

Toronto Industrial

2019 Market Insight Report



Q4 2019

cresa 

Cresa's Industrial Team



Sean Hoehn
Managing Principal,
Sales Representative



Steven Rector
Principal,
Sales Representative



Mark Rodgers
Senior Vice President,
Sales Representative



Marvin Joseph, MBA
Vice President,
Sales Representative



Sean Spiers
Senior Advisor,
Sales Representative



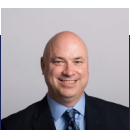
Garret Hill
Advisor,
Sales Representative



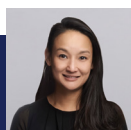
James Jackson
Advisor,
Sales Representative



Craig Birk
Advisor,
Sales Representative



Michael Wasyliw
Principal, Project
Management



Joanne Chan
Principal, Interior
Design

We take your business further

Cresa is the world's largest occupier-only commercial real estate firm. We think of real estate as a business tool - one that goes beyond operational needs to help drive profitability, enhance your image and attract top talent.

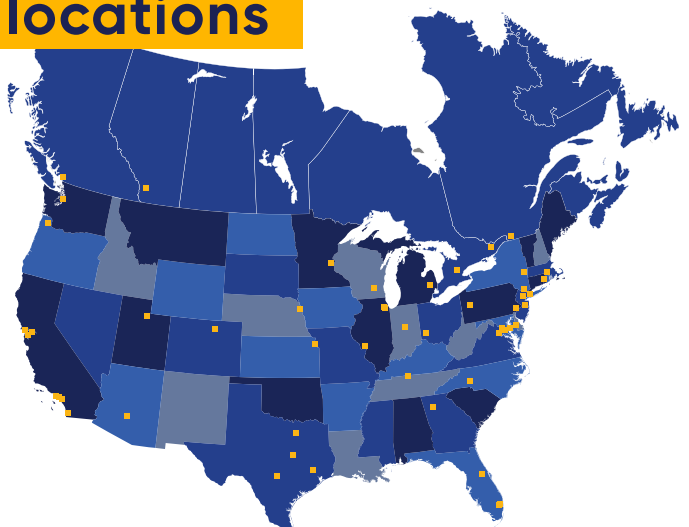
In the past year, Cresa has worked with:

Over 1,700 **Covering 59** **In 891 cities**
clients **industries** **worldwide**

We think beyond space.

We take a fully integrated approach, first determining what your business needs are, then figuring out how to meet them and finally implementing a solution.

Canada & U.S. locations



Market Overview



Market Trends

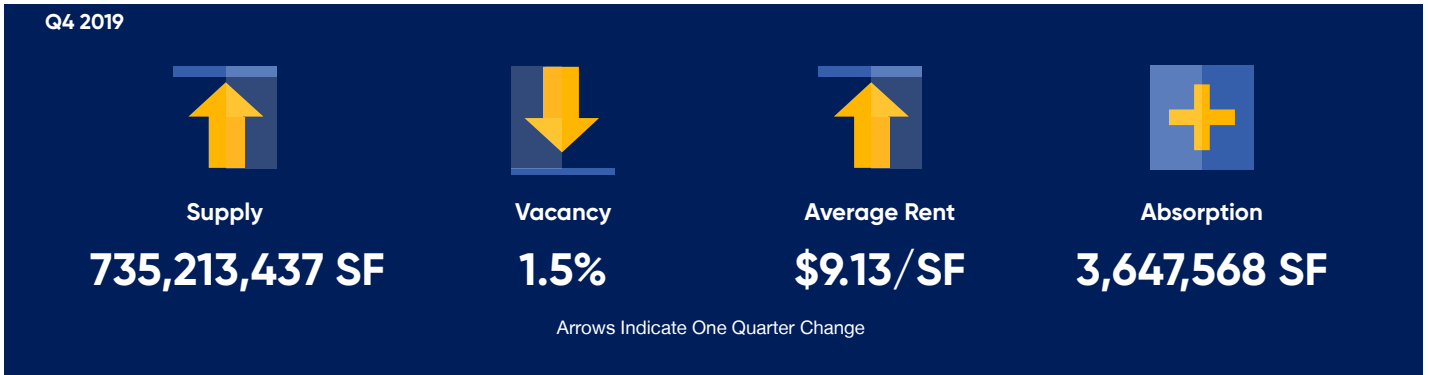
Toronto, the fifth largest Industrial market in North America in terms of inventory, continues to be tight. Demand remains strong, while supply continues to be constrained. We ended Q4 of 2019 with vacancies in the GTA at 1.5%, an increase from 1.2% at the end of Q3. Although vacancies increased over the quarter, with some properties coming on to the market, the relief is only temporary. Subsequently, we expect rents to continue to rise in 2020. Overall, the average net rent in the GTA increased, ending Q4 at \$9.13, a more than 10% increase from Q3. Average net rents have increased 17.63% year-over-year from \$7.26 in Q3 2018. We also saw a positive net absorption across all sub-markets.

Looking at the sub-markets, GTA North being the most expensive, with an average net rent of \$9.96 and GTA East being the most economical with an average net rent of \$7.65. Net rents in GTA North increased by \$0.32 from last quarter. Average net rents within the GTA East market remained constant, with a minimal increase relative to the other markets.

The strong demand for industrial properties within the GTA continues to be driven by e-commerce related warehouse and logistics operations. Within the GTA East, institutional owners are being more creative when acquiring space, including looking at pre-existing buildings with accommodative zoning and design build opportunities.

On the supply side, we are still seeing a record number of development under construction. At the end of Q4, we had 13M SF under construction in the GTA, which is substantially higher than at the beginning of 2018 with 6.18M SF under construction. Notable developments include the 1.3M SF space at 10200 Hurontario Street in Brampton by Panattoni, anticipated to be delivered in Q2 2021. In addition, the 1.1M SF space at Fifth Line that is anticipated to be built by Q1 2020.

GTA Overview

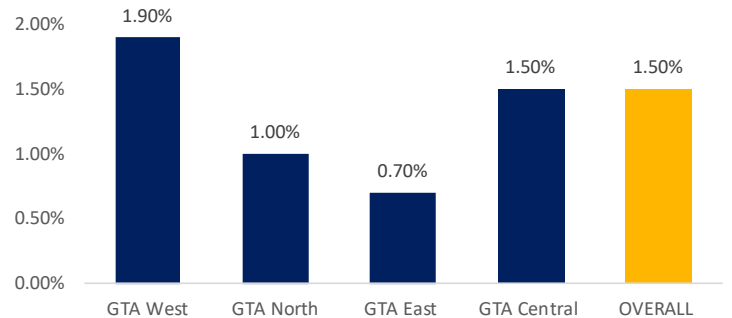


Vacancy Rate

	Q2	Q3	Q4	
GTA West	1.1%	1.1%	1.9%	▲
GTA North	1.4%	1.3%	1.0%	▼
GTA East	0.9%	1.0%	0.7%	▼
GTA Central	1.0%	0.8%	1.5%	▲
Overall	1.1%	1.2%	1.5%	▲

The strong demand for industrial properties within the GTA continues to be driven by e-commerce related warehouse and logistics operations. Within the GTA East, institutional owners are being more creative when acquiring space, including looking at preexisting buildings with accommodative zoning and design build opportunities.

Vacancy Rates (%)



Vacancy & Availability

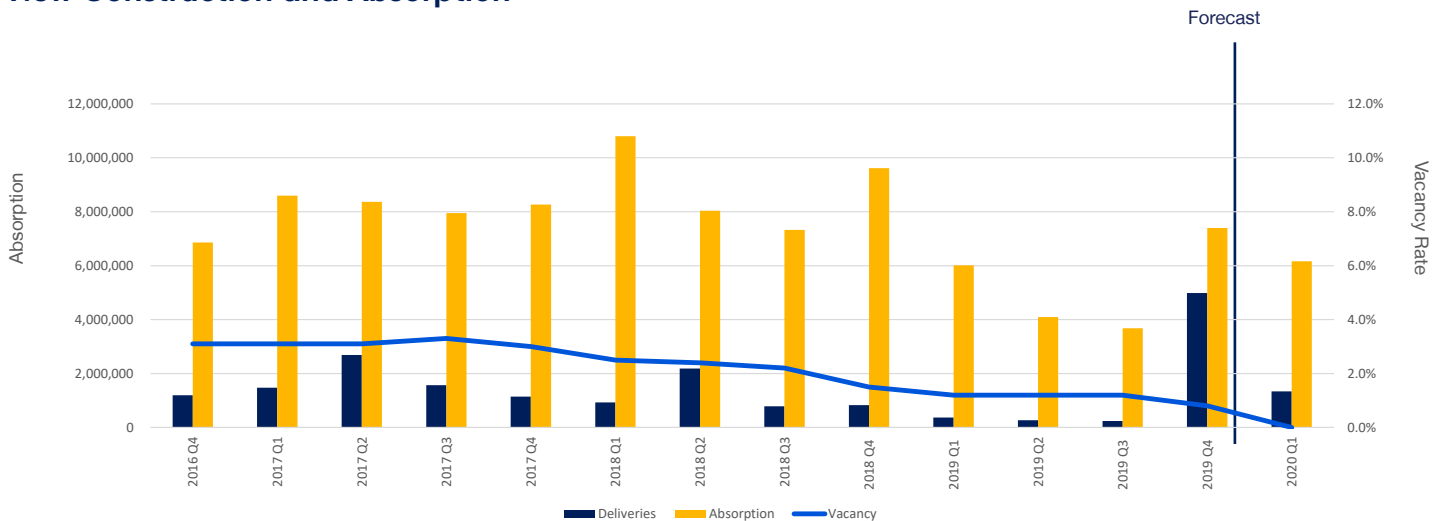
Vacancy Rates

The vacancy rate is the percentage of all units in a rental property, that are vacant or unoccupied at a particular time.

Availability Rates

The availability rate is the percentage of total rentable space available including new developments under construction.

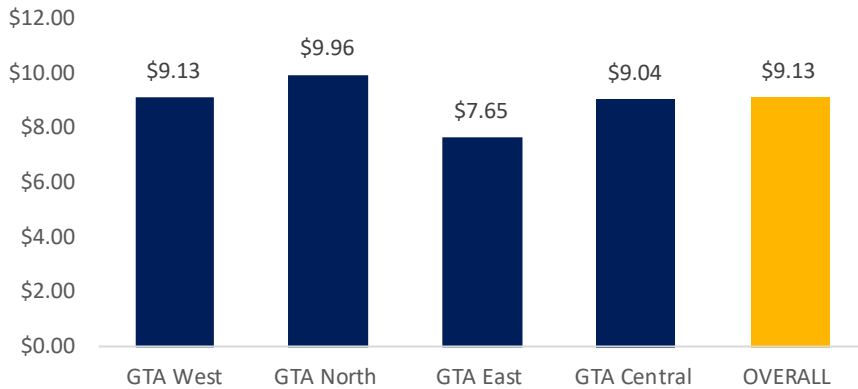
New Construction and Absorption



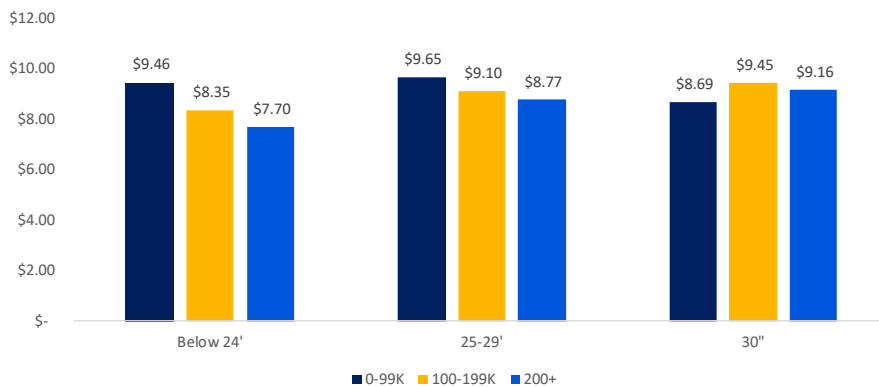
GTA Overview

Industrial Market Insights

Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1 1555 Wentworth St	354,029	Whitby
2 20 Westbridge Dr	324,708	Halton Hills
3 104 Walker Dr	248,769	Brampton
4 200 Edgeware Rd	222,032	Brampton

1

Vacancy rates continue to remain at record low levels in Q4 2019. Although we saw a slight uptick in vacancy rates to 1.5%, up from 1.2%, due to new properties coming onto the market, we believe the relief is temporary.

2

As demand and supply remain unbalanced, net rents have increased to \$9.13 in Q4 2019. This represents an increase of more than 10%, from Q3. We expect that rental rates will continue to increase in 2020.

3

As of Q4 2019, there was 15M SF of industrial space under construction, and about 11M SF of that is scheduled to be delivered in 2020, however we do not anticipate that this will alleviate demand due to strong pre-leasing activity

4

In such tight markets, industrial occupiers have increasingly become more creative in their space use such as flex spaces with office and industrial, to use spaces more efficiently and cost effectively.

GTA West

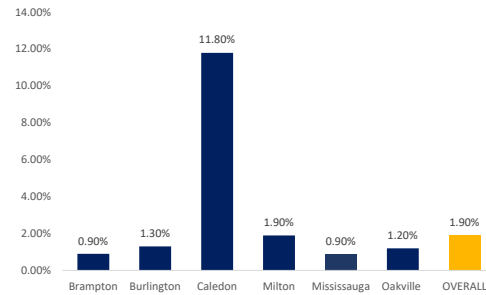
Q4 2019

Supply	Vacancy	Average Rent	Net Absorption
342,603,247 SF	1.9%	\$9.13 SF	1,370,336 SF

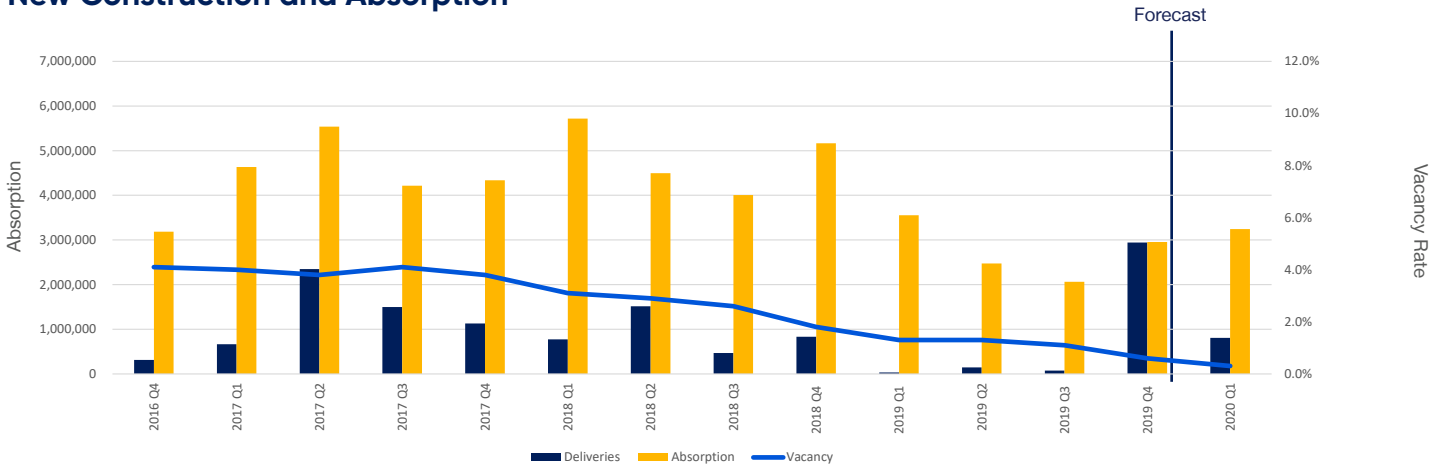
Vacancy Rate

	Q2	Q3	Q4	
Brampton	0.9%	0.6%	0.9%	▲
Burlington	1.6%	1.2%	1.3%	▲
Caledon	0.2%	1.3%	11.8%	▼
Milton	2.0%	1.8%	1.9%	▲
Mississauga	1.2%	0.9%	0.9%	▶
Oakville	1.1%	1.1%	1.2%	▲
Overall	1.1%	1.1%	1.9%	▲

Vacancy Rates (%)



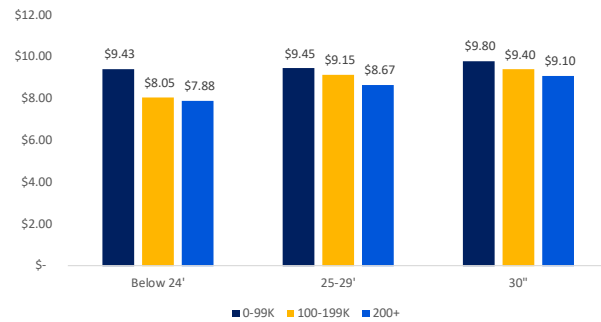
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

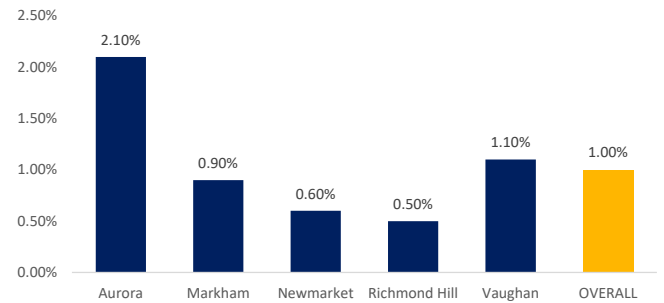
Address	Size (SF)	Market
1 104 Walker Dr	248,769	Brampton
2 200 Edgeware Rd	222,032	Brampton
3 6591 Kitmat Rd	111,124	Mississauga



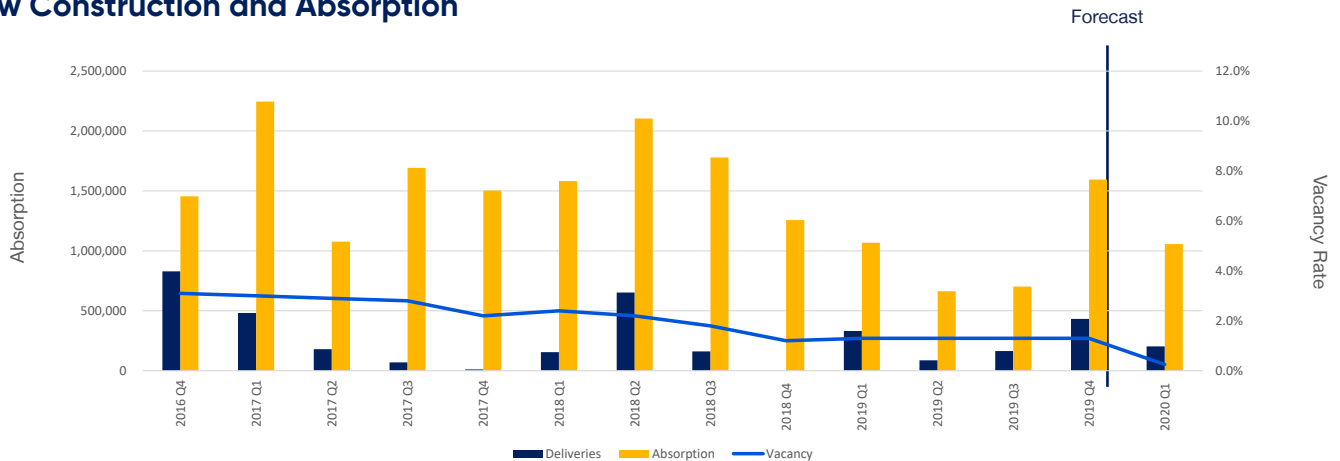
Vacancy Rate

	Q2	Q3	Q4	
Aurora	1.4%	1.8%	2.1%	▲
Markham	2.1%	1.8%	0.9%	▼
Newmarket	0.1%	0.2%	0.6%	▲
Richmond Hill	0.3%	0.2%	0.5%	▲
Vaughan	1.4%	1.5%	1.1%	▼
OVERALL	1.3%	1.4%	1.0%	▼

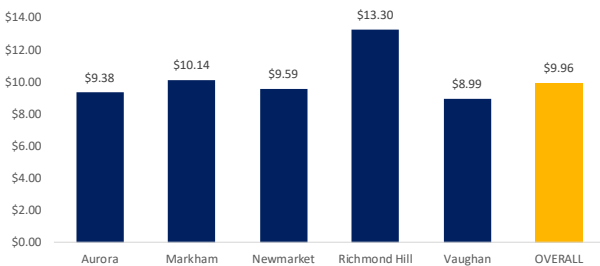
Vacancy Rates (%)



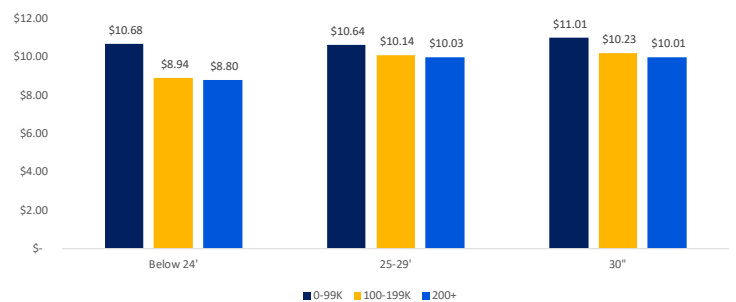
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1 141 New Huntington Rd	99,200	Vaughan
2 130 Harry Walker Pky N	87,452	Newmarket
3 89-89A Connie Cres	79,987	Vaughan

GTA East

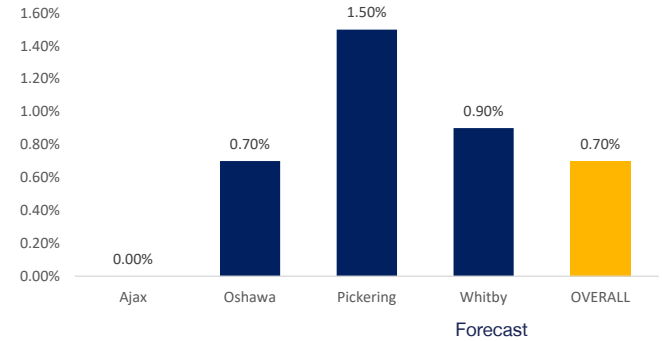
Q4 2019

Supply	Vacancy	Average Rent	Net Absorption
49,355,031 SF	0.7%	\$7.65/SF	281,312 SF

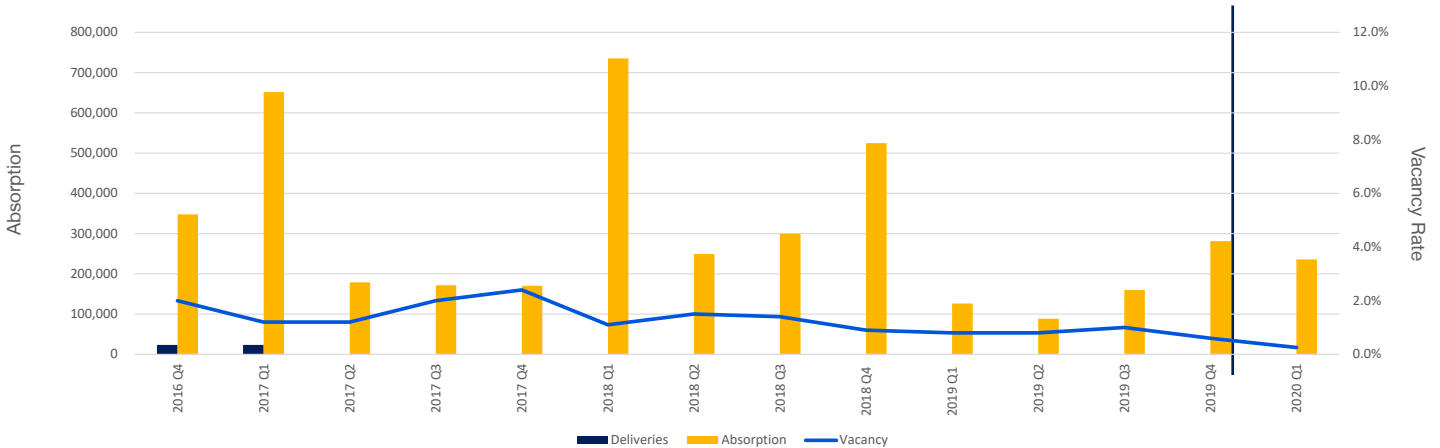
Vacancy Rate

	Q2	Q3	Q4	
Ajax	0.1%	0.4%	0.0%	▼
Oshawa	0.9%	0.7%	0.7%	▶
Pickering	1.0%	2.6%	1.5%	▼
Whitby	1.3%	0.9%	0.9%	▶
OVERALL	0.9%	1.0%	0.7%	▼

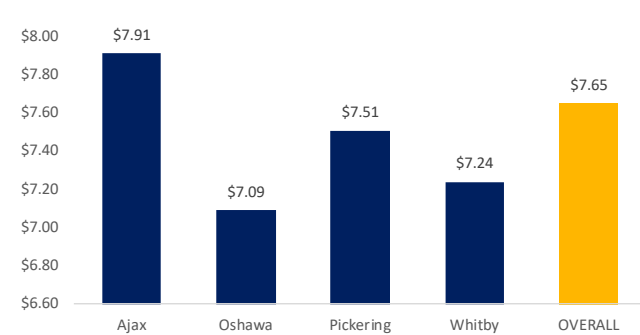
Vacancy Rates (%)



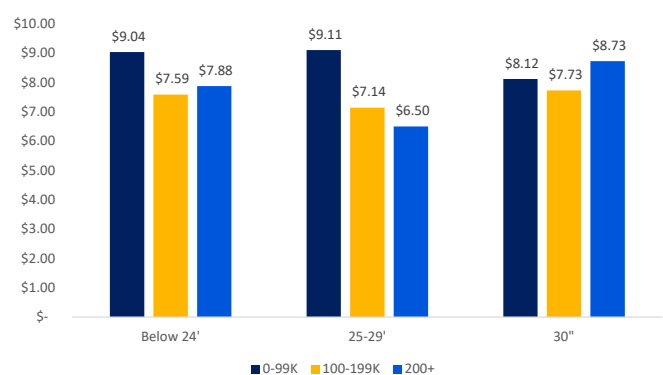
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1 460 Finley Ave	15,000	Ajax
2 111 Industrial Dr	9,736	Whitby
3 460 Finley Ave	5,000	Ajax

GTA Central

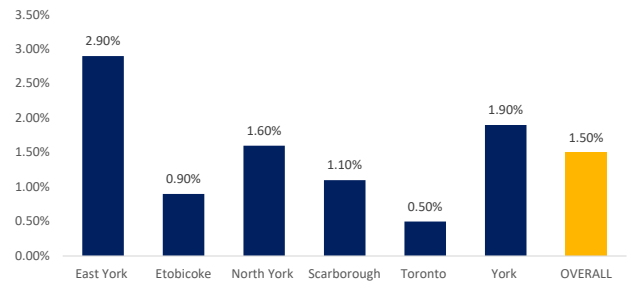
Q4 2019

Supply	Vacancy	Average Rent	Net Absorption
202,174,101 SF	1.5%	\$9.04/SF	2,569,478 SF

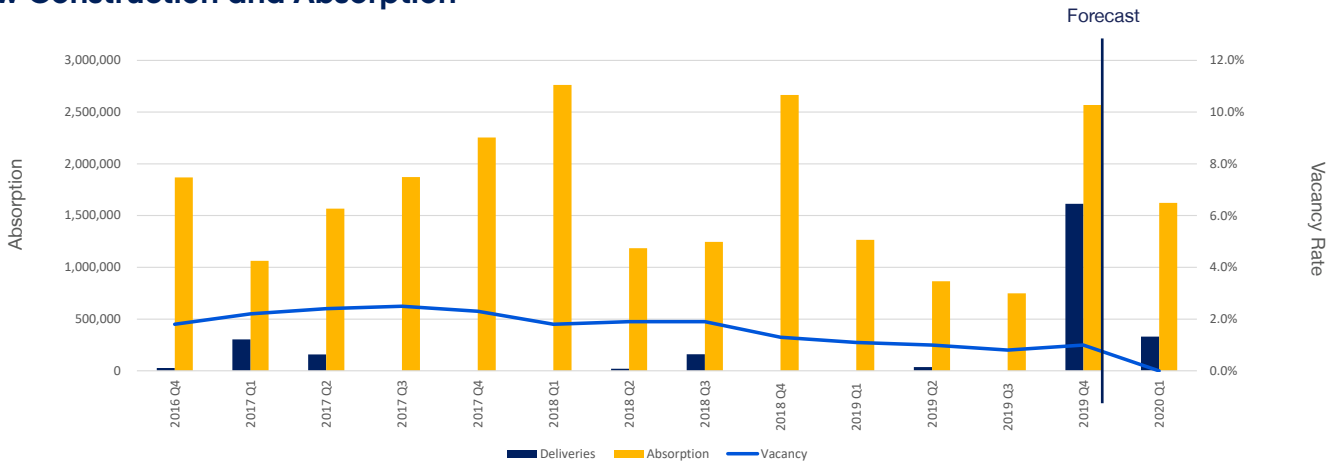
Vacancy Rate

	Q2	Q3	Q4	
East York	1.3%	0.9%	2.9%	▲
Etobicoke	1.1%	0.9%	0.9%	▶
North York	1.3%	1.2%	1.6%	▲
Scarborough	0.5%	0.4%	1.1%	▲
Toronto	0.2%	0.3%	0.5%	▲
York	1.8%	1.1%	1.9%	▲
OVERALL	1.0%	0.8%	1.5%	▲

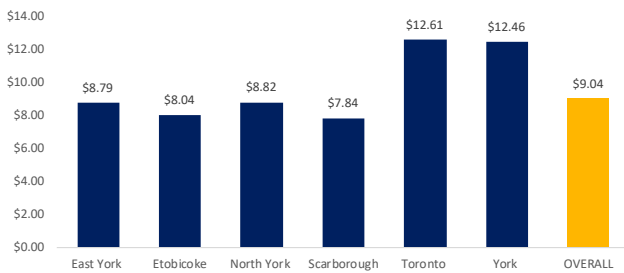
Vacancy Rates (%)



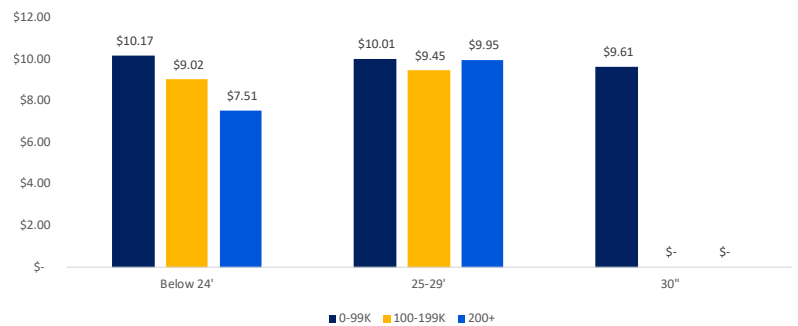
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1 35 Rakely Cr	77,380	Toronto
2 44 Clayson Rd	47,413	Toronto
3 1081-1087 Alness St	39,000	Toronto

About Cresa Toronto

Cresa is the world's largest commercial real estate firm that exclusively represents occupiers of space. By not taking listings on behalf of landlords or developers, we are able to provide our clients with objective, conflict-free advice.

For the last 30 years, Cresa's Toronto office has worked alongside our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money. Our integrated team of real estate advisors, project managers, designers, and analysts, listen to occupiers' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions. And it's this relentless focus on our clients that has earned us numerous industry awards along the way.

Contact

For more information about Cresa and the Toronto market, please contact:

Cresa Toronto Inc., Brokerage
170 University Avenue, Suite 1100
Toronto, ON M5H 3B3
416.862.2666
cresa.com/toronto

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