

Quarterly Snapshot

- ↓ Average Rent
18.44/SF
- ↑ Vacancy
1.4%
- ↓ Net Absorption
-3,092,635SF

Occupier's Perspective

Occupiers are not limited to what they were subjected to 6 months ago. Some landlords have varying flexibility, but regardless, this is an opportune time for tenants to look for space, simply because there are more options on the table.

We are anticipating vacancy rates to continue increasing. With more inventory available, and stagnant prices in many areas, industrial rental rates remain high. Many occupiers are keen to continue waiting for lower pricing options.

Due to discrepancies in tenant/landlord expectations and the current state of the market, we do not expect to see large transactions completed over the next six months. The market has been left in a state of uncertainty and inconsistency in terms of pricing in upcoming months as well.

In the first quarter of 2024, industrial market vacancy rates increased from 1.0 percent to 1.4 percent, and are projected to continue rising over the following quarters in the GTA. Availability rates also increased from 2.2 percent to 2.8 percent. We are seeing escalators over terms decreasing to the sub-4% levels now.

With vacancy rates continuing to increase, the market is in a state of change with landlords still unwilling to concede to changes in the market. Tenants of varying sizes are reaching impasses with landlords, leading to delays in transactions. With velocity decreasing, rental rates may deaccelerate or even slightly decline.

The current market uncertainty is the first in over a decade, leaving the market in uncertainty of what the next six months to one year will entail in terms of pricing, and we are expecting to see many discrepancies in pricing. Landlords are reorganizing their portfolios which are at an all-time high, which may mean they may not immediately feel the pains the current market could cause. We do not anticipate seeing many transactions happening over the next six months as there is a gap in terms of tenant and landlord expectations.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Confidential	40,300 SF	Cambridge	New Lease	Industrial
Confidential	29,010 SF	GTA North	Renewal	Industrial
Confidential	24,236 SF	GTA East	Renewal	Industrial

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
1.8%	▲	\$16.71	GTA East
1.3%	▲	\$18.19	GTA North
1.1%	▲	\$18.22	GTA Central
1.6%	▲	\$18.91	GTA West