

# MARKETBEAT

## Greater Toronto Area, ON

Industrial Q3 2017



CELEBRATING  
**100**  
YEARS

### GREATER TORONTO AREA

#### Economic Indicators

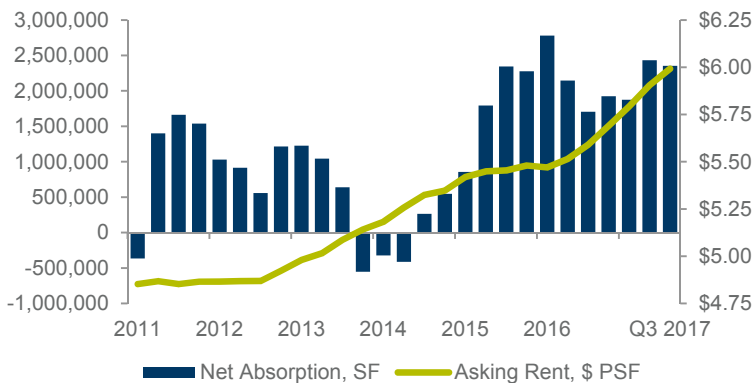
	Q3 16	Q3 17	12-Month Forecast
GTA Employment	3.2 mil	3.3 mil	▲
GTA Unemployment	6.5%	6.4%	▼
Canada Unemployment	7.0%	6.2%	▼

Source: Statistics Canada

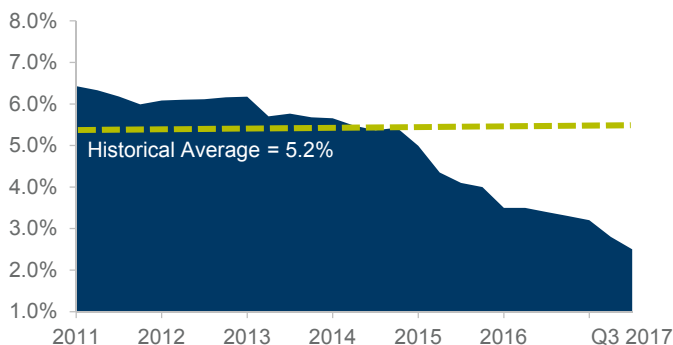
#### Market Indicators (Overall, All Product Types)

	Q3 16	Q3 17	12-Month Forecast
Overall Vacancy	3.4%	2.5%	▼
Net Absorption (sf)	1,906,887	1,588,856	▲
Under Construction (sf)	7,451,880	5,434,182	▲
Overall Average Asking Rent	\$5.74	\$6.09	▲

#### Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



#### Overall Vacancy



### Economy

Canadian real GDP growth showed unexpected strength over the second quarter, rising to 4.5% annualized, driven in part by broad-based gains in personal consumption, business investment and exports. The economy's better-than-expected growth prompted the Bank of Canada to raise its benchmark interest rate by 25 basis points, its second hike since July, lifting the overnight rate to 1.0%. The central bank will keep a close eye on the impact of these rate hikes as it considers the timing of further rate increases in the months to come.

Source: RBC Economics

### Market Overview

The GTA industrial markets are on a tear, with red hot growth notching the availability rate downward to a record low 2.5%. Available space has declined for eleven consecutive quarters since Q4 2014, when the availability rate stood at 5.4%. Leasing activity increased by 51% over the past year with year-to-date leasing activity reaching 20 million square feet (msf). Asking lease rates increased by 6% over levels one year ago, driven by strong demand and a scarcity of quality well-located product. Supply of "A" class warehouse declined by 20% over the quarter as 1.8 msf of space was absorbed. Product with clear height between 18-24 feet, on the other hand, saw modest negative absorption over the quarter. Year-to-date absorption reached an impressive 7.8 msf, though product under construction is a modest 5.4 msf, of which 74% was speculative. Two large build-to-suit projects are nearing completion. Costco will occupy 574,000 square feet (sf) in Vaughan and Expeditors International Logistics will occupy 303,000 sf in Mississauga. Mississauga and Brampton, which comprise 76% of the GTA west industrial inventory, are at historic availability lows of 2.1% and 1.3%, respectively. E-commerce and logistic companies continue to drive growth across GTA markets.

### Outlook

Lease rates on quality, well located product, should see continued upward pressure as we move through 2018, driven by strong demand for efficiently constructed product located near key highway access points. Demand from an acquisition perspective continues to be torrid, and land and industrial facility pricing will continue to rise faster than lease rates. Although 1.5 msf of new speculative product will be delivered by year-end, that space will draw strong interest from growing tenants seeking logistics opportunities in the market.

## MARKETBEAT

# Greater Toronto Area, ON

Industrial Q3 2017



CELEBRATING  
**100**  
YEARS

### Key Lease Transactions Q3 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
86 Pillsworth Road	627,791	SDR Logistics	New Lease	Bolton
8020 Fifth Line	286,881	QRC Logistics	New Lease	Milton
3455 Argentia Road	285,000	BMW	New Lease	Mississauga

### Key Sale Transactions Q3 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
7055 Kennedy Road	288,350	Orlando Corporation / Sysco Canada, Inc.	\$60,067,000/ \$208	Mississauga
560 Hensall Circle	216,846	Veritiv Canada, Inc. / CJ Graphics	\$14,957,011/ \$69	Mississauga
190 Statesman Drive	175,510	Comas Manufacturing / 2073028 Ontario Inc.	\$18,200,000/ \$104	Mississauga

### Key Properties Under Construction Q3 2017

PROPERTY	SF	DEVELOPER / LANDLORD	EXPECTED COMPLETION DATE	SUBMARKET
8682 Highway 27	573,714	Rice Commercial Group Limited	Q4 2017	Vaughan
233 Madill Boulevard	446,160	Orlando Corporation	Q1 2018	Mississauga
307 Orenda Road	341,130	First Gulf Development Corp	Q4 2017	Brampton
3060 Belgrave Road	303,000	Orlando Corporation	Q4 2017	Mississauga
150 New Huntington Road	298,600	Vaughan West II Ltd	Q1 2018	Vaughan
7951 Fifth Line	258,463 (Expansion)	BCIMC Realty Corporation	Q1 2018	Halton Hills
7171 Highway 50 South	253,837	Anatolia Capital Corp.	Q3 2018	Vaughan
3500 Argentia Road	248,856	Prologis	Q4 2017	Mississauga
3650/3660/3670/3680 Odyssey Drive (4 buildings)	238,658 (56,563- 61,259)	The Erin Mills Development Corporation	Q2-Q3 2018	Mississauga
7855 Heritage Road	219,078	Orlando Corporation	Q1 2018	Brampton

Cushman & Wakefield  
161 Bay Street, Suite 1500  
Toronto, Ontario M5J 2S1  
[cushmanwakefield.com](http://cushmanwakefield.com)

For more information, contact:  
Stuart Barron,  
National Director of Research  
Tel: +1 416 359 2652  
[stuart.barron@cushwake.com](mailto:stuart.barron@cushwake.com)

#### About Cushman & Wakefield

Cushman & Wakefield is a global leader in commercial real estate services, helping clients transform the way people work, shop, and live. The firm's 45,000 employees in more than 70 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms with revenues of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (branded C&W Services), global occupier services, investment management (branded DTZ Investors), project & development services, tenant representation and valuation & advisory. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

Copyright © 2017 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

# MARKETBEAT

## Greater Toronto Area, ON

Industrial Q3 2017



CELEBRATING  
**100**  
YEARS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	YTD LEASING ACTIVITY (SF)	YTD SALES ACTIVITY (SF)	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT*	OVERALL WEIGHTED AVG. TMI*	OVERALL WEIGHTED AVG. ASKING SALE PRICE
East York	314	16,967,405	0.4%	55,454	272,884	-17,930	0	0	\$5.52	\$3.63	n/a
Etobicoke	1,184	73,835,608	2.7%	1,251,012	2,180,667	103,972	0	0	\$5.00	\$3.27	\$172.84
North York	1,603	73,706,778	1.8%	1,163,992	1,265,185	50,468	0	0	\$5.97	\$3.44	\$114.67
Scarborough	1,118	58,274,559	2.2%	959,034	1,979,382	369,089	23,063	0	\$5.40	\$3.72	\$159.26
Toronto	196	8,845,776	n/a	0	67,308	34,262	0	0	n/a	n/a	n/a
York	208	11,217,869	n/a	0	24,050	0	0	0	n/a	n/a	n/a
<b>GTA CENTRAL</b>	<b>4,623</b>	<b>242,847,995</b>	<b>1.9%</b>	<b>3,429,492</b>	<b>5,789,476</b>	<b>539,861</b>	<b>23,063</b>	<b>0</b>	<b>\$5.40</b>	<b>\$3.43</b>	<b>\$153.01</b>
Bolton/Caledon	196	13,251,560	6.0%	698,461	111,295	323,754	189,721		\$6.43	\$2.51	n/a
Brampton	1,076	96,489,269	1.3%	2,947,442	4,976,016	1,060,513	709,840	773,033	\$6.28	\$3.02	\$205.00
Burlington	482	22,314,309	3.9%	284,533	416,980	185,890	27,016		\$5.60	\$3.35	\$77.90
Milton/Halton Hills	281	25,804,040	12.9%	1,595,659	375,682	1,229,788	705,753	1,525,719	\$6.57	\$2.53	n/a
Mississauga	3,209	172,585,228	2.1%	6,088,663	4,883,997	2,514,849	2,244,547	1,129,603	\$6.38	\$3.34	\$149.42
Oakville	460	23,242,591	2.0%	402,581	724,763	156,076	0		\$6.14	\$2.80	\$194.57
<b>GTA WEST</b>	<b>5,704</b>	<b>353,686,997</b>	<b>2.9%</b>	<b>12,017,339</b>	<b>11,488,733</b>	<b>5,470,870</b>	<b>3,876,877</b>	<b>3,428,355</b>	<b>\$6.41</b>	<b>\$2.90</b>	<b>\$123.48</b>
Aurora	111	5,906,946	3.1%	76,680	32,250	-34,735	0	93,737	\$7.96	\$3.54	n/a
Markham	704	31,615,711	1.6%	830,294	571,142	419,557	0	0	\$6.90	\$6.93	\$225.34
Newmarket	147	6,212,245	3.9%	330,586	33,500	218,251	61,064	0	\$6.95	\$3.00	\$81.54
Richmond Hill	239	11,790,195	1.6%	401,241	346,185	128,393	0	0	\$7.83	\$3.29	n/a
Vaughan	1,607	91,359,759	2.5%	1,991,294	1,277,145	694,797	1,473,178	122,713	\$6.03	\$3.11	\$242.14
<b>GTA NORTH</b>	<b>2,808</b>	<b>146,884,856</b>	<b>2.3%</b>	<b>3,630,095</b>	<b>2,260,222</b>	<b>1,426,263</b>	<b>1,534,242</b>	<b>216,450</b>	<b>\$6.36</b>	<b>\$3.57</b>	<b>\$152.28</b>
Ajax	144	7,463,006	1.9%	10,413		-56,587	0	0	\$4.99	\$3.55	n/a
Oshawa	118	5,482,930	8.0%	n/a	22,950	-50,000	0	0	\$5.02	\$2.21	\$121.76
Pickering	133	8,716,189	1.7%	237,641	240,853	164,025	0	0	\$5.14	\$3.23	n/a
Whitby	111	8,253,772	3.2%	675,069	1,008,530	296,922	0	0	\$5.64	\$3.43	n/a
<b>GTA EAST</b>	<b>506</b>	<b>29,915,897</b>	<b>3.3%</b>	<b>923,123</b>	<b>1,272,333</b>	<b>354,360</b>	<b>0</b>	<b>0</b>	<b>\$5.20</b>	<b>\$2.90</b>	<b>\$121.76</b>
<b>SUBURBAN</b>	<b>9,018</b>	<b>530,487,750</b>	<b>2.8%</b>	<b>16,570,557</b>	<b>15,021,288</b>	<b>7,251,493</b>	<b>5,411,119</b>	<b>3,644,805</b>	<b>\$6.30</b>	<b>\$3.06</b>	<b>\$129.83</b>
<b>GTA OVERALL</b>	<b>13,641</b>	<b>773,335,745</b>	<b>2.5%</b>	<b>20,000,049</b>	<b>20,810,764</b>	<b>7,791,354</b>	<b>5,434,182</b>	<b>3,644,805</b>	<b>\$6.09</b>	<b>\$3.15</b>	<b>\$135.17</b>

\* Inventory is based on existing buildings that are equal to or greater than 10,000 sf. \*Rental rates reflect asking \$psf/year