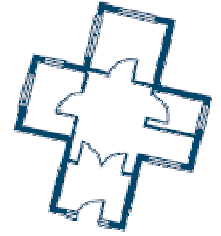


April 16, 2012

Mr. John Armadeil  
President  
BAM Builder Advertisement and Marketing  
3500 Dufferin Street  
North York, Ontario  
M3K 1N2



Dear John:

**Re: Market Overview  
Collingwood and the Town of Blue Mountains**

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You have asked for an overview of the current state of the residential market in Collingwood. The goal of the research is provide some insights into the potential “repositioning of Eden Oak Homes’ Indian Valley Trail development site.

We are pleased to oblige and trust the following will serve your needs.

**Background**

It is understood that Eden Oak Homes has a development site in the Town of Blue Mountains, located just off of Highway 26, east of Grey Road 19. The site is very close to the old Town of Craigeleith train depot and not far from the base of the Craigeleith Ski club.

The development, known as **Indian Valley Trail** came onto the market in January 2009 offering 77 estate lots ranging in frontages from 65’-80’. The following home sizes and prices were offered:

No. of lots	Frontage (ft)	House size range (sf)	Price range
17	65	1672-2751	\$459,900-552,900
60	75	1866-3523	\$509,900-698,000
5	80	Na	na

It is understood that the development failed to gain any “real success” in the marketplace, mostly due to the overall market/economic environment at that time and also the sheer number of alternative choices that were and continue to be, available in the immediate market area. There is no shortage of luxury, estate housing targeted to the upscale recreational market in the Collingwood.

The following serves to summarize the current state of the market and makes an argument to “re-design” the site to allow for a higher density housing form, targeted to the “broadest” segment of the market where there is clearly greater depth in the marketplace (more buyers) and hence, a greater chance for market success.

The review of the active “new home” market is not intended to be an exhaustive survey of the competitive new sale market. There is, quite simply, far too many developments actively being marketed in the broader market area. As such, the review focuses on those developments located nearest to the subject site geographically, as well as those, larger scale high(er) profile developments which could be considered competitive to the Indian Valley Trail development site.

The review of the MLS resale market is particularly useful because it categorically summarizes where the bulk of sales are occurring; which price ranges are less active and highlights the amount of available inventory there is on the market at this time.

In a nutshell, there is no shortage of homes and/or lots available on the market, especially at the higher price levels. *“The sky is the limit”* with respect to what one can buy or have built in Collingwood and/or the Town of Blue Mountain. Lots with sweeping vistas overlooking the Bay and ski hills are in no shortage and homes with every conceivable luxury are already built and ready for occupancy or can be built in short order.

It is interesting to note that unlike the Toronto area housing market which is being fueled by offshore investor interest, the secondary, recreational home market in Collingwood consists almost entirely of Toronto based, owner occupiers who intend on using the home for some portion of the year. Hence, the strength of the Collingwood market is directly contingent on the state of the Toronto housing market.

## **Collingwood MLS Resale Market Overview**

According to the latest statistics released by the Georgian Triangle Association of Realtors (“GTAR”) March marks “the seventh consecutive” month in which monthly sales have surpassed those recorded for the same month in the previous year.

Most local realtors would agree that the strength of the Toronto area housing market is beginning to extend its roots into the Georgian Triangle real estate market. Consumer confidence is beginning to take hold and favorable financing is a key factor in the strength of the overall market.

<b>Georgian Triangle MLS Listings and sales market Overview</b>		
<b>March 2012, YTD</b>		
	<b>YTD 2012</b>	<b>YTD 2011</b>
<b>YTD Unit Sales</b>	403	347
<b>YTD Listings</b>	1,628	1,495
<b>YTD \$ Volume</b>	\$117,952,178	\$110,898,609
<b>Sales to \$249,999</b>	209	186
<b>\$250,000-499,999</b>	154	118
<b>\$500,000-999,999</b>	31	33
<b>\$1.0 million+</b>	9	10

By the numbers:

- GTAR recorded 172 sales in March 2012 – 11% higher than the 155 sales recorded in March 2011.
- Year-to-date (YTD), 403 properties have transacted, up from 347 sold by this time last year (16% increase)
- New listings for the month increased by 7% over last year’s numbers with 618 properties coming onto the market as compared to 576 last March.
- YTD listings in Q1’12 are ahead of those in the first quarter of 2011 by 9%, with 1,628 new listings compared to 1,495 last year at this time.
- Overall, inventory is up, with 2,109 active listings in the Georgian Triangle MLS system compared to 1,986 in March 2011, an increase of 6% year over year.

In terms of the overall average price, average prices in the Georgian Triangle dropped marginally (year over year) by 4%, with the average sales price YTD at \$319,217, compared to \$333,688 recorded last year at this time.

However, prices for single family residential properties are remarkably unchanged when calculated over a twelve month period and compared to the same twelve month period last year. (\$321,661 versus \$321,544 in March 2011)

The dollar volume from sales (\$) was down in March by 3% over last year, though year to date values are still ahead 6% over last year's numbers. The decline in this month's dollar volume reflects the fact that the increase in sales activity was concentrated in the mid price range of properties, particularly those priced between \$300,000-\$400,000 and \$500,000-\$600,000.

- Unit sales below \$250,000 increased 15% over the same period last year and the "hottest" category overall (in terms of sales volumes) was from \$250,000-\$499,999, posting a 21% increase – year over year.
- While the \$500,000-999,999 price category rose by 6% year over year, sales over \$1 million showed no change.
- However some monthly variances can be expected and in February, while sales dipped slightly in the \$1,500,000+ range, there was a slight uptick in the \$1,000,000 to \$1.5 million range. In the Town of Blue Mountain, there are currently 40 active listings priced over \$1 million.

High end sales have shown a marked lag in performance, which could potentially be indicative of the ongoing uncertainty in "world markets" over the last year, as well as (closer to home) the comparative sluggishness of the Canadian economic recovery and job market.

Across the new and resale markets, there is no shortage of homes to choose from. In today's market environment, houses that are perceived to be overpriced do not even get considered compared to those thought to be "correctly priced". There is simply too much choice in the marketplace.

Finally, it is very important to remember that the local market is (arguably), entirely discretionary. In other words, purchasers do not need to buy; they want to buy. Therefore, potential purchasers can afford to be very patient and study the market before they make a buying decision. They will not be rushed into a purchase, and again, there is simply no shortage of supply to choose from.

Some agents say the Collingwood/Blue Mountain real estate market is in a "renewal phase" – especially with respect to cottages and condominiums from west Collingwood to Thornbury. Newer homes and condos and fully renovated ones are selling more quickly and making the older, tired looking listings seem like bad value. Fewer purchasers are interested or willing to pay for a home that needs major (\$50,000-150,000) renovations to bring it up to current market condition, because

- a) there is still excess (plenty) of inventory to choose from – they can always find a nicer place; and
- b) it's a secondary, recreational home. Few people want to spend their recreational time working on renovating a home.

The key point to be taken away from the review of the resale market is the fact the market is showing signs of strengthening and improvement. However, there is plenty of choice in the marketplace. According to broader real estate market theories, in a balanced market "only one in three homes listed for sale actually sells" (*this is referred to as the Sales-to-listings Ratio*. A SLR of 30% is considered neither favoring sellers nor buyers). However, across the Georgian Triangle market in 2011, only one in five homes put on the market actually sold indicating the market continues to favor "purchasers" over sellers, and the higher the price level, the fewer the sales.

**New Sale Market Overview**

Almost directly across Highway 26 from the subject site is **The Edgewater**. An eight unit townhome project situated on the water's edge, phase I is complete (2009) with no more than three sales and another block of eight units is still to be constructed. Three homes are currently listed for sale on the MLS, priced from \$599,000-\$640,000 for 2400 sf (\$258/sf). Monthly maintenance fees are relatively high, at \$289/mo. This project has sold extremely slow (no more than 3 sales) since coming on the market in 2007.

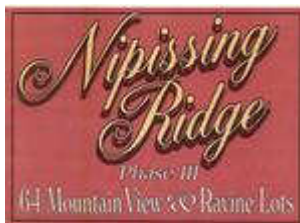
Also located very close by is **The Orchard at Craigleith**.

Built in 2008, this architecturally controlled higher end subdivision at the base of Craigleith Ski Club is designed with meandering streets, boulevards, park benches and historic streetlamps. There are 130 attached and semi-attached villas and single chalets with Post and Beam accents, stone detailing, fireplaces, granite countertops, hardwood floors and garages. Many homes have views of the mountain. There is a common area monthly maintenance fee. Access to the Craigleith Ski Club tennis and pool will be available this summer.

Currently, there are *“less than a handful”* (5 building lots) left to sell and two inventory single detached homes are available.

3011 sf	4Bed/3.5 baths	80' lot	\$783,380
2581 sf.	4Bed/3.5 baths	80' lot	\$733,000

Also quite close by, on the mountain, is the exclusive community known as Nipissing Ridge.



**NIPISSING RIDGE PHASE III** is currently available with “building permit ready lots” sized just under one acre (on average) with prices ranging from \$199,000-\$539,000, per lot. The location is very good, slope side in this established upscale community, within walking distance of both Craigleith and Alpine Ski Clubs. There are 64 lots in total available. To date no more than “one or two” lots may have been sold. In addition to these ‘presale lots”, there are five existing

homes for sale on the Multiple Listing Service (MLS). These homes range in price from a low of \$799,000 to a high of \$1,295,000.

Traveling further west away from Collingwood, towards Thornbury, there are more single family developments worthy of note.



On the north side (waterfront side) of Highway 26 across from the Georgian Peaks Ski Club is a 24 lot (phase I) fully serviced subdivision with strict architectural guidelines in place called ***The Residences of Peaks Bay***. To date, only 8 of the 24 lots have been sold with homes either built or under construction.

Prices on the remaining lots, all with minimum 80' frontages (average 95') start at \$195,000 and go up to \$375,000 + HST. This development has actively been marketing since 2005.



On the mountain, just west of Georgian Peaks, is the ***Georgian Bay Club*** with single family lots available for sale. Lot prices are very high, starting at \$399,000 (110x293 sf) and go up to \$600,000 for the premium ridge lots. All of the lots are fully

services and HST is not included.

In total, there are approximately 41 lots in the development. Currently, there are three lots with homes plans by Patrick B. Coulter and Associates on them. These homes range in size from just over 4000 sf to in excess of 7500 sf. Prices (including the lot and HST) range from \$2.2 million to over \$3 million.



**Lora Bay** is considered among the “premier communities” developed to date in the area. Located just west of the town of Thornbury on the north side of Highway 26, Lora Bay features the Ravens Golf Course, The lodge at Lora Bay (with

extensive indoor recreational facilities and amenities) and even more recreational open green space including the Georgian Trail passing through the development.

Lora Bay has attracted a group of purchasers now known as the “Zoomers” (active boomers) and families with children involved in skiing, equestrian and golf. The community attracts both full time and part time residents.

There are three basic home and price ranges currently available at Lora Bay, including the **Masters Collection** of single family homes priced from \$461,500-696,000 (2,202 to 2903 sf) the **Cottage Collection** of 23 single detached homes \$353,6000 to \$396,600 (1,210-2,163 sf) and the **Villa Collection** of 12 attached homes sized from 1,39-2,798 sf, priced from \$497,900 to \$596,400.

Lora Bay has been in development since mid 2005 and to date; approximately 70% of the development is complete. The purchase of the remaining lots and development by Reids' Heritage Homes seems to have “re-kicked” the development – offering some smaller homes and more attractive price points to potential purchasers.

Also at Lora Bay, there are as many as 26 vacant lots being offered for sale on the MLS – some from the developer – Reids Heritage Homes and others by individuals. Prices range widely from a low of \$139,900 to \$295,000, depending on site and location. Lots being offered by the developer feature attractive financing options including: 20% down payment, 2 year mortgage at prime +2%, with the 1<sup>st</sup> year interest free. Reids is also offering a “current incentive” on the “first five lot purchases” will receive a free family membership at the Raven at Lora Bay Golf Club (approx \$25,000 value). Current prices also include HST.

On the MLS, there are several Lora Bay homes (of all types) listed for sale, including: a **Golf Villa**, sized at 1700 sf priced at \$410,000 (\$241/psf); a **Cottage** – Admiral model - \$355,000; and in the **Master Collection** – a St. Andrews model sized at 2591 sf., priced at \$899,000 (\$346/psf)



In the Town of Collingwood, **The Shipyards**, by the Fram Group has been under construction since early 2000. According to recent reports, 90% of phases I and II are now sold out, with some inventory units still available. With the downturn in the market and the slow



pace of sales over the past several years, Phase III is currently being presold at prices mirroring current inventory. On its standing inventory, Fram is going *even further* to generate sales by offering “no closing costs, upgrades and no condo fees for one year” as current buyer incentives on selected units.

The Shipyards was among the earlier developments in the area targeted specifically to active empty nesters who may not yet be retired, but whom have created enough flexibility in their work schedules to spend extended periods of time at their recreational home.

Currently, there are 16 active listings available on the MLS, 6 of which are new sale, developer held suites which are not yet fully complete in the *Sidelaunch* condominium building. Prices start at \$249,900 for a one bedroom + den and go up to \$439,900. The majority of these suites offer \$50,000 in retail upgrades.

The model suite is currently being offered at \$399,900. In addition, there are several of the earlier completed townhomes also available for resale. Prices on these units range from \$349,900 and go up to \$699,900 (depending on size, location and individual finishes and feature).

Perhaps the newest community to come onto the market in the area is **Windrose Valley** at the base of the Osler Bluff Ski Club. This estate subdivision is unique in the marketplace as it boasts 1+acre lots which were approved prior to the current Provincial Policy Statement restricting intensification to areas serviced by a municipality. The smallest frontage at Windrose Valley is 132.5 feet while the largest is 285 feet. The depths are equally large, ranging from 259 to 437 feet. Individual lot prices range from \$185,000 to \$425,000. Purchasers have the choice of working with one of the four builders in the development or using their own. There are strict architectural guidelines and controls to maintain the consistency of the development. Adding to Windrose Valley’s country estate appeal are the sprawling communal lands featuring woodlands, walking trails and ponds.



To date, just 3 of the 43 lots have been built on and sold; there is one model home and another under construction. The (first) model home, built by Stone Custom Homes, features 4 bedrooms, 4 baths, 25' vaulted ceilings and the finest quality finishes and features. This 3800 sf home is being offered at \$1,295,000. There is a second model home nearing completion and each of the builders is undertaking a model of their own.

The development has essentially been on the market for close to five years in total.

Closer into the Town of Collingwood, **Falcon Chase** is another estate lot subdivision with 74, 70'-80' wide lots with energy efficient bungalow, bungalow loft and two-storey homes situated beside the Blue Mountain Golf and Country Club in the west end of town – close to the Georgian Trail and downtown. This location is particularly appealing for full time residents who don't "just want to be at the hill", but like the convenience of being able to walk downtown if they so wish.

Falcon Chase is positioned more affordably than those developments "on the hill" with prices starting in the "mid \$300,000's (1548 sf) going up to "just under \$500,000" (3388 sf). This development has sold reasonably well. Opening for sales approximately 4 years ago (2008), it has averaged over 1 sale per month (better than most new home developments in Collingwood). To date, 53 of the 74 lots have been sold. This development should be complete this year.

Finally, an excellent example of a development that was re-positioned and re-designed to create a more affordable offering to generate quick sales was Brandy Lane's **Mountain Trail** project at Highway 26 and Cranberry Trail. In March 2009 Brandy Lane was marketing conventional style, luxury oriented townhomes in the "mid to upper \$300,000 range" competing with Tanglewood and Sierra Homes, to name just a few. Sales were few to non-existent. Brandy Lanes made a modest adjustment to its plans and introduced some bungalow loft designs, but still, prices were high and there was too much competition in the marketplace.

Brandy Lanes decided to "go back to the Town" in order to "up zone" the site with three storey walk up style apartments (wood frame). The plan called for 168 single storey

units contained in blocks of 24 units each. There is a total of 7 blocks. Each block contained 8 units per floor on 3 floors. There are 2 sets of stairs and 1 elevator. The corridors are “external”.

The redesign was approved and the project was re-launched in March 2010 as **Wildwood**. By June, the project was over 60% sold out – the redesign and repositioning was very well received in the marketplace. Unit sizes range from “just under 1000 sf to just over 1200 sf.. Original prices started at \$199,900 and topped out at under \$250,000. This “price point” had not been seen in the market (for new) product in the recent past. Brandy Lanes was astute in their thinking to provide this affordable product, but in order not to compete with older resales (of which there are plenty at the low end), they were sure to provide such features as: an outdoor pool, clubhouse and change room; individual terraces with a gas BBQ line hook up; an exterior lockable storage room and granite kitchen countertops, to name a few of the features.

Construction is nearing completion and to date, there *less than a dozen* units left to sell.

### **Summary and Conclusions**

- The reviews of both the active new sale and MLS resale market in the Town of Blue Mountains and Collingwood clearly point to a market that is well served with product at every price level. The resale market statistics show that the “hottest” category overall (in terms of sales volumes) is from \$250,000-\$499,999, posting a 21% increase – year over year.
- Interestingly, according to one agent active in the luxury market, the “hardest” price segment to work is: around the \$600,000 mark. This price point is too high for people looking for a part time seasonal/recreational property, but not high enough for the active retiree coming up with “equity from their single family home” in Toronto.
- In the new sale market, there is an abundant amount of choice which ultimately comes down to one’s own personal preference and lifestyle choice. Again, agents active in this marketplace like to say, “They aren’t selling real estate, they

are selling lifestyle". In other words, *where one "chooses" to buy is directly related to 'what the purchasers are into', be it skiing, golf, sailing, hiking or closer into town.* There is plenty of choice.

Eden Oak's Indian Valley Trail development site is a nice site. It is well located, close to Craigleith Ski Club, but arguably there is nothing truly spectacular about it. Views towards the hill are nice, but not breathtaking. It is across the highway from the Bay – it is not on the water. There is nothing that sets it apart from the multitude of other development sites and especially not at the "high end" where being on the waterfront or on the Mountain are paramount. Arguably, the site lends itself more to a townhome style development offering four season recreational amenities.

We trust that the above will serve your needs. Should you have any questions or concerns, please do not hesitate to contact me.

Respectfully,  
**Proof Positive Real Estate Research**



Terri Kimball  
President