


INDUSTRIAL MARKET REPORT

Preleasing activity keeps availability rates low despite unprecedented construction

 **New Supply**
621,667 SQ. FT.

 **Under Construction**
15,390,384 SQ. FT.

 **Avg. Ask Lease Rate**
\$8.57 PER SQ. FT.

 **Avg. Ask Sale Price**
\$221.37 PER SQ. FT.

**Arrows indicate change from previous quarter*

Toronto's industrial market continued to demonstrate strong fundamentals in Q3 2019, recording 3.1 million sq. ft. of positive net absorption. This marked the 18th consecutive quarter of positive net absorption, the longest streak in market history. Due to the lack of options within existing inventory, there is a growing number on tenants who have opted to extend their leases 12-18 months prior to expiry. This, coupled with strong pre-leasing activity, has led Toronto's availability rate to contract to an unprecedented record low of 1.2%. The average net asking lease rate increased for a tenth consecutive quarter to a record high \$8.57 per sq. ft., representing a year-over-year increase of 28.3%. Supply constraints are expected to persist in 2020 which should supersede the influence that the anticipated economic slowdown may have, resulting in a further increase in rental rates.

TORONTO WEST

The Toronto West availability rate fell by 40bps quarter-over-quarter to a record low of 1.3%. Meanwhile, the vacancy rate has decreased 30bps quarter-over-quarter and now resides at 0.8%. The 0.8% figure is a record low vacancy rate in the Toronto West submarket.

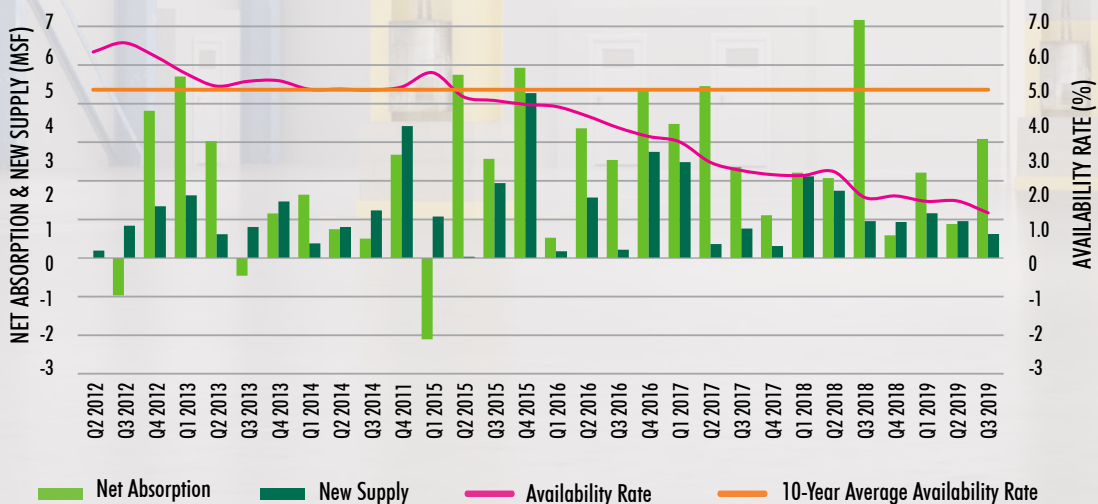
The average net asking lease rate increased to a new record high of \$8.24 per sq. ft. this quarter, accounting for a quarter-over-quarter increase of 1.8%, of \$0.15 per sq. ft. This marks the tenth consecutive quarter in which the average asking lease rate has increased. For the Toronto West market, the average asking lease rate's year-over-year growth was 22.0%, which is 1310 bps above Q3 2017 to Q3 2018's growth of 4.4%. In comparison, the Greater Toronto Area (GTA) experienced year-over-year rental rate growth in Q3 2018 and Q3 2019 of 6.4% and 28.3%, respectively. Due to the higher growth rate, the average net asking lease rate for the entire GTA is now \$0.33 per sq. ft. greater than the Toronto West's value of \$8.24 per sq. ft.

Currently there is a record breaking 9,874,633 sq. ft. of industrial product under construction in the Toronto West market. Of the 9,874,633 sq. ft. under construction, 4,015,229 sq. ft. is being built on a speculative basis, while the remaining 5,894,404 sq. ft. are design build/built-to-suit facilities. Furthermore, 7,430,684 sq. ft. of the total under construction is pre-lease/pre-sold.

“The average net asking lease rate increased for a tenth consecutive quarter, hitting a record high of \$8.57 per sq. ft.”

The industrial development pipeline has drastically increased to almost 15.4 million sq. ft. this quarter, the highest recorded figure for the market. Despite only 2.7 million sq. ft. having been delivered in the fourth quarter, bringing the year-end total to 9.3 million sq. ft. To keep up with the unprecedented demand, Toronto's current forecasted new supply for 2020 totals 14.4 million sq. ft.

GTA Fundamentals - Historical Analysis



AVAILABLE LAND

GTA WEST LAND STATS Q3 2019	AVERAGE LAND PRICE (\$/ACRE)	DEVELOPMENT CHARGES			
		MILTON	BRAMPTON	MISSISSAUGA	ETOBICOKE
	1,317,413 	\$18.14	\$19.74	\$23.50	\$1.12

340 MAIN STREET N HALTON HILLS, ON



- Halton Hills newest Industrial Park totaling 55 acres
- Hard to find rail access and outside storage
- Lands available for sale or design build
- Zoned EMP and fully serviced
- Phase 1 complete. Phase 2 ready.

CONCESSION ROAD 7 PUSLINCH, ON



- 25 acres
- Divisible to 10 acres
- Rezoning to employment in final stages
- Quick 401 access
- Located at 401 & Highway 6, 15 minutes past Milton

AVAILABLE FOR SALE

GTA WEST INDUSTRIAL SALE STATS Q3 2019	5 - 10 YEAR COMMERCIAL MORTGAGE RATE	AVAILABLE FOR SALE (SQ. FT.)	AVERAGE ASKING PRICE (/SQ. FT.)	INDUSTRIAL CAP RATE
	3.95%	1,197,282 	\$212.67 	5.11% 

5425 MAINGATE DRIVE MISSISSAUGA, ON



- 10,025 sq. ft. for sale on 0.59 acres
- Immaculate office space with functional layout
- Great truck court and fully paved yard
- Clean warehouse with painted walls and deck
- Easy access to transit and Highway 401 and 403 access ramps



8-10 CRAIG STREET BRANTFORD, ON



- 164,315 sq. ft. on 17.2 acres
- Warehouse/manufacturing facility prime for redevelopment
- Premium frontage onto Highway 403
- Flexible zoning
- Directly accessible from Wayne Gretzky Parkway Interchange

2390 SOUTH SERVICE ROAD OAKVILLE, ON



- 34,680 sq. ft. on 1.78 acres
- Direct QEW exposure
- Well maintained freestanding
- Very good shipping area

489 HIGHWAY 8 HAMILTON, ON



- Turnkey transport terminal
- Building set up for truck & trailer repair with drive-in bays, wash bay & pit bay
- Fully graveled, fenced & lit yard with 3 gated access points
- New Tim Horton's & Shell station across the street

1355 FEWSTER DRIVE MISSISSAUGA, ON



- 9,352 sq. ft. on 0.56 acres
- Small, well maintained freestanding
- Easy access to transit and highways 401 & 403 interchanges

AVAILABLE FOR LEASE

GTA WEST INDUSTRIAL LEASE STATS Q3 2019	TOTAL AVAILABLE (SQ. FT.)	ABSORPTION YTD	AVAILABILITY RATE	AVERAGE ASKING RATE	AVERAGE TMI
	3,197,822	3,610,248	1.3%	\$8.24	\$3.89

8-10 CRAIG STREET BRANTFORD, ON



- Build to Suit 100,000 – 375,000 sq. ft.
- Q3 2020 Occupancy
- Trailer Parking
- Multiple access points
- Exposure onto Highway 403 & Wayne Gretzky Parkway



615 RUSHOLME ROAD WELLAND, ON



- For Lease, 57,000 – 274,500 sq. ft. available
- Large Scale, High Bay Industrial Property On 65 Acres
- Heavy Power & An Active Rail Spur capabilities
- Excess land allowing outside storage
- Proximity to US border

25 TYLER STREET CAMBRIDGE, ON



- +/- 51,332 sq. ft.
- 28' warehouse with ESFR sprinkler
- Easy hwy access & hwy 401 exposure
- Space can be divided - units starting at 20,000 sq. ft.
- New construction | Fall 2019 delivery

RECENT CLIENT SUCCESS STORIES

9233 & 9236 Dickenson Road, **HAMILTON**



80 Acres

20 Westbridge Drive, **HALTON HILLS**



324,708 sq. ft.

63 Rexdale Boulevard, **ETOBICOKE**



126,645 sq. ft.

3270 American Drive, **MISSISSAUGA**



119,743 sq. ft.

5150 Timberlea Boulevard, **MISSISSAUGA**



42,000 sq. ft.

6150 Kennedy Road, **MISSISSAUGA**



15,636 sq. ft.

ABOUT US

Together John Planeta, Ted Overbaugh, Chris Planeta and Grace Kishander form one of the Top Producing Industrial Real Estate Teams in Canada. This collaborative group of industry experts focus on developing strategy and execution for owners and occupiers of space, both locally and on a multi-market basis.

Utilizing the vast resources and “best practices” available through CBRE’s Global Platform, our team is able to design and tactically implement the most complex assignments ensuring high-level accountability and superior, measurable results. We have successfully executed thousands of assignments across multiple markets in Canada and globally.

Our team represents corporations in strategic transactions for individual and portfolio assignments. We have been industry leaders in defining strategic Corporate Real Estate (CRE) plans, creating detailed tactical processes in order to support those plans and effectively executing the CRE transaction(s). By leveraging the CBRE platform and breadth of experience, our team provides an integrated approach that produces value above and beyond the expectations of our clients.

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