



Greater Toronto industrial market report

Q2 2024

**AVISON
YOUNG**

Greater Toronto market fundamentals

4.0%

availability rate
across the GTA

221K

square feet (sf) net absorption
year-to-date
across the GTA

12.6M

sf under construction
46 buildings

\$18.14

average asking net rental rate
per square foot (psf)
across the GTA

0.1%

growth in asking net rental rates
year-over-year

\$364

average sale price psf
across the GTA

Greater Toronto industrial market trends

01

Availability rises for the sixth consecutive quarter

The overall GTA availability rate rose by 50 basis points (bps) in the second quarter to 4.0% (38 million sf). This is the highest rate since Q3 2015, when availability was matched. Rates have steadily climbed from a historic low of 0.9% (8 million sf) in Q3 2022. This is a difference of 29 million sf that has come to market over the last 18 months.

During the second quarter, an additional 4.8 million sf became available. 1.2 msf of this space is within newly completed buildings. More opportunities are expected to come to market as tenants adjust to current economic conditions.

02

Rental rates recede for third consecutive quarter

Average rental rates declined by 0.5% during the quarter to \$18.14 psf. This marks the third consecutive quarter of decline. However, rates have risen by an average of 23% per year from 2019 to 2024, compared to a total of 6% between 2013 and 2018.

Rental rates are expected to hover around current levels as the explosive rental growth experienced in the past three years is not sustainable given the current rising availability rates. More listings are coming to market with posted rents to entice interest as competition builds.

03

Sublease space continues to gain greater prominence

Over the past five quarters, the amount of available space for sublease on the market has more than doubled. In the second quarter of 2023, sublets accounted for 8% of total available space across the GTA, but this figure has since grown to 14%.

Looking at the trend for each of the GTA's industrial markets over the past five quarters, sublet space as a proportion of total available space has changed from 6% to 16% in GTA West, 13% to 12% in GTA Central, 6% to 10% in GTA North and 0% to 23% in GTA East.

GTA overall

Asking rent growth recedes as leasing slows

The overall industrial availability rate across the GTA continued to rise in the second quarter of 2024, up 50 bps to 4.0% – a 210-bps increase year-over-year. Quarter-over-quarter, availability increased in all markets: GTA West (+50 bps to 5.1%), GTA East (+30 bps to 3.7%), GTA North (+50 bps to 3.2%) and GTA Central (+40 bps to 2.8%).

Renewal activity dominated the top lease transactions signed during the second quarter of 2024, led by VF Imagewear’s 459,100-sf lease at 15 Hereford Street in Brampton, Armacell’s renewals totaling 389,700 sf at 111 & 153 Van Kirk Drive in Brampton and Highlight Motor Group’s sublease of 247,800 sf at 7171 Highway 50 in Vaughan.

Demand in the GTA continues to centre around logistics and distribution, followed by manufacturing and consumer goods & services. The average asking net rental rate in the GTA softened \$0.09 to \$18.14 psf during

the second quarter of 2024. Year-over-year growth was on par; however, in the past three years rents grew 66%, and 116% in the past five years. The highest average net rents were found in GTA North at \$18.61 psf. The most affordable area was GTA East, with average net rents at \$14.55 psf.

Second-quarter completions totaled 2.3 million sf across 12 buildings (51% leased) throughout the GTA. A further 46 buildings, totaling 12.6 million sf, were under construction at the end of the second quarter – with 12% preleased. Most of the buildings under construction were in GTA East (37%), while the West accounted for 31%, North 23% and Central 9%. An additional 183 buildings were in the pre-construction stage, with the potential to add almost 68 million sf (4% already leased) across the GTA.

Q2 2024

Quarter-over-quarter

938M sf

inventory

↑

37.6M sf

available area

↑

\$18.14 psf

average asking net rental rate

↓

12.6M sf

46 buildings

under construction

↑



GTA Central

Market continues to be top of the list for last-mile users

Available space in the Central market increased 40 bps quarter-over-quarter to 2.8%. Availability rates ranged from a high of 3.2% in Etobicoke to a low of 2.2% in North York. The average asking net rental rate increased to \$16.62 psf during the quarter – down 7% year-over-year, but up 53% in the last three years and 108% in the last five years. Toronto commands the highest rents at \$20.05 psf, and Etobicoke has the lowest at \$15.80 psf.

Significant lease transactions in the Central market were led by FGL Precision Works’ renewal of 52,000 sf at 475 Fenmar Drive in North York and Tire Safe’s new deal for 37,000 sf at 1120 Birchmount Road in Scarborough.

On the sales front, 445-465 Milner Avenue & 50-70 Novapharm Court in Scarborough was purchased by KOLT Investments for \$60.1 million (\$322 psf), 140-150 McLevin Avenue in Scarborough was acquired by Pure Industrial for \$45.2 million (\$240 psf) and 175 Gordon

Baker Road in North York was purchased in a user sale for \$39.8 million (\$315 psf).

In the Central market, two buildings were completed during the second quarter: 601-607 Milner Avenue (351,700 sf) and 655 Supertest Road (269,700 sf). Five buildings totaling 1.2 million sf were under construction (6% leased). Etobicoke is home to 57% of the Central market’s under-construction pipeline (by square footage), with the balance in Scarborough (43%). Meanwhile, there are 16 buildings at the pre-construction stage totaling 2.1 million sf. These are 11% leased – a mixture of design-build projects and those awaiting a tenant.

Q2 2024 Quarter-over-quarter

260M sf inventory ↔

7.3M sf available area ↑

\$16.62 psf average asking net rental rate ↑

1.2M sf 6 buildings under construction ↔



GTA East

East market continues to offer most affordable rents

Overall availability in the East market increased by 30 bps during the second quarter to 3.7%. Meanwhile, the average asking rental rate decreased to \$14.55 psf – down 9% year-over-year, but up 83% in the last three years and 118% 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 \$18.14 psf.

Leasing activity was led by Foam Concept 2000, which signed a new lease for 78,500 sf at 1999 Forbes Street in Whitby. Cosmaroma Home Renovations inked a new deal for 16,300 sf at 1601 Tricont Avenue East in Whitby.

On the sales front, 1049 Squires Beach Road in Whitby was acquired by Dan Hagler Investments for \$28.6 million (\$231 psf). The property has a coverage ratio of approximately 48%. Meanwhile, 1350 Phillip

Murray Avenue in Oshawa, a 51,100-sf building on a 3.2-acre lot, sold for \$13.5 million (\$264 psf), while down the street, 1270 Phillip Murray Avenue (a 30,000-sf building on a 3.8-acre lot) traded for \$8.3 million (\$276 psf).

One building was completed during the second quarter (an expansion of 49,800 sf to 555 Beck Crescent in Ajax). Twelve buildings totaling 4.6 million sf are currently under construction and are 8% leased. The majority of space under construction is in Ajax (50%), followed by Whitby (25%), Oshawa (19%) and Pickering (6%). Meanwhile, there are 22 buildings at the pre-construction stage totaling 5 million sf fully available for lease.

Q2 2024	Quarter-over-quarter
59M sf inventory	↔
2.2M sf available area	↑
\$14.55 psf average asking net rental rate	↓
4.6M sf 12 buildings under construction	↑



GTA North

Largest concentration of new construction is in Vaughan

The availability rate in the GTA North industrial market increased 50 bps to 3.2% during the second quarter, while asking net rental rates averaged \$18.61 psf across submarkets. Rates have increased 0.7% year-over-year, 44% in the last three years and 103% in the past five years. Within GTA North, average rents in all municipalities range from \$17.74 psf in Richmond Hill to \$19.59 psf in Newmarket.

One of the largest leases during Q2 was Highlight Motor Group signing a sublease for 247,800 sf at 7171 Highway 50 in Vaughan. The single-tenant building formerly occupied by Article will be utilized for the tenant's growing logistics business.

On the sales front, Dream Summit Industrial purchased a 187,200-sf light manufacturing facility in Markham on seven and a half acres from a private investor for \$40 million (\$214 psf) as part of a portfolio sale. Separately, 625-

635 Hood Road in Markham traded for \$32.3 million (\$417 psf) and 70 Denison Street, also in Markham, sold for \$32 million, representing \$398 psf. Both transactions were between private investors.

In development news, five buildings were completed during the quarter (1.3 msf) – of which the largest was a spec-build at 470 Anatolian Drive in Vaughan (426,400 sf). At the end of the quarter, 14 buildings totaling 2.9 million sf were under construction. The majority of space under construction in GTA North continues to be centered in Vaughan (35%). There were also 40 buildings at the pre-construction stage with the potential to add 19 million sf to the market when completed.

Q2 2024	Quarter-over-quarter
199M sf inventory	↑
6.4M sf available area	↑
\$18.61 psf average asking net rental rate	↓
2.9M sf 14 buildings under construction	↑



GTA West

Rising availability widens options for tenants

The availability rate in the West market increased 50 bps to 5.1% during the second quarter of 2024. The last time availability was this high was in Q4 2015.

During Q2, average asking net rental rates dropped slightly to \$18.38 psf across the West’s submarkets. Nevertheless, rates have increased 0.2% year-over-year, 67% in the last three years and 116% in the past five years. Within GTA West, average rents in all municipalities range from a high of \$19.05 psf in Brampton to a low of \$17.28 psf in Halton Hills.

On the leasing front, large renewals in Brampton took the top spots in the second quarter. VF Imagewear renewed 459,100 sf at 15 Hereford Street, Armacell 389,700 sf at 111 & 153 VanKirk Drive and Giftcraft 246,000 sf at 8550 Airport Road. On the investment front, Gigg Express acquired 2600 North Park Drive in Brampton (331,000 sf on 30 acres) for \$110

million. Acquired vacant, the site contains a warehouse and connected cross dock facility along with ample excess trailer parking positions.

Elsewhere, Pure Industrial purchased 15 Precidio Court for \$45.2 million (\$260 psf), while Dream acquired 1000 Clark Boulevard for \$38 million (\$243 psf). Both sites were fully occupied at the time of sale.

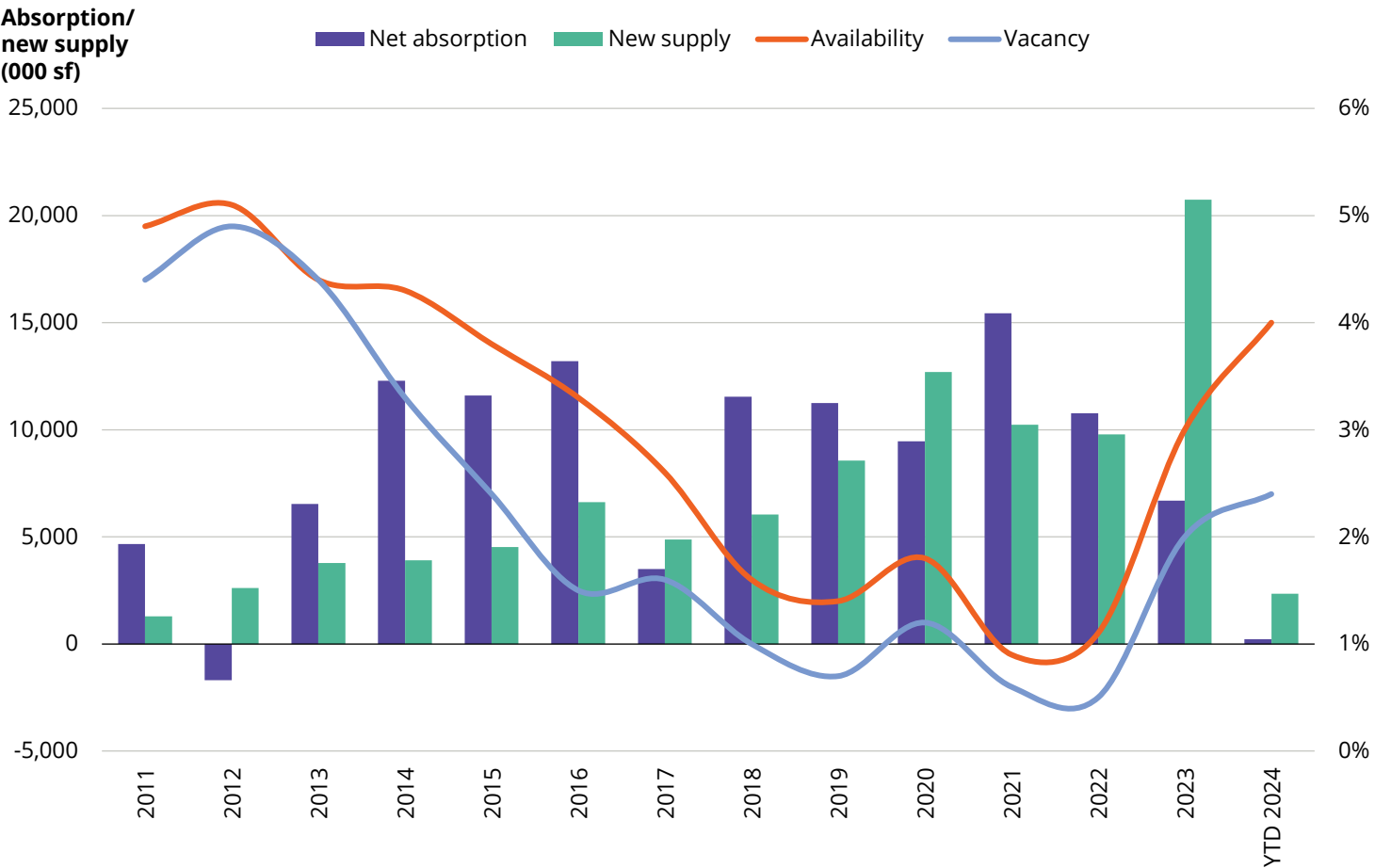
Four buildings totaling 389,200 sf were completed during Q2 (65% leased). The largest was a speculative 149,500-sf distribution centre built by Tribal Partners at 1925 Meadowvale Boulevard in Mississauga – fully leased by UAP. Meanwhile, 3.9 million sf (25% leased) across 15 buildings was under construction at the close of the second quarter – accounting for 33% of the overall construction pipeline in the GTA. A further 105 buildings totaling 42.2 million sf are in the pre-construction phase.

Q2 2024	Quarter-over-quarter
421M sf inventory	↑
21.6M sf available area	↑
\$18.38 psf average asking net rental rate	↓
3.9M sf 15 buildings under construction	↓



Greater Toronto industrial market indicators

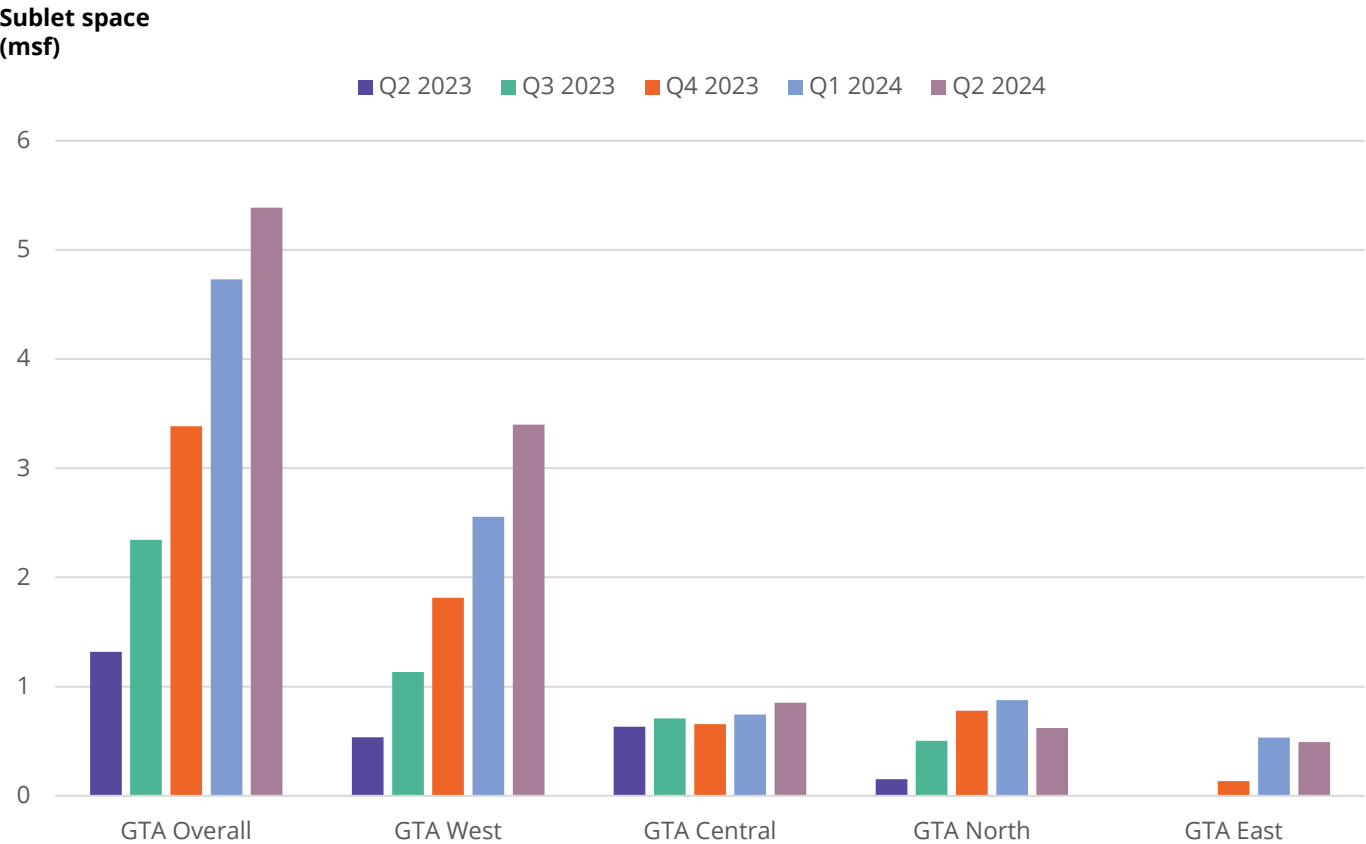
Historic industrial market trends



Despite negative net absorption of 564,100 sf in Q2, year-to-date absorption was still positive (221,000 sf).

Greater Toronto sublease market

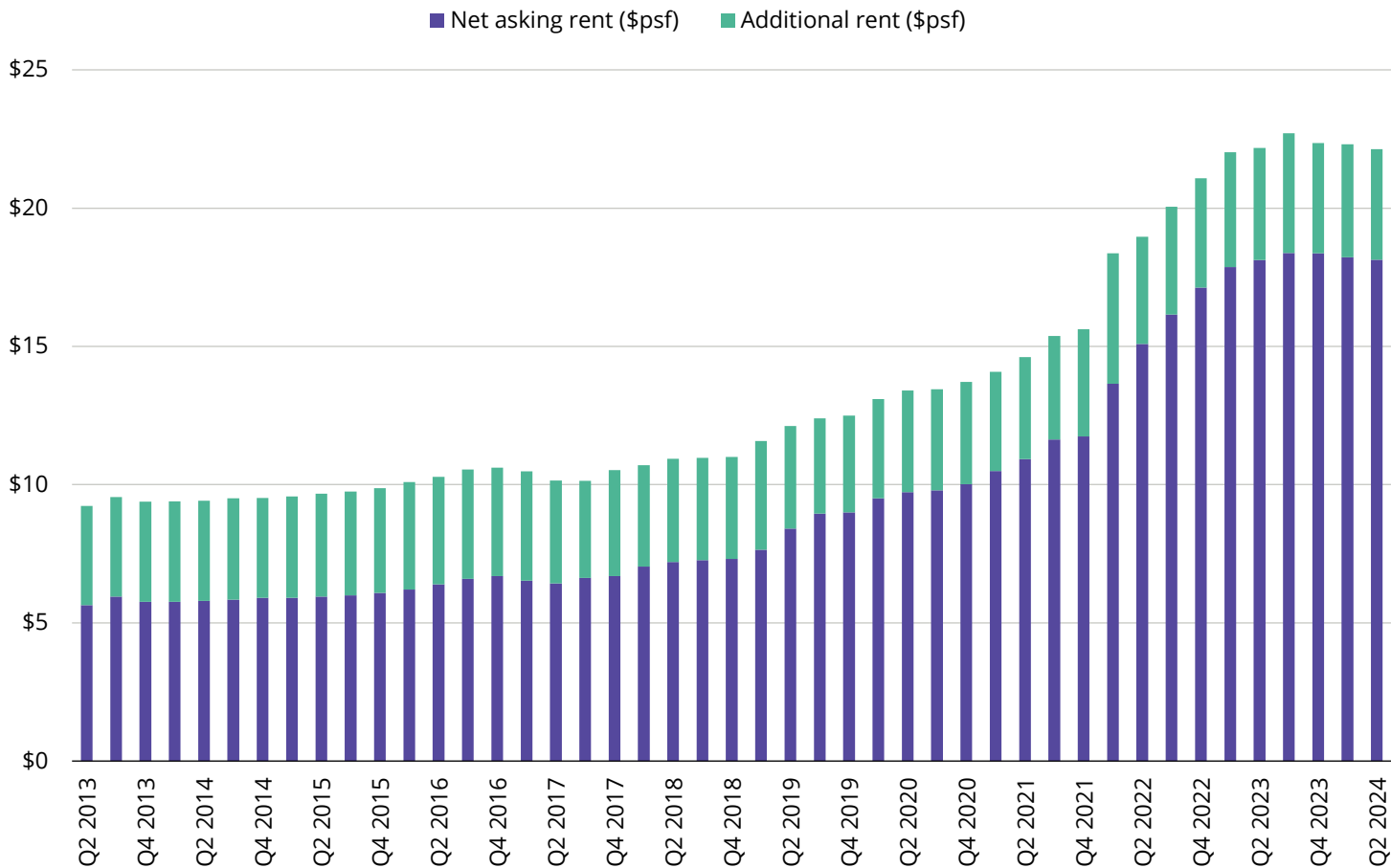
Available sublet space as a percentage of total available space



In the past five quarters, sublease space as a proportion of total available space has risen from 8% to 14% in the overall GTA.

Greater Toronto industrial market indicators

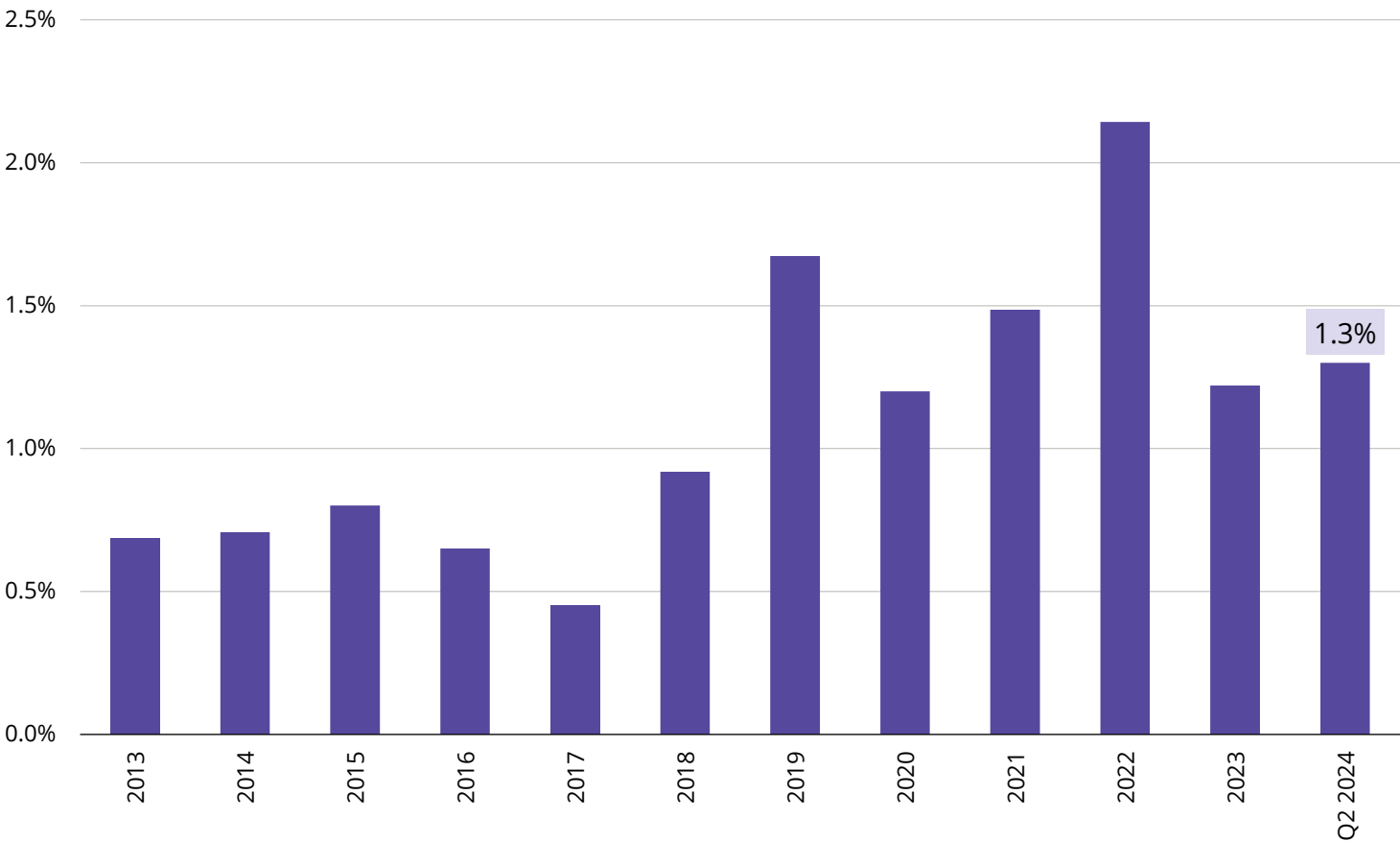
Average asking rents



Average asking rents growth receded as year-over-year rents are on par: from \$18.12 psf in Q2 2023 to \$18.14 psf in Q2 2024.

Greater Toronto industrial market indicators

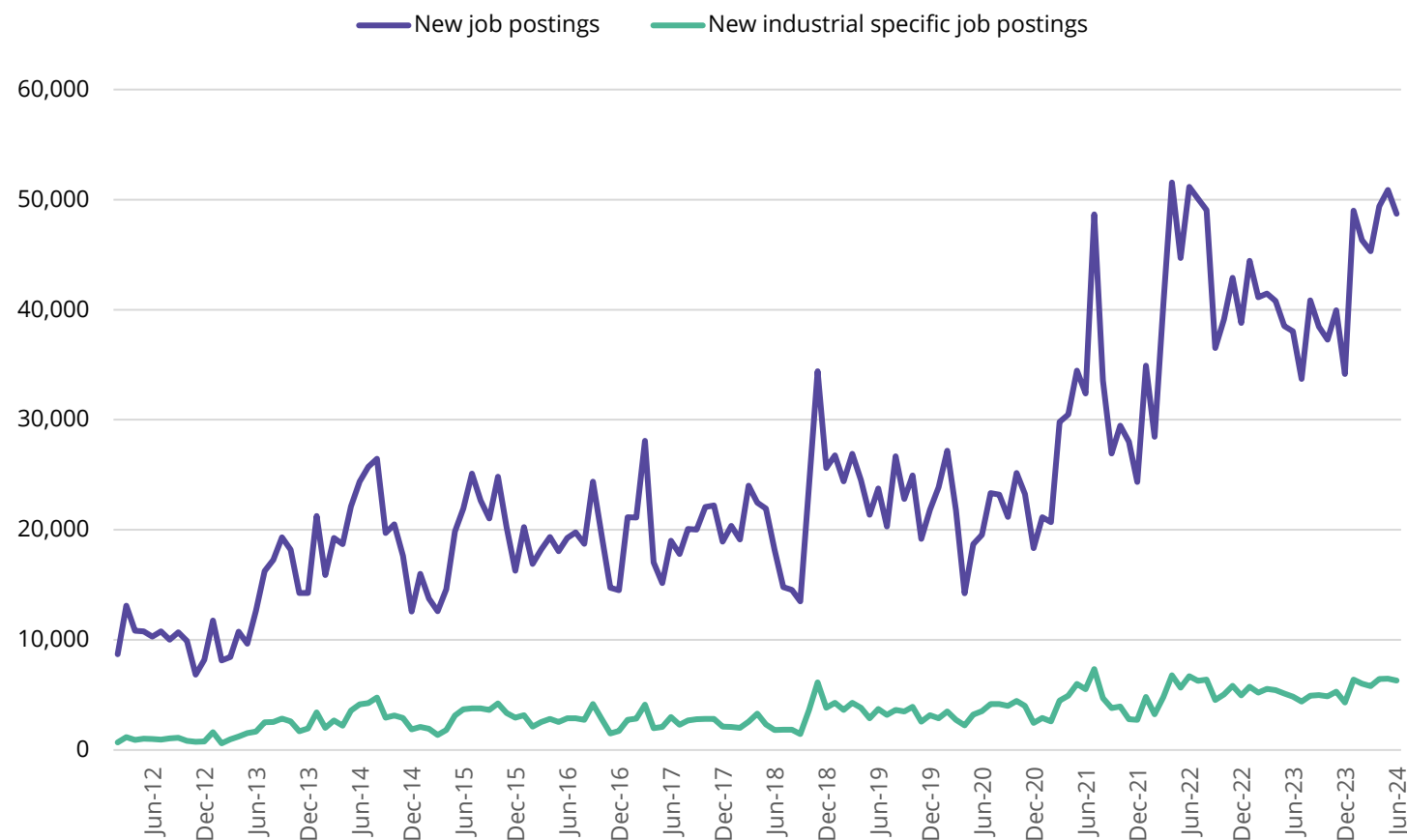
Space under construction as a percentage of existing inventory



**12.6 million sf
was under
construction at
the end of Q2 –
equal to 1.3% of
existing GTA
inventory.**

Greater Toronto industrial market indicators

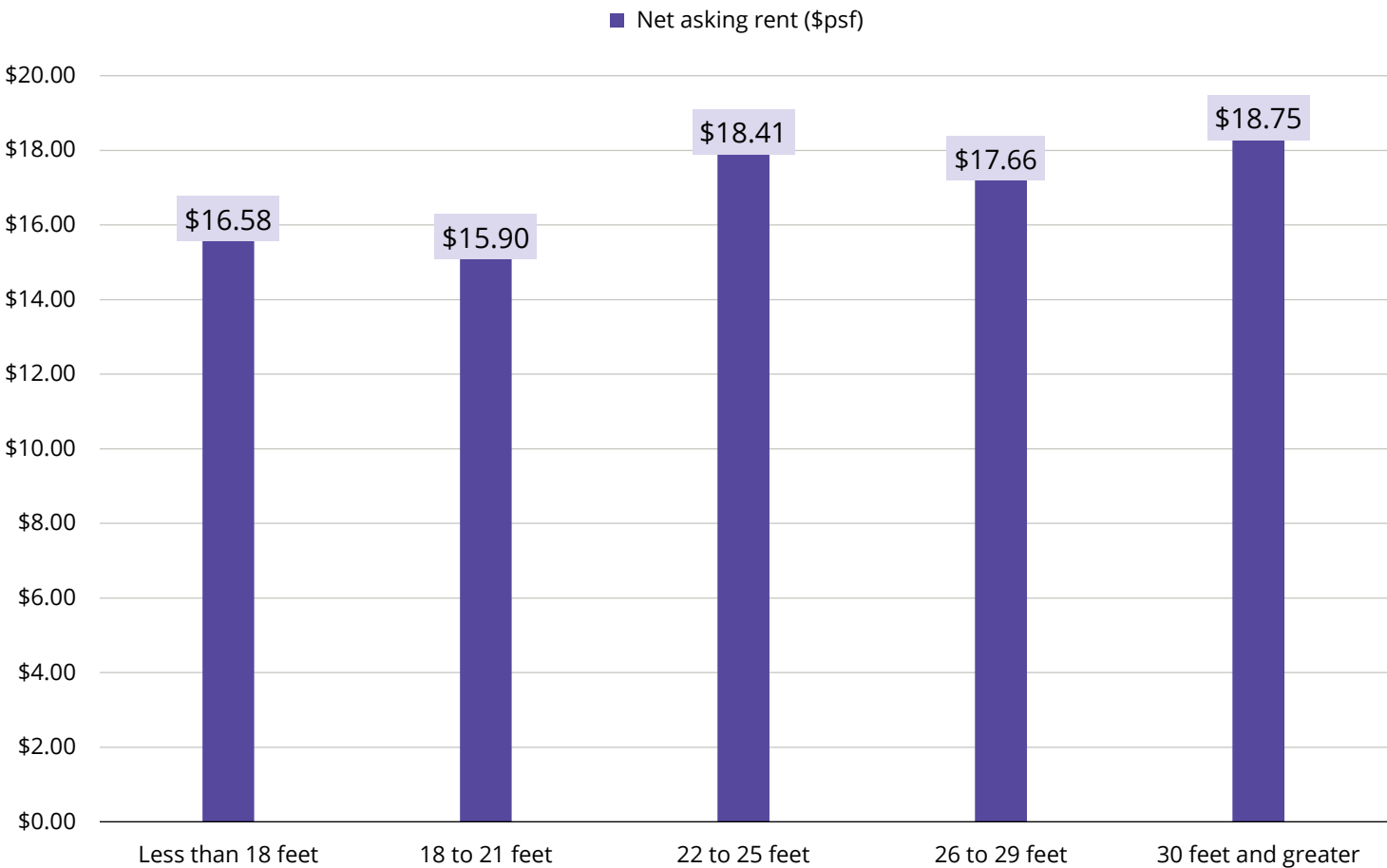
New job posting volumes



**On average
13% of new job
postings year-
to-date in 2024
are industrial
specific job
postings.**

Greater Toronto industrial market indicators

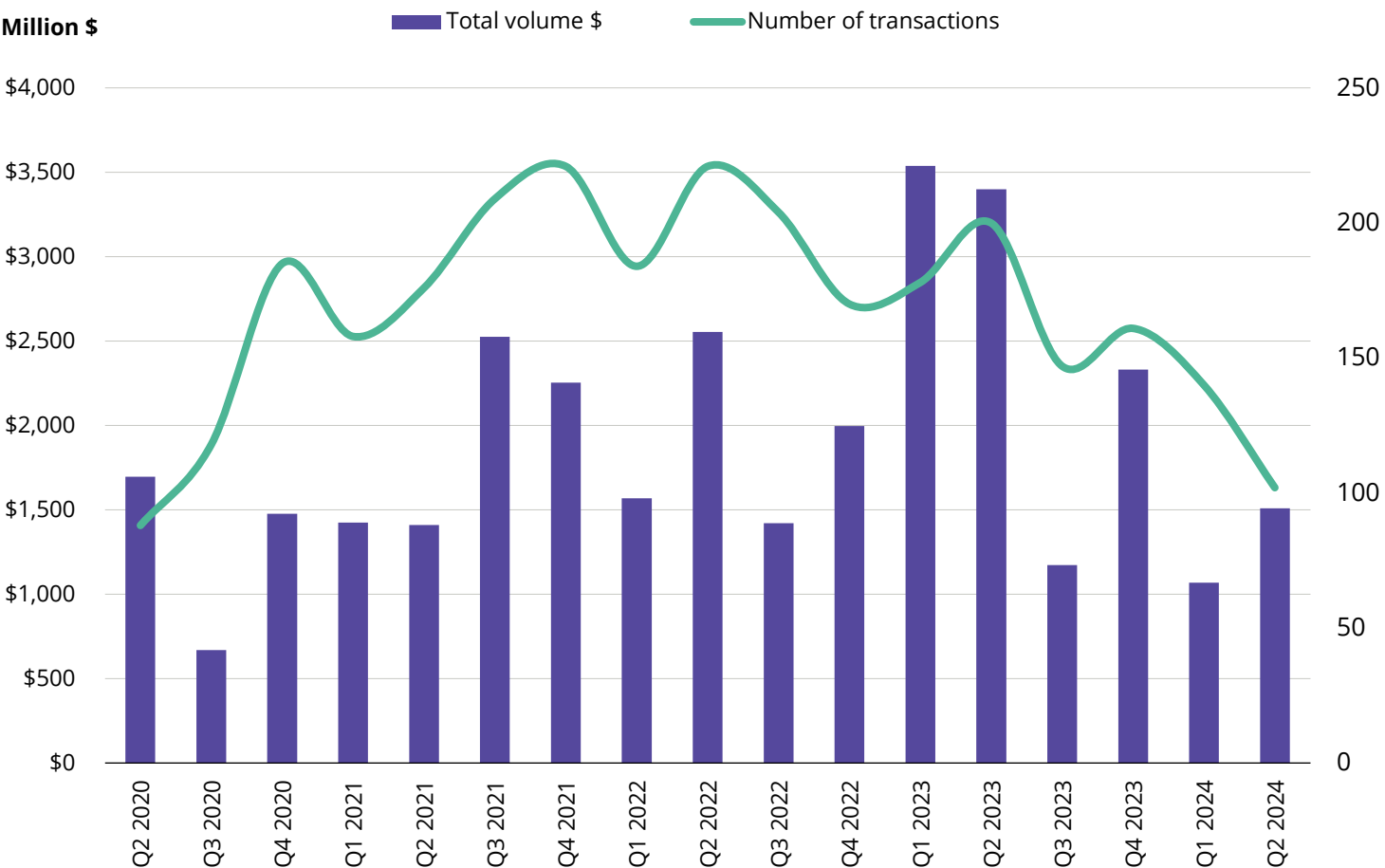
Average net asking rents by clear height



Rent grew by 2% over the quarter in the 22’ to 25’ segment, while premium 30’ product continues to command the highest rents.

Greater Toronto industrial market indicators

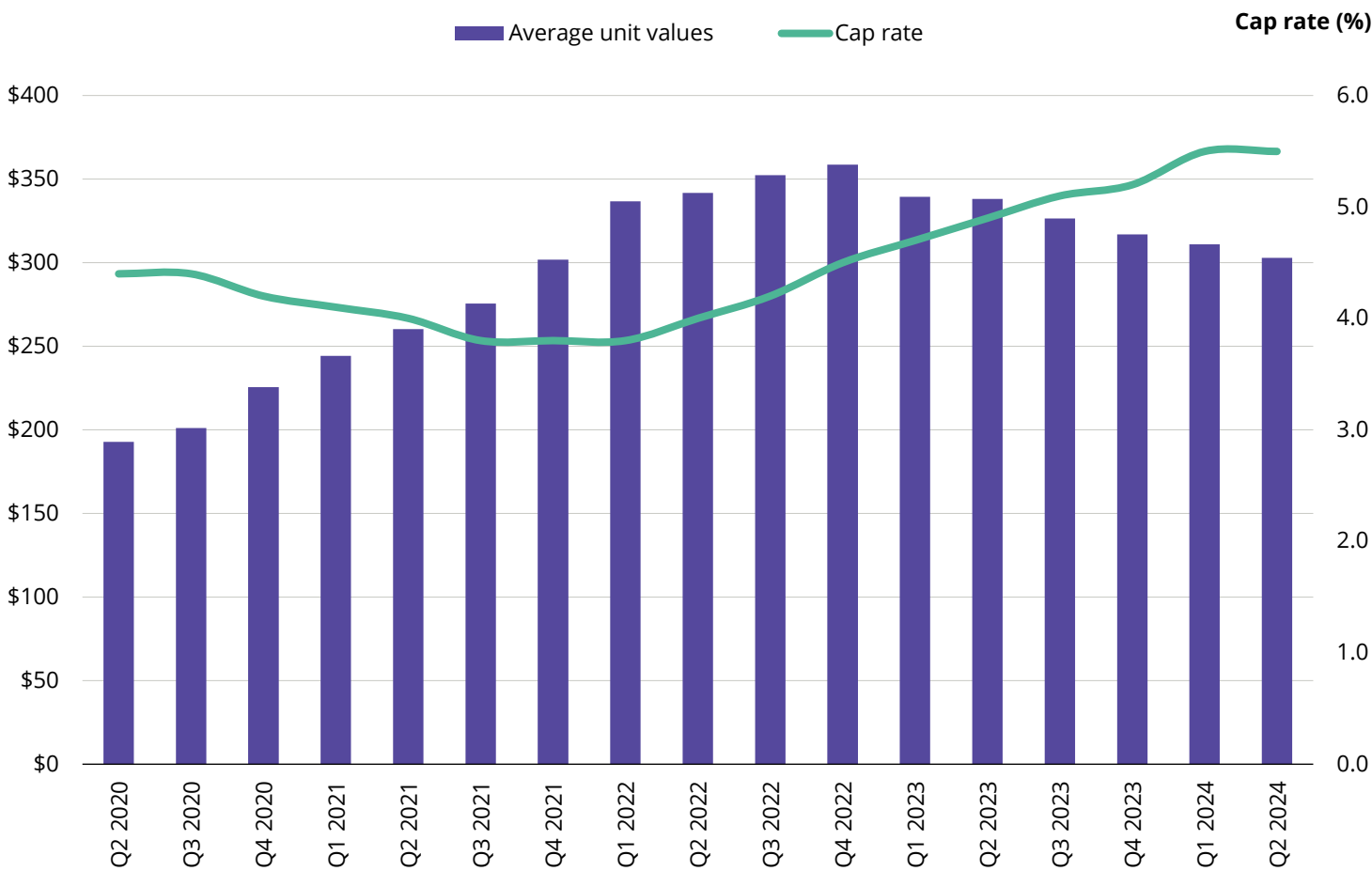
Investment sales volume



The number of transactions has declined (140 in Q1 2024, 102 in Q2 2024); however, the total sales volume increased by 41% in Q2.

Greater Toronto industrial market indicators

Unit values and cap rate trends (single tenant)



Average capitalization rates remained steady at 5.5% quarter-over-quarter while unit values have compressed to \$303 psf.

Greater Toronto industrial market activity

Notable leasing transactions

Address	Tenant	Size (sf)	Lease type	Transaction type	Landlord
15 Hereford St., Brampton	VF Imagewear	459,100	Direct	Renewal	Orlando Corporation
111 & 153 Van Kirk Dr., Brampton	Armacell	389,700	Direct	Renewal	Pure Industrial
7171 Highway 50, Vaughan	Highlight Motor Group	247,800	Direct	Sublease	Anatolia
8550 Airport Rd., Brampton	Giftcraft	246,000	Direct	Renewal	Rodenbury Investments Group
8400 Keele St., Vaughan	Beacon Supply	148,700	Direct	Renewal	Prologis

Major industrial building transactions

Address	Buyer	Sale date	Sale price	Sale price (psf)	Seller
AIMCo – Pure Industrial Portfolio	Pure Industrial	June 2024	\$149.4M	\$249	AIMCo
2600 North Park Dr., Brampton	1000144109 Ontario Inc.	May 2024	\$110.0M	\$332	Oxford Properties Group
445-465 Milner Ave. & 50-70 Novapharm Ct., Toronto	KOLT Investments	June 2024	\$60.1M	\$322	GWL Realty Advisors
CanFirst – Dream GTA Portfolio	Dream	May 2024	\$56.8M	\$220	CanFirst Capital Management
27 Automatic Rd., Brampton	Lion Force Transport Inc.	April 2024	\$52.5M	n/a	BVD Group

Major industrial land transactions

Location	Buyer	Sale date	Sale price	Sale price (per acre)	Seller
5122 First Ln., Milton	Tribal Partners	May 2024	\$55.6M	\$1,101,961	822404 Ontario Inc.
3402 Appleby Ln., Burlington	Tempel Steel	April 2024	\$29.6M	\$1,769,050	Panattoni Development Company
6465 Healey Rd., Caledon	1000888598 Ontario Ltd.	May 2024	\$13.3M	\$1,340,408	Platinum Freight Group
2072 Thornton Rd. N., Oshawa	Oshawa PUC Networks Inc.	June 2024	\$11.4M	\$1,757,421	Private Seller
280 Nativio St., Vaughan	G&L Group of Companies	May 2024	\$8.5M	\$4,696,133	Mcs Investments Inc.

Greater Toronto industrial market statistics

Market / submarket	Inventory (sf)	Total available area (sf)	Availability rate (%)	Total vacant area (sf)	Vacancy rate (%)	Net absorption (sf)	Weighted average asking net rental rate (\$psf)	Weighted average TMI (\$psf)	Average sold price (\$psf)	Total completed area (sf)	Total under construction (sf)
East York	8,702,550	259,890	3.0%	108,100	1.2%	(84,120)	\$17.67	\$4.88	\$274	0	0
Etobicoke	75,993,800	2,469,180	3.2%	1,508,800	2.0%	(426,050)	\$15.41	\$4.72	\$494	0	654,430
North York	68,326,610	1,487,700	2.2%	703,000	1.0%	173,030	\$17.17	\$3.94	\$451	269,670	0
Scarborough	68,527,360	2,030,040	2.5%	840,300	1.2%	51,110	\$16.78	\$4.70	\$411	351,590	499,720
Toronto	33,700,510	1,022,210	3.0%	473,700	1.4%	132,280	\$18.76	\$5.29	\$465	0	0
GTA Central	260,133,520	7,336,400	2.7%	3,683,700	1.4%	(163,000)	\$16.60	\$4.44	\$450	621,260	1,154,150
Ajax	10,481,170	385,960	3.2%	16,900	0.2%	2,810	\$17.62	\$4.35	\$203	49,790	2,293,100
Oshawa	17,807,810	414,210	2.3%	350,600	2.0%	31,540	\$15.52	\$4.53	\$269	0	878,670
Pickering	12,152,270	593,560	4.9%	237,000	2.0%	(11,520)	\$15.32	\$5.10	\$226	0	270,160
Whitby	11,664,180	738,650	6.3%	689,500	5.9%	(9,157)	\$15.69	\$3.80	\$329	0	1,176,610
GTA East	58,629,610	2,170,380	3.6%	1,314,200	2.2%	23,140	\$16.31	\$4.46	\$272	49,790	4,618,540
Aurora	6,853,110	105,000	1.5%	31,200	0.5%	2,570	\$17.24	\$4.26	\$364	0	95,000
Markham	40,404,280	661,860	1.6%	419,400	1.0%	(35,120)	\$19.07	\$5.19	\$396	0	983,430
Newmarket	9,173,090	98,440	1.1%	31,200	0.3%	4,800	\$18.86	\$5.25	\$290	0	0
Richmond Hill	14,848,420	551,280	3.7%	186,800	1.3%	(92,840)	\$18.99	\$4.51	\$286	0	112,630
Vaughan	119,687,350	4,555,010	3.3%	2,284,900	1.9%	(231,850)	\$19.38	\$4.01	\$387	1,280,440	1,017,100
GTA North	198,656,500	6,436,040	3.0%	3,439,200	1.7%	(266,010)	\$19.27	\$4.17	\$353	1,280,440	2,905,310
Brampton	104,972,420	5,786,500	5.5%	3,609,600	3.4%	(164,920)	\$19.34	\$3.62	\$376	70,350	1,173,620
Burlington	28,381,020	1,251,360	4.2%	823,800	2.9%	66,360	\$17.60	\$3.87	\$223	81,620	0
Caledon	21,781,810	747,960	3.4%	540,900	2.5%	(2,410)	\$18.25	\$4.35	\$548	0	0
Halton Hills	8,979,990	206,980	2.3%	19,200	0.2%	144,800	\$17.28	\$4.50	\$286	0	0
Milton	30,054,550	3,350,140	11.1%	3,187,200	10.6%	181,030	\$18.16	\$3.40	\$553	0	1,281,300
Mississauga	196,777,800	8,960,440	4.6%	5,004,300	2.5%	(305,810)	\$18.36	\$4.13	\$365	149,510	739,740
Oakville	29,966,060	1,302,740	4.1%	979,700	3.3%	(77,290)	\$17.31	\$4.64	\$353	87,700	686,340
GTA West	420,913,640	21,606,130	5.1%	14,164,700	3.4%	(158,240)	\$18.48	\$3.92	\$371	389,180	3,880,990
Greater Toronto	938,492,370	37,574,720	3.9%	22,601,700	2.4%	(564,120)	\$18.23	\$4.08	\$367	2,340,670	12,558,990

For more market insights and
information visit **avisonyoung.ca**

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