

FIGURES | CANADA INDUSTRIAL | Q2 2023

Availability continues to edge higher with increased new supply while rent growth normalizes

▲ 2.1%

Availability Rate

▲ 3.4M

SF Net Absorption

▼ 44.4M

SF Under Construction

▲ \$16.35

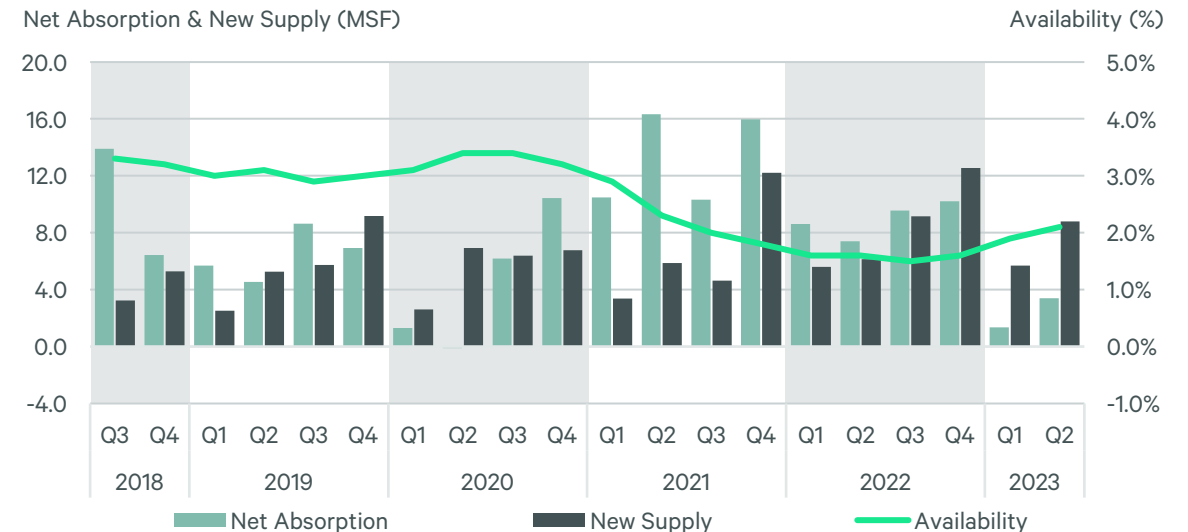
PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Executive Summary

- Net absorption rose from its post-pandemic low last quarter, but net leasing activity was relatively muted outside of Toronto and Edmonton.
- With significant levels of new supply delivered over recent quarters, the national availability rate continues to edge higher and increased to 2.1% in Q2 2023.
- Overall market conditions remain tight with availability well below the historical 15-year average rate of 4.8%.
- Construction activity begins to moderate from peak levels with the national development pipeline decreasing to 44.4 million sq. ft. in Q2 2023.
- Rent growth continues to normalize across markets with the national average asking rent increasing 19.3% year-over-year to \$16.35 per sq. ft.

FIGURE 1: National Industrial Supply & Demand



Source: CBRE Research, Q2 2023.

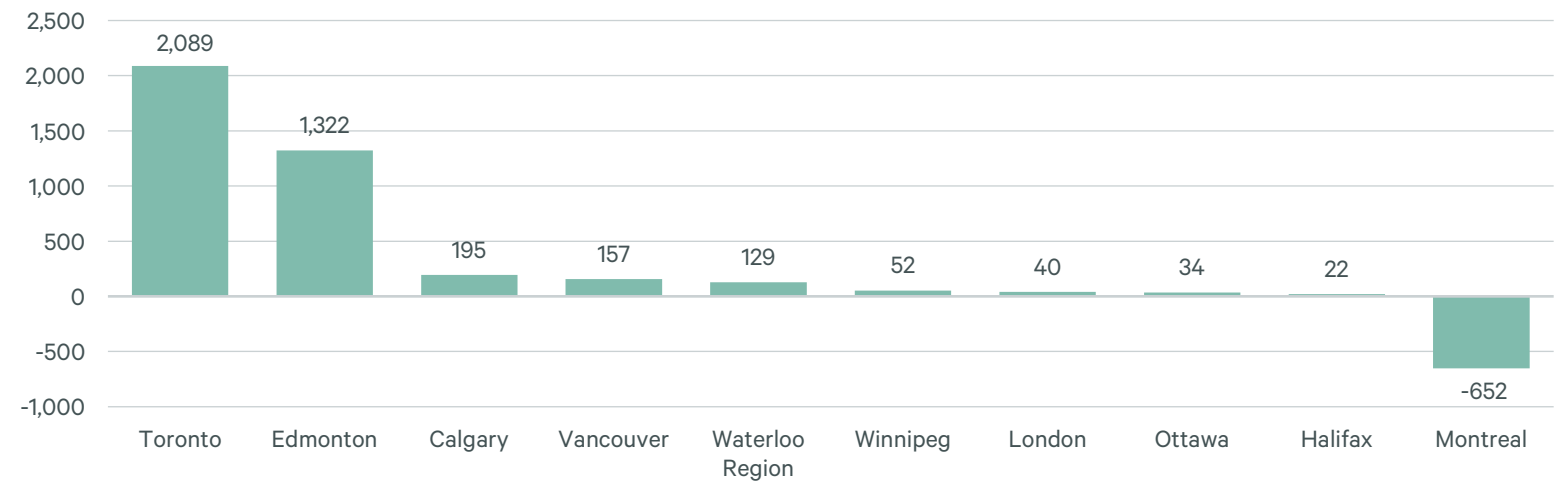
Net absorption moderates across most markets

- Net leasing activity rose from its post-pandemic low last quarter to 3.4 million sq. ft. of positive net absorption in Q2 2023.
- Activity was led primarily by the Toronto and Edmonton markets which had strong levels of pre-leased new supply delivered this quarter, for total positive net absorption of 2.1 and 1.3 million sq. ft., respectively.
- For the second consecutive quarter, the Montreal market recorded negative net absorption in Q2 2023. Montreal and Winnipeg remain the only markets that have recorded cumulative negative net absorption so far in 2023.
- Outside of these three markets, net absorption was muted across Canada as most markets held relatively steady quarter-over-quarter.
- New supply once again outpaced net absorption in Q2 2023 across every market in Canada with the exception of Winnipeg.

FIGURE 2: National Net Absorption vs. New Supply (MSF)



FIGURE 3: Net Absorption by Market (000's SF)



Source: CBRE Research, Q2 2023.

Availability rate edges higher but remains below historic average

- The national availability rate continues to rise steadily in Canada, increasing slightly by 20 basis points (bps) to 2.1% in Q2 2023.
- While national availability has risen above 2.0% for the first time in two years, market conditions remain tight and well below the historical 15-year average rate of 4.8%.
- On a year-over-year basis, seven of 10 markets have seen availability rates rise, with contractions seen in London and the two Alberta markets.
- The London market continues to be the tightest industrial market in Canada with an availability rate holding under 1.0% in Q2 2023.
- Vancouver, Ottawa and Halifax recorded the largest year-over-year increases in their availability rates in Q2 2023, rising 140 bps, 100 bps and 90 bps, respectively.

FIGURE 4: National Availability Rate

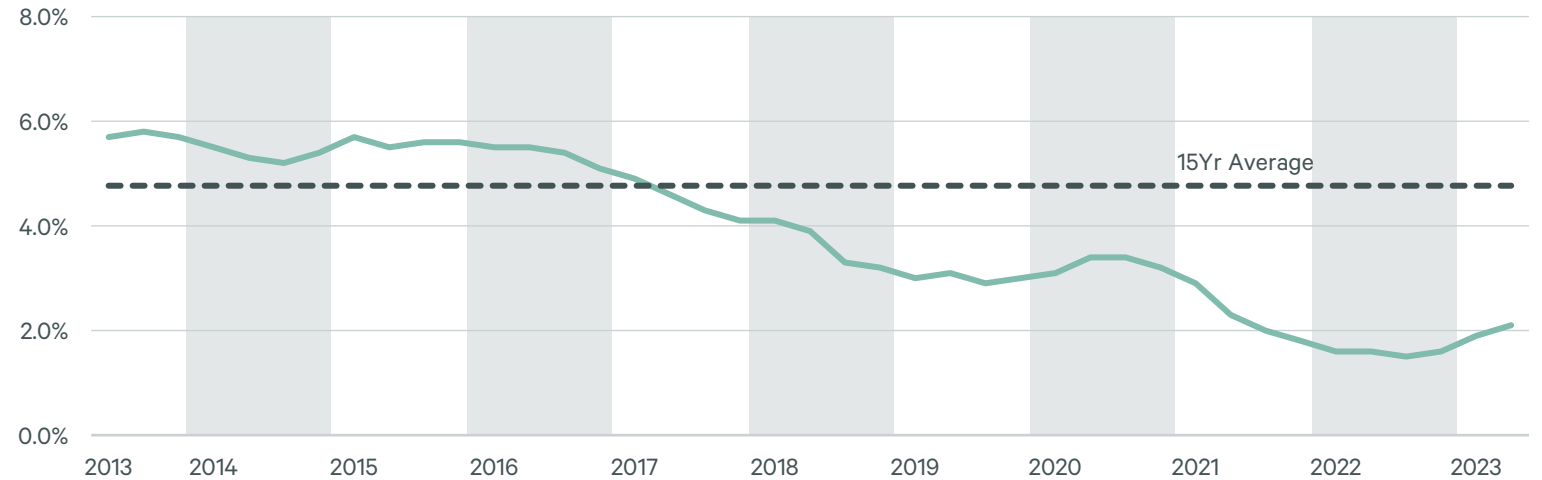
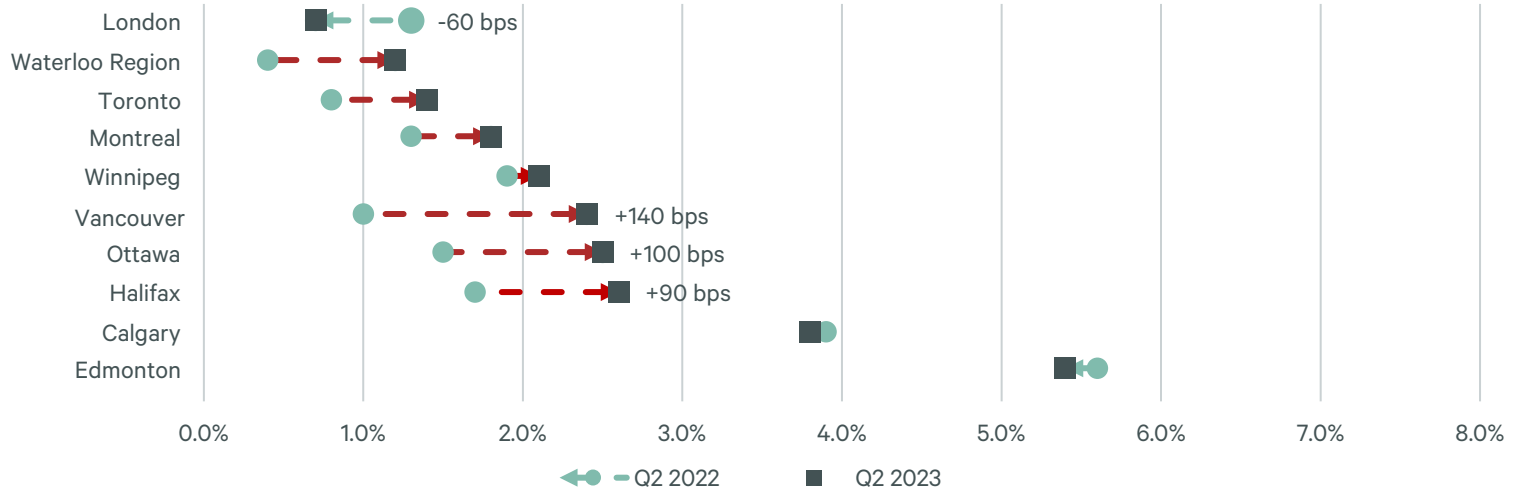


FIGURE 5: Year-over-Year Change in Availability Rate by Market



Source: CBRE Research, Q2 2023.

Construction activity begins to moderate from peak levels

- The national development pipeline decreased in Q2 2023 to 44.4 million sq. ft. of space under construction as more projects completed and were delivered into the market.
- Overall construction levels in Canada continue to be conservative, representing just 2.3% of total inventory.
- The pace of industrial construction remains healthy with 6.6 million sq. ft. of net new projects breaking ground in Q2 2023.
- New development was focused in Vancouver, Toronto and the Waterloo Region, which accounted for 79.6% of all new construction that kicked off this quarter.
- Pre-leasing activity remains lower relative to last year with 38.0% of the 27.1 million sq. ft. expected to deliver over H2 2023 currently committed.

FIGURE 6: Under Construction by Market

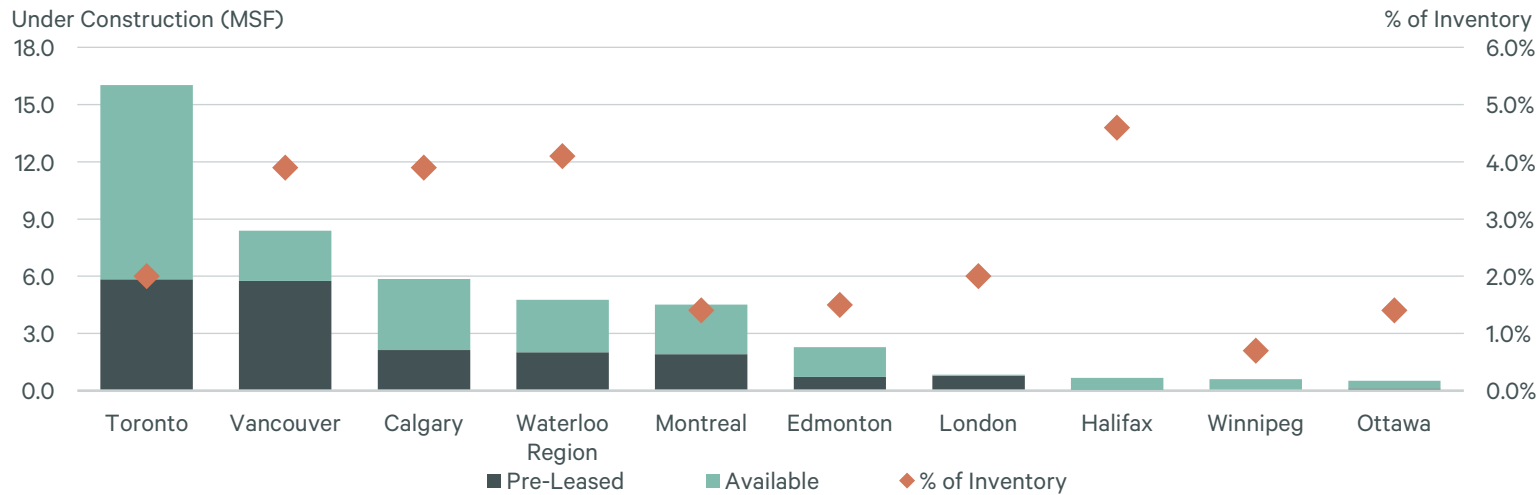
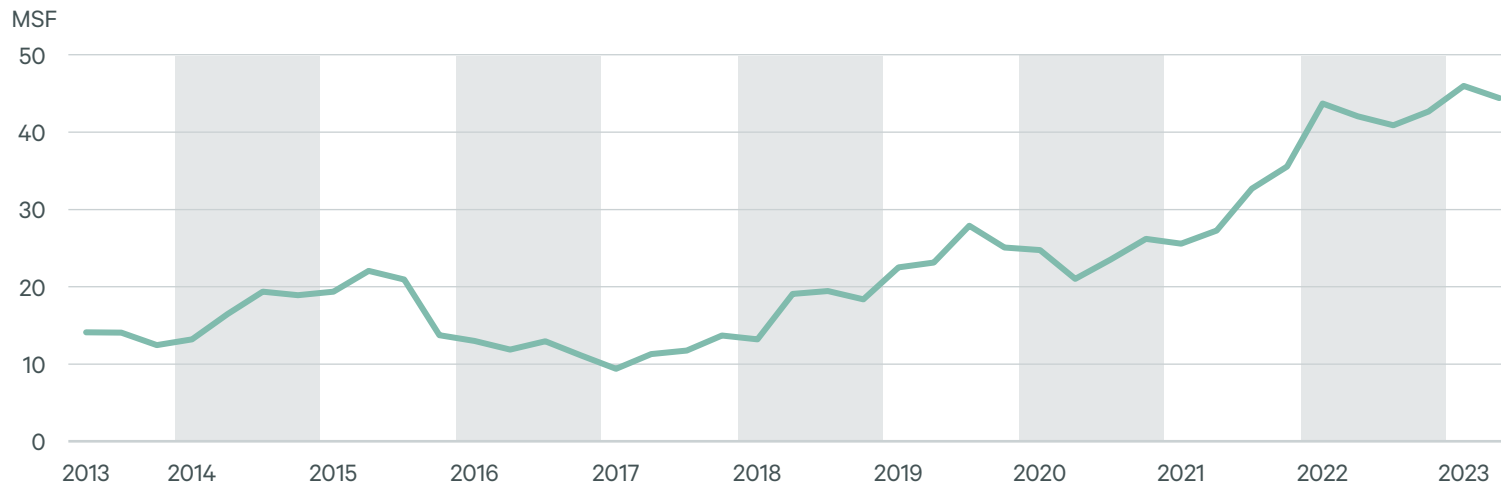


FIGURE 7: National Under Construction Pipeline

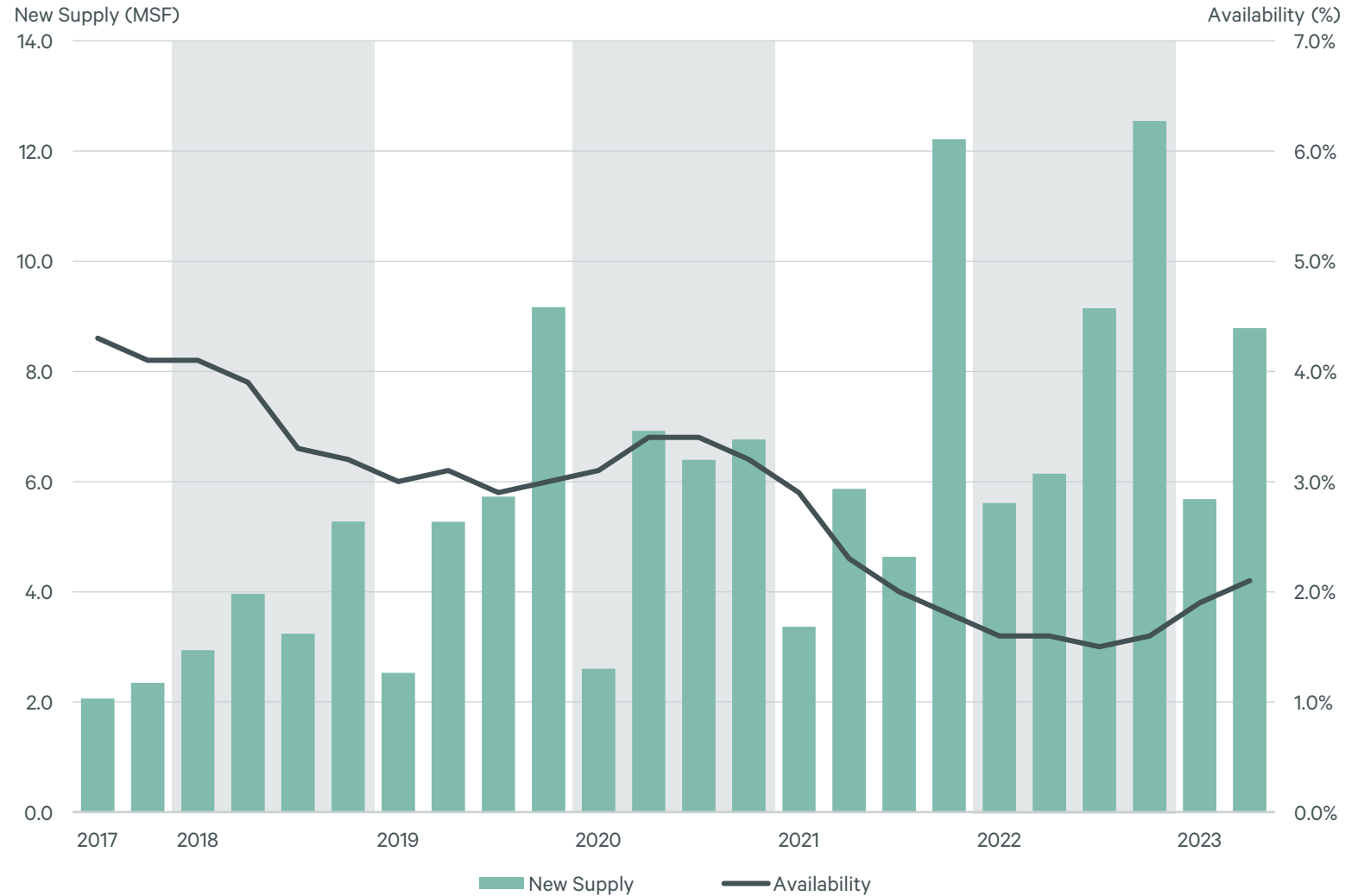


Source: CBRE Research, Q2 2023.

Significant levels of new supply over recent quarters continues to lift availability

- New supply ramped up this quarter with a total of 8.8 million sq. ft. of new builds being delivered into the market in Q2 2023.
- Despite the increase in new supply, the overall impact to availability rates was offset slightly by 73.0% of the new builds delivered this quarter already pre-leased.
- The pace of deliveries has risen significantly over the last year, reaching a record high four-quarter total of 36.2 million sq. ft. of new supply in Q2 2023.
- The new supply this quarter was largely concentrated in the four markets of Toronto (38.9%), Edmonton (16.1%), Vancouver (15.9%) and Calgary (11.6%), which combined accounted for 82.5% of all the completions in Q2 2023.
- Over 27.1 million sq. ft. of space currently under construction is expected to deliver throughout H2 2023. Most of the new space will be located in Toronto (12.2 million sq. ft.), Calgary (4.3 million sq. ft.) and Vancouver (4.2 million sq. ft.).

FIGURE 8: National New Supply vs Availability



Source: CBRE Research, Q2 2023.

Rent growth continues to normalize across markets

- While the pace of rental rate growth moderated further across Canada, net asking rents continued to rise with the national average increasing 19.3% year-over-year to \$16.35 per sq. ft.
- Rent growth continues to normalize across Canada as year-over-year increases largely stabilize around the national average in most markets.
- Montreal, the Waterloo Region and Toronto recorded the largest year-over-year increases in rents in Q2 2023, with each market outpacing the national average rate.
- Edmonton was the only market to record a minor year-over-year rent decrease of 2.2% in Q2 2023. This represents the first industrial rental rate decline in Canada since Q4 2021.

FIGURE 9: National Average Asking Net Rental Rate Growth Year-over-Year Growth (%)

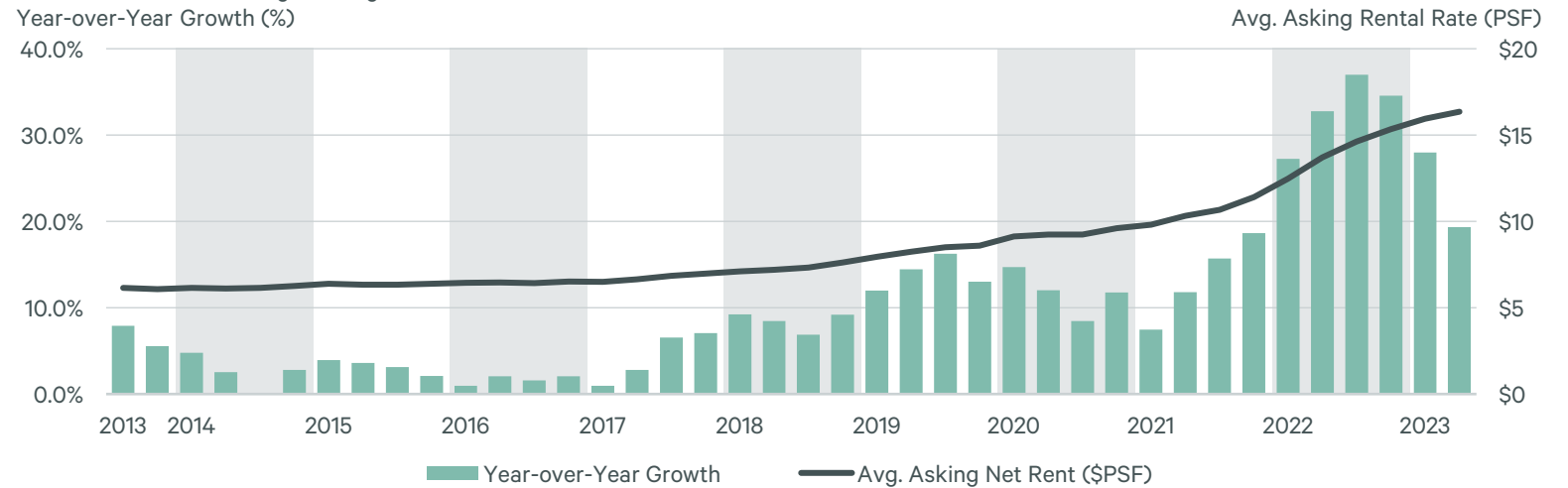
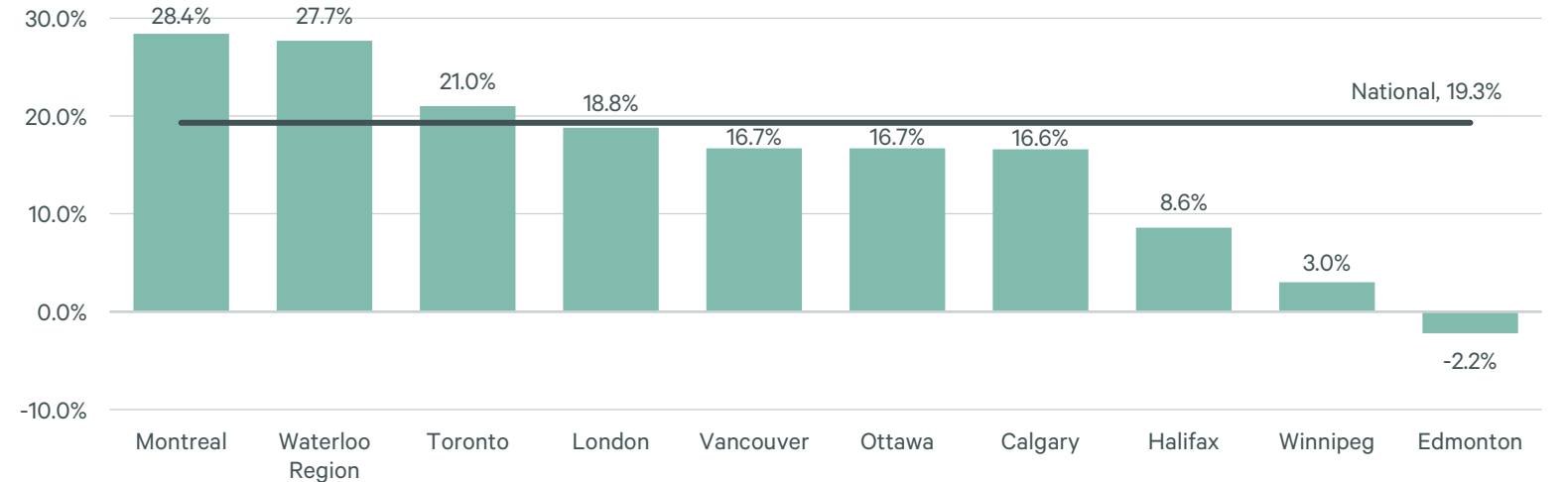


FIGURE 10: Average Asking Net Rental Rate Growth by Market, Year-over-Year



Source: CBRE Research, Q2 2023.

Sale prices plateau in Q2 2023 as growth decelerates

- The national average asking sale price rose marginally to \$273.55 per sq. ft. in Q2 2023, marking the first time in 10 quarters that year-over-year growth has fallen to single-digits.
- Halifax, Ottawa and Montreal recorded the largest increases in asking sale prices with each market seeing year-over-year growth in excess of 20%.
- Asking sale prices in Q2 2023 dropped year-over-year in Vancouver and London, marking the first decline in Canada since Q3 2020.
- Vancouver continues to command the highest asking sale prices across Canada at \$575.00 per sq. ft., followed by Toronto at \$377.97 per sq. ft. and Ottawa at \$337.00 per sq. ft.

FIGURE 11: National Average Asking Sale Price Growth Year-over-Year Growth (%)

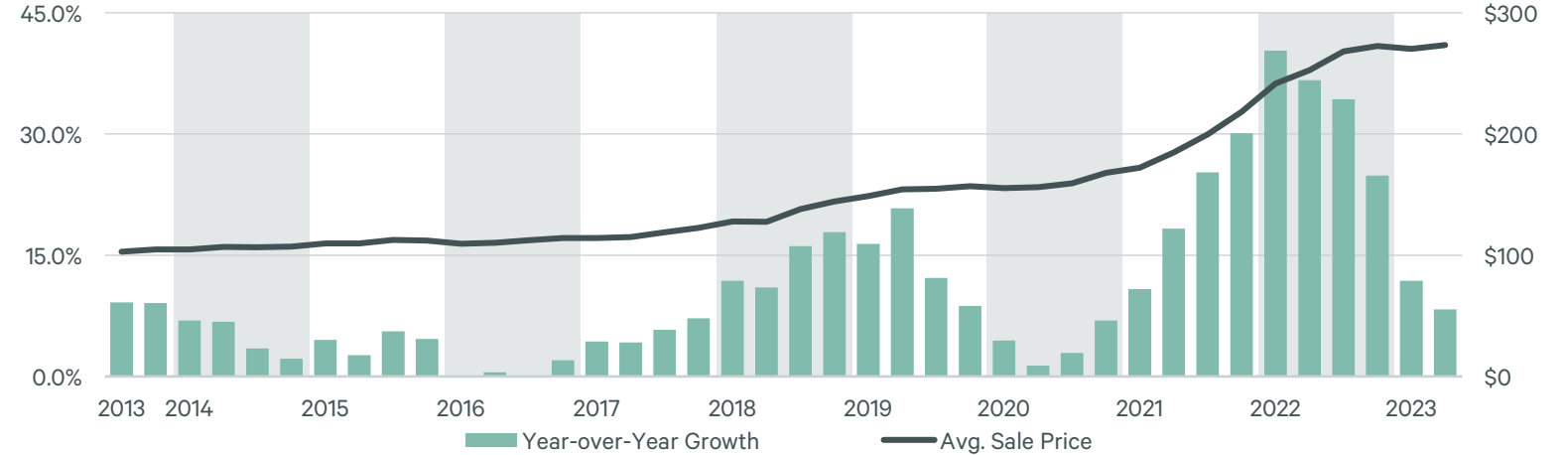
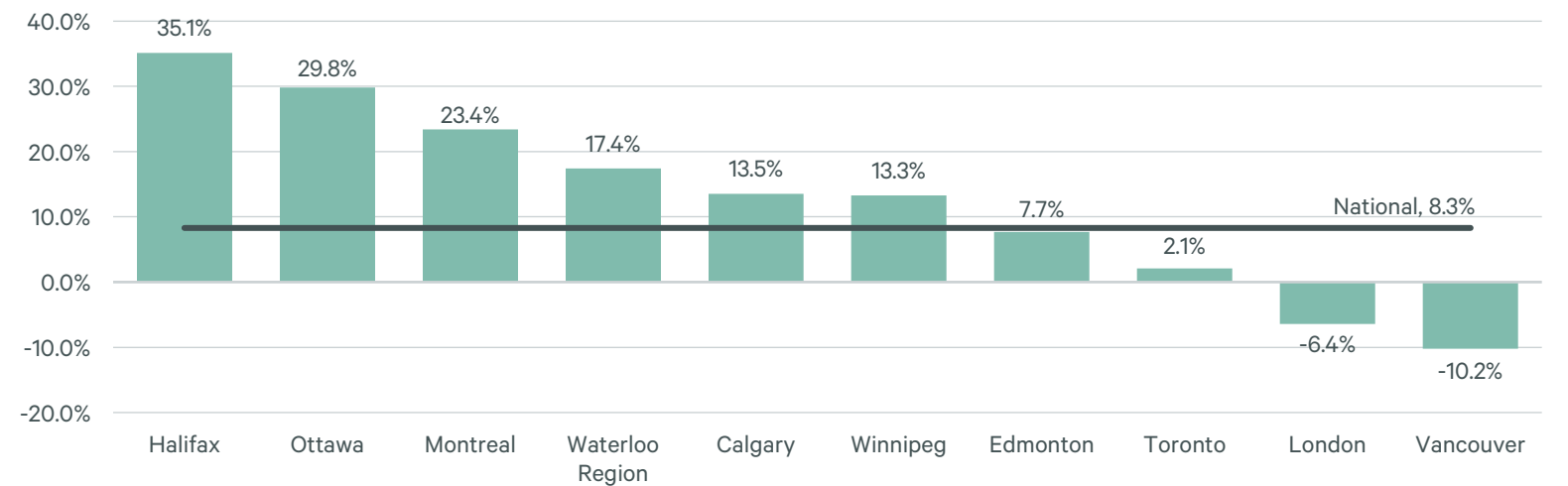


FIGURE 12: Average Asking Sale Price Growth by Market, Year-over-Year



Source: CBRE Research, Q2 2023.

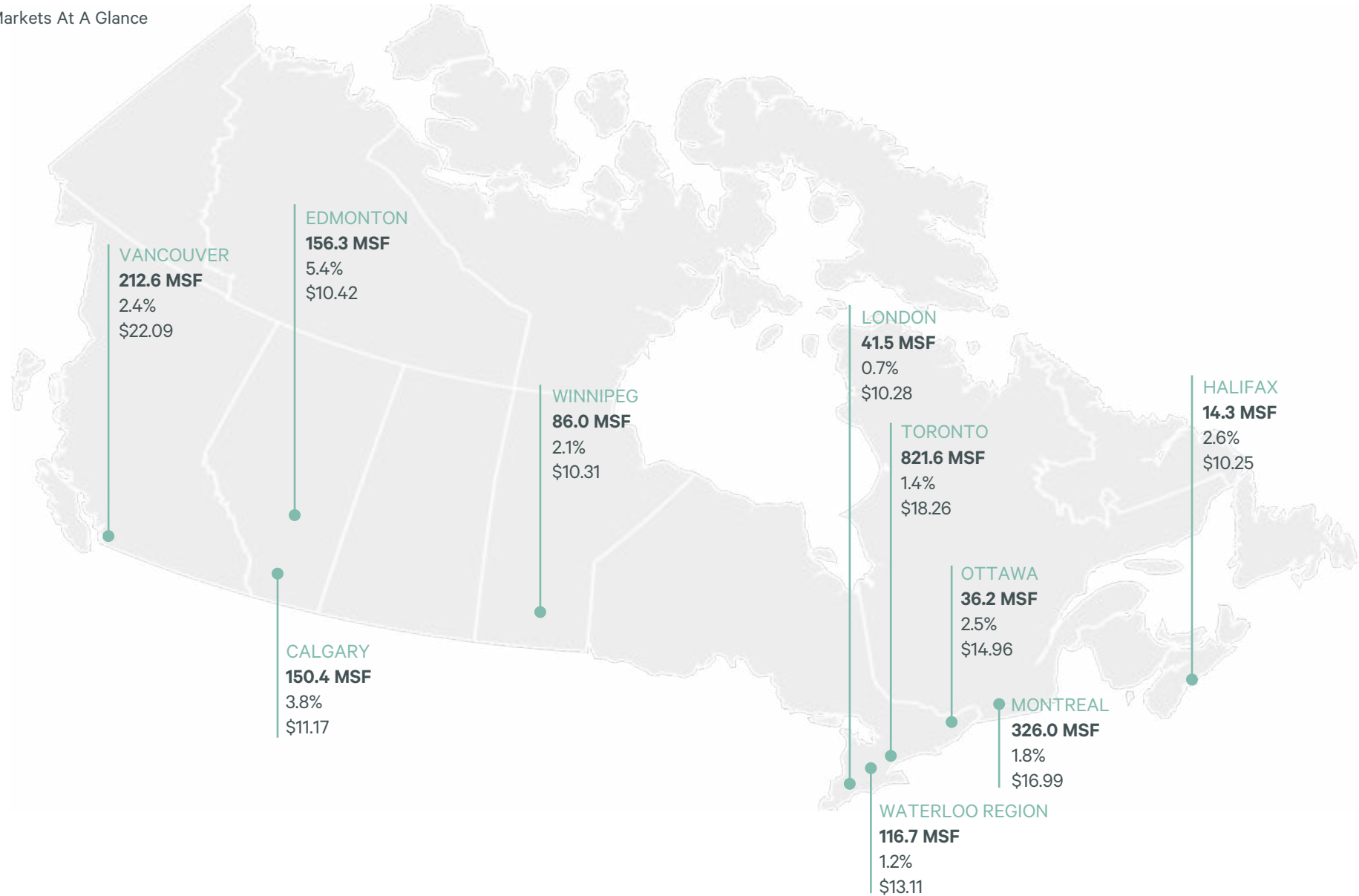
FIGURE 12: Canadian Industrial Markets At A Glance

MARKET

Net Rentable Area

Overall Availability Rate

Avg. Net Rent (PSF)



Source: CBRE Research, Q2 2023.

FIGURE 13: Canadian Industrial Markets Statistics, Q2 2023

	VANCOUVER	CALGARY	EDMONTON	WINNIPEG	LONDON	WATERLOO	TORONTO	OTTAWA	MONTREAL	HALIFAX	NATIONAL
Net Rentable Area	212,623,269	150,380,747	156,291,588	86,002,165	41,508,046	116,660,590	821,586,290	36,183,040	325,977,724	14,300,685	1,961,514,144
Overall Availability Rate	2.4%	3.8%	5.4%	2.1%	0.7%	1.2%	1.4%	2.5%	1.8%	2.6%	2.1%
Quarter Net Absorption	156,980	194,753	1,321,547	51,961	39,735	128,893	2,088,968	34,074	-652,411	21,567	3,386,067
Year-to-Date Net Absorption	818,284	295,933	1,586,778	-37,514	273,607	372,832	1,769,670	332,260	-752,193	72,153	4,731,810
Quarter New Supply	1,397,002	1,021,262	1,412,194	16,150	78,811	142,621	3,418,545	124,000	952,471	222,018	8,785,074
Year-to-Date New Supply	3,669,907	1,200,367	1,523,157	156,324	122,186	742,891	5,220,264	373,200	1,182,471	277,141	14,467,908
Under Construction	8,385,524	5,854,990	2,283,291	600,714	825,567	4,762,638	16,023,452	510,128	4,512,158	658,235	44,416,697
Avg. Net Rent (PSF)	\$22.09	\$11.17	\$10.42	\$10.31	\$10.28	\$13.11	\$18.26	\$14.96	\$16.99	\$10.25	\$16.35
Avg. TMI (PSF)	\$5.61	\$4.90	\$4.85	\$4.24	\$4.78	\$4.29	\$4.17	\$6.58	\$4.26	\$7.35	\$4.54
Avg. Sale Price (PSF)	\$575.00	\$210.00	\$161.48	\$136.00	\$185.72	\$257.44	\$377.97	\$337.00	\$244.89	\$250.00	\$273.55

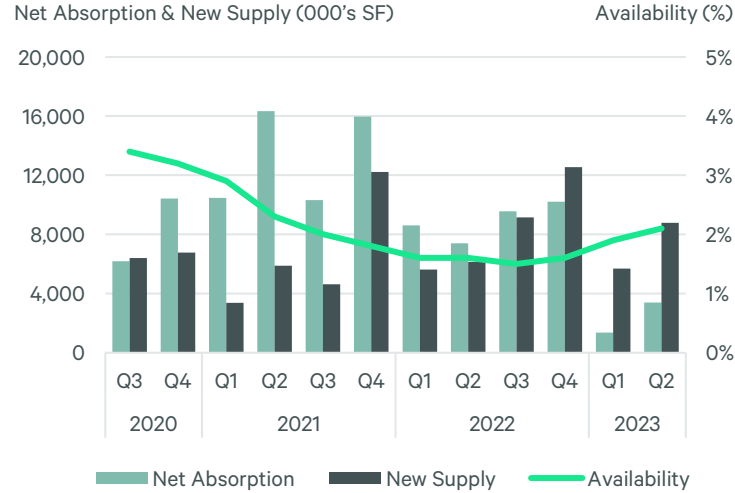
Source: CBRE Research, Q2 2023.

Canada

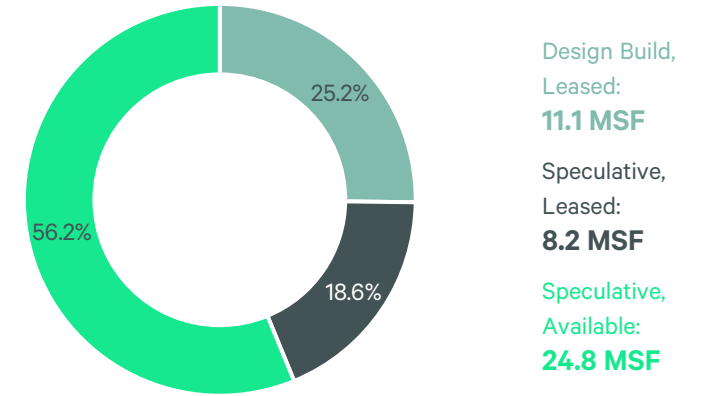
National availability continues to edge higher as more new supply was delivered into the market in Q2 2023. Overall net absorption rose from its post-pandemic low last quarter, however, net leasing activity was relatively muted for most markets in Canada. Meanwhile, rent growth continues to normalize and sale price growth has fallen to single-digit levels.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	1,961,514,144	▲
Overall Availability Rate	2.1%	▲
Quarter Net Absorption	3,386,067	▲
Year-to-Date Net Absorption	4,731,810	
Quarter New Supply	8,785,074	▲
Year-to-Date New Supply	14,467,908	
Under Construction	44,416,697	▼
Avg. Net Rent (PSF)	\$16.35	▲
Avg. TMI (PSF)	\$4.54	▲
Avg. Sale Price (PSF)	\$273.55	▲

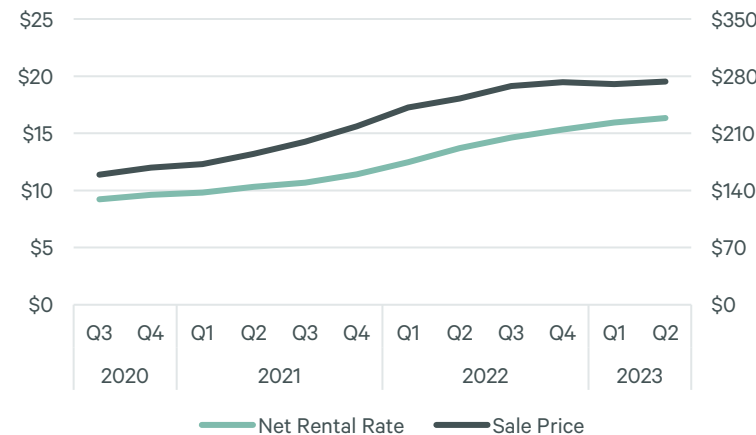
SUPPLY & DEMAND



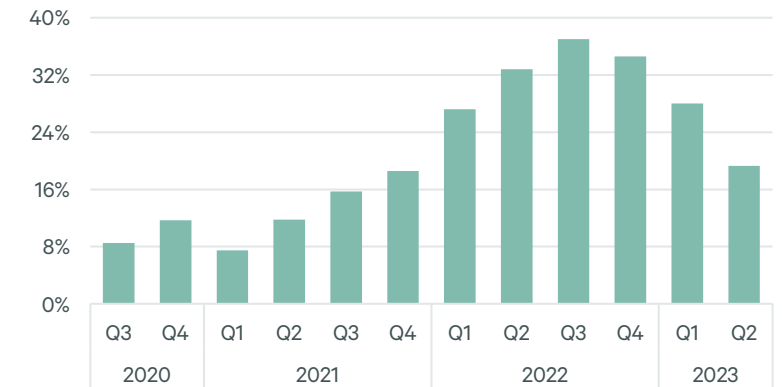
UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH

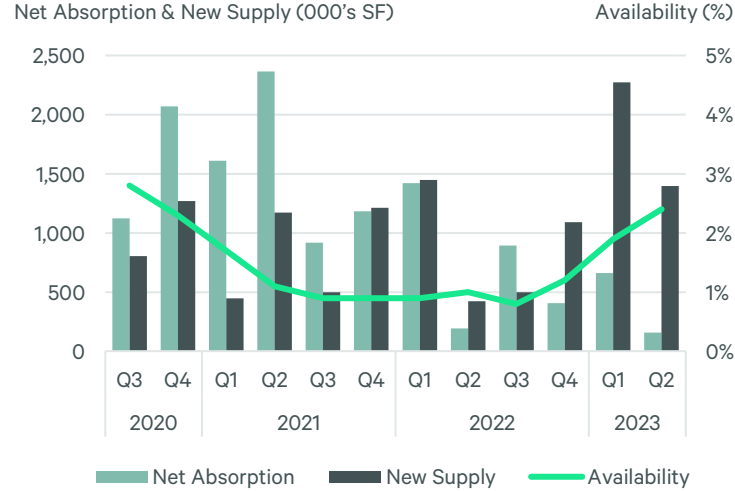


Vancouver

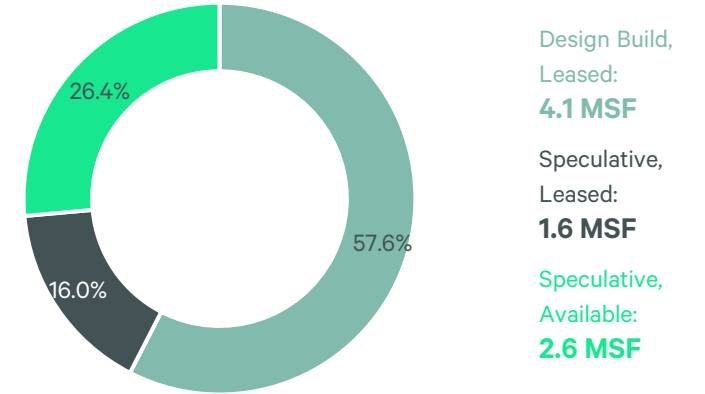
Decelerating deal activity in both the sale and leasing markets has pushed availability rates up 50 bps to 2.4% in Vancouver, rewinding three years of compression to a level not seen since early in the pandemic. This was sustained primarily by numerous vacancies over 100,000 sq. ft. and the vacant delivery of strata developments.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	212,623,269	▲
Overall Availability Rate	2.4%	▲
Quarter Net Absorption	156,980	▼
Year-to-Date Net Absorption	818,284	
Quarter New Supply	1,397,002	▼
Year-to-Date New Supply	3,669,907	
Under Construction	8,385,524	▲
Avg. Net Rent (PSF)	\$22.09	▲
Avg. TMI (PSF)	\$5.61	▼
Avg. Sale Price (PSF)	\$575.00	▼

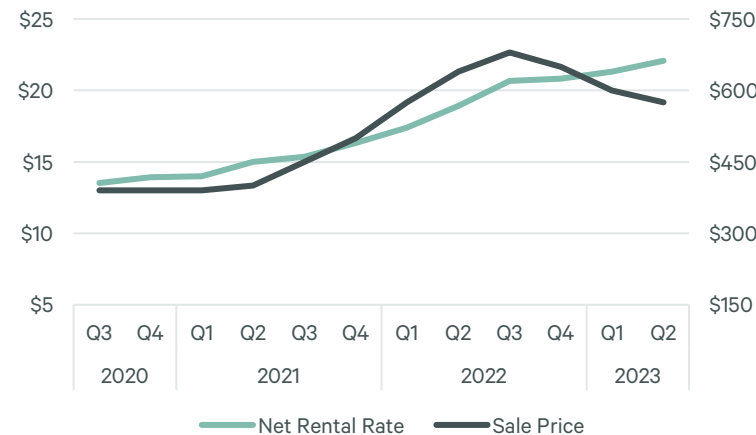
SUPPLY & DEMAND



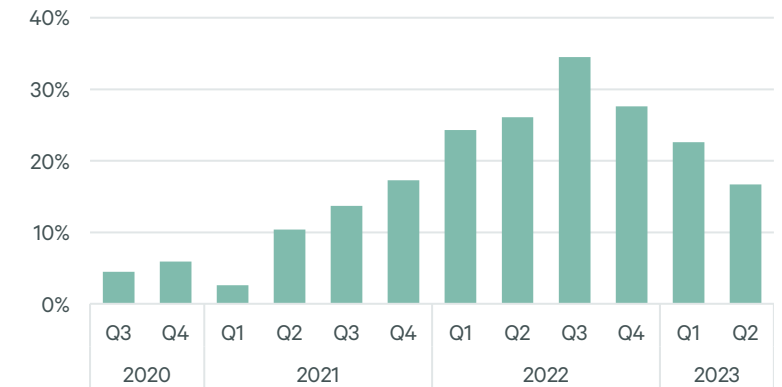
UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH

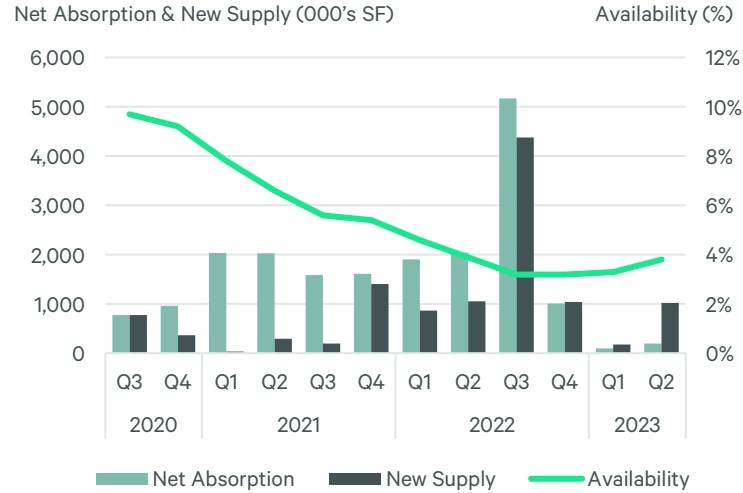


Calgary

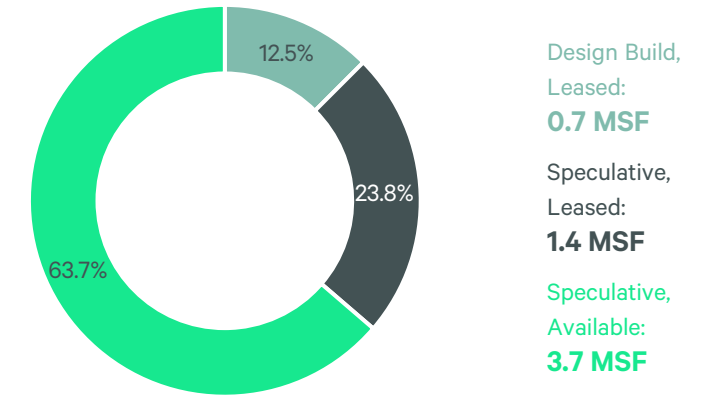
The Calgary market continues to show signs of normalizing on the heels of two years of historically high levels of net absorption. New supply once again outpaced deal velocity, with 1.0 million sq. ft. being delivered this quarter, driving inventory levels towards equilibrium with user demand.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	150,380,747	▲
Overall Availability Rate	3.8%	▲
Quarter Net Absorption	194,753	▲
Year-to-Date Net Absorption	295,933	
Quarter New Supply	1,021,262	▲
Year-to-Date New Supply	1,200,367	
Under Construction	5,854,990	▲
Avg. Net Rent (PSF)	\$11.17	▲
Avg. TMI (PSF)	\$4.90	▲
Avg. Sale Price (PSF)	\$210.00	◄►

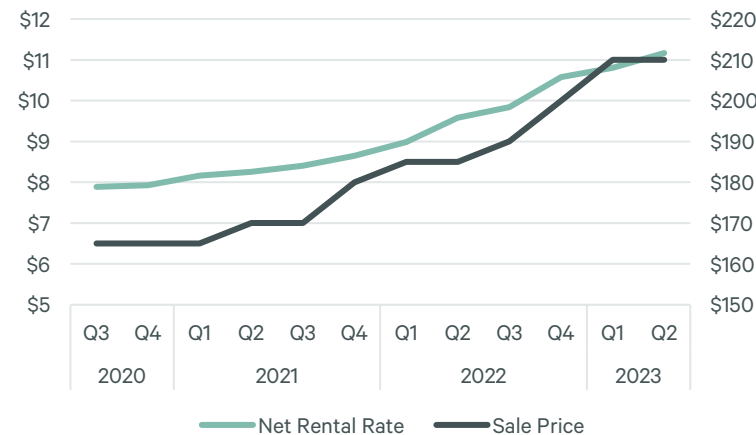
SUPPLY & DEMAND



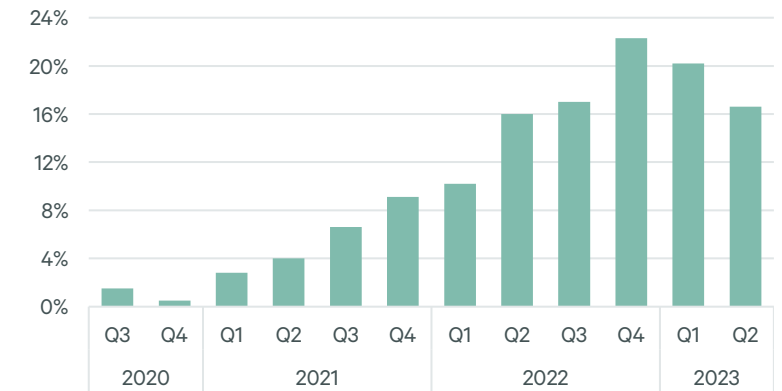
UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH



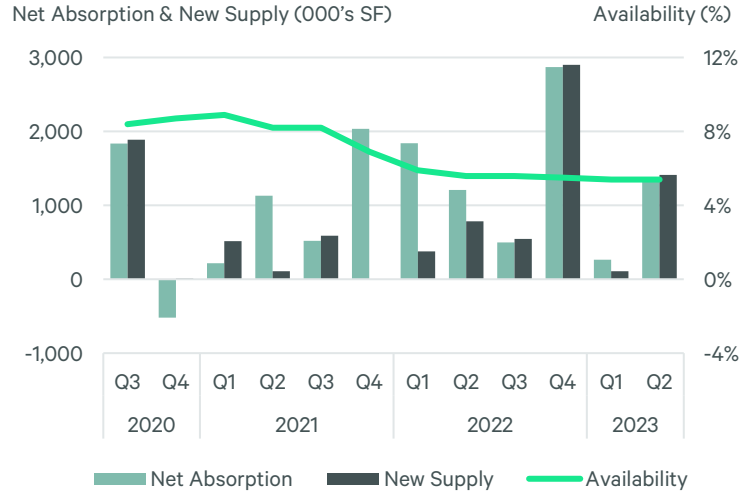
Edmonton

Despite over 1.4 million sq. ft. of newly constructed space being delivered in Q2 2023, the third highest quarterly amount in over five years, Edmonton’s availability rate remains unchanged at 5.4%. Continued demand for all types of industrial space coupled with a relative lack of large-scale distribution facilities is driving strong pre-leasing activity in new builds.

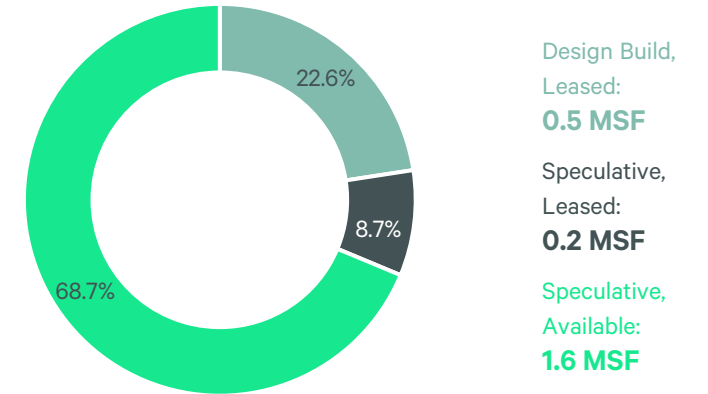
MARKET STATS	TOTAL	Q/Q
Net Rentable Area	156,291,588	▲
Overall Availability Rate	5.4%	◄►
Quarter Net Absorption	1,321,547	▲
Year-to-Date Net Absorption	1,586,778	
Quarter New Supply	1,412,194	▲
Year-to-Date New Supply	1,523,157	
Under Construction	2,283,291	▼
Avg. Net Rent (PSF)	\$10.42	▼
Avg. TMI (PSF)	\$4.85	▲
Avg. Sale Price (PSF)	\$161.48	▲

*Series altered to include Sherwood Park starting in 2018.

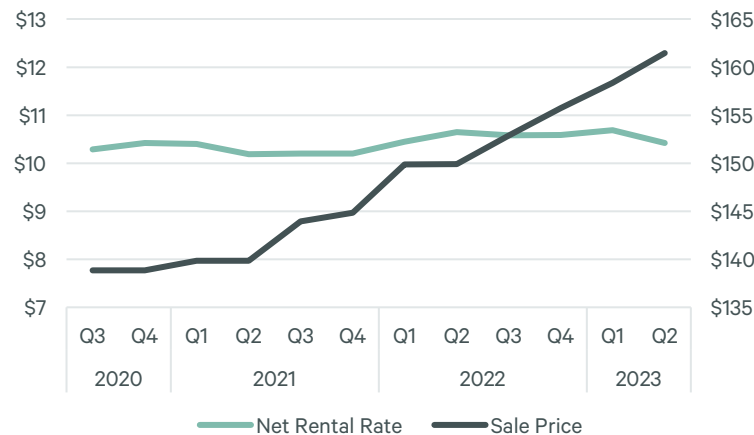
SUPPLY & DEMAND



UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH



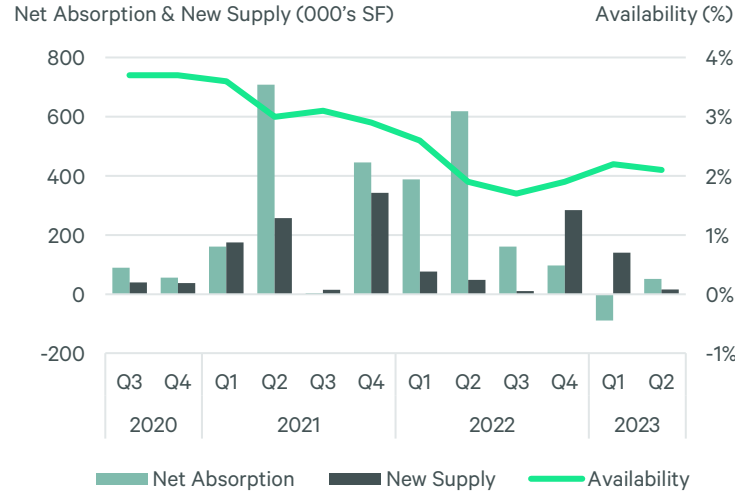
Winnipeg

Strong demand coupled with less than 20,000 sq. ft. of new supply contributed to the 10 bps decrease in Winnipeg’s availability rate this quarter to 2.1%. There continues to be a shortage of modern industrial space which, with 600,000 sq. ft. under construction and more in the pipeline, the market is making strides toward alleviating.

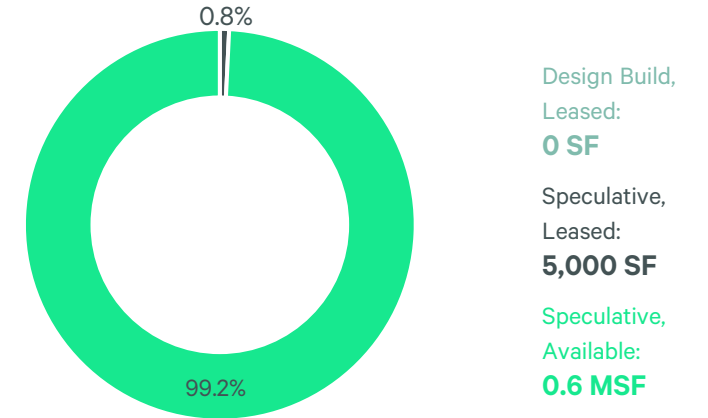
MARKET STATS	TOTAL	Q/Q
Net Rentable Area	86,002,165	▲
Overall Availability Rate	2.1%	▼
Quarter Net Absorption	51,961	▲
Year-to-Date Net Absorption	-37,514	
Quarter New Supply	16,150	▼
Year-to-Date New Supply	156,324	
Under Construction	600,714	▲
Avg. Net Rent (PSF)	\$10.31	▼
Avg. TMI (PSF)	\$4.24	▼
Avg. Sale Price (PSF)	\$136.00	▲

*Series altered to include rural municipalities (RMs) starting in 2021.

SUPPLY & DEMAND



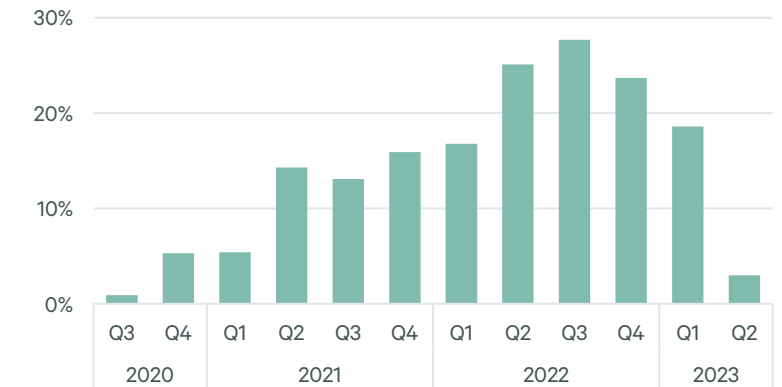
UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH



London

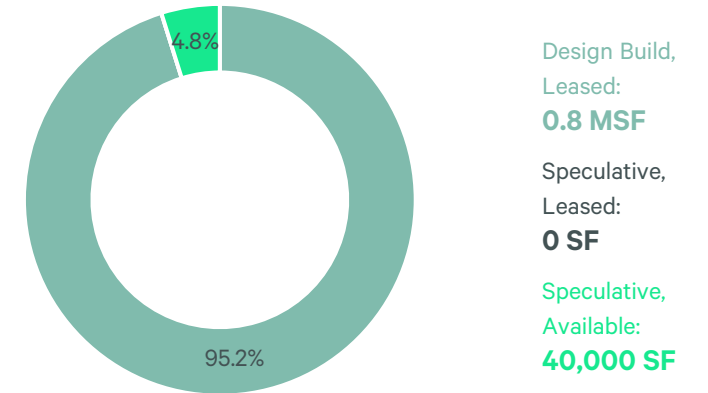
The London market has continued to exhibit high demand and low availability which has seen London remain as the only Canadian market with an availability rate below 1.0% for a second consecutive quarter. Many companies within the city are looking to expand their footprint including Cargill and Edge Automation, to name a few, and are resorting to building additions to their existing premises given the lack of space.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	41,508,046	▲
Overall Availability Rate	0.7%	▲
Quarter Net Absorption	39,735	▼
Year-to-Date Net Absorption	273,607	
Quarter New Supply	78,811	▲
Year-to-Date New Supply	122,186	
Under Construction	825,567	▼
Avg. Net Rent (PSF)	\$10.28	▲
Avg. TMI (PSF)	\$4.78	▲
Avg. Sale Price (PSF)	\$185.72	▲

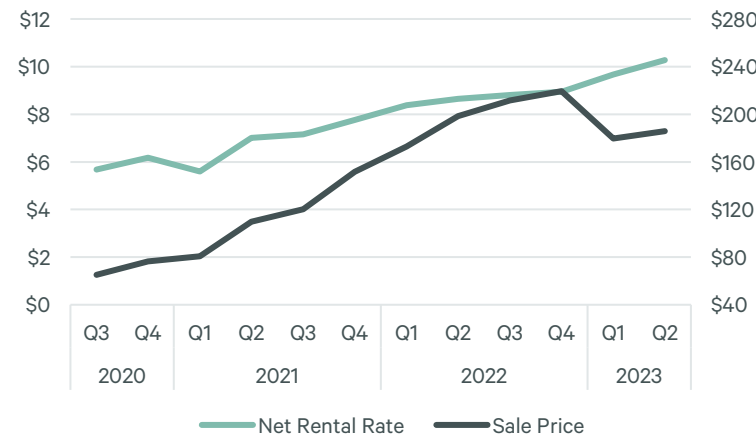
SUPPLY & DEMAND



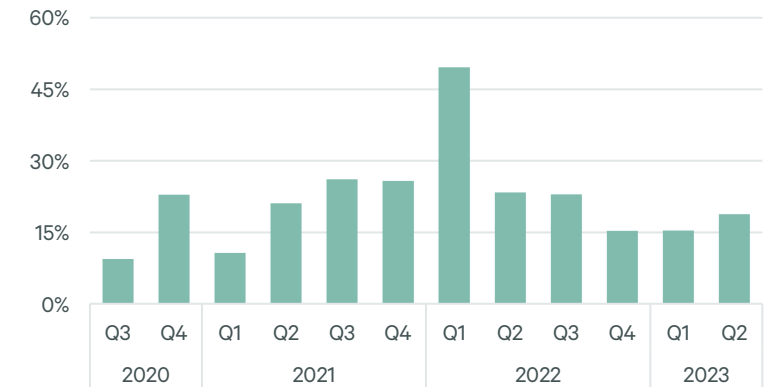
UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH



Waterloo Region

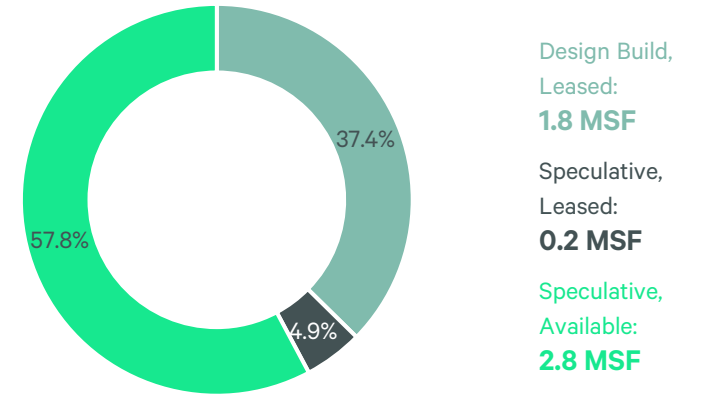
The construction pipeline expanded by 1.3 million sq. ft. as HOOPP's iPort Cambridge buildings and 4 Bowery Road commenced across the Waterloo Region. With recent sentiment indicating more activity and deal volume for smaller spaces, large-scale facilities geared toward single tenancies may drive up availability in the medium term.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	116,660,590	▲
Overall Availability Rate	1.2%	◄►
Quarter Net Absorption	128,893	▼
Year-to-Date Net Absorption	372,832	
Quarter New Supply	142,621	▼
Year-to-Date New Supply	742,891	
Under Construction	4,762,638	▲
Avg. Net Rent (PSF)	\$13.11	▲
Avg. TMI (PSF)	\$4.29	▲
Avg. Sale Price (PSF)	\$257.44	▲

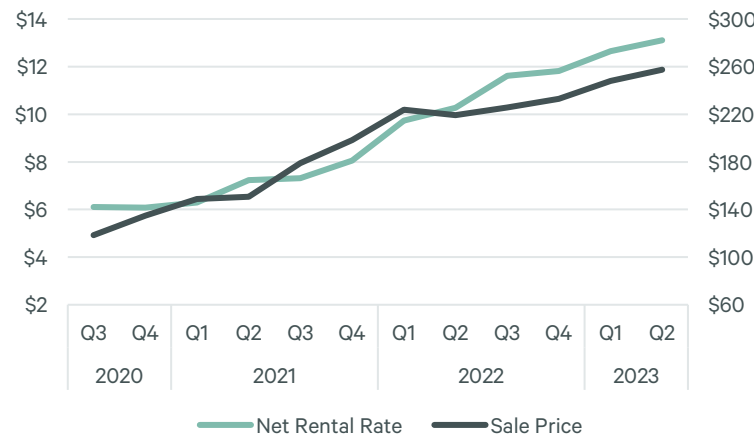
SUPPLY & DEMAND



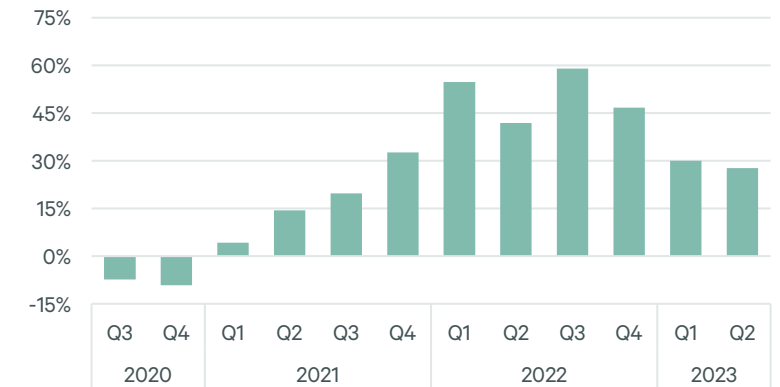
UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH

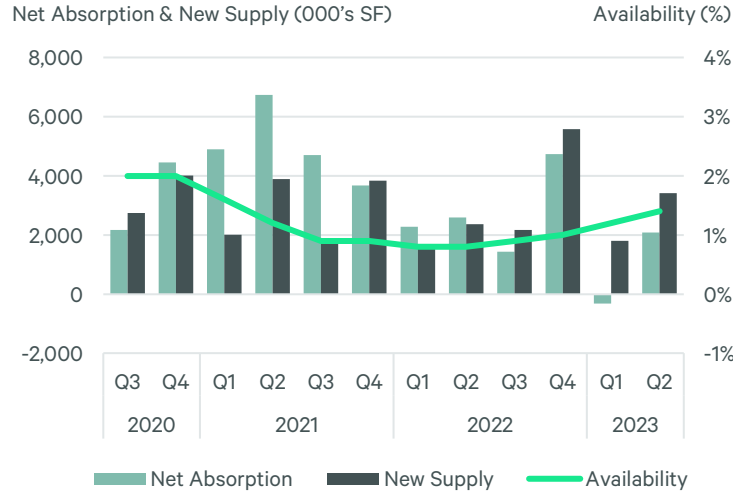


Toronto

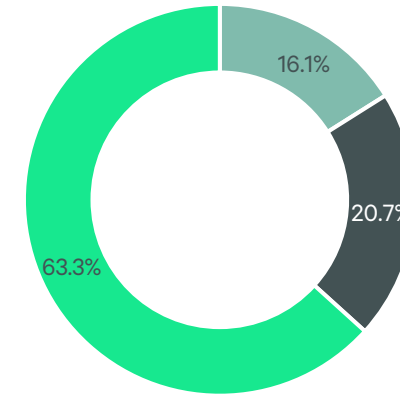
Leasing velocity rose in Q2 2023 for the 100,000 sq. ft. and larger segment of the market. Preleasing for new completions continue to hold at a lower level relative to a year ago. Accordingly, rental expectations for new builds have plateaued and more developers are now starting to subdivide their spaces to spur leasing activity by accommodating a larger pool of tenants.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	821,586,290	▲
Overall Availability Rate	1.4%	▲
Quarter Net Absorption	2,088,968	▲
Year-to-Date Net Absorption	1,769,670	
Quarter New Supply	3,418,545	▲
Year-to-Date New Supply	5,220,264	
Under Construction	16,023,452	▼
Avg. Net Rent (PSF)	\$18.26	▲
Avg. TMI (PSF)	\$4.17	▼
Avg. Sale Price (PSF)	\$377.97	▼

SUPPLY & DEMAND



UNDER CONSTRUCTION

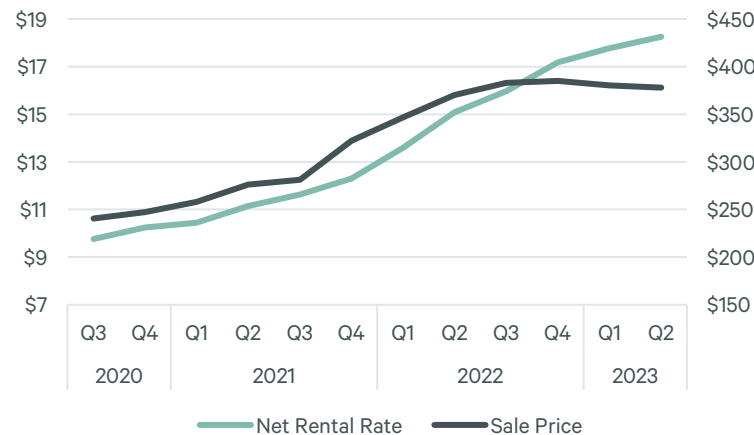


Design Build,
Leased:
2.6 MSF

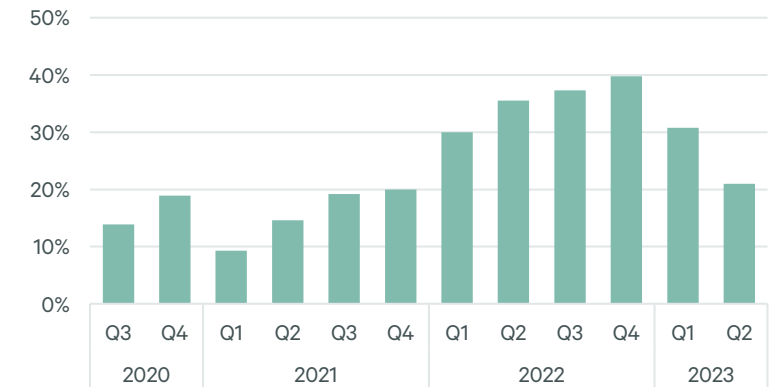
Speculative,
Leased:
3.3 MSF

Speculative,
Available:
10.1 MSF

AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH

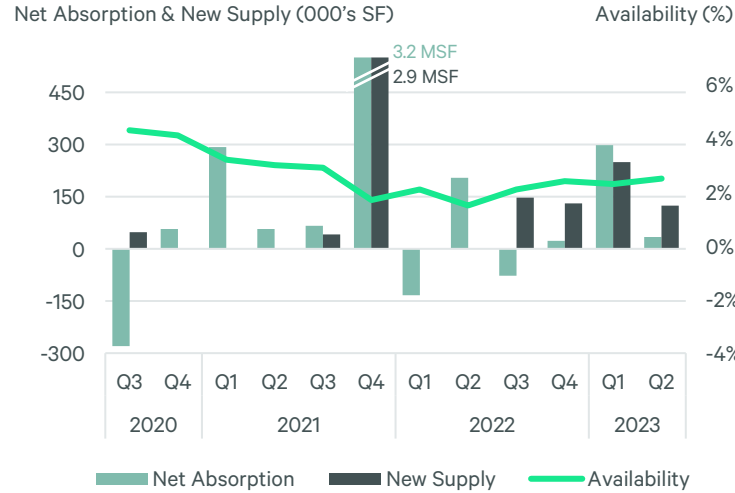


Ottawa

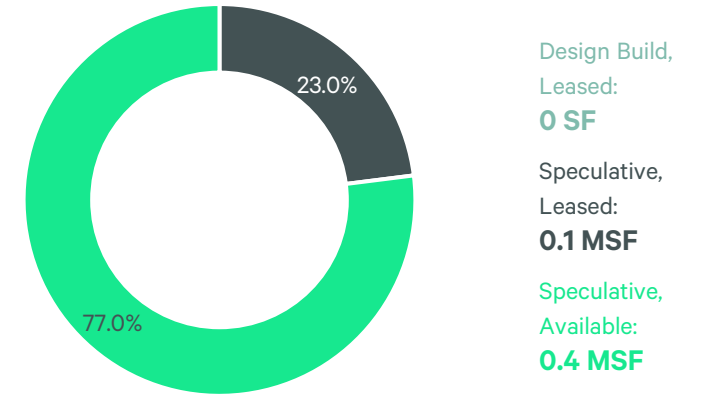
Market demand has slowed slightly leading into the summer as availability increased in Q2 partly due to the recent introduction of new supply. Tenants are shifting their interest towards these new developments and as a result, are boosting average asking net rents which have climbed for the seventh consecutive quarter to just under \$15.00 per sq. ft.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	36,183,040	▲
Overall Availability Rate	2.5%	▲
Quarter Net Absorption	34,074	▼
Year-to-Date Net Absorption	332,260	
Quarter New Supply	124,000	▼
Year-to-Date New Supply	373,200	
Under Construction	510,128	▲
Avg. Net Rent (PSF)	\$14.96	▲
Avg. TMI (PSF)	\$6.58	▲
Avg. Sale Price (PSF)	\$337.00	▲

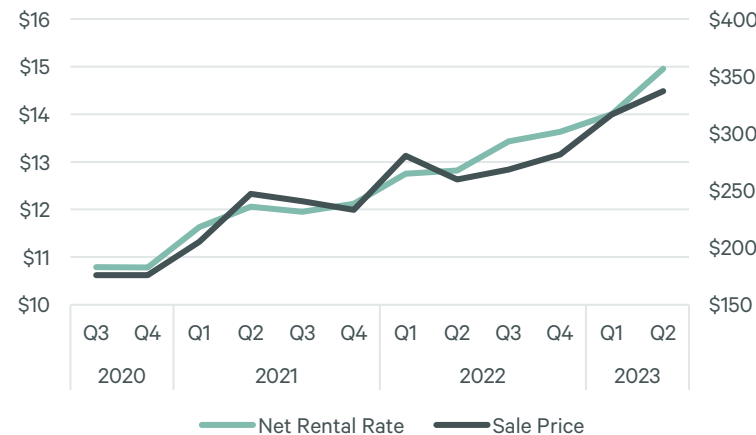
SUPPLY & DEMAND



UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH

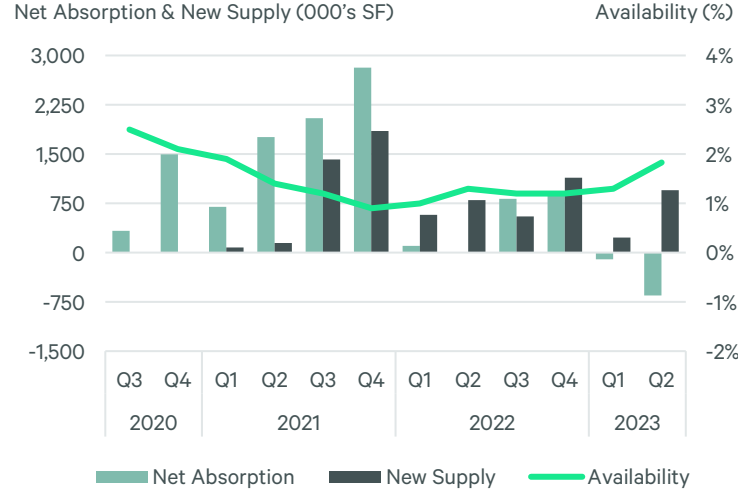


Montreal

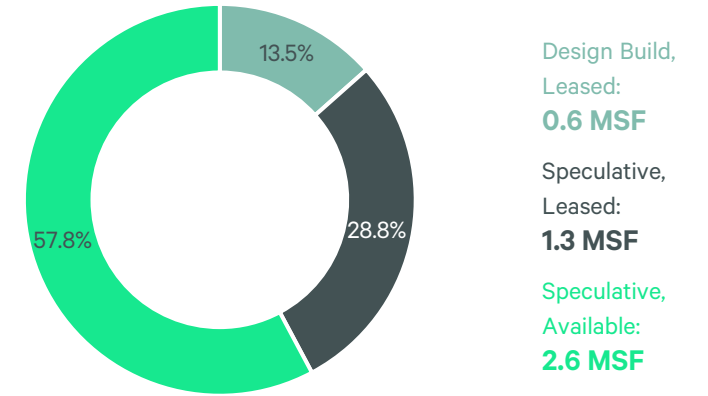
The pace of rental rate growth has slowed to more sustainable levels with the recent uptick in availability this quarter. Currently sitting at 1.8%, the highest it has been in over two years, tenants are starting to have more negotiating power and landlords are having to adapt their pricing strategies to attract and retain tenants.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	325,977,724	▲
Overall Availability Rate	1.8%	▲
Quarter Net Absorption	-652,411	▼
Year-to-Date Net Absorption	-752,193	
Quarter New Supply	952,471	▲
Year-to-Date New Supply	1,182,471	
Under Construction	4,512,158	▼
Avg. Net Rent (PSF)	\$16.99	▲
Avg. TMI (PSF)	\$4.26	◄►
Avg. Sale Price (PSF)	\$244.89	▲

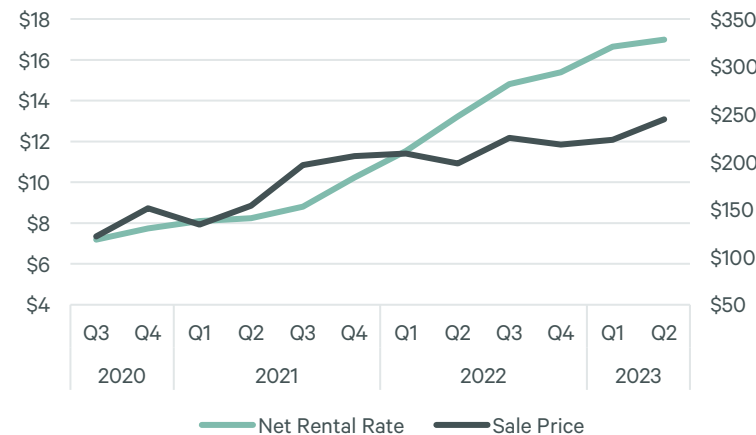
SUPPLY & DEMAND



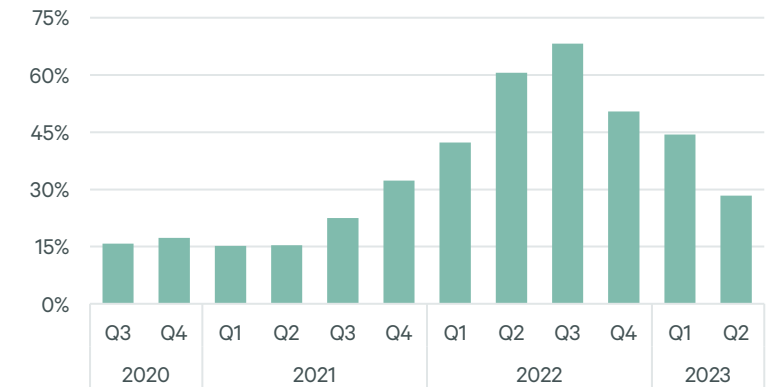
UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH

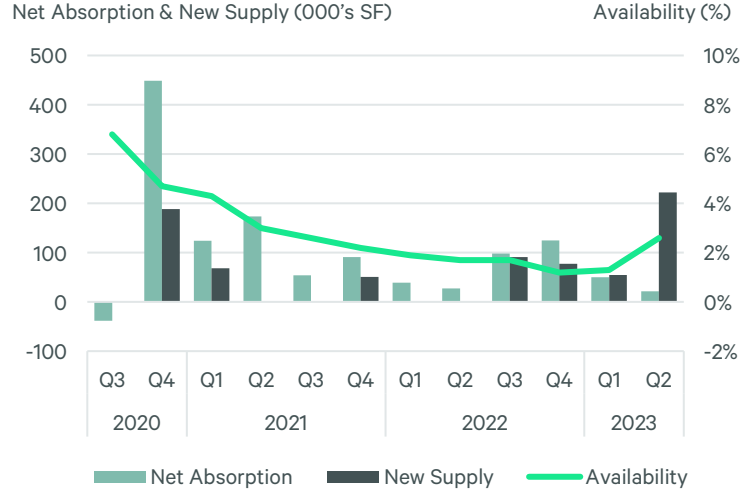


Halifax

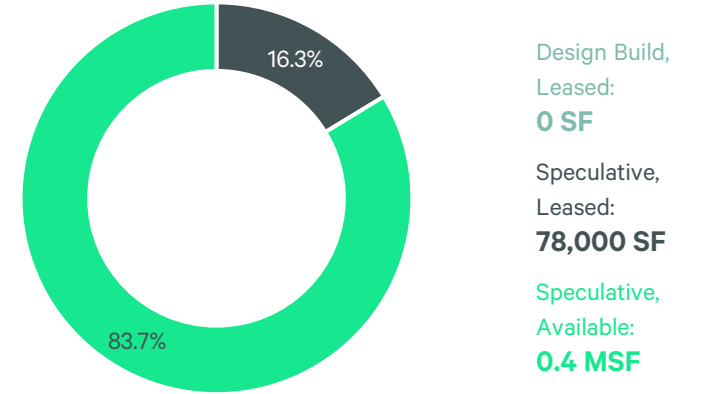
Availability increased to 2.6% in Halifax as recent new supply deliveries have alleviated some market pressure and provided industrial users with an opportunity to find modern space that meets their needs. However, it remains that few opportunities are available for large-scale occupiers. Despite continuously increasing rental rates, demand from logistics users remains resilient.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	14,300,685	▲
Overall Availability Rate	2.6%	▲
Quarter Net Absorption	21,567	▼
Year-to-Date Net Absorption	72,153	
Quarter New Supply	222,018	▲
Year-to-Date New Supply	277,141	
Under Construction	658,235	▼
Avg. Net Rent (PSF)	\$10.25	▲
Avg. TMI (PSF)	\$7.35	▲
Avg. Sale Price (PSF)	\$250.00	◄►

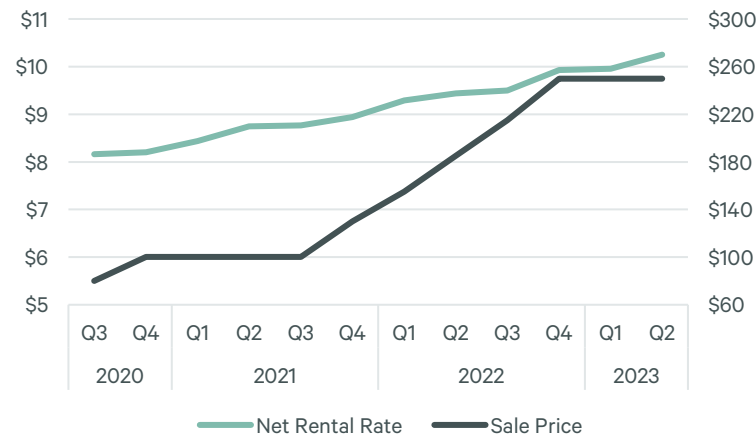
SUPPLY & DEMAND



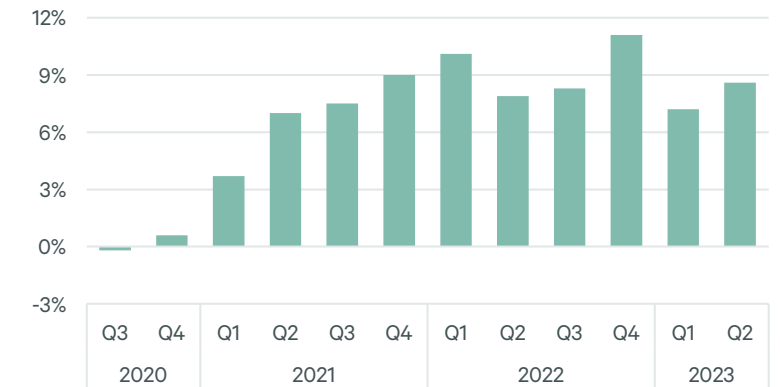
UNDER CONSTRUCTION



AVG. ASKING NET RENT & SALE PRICE (PSF)



AVG. ASKING NET RENT, Y-o-Y GROWTH



Contacts

Marc Meehan

Research Director
+1 647 943 4205
marc.meehan@cbre.com

Evan Lee

Research Manager
+1 647 943 3654
evan.lee@cbre.com

Christina Cattana

Research Manager
+1 416 847 3255
christina.cattana@cbre.com

Savannah Fidani

Research Analyst
+1 647 943 4172
savannah.fidani@cbre.com

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