

Memorandum

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From: N. Barry Lyon Consultants Limited

Date: April 22nd, 2025

RE: Residential, Population, and Commercial Market Assessment

1.0 Introduction

N. Barry Lyon Consultants Limited (‘NBLC’) has been retained by Neatt Communities (‘Neatt’) to provide a Residential, Population, and Commercial Market Assessment addressing the development potential of a 51.4-acre (20.8-ha) property, located at 150 Steeles Avenue East in Milton, Ontario (herein, referred to as the “subject site”) (see Figure 1, below).

Figure 1: Location of the Subject Site, Looking Northeast



Source: N. Barry Lyon Consultants Limited; Google Earth.

Neatt plans to redevelop the subject site with a variety of residential built forms, with commercial space carefully introduced to serve a local neighbourhood population.

- The initial phase of development is to include a total of 1,083 residential units and a modest amount of commercial space (210 sm or 2,250 sf). Nearly half of the Phase 1 lands (43%), and the initial sub-phase of development are planned for townhouse development, transitioning to modestly scaled, mid-rise apartments.

- By leveraging key locational attributes — including the natural environment plus existing and new community infrastructure — and staying attuned to emerging market trends, the redevelopment aims to transform the subject site into a vibrant, mixed-use community by the end of Phase 2. The second phase of development would add more residential density to the site, as well as additional commercial space (3,280 sm or 35,350 sf). Discussed later in this memorandum, Phase 2 commercial space would benefit from an established population/customer base.

Neatt has engaged Urban Strategies Inc. ('USI') as well as a team of subconsultants, including NBLC, to prepare supporting materials with respect to the proposed development and the submission of an Official Plan Amendment ('OPA'), Zoning By-Law Amendment ('ZBA'), and Draft Plan of Subdivision ('Draft Plan') application. This Residential, Population, and Commercial Market Assessment is intended to form part of a complete development application.

2.0 Market Context

The following outlines the site's current and emerging market context. Located at the southwest quadrant of Steeles Avenue East and Martin Street, the subject site is notably one of the last remaining undeveloped portions of the original historic Town of Milton. Its strategic location blends the area's industrial past with a more mature residential and commercial area. To the north and northwest, there are active employment uses and new warehouse developments. To the east, is the Mountainview residential neighborhood—characterized by tree-lined streets, well-maintained two-storey homes, with limited resale activity. This context underscores the site's proximity to a high-demand residential area. Further to the south, the subject site is walking distance to the popular Mill Pond, Rotary Park, schools, and the shops and restaurants along Milton's Main Street.

Historically part of the Milton 401 Industrial/Business Park, and once occupied by an auto parts manufacturer, Neatt has remediated the subject site following a Municipally-initiated and Regionally-approved employment conversion. The site now awaits redevelopment that will see the site transition to a mixed-use residential community. The discussed development application marks the first step in this transformation by establishing a permissible range of non-employment land uses and densities, as well as the future layout of streets, pedestrian connections, and an open space network.

The site's connection to critical transportation corridors is another notable asset. Steeles Avenue East serves as a major arterial route. Within a five-minute drive of the subject site, along Steeles Avenue East, there is also a highway interchange to Highway 401. This connectivity links the property not only to community uses and jobs in the rest of Milton but to the Greater Toronto Area ('GTA'). Moreover, planned road allowances will better connect future occupants to commercial activity along the Main Street.

Overall, the subject site’s location is expected to be highly marketable for a range of residential uses given its proximity to employment sources, in Milton and beyond, as well as being a short distance to schools, high-quality recreational areas, and being walking distance to the Main Street. For reasons discussed in Subsection 5.1 of this memorandum, the site context is likely to become attractive for a more limited range of commercial uses, over time.

3.0 Demand and Demographic Analysis

The following provides an overview of broader demographic indicators, housing trends, and macro-economic factors that have, and will continue to, shape residential demand at the subject site and across Milton for decades to come.

3.1 Milton is a Fast-Growing Community

We note that Milton’s population growth has been fast-growing in recent decades. During the early 2000s, the Town experienced double-digit annual growth rates that, at times, were over five times greater than those observed at the Halton Region Toronto CMA-level.¹ Although annual growth rates have moderated in recent years—averaging approximately 5.8%, between 2011 and 2020, and even recording a modest increase of around 3.0%, during the COVID-19 pandemic—the rate of population increase remains above Halton and the Toronto region.^{2,3,4} This population growth has been driven by internal migration, including households moving out of more central areas of the GTA, as well as through the growth of non-permanent residents and (external) immigration.⁵ This growth is also supported by a healthy local economy, predominantly generating jobs in warehousing, transportation, and manufacturing. Across all sectors, local employment has increased by about 12,750 jobs, or about 5.4%, on average, per year, between 2011 and 2020.⁶

3.2 Development Activity Suggest Growing Acceptance of Denser Housing Formats

It is important to appreciate that fast population growth in the 2000s was enabled by the delivery of “The Big Pipe” project that opened new development lands in Milton. This also occurred at a time when Mississauga was nearing full build-out. Residential construction activity peaked, in Milton, during the late-2000s, with nearly 3,000 total housing starts in 2008.⁷ In part, this level of development activity may have been symptomatic of pent-up demand, with more recent

¹ Statistics Canada. 2007. Census Profile. 2006 Census. Statistics Canada.

² Statistics Canada. 2012. Census Profile. 2011 Census. Statistics Canada.

³ Statistics Canada. 2023. Census Profile. 2021 Census of Population. Statistics Canada.

⁴ Statistics Canada. Population estimates, July 1, by census subdivision, 2021 boundaries

⁵ Statistics Canada. Components of population change by census division, 2021 boundaries.

⁶ Halton Employment Survey, 2011-2014 & Halton Employment Survey 2023

⁷ CMHC Housing Market Information Portal. New Housing Construction.

activity considered a gradual return to normal. Between 2015 and 2024, Milton's residential growth has moderated, averaging about 1,210 housing starts per year.⁸

Milton has and continues to be viewed as a low-density market. However, these conditions are shifting, as evidenced by single and semi-detached homes accounting for nearly 40% of the average annual housing starts over the last decade, compared to over 60% of starts over the previous decade.⁹ This largely is a product of the availability of relatively affordable grade-related single-family housing options relative to other municipalities closer to Downtown Toronto, Lake Ontario, and the Toronto-Niagara corridor.

While Milton remains attractive for its supply of grade-related single-family housing, there appears to be a gradual acceptance of denser housing product types.

- While townhouse starts accounted for about 20% of total starts, during the 2000s, they now account for 34% of total starts, nearly matching single-detached construction.¹⁰
- Similarly, the number of denser townhouse product offerings has increased in recent years. Increasingly developments include fewer traditional and wide-shallow lot types, giving way to the emergence of more back-to-back layouts and the occasional stacked townhouse project. These product types were added to the local market in the late-2010s. The trend towards shrinking lot widths and emergence of new townhouse typologies is partly explained by a developer's preference to achieve higher unit yields. The fact that projects have sold out indicates market acceptance of this product type too.¹¹
- Overall, the number of annual apartment starts is also growing. Between 2015 and 2024, just over 25% of annual starts were apartments – up from 9% over the prior decade.¹²

3.2.1 *Eroding Affordability and Market Acceptance of Denser Housing Formats*

In part, the market's shift to denser housing formats is a function of growing affordability challenges. As alluded to above, Milton's growth has been driven by competitive pricing and a strong supply of new low-rise homes compared to many other GTA municipalities. However, we note that household income levels have not kept pace with housing prices, overall, eroding affordability levels. For example, between 2015 and 2024, average household incomes increased by about 40%¹³, whereas the average resale housing prices in Milton increased by about 120%.¹⁴ To further illustrate the impact of a growing affordability gap, we have estimated the required

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Altus Data Studio. Custom Data Search – Actively and Recently Sold Out Townhouse Projects in Milton.

¹² CMHC Housing Market Information Portal. New Housing Construction.

¹³ Statistics Canada. 2017. Census Profile. 2016 Census. Statistics Canada.

¹⁴ TREB Market Watch. January 2015 and January 2024.

household income to purchase a home in Milton.¹⁵ For example, as of January 2025, the average resale price of a detached home in Milton was about \$1.3 million¹⁶ – nearly a 10% increase over five years. Under current mortgage conditions, this pricing requires a household income of about \$253,000. Even the average resale townhome at \$907,000¹⁷ demands roughly \$176,000 in annual household income. In both instances, the required income to purchase a single-family home is well above Milton's 2024 average household income of \$165,000.¹⁸ This also assumes homebuyers have saved towards a 20% downpayment – increasingly challenging with cost-of-living increases, unless a household has built up equity in an existing home.

These trends generally illustrate a need for a greater range of residential product types to meet housing needs given socioeconomic factors, as well as demographic/ household composition considerations.

3.2.2 *Changing Demographics and Lifestyle Preference*

An aging population may also explain a shift to denser housing formats, as some residents may leverage their single-family home equity to afford new condominiums or modern quality rentals. In this case, downsizing is often predicated by a changing lifestyle (e.g., divorce/ loss of a partner, becoming an 'empty-nester', mobility and/or security concerns). While the Town of Milton has not experienced a significant increase in the percentage share of seniors' (aged 65+) over the past 20 years, relative to Halton and the Province, this is expected to occur over the next 30 years, primarily driven by the aging of the Town's existing Baby Boomer population.¹⁹

3.3 *Non-Residential Investment Is Largely Limited to the Local Industrial Market*

While Milton has experienced strong levels of non-residential investment over the last five years, with just over 5.8 million sf being delivered to the market, almost all of this space has been industrial (96%), followed by retail (3%), and office (1%)²⁰. While other knowledge-based sectors may be growing, such as finance and insurance, professional, scientific and technical services, this has not resulted in significant investment in the local office market. The typical location and form of commercial-office and retail investment is further discussed in Subsection 5.2 of this memorandum.

¹⁵ Assumes a 30-year mortgage, 20% downpayment, and a five-year fixed rate mortgage of 6.79% as of March 2025. The maximum loan is calculated at 30% of income, based on Canada Mortgage Housing Corporation (CMHC) definition of affordable housing.

¹⁶ TREB Market Watch. January 2025.

¹⁷ Ibid.

¹⁸ www.milton.ca/en/business-and-development/quality-living.aspx

¹⁹ Watson & Associates. Phase 1 – Residential and Non-Residential Needs Analysis, Town of Milton, Draft Report.

²⁰ Costar. NBLC custom data search, March 2025.

3.4 Where is Milton Heading?

Based on the Regional Official Plan Amendment 49, Milton has been allocated a long-term population and job growth, from 2021 to 2051, of 213,600 persons and 91,880 jobs. For the purposes of the Town of Milton's Residential and Non-Residential Needs Analysis Study, as part of its on-going local Official Plan update, this growth is treated as a base or 'low' scenario. Considering trends, forecasted immigration levels and longer-term population estimates established for the Province, the Town has established a slightly higher 'medium' population growth scenario as a 'reference' to test housing need and adequacy of land supply as part of its Official Plan update. The population growth forecast utilized by the Town, from 2021 to 2051, is 263,100 persons from 2021 to 2051. This 'medium' level of growth translates into an estimated need of about 90,000 residential units, or just over 2,900 new units per year, on average over the current planning horizon. Of this growth, it is anticipated that about 30% of the housing forecasted would be accommodated through low-density development, 38% medium density, 26% high-density, and 7% through secondary suites – also suggesting a continued shift to an adoption of denser housing formats. As the Province works to achieve its goal to build 1.5 million homes over the next decade, the Town of Milton has further pledged to facilitate construction of 21,000 housing units by 2031 (~2,625 units per year, from 2023 to 2031).

This positive growth outlook is based on a sustained long-term economic and housing expansion in the GTA and Halton Region, which make up a significant portion of the Town's commuter-shed. Milton's future population and residential growth are expected to continue, driven by continued outward migration from the GTA, the immigration targets set by the Federal government, and increasing attraction of non-permanent residents and immigrants seeking relatively affordable housing options.

To meet these shorter and longer-term residential targets, however, Milton must see a significant increase in local development capacity. Recall, over the past decade, the Town averaged little over 1,200 starts per year, with only two years exceeding 2,000 starts. In 2023, the Town achieved 1,952 housing starts.

3.4.1 Real Estate Investors and Developers are Currently in a "Wait and See" Mode

Market forces and infrastructure availability will, however, impact the ability of the Town to accommodate projected residential demand. Over the short-term, it is particularly important to note there is significant uncertainty across almost all real estate markets and asset classes. Real estate markets have slowed, and reduced development activity will naturally follow. This uncertainty is the result of multiple factors, including:

- **High Construction Costs:** Post-Pandemic, hard construction costs surged. This was initially driven by supply chain disruptions, material costs, and skilled labor shortages. These cost escalations have impacted housing development feasibility across Ontario.

- **Inflation Interest Rate Hikes:** In recent years, development feasibility was further challenged by inflation and rapid increases to interest rates. Inflation has generally meant that developers have been unable to deploy capital efficiently. To curb inflation, the Bank of Canada raised interest rates several times. Interest rate increases resulted in higher costs of financing for construction and borrowing for purchasers. While these rates have moderated, we are not back to the favourable lending terms that were available a few years ago.
- **Weakening Market Conditions:** Average purchase prices for housing have adjusted, in part, to account for the higher costs of borrowing and overall weakening market conditions. In particular, the residential market has softened as there is an increased supply of like-new resale inventory (particularly with regard to the condominium apartment market) and many projects that pre-sold in the late-2010s are nearing completion. The result is a buyer's market, generally suppressing pricing.
- **Geopolitical Uncertainty:** This uncertainty is further exacerbated by the current geopolitical conditions and concerns regarding the state of the economy. Combined with higher construction and borrowing costs, it is difficult for private investors to expect any capital appreciation in the near term.

While BoC lending rates are expected to drop further in 2025, the development community remains cautious. Homebuyers are also hesitant due to job security concerns and broader economic uncertainty. As a result, most developers are on hiatus. This will likely lead to a slowdown in construction starts over the next few years, making it challenging for many municipalities, including Milton, to meet short-term housing commitments. Regardless, key drivers of the residential market will persist, likely resulting in a degree of pent-up demand. The proposed development is well positioned to absorb pent-up demand as real estate markets gradually stabilize. With multiple decades of planned supply, it is also well positioned to contribute to meeting longer-term local housing needs.

4.0 The Competitive Non-Residential (Office and Retail) Markets

A key element of a successful mixed-use community is designing commercial spaces and a diverse range of uses that support vibrant daytime and nighttime activity. Strategic allocation of commercial space is particularly important, as commercial markets are highly competitive and more mobile than other real estate classes. This is especially true in periods of market weakness and uncertainty, when only the best locations attract investment, if any. To draw commercial businesses, it is crucial to understand the factors influencing non-residential investment and location decision making. The following provides a summary of these key factors and implications for the local commercial markets and appropriateness of commercial uses within the proposed development.

4.1 Factors Underpinning Office Investment

Key drivers of office demand and factors underpinning new investment typically include:

- **Access to a Concentration of Labour:** Critical for office businesses, a deep pool of qualified employees is essential. Employees increasingly prefer to work and live in the same community or within a reasonable commute, pushing office development toward larger urban centres and mixed-use areas with strong existing or planned high-order transit, coupled with highway access, and ample attainable housing. These factors have underpinned significant major office investment in Downtown Toronto, as well as new multi-tenant office investment within the Vaughan Metropolitan Centre, and Mississauga's Airport Corporate Centre. Milton does not benefit from the same access to a large labour pool as these more central and well-connected areas.
- **Amenity-Rich Mixed-Use Environment:** The current labor force also tends to favor amenity-rich areas. Even in Milton, smaller scale professional office spaces are often found along the Main Street. However, Milton is at a disadvantage in this regard, relative to more central locations in the GTA.
- **Transit Access:** Reliable, frequent transit improves access for employees and customers and can transform a location into an office investment hub. While the subject site is being planned to include local transit (bus) service, with a potential connection to the Milton GO Station, it is not adjacent to a high-order transit station. Coupled with other less favorable locational attributes, the subject site is unlikely to attract office demand given its positioning in comparison to potential sites that might accommodate office development around Milton GO Station / Uptown Milton or the future Agerton/Trafalgar GO Station.
- **Vehicular Accessibility and Parking:** Suburban office users rely on cars, making highway access and sufficient parking crucial for investment. This includes large sites planned or developed for offices that are at the fringe of employment areas and near highways, which typically allow for inexpensive dedicated surface parking. This disadvantages sites, like the proposed development, that while near the highway, put forward a block and street layout with a more urban fabric, which requires moving away from the use of surface parking. To be successful in this configuration, the site would need to support market rents that outweigh the higher cost of under-ground or structured parking. There is no market evidence of this opportunity in Milton today. Additionally, the subject site does not offer broad visibility / potential for naming rights compared to locations along the Highway 401 corridor or at a highway interchange.
- **Agglomeration Economics:** Office uses also benefit from clustering. Co-location enhances efficiencies, knowledge spillover, and networking. However, Milton is not a major office node, limiting these advantages.

- **Operating Costs:** Lower commercial property taxes in Milton can result in lower gross rents, for example, compared to Toronto, but these savings must outweigh the other disadvantages that affect the outlook for office demand in Milton and at the subject site.

4.1.1 *The Local Office Market*

Coming out of the COVID-19 pandemic, it is important to note there has been a shift towards a larger portion of the population working from home. The flexibility that work-from-home has provided to office workers is likely to be sustained over the long-term, with many companies now offering flex work from home/office options to attract/retain labour. This structural shift has impacted supply and demand conditions in the regional office market, as moving forward, many businesses no longer require the same amount of space. It is possible that this restructuring could be a decade-long adjustment period, in many jurisdictions, reducing the need for new space for many years to come— especially as many major office projects that began preleasing and construction before the Pandemic are just coming to completion in central, highly attractive office locations.

While some new office development activity has occurred throughout the Town over the last decade, these developments have been population-serving, where demand is correlated to residential growth. In total, we note there have been six professional office spaces developed in Milton within the last ten years.²¹ This more recent development activity has generally been split between locations along Bronte Street South, benefiting from proximity to the Milton District Hospital and the build-out of adjacent ‘new communities’, as well as being integrated within business parks along Highway 401, benefitting from highway access, available land for surface parking, and less complexity relative to building in an urban mixed-use context.

Surveying all new offices built over the last decade, most buildings are modestly scaled, between about 25,000 sf and 45,000 sf, split across two-storeys and serviced with surface parking. An ample supply of parking is appropriate given the likely prevalence of healthcare professional uses, government offices, and businesses attracted to highway accessibility.

Based on recent trends, continued population growth, and the market positioning of Milton within the regional office market, we would expect there may be modest amount of demand for new office space across the entirety of Milton. This may, for example, amount to about 25,000 sf to 30,000 sf per year, or one new build every two to three years. As population densities are established, an increasing share of this office growth would logically locate within areas of the Town experiencing greater residential investment, such as around Milton GO Station/ Uptown

²¹ Costar. NBLC custom data search, March 2025.

Milton, and more positive office investment location attributes. The subject site is unlikely to attract major office investment.

4.2 Key Determinants of Retail Demand and Location Selection

Much like the office sector, the retail industry is rapidly changing due to a host of factors such as the growth of e-commerce, digital retail platforms, and the decline of department stores and the traditional mall. Given the shift toward increased online shopping and the retreat of many American retailers over the last decade, the need for extensive brick-and-mortar retail space has diminished. It is highly probable that larger shopping centers will not be needed for the foreseeable future; instead, commercial developers and investors have focused on reinvesting in existing assets.

Retail investment in Milton over the last decade has typically taken the form of stand-alone “pad” retail development designed for gas stations or convenience stores, with some community plazas integrated toward the end of new community developments. Including both completed spaces and those under construction, we estimate that approximately 530,000 sf of retail floor space has been delivered to the Milton market since 2012—following the last major wave of population growth.²² Given the industry changes discussed above, the per capita retail requirement will likely fall with implications for planned retail space, including within the proposed development.

Key factors to consider in determining when and where to locate future retail include:

- **Overall Demographics and Planned Growth:** Areas with higher population densities support greater retail demand. However, sufficient demand to support viable business will only emerge later in a development program once a sufficient customer-base is established. Key demographics, such as age, employment status, and income levels may also inform demand. Given this, it would be appropriate to plan to deliver most retail space towards the end of the development, and to locate this space within the highest density node(s).
- **Existing Retail Landscape:** Assessing the current supply—including the distribution of businesses, vacancies, and rental levels—also helps identify market gaps (if any) and appropriate locations.
- **Mobility Patterns:** High visibility and foot traffic—especially near bus stops and major roadways—enhances probability of retail investment too. Like office markets, an agglomeration of uses in visible locations can assist in concentrating foot traffic and thereby the potential for customer capture, and spending. Any future retail proposed at the subject site should not only be clustered in the highest density areas, but along a major thoroughfare through the community, enhancing visibility, potentially forming a modest commercial spine.

²² Costar. NBLC custom data search, March 2025.

5.0 Overall Market Conclusions

Based on our market assessment, the following observations are provided with respect to the proposed development project.

We note that the subject site is highly marketable from a residential perspective. The proposed development leverages its location as a logical extension to the original historic Town of Milton, just north of its Main Street. This proximity is a market strength that capitalizes on the area's small-town charm and access to downtown shops, restaurants, cultural services, trails, and parks, supporting both existing and future businesses. In contrast, much of Milton's current and future housing is being developed in new communities with ample greenfield reserves. These other new communities lack any established character, mixed-use context, and mature tree canopy of the Town's core. By comparison, the subject site is hemmed into a much more established urban area – considered a key point of differentiation from other future projects. We expect the proposed development will attract buyers and renters who are willing to accept somewhat smaller living spaces in exchange for enhanced lifestyle amenities – particularly given new connections to the downtown and the proposed pedestrian and open space network, growing affordability concerns, demographic shifts, and corresponding implications for housing choices. This includes demand for a range of townhouse lot types, as well as future residential supply within apartments.

By integrating townhouse development and mid-rise apartment projects scaled to reflect the site's market position, the project is well-suited to capture as share of future demand as prevailing conditions stabilize. This project also is phased such that it has the potential to respond to future market directions, as well as building on market momentum that may support larger apartment projects over time. Overall, given the size of the site and phased approach to development, the proposed project is well positioned to satisfy residential demand over much of the current planning horizon—contributing to mid to longer-term local housing needs.

We recommend taking a cautious approach regarding the delivery of commercial space, especially in the early phases of the project. An oversupply of retail space at the subject site could jeopardize the vibrancy of Milton's historic Main Street if it contributes to high vacancy and/or detracts visitors, potentially putting downward pressure on rents and discouraging reinvestment. At the time of last reporting, the Town's Main Street vacancy level was 8.6% - typically, a vacancy rate of about 5 to 10% would be considered indicative of a healthy commercial centre.²³ The addition of more local residents through development of the subject site, in the early phases of the development program, could add to the vibrancy of the Main Street and local business activity, alleviating future risk of high vacancy levels, given previously discussed trends in retailing. This is particularly notable given the subject site will be highly walkable to the downtown through introduction of new pedestrian connections, as well as recognizing the fact

²³ [Board of Directors Meeting Minutes- June 2024 - Downtown Milton Business Improvement Area](#)

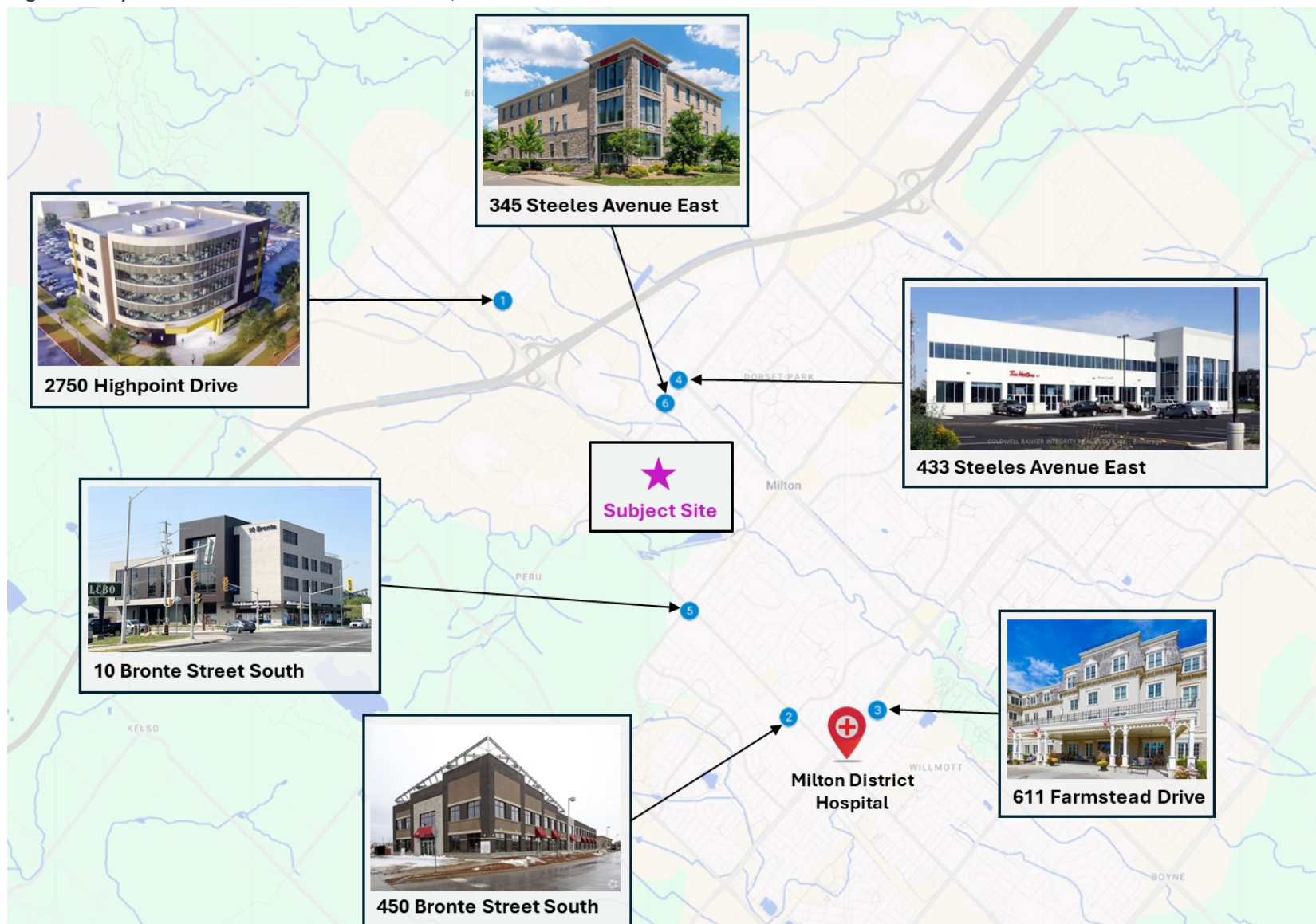
there are flood constraints in the area, which we understand will generally limit intensification opportunities on other parcels directly adjacent to the Main Street.

Balancing these considerations, it is critical that the development strategy allow for careful monitoring of commercial market conditions to prevent adverse impacts on the local office and retail markets. This should include planning for the introduction of commercial space in a limited number of highly visible nodes in the densest locations and designing these spaces to attract a range of population serving retail and service-commercial uses. The development strategy should remain cognizant that Milton's commercial-office market is unlikely to support standalone or integrated office development in an urban context for the foreseeable future.

Given the much longer-term market opportunity at the subject site, it is also important to appreciate that commercial markets are less predictable and more mobile than residential markets. Demand for office and retail space, for example, is far more sensitive to operating costs such as property taxes and is also influenced by the macro-economic activity or economic outlook of the region or country. Space needs will vary significantly between businesses, making it difficult to predict the level and timing of commercial investment within a new development of this size. It is therefore more appropriate to test commercial office (supply and demand) and retail space requirements later in the development entitlement process, when prevailing market conditions can be better understood.

Appendix A:
Survey of New Local Office

Figure 2: Map of New Office Investment in Milton, 2012 to March 2025



Source: Costar, N. Barry Lyon Consultants Ltd.