

Executive Summary

Top Ontario Investment Towns 2013-2018

Based on Key Economic Fundamentals

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Top Ontario Investment Towns

Executive Summary

Although this continues to be a time of economic turbulence and confusion for many of Ontario's 13 million inhabitants, the housing market has continued to perform counter to the slow-down. That is why it is now especially important to choose your target real estate market very wisely. For the coming few years we will witness some regions underperform their economic fundamentals while others will out-perform.

As an investor or home-buyer it is critical that you consider the underlying economic structure propping up your region and confirm that it has long term sustainability. Identifying regions with a well structured and well supported future must remain #1 priority.

In this report, we are identifying cities, towns and regions that are poised to outperform other regions of the province over the next 3 – 5 years. Past, or even current, performance is not an indicator of how a region will perform in the future; that is why investors must focus solely on the economic fundamentals that will drive the real estate market in the future and a city's potential to generate positive annual income from. As part of the development of this Top Investment Town List, we have considered these key fundamentals:

- ☒ Is the area's average income increasing faster than the provincial average?
- ☒ Is the area's population growing faster than the provincial average?
- ☒ Is the area creating jobs faster than the provincial average?
- ☒ Does the area have more than one major employer?
- ☒ Is the area in the RBC Affordability Index Hot Zone (25% to 39%)?
- ☒ Will the area benefit from an economic or real estate ripple effect?
- ☒ Has the political leadership created an economic growth atmosphere?
- ☒ Is the Economic Development Office progressive and helpful?
- ☒ Is the area's infrastructure being built to handle the expected growth?
- ☒ Are there any major transportation improvements in the works?
- ☒ Is the area attractive to Baby Boomers' lifestyle?
- ☒ Is there a short term problem occurring that is slated to disappear in the future?
- ☒ Is there a noted increase in labour and materials cost in the area?

The answers to these questions provide a base from which to work while analyzing any region in North America. Especially during today's market turmoil and mixed economic signals this pure economic focus is critical. The long-term opportunities are there it will just take a practiced eye and a non-emotional outlook to uncover them. The good news is we have completed a lot of the initial research for you and the results follow.

Top Ontario Investment Towns:

1. **Hamilton**
2. Kitchener & Cambridge
3. **Waterloo**
4. Barrie
5. **Brampton**
6. Ottawa
7. **Orillia**
8. Durham Region (Whitby, Pickering, and Ajax)
9. **Toronto**
10. Vaughan
11. **Brantford**



Hamilton

Once known only as a hard-working steel town, Hamilton has quickly begun to shed this image in the eyes of potential investors. Several years of record breaking building permit values and exponential population growth have done wonders to change the city's reputation. Helmed by a forward-thinking government and Economic Development team, Hamilton's economic growth and investment potential have skyrocketed, landing this city at the top of our list of Ontario Investment Towns for the second year running. Only an hour away from two United States border crossings, links to major highways with access to local, national, and international markets, owner of the busiest port out of all the Great Lakes, and access to international rail lines and the Lester B. Pearson International Airport, it's easy to see why Hamilton continues to be a prime location to do business. Hamilton's lower housing prices and short driving distance to Toronto will continue to appeal to people who work in Canada's largest city, but live outside its borders.

Kitchener & Cambridge

With their ever diversifying economies, Kitchener and Cambridge remain near the top of our list of Ontario investment towns. In order to maintain a strong economic presence, cities must constantly reinvent themselves in order to attract new investors and talent, and KC has done just that. By investing in new sectors, such as digital media, biotechnology, and life sciences, the Triangle has protected itself from job losses experienced in many other Ontario communities during the recession. The presence of world-leading companies such as Microsoft and Research in Motion attest to the Technology Triangle's R&D capabilities and significant competitive advantage the region has to offer. In-migration is strong, average incomes are strong, available older housing stock is there and overall job growth continues. Coined by the Real Estate Investment Network™ as "the economic Alberta of Ontario" in previous editions of this report, the two communities have continued to prove themselves worthy of this title.

Waterloo

Located in Canada's Technology Triangle, Waterloo appears to have it all. Only an hour's drive from Toronto and Canada's busiest airport, the city is well-connected both nationally and internationally. The city is able to provide residents with world-class education from some of Canada's post-secondary institutions. It is easy for an investor to see the high rental income a city like Waterloo can offer, what with the high levels of immigration and the constant influx of students. However, a risk factor that potential investors must not ignore for the Waterloo region is that Research in Motion (RIM) is facing. Waterloo's largest employer, any major restructuring of that business will have direct and secondary negative effects on the employment levels in the region and therefore the real estate market. Investors should pay very close attention to this continuing story. In addition, potential investors will have to keep in mind that the city's new rental licensing law may keep landlords from witnessing the same rental income they would receive if renting in Kitchener or Cambridge.

Barrie

Located on the shores of Lake Simcoe, and less than an hour's drive from Toronto, Barrie is an attractive community for people seeking the nearness and vitality of the big city, but wanting a more laid-back lifestyle. Barrie has really begun to expand from a 'recreational' area to a solid year round diverse economy in recent years. Many Southern Ontarians still consider Barrie as just part of cottage country, but they could not be more wrong. Job growth, economic diversification, major transportation improvements and a very aggressive Economic Development Team have helped Barrie to become a

magnet for new residents, new development and new businesses. The addition of 2,293 hectares to the city's total land base has provided Barrie with much needed space for future development in addition to giving the city direct access to the Detroit-Windsor-Quebec City corridor via Highway 401. Investors should keep in mind the future development possibilities in this area when buying in the city.

Brampton

The 9th largest city in Canada, Brampton has had no problem diversifying its economy. A short drive from the City of Toronto, Brampton offers great transportation links for businesses wanting the advantages a big city provides, without the cost. Featuring immediate access to a network of trans-continental highways and Canada's largest international airport, Brampton is open and ready for business. As people migrate to the Greater Toronto Area, many will see the advantages the city has to offer. One has only to look at the extensive list of infrastructure projects the city has seen in the last few years to know that the city is booming. For investors who are willing to do a little homework and pick their neighbourhoods carefully, Brampton can provide solid positive returns for years to come.

Ottawa

Functioning as the nation's capital, the City of Ottawa enjoys an incredibly diverse economy. Unlike other cities that rely on a small number of industries or sectors, Ottawa's diversity allows it to weather an economic storm better than other communities. Numerous research and development centres and government institutions provide the city with a steady flow of quality renters. These people work in the city for shorter periods of time with no intention of making Ottawa their permanent residence. In addition, Ottawa's proximity to several post-secondary institutions will also provide investors with an active student rental market. According to the economic fundamentals, Ottawa should provide home buyers and real estate investors with solid returns on their investments over the coming years. Sophisticated investors will look towards revitalization areas, such as properties located along the O-Train expansion. Watch for new developments coming on board in the coming years as demand for rentals and condominium living continues to be strong.

Orillia

Located in Southern Ontario, the City of Orillia is nestled between the shores of Lake Simcoe and Lake Couchiching. Orillia has become part of the "Sanctuary Trend" that we have witnessed in other areas of the country, such as Sylvan Lake in Alberta. People looking for that small town feel with the amenities of a major city like Toronto less than a two hour drive away have flocked to the city. Residential building will continue to rise to feed the growing demand. Once thought of as only a gateway to Ontario's cottage country and recreational activities, Orillia's leadership has focused on making the city an economic and educational center. With an increasing population and expansion of post secondary institutions, the city provides tremendous opportunity for investors.

Durham Region — Whitby, Ajax & Pickering

The Durham Region, which includes the communities of Ajax, Whitby, and Pickering, lies just east of the City of Toronto. Functioning as the eastern gateway for the Greater Toronto Area (GTA), the Durham Region has access to a market of over 120 million people within a day's drive. The region has experienced a ripple effect from Toronto as people move east and west of the metropolis in search of more affordable homes. When reviewing the Durham Region's economic fundamentals, we see an area going through a positive transition. Others are identifying this as well, as shown by the increase in the number and quality of employers, the in-migration of a younger population and the planned expansion of post-secondary institutions. With one of the fastest growing populations in Canada - forecast to hit nearly one million people by 2031, the Durham Region has come to be known as an 'emerging power' within the GTA

Toronto

With one of the most diverse economies in North America, Toronto has lots to offer both businesses and investors. The city will continue to be a major economic engine for Canada as the financial and head office capital of the nation. Its economic potential, combined with the influx of immigrants and post-secondary students the city sees each year will provide a continuing source of home ownership demand as well as rental demand in the housing market. With a population of over two million – larger than some of the provinces and territories in the country, it is impossible to rate Toronto as a whole. Some regions of the city will prove to be provincial leaders, while other regions will lag sadly behind. That is why, when considering a home purchase or investment in the city of Toronto, you must dive deeply into the facts and figures of your specific target neighbourhood.

Vaughan

Over the past two decades, the City of Vaughan has transformed from a rural town into a metropolitan centre. With unbeatable transportation links to both national and international markets, as well as some of the lowest commercial and industrial taxes in the GTA, the city has no problem attracting new business. Once all the region's transportation projects are completed, Vaughan will be among the most accessible regions in the Greater Toronto Area. The expansion of the Spadina Line of the Toronto Transit Commission to the Vaughan Metropolitan Centre will only increase the attractiveness of the city in the eyes of business professionals looking for more affordable housing options on the outskirts of Toronto.

Brantford

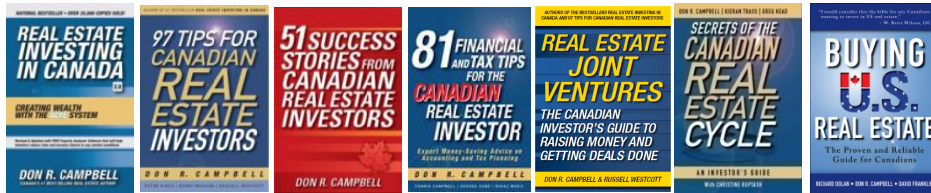
On the banks of the Grand River in Southern Ontario, Brantford is a hidden gem that was off the investor's radar for many years. About an hour's drive from Toronto, the city is a prime location for those wanting access to the amenities a big city without the constant noise and activity living in a large city creates. Becoming a Census Metropolitan Area (CMA) in 2006 due to its tremendous growth, Brantford has begun to create quite a buzz in recent years. With a projected population of 115,000 by 2020, Brantford has a promising economic outlook. Strong commercial, industrial, and residential development in the last few years has created new job opportunities and cemented Brantford on our list of Top Ontario Investment Towns. The four post-secondary institutions located in the Brantford-Brant area provide the region with a vibrant and younger population base and a great opportunity for investors. The city should witness a strong increase in average incomes, in-migration and diversification of the local economy. The coming years will definitely be defining ones for this region. Relatively low house prices and an increase in average rents, combined with lowering vacancy rates line Brantford up as a great location for investing in real estate.

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Don R. Campbell is a Canadian-based real estate investor, researcher, author and educator. He is the Founding Partner of the Real Estate Investment Network Ltd. His experienced team's research and systems have been developed and continuously refined over the last twenty years and are based solely on proven Canadian strategies that work in today's market environment.

Don is the author of the best-selling Canadian real estate book *Real Estate Investing in Canada*. Published in May 2005, with a combined total of over 100,000 copies of all his books sold, *Real Estate Investing in Canada* is the all-time best-selling real estate book in Canadian history. *Real Estate Investing in Canada 2.0* was released in 2009 with an update on current market conditions and includes a section on property management to help investors better manage their portfolios. Don's second book, *97 Tips for Canadian Real Estate Investors* was released in 2006 and became a #1 best-seller with over 20,000 copies sold. His third book, titled *51 Success Stories of Canadian Real Estate Investors*, chronicles real estate investors' stories and follows with detailed analyses of their journeys so that all investors can mirror the successes and avoid the pitfalls. *81 Financial and Tax Tips for the Canadian Real Estate Investor*, released in February 2010, is a practical, compact, and easy-to-understand guide to accounting and tax-saving strategies. Published in 2011, *Secrets of the Canadian Real Estate Cycle* enables investors to assess local markets and decide the best investment tactics based on the key factors that drive cycles. *Real Estate Joint Ventures: The Canadian Investors Guide to Raising Money and Getting Deals Done* was released in November 2011. *Buying US Real Estate: The Proven and Reliable Guide for Canadians* is Don's most recent book, released in September 2012.

Melanie Reuter

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Melanie joined REIN™ in 2006 as a research analyst and has contributed in many areas including Top Investment Towns; the Impact of Transportation Improvements on the Lower Mainland, Calgary, Edmonton and Greater Toronto and the Hamilton region; grow-ops and methamphetamine labs in rental housing and crime prevention through environmental design. Melanie holds a Master's Degree in Criminal Justice from California State University, San Bernardino and a Bachelor's Degree in Criminology from Simon Fraser University. She has worked with law enforcement agencies in southern California on many projects including a methamphetamine task force and Community Oriented Policing initiatives. In Canada, Melanie consulted with local transit agencies to help reduce crime at rapid transit stations along the Millennium line and has helped develop crime prevention and safety projects with various law enforcement agencies around the Lower Mainland.

Allyssa Epp

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Allyssa first joined the REIN™ team in 2008 as a research assistant. In the past four years, Allyssa has contributed to many of REIN's research reports, including: the Top Alberta Investment Towns report, Top Ontario Investment Towns report, the Gateway Effect, Calgary Transportation Effect, and Edmonton Transportation Effect. Since her addition to the REIN team™, the company has been able to produce several new cutting edge reports, including: the Top BC Investment Towns, Top Canadian Investment Towns, and Hamilton Transportation Effect. Her work has been published in the *Canadian Real Estate Magazine* on more than one occasion. Allyssa is currently pursuing her Bachelor of Business Administration Degree with a Communications minor at the University of the Fraser Valley.