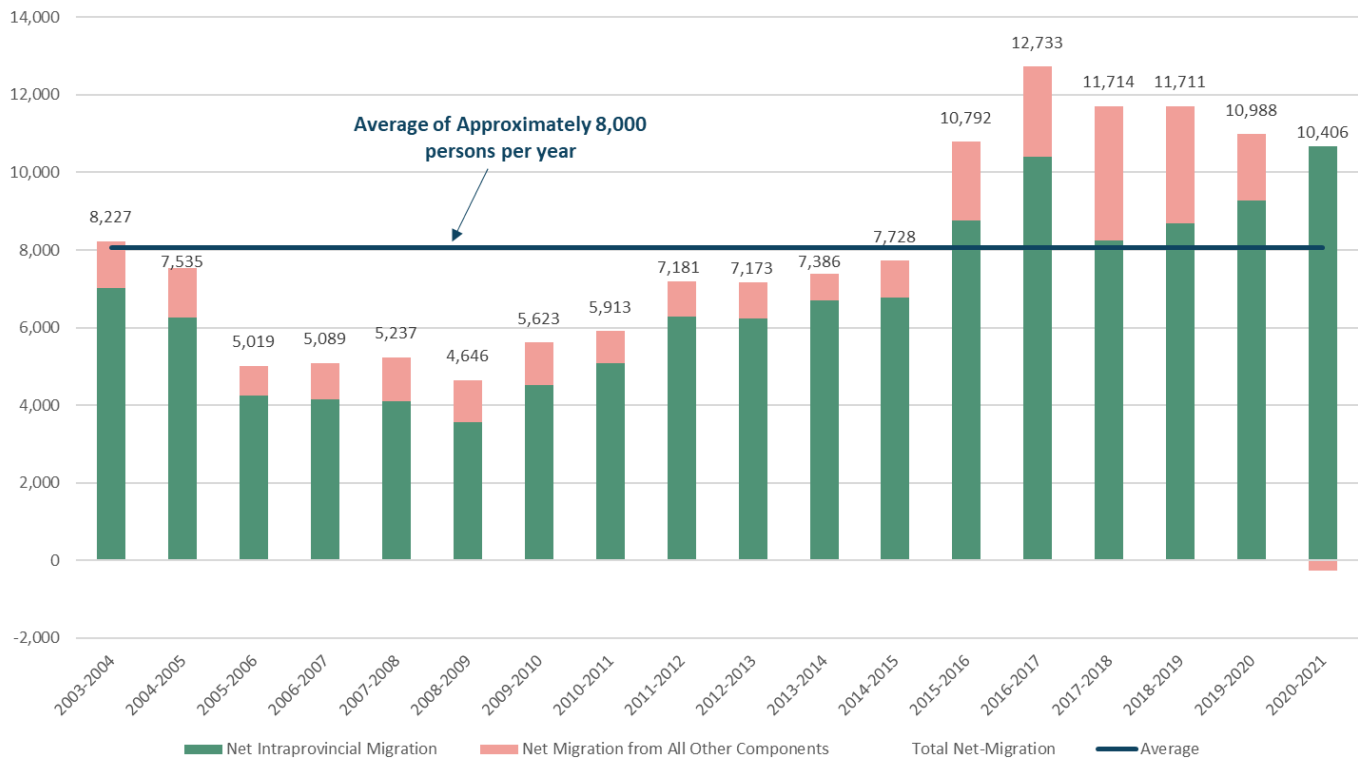
The County of Simcoe, in the Outer Ring, is located due north of the GTA, to which it is connected by Highway 400. The County's economy is diverse, and includes agricultural, industrial, and tourism-related employment. Urban areas in the south have experienced rapid growth in recent years due to in-migration from the GTA and the relative proximity to jobs in York Region and Toronto. Major employers in the south include a large automotive plant (Honda) and Canadian Forces Base Borden.

It is notable that Adjala-Tosorontio, and specifically the Hamlet of Everett, is in proximity to jobs in York Region, Peel Region and Toronto, as well as the Honda plant (15-kilometres from the Barzo Subdivision) in the Primary Settlement Area of Alliston and the Canadian Forces Base ("CFB") Borden (12-kilometres from the Barzo Subdivision). Each of the economic engines identified by Hemson in *Greater Golden Horseshoe: Growth Forecasts to 2051* are located nearby and will drive demand for housing in Adjala-Tosorontio.

2.2 Migration Trends

The population forecasts in Schedule 3 of the Growth Plan and observation by Hemson are consistent with recent net migration trends to Simcoe County. Figure 2.2 shows net migration to Simcoe County (which includes Barrie and Orillia) for the period from 2003-2021. As shown, over this period Simcoe County had positive net migration of approximately 8,000 persons per year. Intra-provincial migration (people moving to Simcoe County from elsewhere in Ontario) accounted for approximately 83% of net migration to the County over this period. Figure 2.2 also shows that the pace of net migration to Simcoe County has accelerated in recent years, driven in large part by migration from elsewhere in the province. It is clear that this trend started before the COVID pandemic and represents a structural shift that will continue after the pandemic abates.

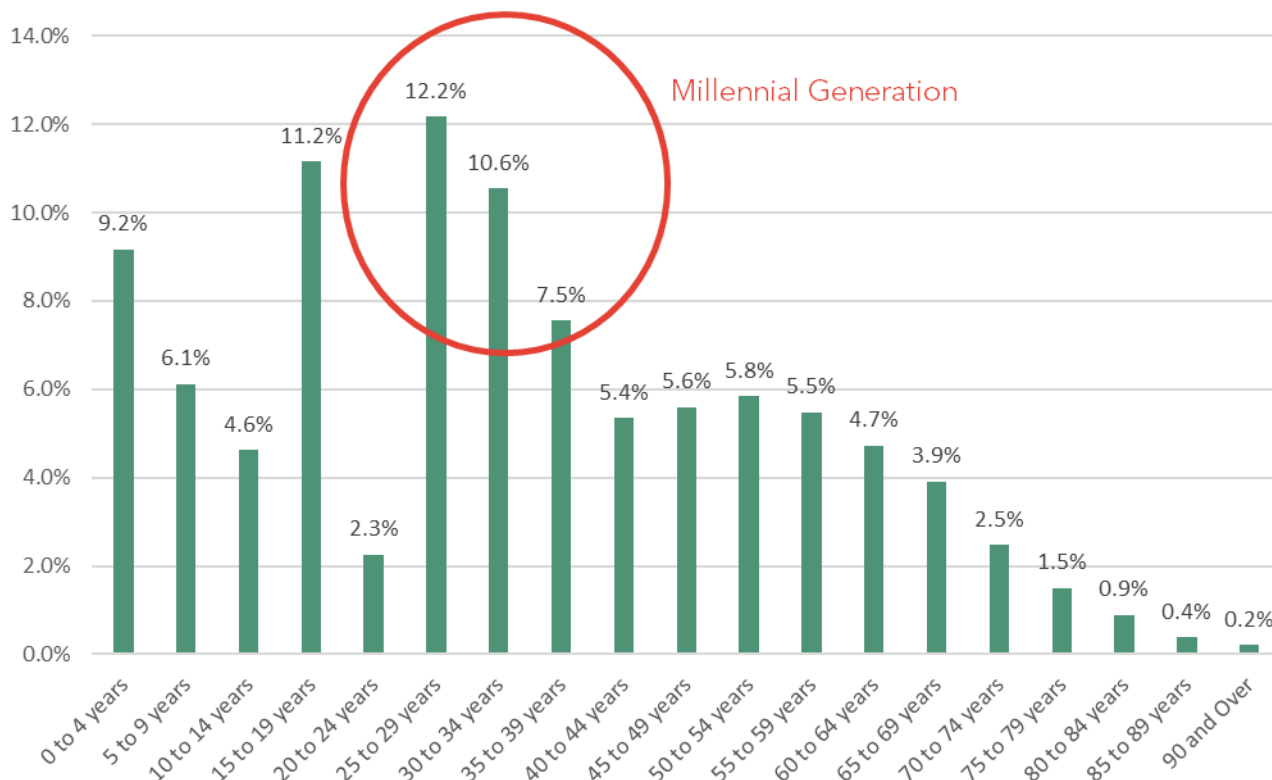
Figure 2.2
 Simcoe County Net Migration by Component, 2003-2021



Source: Parcel based on Statistics Canada Annual Demographic Estimates.

As summarized in Figure 2.3, the 25 to 39 age group (Millennials) accounted for nearly 1 in 3 people moving to the County over the last five years. This demographic group represents people in their prime household formation years, which has significant impacts on demand for housing, particularly ground-related housing, as this demographic start families and require more space.

Figure 2.3
Share of Net Migration to Simcoe County by Age Group, 2016-2021



Source: Parcel based on Statistics Canada Annual Demographic Estimates.

This trend in intra-provincial migration is not specific to Simcoe County. Over the past 20 years, all regional municipalities in the outer ring of the GGH² have experienced net intra-provincial in-migration, while the Greater Toronto and Hamilton Area (“GTHA”) municipalities have seen residents move to other parts of the province (net intra-provincial out-migration). As shown in Figure 2.4, this trend has accelerated since 2010, which represents the year that the leading edge of the Millennial generation turned 29 years of age and started forming their own households.

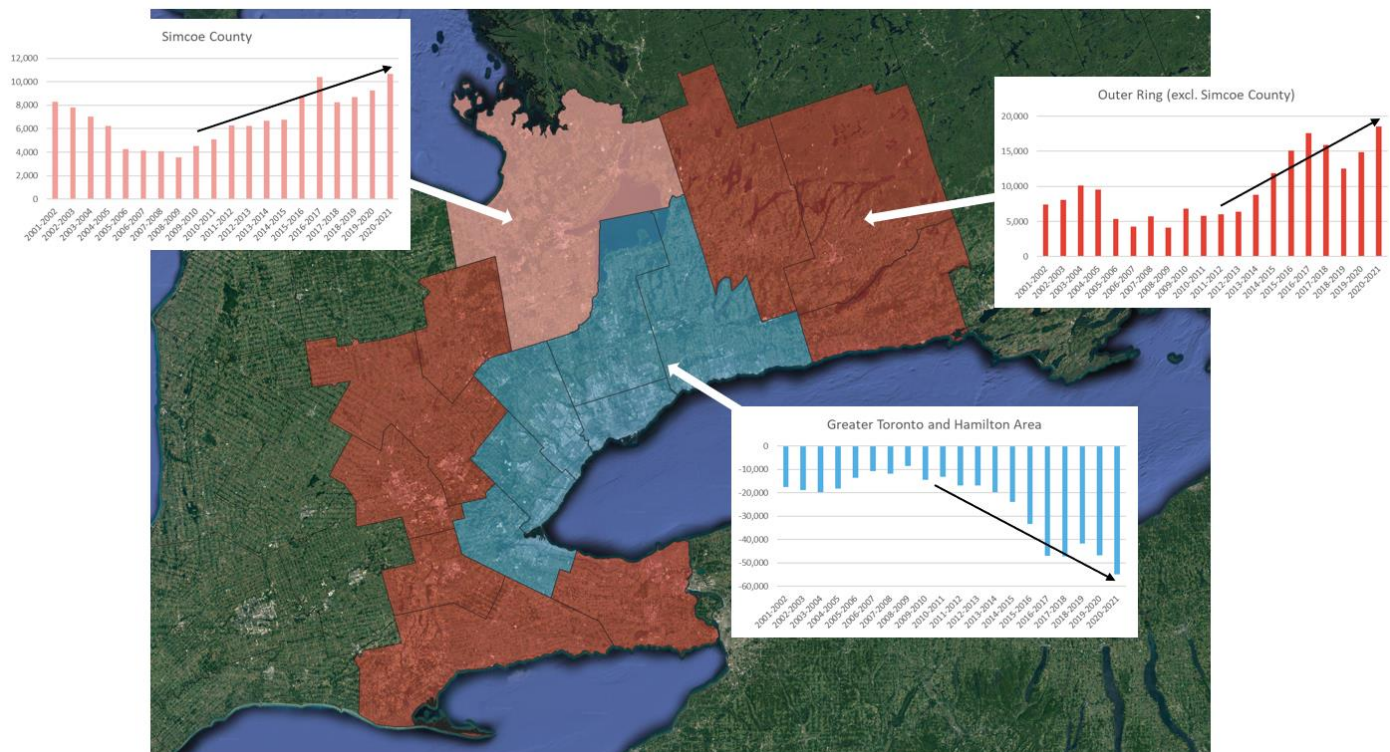
Figure 2.4 also shows that intra-provincial out-migration has accelerated for GTHA municipalities since 2010. Therefore, the trend of people moving out of the GTHA and into the Outer ring municipalities of the GGH started well before the COVID pandemic. As the Millennials and Gen Z continue to move into their prime household formation years it will likely result in accelerated migration to the outer ring municipalities and stronger demand for

² The outer ring municipalities include Northumberland County, Peterborough County, Kawartha Lakes, Simcoe County, Dufferin County, Wellington County, Waterloo Region, Brant County, Haldimand County and Niagara Region.

housing in comparison to historical trends. This will result in greater demand for housing in municipalities such as Adjala-Tosorontio.

Figure 2.4

Net Intra-Provincial Migration, GTHA, Outer Ring GGH and Simcoe County, 2001-2021



Source: Parcel based on Statistics Canada Annual Demographic Estimates.

The intra-provincial migration trends are consistent with data published by Statistics Canada, which shows the flow of people between regional municipalities. As shown in Figure 2.5, over the 2012 to 2019 period, Simcoe County had positive net migration of approximately 8,860 persons per year to the County from GTA municipalities. In fact, this pace of net migration to Simcoe County has accelerated in recent years, increasing from approximately 5,700 persons in 2012 to nearly 9,700 persons in 2019. The stronger migration to Simcoe County is likely due, in part, to the limited supply of ground-related housing (single-detached, semi-detached and row units) in GTA municipalities and increasing house prices, which is impacting affordability.

Figure 2.5

Average Annual Net Migration with Simcoe County



Note: Simcoe County includes Barrie and Orillia.

Source: Parcel based on Statistics Canada Tax Filer Migration Data, 2012 to 2019.

2.3 New Home Sales

These migration trends are also evident in new home sales data. Figure 2.6 summarizes new ground-related housing sales (single-detached, semi-detached and row units) for the south Simcoe County municipalities of New

Tecumseth, Bradford West Gwillimbury, Innisfil and Essa.³ Since the beginning of 2012 there have been over 13,200 new homes sales in projects tracked by Altus Data Solutions. This is equivalent to over 1,260 new homes sales per year.

As shown, new homes sales were trending higher before the start of the pandemic. In fact, the somewhat slower new home sales in recent months are related to a lack of available homes for sale (remaining inventory), which was near historical lows. Therefore, if there was a larger inventory of new homes available for sale, there would likely be more new home sales than shown in Figure 2.6. The new home sales data shows strong demand for both single-detached and townhouse units. In total, single-detached units accounted for approximately 80% of new home sales in the south Simcoe municipalities, with townhouse units accounting for 20% of sales. This indicates that there is broad demand for both the single-detached and townhouse units being proposed within the Barzo Subdivision.

Figure 2.6
New Ground-Related Housing Sales and Remaining Inventory, New Tecumseth, Bradford West Gwillimbury, Innisfil and Essa



Source: Parcel based on Altus Data Solutions.

³ Altus Data Solutions does not track new home sales in Adjala-Tosorontio.

To determine demand for new homes in Adjala-Tosorontio, Parcel has contacted sales staff at the Colgan Crossing development by Tribute Communities, which is the only actively marketing community in the Township. Based on discussions with sales centre staff in July 2022, Colgan Crossing has sold 638 of the 644 units that were available in the first two phases of development. In fact, staff at the sales centre indicated that over 600 units were sold in the first 6 months, equivalent to over 100 sales per month. The Colgan Crossing development includes 597 single-detached units, as well as 47 townhomes that are now sold. The demand for new homes in Colgan Crossing represents, among other things, a lack of available inventory in other south Simcoe municipalities and pent-up demand for housing in Adjala-Tosorontio.

New home sales data from Altus Data Solutions, as well as research by Parcel validates demand for new housing in south Simcoe County and Adjala-Tosorontio. Increasing migration to Simcoe County, as well as robust new home sales, demonstrates that valid market demand exists for the scale of residential development that is being proposed within the Barzo Subdivision.



3.0

Adjala-Tosorontio Demographic and Market Profile

Key Findings

A lack of new housing available to purchase in Adjala-Tosorontio has resulted in the Township growing slower than the forecasts contained in the Official Plan. This suggests that there could be considerable pent-up demand for housing in Adjala-Tosorontio related to a lack of new housing available in recent years.

It has only been recently that the Township has achieved the growth of 155 to 275 persons per year identified in the Official Plan.

In comparison to Simcoe County, Adjala-Tosorontio has a larger share of the population in the under 55 age cohorts. This suggests that the Township has been the prime beneficiary of recent in-migration in the younger age groups. This is not surprising, as it is one of the southernmost municipalities in Simcoe County and has access to employment opportunities in the GTA.

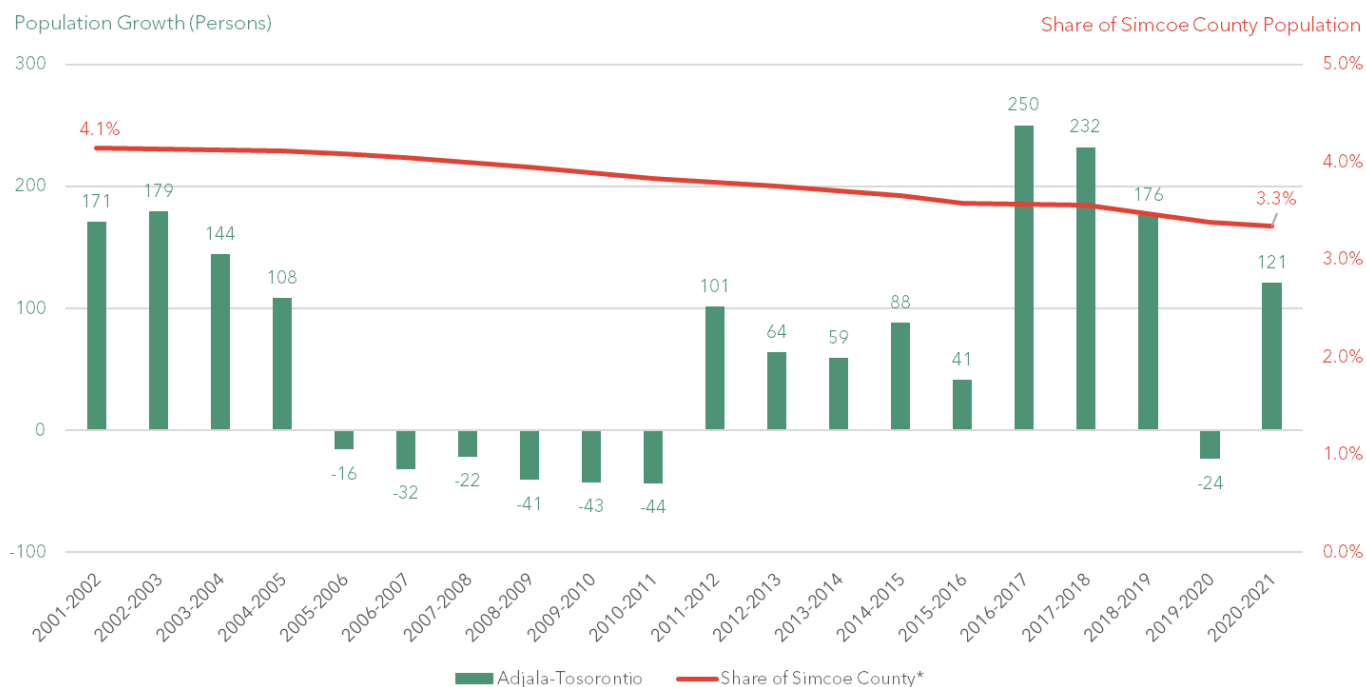
Employment growth in York Region, Peel Region and New Tecumseth will result in demand for housing in Adjala-Tosorontio, particularly as housing prices in these jurisdictions become less affordable and there are fewer opportunities to build ground-related housing.

3.1 Population Growth

The Township of Adjala-Tosorontio has accounted for a declining share of the population in Simcoe County over the past 20-years. While the population in Adjala-Tosorontio has grown over the 20-year period, the average annual growth rate of 0.7% was much slower than 2.1% average annual rate experienced by Simcoe County. The slower relative growth has resulted in Adjala-Tosorontio’s share of population in Simcoe County has declined from 4.1% in 2001 to 3.3% in 2021 (Figure 3.1).

Figure 3.1

Population Growth in Adjala-Tosorontio and Simcoe County, 2001-2021



* To be consistent with population and employment forecasts in Schedule 3 of the Growth Plan, unless otherwise noted, all references to Simcoe County exclude the City of Barrie, City of Orillia, Mnjikaning First Nation 32, Christian Island 30 and Christian Island 30A.

Source: Parcel based on Statistics Canada Annual Demographic Estimates.

Our analysis has determined that the relatively slower growth experienced in Adjala-Tosorontio has been related to a lack of new housing available to purchase. In fact, the lack of new housing has resulted in the Township growing slower than previously forecast in their Official Plan, where Section 2.3 Growth Strategy states:

- 2.3.4 *It is expected that growth in the Township will fall within the ranges identified in the Hemson report. From a base population of 9,400 people in 1996, the population totals by 2016 (20 years) will fall between 12,500 and 14,900, being a total increase between 3,100 and 5,500 people. This equates to an average annual increase of between 155 and 275 people.*
- 2.3.5 *Household numbers are expected to increase from an estimated 3,000 households in 1996 to between 4,220 and 4,940 by 2016. This represents a total increase of between 1,220 and 1,940 households. This equates to an annual average increase of between 61 and 97 households.*

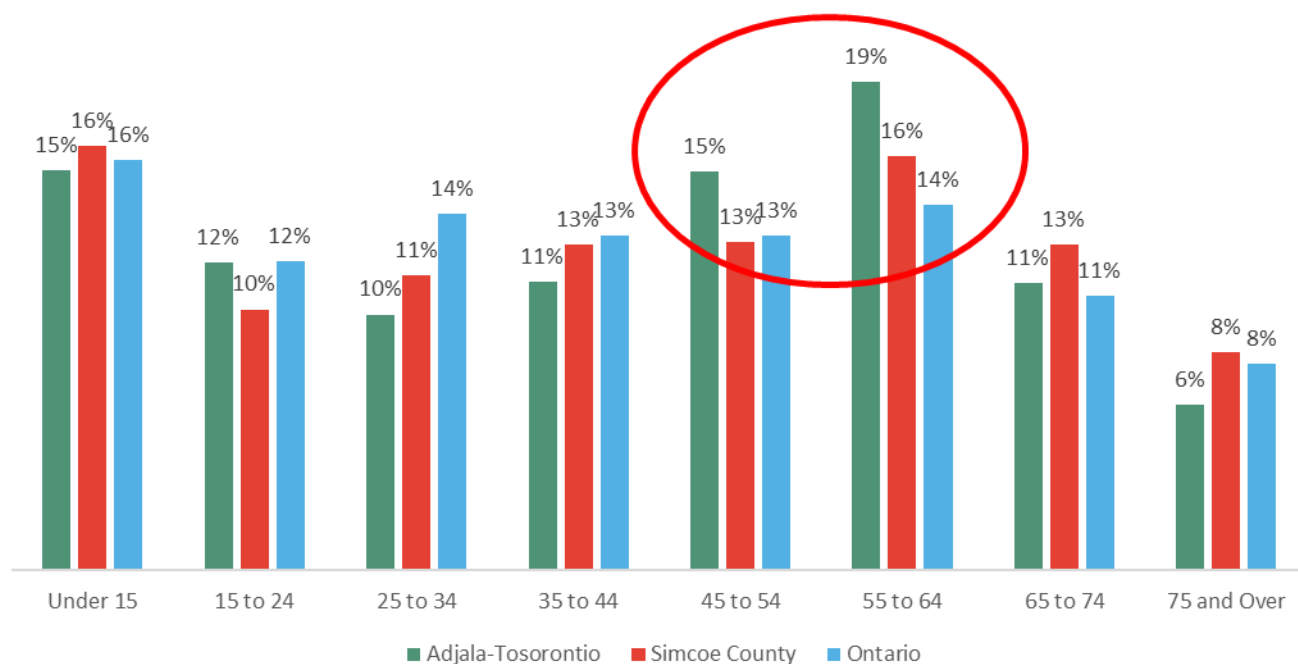
Adjala-Tosorontio is estimated to have had a total population of approximately 11,240 persons in 2016, which was below the low-end of the estimate in Section 2.3.4 of the Official Plan and 3,660 people lower than the high-end of the estimate. Similarly, the 2016 Census estimated that there were 3,835 households in Adjala-Tosorontio, which was 385 households below the low-end of the estimate.

This suggest that there could be considerable pent-up demand for housing in Adjala-Tosorontio related to a lack of new housing available in recent years, as it has only been the last 5 years in which the Township has experienced the population growth of 155 to 275 persons per year that is identified in Section 2.3.4 of the Official Plan. The potential pent-up demand for housing is supported by the recent sales activity at the Colgan Crossing development, which sold approximately 600 units over six months.

3.2 Demographic and Household Profile

Figure 3.2 summarizes the share of the population by age group in Adjala-Tosorontio, in comparison to Simcoe County and the Province. As shown, in comparison to Simcoe County, the Township has a larger share of the population in the under 55 age cohorts and a smaller share of the population in the age 55 and over cohort. This suggests that Adjala-Tosorontio has been the prime beneficiary of recent in-migration in the younger age cohorts. This is not surprising, as it is one of the southernmost municipalities in Simcoe County and has access to employment opportunities in York Region, Peel Region and the City of Toronto, while also providing access to employment opportunities in Alliston and CFB Borden.

Figure 3.2
Population by Age Group, 2021



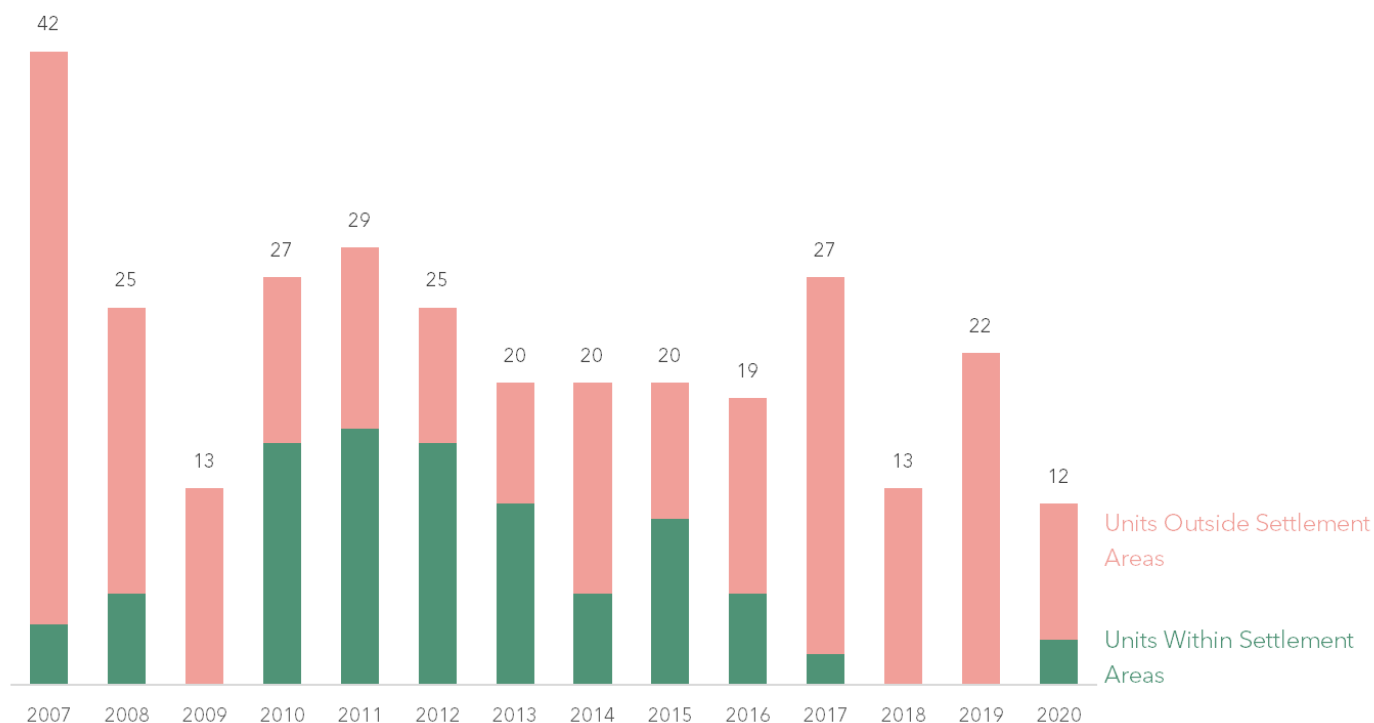
Source: Parcel based on 2021 Census of Canada.

3.3 Housing Construction

Figure 3.3 summarizes building permit data for new residential units in Adjala-Tosorontio, as published in the annual financial information returns (“FIRs”). As shown, new residential units have been trending lower in recent years as there has been very little new construction within the settlement area boundaries. On aggregate, between 2007 and 2020, only 31% of new units were located within settlement areas with the remainder located within the rural area, likely on vacant lots. Declining new housing construction within the settlement area boundaries reflects a lack of new housing available to purchase. Housing construction activity will increase going forward, as future phases of the Colgan Crossing and the Far Sight (RM) subdivisions are registered and construction begins.

Figure 3.3

Adjala-Tosorontio Building Permit Data, 2007-2020



Source: Parcel based on Financial Information Returns.

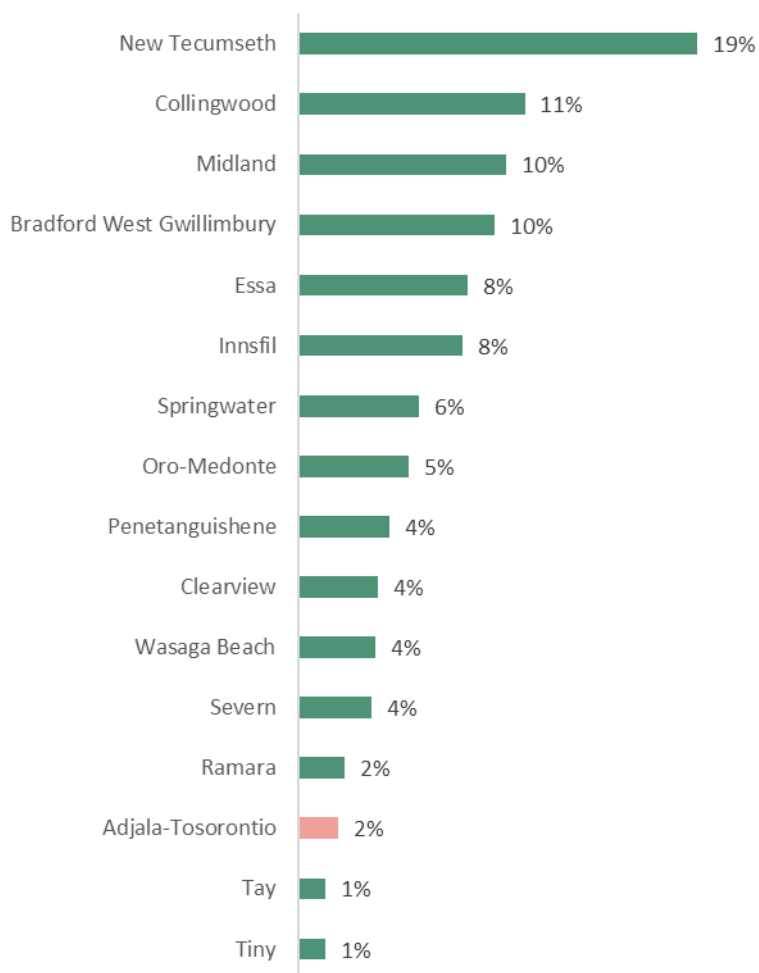
3.4 Employment Profile and Commuting Trends

As shown in Figure 3.4, Adjala-Tosorontio does not have a large share of employment within Simcoe County. However, the municipality, and specifically the Hamlet of Everett, is in proximity to the Town of New Tecumseth and the Primary Settlement Area of Alliston (15-kilometres from the Barzo Subdivision), which has the largest concentration of employment among Simcoe County municipalities. In total, New Tecumseth accounted for 1 in every 5 jobs in Simcoe County at the time of the 2016 Census. It is anticipated that New Tecumseth will continue to account for the largest share of employment in Simcoe County, based on employment forecasts contained in *Growth Forecasts and Land Needs Assessment*, prepared by Hemson.

For people that desire living close to work, continued employment growth in New Tecumseth will result in additional demand for housing in Adjala-Tosorontio, and specifically Everett, given that it is only a 10-minute drive from the Employment Area in Alliston.

Figure 3.4

Share of Simcoe County Employment, Usual Place of Work and Worked at Home, 2016



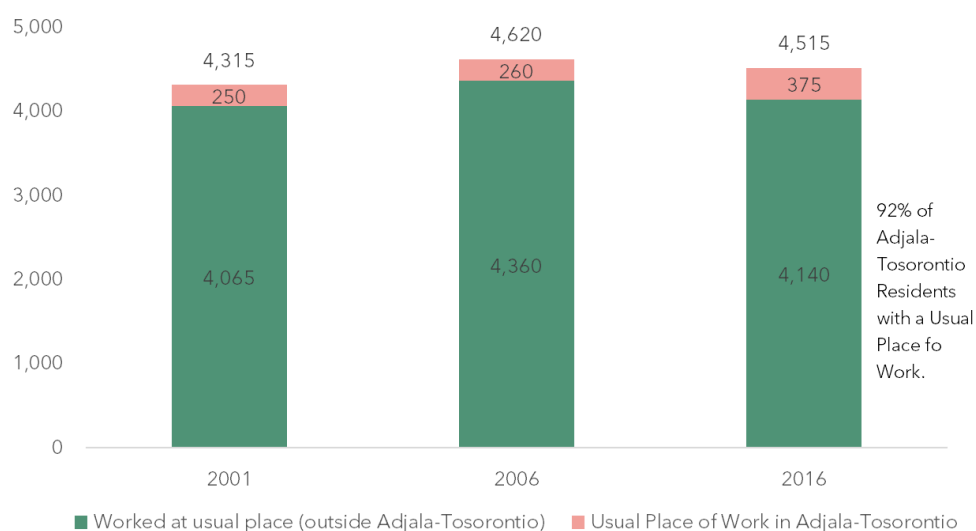
Source: Parcel based on 2016 Census of Canada.

Given the limited employment base in Adjala-Tosorontio, it is not surprising that a sizable share of residents work at a location outside the municipality. Data from the Census of Canada indicates that over 90% of Adjala-Tosorontio

residents with a usual place of work, work outside of the municipality. The number of Adjala-Tosorontio residents with a usual place of work that worked outside the municipality has grown slightly from 4,065 person in 2001 to 4,140 persons in 2016 (Figure 3.5 including figure and detailed supporting table below). The somewhat modest growth is related to a lack of new housing construction activity in the Township, which has limited population growth.

Figure 3.5

Adjala-Tosorontio Residents with a Usual Workplace Address by Location of Work



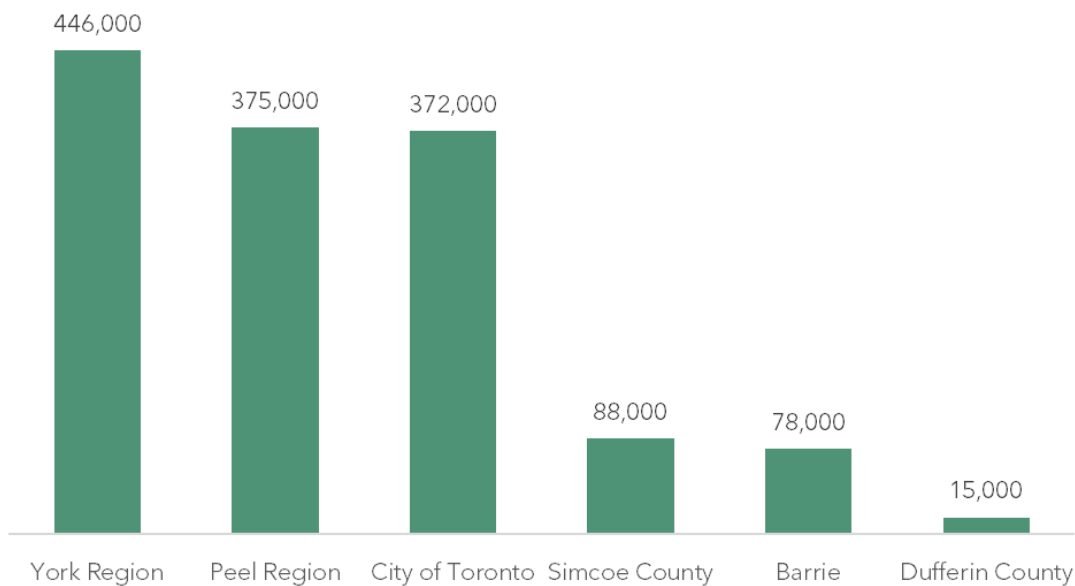
	2001	2006	2016
Adjala-Tosorontio	245	260	375
Simcoe County (excl. Adjala-Tosorontio)	1,835	1,950	1,765
Peel Region	895	915	945
York Region	320	490	450
Toronto	630	470	390
Barrie	110	195	255
Dufferin County	135	165	190
All Other Municipalities	140	175	145
Total	4,310	4,620	4,515

Source: Parcel based on Census of Canada.

As shown in Figure 3.5, at the time of the 2016 Census, nearly 1,800 Adjala-Tosorontio residents had a usual place of work elsewhere in Simcoe County, the majority of which worked in New Tecumseth. There were also 945 Adjala-Tosorontio residents that had a usual place of work in Peel Region and 450 Township residents that worked in York Region, which represents an increase in comparison to commuting trends at the time of the 2001 Census.

Figure 3.6 summarizes forecast employment growth in neighbouring upper-tier municipalities between 2016 and 2051, based on Schedule 3 of the Growth Plan. As shown, the three municipalities that are anticipated to add the largest number of jobs between 2016 and 2051 are York Region, Peel Region and the City of Toronto. As a sizable share of Adjala-Tosorontio residents commute to a usual place of work in each of these municipalities, it is anticipated that employment growth in York Region, Peel Region and Toronto will result in demand for housing in Adjala-Tosorontio, particularly as housing prices in GTA municipalities become less affordable and there are fewer opportunities to build ground-related housing.

Figure 3.6
Growth Plan, Schedule 3 Employment Growth



Source: Parcel based on Growth Plan for the Greater Golden Horseshoe and Hemson Consulting Ltd., *Greater Golden Horseshoe: Growth Forecasts to 2051*, August 26, 2020.

4.0

Market Demand for Housing

Key Findings

As employment growth is one of the strongest predictors of population and household growth, Parcel has prepared population forecasts for Adjala-Tosorontio that are employment driven and based on the economic and demographic potential of the Township and neighbouring municipalities.

Going forward, it is anticipated that employment growth in neighbouring municipalities, particularly Simcoe County, York Region, Peel Region and Toronto will be a key driver of population growth in Adjala-Tosorontio.

Adjala-Tosorontio is forecast to have a total population of approximately 21,145 persons by 2051, representing growth of 9,150 persons over the 30-year period between 2021 and 2051, or about 305 persons per year. Overall, by 2051, Adjala-Tosorontio is forecast to account for 3.8% of the population in Simcoe County, up from 3.3% in 2021.

Applying age-specific headship rates to the population in private households results in growth of approximately 3,470 households between 2021 and 2051 in Adjala-Tosorontio, or approximately 115 new households per year. We consider our forecast to be conservative. If there was an increase in the share of people working from home or with no fixed workplace address, it would result in greater demand for housing in Adjala-Tosorontio.

4.1 Forecast Employment Growth

As employment growth is one of the strongest predictors of population and household growth, Parcel has prepared population forecasts for Adjala-Tosorontio that are employment driven and based on the economic and demographic potential of the Township and neighbouring municipalities. The number of employed persons in Adjala-Tosorontio can be broken down into five discrete components, including persons:

- Working from home;
- Working outside Canada;
- With not fixed workplace address;
- Working at a usual workplace address within Adjala-Tosorontio; and,
- Working at a usual workplace address outside Adjala-Tosorontio.

The following paragraphs highlight key assumptions that have been relied upon in forecasting the number of employed residents in Adjala-Tosorontio to the year 2051.

Work From Home Employment

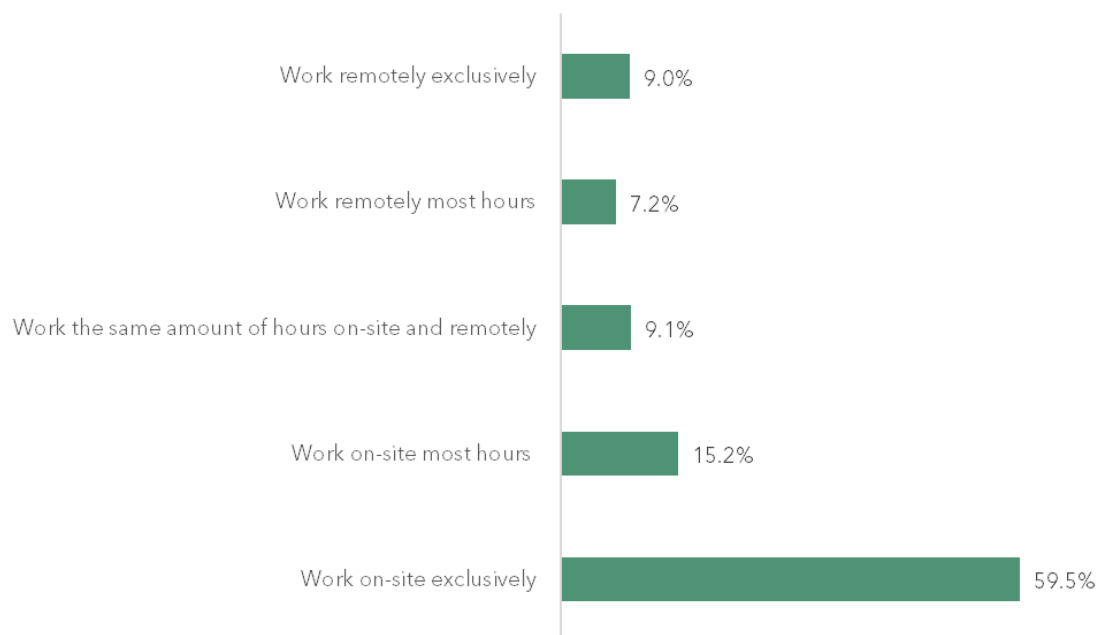
In 2016, 5.1% of Adjala-Tosorontio residents worked at home. This is lower than the share of the Adjala-Tosorontio residents that reported working from in the 2001 and 2006 Census, at 5.7% and 6.0%, respectively. In forecasting the number of Adjala-Tosorontio residents that will work from home in the future, we have assumed that 5.7% of the population will work form home in 2051, which represents a gradual return to the share last seen in 2001. We consider this assumption to be very conservative.

COVID-19 has resulted in a dramatic shift towards people working from home, a trend which is likely to be sustained after the pandemic ends. Figure 4.1 shows the results from a survey conducted by Statistics Canada in the second quarter of 2022, which analyzed the share of the workforce that anticipated working on-site or remotely over the next three months.

As shown, 16.2% of the workforce reported working remotely either exclusively or most of the time. This is in comparison to data from the 2016 Census of Canada, where 7.3% of the employed labour force reported working from home prior to the pandemic. A permanent shift to teleworking or working remotely could increase demand for housing in Adjala-Tosorontio based on its proximity to employment in GTA municipalities.

Figure 4.1

Average percentage of workforce anticipated to work on-site or remotely over the next three months, Ontario, Second Quarter 2022



Source: Parcel based on Statistics Canada, Canadian Survey on Business Conditions, second quarter of 2022.

Working Outside Canada

The number of Adjala-Tosorontio residents that reported working outside Canada has generally been unchanged over the last two decades. In forecasting employment growth in Adjala-Tosorontio, we have assumed no growth in the number of Township residents working outside Canada.

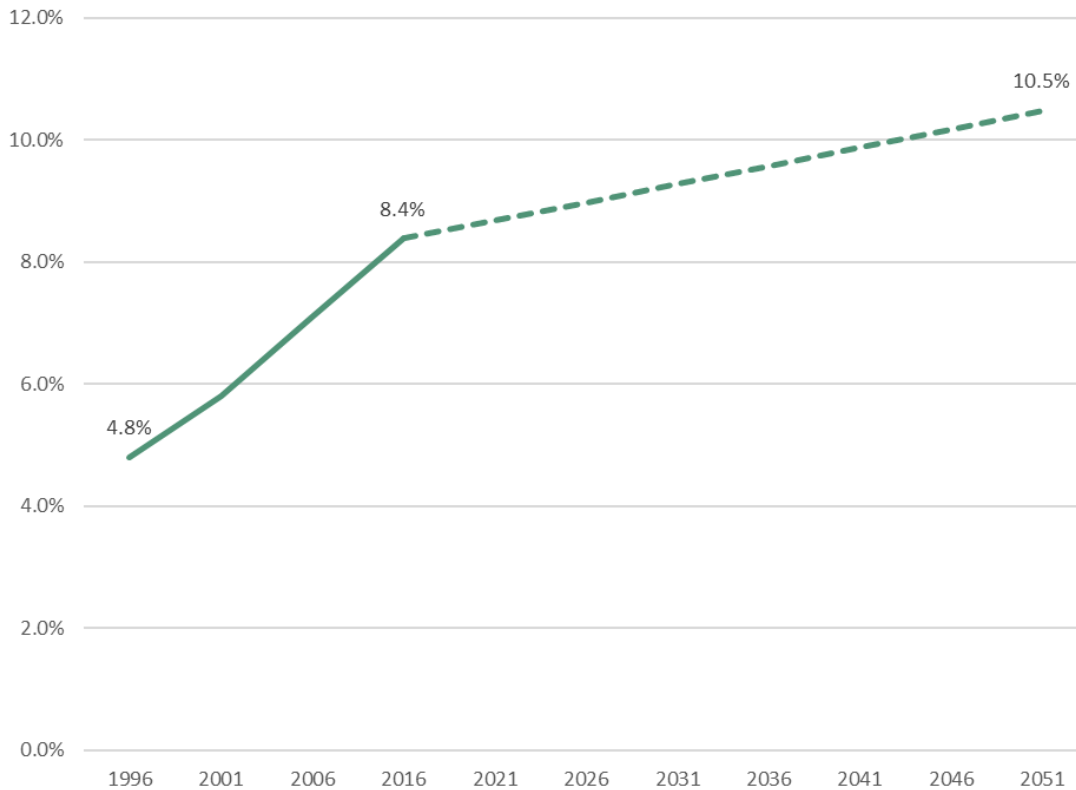
No Fixed Workplace Address

The number of Adjala-Tosorontio residents reported to have no fixed workplace address has grown significantly in the past two decades. As shown in Figure 4.2, the share of Adjala-Tosorontio residents with no fixed workplace address has grown from 4.8% in 1996 to 8.4% in 2016, or growth of about 0.2% per year. Parcel has forecast that the share of the population in Adjala-Tosorontio with no fixed workplace address will reach 10.5% of the population by 2051, which is equivalent to growth of 0.06% per year, or about one-third of the pace experienced over the

previous 20-years. If the share of the population with no fixed workplace address were to grow at rates experienced in the past, it would result in greater demand for housing in Adjala-Tosorontio.

Figure 4.2

Share of Population with No Fixed Workplace Address

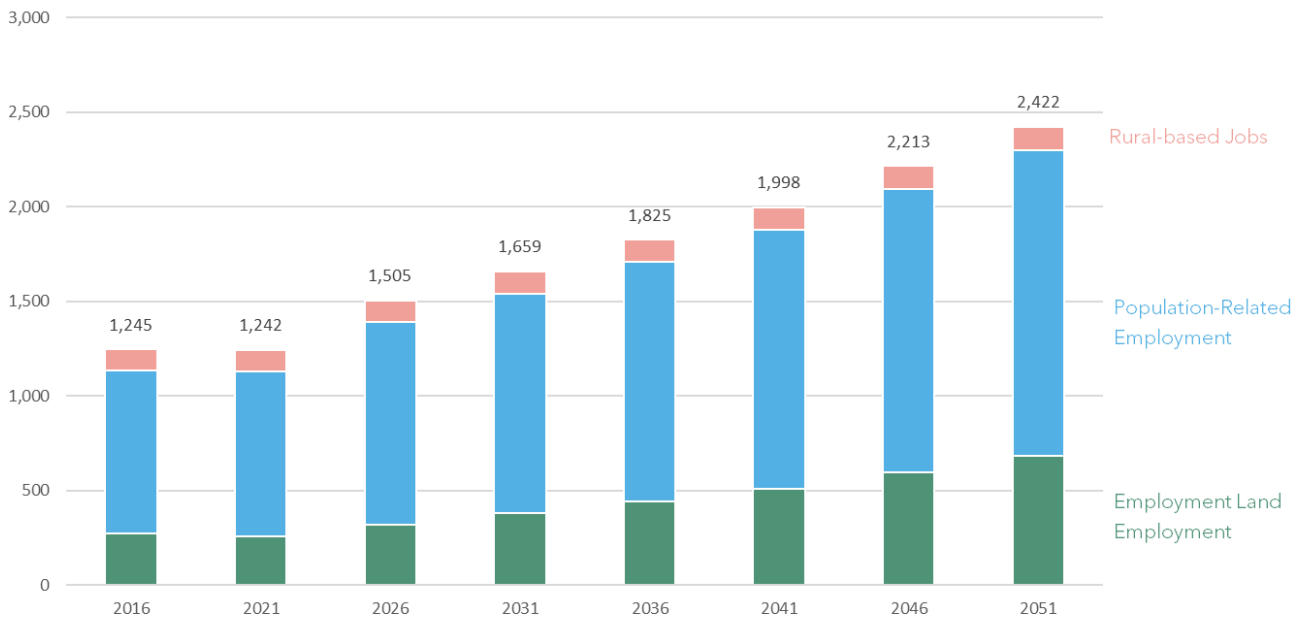


Source: Parcel based on Census of Canada.

Usual Place of Work in Adjala-Tosorontio

To determine the number of jobs in Adjala-Tosorontio, we have relied, in part on the *Greater Golden Horseshoe: Growth Forecasts to 2051*, prepared by Hemson Consulting. Based on these forecasts, Parcel has estimated there will be approximately 1,180 new Employment Land Employment (ELE) and Population-Related Employment (PRE) jobs in Adjala-Tosorontio between 2021 and 2051. Approximately 45% of these jobs, or 520 jobs, will be filled by people living in Adjala-Tosorontio.

Figure 4.3
Adjala-Tosorontio Employment Growth, 2016 to 2051



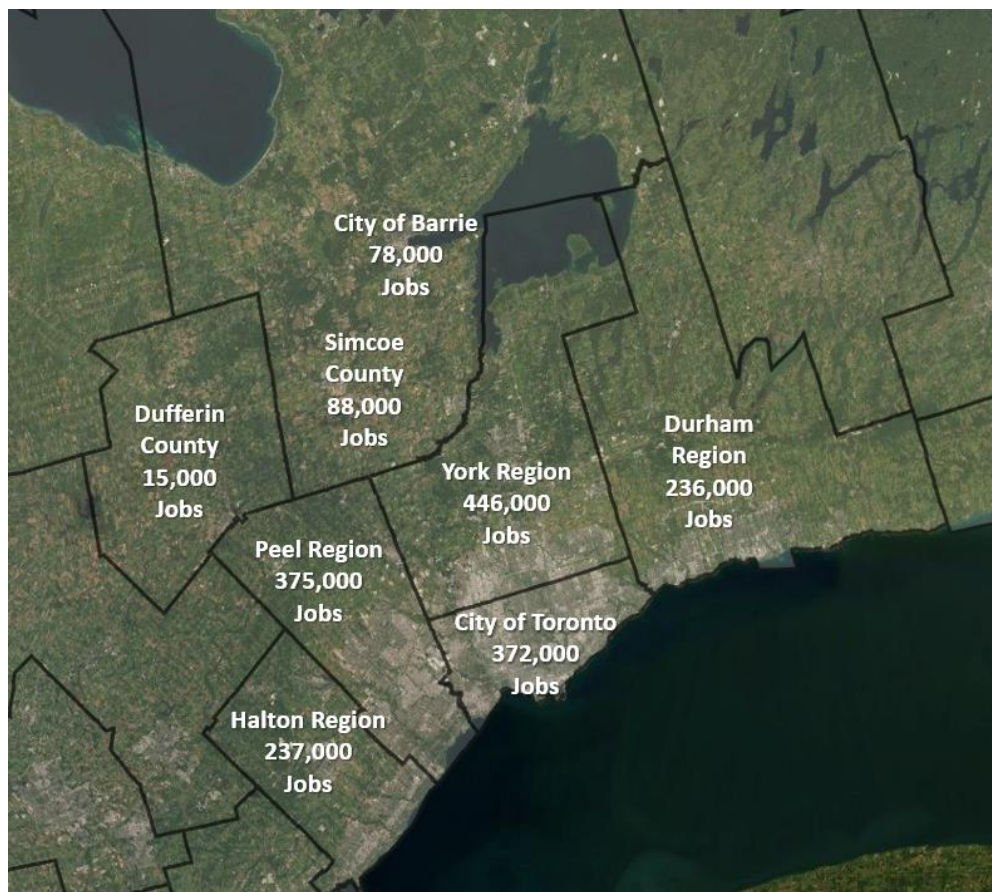
Source: Parcel.

Usual Place of Work Outside Adjala-Tosorontio

The population forecasts prepared by Parcel for Adjala-Tosorontio are based, in part, on the 2051 employment forecasts contained in Schedule 3 of the Growth Plan. As shown in Figure 4.4, significant employment growth is forecast to occur in Simcoe County and GTA municipalities. As noted earlier in this *Residential Market Justification Study*, a sizable share of Adjala-Tosorontio residents commute to jobs in York Region, Peel Region, the City of Toronto, the City of Barrie and elsewhere in Simcoe County. Therefore, strong employment growth in these jurisdictions is likely to result in a greater number of Adjala-Tosorontio residents commuting to work in these municipalities. These commuting trends will result in greater demand for housing in the Township.

Figure 4.4

Employment Growth 2016-2051



Source: Parcel based on Schedule 3 of the Growth Plan and *Greater Golden Horseshoe: Growth Forecasts to 2051*, prepared by Hemson Consulting.

Parcel has examined the number of Adjala-Tosorontio residents working in each of these surrounding municipalities, as a share of total employment in these municipalities. To forecast the number of Adjala-Tosorontio residents that will work in these municipalities in the future, we have held these shares constant at rates from the 2016 Census. For example, the number of Adjala-Tosorontio residents commuting to a usual place of work in Peel Region was 0.2% of total employment in Peel Region at the time of the 2016 Census, in forecasting growth in the number of Adjala-Tosorontio residents that would commute to Peel Region in the future, we have assumed that they will represent 0.2% of employment in Peel Region in 2051.

Therefore, population growth in Adjala-Tosorontio reflects forecast employment growth within the Township, as well as forecast employment growth in neighbouring municipalities.

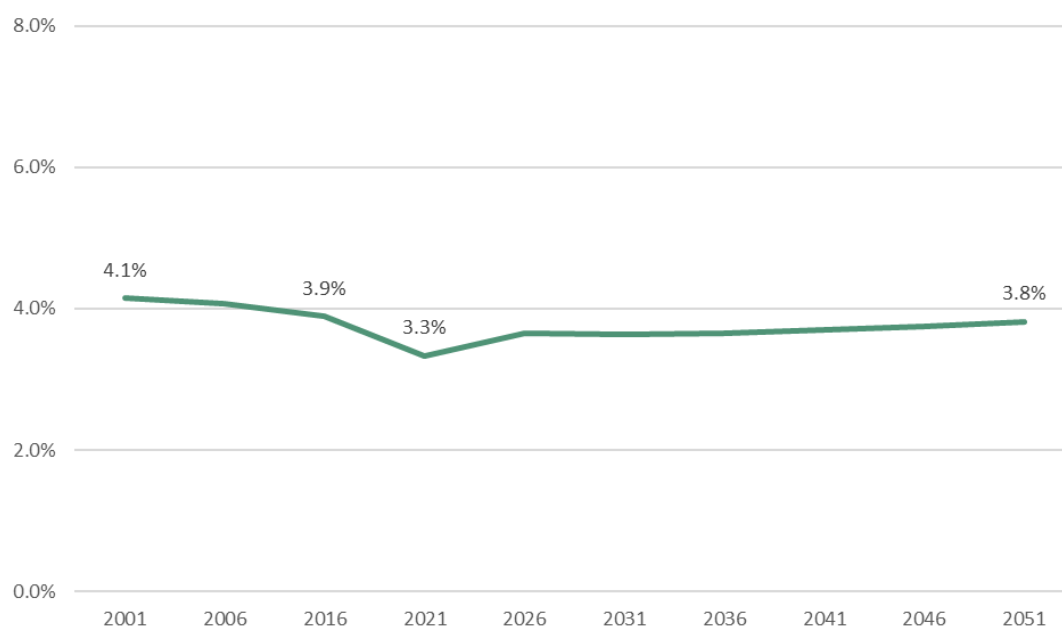
4.2 Forecast Population Growth

The employment growth forecasts have been utilized to forecast population growth in Adjala-Tosorontio. To forecast population growth by age group we have utilized the cohort survival methodology, which takes into consideration area-specific fertility rates, mortality rates and net migration by age group. These assumptions are used to determine the natural increase in the population (births minus deaths) and net migration.

Based on the Adjala-Tosorontio employment growth forecast, we have forecast total population of approximately 21,145 persons in Adjala-Tosorontio by 2051, representing growth of 9,150 persons over the 30-year period between 2021 and 2051, or about 305 persons per year. As shown in Figure 4.5, by 2051 Adjala-Tosorontio is forecast to account for 3.8% of the population in Simcoe County, which is an increase from the 3.3% share at the time of the 2021 Census, but still well below the historical share of the population that resided in the Township.

Figure 4.5

Adjala-Tosorontio Share of Simcoe County Population



Source: Parcel based on Census of Canada.

4.3 Forecast Household Growth

To forecast household growth, we have applied age-specific headship rates to the forecast population in private households. Based on our review, age-specific headship rates have been relatively stable in Adjala-Tosorontio in most age groups over the past two decades, aside from the 15 to 24 age group, where headship rates have declined. In forecasting household growth in Adjala-Tosorontio, we have assumed relatively stable headship rates in all age groups.

We have also estimated 2021 headship rates based on household data from the 2021 Census of Canada, which shows a total of approximately 3,835 households. Applying these age-specific headship rates to the population in private households results in growth of approximately 3,470 households between 2021 and 2051 in Adjala-Tosorontio. To forecast household growth by dwelling type, we utilized housing type propensities by age group for Adjala-Tosorontio from the Census of Canada between 2001 and 2016, as well as estimated 2021 age-specific propensities.

The household growth forecasts by dwelling type are summarized in Figure 4.6. As shown, we have combined demand for ground-related units, which includes single-detached, semi-detached and row units. The combined demand for ground-related units reflects the substitutability between these development typologies. The household growth forecasts in Figure 4.6 show approximately 115 new households per year in Adjala-Tosorontio over the 30-year period between 2021 and 2051.

Figure 4.6

Adjala-Tosorontio Household Growth by Dwelling Type

	2021	2026	2031	2036	2041	2046	2051	Growth 2021- 2051
Ground Related (Single/Semi-Detached & Row)	3,735	4,580	5,020	5,540	6,005	6,560	7,055	3,320
Apartment	90	149	166	186	205	225	240	150
Total	3,825	4,729	5,186	5,726	6,210	6,785	7,295	3,470

Source: Parcel.

It is also important to note that these household growth forecasts do not include a market contingency factor or other mitigating factors, both of which are identified as appropriate adjustments in the *Land Needs Assessment Methodology for the Greater Golden Horseshoe*. If any of these factors were included, it would increase the demand for housing in Adjala-Tosorontio.

5.0

Housing Supply and Land Needs

Key Findings

There is estimated to be a supply of nearly 3,000 residential units in the Hamlet Areas that is available to accommodate growth. This includes the 1,238 units proposed within the Barzo Subdivision.

In comparing this estimated supply to forecast demand, it is clear that there is not a sufficient supply of units to accommodate market-based demand for housing to 2051 in Adjala-Tosorontio.

If the Barzo Subdivision was developed at proposed minimum density of 32 persons and jobs per hectare, it would result in a more significant unit shortfall, causing housing shortages and reduce affordability across the Township.

We consider our forecasts to be very conservative, as the 644 units recently sold in the Colgan Crossing development likely represent pent-up demand and will not be available to accommodate future demand for housing.

Further, there will likely be significant spill over demand from neighbouring municipalities such as New Tecumseth if there are insufficient Community Area lands to accommodate growth. This will result in greater demand for units in Adjala-Tosorontio, including the Barzo subdivision.

5.1 Housing Supply Potential Within Hamlet Areas

An estimate of housing supply in Adjala-Tosorontio has been prepared, based in part on information in the 2017 Adjala-Tosorontio residential land budget, as well as additional research conducted by Parcel. As part of this land supply analysis, Parcel has also identified vacant lands within the Hamlet Areas of Colgan, Everett, Glencairn, Hockley, Lisle, Loretto and Rosemont that are designated for residential development, but do not have a formal application.

A summary of the unit supply is shown in Figure 5.1. As shown, there is an estimated unit supply of nearly 3,000 units within the Hamlet Areas of Adjala-Tosorontio. This unit supply includes the proposed draft plan for the Barzo subdivision, which includes 823 single-detached units and 415 townhomes. The new communities proposed by Far Sight and Tribute account for 91% of the housing supply in Adjala-Tosorontio.

Figure 5.1

Adjala-Tosorontio Housing Supply Potential Within Hamlet Areas

	Single/ Semi-Detached	Row	Apartment (Beds)	Total
Registered	0	0	0	0
Draft Approved	1,267	47	170	1,484
Proposed Applications	880	415	0	1,295
Vacant Lands Not Under Application	204	0	0	204
Total Unit Supply	2,351	462	170	2,983

Source: Parcel.

5.2 Residual Demand for Housing

To determine residual demand for housing in Adjala-Tosorontio, we have compared forecast household growth in Figure 4.6 to the estimated housing supply in Figure 5.1. This comparison of supply and demand for housing is summarized in Figure 5.2. As shown, the supply of housing in Adjala-Tosorontio is not sufficient to accommodate market-based demand for housing. Including the proposed Barzo Subdivision, there is still anticipated to be a shortfall of nearly 490 units in aggregate.

Figure 5.2

Surplus / (Shortfall) in Housing Supply, Adjala-Tosorontio

	Ground-Related	Apartment (Beds)	Total
Household Growth 2021 to 2051	3,320	150	3,470
Unit Supply Potential	2,813	170	2,983
Surplus / (Shortfall) in Units	(507)	20	(487)

Source: Parcel.

We anticipate that Figure 5.2 underestimates the potential shortfall in housing supply. It is likely that the strong absorption of the Colgan Crossing subdivision represents pent-up demand for housing in Adjala-Tosorontio due to a lack of construction activity in recent years. If the 644 units in Colgan Crossing were removed from the housing supply data, it would result in a much larger shortfall.

Further, the forecast market-based demand for housing does not take into consideration potential spill-over demand from other municipalities where housing supply shortages may exist.

The proposed Barzo subdivision provides an opportunity to accommodate this spill-over demand for housing within the existing Hamlet Area boundary. If the subdivision were developed at the proposed minimum density of 32 persons and jobs per hectare, it will result in a need to expand the Hamlet Area boundaries to accommodate forecast growth. Therefore, the proposed subdivision, at 57 persons and jobs per hectare represents a more efficient use of land.

6.0

Conclusions

As detailed in this *Residential Market Justification Study*, it is clear that valid demand exists for the scale of residential development that is being proposed within the Barzo Subdivision. While there has been limited household growth in Adjala-Tosorontio over the past decade, this is related in large part to a lack of residential units available in new communities within the Township. The success of the Colgan Crossing community, which sold over 600 units within six months speaks to the demand for housing in the Township.

Demand for housing in Adjala-Tosorontio and Simcoe County is part of a broader demographic shift that started before the ongoing COVID-19 pandemic. As Millennial and Gen-Z move into their prime household formation years and older generations age-in-place, it will result in greater demand for new housing, particularly in municipalities such as Adjala-Tosorontio, which has a supply of land to accommodate ground-related housing within the commuter shed of employment opportunities in GTA municipalities.

Household growth forecasts prepared by Parcel demonstrate that valid demand exists to support the 1,238 units proposed within the Barzo Subdivision. As shown in this *Residential Market Justification Study*, even at the density proposed within the Barzo Subdivision, insufficient supply of land to accommodate household growth is anticipated, resulting in housing supply shortages that could impact affordability. Further, we anticipate that our forecasts are conservative. If the trend in work from home or employees with no fixed workplace address grow faster than anticipated, it will result in greater demand for housing in the Township. Further, our forecasts do not consider spill-over demand from other municipalities such as New Tecumseth. The constrained land supply in New Tecumseth and other neighbouring municipalities will result in greater demand for housing in Adjala-Tosorontio and a potentially larger shortfall in land supply.

Overall, it is our opinion that valid demand exists to support the density being proposed within the Barzo Subdivision. Further, this density of 57 persons and jobs per hectare is consistent with densities being achieved in other Simcoe County municipalities and will result in a more efficient use of land to accommodate growth within the Hamlet Areas.



Appendix:
Unit Supply Potential

Community	Property Address	Status	Assumed Units Within Application / Vacant Land			
			Single-Detached	Semi-Detached	Row	Apt (Beds)
Colgan	Colgan Crossing Development Area 1	Draft Approved	315	0	0	0
Colgan	Colgan Crossing Development Area 2	Draft Approved	282	0	47	170
Colgan	Colgan Crossing Development Area 3	Vacant No Application	90	0	0	0
Colgan	Colgan Crossing Development Area 4	Vacant No Application	45	0	0	0
Everett	Farsight Developments Everett Inc.	Draft Approved	79	0	0	0
Everett	Farsight Developments Everett Inc.	Draft Approved	566	0	0	0
Everett	Barzo Subdivision	Proposed Application	835	0	415	0
Everett	Cumac Subdivision	Proposed Application	45	0	0	0
Rural	Adjala South Estates - Rondax Holdings Inc.	Draft Approved	25	0	0	0
Loretto	8115 COUNTY ROAD 1 2786 COUNTY ROAD 50	Vacant No Application	37	0	0	0
Hockley	2610 CONCESSION ROAD 2 & 994159 MONO-ADJALA TOWNLINE	Vacant No Application	20	0	0	0
Lisle	8523 COUNTY ROAD 12	Vacant No Application	6	0	0	0
Glencairn	4280 HOGBACK ROAD	Vacant No Application	6	0	0	0



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