

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 polished concrete with yellow safety lines. A yellow rectangular box is overlaid on the center of the image, containing the title text. A dark blue rectangular box is in the top left corner, containing the location text.

Toronto Industrial

2021 Market Insight Report

Q3 2021

cresa 

Market Overview



Image: Carttera's Last-Mile Fulfillment Development at 1330 Martin Grove Road

Q3 2021 Market Trends

Greater Toronto Area (GTA) industrial markets continued to outperform other asset classes this quarter as average net asking rents increased \$0.38 quarter over quarter to \$11.08 per square foot. With record levels of absorption claiming over 8.6M SF of space since the beginning of the year, availability rates have once again dropped from 1.3% in Q2 to 1.1% in Q3.

The pandemic-spurred growth of e-commerce, logistic and supply-chain sectors has had a profound effect on the GTA's industrial markets as the need for last-mile fulfillment facilities reaches new highs. This quarter, tenants; Amazon, National Distribution Centers, Signode Packaging, and CEVA Logistics all completed lease transactions over 150,000 SF across GTA West and GTA Central markets. These deals, and many others like them have been made to sustain and further capture business brought on by the pandemic. In addition to these industries, food processing, refrigerated food, and home improvement companies have also seen significant growth as GTA consumers now more than ever desire one provider for a wide-range of goods and services. These industries will continue to put immense pressure on depleted space and viable-land accommodations. In response to the increasing need of centralized industrial spaces, institutional landlords including One Properties at 541 Kipling Avenue and Carttera at 1330 Martin Grove Road have begun to directly market the last-mile benefit of their properties.

The third quarter of 2021 saw 1,966,602 SF of new supply delivered across GTA markets with another 1,874,134 SF expected to be delivered before the end of the year. Despite this incoming supply and the approximate 11.7M SF currently under construction across the GTA, many experts expect markets to remain around a 1% vacancy for the foreseeable future. This is due to the combination of intense demand, expensive construction costs, and high land acquisition costs.

With unfathomable levels of demand from various industrial sectors, nearly every market within the GTA will be completely exhausted of space within one year's time. The pandemic-driven e-commerce boom has absorbed nearly every large-bay property available and has been a major factor in the pre-leasing market. Municipal and provincial governments must step in to expedite the planning process in order to provide some level of market relief.



- Check out our **Work + Place** series to explore the ways companies can navigate and lead the hybrid work landscape.
- Please visit: www.cresatoronto.com/

GTA Overview

Q3 2021



Supply

748,773,925 SF



Availability Rate

1.1%



Average Net Rent

\$11.08/SF



Net Absorption

3,190,603 SF

Arrows Indicate One Quarter Change

Availability Rate

	Q1	Q2	Q3	
GTA West	2.4%	1.8%	1.3%	▼
GTA North	1.9%	0.9%	0.7%	▼
GTA East	1.8%	1.7%	1.5%	▼
GTA Central	1.8%	1.7%	1.7%	►
Overall	2.0%	1.5%	1.1%	▼

With unfathomable levels of demand from various industrial sectors, nearly every market within the GTA will be completely exhausted of space within one year's time.

Vacancy & Availability

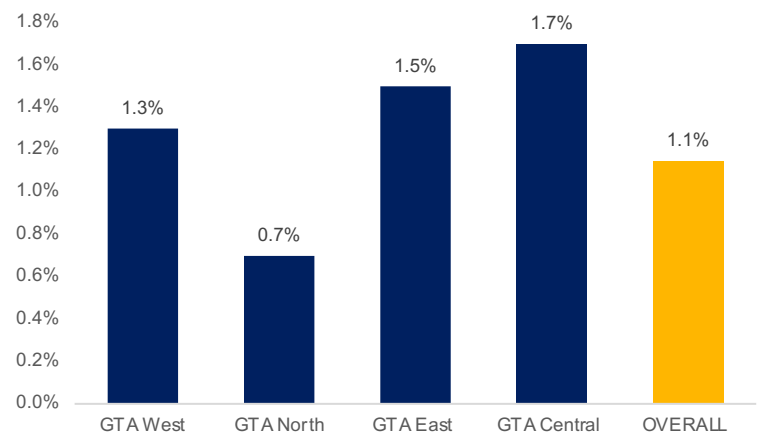
Vacancy Rates

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.

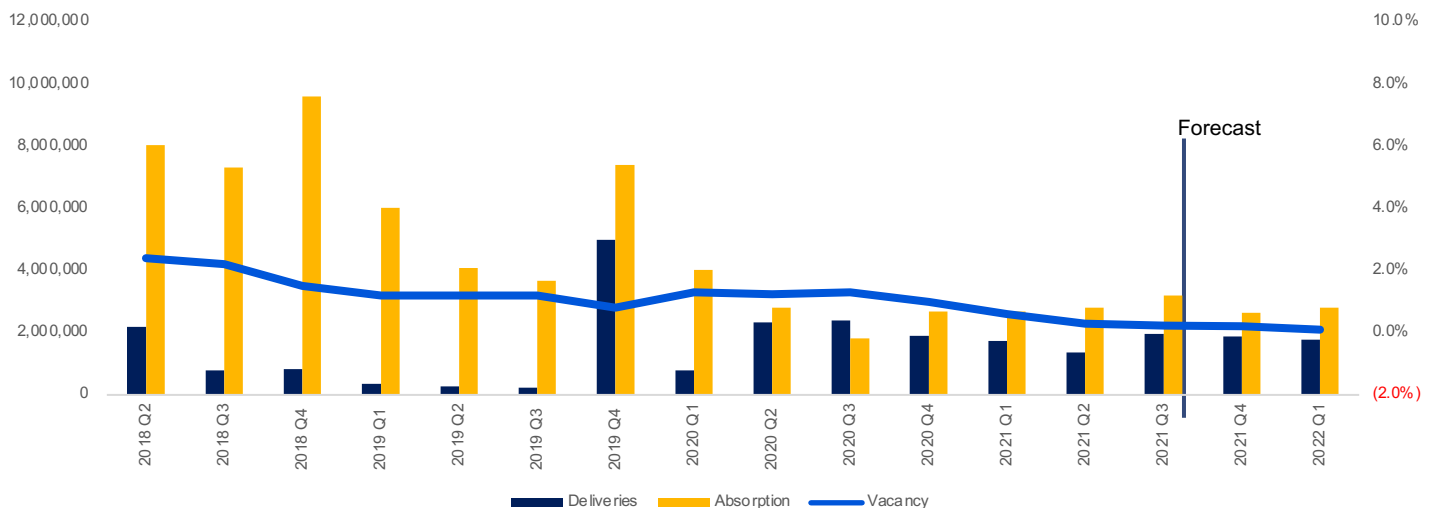
Availability Rates

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 (%)

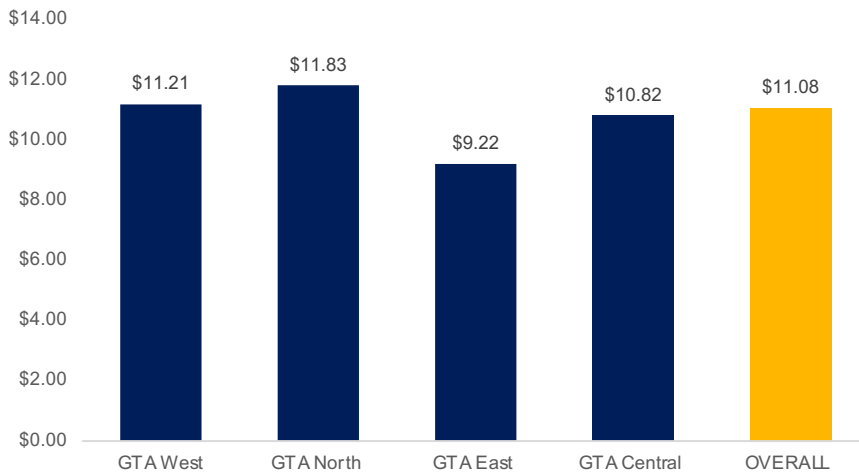


New Construction and Absorption



GTA Overview

Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1. 1 Kerrison Drive East	716,837 SF	Ajax
2. 8465 Mount Pleasant Way	328,873 SF	Milton
3. 6 Cleve Court	323,838 SF	Halton Hills
4. 6350 Cantay Road	291,909 SF	Mississauga
5. 2001 Forbes Street	196,989 SF	Whitby

Industrial Market Insights

1. Average net asking lease rates increased across the GTA's industrial market by \$0.38 PSF, reaching an all-time high of \$11.08 PSF. This growth, which is due in large-part to e-commerce, logistics, and supply-chain absorption, is expected to continue beyond the eventual end of the pandemic.
2. Over 1.9M SF of new supply was delivered across the GTA this quarter, with another 1.8M SF expected to be completed in Q4 – there is over 11.7M SF of new supply currently under construction across the GTA industrial markets. Despite these spaces coming to market, vacancy rates are expected to remain around 1% across all markets.
3. Swedish clothing company H&M leased the entire 716,646 SF GTA East Industrial Park facility in Ajax from Crestpoint Real Estate Investments and Blackwood Partners this quarter. The site, which was originally acquired in May 2019 fully-zoned and serviced, will attend to H&M's eastern Canadian retail outlets and growing online demand.
4. Toronto-based Carttera Equities sold three of its class-A industrial properties to LaSalle Canada Property Fund comprising over 600,000 SF for an undisclosed amount. Despite two of the properties being leased just over a year ago at fair market rates, LaSalle CEO John McKinlay claims that the properties are favorable as their rents are slightly below market.

GTA West

Q3 2021



Supply

353,712,740 SF



Availability Rate

1.3%



Average Net Rent

\$11.21/SF



Net Absorption

1,582,912 SF

Arrows Indicate One Quarter Change

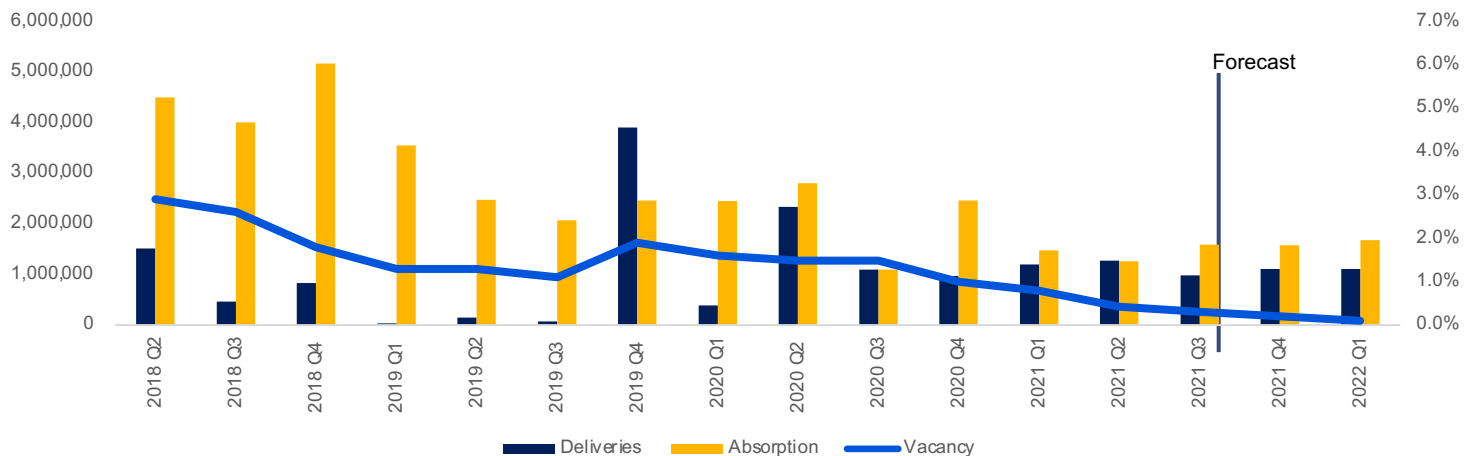
Availability Rate

	Q1	Q2	Q3	
Brampton	2.1%	1.4%	1.4%	▲
Burlington	2.5%	2.2%	1.4%	▼
Caledon	2.4%	1.8%	2.8%	▲
Halton Hills	0.9%	0.8%	0.4%	▼
Milton	1.2%	1.2%	0.8%	▼
Mississauga	2.6%	2.3%	1.6%	▼
Oakville	1.9%	1.5%	1.0%	▼
Overall	2.3%	1.8%	1.3%	▼

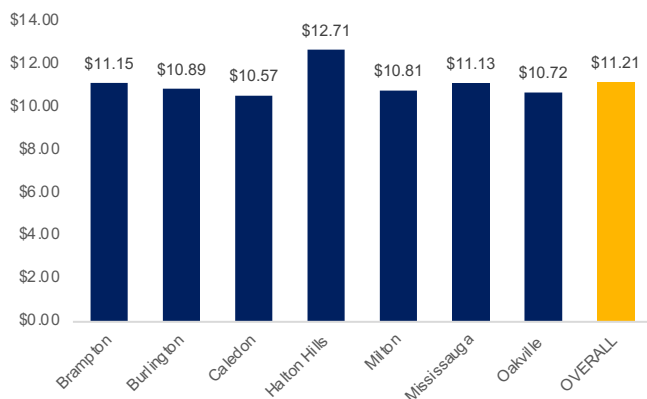
Notable Lease Transactions

Address	Size (SF)	Market
1. 8465 Mount Pleasant Way	328,873 SF	Milton
2. 6 Cleve Court	323,838 SF	Halton Hills
3. 6350 Cantay Road	291,909 SF	Mississauga

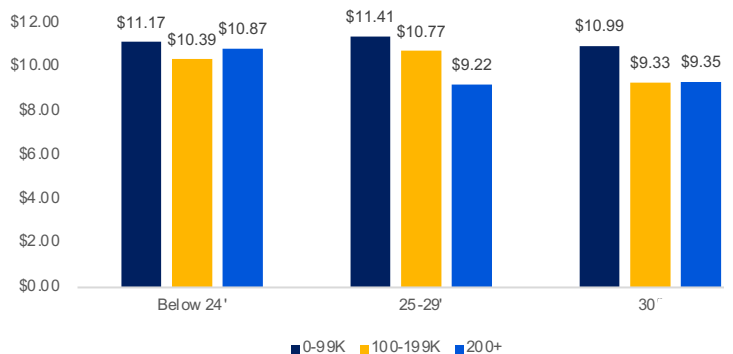
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



GTA North

Q3 2021



Supply

140,423,987 SF



Availability Rate

0.7%



Average Net Rent

\$11.83/SF



Net Absorption

555,547 SF

Arrows Indicate One Quarter Change

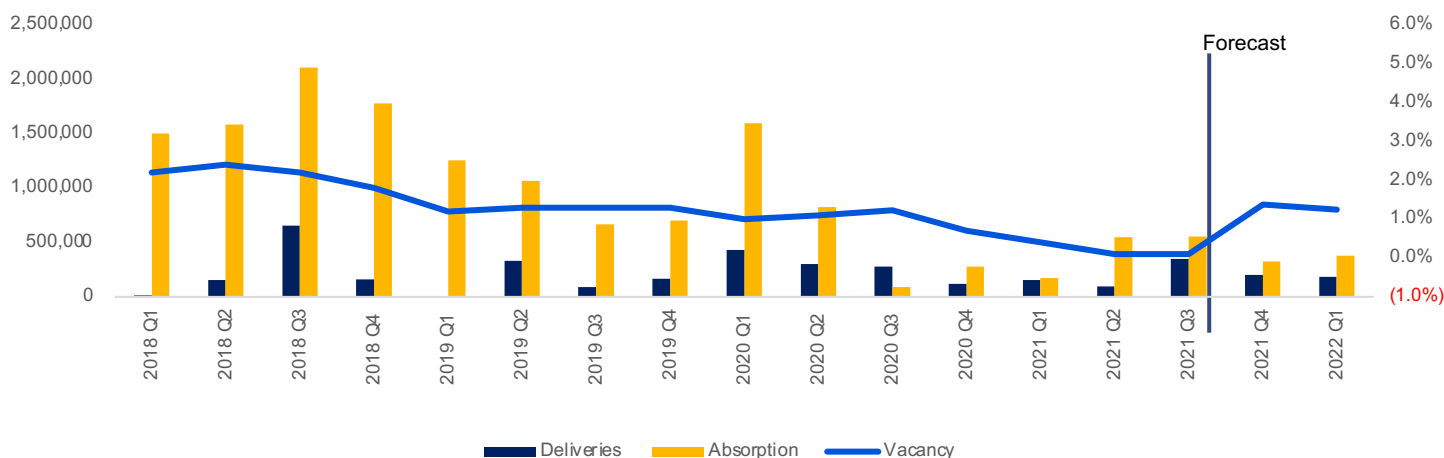
Availability Rate

	Q1	Q2	Q3	
Aurora	0.4%	0.4%	0.2%	▼
Markham	1.5%	0.8%	1.3%	▲
Newmarket	0.7%	1.2%	0.7%	▼
King	0.4%	0.4%	0.4%	►
Outlying York	0.5%	0.5%	0.5%	►
Whitchurch-Stouffville	10.9%	1.5%	1.3%	▼
Richmond Hill	0.9%	1.6%	2.1%	▲
Vaughan	1.1%	1.3%	0.8%	▼
Overall	1.5%	0.9%	0.7%	▼

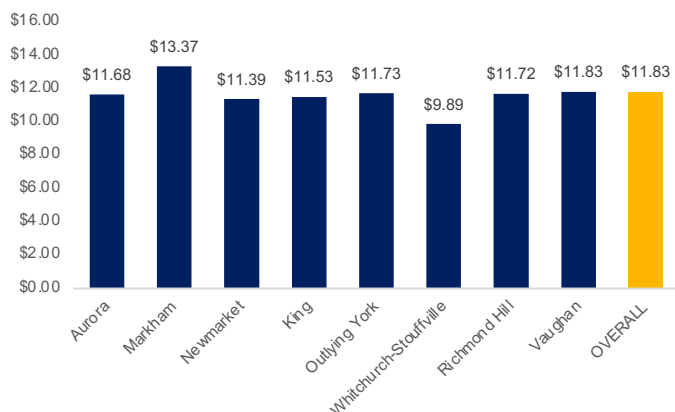
Notable Lease Transactions

Address	Size (SF)	Market
1. 113 Viceroy Road	58,368 SF	Vaughan
2. 140 Marycroft Avenue	42,060 SF	Vaughan
3. 115 Drumlin Circle	39,000 SF	Vaughan

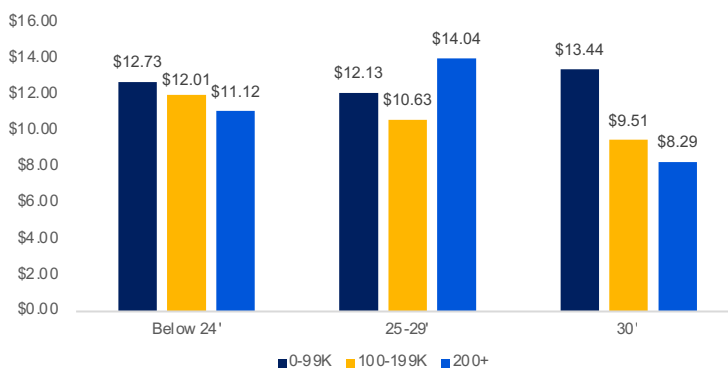
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



GTA East

Q3 2021



Supply

51,023,610 SF



Availability Rate

1.5%



Average Net Rent

\$9.22/SF



Net Absorption

746,853 SF

Arrows Indicate One Quarter Change

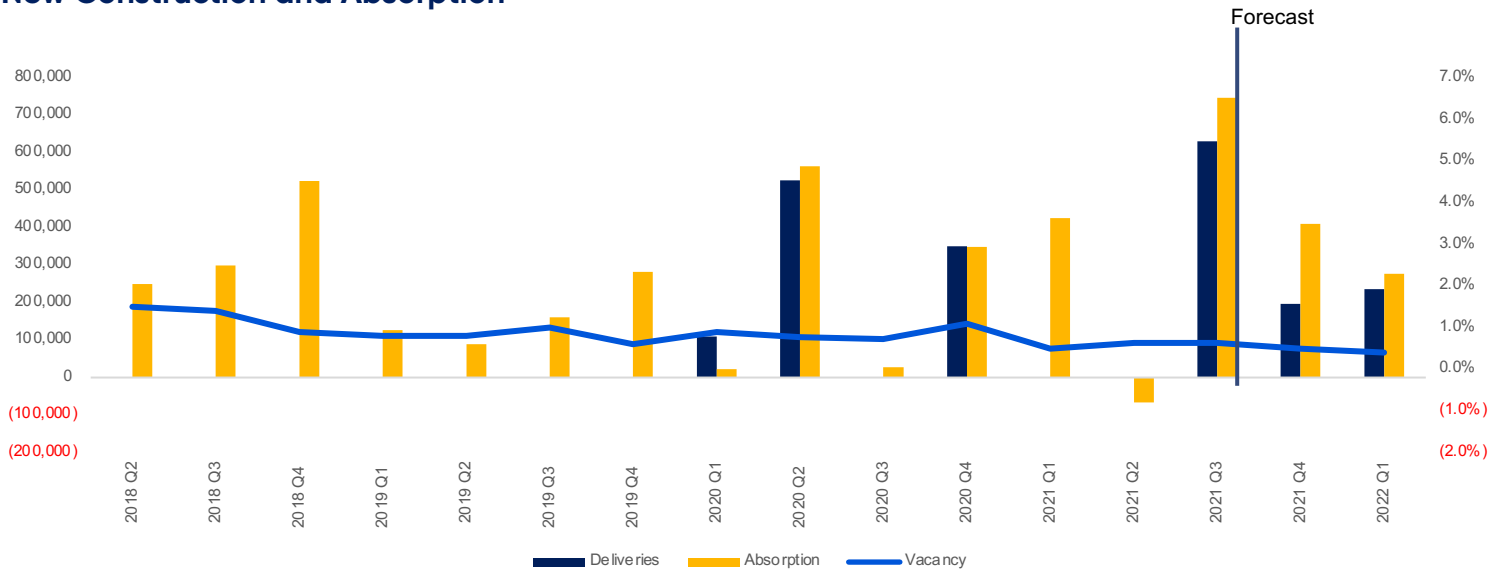
Availability Rate

	Q1	Q2	Q3	
Ajax	1.7%	2.4%	1.1%	▼
Oshawa	1.3%	1.4%	1.7%	▲
Pickering	1.4%	1.2%	2.5%	▲
Outlying Durham	2.2%	0.7%	0.4%	▼
Whitby	4.5%	3.8%	1.0%	▼
Overall	2.4%	1.7%	1.5%	▼

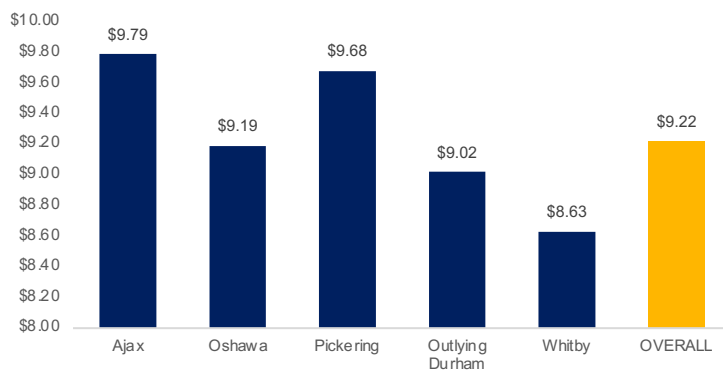
Notable Lease Transactions

Address	Size (SF)	Market
1. 1 Kerrison Drive East	716,837 SF	Ajax
2. 2001 Forbes Street	196,989 SF	Whitby
3. 505 Finley Avenue	124,496 SF	Ajax

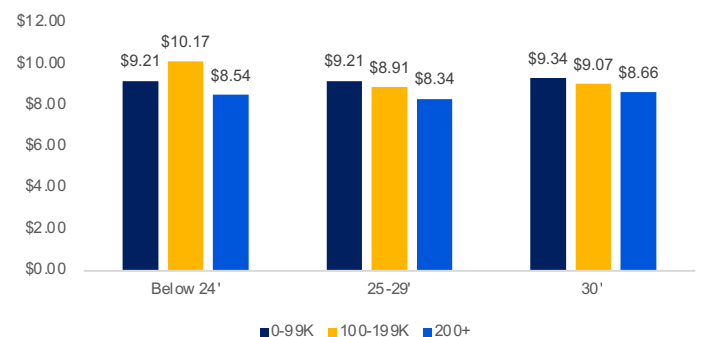
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



GTA Central

Q3 2021



Supply

203,613,588 SF



Availability Rate

1.7%



Average Net Rent

\$10.82/SF



Net Absorption

305,291 SF

Arrows Indicate One Quarter Change

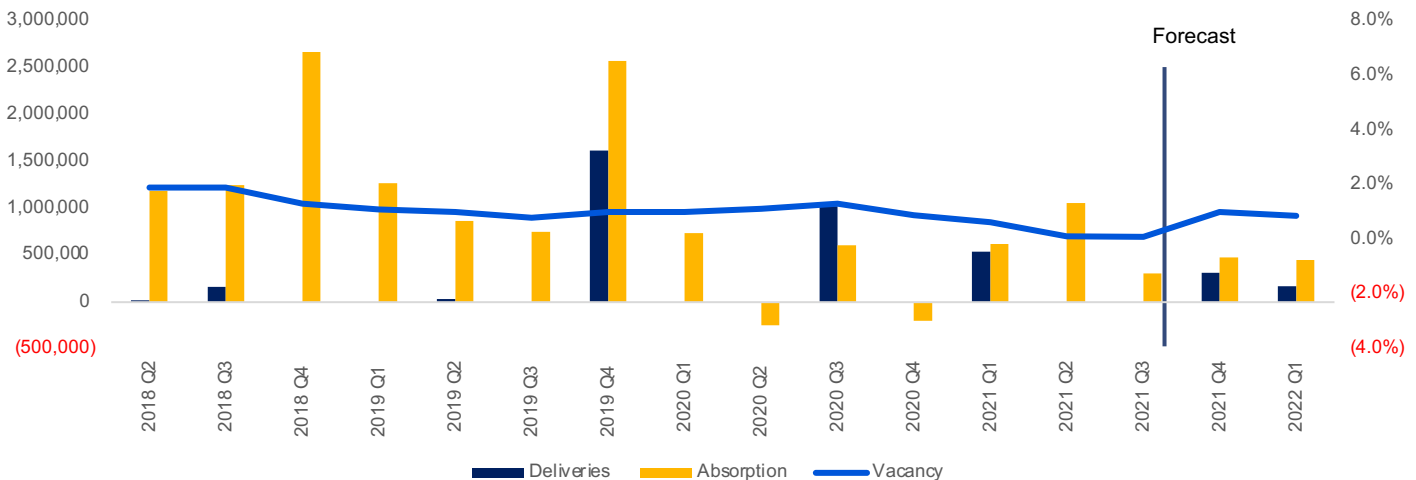
Availability Rate

	Q1	Q2	Q3	
East York	1.0%	1.3%	0.7%	▼
Etobicoke	1.7%	1.6%	1.9%	▲
North York	2.4%	1.8%	1.9%	▲
Scarborough	1.8%	3.2%	3.2%	►
Toronto	0.9%	0.4%	0.2%	▼
Outlying Toronto	1.8%	1.4%	2.4%	▲
York	3.6%	1.3%	0.7%	▼
Overall	2.8%	1.7%	1.7%	►

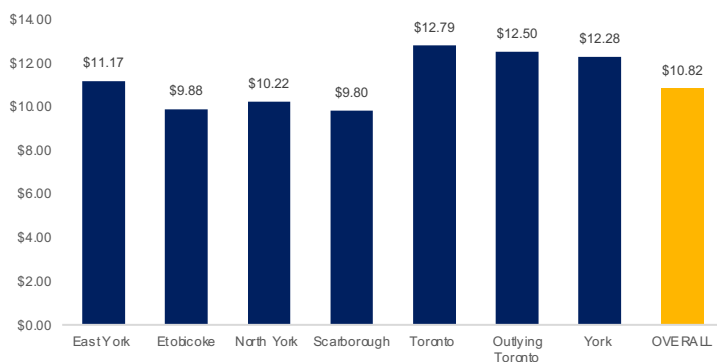
Notable Lease Transactions

Address	Size (SF)	Market
1. 32 Cranfield Road	99,359 SF	Toronto
2. 265-267 Champagne Drive	36,000 SF	Toronto
3. 190 Norseman Street	31,628 SF	Toronto

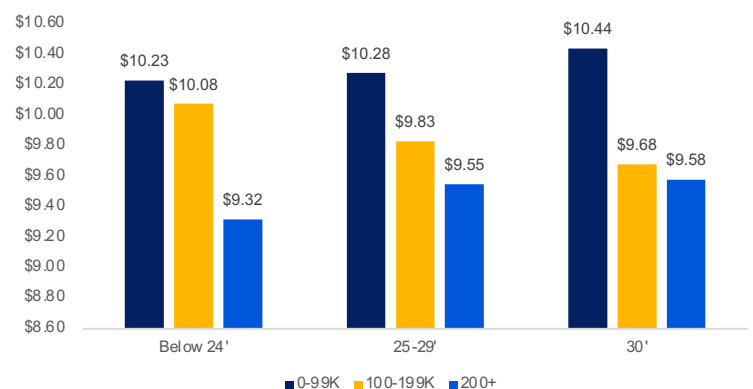
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



About Cresa Toronto

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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.

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