

Greater Toronto Area



Quick Stats

1.6%

Availability rate in the Greater Toronto Area

\$10.49 psf

Average asking net rental rate in the Greater Toronto Area

6

Properties in the Greater Toronto Area with more than 250,000 sf available

10.3 msf

GTA-wide industrial space under construction – down from 14.9 msf one year earlier

10%

Year-over-year growth in asking net rental rates in the Greater Toronto Area

The Greater Toronto Area (GTA) industrial market remains resilient, despite the pandemic and challenges in the broader economy. Growing e-commerce sales coupled with the need for greater inventory levels continue to fuel demand for industrial space across the GTA.

According to eMarketer, Canadian e-commerce sales are expected to comprise 10.1% of total retail sales in 2022 and 11.7% by 2024, up from 8.7% in 2020. This has translated to exceptionally strong leasing and investment transaction activity (and compressed cap rates) as well as increased competition for available land. The sector has also benefited from its occupiers largely being deemed essential services, strong rental collection, and rental growth relative to other commercial real estate asset classes.

Tight market conditions are reflected in an availability rate of just 1.6% – below the national average (2.4%) and making the GTA among the tightest, if not the tightest, markets in North America. Developers are challenged to keep pace with the ongoing demand. The majority of new space is leased up before completion. In the first quarter, 2.6 million square feet (msf) was delivered, of which 2.2 msf (87%) was leased. The 10.3 msf currently under construction, of which 7.1 msf (69%) has





already been leased, represents a mere 1.2% of the GTA's existing industrial stock.

E-commerce players remain the leading drivers of demand, but are seeing increased competition from 3PL, logistics, and distribution players.

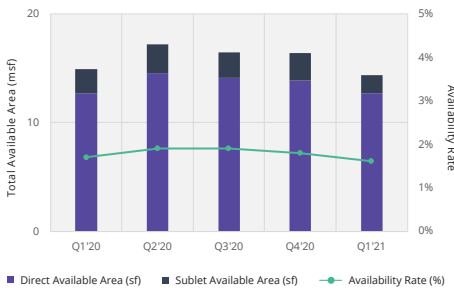
The online order fulfilment process requires much more space than traditional warehouse and distribution uses, as a larger stock of easily accessible inventory needs to be stored within these facilities. Recently it is becoming common to see mega-sized fulfilment centres (in excess of 1 msf) to meet this need.

For some developers, rental rates which have grown by 69% in the past five years and low availability rates have offset the high land values and construction costs evident in today's market. As appetite for land grows, emerging markets on the GTA's periphery are becoming sought-after, due to their redevelopment potential. Infill developments for last-mile facilities in the urban core are increasingly in high demand, even if it means demolishing an existing facility and building new.

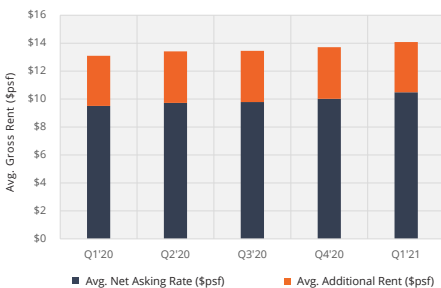
Given the supply-demand imbalance, the consensus is for continued growth across the GTA industrial markets for the foreseeable future.

	Q1 2021 894 msf Inventory	QoQ ↑
	14.4 msf Available Area	↓
	\$10.49 psf Average Asking Net Rental Rate	↑
	10.3 msf / 45 buildings Under Construction	↓

Availability Trends



Occupancy Cost Trends




6 Number of buildings with 250,000+ sf available

GTA Market Monitor

The overall industrial availability rate across the GTA decreased 20 basis points (bps) during the first quarter to 1.6% – and was down 10 bps year-over-year. Quarter-over-quarter, availability decreased in the North, West and Central markets (50, 20 and 10 bps, respectively). GTA East was the only market to report a rise in availability (40 bps).

Large-block leasing remains strong. In total, five leases for more than 250,000 square feet (sf) were signed in the first quarter of 2021, including Acco Brands' 333,500-sf renewal at 7381 Bramalea Rd. in Brampton; Amazon's deal for 291,900-sf at 6350 Cantay Rd. in Mississauga; and S&S Activewear's lease of 279,500 sf in a new facility at 6675 Langstaff Rd.









Demand in the GTA centres around logistics and distribution (including e-commerce), retail, household and consumer products, and food and beverage companies.

The supply-constrained market continues to push rents to all-time highs as the average asking net rental rate in the GTA reached

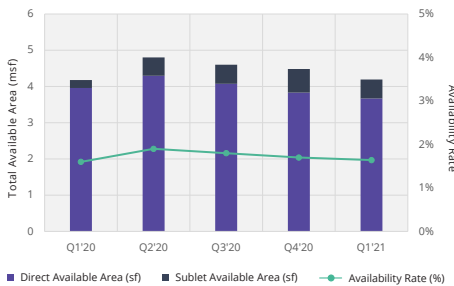
\$10.49 per square foot (psf) in the first quarter of 2021. This represents an increase of 5% quarter-over-quarter and 10% year-over-year – continuing the trend as rates have jumped 49% from three years ago, and 69% in the past five years. The highest average rents were found in the North at \$12.56 psf, and the most economical in the East at \$8.11 psf.

First-quarter completions totaled 2.6 msf across 15 buildings (87% leased), evenly dispersed across the markets. The East market featured the largest completion of the quarter at 1121 Thornton Rd. S. in Oshawa (410,600 sf). A further 45 buildings totaling 10.3 msf were under construction at the end of the first quarter – with 69% preleased. The majority of buildings under construction were in GTA West (45%) while the Central and East markets accounted for 20% each. An additional 150 buildings were in pre-construction stage, with the potential to add almost 56 msf (14% already leased) across the GTA if built.

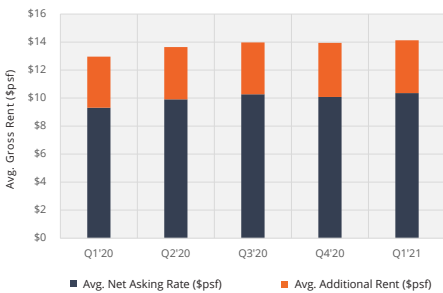
Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Add'l Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
GTA Central	255,654,439	3,667,493	525,439	4,192,932	1.6%	\$10.36	\$3.77	\$236	504,649	2,087,379	4,265,209
GTA East	52,649,910	1,163,410	23,510	1,186,920	2.3%	\$8.11	\$3.39	\$181	631,262	2,054,837	5,967,304
GTA North	189,405,469	2,046,596	238,607	2,285,203	1.2%	\$12.56	\$3.43	\$208	687,989	1,483,907	13,955,769
GTA West	396,447,542	5,830,154	889,880	6,720,034	1.7%	\$10.42	\$3.70	\$272	741,468	4,683,752	31,536,040
Greater Toronto	894,157,360	12,707,653	1,677,436	14,385,089	1.6%	\$10.49	\$3.59	\$242	2,565,368	10,309,875	55,724,322

	Q1 2021 256 msf Inventory	QoQ 
	4.2 msf Available Area	
	\$10.36 psf Average Asking Net Rental Rate	
	2.1 msf / 13 buildings Under Construction	

Availability Trends



Occupancy Cost Trends




3 Number of buildings with 250,000+ sf available

GTA Central Market Monitor

Available space in the Central market decreased 10 bps quarter-over-quarter to 1.6% – the same rate posted one year earlier. Rates range from a high of 2.4% in Toronto to a low of 1.3% in Scarborough. The average asking net rental rate rose to \$10.36 psf – up 3% quarter-over-quarter, 11% year-over-year, 40% in the last three years and 74% in the last five years. Etobicoke commands the highest rents at \$10.94 psf and North York the most economical at \$9.54 psf.

A notable first-quarter lease transaction in the Central market was a 170,300-sf deal signed at 830 Progress Ave. (1 Toyota Pl.) in Scarborough by Consolidated Group of Companies. On the sales front, Triovest purchased 100-110 Iron St. in Etobicoke (524,600 sf on 21.9 acres) from Mantella Corp. for \$125.3 million. At the time, the building was fully occupied by Thomson Terminals and National Logistics Services.





Two buildings were completed in the Central market during the quarter: a redevelopment of grocer Metro's existing Etobicoke distribution centre at 17 Vickers Rd. and new construction of a temperature-controlled facility at 170 The West Mall, adding 504,600 sf to the inventory. Thirteen buildings totaling 2.1 msf were under construction (57% leased) – including 2750 Morningside Ave. (333,600 sf) by Oxford Properties.

Infill developments in the urban core are highly sought-after, evidenced by One Properties' redevelopment of 541 Kipling Ave. in south Etobicoke into a 337,200-sf last-mile distribution facility with occupancy slated for fourth-quarter 2022.

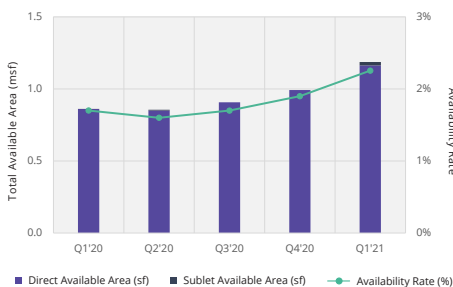
Etobicoke is home to 51% of the Central market's under construction pipeline, followed by Scarborough with 36%. Meanwhile, there are 30 buildings at the pre-construction stage totaling 4.3 msf – a mixture of design-build projects and those awaiting a tenant.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Addtl Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
East York	8,756,996	91,630	102,547	194,177	2.2%	\$10.10	\$4.49	-	0	0	224,192
Etobicoke	74,126,684	1,015,586	98,363	1,113,949	1.5%	\$10.94	\$3.24	\$229	504,649	1,059,793	1,673,691
North York	67,744,059	1,099,609	90,540	1,190,149	1.8%	\$9.54	\$4.09	\$243	0	148,595	506,886
Scarborough	66,271,230	750,159	99,901	850,060	1.3%	\$10.39	\$4.19	\$226	0	743,991	1,406,653
Toronto	33,853,014	692,731	117,560	810,291	2.4%	\$10.89	\$3.71	\$260	0	135,000	453,787
GTA Central	255,654,439	3,667,493	525,439	4,192,932	1.6%	\$10.36	\$3.77	\$236	504,649	2,087,379	4,265,209

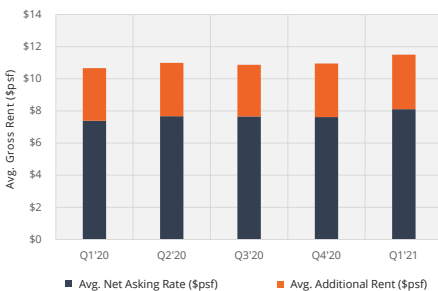
* Total figures for the GTA Central include additional submarkets not listed above (i.e. York).

Q1 2021	QoQ
 53 msf Inventory	↑
 1.2 msf Available Area	↑
 \$8.11 psf Average Asking Net Rental Rate	↑
 2.1 msf / 3 buildings Under Construction	↓

Availability Trends



Occupancy Cost Trends



1 Number of buildings with 250,000+ sf available

GTA East Market Monitor

Overall availability in the East market increased 40 bps to 2.3% during the first quarter, with the rise attributed to recent completions in the Oshawa market. Overall average asking net rents in GTA East rose to close the quarter at \$8.11 psf – up 6% quarter-over-quarter, 10% year-over-year, 46% in the last three years and 54% in the past five years. Some of the most economical rents in the GTA can be found in the East, where all nodes remain well below the GTA average of \$10.49 psf.

Leasing activity was led by Lear Corp.'s 185,000-sf deal at Cartera's 1652 Tricont Ave. in Whitby. Meanwhile, two big blocks of space were leased within Panattoni's new speculative buildings at 1121 and 1147 Thornton Rd. S. in Oshawa – Aosom Canada Inc. (171,200 sf) and CanAtom Power Group (120,800 sf).

On the sales front, Summit REIT purchased 777 Bayly St. W. in Ajax, fully occupied by Volkswagen Group, for \$68 million at a reported 4.3% capitalization rate. The building totals 342,800 sf on a 34-acre lot.









First-quarter 2021 completions were limited to two buildings totaling 631,300 sf – Panattoni's new speculative buildings at 1121 and 1147 Thornton Rd. S. Three buildings totaling 2.1 msf were under construction, including 300 Rossland Rd. E. (just over 1 msf for Amazon) in Blackwood Partners' GTA East Industrial Park. Of the total space under construction, 79% is preleased and all buildings are scheduled for completion in the next 12 to 18 months. Ajax is home to just over half of these projects, followed by Pickering and Oshawa (27% and 21%, respectively).

Fourteen developments totaling 6 msf remain in the pre-construction phase. Ivanhoé Cambridge is offering a 1.2-msf development at 537 Kingston Rd. in Ajax, with building completion anticipated in fourth-quarter 2022.

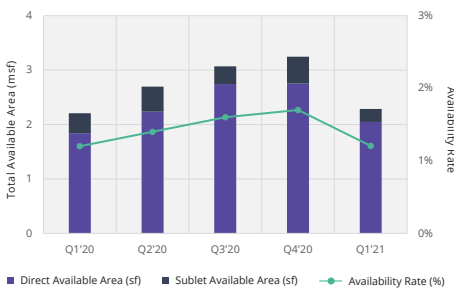
In other news, Amazon is looking to develop a large-scale fulfilment centre in Durham Region. A recent option in Pickering fell through; however, the company is examining other options within the region.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Addtl'l Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
Ajax	7,607,151	16,565	23,510	40,075	0.5%	\$8.95	\$3.28	\$185	0	1,049,837	3,393,678
Oshawa	17,150,456	457,358	0	457,358	2.7%	\$8.14	\$3.24	-	631,262	440,000	0
Pickering	11,196,674	372,834	0	372,834	3.3%	\$8.60	\$3.66	\$169	0	565,000	172,120
Whitby	10,236,711	310,397	0	310,397	3.0%	\$7.45	\$3.10	\$195	0	0	1,739,391
GTA East	52,649,910	1,163,410	23,510	1,186,920	2.3%	\$8.11	\$3.39	\$181	631,262	2,054,837	5,967,304

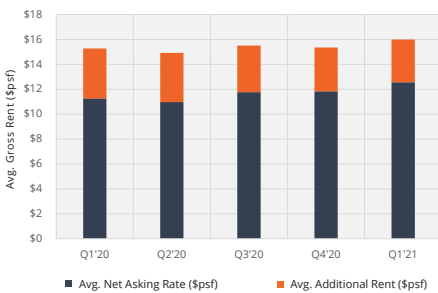
* Total figures for the GTA East include additional submarkets not listed above (i.e. Brock, Clarington, Scugog and Uxbridge).

Q1 2021	QoQ
 189 msf Inventory	
 2.3 msf Available Area	
 \$12.56 psf Average Asking Net Rental Rate	
 1.5 msf / 5 buildings Under Construction	

Availability Trends



Occupancy Cost Trends




0 Number of buildings with 250,000+ sf available

GTA North Market Monitor









The availability rate in the GTA North industrial market decreased 50 bps during the first quarter to 1.2% – the same as one year earlier. The North market remains deprived of large blocks more than 250,000 sf and continues to command the highest premium on rents in the GTA, with an average asking net rental rate of \$12.56 psf – 20% higher than the GTA-wide average rate. Rates have increased 6% over-over-quarter, 12% year-over-year, 55% in the last three years and 100% in the past five years. Within the GTA North, average rents in all municipalities are now in double-digit territory.

Significant lease deals during the first quarter included S&S Activewear inking a 279,500-sf lease at 6675 Langstaff Rd. in Vaughan; Artisan Complete renewing its 160,000-sf lease at QuadReal's recently acquired 1 Steelcase Rd. W. in Markham; and Stratosphere Quality signing a new lease for

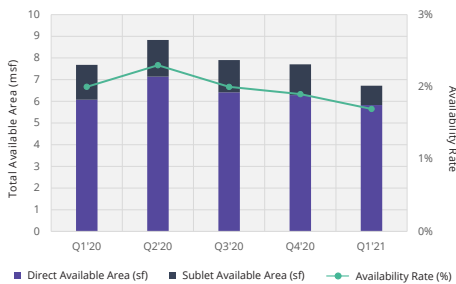
124,000 sf at 239 Chrislea Rd. in Vaughan. On the sale front, 200 Industrial Pkwy. N. (168,000 sf on 8.1 acres) was acquired by a private investor from SJ Agemian Investments Inc. for \$24 million, and 130 Pippin Rd. in Vaughan (90,300 sf) was purchased by 130 Pippin Road Inc. (the user) from Viva Wood Ltd. for \$22.1 million.

On the development front, five buildings totaling nearly 688,000 sf were completed in the first quarter, all in Vaughan. Meanwhile, five buildings comprising 1.5 msf were under construction at quarter-end (85% preleased) – all in Vaughan. There were also 35 buildings at the pre-construction stage with the potential to add almost 14 msf to the market once completed – 15% (2.1 msf) has been leased prior to construction.

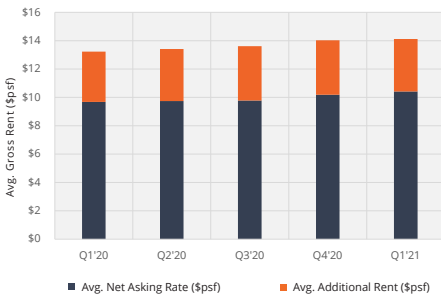
Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Addtl Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
Aurora	6,274,026	26,828	0	26,828	0.4%	\$10.30	\$4.35	\$155	0	0	0
Markham	40,009,760	681,165	84,610	765,775	1.9%	\$12.33	\$4.42	\$214	0	0	0
Newmarket	9,160,741	47,519	22,500	70,019	0.8%	\$11.21	\$3.74	\$192	0	0	0
Richmond Hill	14,693,201	410,311	47,053	457,364	3.1%	\$11.56	\$4.35	\$283	0	0	0
Vaughan	113,471,205	877,374	84,444	961,818	0.8%	\$13.06	\$3.31	\$198	687,989	1,483,907	1,483,907
GTA North	189,405,469	2,046,596	238,607	2,285,203	1.2%	\$12.56	\$3.43	\$208	687,989	1,483,907	13,955,769

	Q1 2021 397 msf Inventory	QoQ 
	6.7 msf Available Area	
	\$10.42 psf Average Asking Net Rental Rate	
	4.7 msf / 24 buildings Under Construction	

Availability Trends



Occupancy Cost Trends




2 Number of buildings with 250,000+ sf available

GTA West Market Monitor

Accounting for 44% of the GTA's overall industrial stock, the availability rate in the West market decreased 20 bps to 1.7% during the first quarter, a 30-bps drop year-over-year. The West market remains a hotbed for leasing and investment activity.

On the leasing front, most notable was Acco Brands' renewal of 333,500 sf at 7381 Bramalea Rd. in Brampton. Meanwhile, Amazon signed for 291,900 sf at 6350 Cantay Rd., Mississauga, and Henkel for 252,500 sf in Anatolia Capital's 12333 Airport Rd. in Caledon. On the investment front, the quarter's largest sale in the West market was a two-building portfolio consisting of 250 Summerlea Rd. and 240 Nuggett Crt. in Brampton – a \$116.6-million trade between vendor Confederation Freezers and purchaser TPP, a local private investor.

Average asking net rents in the GTA West market increased 2% quarter-over-quarter to \$10.42 psf – comparable to the GTA-wide average, representing an increase of 8% year-over-year, 47% in the last three and 64% in the last five years.

Six buildings were completed during the first quarter, totaling 741,500 sf (fully leased) – 29% of the square

footage completed in the GTA. The largest was 12660 Coleraine Dr. in Caledon, where Metro Supply Chain Group took occupancy of the entire 285,500-sf building.

Meanwhile, an impressive 4.7 msf (64% preleased) across 24 buildings was under construction at the close of the first quarter – accounting for 45% of the overall construction pipeline in the GTA and double that of the Central and East markets. Three additional pre-construction options were added to the pipeline during the quarter, bumping the total to 79 buildings tallying 31.5 msf (7% leased).

In other news, in January the federal government approved (subject to an extensive list of conditions) the Canadian National Railway's (CN) proposed \$250-million Milton Logistics Hub. Once CN navigates the red tape surrounding the development, the 400-acre intermodal facility (rail to road) will be able to handle up to 1,600 trucks per day, serving the Greater Toronto and Hamilton Area.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Addtl' Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
Brampton	98,575,661	772,168	239,656	1,011,824	1.0%	\$11.50	\$3.90	\$263	0	715,046	8,216,257
Burlington	27,174,251	683,712	8,977	692,689	2.5%	\$8.79	\$3.42	\$197	134,298	230,000	491,294
Caledon	18,602,119	604,882	23,000	627,882	3.4%	\$9.12	\$2.95	-	287,538	1,971,263	899,243
Halton Hills	8,385,614	333,663	0	333,663	4.0%	\$9.61	\$3.01	-	0	0	2,580,913
Milton	24,354,937	368,817	0	368,817	1.5%	\$8.90	\$2.83	\$284	0	0	15,513,621
Mississauga	190,443,878	2,738,855	577,402	3,316,257	1.7%	\$11.00	\$4.09	\$307	209,064	1,633,194	2,518,562
Oakville	28,911,082	328,057	40,845	368,902	1.3%	\$11.78	\$4.81	\$271	110,568	134,249	1,316,150
GTA West	396,447,542	5,830,154	889,880	6,720,034	1.7%	\$10.42	\$3.70	\$272	741,468	4,683,752	31,536,040

Summary of Tenant Options

		No. of Bldgs. with Avail. Space	Available Space				
			More than 250,000 sf	249,999 - 100,000 sf	99,999 - 50,000 sf	49,999 - 20,000 sf	Less than 20,000 sf
GTA Central	East York	6	0	0	2	0	4
	Etobicoke	37	1	4	3	4	25
	North York	37	1	1	5	7	23
	Scarborough	33	1	3	5	7	17
	Toronto	44	0	1	3	6	34
	GTA Central Overall	184	3	9	18	24	106
GTA East	Ajax	4	0	0	0	1	3
	Oshawa	6	1	1	2	1	1
	Pickering	9	0	2	0	1	6
	Whitby	5	0	1	1	0	3
	GTA East Overall	25	1	4	3	3	14
GTA North	Aurora	2	0	0	0	1	1
	Markham	33	0	1	5	8	19
	Newmarket	3	0	0	0	2	1
	Richmond Hill	17	0	0	3	5	9
	Vaughan	63	0	1	4	15	43
	GTA North Overall	119	0	2	12	31	74
GTA West	Brampton	28	0	3	7	5	13
	Burlington	15	0	5	0	2	8
	Caledon	14	0	6	2	2	4
	Halton Hills	2	1	0	0	0	1
	Milton	6	1	0	0	1	4
	Mississauga	162	0	9	11	32	110
	Oakville	22	0	0	2	5	15
	GTA West Overall	249	2	23	22	47	155
GTA	Overall Total*	553	6	38	55	105	349

* Total figures for the GTA Central, GTA East and GTA North include additional submarkets not listed above.

\$1.4B

GTA-wide industrial investment volume for transactions greater than \$1M during the first quarter



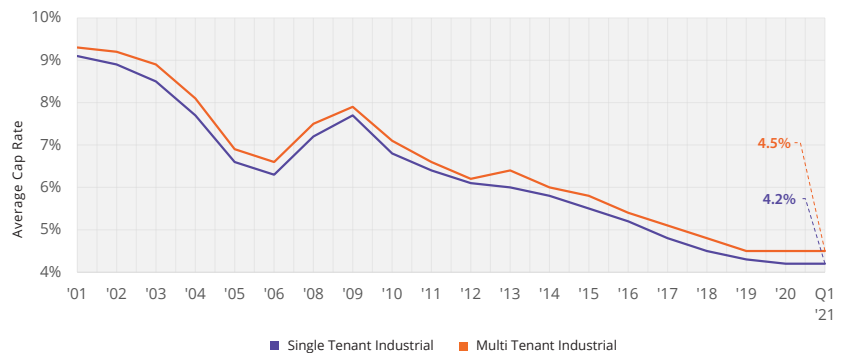
100-110 Iron Street, Etobicoke
Photo Source: Mantella Corporation

GTA Industrial Investment Market Highlights

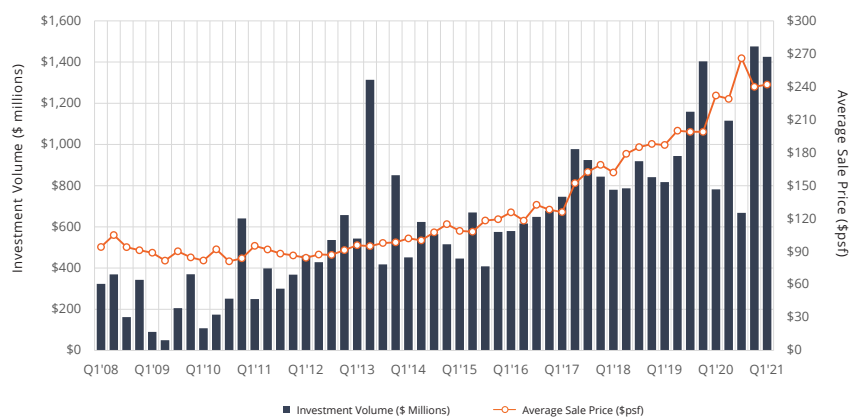
After posting a high-water mark of \$4.6 billion in sales in 2020, the industrial sector remains a hot commodity among investors with \$1.4 billion worth of industrial properties changing hands in the first quarter of 2021 (representing 36% of the GTA total). Peel region attracted one-third of the dollar volume. Even though investment was down 3% quarter-over-quarter, dollar volume was nearly double that of the same quarter one year ago. The unrelenting adoption of e-commerce reinforces solid fundamentals for the acquisition of highly coveted last-mile warehouse and distribution space, even if it means demolishing an existing facility and building new.

The sector's largest transaction was the \$125-million sale of 100-110 Iron St., a 525,000-sf warehouse/distribution complex, between Mantella Corp. and Triovest. Average cap rates for single-tenant properties dropped 10 bps during the first quarter to 4.1%, while multi-tenant properties also posted a quarterly decline – down 20 bps to 4.3%. Demand for industrial product is expected to remain strong for the remainder of 2021, especially given accelerated growth in the e-commerce, food-distribution and cold-storage sectors.

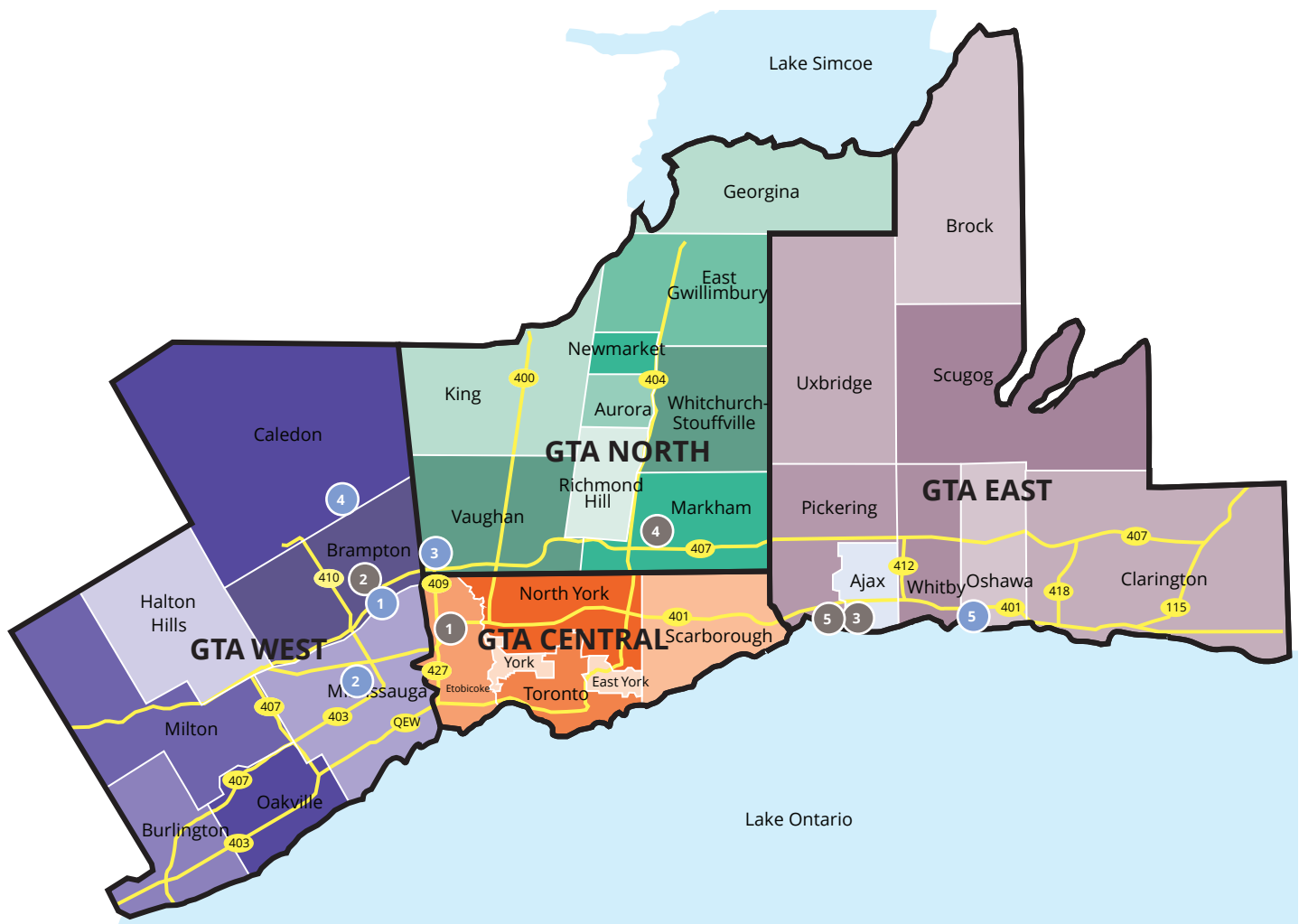
Capitalization Rates



Investment Volume and Sale Price (Transactions over \$1M)



Investment volume: all market deals \$1M and up, excluding between partners and non-arms deals.
Average Sales Price: all market deals only, includes deals with cap. rates, 10,000 sf and up, \$1M and up.



Significant Lease Transactions

	Address	Market	Tenant	Size	Product Type	Lease Type
1	7381 Bramalea Road	Brampton	Acco Brands	333,500 sf	Existing	Renewal
2	6350 Cantay Road	Mississauga	Amazon	291,900 sf	Existing	New
3	6675 Langstaff Road	Vaughan	S&S Activewear	279,500 sf	Speculative	New
4	12333 Airport Road	Caledon	Henkel	252,500 sf	Existing	New
5	1652 Tricont Avenue	Whitby	Lear Corp.	185,000 sf	Speculative	New

Significant Sale Transactions

	Property	Total Price	Price psf	Purchaser	Vendor
1	100-110 Iron Street	\$125,285,000	\$239	Triovest	Mantella Corp.
2	Confederation Freezers - TPP Portfolio	\$116,623,109	\$231	TPP	Confederation Freezers
3	777 Bayly Street West	\$68,000,000	\$198	Summit REIT	1191373 Ontario Inc.
4	Huntley Properties - KingSett Capital Portfolio	\$61,750,000	\$134	KingSett Capital	2528443 Ontario Inc.
5	1400 Squires Beach Road	\$40,000,000	\$290	Amazon	591658 Ontario Ltd.



Get more market information

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