

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 and white trailer is parked in the background. The floor is a smooth, light-colored concrete with yellow painted lines. Two orange traffic cones are visible on the floor. A dark blue rectangular box is overlaid on the upper left, and a large yellow rectangular box is overlaid in the center.

Toronto Industrial

2020 Market Insight Report

Q3 2020

cresa

Toronto Industrial



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



Craig Birk
Advisor,
Sales Representative



James Jackson
Advisor,
Sales Representative



Enrico DiFede
Advisor, Broker
Sales Representative



Michael Wasyliw
Principal,
Project Management



Joanne Chan
Principal,
Interior Design

Cresa's Industrial Team



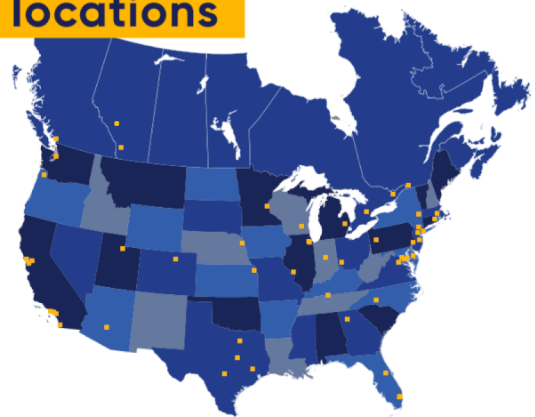
We take your business further

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.

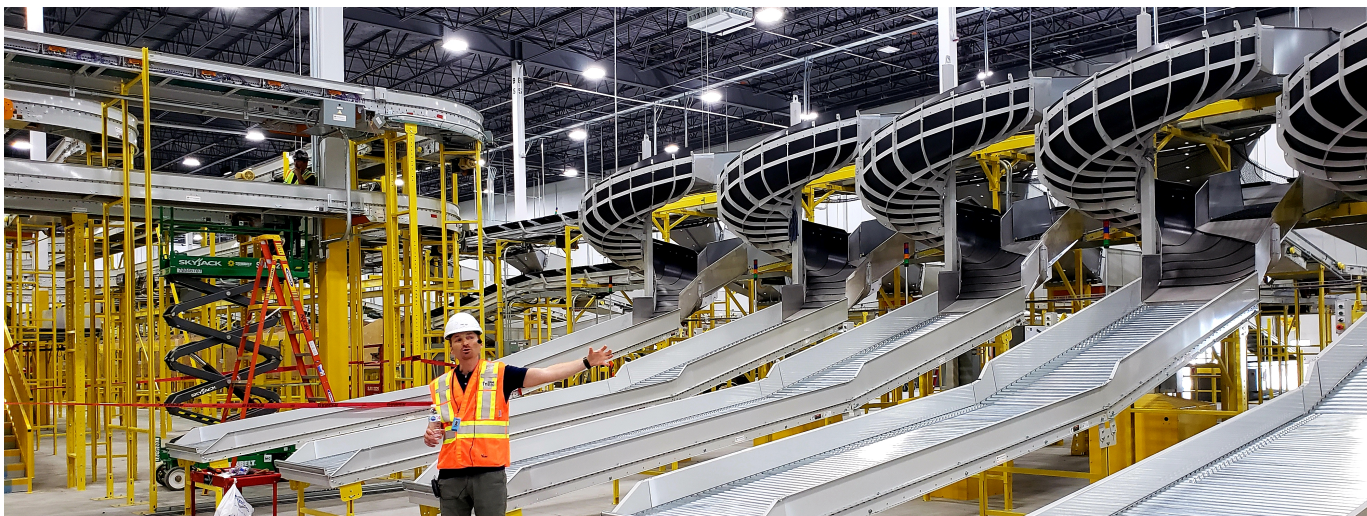
We think beyond space.

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



Market Trends

Amazon's Caledon Fulfillment Centre at 12724 Coleraine Drive

The Greater Toronto Area (GTA) industrial market mirrored the trends seen across the country, as it again outperformed other asset classes. Despite the enduring challenges of COVID-19, continued activity at Pearson Airport and along 400-series highways are welcome sights to industrial-occupiers and investors alike.

E-commerce, logistics and food sectors once again led demand for warehouse and distribution space across the GTA as Amazon, Metro Logistics, Kuehne & Nagel and Costco all inked 150,000 SF+ deals in GTA North and West markets. As a result of this unparalleled demand, average net asking rates reached double-digit highs at \$10.10 psf across all GTA markets.

Canada's unemployment percentages continue to slowly recover, reaching 10.2% at the end of the quarter, down from 12.3% in June and from a record high 13.7% in May. The economy has added 1,043,000 jobs during July, August and September. This gain, which is above expected numbers, now brings Canada's employment to within 720,000 of its February levels.

As previously mentioned, e-commerce giant Amazon continued its Ontario expansion plans this quarter finalizing their 193,320 sf deal for 50 Keyes Court. Along with their existing fulfillment centres in Bolton, Mississauga, Brampton and Milton, the Seattle-based e-commerce company is set to open new facilities in Hamilton, Scarborough, Etobicoke, and Kitchener, bringing their total to 10 centres in Ontario. The company says that it now employs over 21,000 full and part-time employees across the country. With Amazon's record-breaking levels of absorption, most of the 7,567,426 SF worth of industrial space under development by Q1 2021's end has been pre-leased. In-the-know sales representatives across the GTA are recommending that industrial-occupiers evaluate their real estate strategy at least 2 years before lease expiration as groups like Canadian Tire, Mars Canada, Kubota Canada all inked their new-build deals for 2021 back in mid-2019.

Looking to the end of 2020, October and November are set to be determining months as Ontario looks to combat increasing infection rates and further restrictions. However, if current trends do persist, we can expect the industrial sector to be well positioned.

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

GTA Overview

Q3 2020



Supply
741,960,258 SF



Vacancy
1.0%



Average Net Rent
\$10.10/SF



Net Absorption
2,365,394 SF

Arrows Indicate One Quarter Change

Vacancy Rate

	Q1	Q2	Q3	
GTA West	1.6%	1.5%	1.3%	▼
GTA North	1.1%	1.1%	0.9%	▼
GTA East	0.9%	0.8%	0.6%	▼
GTA Central	1.0%	1.1%	0.8%	▼
Overall	1.3%	1.3%	1.0%	▼



As a result of this unparalleled demand, average net asking rates reached double-digit highs at \$10.10 psf across all GTA markets.



Vacancy & Availability

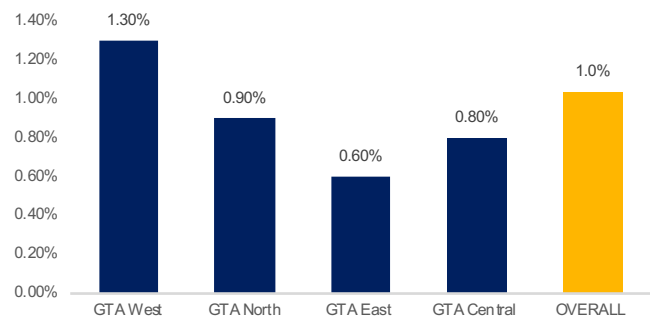
Vacancy Rates

Expressed as a percentage – it identifies the amount of New/Relet/Sublet space vacant divided by the existing RBA. Can be used for buildings or markets.

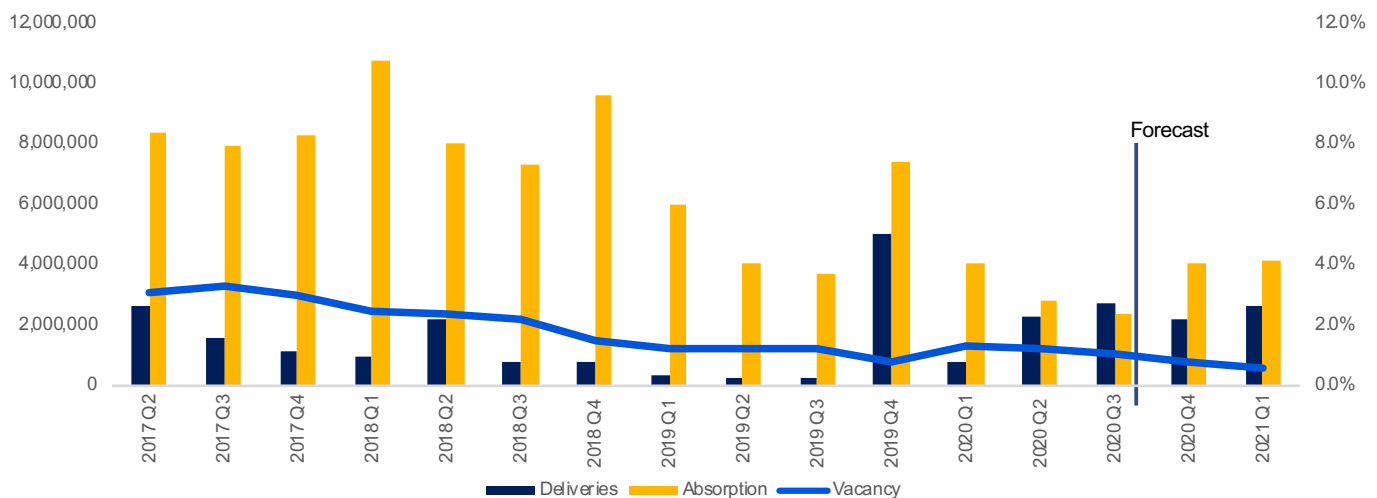
Availability Rates

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.

Vacancy Rate (%)

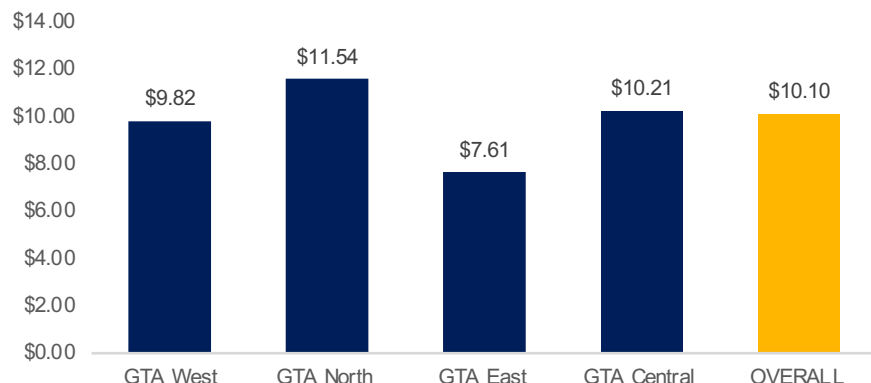


New Construction and Absorption

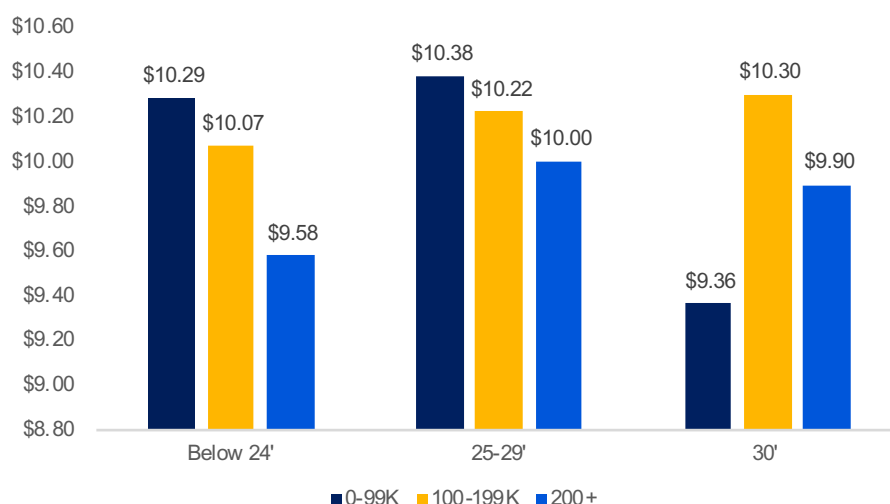


GTA Overview

Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1. 100 Alfred Kuehne Boulevard	388,904 SF	Brampton
2. 2260 Matheson Boulevard East	308,545 SF	Mississauga
3. 75 Venture Drive	295,087 SF	Scarborough
4. 7211 Fifth Line	265,700 SF	Milton
5. 50 Keyes Court	193,320 SF	Vaughan

Industrial Market Insights

1. As a GTA average, industrial asking net rents have now reached double-digit figures at \$10.10 psf as both existing and future supply fail to impede the rapid demand from e-commerce, logistics and food sectors.
2. 2,735,408 square feet of industrial space delivered across the GTA this quarter, with another 2,218,001 square feet expected to be completed by the end of the year. With most of this future delivery already pre-leased, industrial leasing momentum is projected to continue into 2021 despite COVID-19's delays and restrictions.
3. Compared to the GTA's very active office sublease market, industrial markets are relatively quiet with 1,862,204 sf in availability for the quarter. It is believed that many of these availabilities consist of those tenants who have transacted to relocate into larger spaces or are in industrial sectors that have experienced a negative reaction to COVID-19.

GTA West

Q3 2020



Supply

349,288,897 SF



Vacancy

1.3%



Average Net Rent

\$9.82/SF



Net Absorption

1,096,951 SF

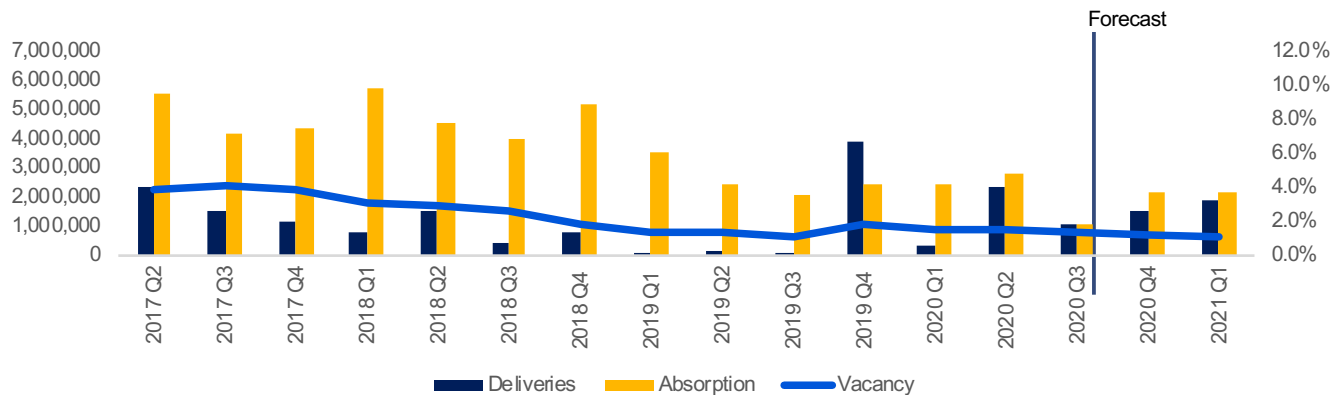
Arrows Indicate One Quarter Change

Vacancy Rate	Q1	Q2	Q3	
Brampton	1.0%	1.4%	0.7%	▼
Burlington	0.9%	1.8%	1.8%	►
Caledon	1.7%	1.2%	1.0%	▼
Halton Hills	0.5%	0.5%	0.6%	▲
Milton	2.4%	3.0%	1.4%	▼
Mississauga	1.1%	1.1%	1.2%	▲
Oakville	1.3%	0.9%	0.9%	►
Overall	1.6%	1.5%	1.3%	▼

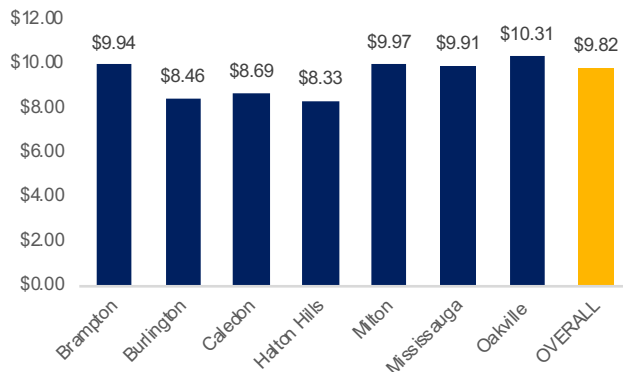
Notable Lease Transactions

Address	Size (SF)	Market
1. 100 Alfred Kuehne Boulevard	388,904 SF	Brampton
2. 2260 Matheson Boulevard E	308,545 SF	Mississauga
3. 7211 Fifth Line	265,700 SF	Milton

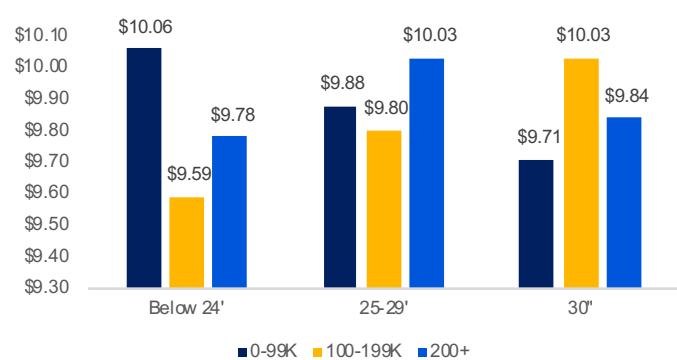
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



GTA North

Q3 2020



Supply
139,555,274 SF



Vacancy
0.9%



Average Net Rent
\$11.54/SF



Net Absorption
261,930 SF

Arrows Indicate One Quarter Change

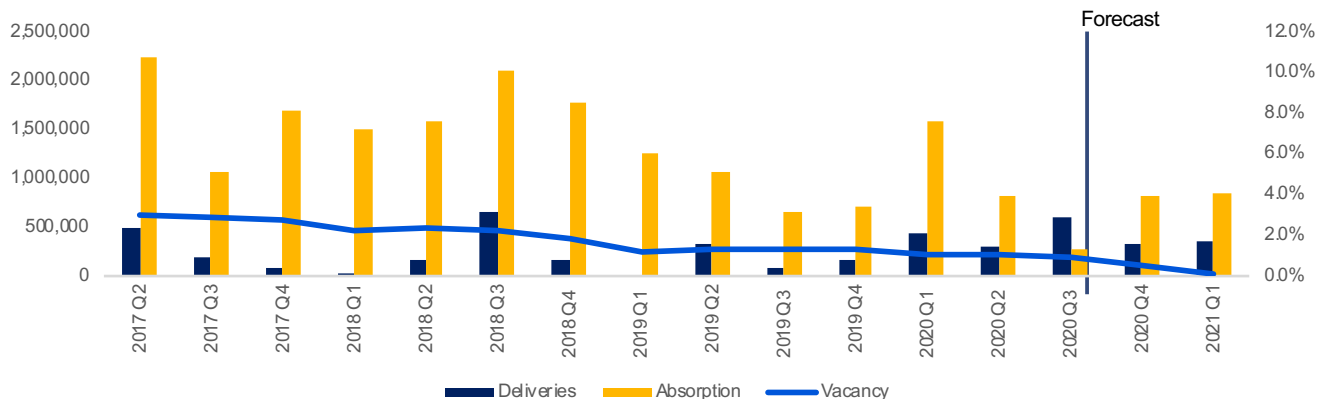
Vacancy Rate

	Q1	Q2	Q3	
Aurora	2.4%	2.3%	2.1%	▼
Markham	0.6%	1.3%	0.6%	▼
Newmarket	1.1%	1.0%	0.7%	▼
King	0.0%	0.0%	1.1%	▲
Outlying York	1.5%	0.7%	0.3%	▼
Whitchurch-Stouffville	0.1%	0.1%	3.2%	▲
Richmond Hill	0.5%	1.2%	2.9%	▲
Vaughan	1.3%	0.9%	0.6%	▼
Overall	1.1%	1.1%	0.9%	▼

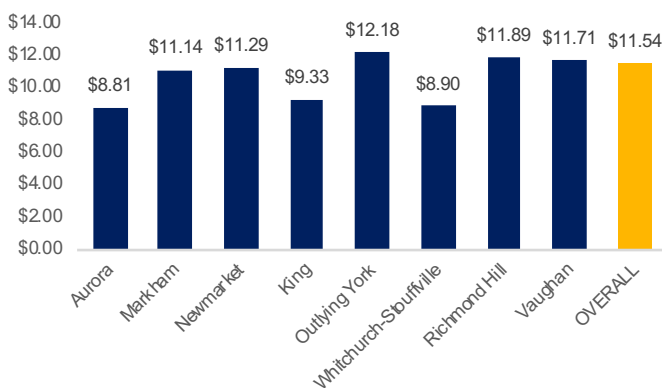
Notable Lease Transactions

Address	Size (SF)	Market
1. 50 Keyes Court	193,320 SF	Vaughan
2. 7200 Martin Grove Road	142,269 SF	Vaughan
3. 51 Keyes Court	98,920 SF	Vaughan

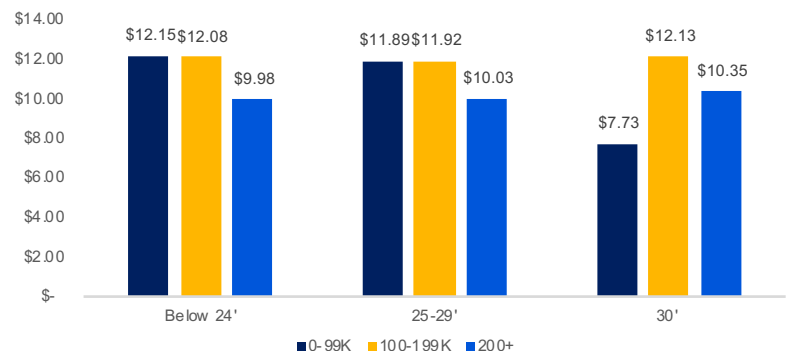
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



GTA East

Q3 2020



Supply
50,042,348 SF



Vacancy
0.6%



Average Net Rent
\$7.61/SF



Net Absorption
28,239 SF

Arrows Indicate One Quarter Change

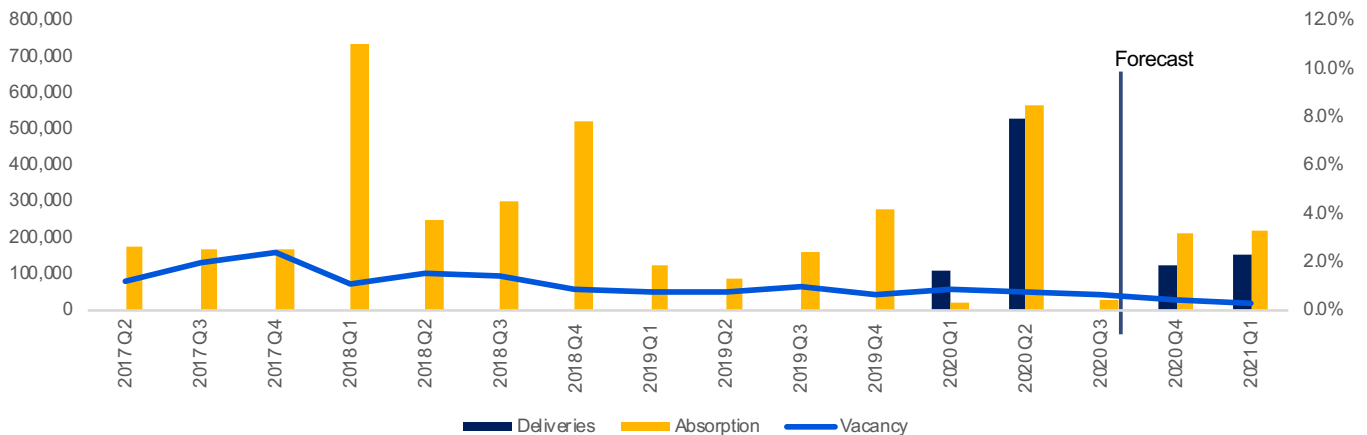
Vacancy Rate

	Q1	Q2	Q3	
Ajax	0.0%	0.0%	1.4%	▲
Oshawa	0.7%	0.7%	0.1%	▼
Pickering	1.4%	1.6%	0.3%	▼
Outlying Durham	0.2%	0.2%	0.1%	▼
Whitby	1.6%	1.1%	0.5%	▼
Overall	0.9%	0.8%	0.6%	▼

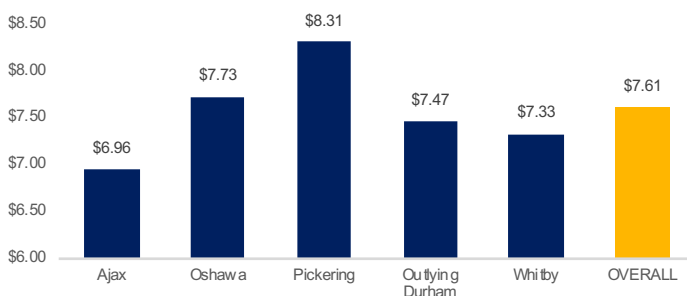
Notable Lease Transactions

Address	Size (SF)	Market
1. 75 Venture Drive	295,087 SF	Scarborough
2. 1400 Victoria Street E	26,534 SF	Whitby
3. 85 Chambers Drive	7,332 SF	Ajax

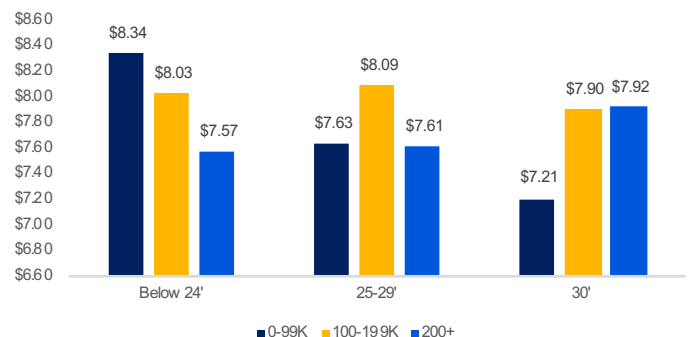
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



GTA Central

Q3 2020



Supply
203,073,739 SF



Vacancy
0.8%



Average Net Rent
\$10.21/SF



Net Absorption
978,274 SF

Arrows Indicate One Quarter Change

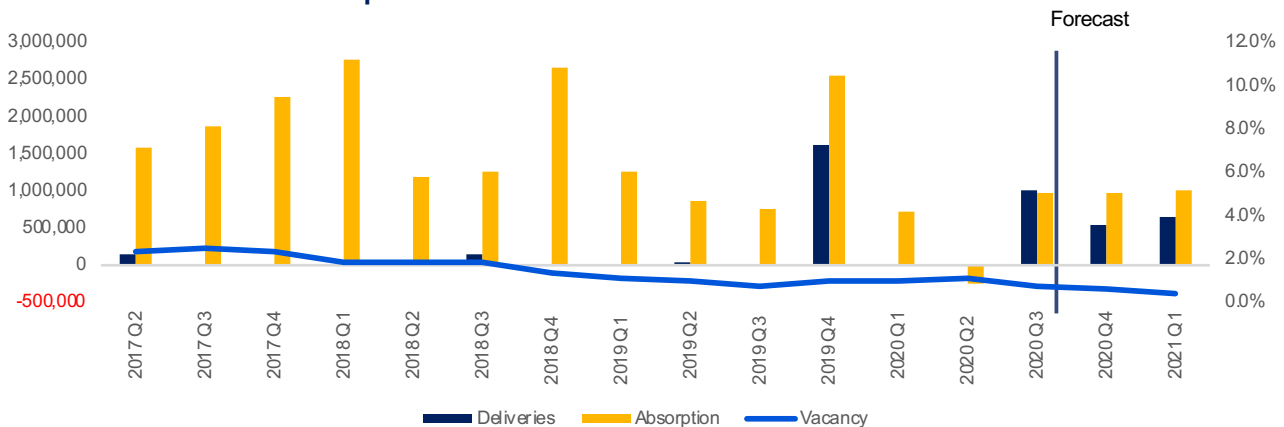
Vacancy Rate

	Q1	Q2	Q3	
East York	1.0%	1.2%	0.1%	▼
Etobicoke	0.8%	1.0%	0.9%	▼
North York	1.3%	1.3%	1.2%	▼
Scarborough	1.0%	1.1%	0.9%	▼
Toronto	0.3%	0.7%	0.1%	▼
Outlying Toronto	1.1%	0.7%	0.3%	▼
York	2.0%	1.9%	2.8%	▲
Overall	1.0%	1.1%	0.8%	▼

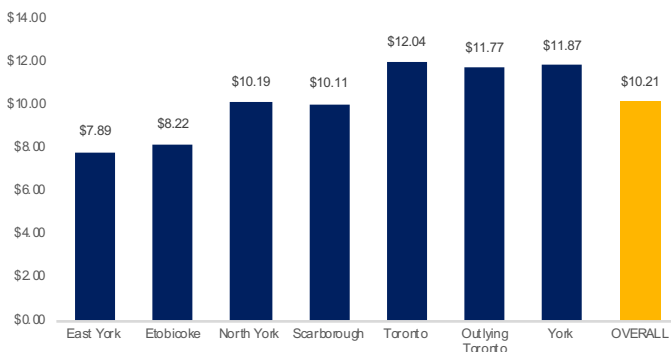
Notable Lease Transactions

Address	Size (SF)	Market
1. 6 Monogram Place	158,000 SF	Etobicoke
2. 1965 Lawrence Avenue W	59,347 SF	York
3. 15 Leswyn Road	30,324 SF	York

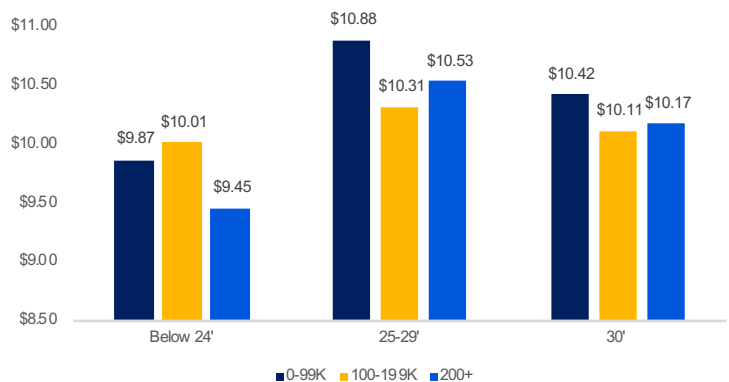
New Construction and Absorption



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

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

+ Follow Us



Check out our social media channels to stay up to date on current market trends and availability.

cresa

Disclaimer: Even though obtained from sources deemed reliable, no warranty or representation, express or implied, is made as to the accuracy of the information herein, and it is subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

