

Q2 2022

# Toronto

## Industrial Market Report

### Net Absorption

This Quarter	Previous Quarter
<b>2.8M</b> SF	<b>371K</b> SF
12-Month Absorption	5-Year Quarterly Avg.
<b>9.2M</b> SF	<b>2.2M</b> SF

### Availability

This Quarter	Year-over-Year
<b>0.6%</b>	<b>↓ 40 bps</b>

### Asking Net Rent

This Quarter*	Year-over-Year
<b>\$15.34</b> PSF	<b>↑ 35.4%</b>

### Development / Sales

Under Construction	New Supply
<b>12.5M</b> SF	<b>2.2M</b> SF
Sale Price Avg.	Year-over-Year
<b>\$324</b> PSF	<b>↑ 62.4%</b>

\*Weighted Average  
Colliers Macaulay Nicolls Inc.

### Market Outlook

As in Q1 2022, demand for industrial space is still high across the Greater Toronto Area, leading to continued decreases in the amount of total available space on the market. Absorption jumped this quarter to close to 3 million square feet after small but positive gains in Q1 2022, making this the 24th consecutive quarter of positive absorption for the Industrial market. A large portion of the absorption this quarter came from pre-leased space in new supply projects which came to market in Q2 2022. In order to maintain quarterly positive absorption, new supply will have to be added to the inventory as the amount of available space for lease continues to drop.

Availability decreased 10 basis points to 0.6% in Q2 2022, as the Industrial market set another historic low, with only 5 million square feet available in blocks of space over 15,000 square feet across the GTA. Limited availability has also contributed to surging average asking rents, which now sit at \$15.34. In certain areas of the city and particularly the GTA West, landlords are asking and achieving rates near the \$20.00 mark on some leases. While large blocks have historically attained pricing discounts, strong demand for all size ranges is leading to more unvaried lease rates. Tenants with immediate space requirements or who are nearing the end of their terms have no choice but to pay the current high-level rates. Tenants who have some flexibility are postponing requirements as they assess how increasing interest rates and inflation will impact both consumer spending and their businesses.

Alongside the increase in new supply this quarter, there was also an uptick of new buildings under construction. With a bump of approximately 2.2 million square feet in Q2 2022, the GTA now has 12.5 million square feet of industrial space in the construction pipeline. While increased new supply and development is a positive sign, the market is still undersupplied and will need a significant influx of space in order to bring about a healthy balance between landlords and tenants.

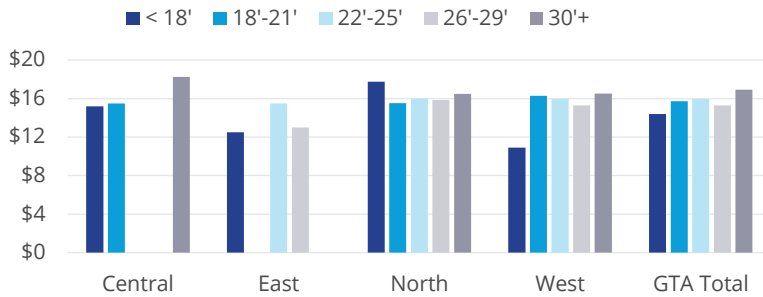
The last two months of the quarter have seen a softening on the investment side. While user sales are still achieving market rates, investment volumes are starting to see a slight drop. Higher interest rates combined with a tighter equity to debt ratio is leading to a smaller pool of potential buyers and therefore lower prices per square foot being offered. However, there were some notable large transactions this quarter as Colliers represented a seller (Park Property Management) on a 21-property industrial portfolio sale totaling close to 1.5 million square feet. The purchaser (KingSett Capital) bought the portfolio for \$461 million, representing a price per square foot of \$315. Lasalle Canada Property Fund along with a European investor also acquired another 21-property industrial portfolio in Mississauga. Deal terms were not released but the portfolio is primarily mid-bay product, totaling 810,000 square feet.

Accelerating success.

# Market Overview

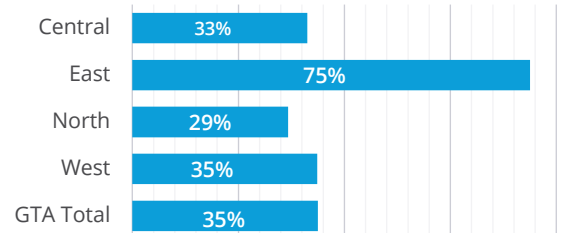
## 01 Rental Rates by Clear Height

Weighted Average Asking Net Rates (PSF)



## 02 Rental Rate Growth\*

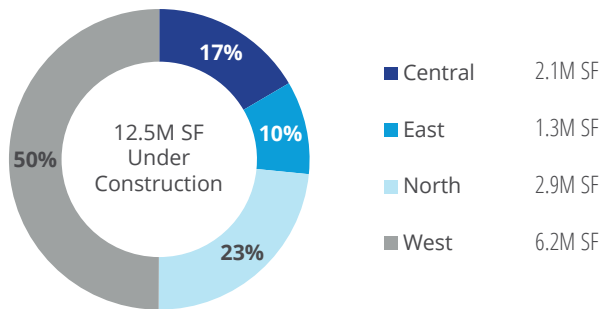
By Market | Q2 2021 – Q2 2022



\*Weighted Average Asking Net Rent

## 03 Under Construction by Market

By Building Area (SF)



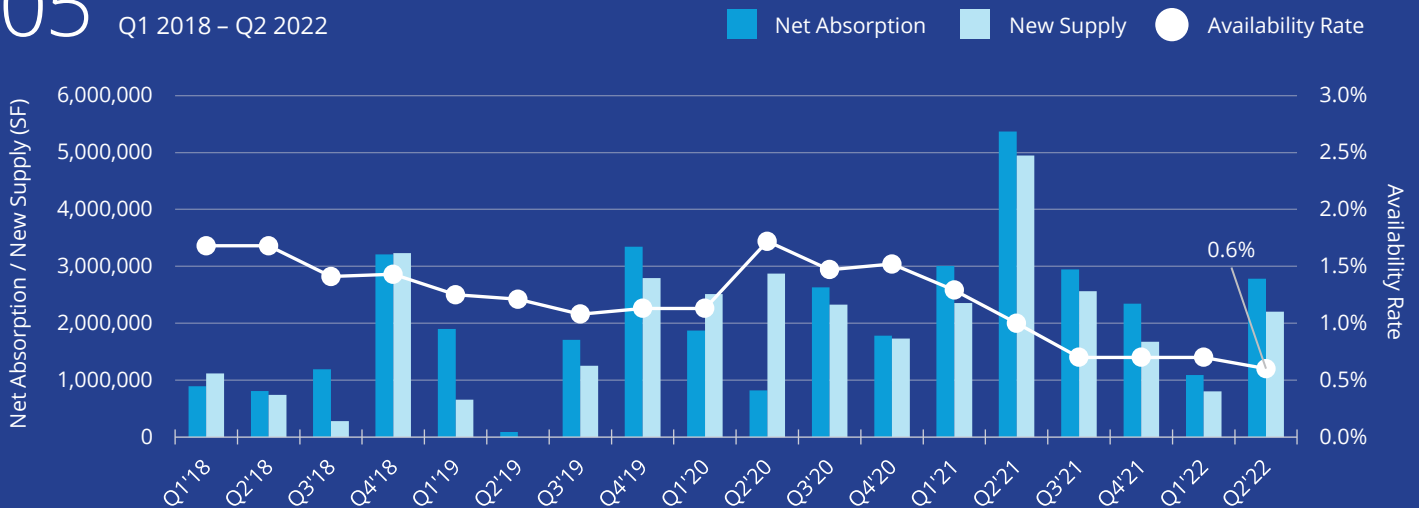
## 04 Availability Rate by Market

Q2 2021 – Q2 2022

Central	<b>0.5%</b>	↓	from 1.1% Q2'21
East	<b>0.9%</b>	↑	from 0.8% Q2'21
North	<b>0.4%</b>	↓	from 0.9% Q2'21
West	<b>0.7%</b>	↓	from 1.0% Q2'21
<b>GTA Total</b>	<b>0.6%</b>	↓	from 1.0% Q2'21

## 05 Historical Overview

Q1 2018 – Q2 2022



# 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	9,989,390	15,000	0.2%	15,000	0	15,000	0.2%	52,795	0	41,000	\$12.00	\$382.56
Downsview	25,916,204	19,219	0.1%	19,219	0	19,219	0.1%	84,496	0	0	\$15.00	\$301.87
East York	8,339,344	27,840	0.3%	27,840	0	27,840	0.3%	0	0	0	\$16.00	\$274.13
North Etobicoke	41,598,853	24,969	0.1%	275,902	0	275,902	0.7%	17,000	0	367,480	\$14.47	\$376.16
North York South	11,471,347	31,000	0.3%	89,280	0	89,280	0.8%	24,272	0	0	\$16.66	\$212.47
Scarborough East	15,069,432	23,418	0.2%	46,979	17,311	64,290	0.4%	440,782	464,200	867,986	\$14.85	\$551.27
Scarborough South	26,834,420	0	0.0%	264,156	0	264,156	1.0%	60,969	0	0	\$16.24	\$336.70
Scarborough West	21,024,170	0	0.0%	98,389	0	98,389	0.5%	61,294	61,294	0	\$19.50	\$311.77
South Etobicoke	29,655,356	168,020	0.6%	208,057	0	208,057	0.7%	143,716	0	789,313	\$14.23	\$359.59
Toronto	19,542,753	0	0.0%	0	0	0	0.0%	0	0	0	-	\$463.73
Weston	23,293,638	44,000	0.2%	177,357	0	177,357	0.8%	22,000	0	0	\$16.11	\$369.34
Willowdale	3,669,706	0	0.0%	0	0	0	0.0%	27,850	0	0	-	-
York	5,066,481	0	0.0%	0	60,555	60,555	1.2%	0	0	0	-	\$562.91
<b>Central</b>	<b>241,471,094</b>	<b>353,466</b>	<b>0.1%</b>	<b>1,222,179</b>	<b>77,866</b>	<b>1,300,045</b>	<b>0.5%</b>	<b>935,174</b>	<b>525,494</b>	<b>2,065,779</b>	<b>\$15.64</b>	<b>\$341.91</b>
Ajax	9,373,298	36,173	0.4%	57,683	0	57,683	0.6%	-18,273	0	1,080,337	\$13.44	-
Oshawa	11,580,085	41,216	0.4%	41,216	240,438	281,654	2.4%	161,566	137,782	0	\$13.00	\$241.15
Pickering	10,434,636	0	0.0%	0	0	0	0.0%	565,000	565,000	172,120	-	-
Whitby	9,512,543	24,006	0.3%	24,006	0	24,006	0.3%	0	0	0	\$15.50	\$265.30
<b>East</b>	<b>40,900,562</b>	<b>101,395</b>	<b>0.2%</b>	<b>122,905</b>	<b>240,438</b>	<b>363,343</b>	<b>0.9%</b>	<b>708,293</b>	<b>702,782</b>	<b>1,252,457</b>	<b>\$13.70</b>	<b>\$258.65</b>
Aurora	6,024,870	30,875	0.5%	30,875	0	30,875	0.5%	25,327	0	418,991	\$12.00	-
Markham East	34,590,940	209,135	0.6%	209,135	0	209,135	0.6%	56,023	0	617,309	\$14.32	\$301.01
Markham West	1,793,263	0	0.0%	0	0	0	0.0%	0	0	0	-	-
Newmarket	7,576,883	0	0.0%	0	0	0	0.0%	0	0	0	-	\$246.75
Richmond Hill	13,069,993	0	0.0%	94,474	85,636	180,110	1.4%	17,840	0	40,700	\$16.13	\$329.47
Vaughan	96,214,559	131,804	0.1%	157,960	57,649	215,609	0.2%	-90,781	0	1,856,912	\$17.60	\$408.02
Whitchurch/Stouffville	1,119,055	0	0.0%	0	0	0	0.0%	34,732	0	0	-	\$414.19
<b>North</b>	<b>160,389,563</b>	<b>371,814</b>	<b>0.2%</b>	<b>492,444</b>	<b>143,285</b>	<b>635,729</b>	<b>0.4%</b>	<b>43,141</b>	<b>0</b>	<b>2,933,912</b>	<b>\$15.58</b>	<b>\$357.22</b>
Brampton East	57,716,335	72,628	0.1%	453,501	34,167	487,668	0.8%	378,166	373,757	745,864	\$17.92	\$287.35
Brampton West	42,274,509	0	0.0%	767,401	0	767,401	1.8%	53,467	0	1,102,583	\$15.35	\$288.20
Burlington	23,219,117	95,000	0.4%	496,482	0	496,482	2.1%	-70,000	0	426,912	\$10.09	\$275.60
Caledon	20,279,578	77,754	0.4%	77,754	0	77,754	0.4%	15,000	77,754	231,753	\$17.00	\$416.90
Halton Hills	7,352,850	0	0.0%	0	0	0	0.0%	0	0	246,715	-	\$312.89
Milton	23,349,121	0	0.0%	17,210	0	17,210	0.1%	328,873	328,873	1,572,595	\$17.95	\$263.16
Miss. Central East	19,530,074	56,326	0.3%	95,576	0	95,576	0.5%	-56,326	0	0	\$17.80	\$315.29
Miss. Central West	18,487,202	0	0.0%	0	0	0	0.0%	0	0	0	-	\$332.34
Mississauga East	21,080,617	75,940	0.4%	0	75,940	75,940	0.4%	18,682	0	605,299	-	\$167.03
Miss. / Meadowvale	23,016,188	51,710	0.2%	68,603	36,257	104,860	0.5%	237,199	192,428	471,628	\$18.90	\$364.00
Mississauga South / E	13,222,154	76,379	0.6%	139,979	0	139,979	1.1%	73,722	0	0	\$15.31	\$294.12
Mississauga South / W	19,916,557	0	0.0%	0	0	0	0.0%	0	0	832,423	-	\$480.02
Mississauga West	72,726,886	253,028	0.3%	339,362	0	339,362	0.5%	-181,083	0	0	\$16.51	\$374.03
Oakville	19,994,793	15,000	0.1%	15,000	0	15,000	0.1%	299,166	0	0	\$15.00	\$305.91
Oakville Winston Park	5,961,468	0	0.0%	58,285	26,500	84,785	1.4%	0	0	0	\$16.75	-
<b>West</b>	<b>388,127,449</b>	<b>773,765</b>	<b>0.2%</b>	<b>2,529,153</b>	<b>172,864</b>	<b>2,702,017</b>	<b>0.7%</b>	<b>1,096,866</b>	<b>972,812</b>	<b>6,235,772</b>	<b>\$15.22</b>	<b>\$316.99</b>
<b>Greater Toronto Area Total</b>	<b>830,888,668</b>	<b>1,600,440</b>	<b>0.2%</b>	<b>4,366,681</b>	<b>634,453</b>	<b>5,001,134</b>	<b>0.6%</b>	<b>2,783,474</b>	<b>2,201,088</b>	<b>12,487,920</b>	<b>\$15.34</b>	<b>\$323.87</b>
<b>Greater Toronto/Hamilton Area Total</b>	<b>874,767,136</b>	<b>1,741,112</b>	<b>0.2%</b>	<b>4,774,864</b>	<b>634,453</b>	<b>5,409,317</b>	<b>0.6%</b>	<b>2,875,531</b>	<b>2,289,245</b>	<b>13,913,792</b>	<b>\$14.81</b>	<b>\$319.04</b>

# Transaction Highlights

## Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Pet Valu	10750 Highway 50	Brampton East	Head Lease	670,485
Damco Distribution Canada	12333 Airport Road	Caledon	Head Lease	568,704
Global Industrial	2750 Morningside Avenue	Scarborough East	Head Lease	333,618
ASL Logistics	2175 Cornwall Road	Oakville	Head Lease	314,166
Proactive Supply Chain Solutions	228 Queen Street West	Brampton West	Head Lease	286,357

## Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
Park Property Management Portfolio	Mississauga	1,465,713	\$461,000,000	KingSett Capital	Private Investor
Everlast Group Portfolio	Mississauga	809,316	\$294,300,000	Lasalle Investment	Private Investor
100 West Drive	Brampton West	883,863	\$244,000,000	Crestpoint Real Estate Investment	Private Investor
560 Hensall Circle	Mississauga South/East	211,000	\$53,000,000	Triovest	Private Investor
1590 South Gateway Road	Mississauga Central/East	195,038	\$48,800,000	Quadreal	Institution
370-372 New Enterprise Way	Vaughan	196,442	\$45,000,000	Dass Metals Products	User



# Colliers Research



We are the industry cornerstone of authoritative statistics, forecasts and market commentary across Canada.

With more than 20 years of comprehensive market data, extensive research capabilities and access to 'live' deal information – there is no other research firm in Canada that can provide such a complete commercial real estate research solution.

With more than 20 dedicated research specialists, supported by 20 market data coordinators – our world-class researchers are continuously sourcing and analyzing data in every major market across Canada – to ensure our clients receive the most accurate and powerful information to make critical decisions for their future.

## Core services:

- Predictive market research
- Reporting on key insights and trends
- Access to the latest market data
- Customized research engagements

## For more information on the Toronto Industrial Market, please contact:

### Peter Garrigan

Senior Managing Director,  
Toronto  
+1 416 620 2854  
[peter.garrigan@colliers.com](mailto:peter.garrigan@colliers.com)

### Adam Jacobs

Senior National Director,  
Research | Canada  
+1 437 836 0491  
[adam.jacobs@colliers.com](mailto:adam.jacobs@colliers.com)

### Leo Lee

Director, National  
Research Operations | Canada  
+1 416 620 2839  
[leo.lee@colliers.com](mailto:leo.lee@colliers.com)

### Max Shapinko

Research Operations  
Specialist | Canada  
+1 416 791 7256  
[max.shapinko@colliers.com](mailto:max.shapinko@colliers.com)

### Report Authors:

#### Russell Wills

Senior Research Analyst  
+1 416 620 2343  
[russell.wills@colliers.com](mailto:russell.wills@colliers.com)

#### Bella Hahn

Research Coordinator  
+1 416 643 3401  
[isabella.hahn@colliers.com](mailto:isabella.hahn@colliers.com)

### Report Contributor:

#### Daniel Milley

Senior Market Data Coordinator  
+1 416 791 7246  
[daniel.milley@colliers.com](mailto:daniel.milley@colliers.com)

Colliers Canada | Toronto  
Colliers Macaulay Nicolls Inc.  
401 The West Mall, Suite 800  
Etobicoke, ON, M9C 5J5  
+1 416 777 2200



[collierscanada.com/research](https://collierscanada.com/research)

Information herein has been obtained from sources deemed reliable, however its accuracy cannot be guaranteed. The user is required to conduct their own due diligence and verification. This publication is the copyrighted property of Colliers and /or its licensor(s). Copyright © 2022. All rights reserved. Colliers Macaulay Nicolls Inc.

Accelerating success.