

A wide-angle photograph of a large industrial warehouse interior. The ceiling is high with a complex network of steel beams, pipes, and fluorescent lighting. A semi-truck with a blue cab and a long white trailer is parked in the background. The floor is a smooth, light-colored concrete with yellow safety lines. In the foreground, there are two red and white striped safety cones. The overall lighting is bright and industrial.

Toronto Industrial

# 2021 Market Insight Report

Q2 2021

cresa 

## Cresa's Industrial Team



**Sean Hoehn**  
Managing Principal,  
Sales Representative



**Steven Rector**  
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**Enrico DiFede**  
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**Michael Wasyliw**  
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Project Management



**Joanne Chan**  
Principal,  
Interior Design

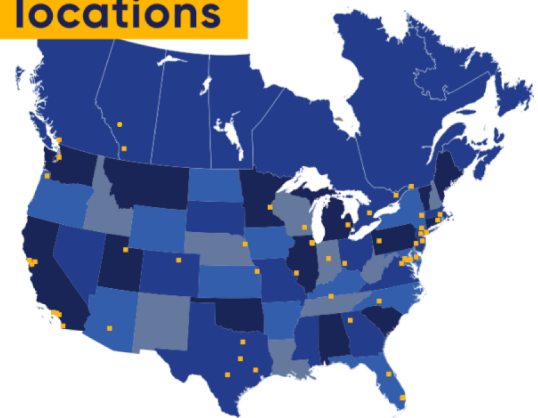
### We take your business further

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.

### 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



### Q2 2021 Market Trends

Image: Artis REIT's former Industrial Facility at 2751 Peddie Road

The Greater Toronto Area (GTA) industrial market continued to reach unfathomable heights this quarter as average net asking rents increased to \$10.70 per square foot, up \$0.33 quarter over quarter. A complete lack of available industrial product paired with rapid demand has led the availability and vacancy rates to drop further to 1.5% and 0.3%, respectively.

As the fundamental shift in global retail consumption continues to drive demand for logistics, e-commerce, and supply-chain growth, Geodis Logistics, Amazon, and Alero Worldwide all completed deals for over 150,000 SF across GTA West and GTA East markets. Despite this continued demand, industrial developers have withheld their commitment to finalizing lease agreements until they get closer to their project delivery date. Given the current market conditions, achieved rates are likely to be higher the longer developers can wait. This holding out period is crucial to developers as they look for ways to offset spiking construction costs brought on by the lack of essential construction materials.

With rental rates continuing to exceed expectations, many industrial tenants across the GTA are asking the question – how far can rents go? Looking westward to the Greater Vancouver Area (GVA), we may begin to find the answer. The GVA's constrained land supply and historically high demand have pushed average net asking prices to \$15.60 per square foot in a 0.7% vacant market. With the lack of new supply creating similar restraints for GTA-based tenants, it is a genuine possibility that industrial landlords will be achieving these rates in Toronto by the end of Q4 2022. These characteristics make the GTA an attractive place for investors due to the high levels of liquidity and prospects of rent increases and value appreciation. Capitalizing on these conditions, Winnipeg-based Artis REIT agreed to sell its entire 28 property GTA portfolio at \$297 per square foot for \$750M in June. The deal exceeded the REIT's reported fair value of \$551M for the portfolio by 36%.

With unsustainable absorption levels relative to supply, most major industrial markets across Canada will ultimately run out of space within the year. Each tenant must evaluate their specific requirements, but the time to “wait and see” is over. Those industrial tenants with options to renew must do so now or face the sharp increase in rent further down the line.



- Check out our [COVID-19 resource page](#) to understand the implication of COVID-19 on your commercial real estate.
- Please visit: [cresatoronto.com/cre-covid-19](https://cresatoronto.com/cre-covid-19)

# GTA Overview

Q2 2021



Supply

746,807,323 SF



Availability Rate

1.5%



Average Net Rent

\$10.70/SF



Net Absorption

2,798,737 SF

Arrows Indicate One Quarter Change

## Availability Rate

	Q4	Q1	Q2	
GTA West	3.0%	2.4%	1.8%	▼
GTA North	2.7%	1.9%	0.9%	▼
GTA East	3.1%	1.8%	1.7%	▼
GTA Central	2.6%	1.8%	1.7%	▼
Overall	2.9%	2.0%	1.5%	▼



With unsustainable levels of absorption relative to supply, most major industrial markets across Canada will completely run out of space within the year.



## Vacancy & Availability

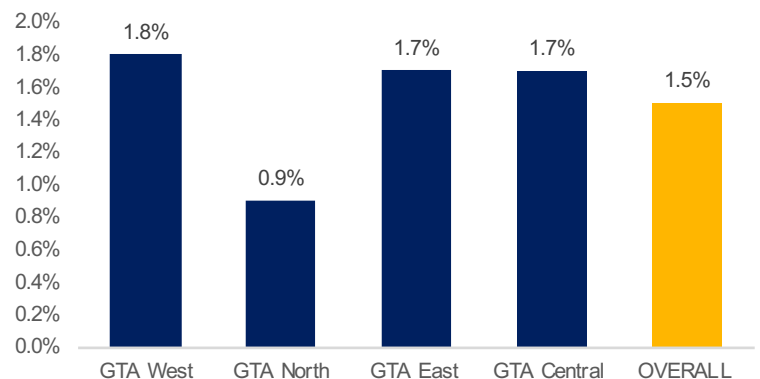
### Vacancy Rates

Expressed as a percentage – it defines the amount of vacant New/Relet/Sublet space divided by the existing (RBA) Rentable Building Area. This statistic can be used to describe buildings and markets.

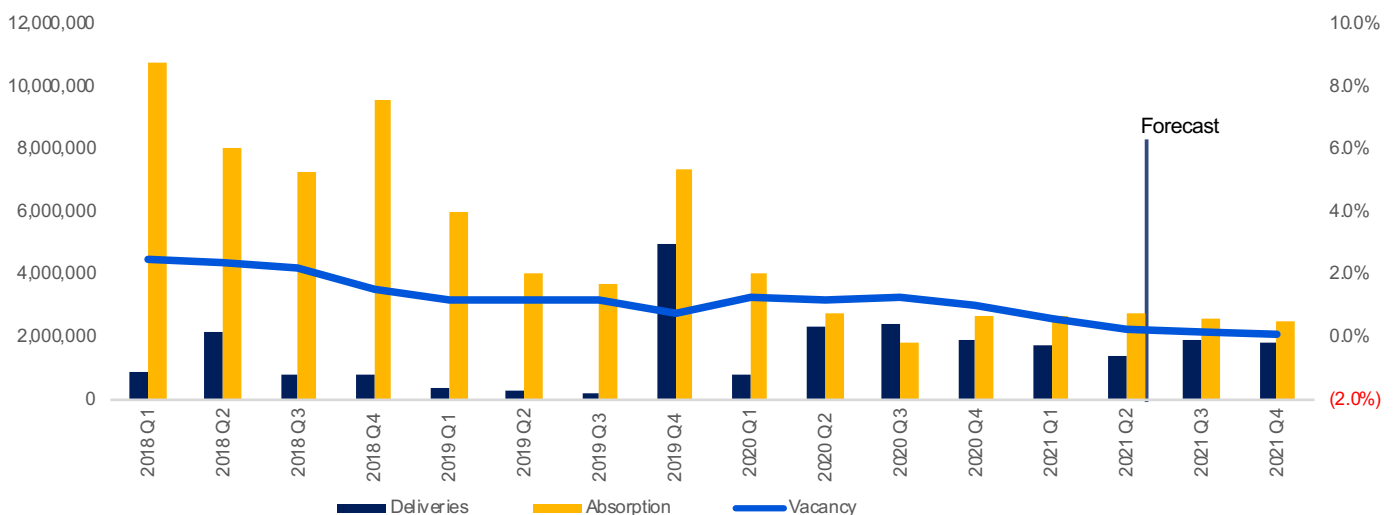
### Availability Rates

The percent of space available on the last day of each quarter or the current date in the case of the current quarter. Total Available SF divided by the total RBA on the last day of each quarter.

## Availability Rate (%)



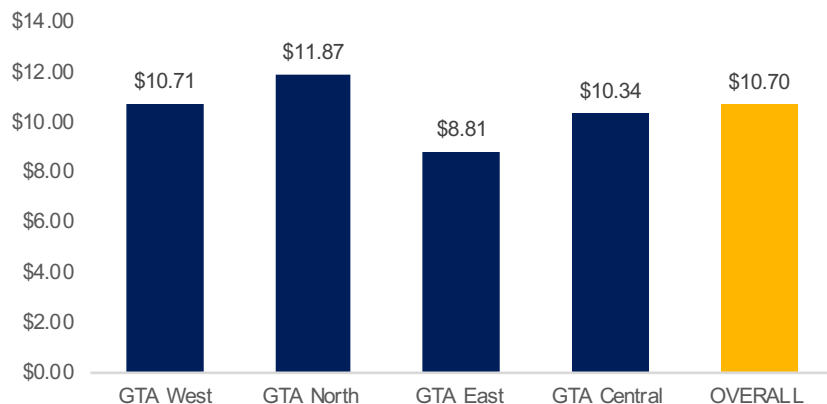
## New Construction and Absorption



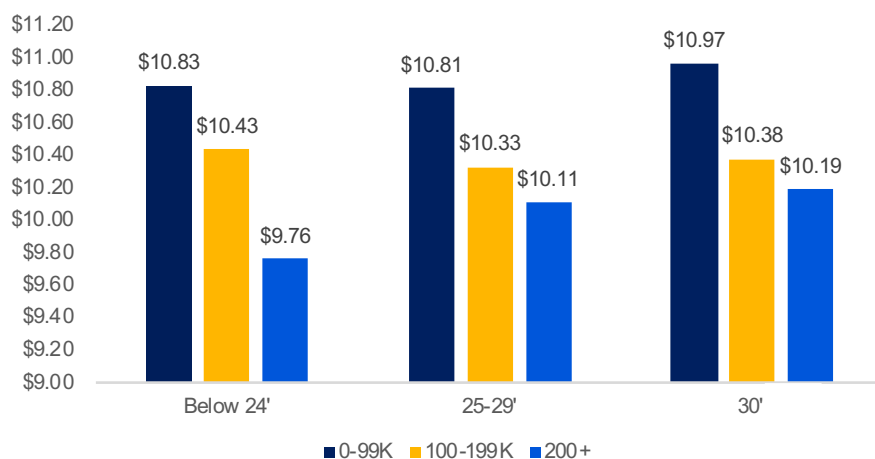


# GTA Overview

## Net Rate (PSF)



## Net Rent by Clear Height



## Notable Lease Transactions

Address	Size (SF)	Market
1. 883 Thornton Road South	440,000 SF	Oshawa
2. 2300 North Park Drive	235,423 SF	Brampton
3. 50 Capstone Drive	161,051 SF	Mississauga
4. 1271 Tapscott Road	158,458 SF	Toronto
5. 6 Manchester Court	150,897 SF	Caledon

## Industrial Market Insights

1. Average net asking lease rates increased across the GTA's industrial market by \$0.33 per square foot, reaching an all-time high of \$10.70 per square foot. This growth is expected to continue given the; intense demand, limited development pipeline, expensive construction costs, and high land cost.
2. Over 1.3M square feet of new supply was delivered across the GTA this quarter, with another 3.8M square feet expected to be completed by the year's end. Despite an additional 5M+ square feet currently under construction, vacancy and availability rates are still expected to drop further.
3. Amazon signed three deals for new fulfillment centres in Brampton, Mississauga, and Oakville this quarter for a combined 446,761 SF. Spurred by the pandemic, Amazon's revenue increased 43.8% year-over-year since the COVID-19 pandemic first broke out in North America in March 2020.
4. British Columbia-founded real estate developer Beedie brought their Lakeside and Morningside Business Centre industrial condominiums to market this quarter, expanding their GTA presence. The two developments, featuring units starting at 6,900 SF with a walk-up second floor and 28' clear ceiling height, will offer high-quality space to the desperate small to mid-bay industrial market.
5. Brampton-based Soneil Investments purchased a six-building portfolio in Pickering for \$73M in May, totaling over 370,000 SF. Soneil CEO Neil Jain claims that the portfolio is a sound investment at 99% leased, with 20 – 25% of leases being at below-market rates.

# GTA West

Q2 2021



**Supply**  
**352,726,705 SF**



**Availability Rate**  
**1.8%**



**Average Net Rent**  
**\$10.71/SF**



**Net Absorption**  
**1,263,346 SF**

Arrows Indicate One Quarter Change

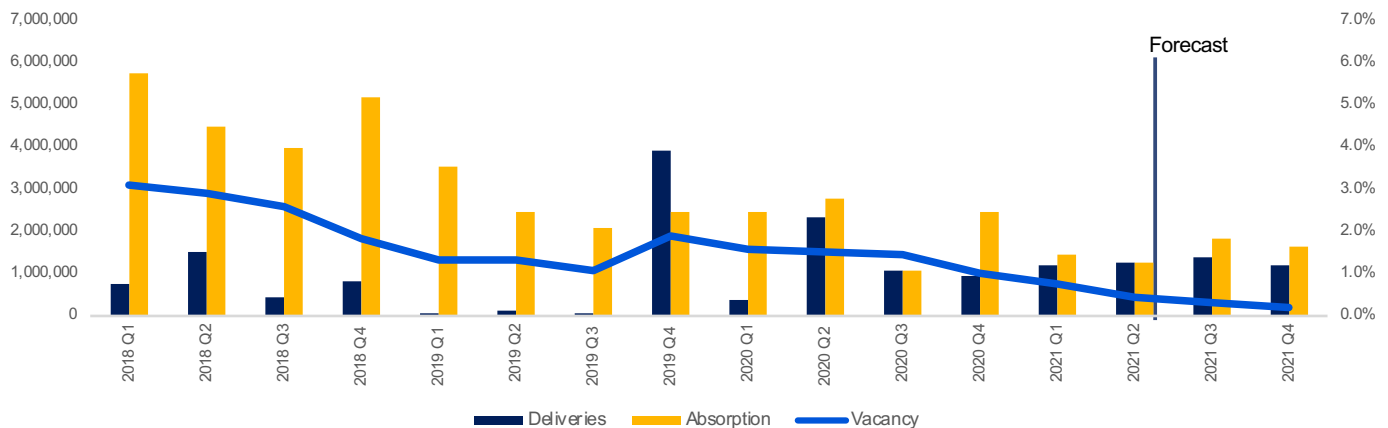
## Availability Rate

	Q4	Q1	Q2	
Brampton	2.4%	2.1%	1.4%	▼
Burlington	2.9%	2.5%	2.2%	▼
Caledon	2.6%	2.4%	1.8%	▼
Halton Hills	1.4%	0.9%	0.8%	▼
Milton	1.5%	1.2%	1.2%	►
Mississauga	3.0%	2.6%	2.3%	▼
Oakville	2.2%	1.9%	1.5%	▼
Overall	2.6%	2.3%	1.8%	▼

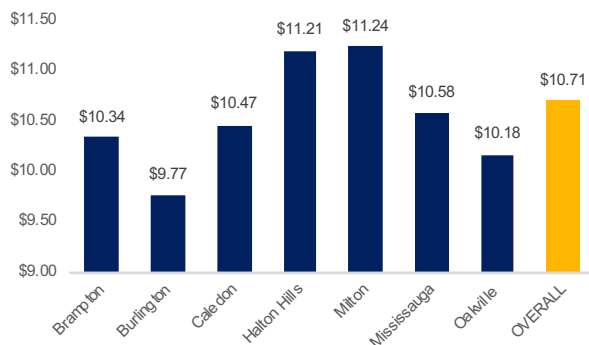
## Notable Lease Transactions

Address	Size (SF)	Market
1. 2300 North Park Drive	235,423 SF	Brampton
2. 50 Capstone Drive	161,051 SF	Mississauga
3. 6 Manchester Court	150,897 SF	Caledon

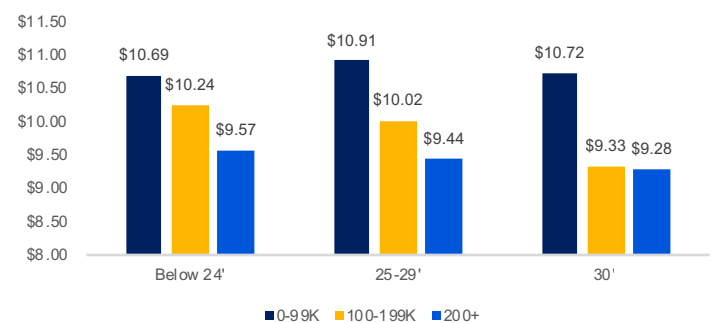
## New Construction and Absorption



## Net Rate (PSF)



## Net Rent by Clear Height



# GTA North

Q2 2021



Supply  
**140,074,682 SF**



Availability Rate  
**0.9%**



Average Net Rent  
**\$11.87/SF**



Net Absorption  
**546,220 SF**

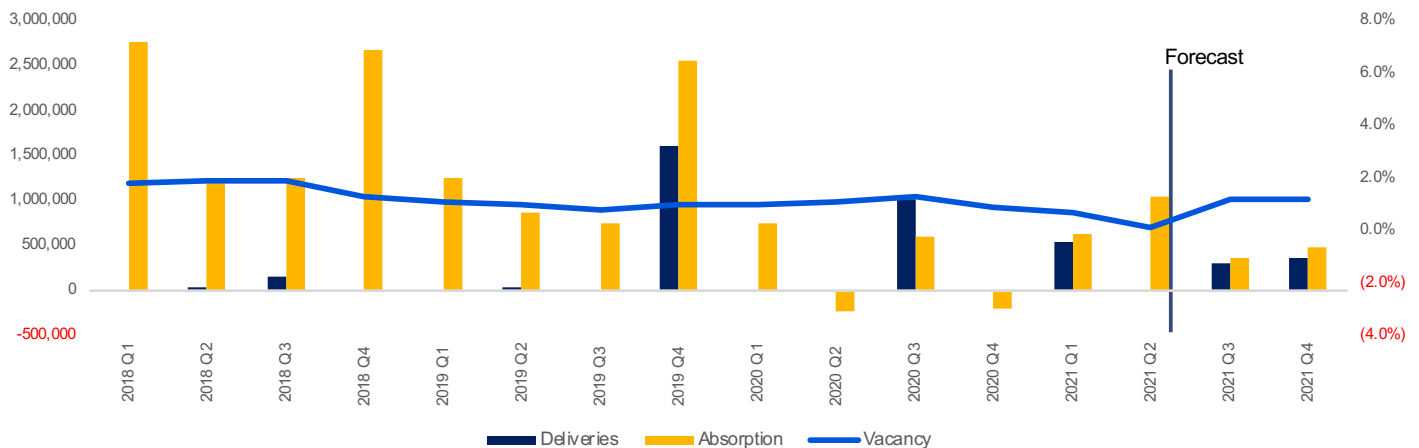
Arrows Indicate One Quarter Change

Availability Rate	Q4	Q1	Q2	
Aurora	4.5%	0.4%	0.4%	►
Markham	1.7%	1.5%	0.8%	▼
Newmarket	1.3%	0.7%	1.2%	▲
King	0.8%	0.4%	0.4%	►
Outlying York	0.8%	0.5%	0.5%	►
Whitchurch-Stouff	5.0%	10.9%	1.5%	▼
Richmond Hill	3.8%	0.9%	1.6%	▲
Vaughan	1.1%	1.1%	1.3%	▲
Overall	1.8%	1.5%	0.9%	▼

## Notable Lease Transactions

Address	Size (SF)	Market
1. 123 Newkirk Road	92,756 SF	Richmond Hill
2. 7171 Highway 50	76,765 SF	Vaughan
3. 100 Bentley Street	57,174 SF	Markham

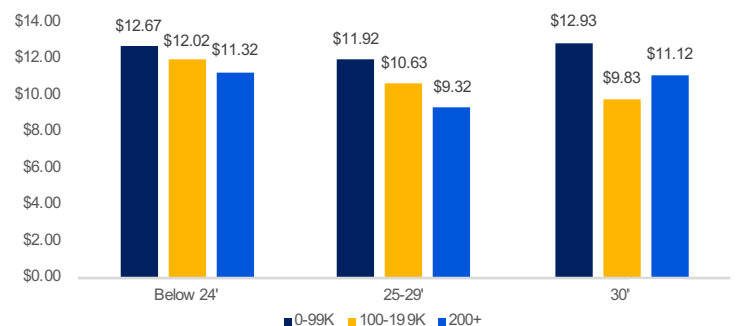
## New Construction and Absorption



## Net Rate (PSF)



## Net Rent by Clear Height





# GTA East

Q2 2021



Supply  
**50,392,348 SF**



Availability Rate  
**1.7%**



Average Net Rent  
**\$8.81/SF**



Net Absorption  
**-66,686 SF**

Arrows Indicate One Quarter Change

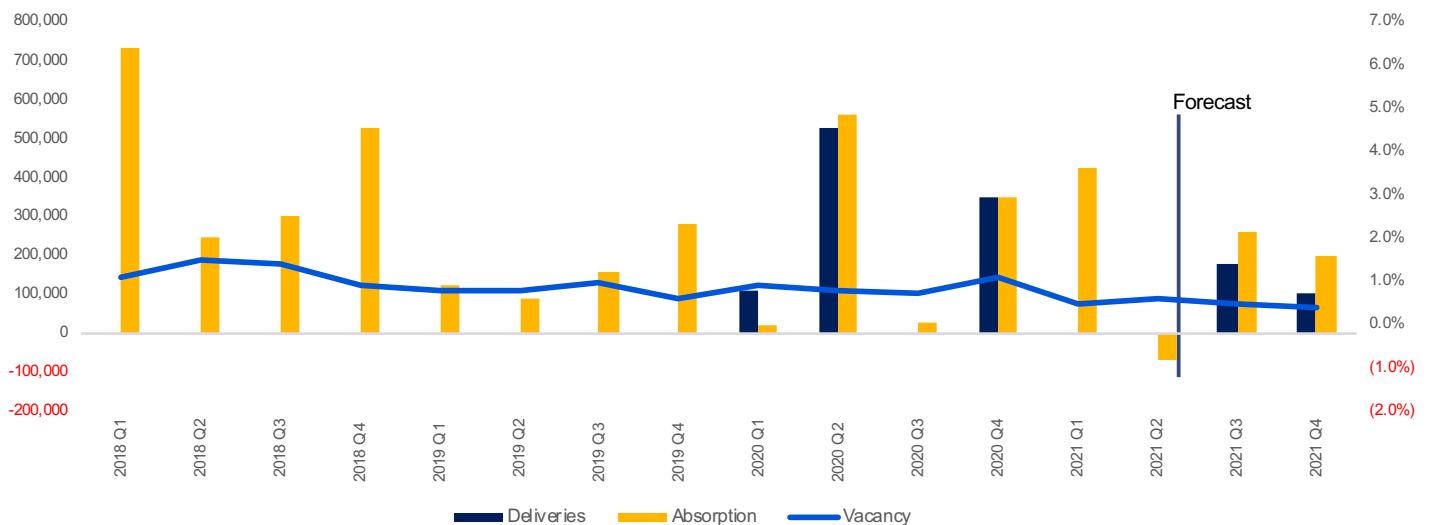
## Availability Rate

	Q4	Q1	Q2	
Ajax	1.5%	1.7%	2.4%	▲
Oshawa	1.1%	1.3%	1.4%	▲
Pickering	1.3%	1.4%	1.2%	▼
Outlying Durham	2.2%	2.2%	0.7%	▼
Whitby	2.1%	4.5%	3.8%	▼
Overall	2.3%	2.4%	1.7%	▼

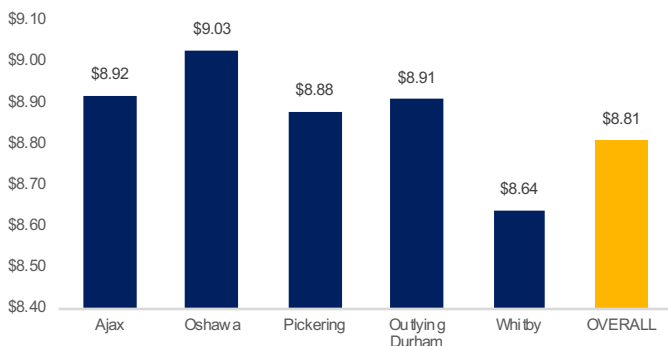
## Notable Lease Transactions

Address	Size (SF)	Market
1. 883 Thornton Road South	440,000 SF	Oshawa
2. 1121 - 1147 Thornton Road South	240,438 SF	Oshawa
3. 1049 Squires Beach Road	123,248 SF	Pickering

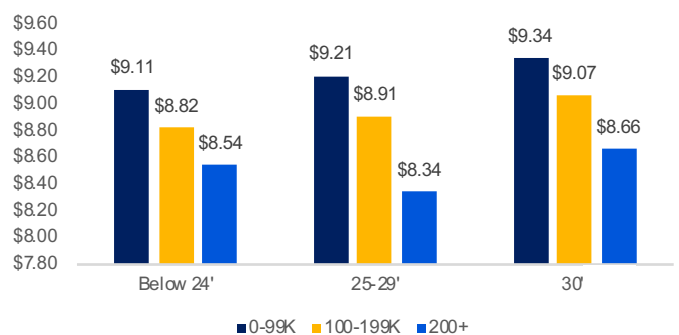
## New Construction and Absorption



## Net Rate (PSF)



## Net Rent by Clear Height



# GTA Central

Q2 2021



Supply

203,613,588 SF



Availability Rate

1.7%



Average Net Rent

\$10.34/SF



Net Absorption

1,055,857 SF

Arrows Indicate One Quarter Change

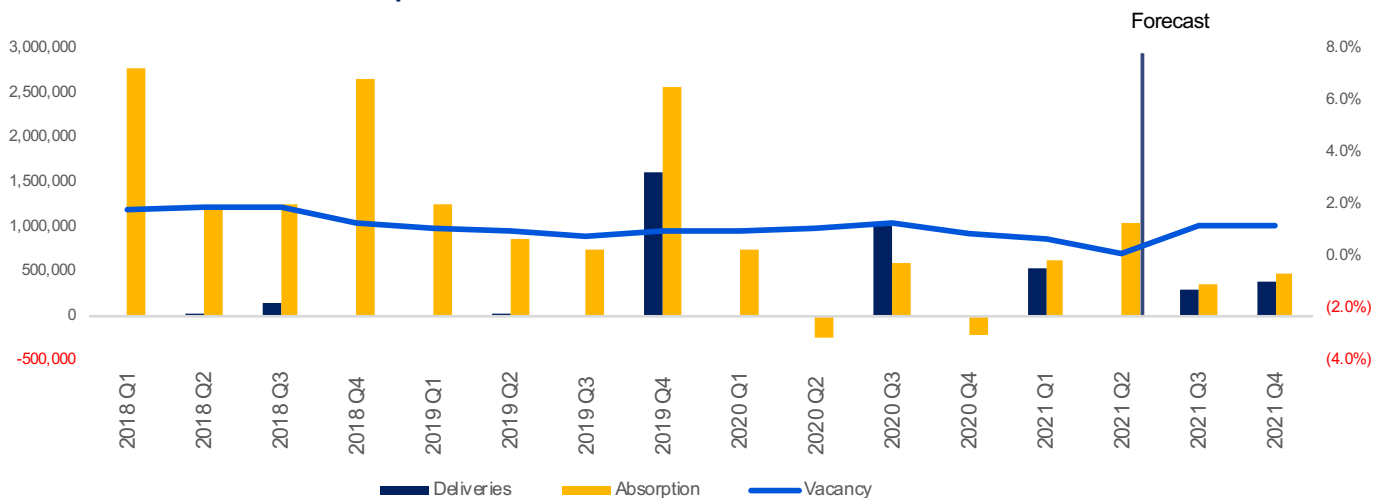
## Availability Rate

	Q4	Q1	Q2	
East York	1.4%	1.0%	1.3%	▲
Etobicoke	1.7%	1.7%	1.6%	▼
North York	3.6%	2.4%	1.8%	▼
Scarborough	2.6%	1.8%	3.2%	▲
Toronto	0.9%	0.9%	0.4%	▼
Outlying Toronto	1.4%	1.8%	1.4%	▼
York	6.2%	3.6%	1.3%	▼
Overall	4.2%	2.8%	1.7%	▼

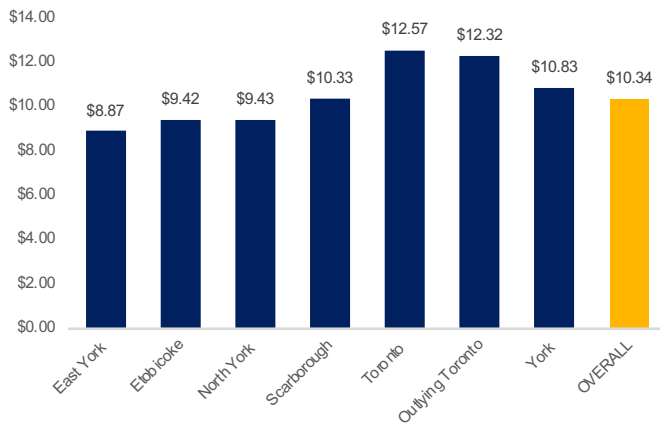
## Notable Lease Transactions

Address	Size (SF)	Market
1. 1271 Tapscott Road	158,458 SF	Toronto
2. 2 St. Lawrence Avenue	60,848 SF	Toronto
3. 25 Tangiers Road	54,662 SF	Toronto

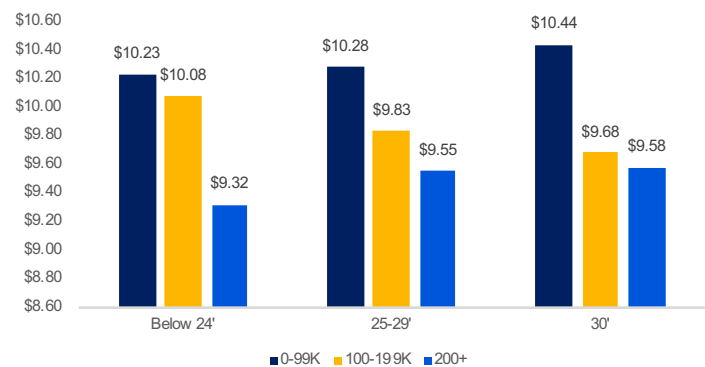
## New Construction and Absorption



## Net Rate (PSF)



## Net Rent by Clear Height



## 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

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