



Toronto Industrial

# 2020 Market Insight Report

Q1 2020

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



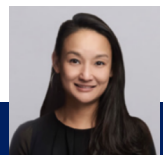
**Craig Birk**  
Advisor,  
Sales Representative



**James Jackson**  
Advisor,  
Sales Representative



**Michael Wasyliv**  
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.

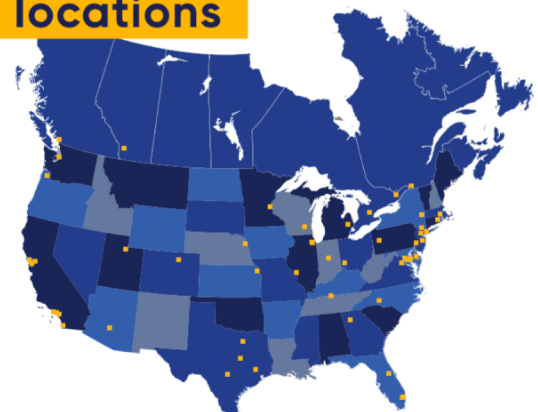
In the past year, Cresa has worked with:

<b>Over 1,700</b>	<b>Covering 59</b>	<b>In 891 cities</b>
<b>clients</b>	<b>industries</b>	<b>worldwide</b>

## 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

The Greater Toronto Area (GTA) began the new year right where it left off 2019, as one of North America's tightest industrial markets. With continued rapid demand from logistics, e-commerce and transportation sectors, net rates again reached unprecedented highs at \$9.21 net/sf across GTA markets. Despite the 13,622,559 sf worth of industrial space currently under construction, record-setting absorption continues to drop vacancy and availability rates across all sub-markets.

Industrial users were arguably the first group in the GTA to feel the effects of COVID-19 as the global pandemic prevented Chinese products from being shipped overseas in mid-February. The recent influx of e-commerce demand, again caused by the virus, has created even more constraints on industrial users. In an attempt to accommodate this new demand, along with inventory now being delivered from China, companies have started to complete short-term leases for temporary space near their existing facilities.

In late March, Premier Doug Ford's ban of non-essential business directly effected the current and future supply of GTA industrial space. With only certain industrial developments deemed critical projects allowed to continue construction during the outbreak, a multitude of developments will be delayed.

Making future projections can be difficult during this uncertain time, however, leading into April, vacancy and availability rates are expected to hover around 1.3% and 2.2% respectively, as groups look to navigate the climax of the virus before finalizing significant real estate transactions.

**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

Q1 2020



Supply

736,365,948 SF



Vacancy

1.3%



Average Net Rent

\$9.21/SF



Net Absorption

4,026,136 SF

Arrows Indicate One Quarter Change

## Vacancy Rate

	Q3	Q4	Q1	
GTA West	1.1%	1.9%	1.6%	▼
GTA North	1.3%	1.0%	1.1%	▲
GTA East	1.0%	0.7%	0.9%	▲
GTA Central	0.8%	1.5%	1.0%	▼
Overall	1.2%	1.5%	1.3%	▼

“With only certain industrial developments deemed critical projects allowed to continue construction during the outbreak, a multitude of developments will be delayed.”

## Vacancy & Availability

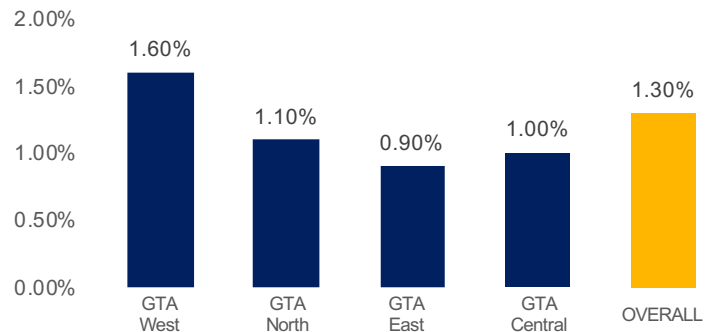
### Vacancy Rates

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

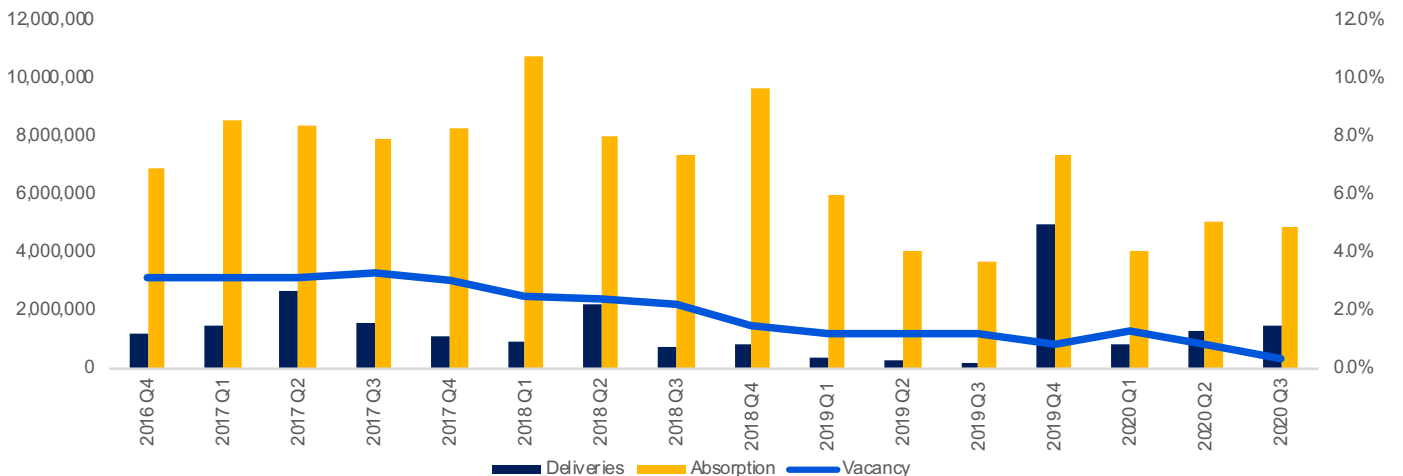
### Availability Rates

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

## Vacancy Rate (%)

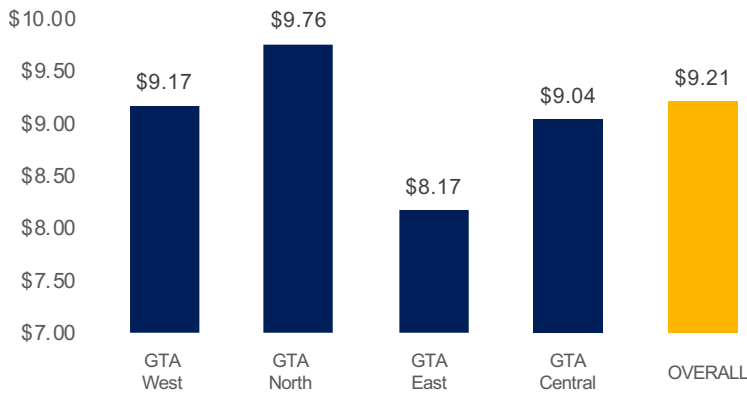


## New Construction and Absorption

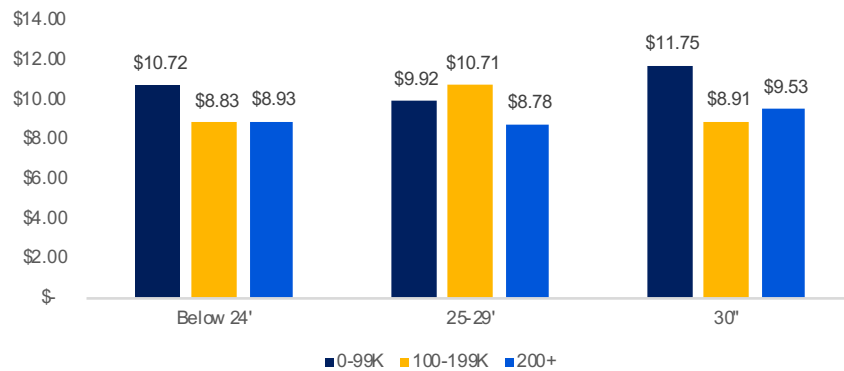


# GTA Overview

## Net Rate (PSF)



## Net Rent by Clear Height



## Notable Lease Transactions

Address	Size (SF)	Market
1. South Orlando Business Park	498,000 SF	Milton
2. 205 Speirs Giffen Avenue	343,000 SF	Caledon
3. 200 Confederation Parkway	273,000 SF	Vaughan
4. 8460 Mount Pleasant Way	163,000 SF	Milton
5. 12880 Coleraine Drive	153,000 SF	Caledon

## Industrial Market Insights

**1** Shock-waves from COVID-19's impact on China was felt across GTA markets as industrial users waited from weeks to months for packages to arrive.

**2** With supply continuing to strain, net rates reach new highs at \$9.21 per sf across the GTA, with GTA North topping all markets at \$9.76 per sf.

**3** A total of 797,230 sf was delivered for the quarter, but with most construction deemed non-essential, further pressure on existing infrastructure is expected.

**4** Despite continued increase in leasing rates quarter over quarter, average sale prices per square foot remain stable at \$222.89. Many contribute this to the future economic uncertainty surrounding COVID-19.

# GTA West

Q1 2020



**Supply**  
345,856,995 SF



**Vacancy**  
1.6%



**Average Net Rent**  
\$9.17/SF



**Net Absorption**  
2,443,165 SF

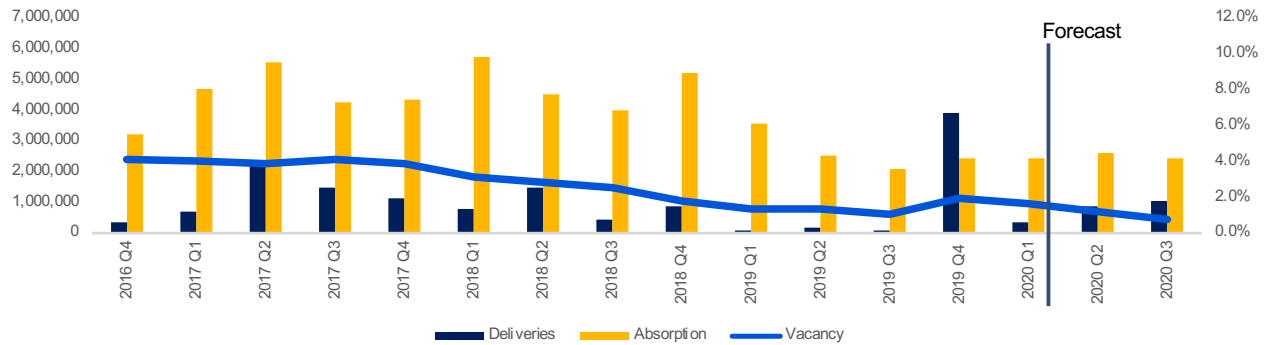
Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1	
Brampton	0.6%	0.9%	1.0%	▲
Burlington	1.2%	1.3%	0.9%	▼
Caledon	1.8%	11.8%	1.7%	▼
Halton Hills	8.8%	9.7%	0.5%	▼
Milton	1.8%	1.9%	2.4%	▲
Mississauga	0.9%	0.9%	1.1%	▲
Oakville	1.1%	1.2%	1.3%	▲
Overall	1.1%	1.9%	1.6%	▼

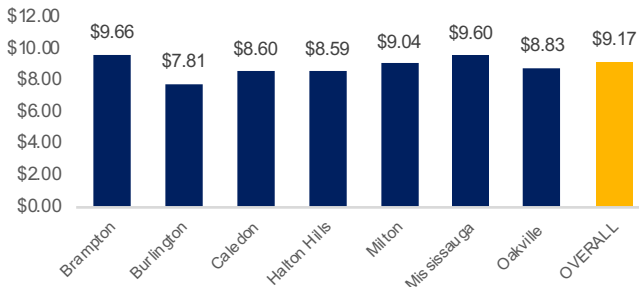
## Notable Lease Transactions

Address	Size (SF)	Market
1. South Orlando Business Park	498,000 SF	Milton
2. 205 Speirs Giffen Avenue	342,821 SF	Caledon
3. 8460 Mount Pleasant Way	162,633 SF	Milton

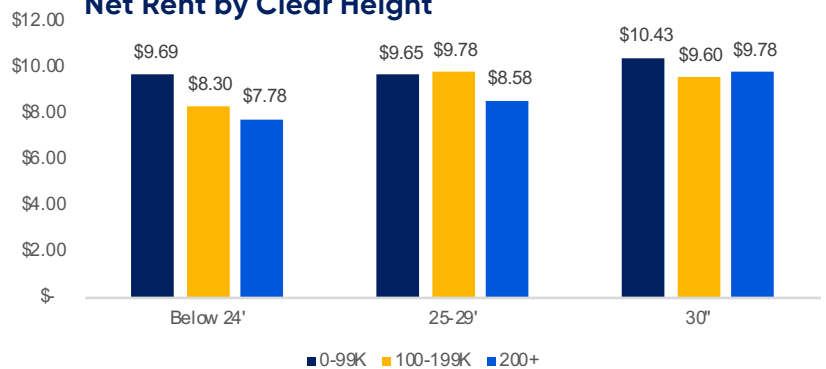
## New Construction and Absorption



## Net Rate (PSF)



## Net Rent by Clear Height



# GTA North

Q1 2020



**Supply**  
**138,943,225 SF**



**Vacancy**  
**1.1%**



**Average Net Rent**  
**\$9.76/SF**



**Net Absorption**  
**822,180 SF**

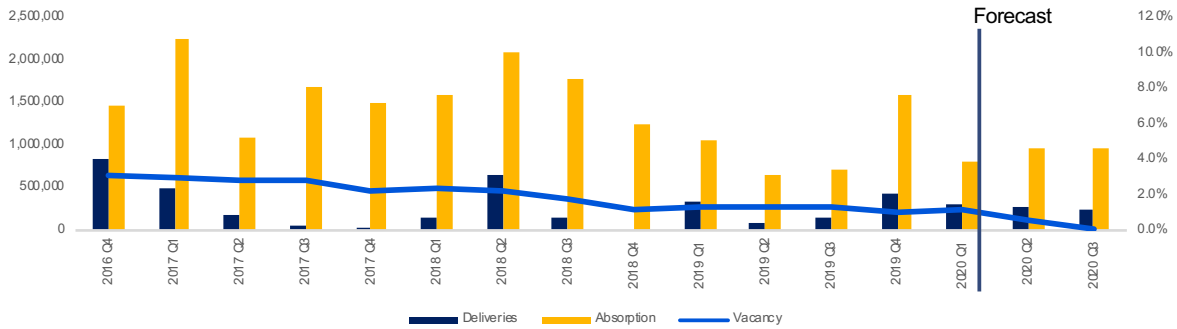
Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1	
Aurora	1.8%	2.1%	2.4%	▲
Markham	1.8%	0.9%	0.6%	▼
Newmarket	0.2%	0.6%	1.1%	▲
King	0.0%	0.0%	0.0%	▶
Outlying York	0.2%	0.1%	1.5%	▲
Whitchurch-Stouffville	0.0%	0.0%	0.1%	▲
Richmond Hill	0.2%	0.5%	0.5%	▶
Vaughan	1.5%	1.1%	1.3%	▲
Overall	1.3%	1.0%	1.1%	▲

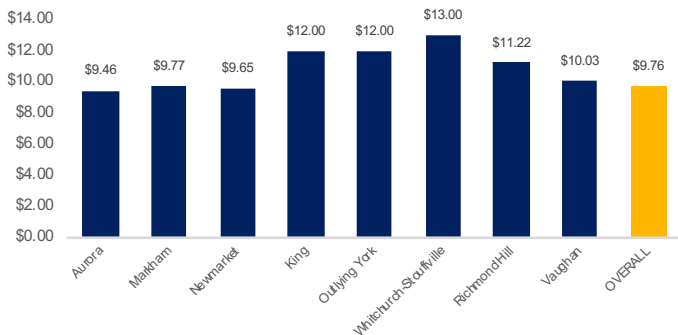
## Notable Lease Transactions

Address	Size (SF)	Market
1. 200 Confederation Parkway	273,000 SF	Vaughan
2. 5900 14th Avenue	184,561 SF	Markham
3. 141 New Huntington Road	101,000 SF	Vaughan

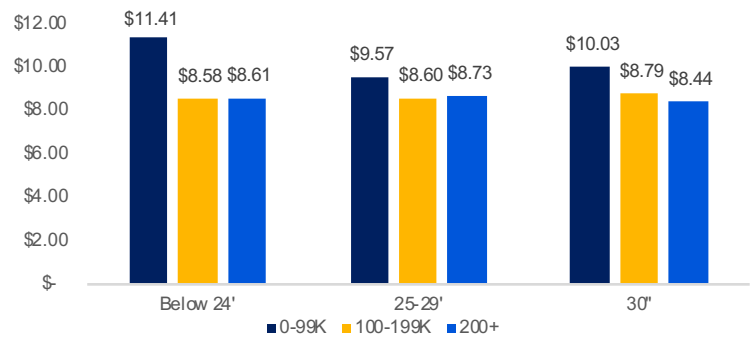
## New Construction and Absorption



## Net Rate (PSF)



## Net Rent by Clear Height



# GTA East

Q1 2020



**Supply**  
**49,515,348 SF**



**Vacancy**  
**0.9%**



**Average Net Rent**  
**\$8.17/SF**



**Net Absorption**  
**22,165 SF**

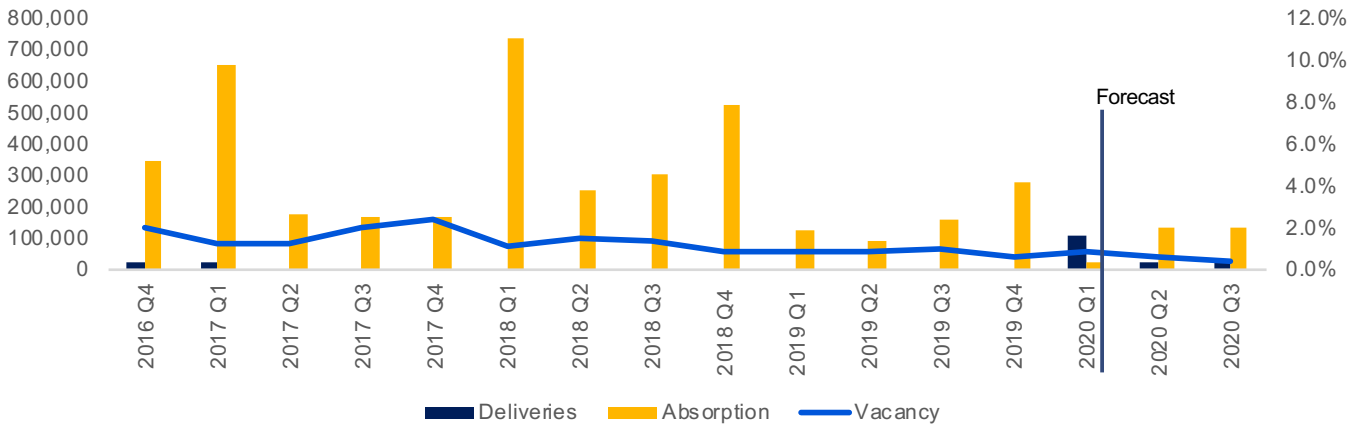
Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1	
Ajax	0.4%	0.0%	0.0%	▶
Oshawa	0.7%	0.7%	0.7%	▶
Pickering	2.6%	1.5%	1.4%	▼
Outlying Durham	0.4%	0.2%	0.2%	▶
Whitby	0.9%	0.9%	1.6%	▲
Overall	1.0%	0.7%	0.9%	▲

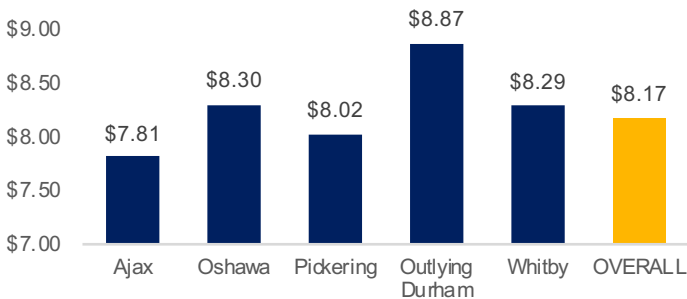
### Notable Lease Transactions

Address	Size (SF)	Market
1. 1200 Lambs Road	35,000 SF	Durham
2. 80 Davidson Street	35,266 SF	Durham
3. 895 Sandy Beach Road	22,500 SF	Pickering

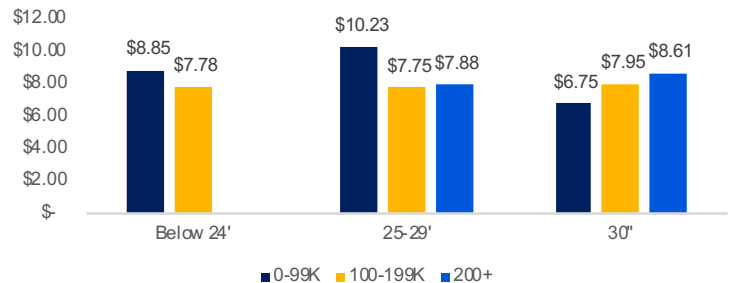
### New Construction and Absorption



### Net Rate (PSF)



### Net Rent by Clear Height





# GTA Central

Q1 2020



**Supply**  
**202,050,380 SF**



**Vacancy**  
**1.0%**



**Average Net Rent**  
**\$9.04/SF**



**Net Absorption**  
**738,629 SF**

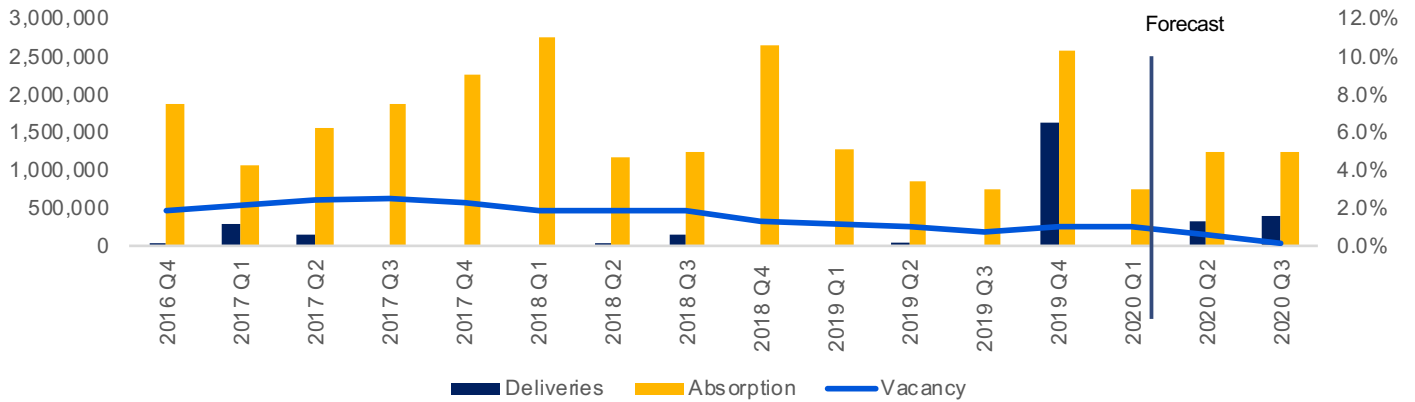
Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1	
East York	0.9%	2.9%	1.0%	▼
Etobicoke	0.9%	0.9%	0.8%	▼
North York	1.2%	1.6%	1.3%	▼
Scarborough	0.4%	1.1%	1.0%	▼
Toronto	0.3%	0.5%	0.3%	▼
Outlying Toronto	2.7%	1.4%	1.1%	▼
York	1.1%	1.9%	2.0%	▲
Overall	0.8%	1.5%	1.0%	▼

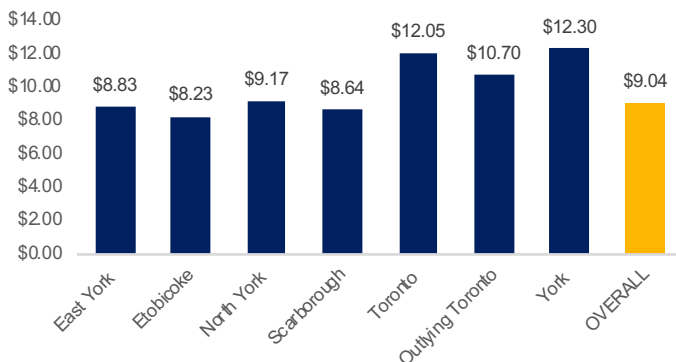
## Notable Lease Transactions

Address	Size (SF)	Market
1. 40 Norelco Drive	148,595 SF	Toronto
2. 173 Carrier Drive	39,897 SF	Toronto
3. 41-55 Jutland Road	35,000 SF	Toronto

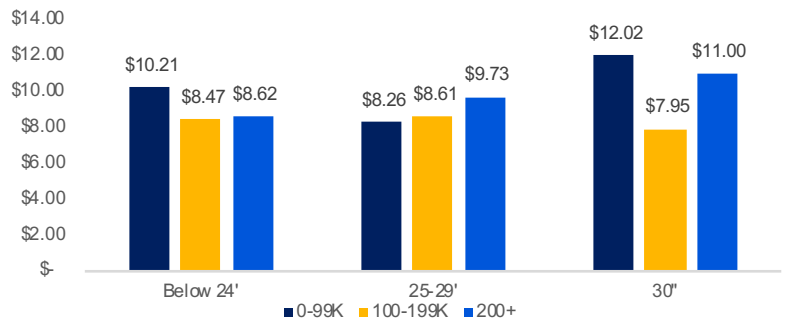
## New Construction and Absorption



## 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

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

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