

Toronto Industrial

2019 Market Insight Report



Q3 2019

cresa 

Cresa's Industrial Team



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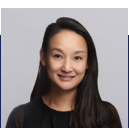
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We take your business further

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.

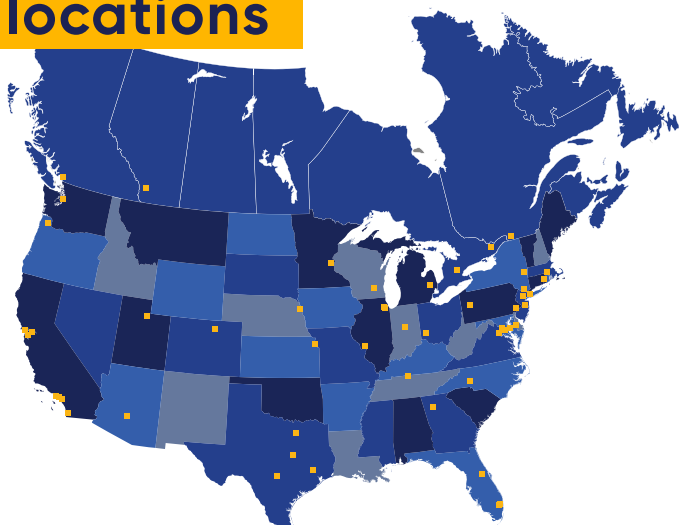
In the past year, Cresa has worked with:

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



Amazon Fulfillment Centre - Rendering

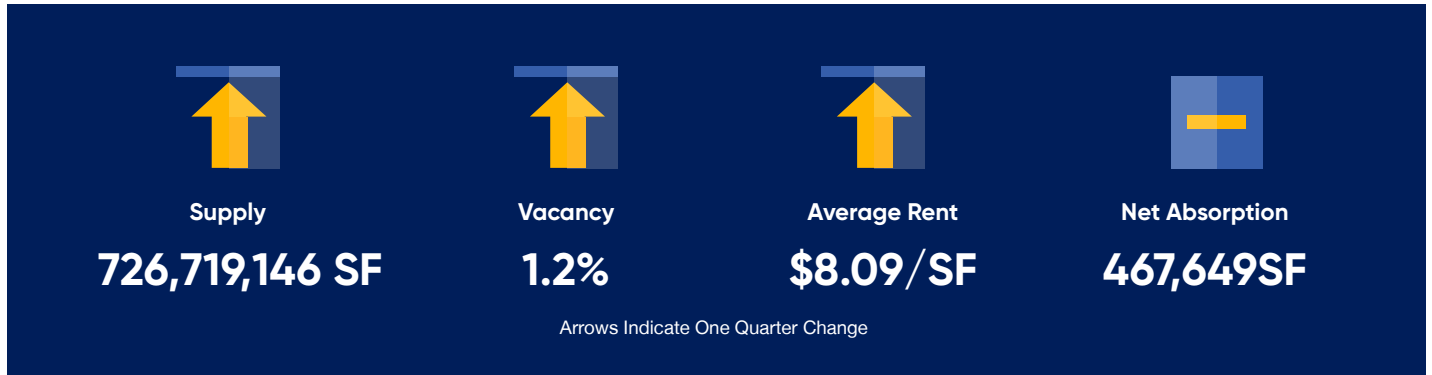
The Greater Toronto Area (GTA) is the fifth largest industrial market in North America and stands out as having the lowest vacancy rate in Canada and North America at 1.2% in Q3. Strong demand fundamentals in the region favor landlords combined with vacancy rates at record lows, the average net rents have soared to \$8.09, representing a 4% increase from the previous quarter. Average net rents have also seen an 18% increase year-over-year, since Q3 2018.

GTA North is the most expensive submarket within the GTA with an average net rent of \$8.64 psf, up \$0.42 from \$8.22 psf from the previous quarter, representing a 5% increase quarter-over-quarter. GTA East has the lowest average net rent among the GTA submarkets. Average net rent in the region ended Q3 at \$7.00 psf, up \$0.23 from \$6.77 the previous quarter, representing a 3% increase quarter-over-quarter.

Warehousing and ecommerce, such as small parcel delivery services, continue to be strong drivers of demand within the GTA. For example, Amazon has three fulfillment centers in the GTA, totaling over 1.9M SF. In its pipeline is the 1M SF fulfillment center under construction at 12724 Coleraine Drive in Caledon, which is estimated to be completed in the first quarter of 2020. In addition, Amazon has recently announced a 1M SF fulfillment center to be built in Scarborough which will add over 600 full time jobs to the region.

There continues to be an uptick in developments with 15.7M SF under construction, compared to the 9.8M SF under construction in Q3 2018, a 60% increase. Deliveries this quarter were slow, with 237K SF released to the market. However, we expect 2019 deliveries to end strong with a forecasted 5.8M SF to hit the market in the fourth quarter of 2019. Even with strong development activities down the pipeline, we do not anticipate the upcoming supply to meet the demand fundamentals. With limited supply and historically low vacancy, many tenants have been preleasing the space prior to completion or extending their existing leases, severely limiting the options available on the market. As such, we anticipate vacancy to remain at record lows and average net rents to continue to increase throughout 2020.

GTA Overview

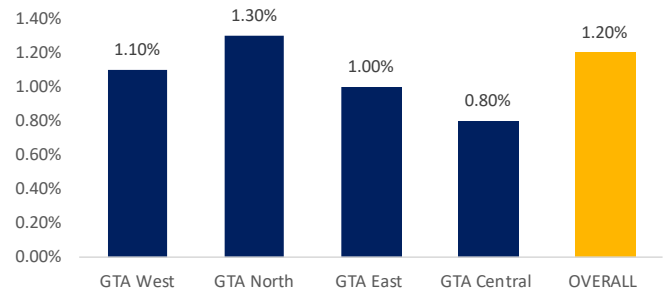


Vacancy Rate

	Q1	Q2	Q3	
GTA West	1.3%	1.1%	1.1%	▶
GTA North	1.3%	1.4%	1.3%	▼
GTA East	1.3%	0.9%	1.0%	▲
GTA Central	1.0%	1.0%	0.8%	▼
Overall	1.2%	1.1%	1.2%	▲

“GTA Industrial market continues to reach new heights with the vacancy rate now at 1.2%. Strong tenant demand will continue to put upward pressure on rents.”

Vacancy Rates (%)



Vacancy & Availability

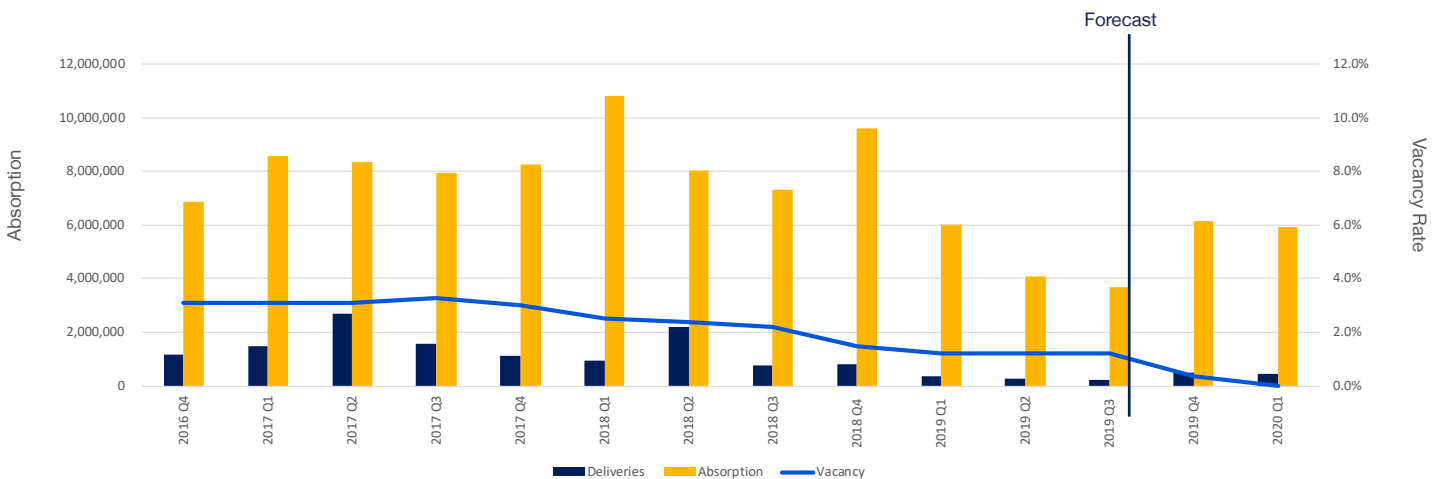
Vacancy Rates

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.

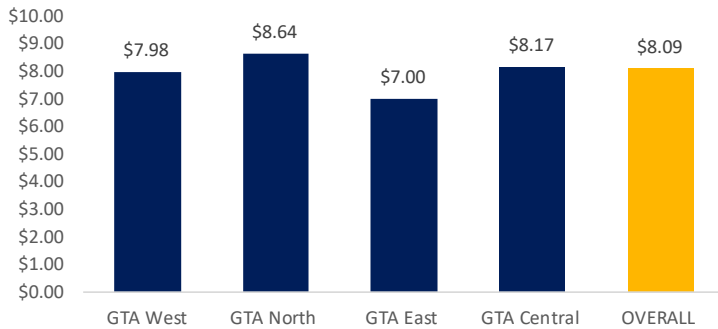
New Construction and Absorption



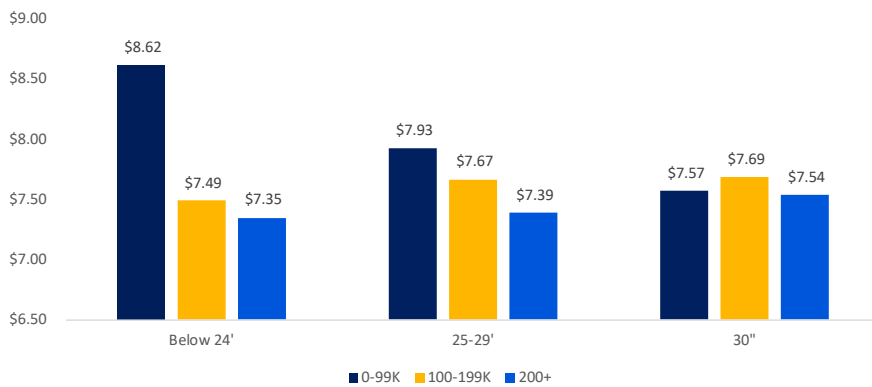
GTA Overview

Industrial Market Insights


Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1 2 Bramkay St	399,543	Brampton
2 6065 Millcreek Dr	292,116	Mississauga
3 71 Royal Group Crescent	267,071	Vaughan
4 80 Enterprise Rd	223,876	Toronto
5 6685 Kennedy Rd	99,566	Mississauga 

1

Vacancy rates hit record lows at 1.2% in Q3 2019. Even with a record setting 15.7M SF under construction in the development pipeline, we do not expect enough supply to alleviate demand. We expect vacancy to continue to remain low throughout 2020.

2

With landlords favoring market conditions, average net rent continues to increase beyond the \$8.00 psf threshold, ending Q3 at \$8.09, up \$1.21 from Q3 2018, a growth of 18% year-over-year.

3

Although we have strong activities in the pipeline with an unprecedented 15.7M SF of development under construction, we do not anticipate that the upcoming supply will meet demand fundamentals.

4

Due to the shortage of suitable and available spaces, and the strong desire to stay within the GTA, many companies are considering securing design build projects.

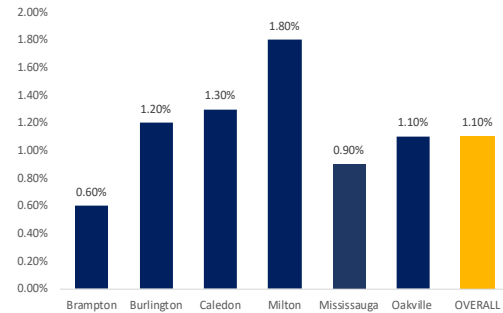
Q3 2019

 Supply 339,661,867 SF	 Vacancy 1.1%	 Average Rent \$7.98/SF	 Net Absorption 364,141 SF
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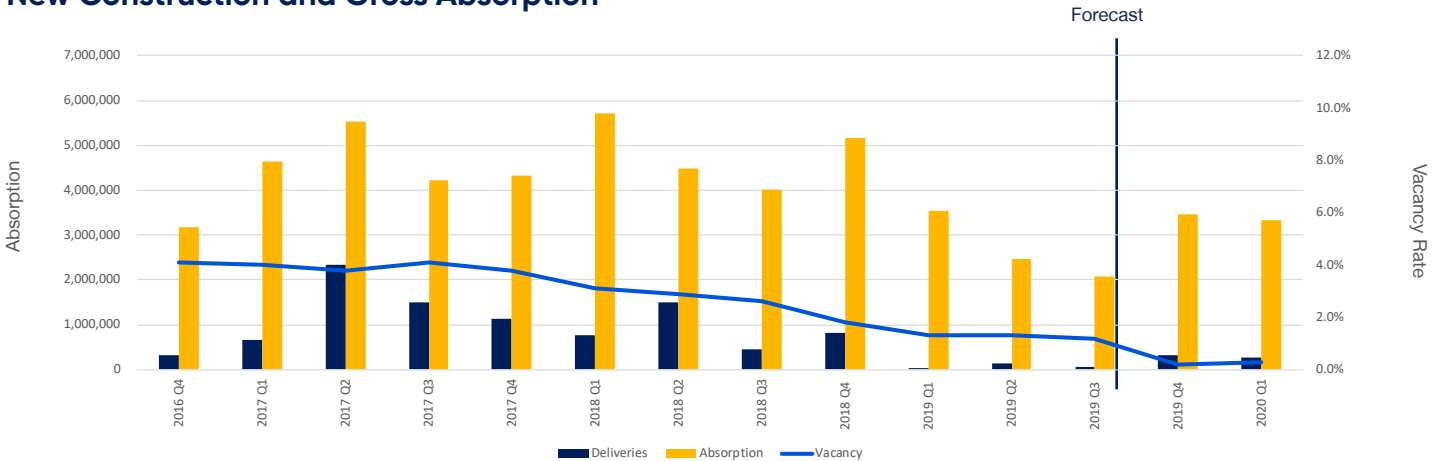
Vacancy Rate

	Q1	Q2	Q3	
Brampton	0.1%	0.9%	0.6%	▼
Burlington	2%	1.6%	1.2%	▼
Caledon	0.3%	0.2%	1.3%	▲
Milton	0.3%	2.0%	1.8%	▼
Mississauga	1.3%	1.2%	0.9%	▼
Oakville	1.1%	1.1%	1.1%	▶
OVERALL	1.3%	1.1%	1.1%	▶

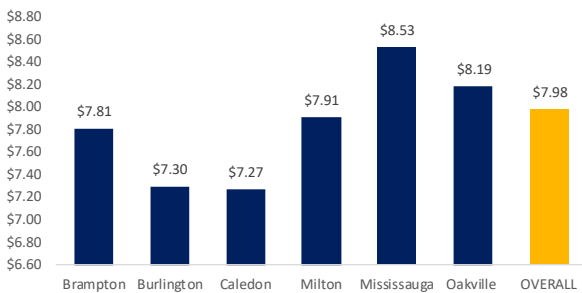
Vacancy Rates (%)



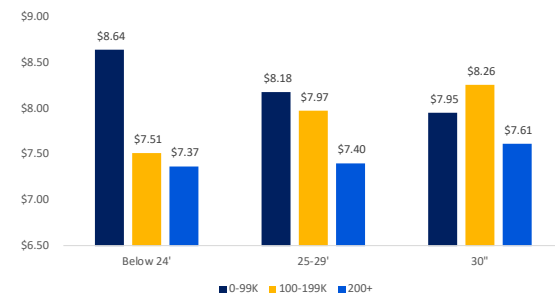
New Construction and Gross Absorption



Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1 2 Bramkay St	399,543	Brampton
2 6065 Millcreek Dr	292,116	Mississauga
3 6685 Kennedy Rd	99,566	Mississauga

Q3 2019



Supply

131,387,875 SF



Vacancy

1.3%



Average Rent

\$8.64/SF



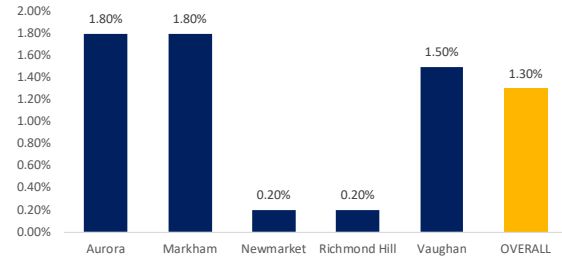
Net Absorption

41,087 SF

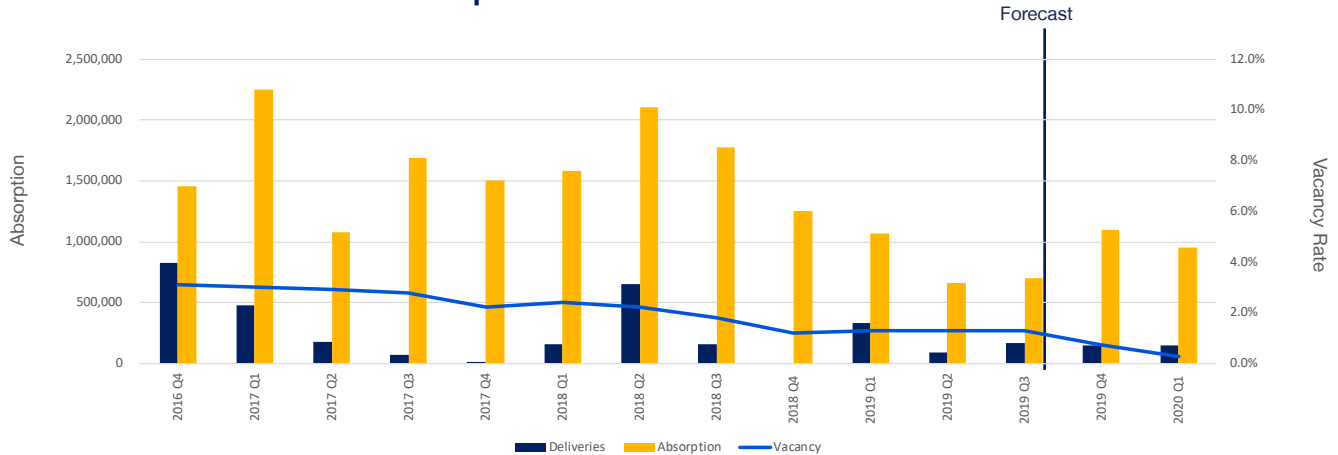
Vacancy Rate

	Q1	Q2	Q3	
Aurora	1.4%	1.4%	1.8%	▲
Markham	2.1%	2.1%	1.8%	▼
Newmarket	0.1%	0.1%	0.2%	▲
Richmond Hill	0.3%	0.3%	0.2%	▼
Vaughan	1.3%	1.4%	1.5%	▲
OVERALL	1.3%	1.4%	1.3%	▼

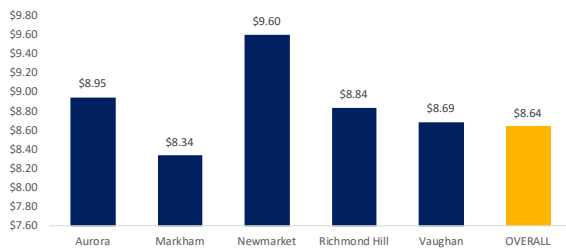
Vacancy Rates (%)



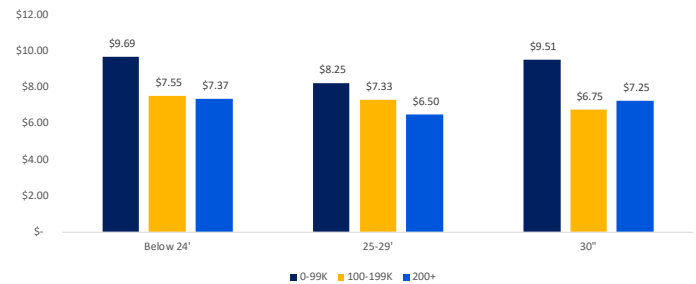
New Construction and Gross Absorption



Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1 71 Royal Group Crescent	267,071	Vaughan
2 8865 Highway 50 Dr	193,334	Vaughan
3 600 Tesma Way	144,862	Vaughan

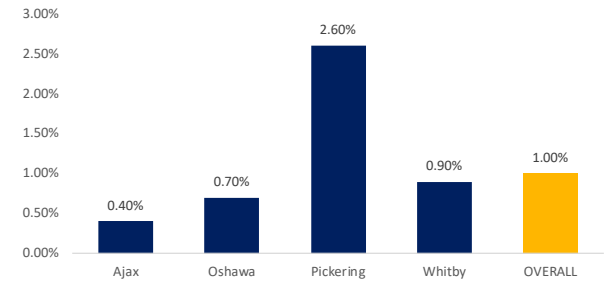
Q3 2019

Supply	Vacancy	Average Rent	Net Absorption
49,207,475 SF	1.0%	\$7.00/SF	-109,110 SF

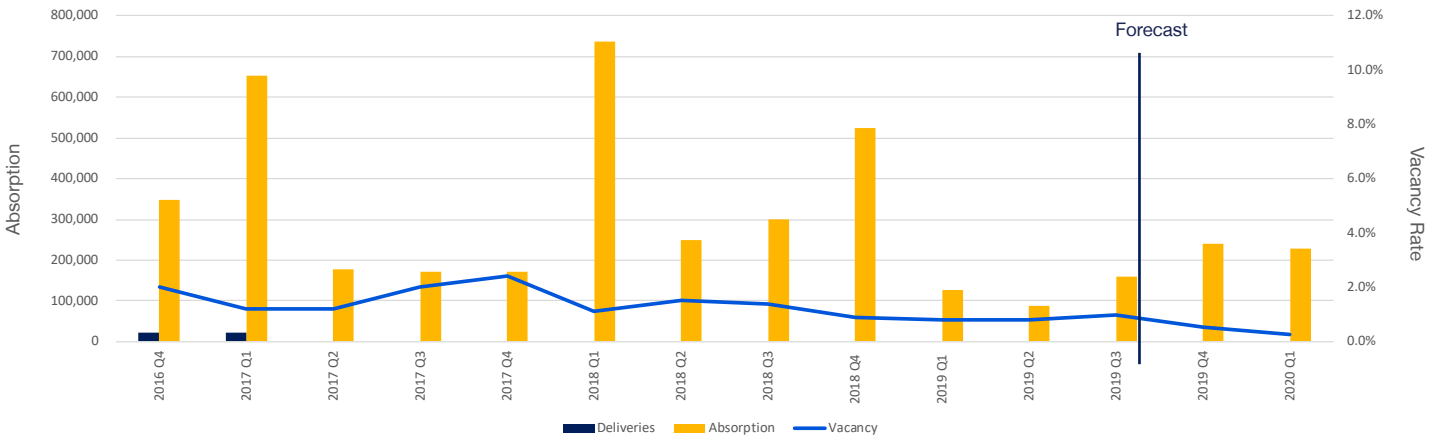
Vacancy Rate

	Q1	Q2	Q3	
Ajax	0.1%	0.1%	0.4%	▲
Oshawa	0.8%	0.9%	0.7%	▼
Pickering	2.8%	1.0%	2.6%	▲
Whitby	1.4%	1.3%	0.9%	▼
OVERALL	1.3%	0.9%	1.0%	▲

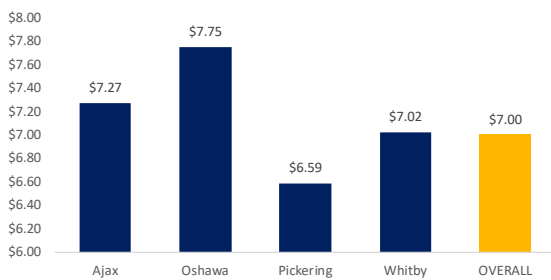
Vacancy Rates (%)



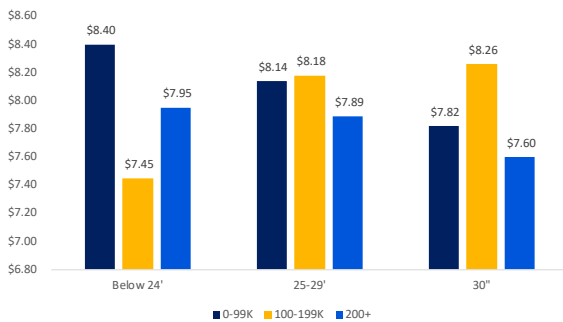
New Construction and Gross Absorption



Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1 1795 Ironstone Manor	9,000	Pickering
2 1735 Bayly St	4,300	Pickering
3 1734-1736 Orangebrook Ct	4,274	Pickering

GTA Central

Q3 2019



Supply

200,461,929 SF



Vacancy

0.8%



Average Rent

\$8.17/SF



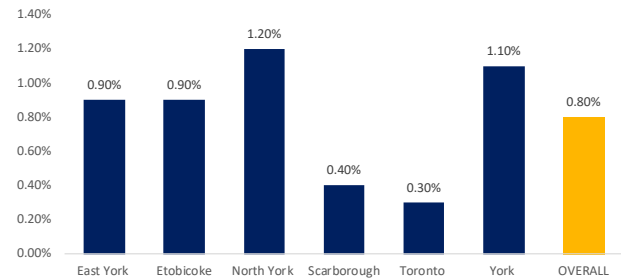
Net Absorption

171,531 SF

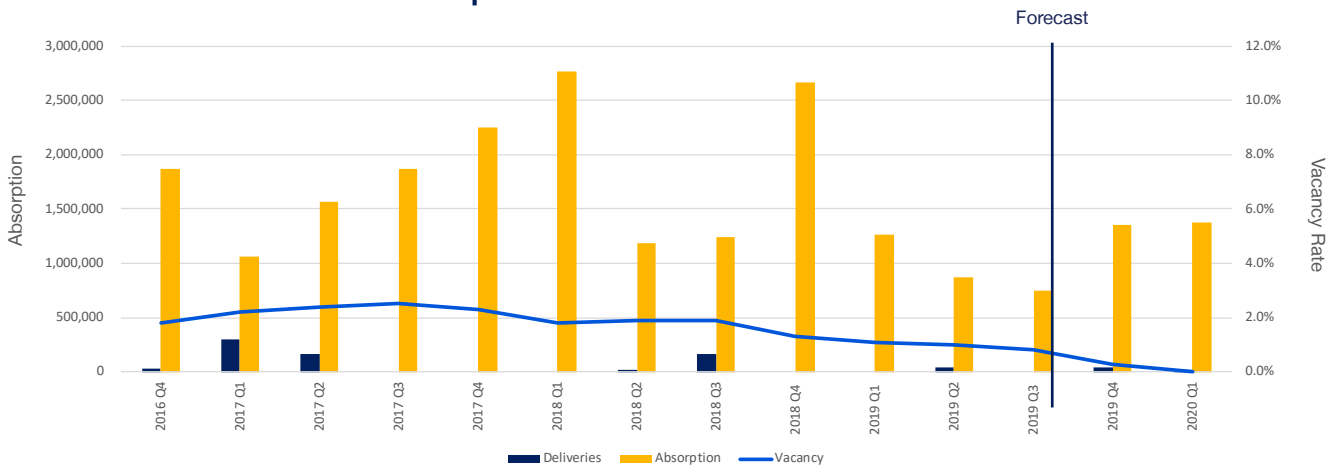
Vacancy Rate

	Q1	Q2	Q3	
East York	1.1%	1.3%	0.9%	▼
Etobicoke	0.9%	1.1%	0.9%	▼
North York	1.4%	1.3%	1.2%	▼
Scarborough	1.0%	0.5%	0.4%	▼
Toronto	0.2%	0.2%	0.3%	▲
York	1.3%	1.8%	1.1%	▼
OVERALL	1.0%	1.0%	0.8%	▼

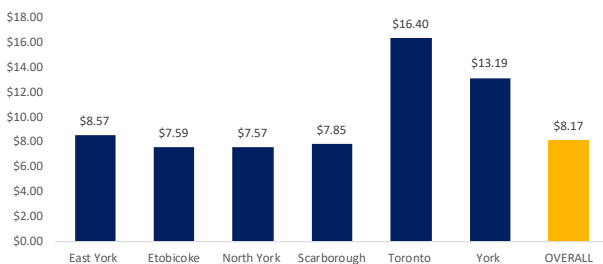
Vacancy Rates (%)



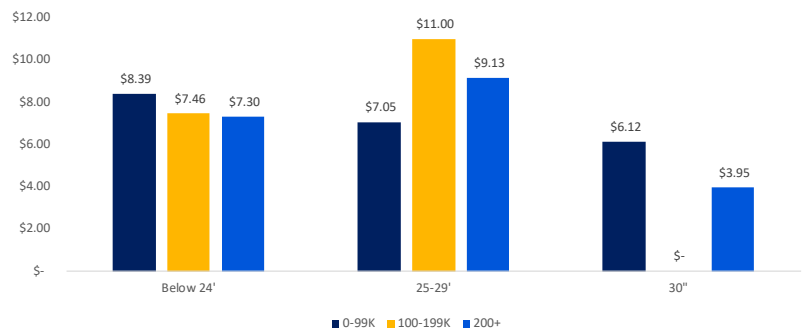
New Construction and Gross Absorption



Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1 80 Enterprise Rd	223,876	Toronto
2 120-122 Industry St	48,984	Toronto
3 176 Milvan Dr	43,000	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.

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