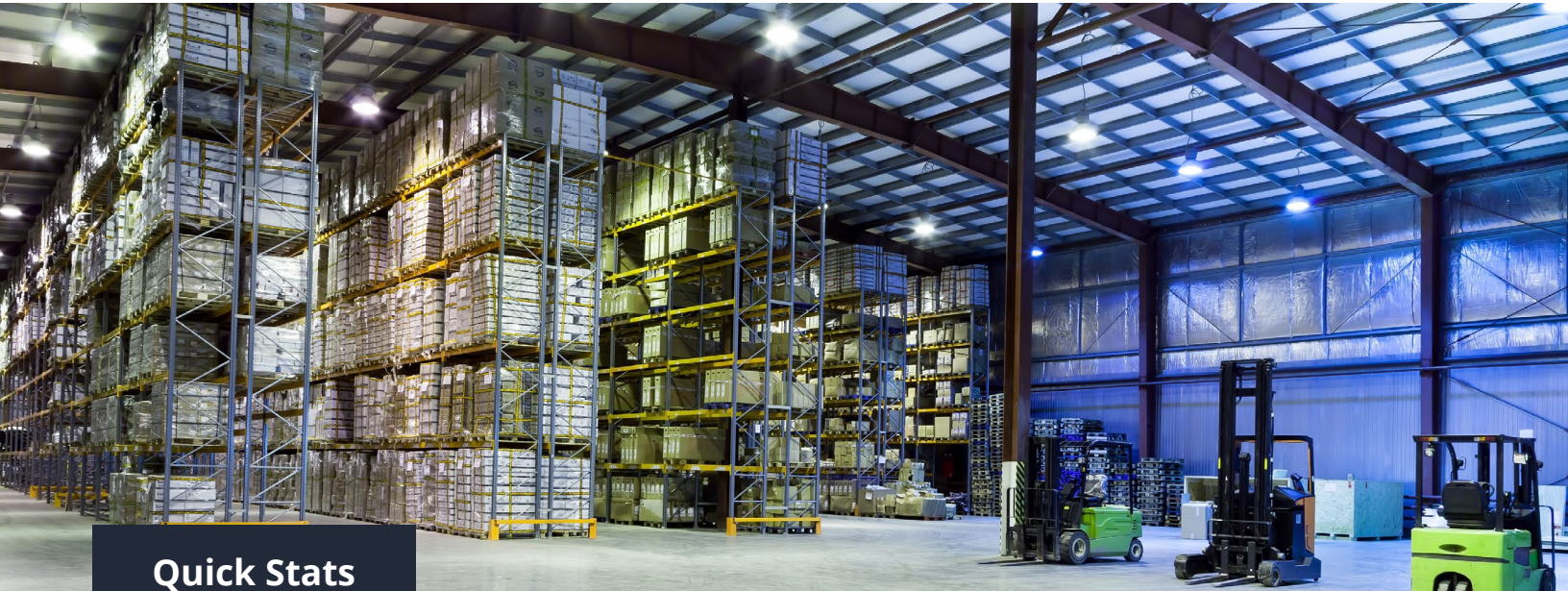


Greater Toronto Area



Quick Stats

1.9%

Availability rate in the Greater Toronto Area

\$9.79 psf

Average asking net rental rate in the Greater Toronto Area

9

Properties in the Greater Toronto Area with more than 250,000 sf available – down from 14 one year ago

13.5 msf

GTA-wide industrial space under construction – down from 19.5 msf one year ago

9.4%





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

Leasing activity in the Greater Toronto Area (GTA) industrial market gained momentum in the third quarter of 2020, although the availability rate remained at 1.9% quarter-over-quarter (though it was up 50 basis points (bps) year-over-year). Significant activity in the GTA West market (the region's most prominent industrial sector) pushed availability down 30 bps during the quarter. The full picture of demand for industrial space is not yet known as government assistance programs delay an inevitable return of space in select segments of the market. The number of building completions during the quarter is evidence that construction activity has ramped back up to pre-COVID-19 levels. Pent-up demand is expected to sustain positive momentum for the industrial market into 2021.

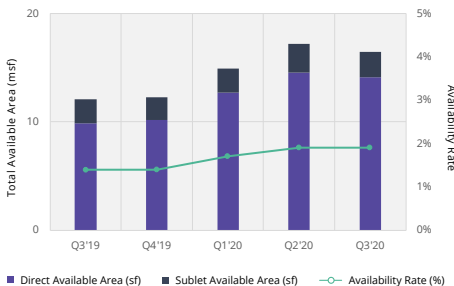
The second quarter's steady pace of leasing activity continued in the third. Several significant deals were inked in the third quarter including Amazon growing its presence by signing a design-build deal for a 1.1-million-square-foot (msf) facility to serve the eastern GTA region. Demand from the food and beverage sector continues with Brewers Retail (The Beer Store) taking 440,000 square feet (sf) at HOOPP's iPort development in Caledon.

Average asking net rental rates, despite economic conditions, reached a record-high \$9.79 per square foot (psf) – up 3% year-to-date, 48% from three years ago, and 63% in the past five years. Despite the economic environment, rates continue to rise as landlords keep face rates intact while offering creative and flexible deal terms. However, a shortage of premium mid- to large-bay space persists.

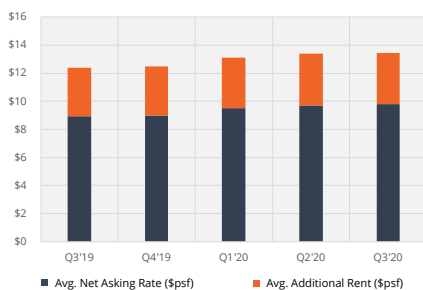
The Government of Ontario is planning a new 400-series highway, known as the "GTA West Multimodal Transportation Corridor", aimed at reducing travel times and supporting economic growth to accommodate the growing population. Spanning Halton, Peel and York regions, the project is in the planning stage with the preferred route close to being chosen for a 50-km highway with 16 interchanges. Notably, the highway will incorporate dedicated lanes for public transport (transitway) and goods movement priority features (trucking lanes and infrastructure). With vast tracts of undeveloped land along this new corridor, the project would create considerable real estate development opportunities. Read more on this project from Avison Young [here](#).

	Q3 2020 891 msf Inventory	QoQ ↑
	16.5 msf Available Area	↓
	\$9.79 psf Average Asking Net Rental Rate	↑
	13.5 msf / 52 buildings Under Construction	↓

Availability Trends



Occupancy Cost Trends




9 Number of buildings with 250,000+ sf available

GTA Market Monitor





The overall industrial availability rate across the GTA remained stable at 1.9% during the third quarter – 50 bps higher than one year ago. Quarter-over-quarter, availability in the GTA West and Central markets dropped by 30 bps to 2% and 10 bps to 1.8%, respectively, while the North and East markets reported a marginal increase in availability of 20 bps to 1.6% and 10 bps to 1.7%, respectively. There was a noticeable uptick in deal velocity during the third quarter. This was most noticeable in the large-bay segment, when compared to the balance of 2020 thus far. Demand continues to be driven largely by e-commerce, logistics and food and beverage users – albeit slower than normal, this was still respectable. Companies also continue to renew in their existing space or extend current leases for the short term, to allow for flexibility as the economy improves. Notable leases in the third quarter were design-builds with expected delivery dates through 2024 and included Amazon signing a deal for 1.1 msf at 300 Rossland Rd. E. in Ajax. Walmart leased 550,000 sf at 11110 Jane St. in Vaughan for a new distribution centre and Brewers Retail (The Beer Store) signed a deal for 437,500 sf at 12000-12400 Coleraine Dr. in Caledon.

The average asking net rental rate in the GTA continued its upward trajectory in the third quarter, but accelerated at a slower pace, rising \$0.06 during the quarter to reach a new high of \$9.79 psf. Overall, rates rose by 1% quarter-over-quarter and 9% year-over-year.

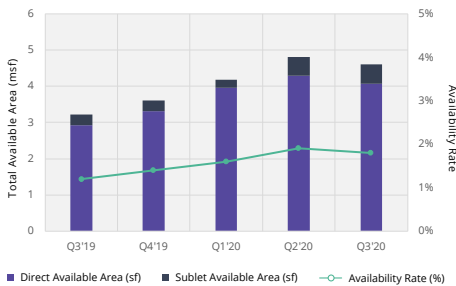
GTA North continued to lead the charge, commanding an average of \$11.76 psf – led by Markham and Vaughan at \$11.29 and \$12.07 psf, respectively. By comparison, the GTA East market is a bargain with average rents at \$7.66 psf, remaining the only GTA market with a sub-\$8 overall average asking rent.

Seventeen buildings reached completion during the quarter, totaling 3.2 msf – all almost fully preleased (92% overall). GTA West and Central contributed a combined total of 2.4 msf which included Amazon's million-square-foot fulfillment centre in Scarborough. A further 52 buildings (totaling 13.5 msf) were under construction (65% leased), mostly in GTA West. In addition, 144 buildings were in preleasing mode, with the potential to add more than 46 msf across the GTA if built. This is an increase of more than 11 msf compared with one year ago, when 109 buildings totaling 35 msf were in the preleasing pipeline.

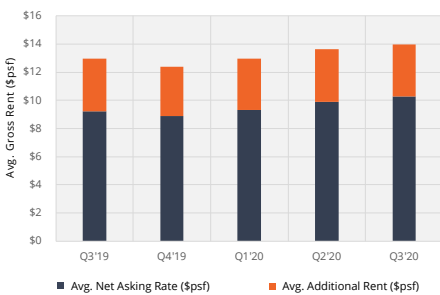
Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Add'l Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
GTA Central	257,683,036	4,074,102	526,503	4,600,605	1.8%	\$10.27	\$3.70	\$230	1,171,596	1,463,768	5,241,293
GTA East	52,037,831	907,700	0	907,700	1.7%	\$7.66	\$3.21	\$139	107,419	1,402,381	6,577,603
GTA North	188,073,865	2,743,078	326,057	3,069,135	1.6%	\$11.76	\$3.74	\$254	693,189	1,773,811	10,981,928
GTA West	392,865,841	6,415,886	1,487,186	7,903,072	2.0%	\$9.78	\$3.83	\$327	1,223,068	8,828,831	23,821,689
Greater Toronto	890,660,573	14,140,766	2,339,746	16,480,512	1.9%	\$9.79	\$3.66	\$266	3,195,272	13,468,791	46,622,513

	Q3 2020 258 msf Inventory	QoQ ↑
	4.6 msf Available Area	↓
	\$10.27 psf Average Asking Net Rental Rate	↑
	1.5 msf / 6 buildings Under Construction	↓

Availability Trends



Occupancy Cost Trends




0 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 1.8% – up 60 bps from one year earlier. The average asking net rental rate closed the third quarter at \$10.27 psf – up almost 4% quarter-over-quarter and 11% year-over-year – with East York commanding the highest rents at \$11.50 psf. Availability improved most notably in Etobicoke and Scarborough, shifting down 40 bps in both to 1.8% and 1.5%, respectively.

The most notable third-quarter lease transaction in the Central market was a 295,000-sf logistics deal at Pure Industrial Real Estate Trust (PIRET)'s 75 Venture Dr. in Scarborough – the building had been completed in the fourth quarter of 2019. On the sales front, Compass Data Centres purchased 77 Fima Cres. in Etobicoke (215,000 sf on 7.8 acres) for \$30 million, while a private investor acquired 4800-4810 Sheppard Ave. E. (two multi-tenant buildings, 62,500 sf) from 4800 Sheppard Holdings Inc. for \$26.7 million.

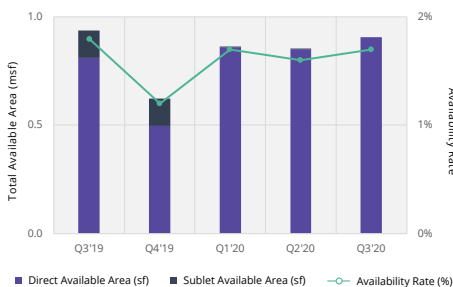
Two buildings were completed in the Central market during the quarter, adding nearly 1.2 msf to the inventory, including Amazon's 1 msf fulfillment centre at 6351 Steeles Ave. E. Six buildings totaling 1.5 msf were under construction – including grocery chain Metro's two new buildings: a complete redevelopment of its existing Etobicoke distribution centre at 17 Vickers Rd. (540,000 sf) and new construction of a temperature-controlled facility at 170 The West Mall (209,500 sf). Currently there are 35 buildings in the preleasing pipeline totaling 5.2 msf – a mixture of speculative 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	8,770,612	56,124	7,152	63,276	0.7%	\$11.50	\$4.51	-	0	0	224,192
Etobicoke	74,341,551	1,114,408	229,314	1,343,722	1.8%	\$9.82	\$3.51	\$233	0	750,293	2,152,947
North York	67,899,839	1,254,571	65,396	1,319,967	1.9%	\$11.23	\$3.63	\$203	0	317,159	506,886
Scarborough	66,818,333	848,653	146,504	995,157	1.5%	\$9.46	\$3.95	\$332	1,023,359	0	1,903,481
Toronto	34,792,475	795,791	61,609	857,400	2.5%	\$11.40	\$2.93	-	0	396,316	453,787
GTA Central	257,683,036	4,074,102	526,503	4,600,605	1.8%	\$10.27	\$3.70	\$230	1,171,596	1,463,768	5,241,293

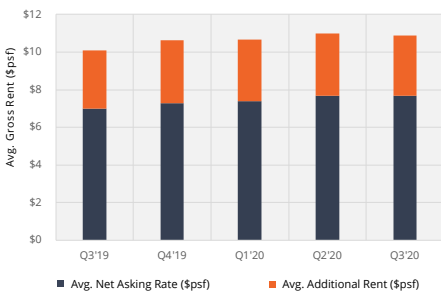
* Total figures for the GTA Central include additional submarkets not listed above (i.e. York).

	Q3 2020 52 msf Inventory	QoQ 
	907,700 sf Available Area	
	\$7.66 psf Average Asking Net Rental Rate	
	1.4 msf / 5 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 10 bps to 1.7% during the third quarter. Overall average asking net rents in GTA East remained stable, closing the quarter at \$7.66 psf. 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 \$9.79 psf.

Leasing activity was led by Amazon's newly inked deal at Blackwood and Crestpoint's East Industrial Park (300 Rossland Rd. E.) for 1.1 msf. Most tenants in the East market paused on committing to new leases and renewed in their existing spaces. On the sales front, Granite REIT purchased 555 Beck Cres. in Ajax, a 99,600-sf warehouse from Donflex Realty for \$15.4 million, representing \$154 psf. Granite intends to increase the building's square footage with a 42,000-sf expansion.





New construction completions were limited to two building expansions completed during the quarter, totaling 107,400 sf. Both expansions, at 895 Sandy Beach Rd. and 1702 Tricont Ave., have been leased. Building expansions on excess land have become a popular choice with both investors and owner/occupiers.

Construction continued on 1.4 msf across five projects (42% preleased) with targeted completion dates by year-end 2021. These projects include Panattoni's speculative buildings at 1121 and 1147 Thornton Rd. S. in Oshawa (totaling 630,000 sf) and Kubota's new 565,000-sf headquarters in Pickering. Much of the new construction continues to be driven by landlords hoping to capitalize on demand from tenants seeking relief from higher rents in other, more traditional distribution-centre markets in the GTA.

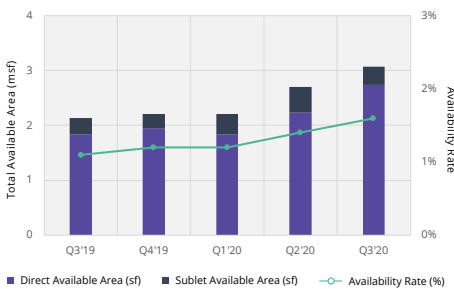
Fifteen developments totaling more than 6.5 msf remain in the pre-construction phase – the bulk (2 msf) within Blackwood and Crestpoint's East Industrial Park. Ivanhoe Cambridge is moving ahead on a 1.2-msf development in Ajax, fronting Kingston Rd. near the newly completed Highway 412.

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)
Ajax	7,560,997	167,588	0	167,588	2.2%	\$8.36	\$3.81	\$139	0	0	3,538,327
Oshawa	16,728,837	257,046	0	257,046	1.5%	\$7.59	\$3.15	-	0	631,262	440,000
Pickering	11,069,933	331,497	0	331,497	3.0%	\$7.51	\$3.24	-	58,336	565,000	172,120
Whitby	10,240,265	99,022	0	99,022	1.0%	\$7.48	\$2.83	-	49,083	185,000	1,739,391
GTA East	52,037,831	907,700	0	907,700	1.7%	\$7.66	\$3.21	\$139	107,419	1,402,381	6,577,603

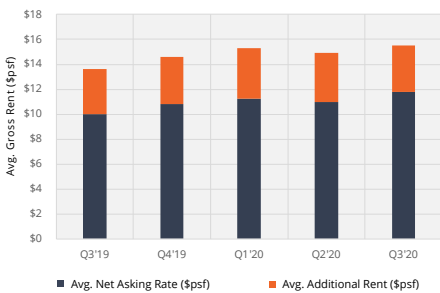
* Total figures for the GTA East include additional submarkets not listed above (i.e. Brock, Clarington, Scugog and Uxbridge).

 188 msf Inventory	Q3 2020	QoQ
 3.1 msf Available Area		
 \$11.76 psf Average Asking Net Rental Rate		
 1.8 msf / 9 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 increased 20 bps to 1.6% at the end of the third quarter – 50 bps higher than one year ago. This is up from an all-time low of 1.1% one year ago. The North market continues to command the highest premium on rents in the GTA, with an average asking net rental rate of \$11.76 psf – 20% higher than the GTA-wide average rate. Within GTA North, average rents in Vaughan, Markham and Richmond Hill remain above \$10 psf, with Newmarket following closely behind.

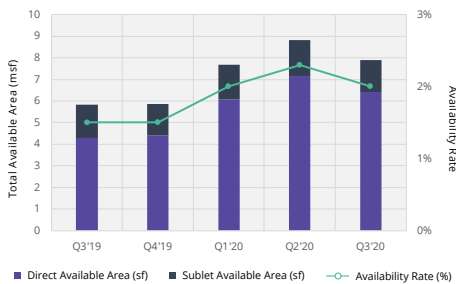
Significant lease deals during the third quarter included Walmart Canada inking a 550,000-sf lease at 11110 Jane St. in Vaughan, and Amazon leasing 50 & 51 Keyes Crt., also in Vaughan. On the sale front, Vaughan was the hot spot for investment as Vimica Investments purchased a Vaughan business park portfolio totaling 107,000 sf for \$25 million (\$234 psf) from Investors Group, and 8053111 Canada Inc. (the user) purchased 67-83 Jacob Keffer Pkwy. (60,145 sf) from a private investor for \$17.5 million, representing \$291 psf.

On the development front, five buildings totaling almost 693,000 sf were completed in the third quarter, including 141 New Huntington Rd. (378,100 sf, leased to three tenants) and 8470 Keele St., a 180,000-sf design-build for CMI Metal Recycling & Management. Meanwhile, nine buildings comprising more than 1.8 msf are under construction (68% preleased). There are also 28 buildings in the preleasing stage with the potential to add almost 11 msf to the market once completed – 7 msf (65%) are in Vaughan.

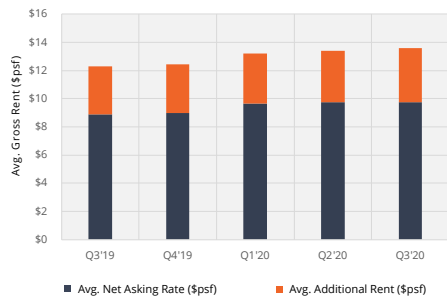
Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Addtl Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
Aurora	6,274,026	103,844	0	103,844	1.7%	\$8.96	\$4.93	-	0	0	0
Markham	39,862,160	650,771	27,461	678,232	1.7%	\$11.29	\$3.90	\$326	0	262,691	333,735
Newmarket	9,358,038	100,793	9,745	110,538	1.2%	\$9.86	\$3.72	\$235	0	0	0
Richmond Hill	14,632,247	314,238	67,933	382,171	2.6%	\$10.09	\$4.43	\$176	94,691	88,487	0
Vaughan	112,173,634	1,415,108	220,918	1,636,026	1.5%	\$12.07	\$3.66	\$265	545,498	1,422,633	7,129,902
GTA North	188,073,865	2,743,078	326,057	3,069,135	1.6%	\$11.76	\$3.74	\$254	693,189	1,773,811	10,981,928

	Q3 2020 393 msf Inventory	QoQ ↑
	7.9 msf Available Area	↓
	\$9.78 psf Average Asking Net Rental Rate	↑
	8.8 msf / 32 buildings Under Construction	↑

Availability Trends



Occupancy Cost Trends





Number of buildings with 250,000+ sf available

GTA West Market Monitor

The availability rate in the West market decreased 30 bps to 2% during the third quarter, returning to the same level posted at the beginning of the year. Leasing activity was brisk with several deals of more than 300,000 sf being signed. Brewers Retail (The Beer Store) inked a deal for 440,000 sf in Caledon, within HOOPP's iPort development. The Government of Ontario leased 354,000 sf at the recently completed expansion of Orlando Corporation's 2675 Steeles Ave. W. in Brampton. Metro Supply Chain Group fully leased Panattoni's newest building (308,000 sf) at 2200-2260 Matheson Blvd. E. in Mississauga. The quarter's largest sale in the West market was that of 6701 Financial Dr. in Mississauga, acquired by Dream Unlimited from Ironwood Bay Ventures for \$23.9 million. The 116,000-sf facility was fully occupied at the time of sale.

Average asking net rents increased slightly quarter-over-quarter to \$9.78 psf but are up 8.8% (\$0.79) so far in 2020. The West's highest average asking rents remain in Mississauga (\$10.38 psf, up \$0.25 quarter-over-quarter). Halton Hills remains the most economical submarket at \$7.78 psf.

Eight buildings were completed during the third quarter, totaling 1.2 msf, which was 38% of the square footage completed in the GTA. Year-to-date completion grew to 20 buildings totaling more than 3 msf and representing just under half (45%) of the GTA's new supply in 2020. There were 32 buildings under construction totaling 8.8 msf in the third quarter with 62% of the space already leased. Two additional buildings were added to the preleasing pipeline, which closed the quarter at 66 buildings tallying 24 msf.

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	98,202,715	1,300,193	208,432	1,508,625	1.5%	\$9.59	\$3.18	\$249	213,682	1,918,358	7,845,372
Burlington	27,011,052	277,202	11,335	288,537	1.1%	\$8.98	\$4.03	-	102,328	201,800	491,297
Caledon	16,605,702	282,704	349,118	631,822	3.8%	\$8.74	\$3.07	-	0	3,634,217	660,680
Halton Hills	8,460,143	22,870	47,500	70,370	0.8%	\$7.78	\$5.00	\$458	0	0	795,000
Milton	23,226,463	314,430	377,353	691,783	3.0%	\$9.70	\$3.79	\$222	157,230	1,133,936	10,773,153
Mississauga	190,565,968	3,475,438	446,062	3,921,500	2.1%	\$10.38	\$4.30	\$347	749,828	1,722,357	1,902,500
Oakville	28,793,798	743,049	47,386	790,435	2.7%	\$9.85	\$3.72	-	0	218,163	1,353,687
GTA West	392,865,841	6,415,886	1,487,186	7,903,072	2.0%	\$9.78	\$3.83	\$327	1,223,068	8,828,831	23,821,689

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	5	0	0	0	1	4
	Etobicoke	41	0	5	4	4	28
	North York	57	0	2	6	13	36
	Scarborough	40	0	1	5	9	25
	Toronto	40	0	1	4	8	27
	York	1	0	0	0	0	1
	GTA Central Overall	186	0	9	19	35	123
GTA East	Ajax	6	0	1	0	1	4
	Oshawa	7	1	2	1	0	3
	Pickering	12	0	2	0	1	9
	Whitby	9	0	1	0	2	6
	GTA East Overall	39	1	6	1	4	27
GTA North	Aurora	5	0	0	0	2	3
	Markham	39	0	1	3	7	28
	Newmarket	9	0	0	0	2	7
	Richmond Hill	22	0	0	2	6	14
	Vaughan	102	0	4	5	21	72
	GTA North Overall	181	0	6	10	38	127
GTA West	Brampton	34	2	4	7	4	17
	Burlington	15	0	0	1	5	9
	Caledon	12	2	4	2	1	3
	Halton Hills	4	0	0	0	1	3
	Milton	14	1	5	2	2	4
	Mississauga	187	3	6	15	31	132
	Oakville	37	0	1	4	9	23
	GTA West Overall	303	8	20	31	53	191
GTA	Overall Total*	786	12	38	65	150	521

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

\$668M

Total industrial investment volume for transactions greater than \$1M during the third quarter

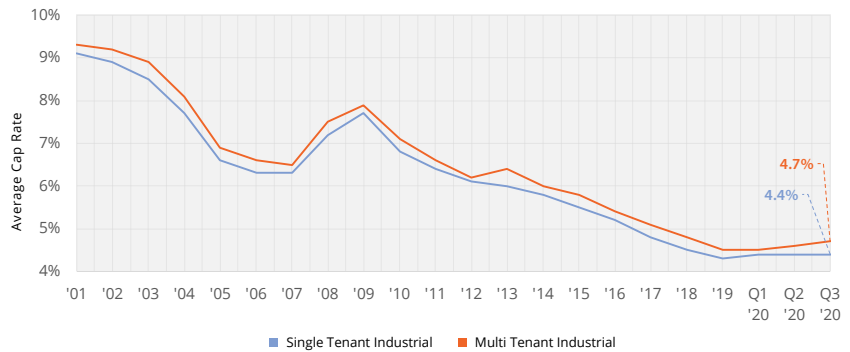


75 & 77 Fima Crescent, Etobicoke

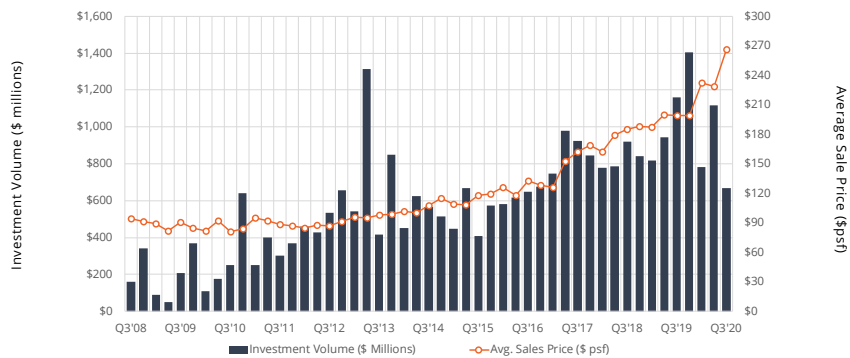
GTA Industrial Investment Market Highlights

Industrial was the top asset class of third-quarter 2020 and year-to-date – driven by limited supply, good rental growth and expanding e-commerce, augmented by the pandemic and the quest for quick and cheap delivery in what appears to be a strained supply chain. Despite sound fundamentals and strong investor appetite, third-quarter industrial sales registered only \$668 million (down 61% quarter-over-quarter and representing 27% of the GTA total) for a year-to-date total of \$3.1 billion – up 8% year-over-year. The quarter’s largest sale was a telecommunications facilities facility, sold to a user in the growing data-centre business for \$30 million. The vendor had acquired the property in 2017 for under \$15 million, underscoring price appreciation in the sector. Among the GTA’s regions, Peel (\$242 million / 36% of industrial sales volume) edged out the City of Toronto (\$236 million / 35%) as the quarter’s busiest – boosted by Mississauga (\$173 million / 25%). Average cap rates for single-tenant properties held steady at 4.4% during the second quarter but were up 10 bps from year-end 2019. Multi-tenant properties saw a slight uptick in average cap rates, rising 10 bps to 4.7%. Demand for industrial product is expected to remain strong for the remainder of 2020, especially given accelerated growth in the e-commerce sector.

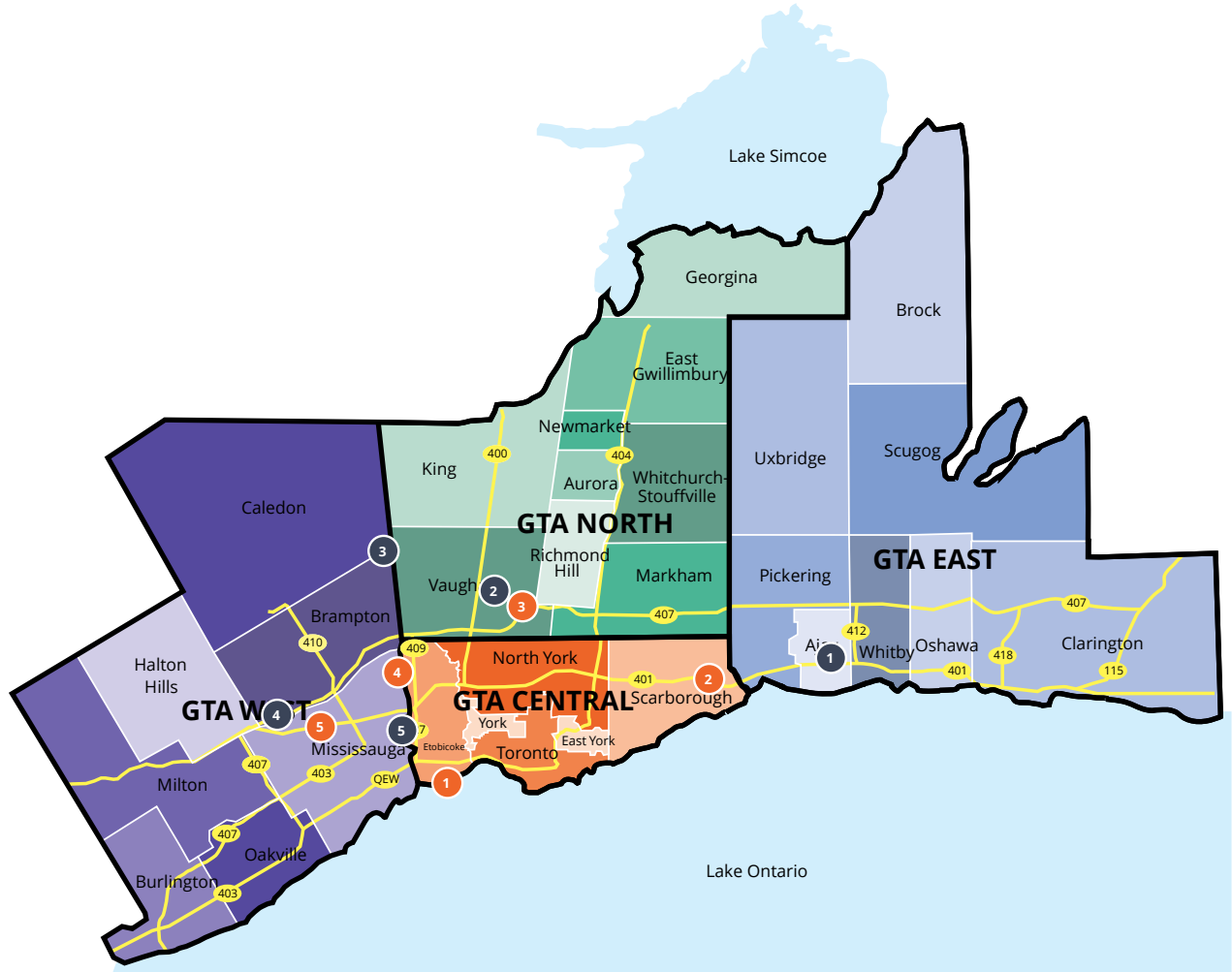
Capitalization Rates



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	300 Rossland Road East	Ajax	Amazon	1,100,000 sf	Design Build	New
2	11110 Jane Street	Vaughan	Walmart	550,000 sf	Design Build	New
3	12000-12400 Coleraine Drive	Caledon	Brewers Retail (The Beer Store)	437,458 sf	Speculative	New
4	2675 Steeles Avenue West	Brampton	Government of Ontario	353,946 sf	Speculative	New
5	2260 Matheson Boulevard East	Mississauga	Metro Supply Chain Group	308,545 sf	Speculative	New

Significant Sale Transactions

	Property	Total Price	Price psf	Purchaser	Vendor
1	75 & 77 Fima Crescent	\$30,000,000	\$140	Compass Datacenters	Horner Developments / Mantella & Sons Investments / Fima Development
2	4800 – 4810 Sheppard Avenue East	\$26,710,400	\$427	2752391 Ontario Inc.	4800 Sheppard Holdings
3	Vaughan Business Park	\$25,000,000	\$234	Vimica Investments	Investors Group
4	Rena Road Portfolio	\$24,200,000	\$244	2761393 Ontario Inc.	Frank J. Seger Holdings / Anita Ekstein Holdings
5	6701 Financial Drive	\$23,900,000	\$206	Dream Unlimited	Ironwood Bay Ventures



Get more market information

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