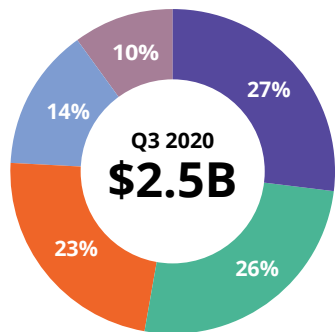


Greater Toronto Area



GTA Investment Activity by Sector and Dollar Volume



	Q3 2020	Q2 2020	Q3 2019
Industrial	\$668M	\$1.7B	\$1.2B
ICI Land	\$645M	\$356M	\$1.2B
Multi-Residential	\$575M	\$310M	\$577M
Retail	\$342M	\$322M	\$480M
Office	\$233M	\$204M	\$1B

Uncertainty around the pandemic's long-term impacts on commercial property in the Greater Toronto Area (GTA) continues to weigh heavily on investors. While each sector has its challenges, industrial and (to a lesser degree) multi-residential assets have been the favourites. Third-quarter sales of office, industrial, retail, multi-residential and ICI land assets (>=\$1 million) totaled \$2.5 billion – down 15% from the previous quarter – largely due to an unexpectedly poor industrial result. An encouraging sign, however, is that the other four property types recorded quarterly gains. Year-to-date, overall investment volume totals \$8.2 billion – down 29% year-over-year – with only industrial up (a modest 8%). The bid-ask gap has widened for certain asset types and locales, resulting in a material change in capitalization rates as some buyers seek a COVID-19 discount.

Industrial

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 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%).

ICI Land

ICI land followed closely with \$645 million in trades (26% share) – up from \$356 million last quarter and above the four-quarter average (\$514 million). Despite the uptick,



4.3%

Average capitalization rate for all asset types GTA-wide – up from 4.1% at year-end 2019



\$8.2B

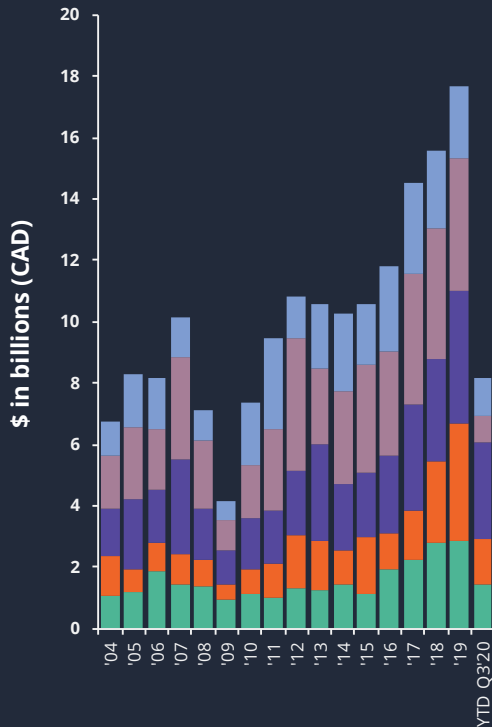
GTA-wide investment sales year-to-date 2020 – down 29% year-over-year



10%

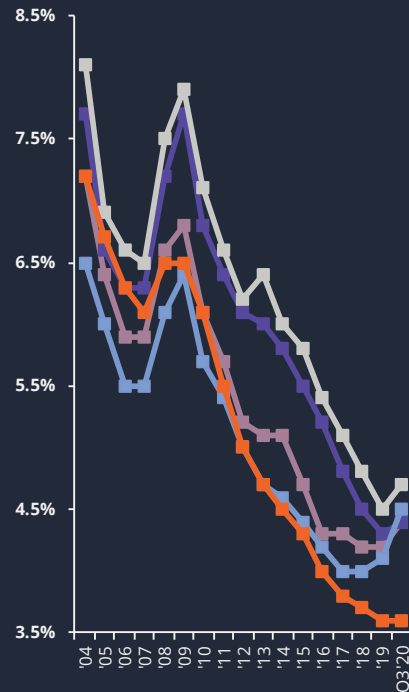
Office sector's share of third-quarter 2020 GTA dollar volume vs. 23% one year ago

GTA Investment Volume



- Office
- Retail
- ICI Land
- Industrial
- Multi-Residential

GTA Select Capitalization Rates



- Downtown Class AA Office
- Tier I Regional Mall
- Multi-Residential
- Single-Tenant Industrial
- Multi-Tenant Industrial

\$78.5M

The largest office deal of the third quarter was the sale of 277 Wellington St. W. to Reserve Properties and Westdale Properties for \$784 psf



the year-to-date tally of \$1.5 billion is 37% below the same period in 2019. Remington Group and York Region District School Board completed the largest land sale during the quarter and second-largest year-to-date – swapping almost 18 acres for \$90.6 million. By dollar volume, Vaughan lifted York Region to first place among the GTA's regions in the third quarter (\$321 million / 50% of ICI land sales volume), while York also had the most acres sold (1,261 acres / 46% of GTA total) – despite Caledon being the most active municipality (467 acres / 17%).

Multi-Residential

After a poor second-quarter performance (\$310 million), multi-residential dollar volume improved to \$575 million (up 85% / 23% share). However, sales in this very stable asset class are down 10% year-over-year. At \$1.5 billion with one quarter to year-end, 2019's record-setting \$3.8 billion total seems out of reach. Timbercreek and Starlight Investments continued their buying spree, each acquiring assets in two separate portfolio deals from Signet Realty for a combined \$194 million. With the recent deals, Starlight (\$442 million / 1,616 units) and Timbercreek (\$224 million / 798 units) account for 44% of the sector's

overall dollar volume year-to-date. All eyes will be on Ontario's Bill 204, which effectively freezes rents for 2021.

Retail

The relaxation of some government restrictions during the summer months was a welcome reprieve for the troubled retail sector. However, the return of restrictions in some GTA regions has already been warranted in October – a fact which could cause further damage to the sector in the fourth quarter. Following two down quarters, retail investment climbed a modest 6% quarter-over-quarter to \$342 million. In all, \$1.2 billion worth of retail assets have changed hands through nine months of 2020 – down 28% year-over-year. Similar to last quarter, the top five transactions ranged between \$14 and \$30 million, but with a higher concentration of buyers on the user side and involving automotive and gas-station sites.

Office

Once again, office was the GTA's least-traded asset class as the sector continues to endure waning demand, lower leasing velocity, rising availability and vacancy (albeit coming off historic lows) and a burgeoning sublet market – especially downtown. While some

investors weigh the pros and cons of the flexible workplace and impact of future cash flows, others continue to transact. Third-quarter office sales totaled only \$233 million (10% share) – up 14% quarter-over-quarter, but down 71% year-over-year. It was also the only sector not to reach the \$1-billion mark. The quarter's top transaction was the \$78.5-million sale of 277 Wellington St. W. by Triovest to Reserve Properties and Westdale Properties. The sector also recorded two distress sales, bringing the year-to-date tally to four, valued at \$51 million.

Significant Transactions by Sale Price

Sector				
Office	Total Price	Price psf	Purchaser	Vendor
277 Wellington Street West	\$78,500,000	\$784	Reserve Properties / Westdale Properties	Triovest Realty Advisors
1800 Argentia Road	\$26,825,892	\$335	LMRK DI Can-Ro Holdings	Sungard Availability Services
1 Niagara Street	\$17,000,000	\$668	1 Niagara Street Limited Partnership	The Court of Queen's Bench
23 Bedford Road	\$14,250,000	\$746	23 Bedford House Inc.	Private individual(s)
3601 Victoria Park Avenue	\$13,410,000	\$194	5030618 Ontario Inc.	3601 Victoria Park Ltd.
Industrial	Total Price	Price psf	Purchaser	Vendor
75 & 77 Fima Crescent	\$30,000,000	\$140	Compass Datacenters	Horner Developments / Mantella & Sons Investments / Fima Development
4800 – 4810 Sheppard Avenue East	\$26,710,000	\$427	2752391 Ontario Inc.	4800 Sheppard Holdings
Vaughan Business Park	\$25,000,000	\$234	Vimica Investments	Investors Group
Rena Road Portfolio	\$24,200,000	\$244	2761393 Ontario Inc.	Frank J. Seger Holdings / Anita Ekstein Holdings
6701 Financial Drive	\$23,900,000	\$206	Dream Unlimited	Ironwood Bay Ventures
Retail	Total Price	Price psf	Purchaser	Vendor
3080 & 3120 Dufferin Street	\$30,000,000	\$1,008	Yorkdale Toyota	3633993 Canada Inc.
2375 Wycroft Road	\$24,900,000	\$841	The Humberview Group	Cars Canada Pad 1 GPSPE LLC
88 & 94 Cumberland Street	\$16,500,000	\$3,125	Prowinko Canada	Minto Group
7443 Trafalgar Road	\$15,000,000	n/a	Power Trucking Inc.	Karas Equipment Sales
563 King Street West	\$13,750,000	\$932	Northloop Development	Twin Peaks Inc.
Multi-Residential	Total Price	Price per unit	Purchaser	Vendor
Signet – Starlight Portfolio	\$113,321,671	\$345,393	Starlight Investments	Signet Realty
Signet – Timbercreek Portfolio	\$80,428,329	\$278,299	Timbercreek	Signet Realty
122 Bronte Street South	\$58,500,000	\$358,896	Park Property Management	GWL Realty Advisors
240 Markland Drive	\$51,000,000	\$451,327	Carttera Private Equities	Private individual(s) / S-K Sportswear Ltd.
4500 Jane Street	\$44,570,000	\$271,768	Starlight Investments	Asar Investments
ICI Land	Total Price	Price per acre	Purchaser	Vendor
Major Mackenzie Drive West	\$90,575,000	\$4,839,184	York Region District School Board	Remington Group
11260 Jane Street	\$55,428,600	\$548,760	OPTrust	Cortellucci Construction
Woodbine Avenue	\$40,929,110	n/a	Berkshire Axis / Fiera Real Estate	Vetmar Ltd.
Dixie Road	\$23,000,000	\$1,717,443	Sahri Investments	The PG Group
7869 Tenth Line	\$21,600,000	\$999,907	Conestoga Cold Storage	Panattoni Development / Greystone Managed Investments

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