

Q3 2021

Toronto

Industrial Market Report

Net Absorption

This Quarter	Previous Quarter
2.9M SF	5.4M SF
12-Month Absorption	5-Year Quarterly Avg.
13.1M SF	2.0M SF

Availability

This Quarter	Year-over-Year
0.7%	↓ 80 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$11.73 PSF	↑ 15.6%

Development / Sales

Under Construction	New Supply
8.9M SF	2.6M SF
Sale Price Avg.	Year-over-Year
\$273 PSF	↑ 13.3%

*Weighted Average
Colliers Macaulay Nicolls Inc.

Market Outlook

Q3 2021 was another strong quarter for the GTA industrial market, as the availability rate dropped 30 basis points to a new record low of 0.7%. While absorption was lower this quarter than it was in Q1 and Q2, 2021's year-to-date totals have already exceeded the previous five years' annual absorption numbers. Q3 2021 marked the 20th straight quarter of positive absorption since Q3 2016.

As availability tightens, there has been a higher demand for quality space, with tenants desiring certain requirements that older buildings are being challenged to meet. Those in search of space greater than 200,000 square feet will need to be active and diligent in their search, as large bay space is being leased 2-3 years out for buildings under construction and those still in the planning stages. This means that new developments will come to market fully pre-leased, leading to limited opportunities for potential tenants and a scarcity of space available in the GTA over the coming years.

This quarter saw a \$0.40 increase in average net rents, an increase of 3.5% from last quarter. The largest increase was in the GTA West market, with

rents jumping 11.9% from last quarter. Going forward, as the number of available listings shrinks, rental rates will become more volatile. Due to this rental rate volatility, it is becoming more and more common for properties to be marketed with no net rents posted, indicating that the pricing increases are currently outpacing the lifespan of marketed listings and landlords' ability to set accurate market rents.

In terms of new supply, 2.6 million square feet was delivered this quarter with another 8.9 million square feet in the development pipeline. At this time last year there was 17.1 million square feet of new space under construction, half of which has now come to market. However, in the same period the availability rate has been cut from 1.5% to 0.7%, further illustrating the point that supply is not keeping up with demand.

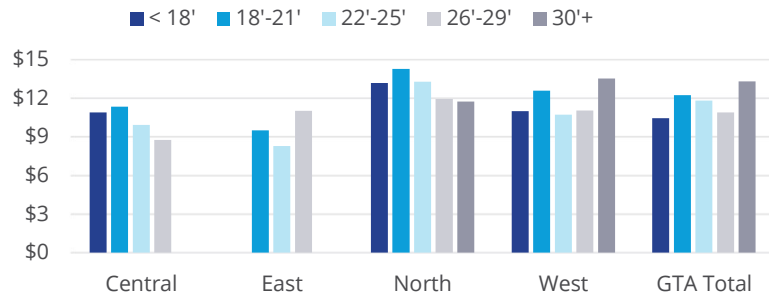
This quarter, LaSalle Investments purchased three industrial buildings (two in Whitby and one in Brampton) from Carterra Private Equities for approximately \$300 per square foot. The three buildings total 605,423 square feet and were fully leased at the time of sale.

Accelerating success.

Market Overview

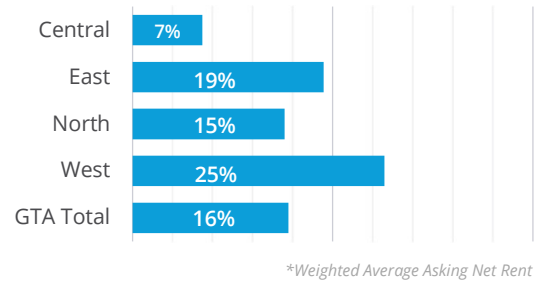
01 Rental Rates by Clear Height

Weighted Average Asking Net Rates (PSF)



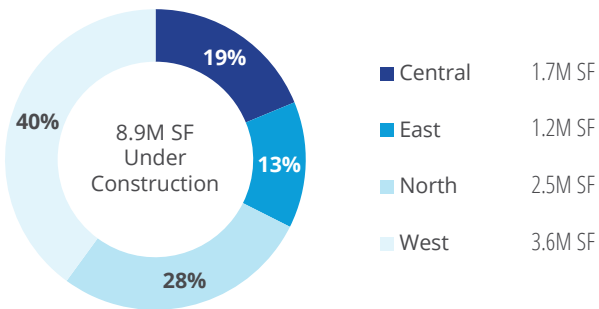
02 Rental Rate Growth*

By Market | Q3 2020 – Q3 2021



03 Under Construction by Market

By Building Area (SF)



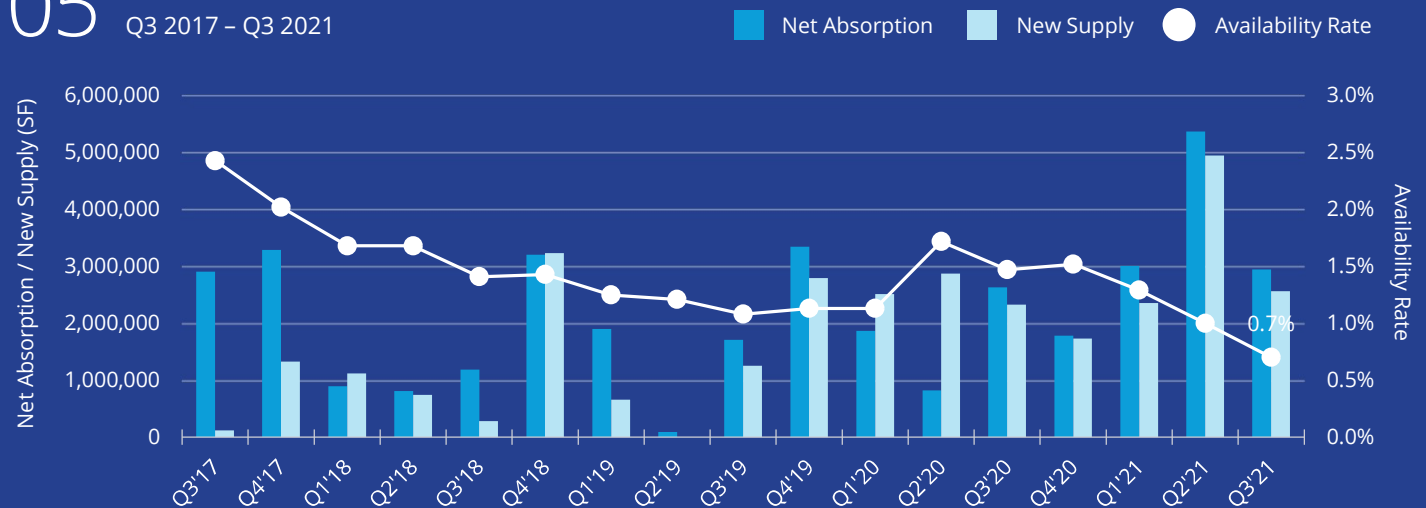
04 Availability Rate by Market

Q3 2020 – Q3 2021

Central	0.7%	↓	from 1.3% Q3'20
East	1.4%	↓	from 1.6% Q3'20
North	0.6%	↓	from 1.6% Q3'20
West	0.7%	↓	from 1.5% Q3'20
GTA Total	0.7%	↓	from 1.5% Q3'20

05 Historical Overview

Q3 2017 – Q3 2021



Market Statistics

Market	Total Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (PSF)	Wgt. Avg. Asking Net Rent (PSF)	Avg. Sale Price (PSF)
Don Mills	9,979,242	65,000	0.7%	117,795	0	117,795	1.2%	52,108	0	0	\$12.90	-
Downsview	25,861,771	110,720	0.4%	238,367	0	238,367	0.9%	-56,534	0	0	\$9.73	\$240.74
East York	8,337,799	49,753	0.6%	44,703	27,050	71,753	0.9%	16,127	0	0	\$14.00	\$189.87
North Etobicoke	41,098,240	210,508	0.5%	128,868	136,580	265,448	0.6%	35,000	0	367,480	\$12.50	\$250.70
North York South	11,424,665	50,555	0.4%	50,555	0	50,555	0.4%	136,805	0	0	\$14.75	\$264.06
Scarborough East	14,605,232	68,054	0.5%	40,065	49,989	90,054	0.6%	23,890	0	1,017,449	\$9.95	\$270.88
Scarborough South	26,892,647	187,182	0.7%	401,800	0	401,800	1.5%	-100,184	0	0	\$8.90	\$197.35
Scarborough West	20,963,528	0	0.0%	28,000	0	28,000	0.1%	15,920	0	0	\$10.50	\$243.75
South Etobicoke	29,974,867	204,961	0.7%	351,837	0	351,837	1.2%	48,594	0	294,393	\$11.36	\$358.29
Toronto	19,574,578	16,378	0.1%	16,378	0	16,378	0.1%	16,000	0	0	\$12.00	\$367.13
Weston	23,263,399	0	0.0%	0	0	0	0.0%	19,103	0	0	-	\$190.14
Willowdale	3,669,706	64,528	1.8%	64,528	0	64,528	1.8%	-64,528	0	0	\$12.50	\$298.84
York	5,077,455	0	0.0%	0	0	0	0.0%	110,715	0	0	-	\$566.24
Central	240,723,129	1,027,639	0.4%	1,482,896	213,619	1,696,515	0.7%	253,016	0	1,679,322	\$10.85	\$245.06
Ajax	9,520,358	17,900	0.2%	94,230	0	94,230	1.0%	1,031,937	1,049,837	906,084	\$10.75	\$164.92
Oshawa	11,392,168	115,992	1.0%	152,992	0	152,992	1.3%	-115,992	0	137,782	\$8.53	\$212.50
Pickering	10,466,575	103,719	1.0%	103,719	0	103,719	1.0%	-103,719	0	172,120	\$9.59	\$282.42
Whitby	9,511,686	220,995	2.3%	220,995	0	220,995	2.3%	0	0	0	\$8.04	\$196.79
East	40,890,787	458,606	1.1%	571,936	0	571,936	1.4%	812,226	1,049,837	1,215,986	\$8.90	\$196.98
Aurora	6,024,870	30,875	0.5%	30,875	0	30,875	0.5%	0	0	125,905	\$12.00	\$232.62
Markham East	34,618,550	119,673	0.3%	294,479	0	294,479	0.9%	2,176	0	625,929	\$12.13	\$293.40
Markham West	1,796,453	0	0.0%	0	0	0	0.0%	0	0	0	-	\$390.20
Newmarket	7,697,717	30,519	0.4%	30,519	0	30,519	0.4%	22,500	0	0	\$11.35	\$241.31
Richmond Hill	12,899,793	118,821	0.9%	161,128	0	161,128	1.2%	-3,715	0	0	\$14.14	\$300.87
Vaughan	95,526,345	203,974	0.2%	351,783	158,014	509,797	0.5%	151,720	43,357	1,720,416	\$12.92	\$331.09
Whitchurch/Stouffville	1,119,055	0	0.0%	0	0	0	0.0%	0	0	0	-	\$375.40
North	159,682,783	503,862	0.3%	868,784	158,014	1,026,798	0.6%	172,681	43,357	2,472,250	\$12.79	\$304.73
Brampton East	57,678,300	0	0.0%	102,205	0	102,205	0.2%	0	0	373,757	\$14.25	\$321.03
Brampton West	41,876,226	46,186	0.1%	90,783	73,000	163,783	0.4%	1,440,890	1,396,688	134,000	\$12.69	\$324.98
Burlington	23,103,344	90,851	0.4%	129,114	0	129,114	0.6%	188,913	0	41,433	\$11.26	\$222.82
Caledon	18,782,775	287,538	1.5%	287,538	0	287,538	1.5%	252,374	0	1,645,979	\$13.50	\$317.64
Halton Hills	7,452,500	0	0.0%	0	0	0	0.0%	0	0	0	-	-
Milton	22,732,894	0	0.0%	0	0	0	0.0%	0	0	457,012	-	\$281.55
Miss. Central East	19,578,299	133,890	0.7%	328,928	16,000	344,928	1.8%	-9,543	0	30,000	\$10.19	\$283.31
Miss. Central West	18,529,004	20,895	0.1%	48,240	0	48,240	0.3%	5,885	0	0	\$11.84	\$298.48
Mississauga East	21,169,303	25,200	0.1%	101,887	0	101,887	0.5%	-25,200	0	0	\$11.04	\$278.27
Miss. / Meadowvale	22,366,047	106,684	0.5%	136,090	124,875	260,965	1.2%	-30,749	0	610,545	\$13.10	\$283.26
Mississauga South / E	13,214,795	0	0.0%	46,709	0	46,709	0.4%	117,782	0	0	\$11.75	\$302.47
Mississauga South / W	19,912,212	65,613	0.3%	165,916	17,828	183,744	0.9%	-50,613	0	278,109	\$13.48	\$325.30
Mississauga West	72,490,397	325,718	0.4%	702,409	41,790	744,199	1.0%	-210,044	0	0	\$13.49	\$288.82
Oakville	19,904,922	46,402	0.2%	46,402	17,743	64,145	0.3%	27,016	73,418	0	\$10.50	\$279.65
Oakville Winston Park	5,961,462	0	0.0%	53,992	0	53,992	0.9%	0	0	0	\$13.81	\$270.54
West	384,752,480	1,148,977	0.3%	2,240,213	291,236	2,531,449	0.7%	1,706,711	1,470,106	3,570,835	\$12.62	\$293.17
Greater Toronto Area Total	826,049,179	3,139,084	0.4%	5,163,829	662,869	5,826,698	0.7%	2,944,634	2,563,300	8,938,393	\$11.73	\$272.77
Greater Hamilton Area Total	43,730,022	142,339	0.3%	287,564	46,119	333,683	0.8%	454,149	330,000	0	\$5.94	\$157.35

Transaction Highlights

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
H&M	Kerrison Drive East	Ajax	Head Lease	716,837
Best Buy	9200 Airport Road	Brampton East	Renewal	443,000
Ceva Logistics	6 Cleve Court	Halton Hills	Renewal	323,000
SoftMoc	505 Finley Avenue	Ajax	Head Lease	124,456
Mobile Climate Control	7540 Jane Street	Vaughan	Renewal	120,000

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
2300 North Park Drive	Brampton East	235,423	\$93,361,721	Lasalle Investment Management	Private Investor
1652 & 1672 Tricont Avenue	Whitby	370,000	\$89,650,000	Lasalle Investment Management	Private Investor
7400 & 7420 Bramalea Road	Mississauga West	328,268	\$90,175,000	Pure Industrial	Institution
1160 & 1170 Birchmount Road	Scarborough South	362,682	\$78,500,000	Soneil Investments	Private Investor
316 & 340 Aviva Park Drive	Vaughan	168,091	\$57,435,610	VersaCold	User
15 Fenmar Drive	Weston	245,117	\$38,500,000	Compass International	Private Investor



Leased
 Best Buy
 9200 Airport Road, Brampton
 Renewal 443,000 SF

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