

INDUSTRIAL MARKET REPORT

Q1 | 2021

CBRE



GTA INDUSTRIAL MARKET

TORONTO INDUSTRIAL MARKET CONTINUES TO SHATTER RECORDS



NEW SUPPLY
4.0M SQ. FT.



UNDER CONSTRUCTION
10.9M SQ. FT.



AVG. ASK LEASE RATE
\$10.25 PER SQ. FT.



AVG. ASK SALE PRICE
\$246.81 PER SQ. FT.



AVAILABILITY RATE
2.0%

Greater Toronto Area

Toronto fundamentals remain strong heading into 2021. The availability rate sits at 2.0% for the third consecutive quarter. Although the availability rate is up by 60 bps year-over-year, this has only slightly alleviated pressure on constrained available product. After two consecutive quarters of relatively slower rent growth, the net rental rate witnessed large quarterly growth, increasing by \$0.49 per sq. ft. to a record breaking \$10.25 per sq. ft. Overall, the net rental rate increased by 18.9% year-over-year, nearly matching the growth rate of 20.6% from the year prior. Meanwhile the average asking user sale price hit a record-breaking \$246.80 per sq. ft., accounting for a year-over-year increase of 10.1%. 2020 concludes the year with 7.5 million sq. ft. of positive absorption. This is the lowest yearly absorption recorded since year-end 2014. Much of the positive absorption is the largely attributed to the pre-leased new supply that was delivered this year. 2021 looks to bounce back from 2020's relatively low absorption amount, as quarterly absorption has been increasing for the last three quarters.

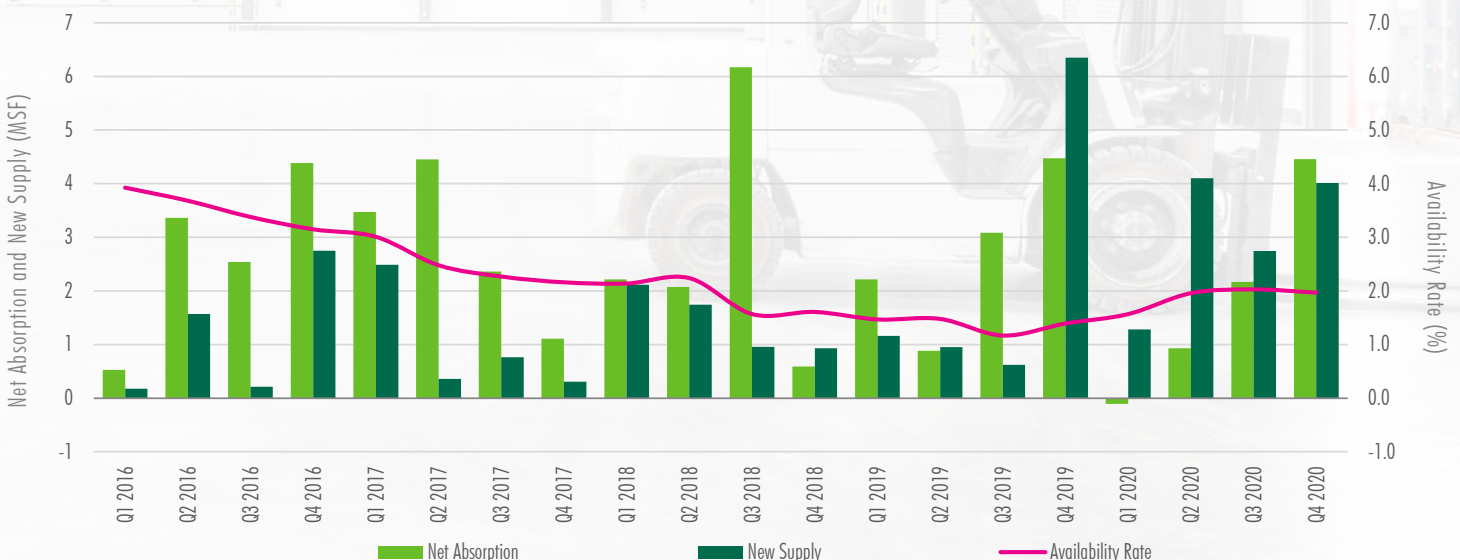
Toronto recorded the largest new supply on record for a single year with 12.1 million sq. ft. added in 2020. Strong demand and fundamentals, including record breaking rental rates, will help push 2021 to another potential record-breaking year of new supply deliveries. Currently 10.9 million sq. ft. is under construction, however, many developers have indicated spring starts on their construction projects, with anticipated completions in the same year, leading to a potential forecast of 12.5 million sq. ft. of new supply in 2021. Despite the economic conditions, industrial land values continued to reach record levels across the GTA. With land becoming scarcer

every year, empirical evidence points to market preferences shifting away from greenfield to focus on infill development.

The Toronto 3PL market is significant in size and consists of many local, national, and global players. While 3PLS continue to compete for opportunities & absorb distribution space, broker sentiment has the 3PL market maintaining its vital importance despite narrowing margins and increasing competition as customers continue to push for flexible terms and increased efficiency. To remain competitive and win contracts, 3PLS have begun signing leases that exceed the term of their service contracts, hedging on securing future business. This has been made necessary to secure customer business while meeting GTA landlord expectations for minimum lease terms.

2020 saw the likes of e-commerce giants Amazon and, to a lesser extent, Walmart, lease up unprecedented amounts of space as they accelerate their e-commerce plans in response to COVID-19 related demand. As deal velocity slightly tapers from these groups, 2021 and 2022 may see other groups begin to ramp up their e-commerce strategies to maintain relevancy and competitiveness. The high customer expectations may be a deterrent to companies evaluating whether to fully enter the GTA market, which may further bolster 3PL activity in the market. Increasing expectations may also lead to rerouting of supply chains through Canada to deliver goods and commodities, such as food, at a much faster delivery date. 2022 may also see better and truer last mile networks built out to address the needs of downtown residents.

GTA FUNDAMENTALS- HISTORICAL ANALYSIS



AVAILABLE LAND

GTA WEST LAND STATS | Q4 2020

AVERAGE LAND PRICE (\$/ACRE) | **\$1,542,887**

DEVELOPMENT CHARGES (PER SQ. FT.)

MILTON \$18.52	VAUGHAN \$39.48	BRAMPTON \$21.20
MISSISSAUGA \$24.39	OAKVILLE \$26.50	BURLINGTON \$22.42
ETOBICOKE \$1.18	HALTON HILLS \$17.01	CALEDON \$20.93



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 2 lands development ready, 3-16 acres

AVAILABLE FOR LEASE

GTA WEST INDUSTRIAL LEASE STATS | Q4 2020

AVAILABLE FOR LEASE (SQ. FT.)	4,999,673	▼
ABSORPTION YTD	8,088,900	▲
AVAILABILITY RATE	1.9%	▼
AVERAGE RATE (/SQ. FT.)	\$10.16	▲
AVERAGE TMI (/SQ. FT.)	\$4.06	▲



45 TYLER STREET CAMBRIDGE, ON

- 60,000 to 126,915 sq. ft. planned industrial construction
- Site plan approved
- Highway 401 exposure
- ESFR Sprinklers



2600 MATHESON BOULEVARD E MISSISSAUGA, ON

- 14,860 sq. ft. Unique freestand on corner lot with frontage along Matheson Blvd
- Two floors of high-quality modular office space
- Close Proximity to Highways 410, 407, 427, 410 & Pearson Airport
- New roof and LED lighting installed in 2019

COMING SOON...

DID YOU KNOW?

FORTUNE

Fortune 500 company
since 2008; ranked
#128 in 2020

Forbes

Ranked #154 out of
500 companies on 2020
"Best Employers for
Diversity" list



Ranked the top real
estate brand for 19
consecutive years



450,000 SQ. FT.

CLASS "A" DISTRIBUTION FACILITY, MILTON

- For Lease
- The building will include a 40' clear warehouse with LED lights, 58 shipping doors, 2 drive-in doors and parking for 154 trailers.
- Available Q4 2022



60,000-80,000 SQ. FT.

HIGH BAY WAREHOUSE, E. BRAMPTON

- For Lease
- Excellent shipping
- 28' clear height
- Available 2021



50,000 SQ. FT.

HIGHWAY EXPOSURE, CENTRAL MISSISSAUGA

- For Lease
- Centrally located with 401 exposure this unit offers a high cube warehouse with built-out showroom and office areas.
- 30' clear height
- Available Q2 2021



7,500 SQ. FT.

FREESTANDING FACILITY, S. MISSISSAUGA

- For Sale
- Close to Hwy 427, Pearson Airport access and downtown Toronto with a wide range of retail amenities nearby.
- Clean warehouse with painted ceilings
- Available July 1, 2021

RECENT CLIENT SUCCESS STORIES



SOLD

BOWERY ROAD BRANTFORD, ON

53 Acres



LEASED

6175 EDWARDS BLVD MISSISSAUGA, ON

244,995 sq. ft.



LEASED

615 RUSHOLME ROAD WELLAND, ON

118,992 sq. ft.



LEASED

6197 KENNEDY ROAD MISSISSAUGA, ON

14,000 sq. ft.



SOLD

1290 CRESTLAWN DRIVE MISSISSAUGA, ON

12,303 sq. ft.



SOLD

1355 FEWSTER DRIVE MISSISSAUGA, ON

9,352 sq. ft.

TORONTO WEST SNAPSHOT



Inventory (sq.ft.)
333.06 million



Under Construction (sq.ft.)
5,223,231



Availability Rate
1.9%



Vacancy Rate
0.7%



New Supply Q3 (sq.ft.)
3,400,408



New Supply YTD (sq.ft.)
8,088,900



Absorption Q4 (sq.ft.)
4,662,527



Absorption YTD (sq.ft.)
7,123,411



Net Rental Rate Weighted
Average (\$ per sq.ft.)
\$10.16



TMI (\$ per sq.ft.)
\$4.06



Average Sale Price
(\$ per sq.ft.)
\$250.00



Realty Taxes
(\$ per sq.ft.)
\$2.34

CBRE

ABOUT US

Our combined team forms 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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