



Toronto Industrial

2020 Market Insight Report

Q2 2020

cresa 

Toronto Industrial



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Cresa's Industrial Team



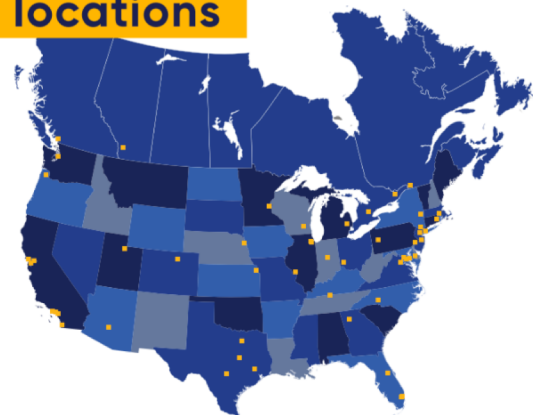
We take your business further

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



GoodFood Market's Future Mississauga Facility

Market Trends

During the second quarter of 2020, the Greater Toronto Area (GTA) saw signs of stabilization as the region's vacancy rate remained at 1.3% since the start of the year. Highlighted by GoodFood Market's 12-year, 208,000 SF transaction in Mississauga, ON and Igloo Food Equipment's shorter-term, 20,080 SF transaction in Toronto, ON; logistics, e-commerce and food sectors continued to drive demand as they absorbed short-term space for their growing inventories. However, not all industrial sectors are recovering as many within the retail and hospitality-related industries are still feeling the harsh impacts of COVID-19. During this time, many have looked to the Canadian unemployment numbers as a crucial statistic moving forward – having dropped to 12.3% for June from historic highs at 13.7% in May, there is reason to be optimistic.

Despite early struggles from COVID-19, the GTA's industrial market has recovered well with 3,324,340 SF in absorption since last quarter. With this recovery, we have also seen net asking rates increase from \$9.21 to \$9.34 per square foot since last quarter, as numerous landlords have placed a premium on small-bay space for those tenants looking to expand into nearby facilities on short term leases.

In mid-May, Premier Doug Ford eased restrictions on industrial construction, allowing for the GTA's development pipeline of 7,047,715 SF in delivery by 2021 to get back on schedule. With many believing that the worst is behind us, developers are once again eager to submit site plans and build. Leading into Q3, we can expect the GTA's industrial market to continue to recover back into its former record-setting self.

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

Q2 2020



Supply

739,374,850 SF



Vacancy

1.3%



Average Net Rent

\$9.34/SF



Net Absorption

-3,324,340 SF

Arrows Indicate One Quarter Change

Vacancy Rate

	Q4	Q1	Q2	
GTA West	1.9%	1.6%	1.5%	▼
GTA North	1.0%	1.1%	1.1%	►
GTA East	0.7%	0.9%	0.8%	▼
GTA Central	1.5%	1.0%	1.1%	▲
Overall	1.5%	1.3%	1.3%	►



During this time, many have looked to the Canadian unemployment numbers as a crucial statistic moving forward – having dropped to 12.3% for June from historic highs at 13.7% in May, there is reason to be optimistic



Vacancy & Availability

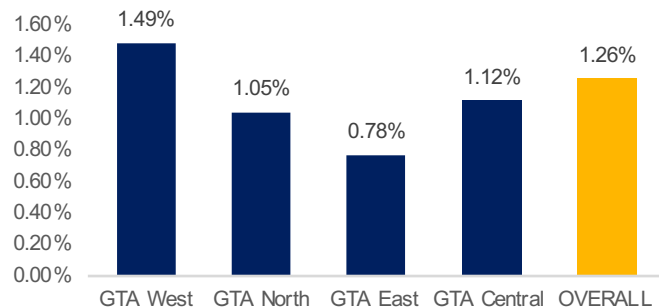
Vacancy Rates

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

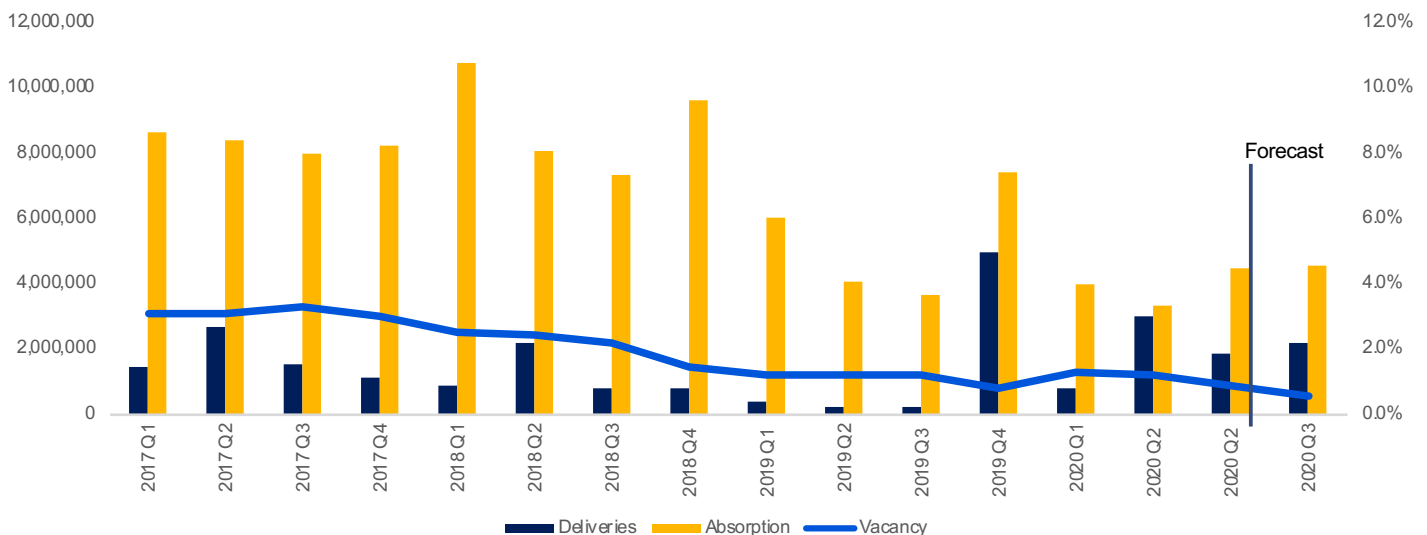
Availability Rates

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

Vacancy Rate (%)

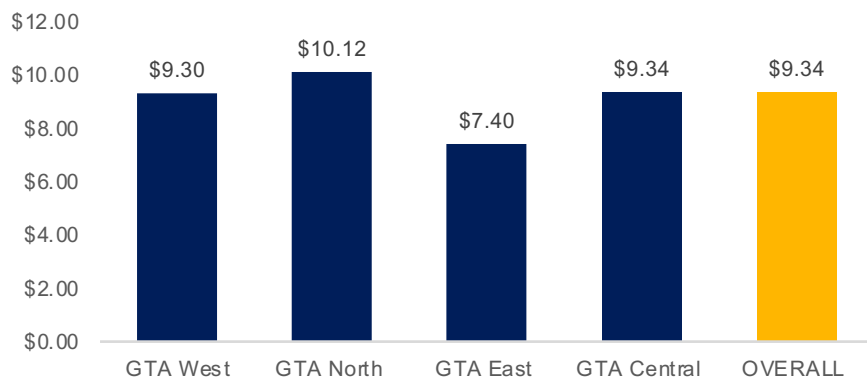


New Construction and Absorption

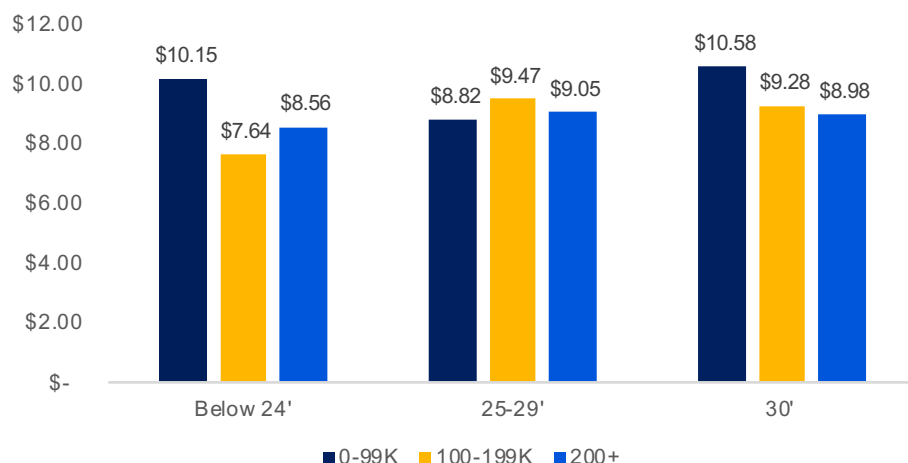


GTA Overview

Net Rate (PSF)



Net Rent by Clear Height



Notable Lease Transactions

Address	Size (SF)	Market
1. 3389 Steeles Avenue East	220,001 SF	Brampton
2. 55 Quarterman Road	212,935 SF	Milton West
3. 759 Winston Churchill Boulevard	208,000 SF	Mississauga
4. 3495 Steeles Avenue East	160,347 SF	Brampton
5. 6 Manchester Court	150,897 SF	Caledon

Industrial Market Insights

- As of mid-June, over 5,500 small business tenants had their rent subsidized by the Canada Emergency Commercial Rent Assistance (CECRA) program. However, with most landlords refusing to make financial concessions under the CECRA, the dollars spent have equated to less than 2% of the \$3B CAD the Department of Finance budgeted for.
- Canadian Unemployment reached 13.7% in May, up from 5.6% in February before COVID-19's impact. This percentage is the highest ever recorded since the data became available in Canada in 1976.
- Despite construction delays to non-essential projects, GTA markets saw the delivery of over 4,100,000 SF worth of industrial space, most of which was pre-leased by industry giants in the logistics and e-commerce sectors.
- The Toronto-based Granite REIT reported that they collected 99% of rent owed during April, May and June – allowing them to further expand in American markets with the purchase of 8 industrial properties totaling over 4,000,000 SF.

GTA West

Q2 2020



Supply

348,188,897 SF



Vacancy

1.5%



Average Net Rent

\$9.30/SF



Net Absorption

2,803,678 SF

Arrows Indicate One Quarter Change

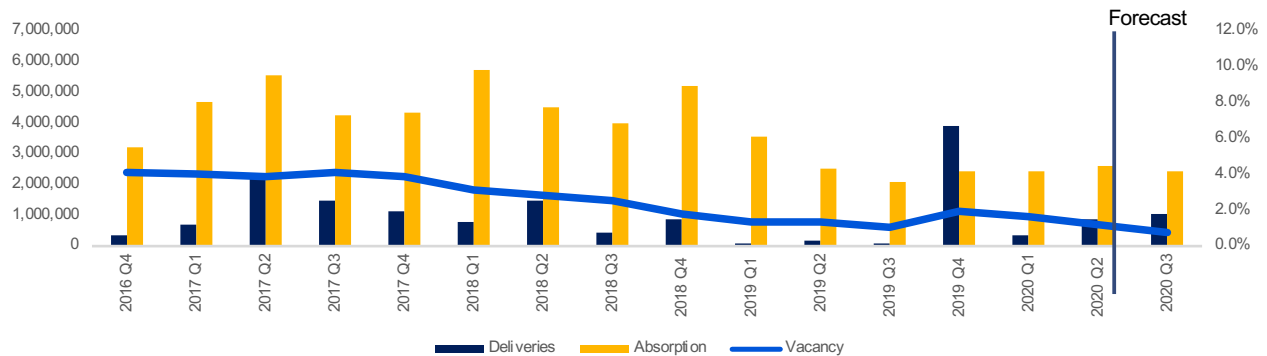
Vacancy Rate

	Q4	Q1	Q2	
Brampton	0.9%	1.0%	1.4%	▲
Burlington	1.3%	0.9%	1.8%	▲
Caledon	11.8%	1.7%	1.2%	▼
Halton Hills	9.7%	0.5%	0.5%	►
Milton	1.9%	2.4%	3.0%	▲
Mississauga	0.9%	1.1%	1.1%	►
Oakville	1.2%	1.3%	0.9%	▼
Overall	1.9%	1.6%	1.5%	▼

Notable Lease Transactions

Address	Size (SF)	Market
1. 3389 Steeles Avenue E	220,001 SF	Brampton
2. 55 Quarterman Rd	212,935 SF	Milton West
3. 759 Winston Churchill Blvd	208,000 SF	Mississauga

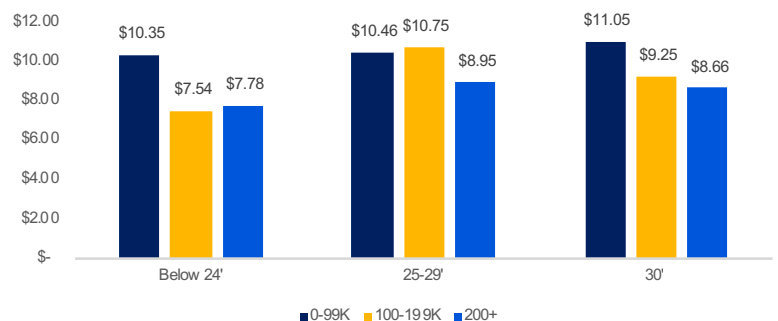
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



GTA North

Q2 2020



Supply
139,093,225 SF



Vacancy
1.1%



Average Net Rent
\$10.12/SF



Net Absorption
-200,798 SF

Arrows Indicate One Quarter Change

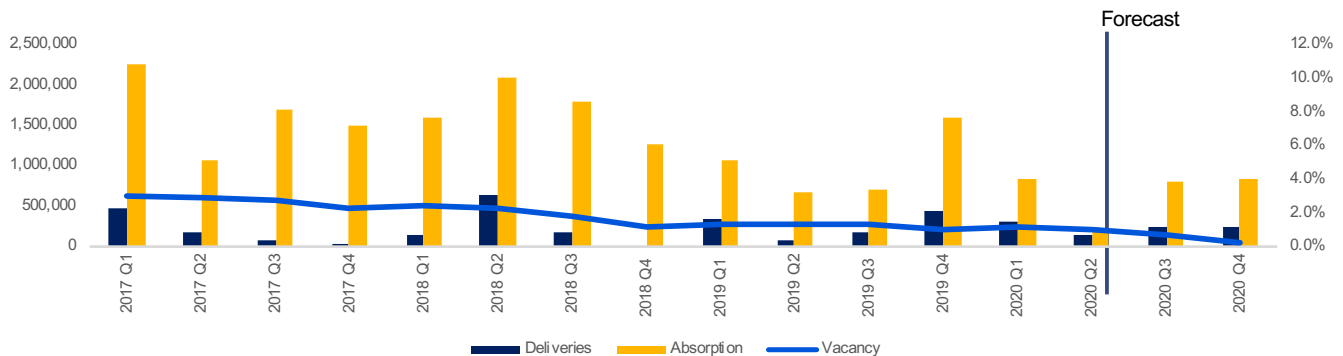
Vacancy Rate

	Q4	Q1	Q2	
Aurora	2.1%	2.4%	2.3%	▼
Markham	0.9%	0.6%	1.3%	▲
Newmarket	0.6%	1.1%	1.0%	▼
King	0.0%	0.0%	0.0%	►
Outlying York	0.1%	1.5%	0.7%	▼
Whitchurch-Stouffville	0.0%	0.1%	0.1%	►
Richmond Hill	0.5%	0.5%	1.2%	▲
Vaughan	1.1%	1.3%	0.9%	▼
Overall	1.0%	1.1%	1.1%	►

Notable Lease Transactions

Address	Size (SF)	Market
1. 50 Ultimate Drive	150,000 SF	Richmond Hill
2. 463 Applewood Crescent	48,927 SF	Vaughan
3. 10911 Keele Street	31,325 SF	Vaughan

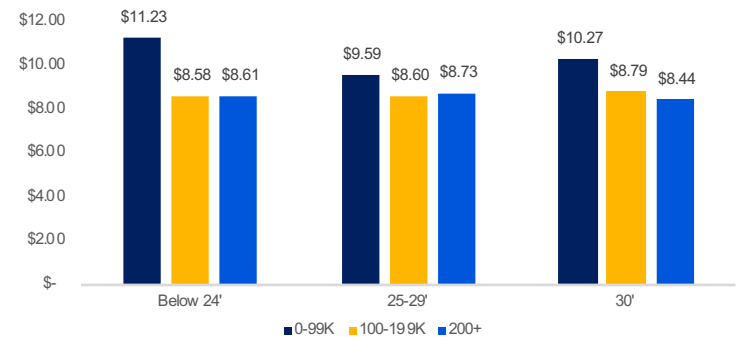
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



GTA East

Q2 2020



Supply
50,042,348 SF



Vacancy
0.8%



Average Net Rent
\$7.40/SF



Net Absorption
563,561 SF

Arrows Indicate One Quarter Change

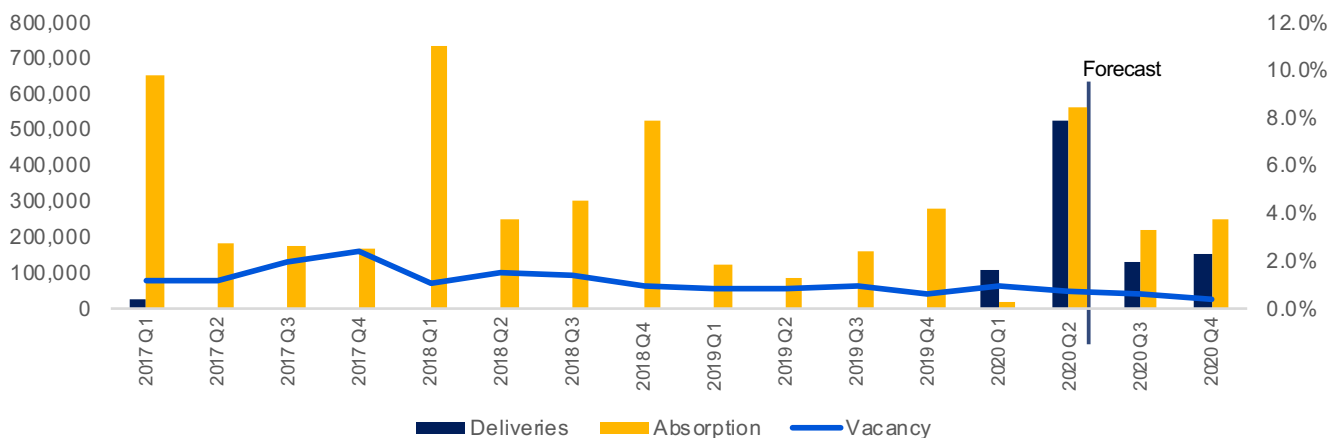
Vacancy Rate

	Q4	Q1	Q2	
Ajax	0.0%	0.0%	0.0%	►
Oshawa	0.7%	0.7%	0.7%	►
Pickering	1.5%	1.4%	1.6%	▲
Outlying Durham	0.2%	0.2%	0.2%	►
Whitby	0.9%	1.6%	1.1%	▼
Overall	0.7%	0.9%	0.8%	▼

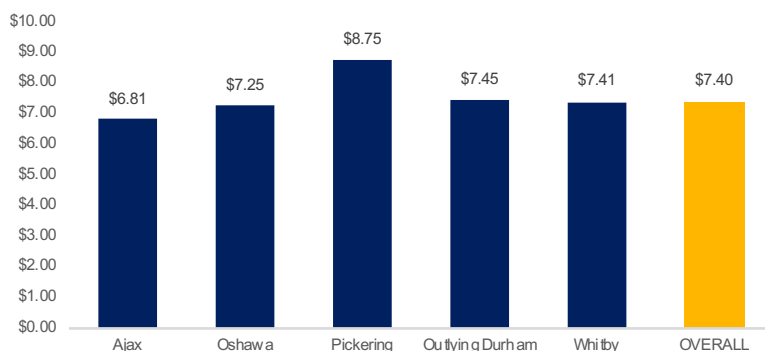
Notable Lease Transactions

Address	Size (SF)	Market
1. 195 Nantucket Boulevard	72,624 SF	Scarborough
2. 1420 Bayly Street	17,923 SF	Pickering
3. 610 Coronation Drive	10,800 SF	Scarborough

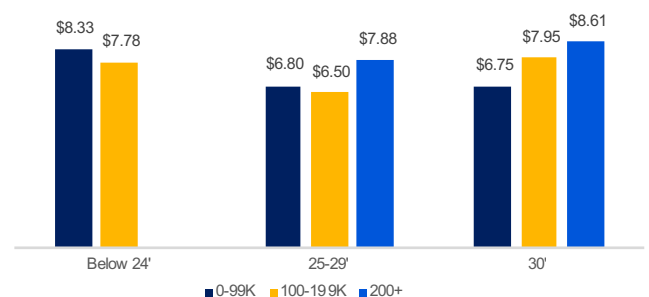
New Construction and Absorption



Net Rate (PSF)



Net Rent by Clear Height



GTA Central

Q2 2020



Supply
202,050,380 SF



Vacancy
1.1%



Average Net Rent
\$9.34/SF



Net Absorption
-243,697 SF

Arrows Indicate One Quarter Change

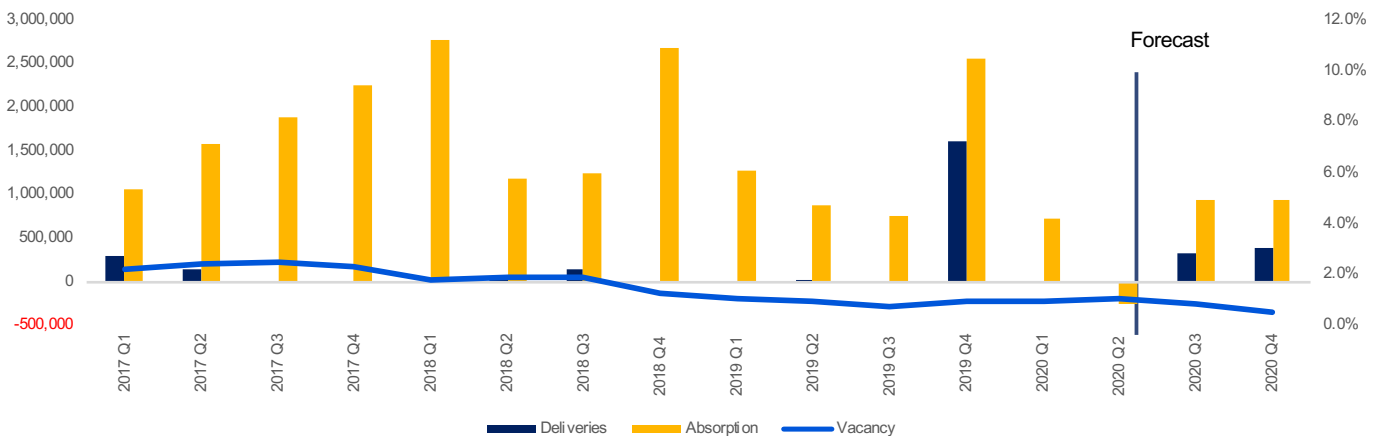
Vacancy Rate

	Q4	Q1	Q2	
East York	2.9%	1.0%	1.2%	▲
Etobicoke	0.9%	0.8%	1.0%	▲
North York	1.6%	1.3%	1.3%	►
Scarborough	1.1%	1.0%	1.1%	▲
Toronto	0.5%	0.3%	0.7%	▲
Outlying Toronto	1.4%	1.1%	0.7%	▼
York	1.9%	2.0%	1.9%	▼
Overall	1.5%	1.0%	1.1%	▲

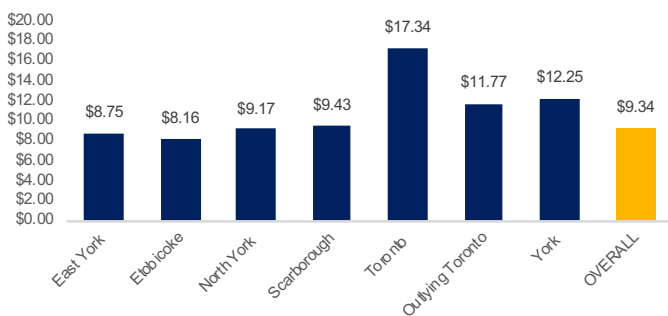
Notable Lease Transactions

Address	Size (SF)	Market
1. 375 Norfinch Drive	20,080 SF	Toronto
2. 53 Bakersfield Street	20,000 SF	Toronto
3. 4 William Morgan Drive	12,000 SF	Toronto

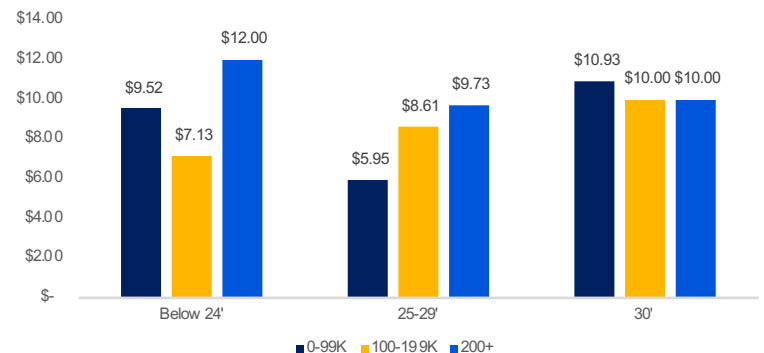
New Construction and Absorption



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.

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