

# MARKETBEAT

## Greater Toronto Area, ON

Industrial Q1 2017



CELEBRATING  
**100**  
YEARS

### GREATER TORONTO AREA

#### Economic Indicators

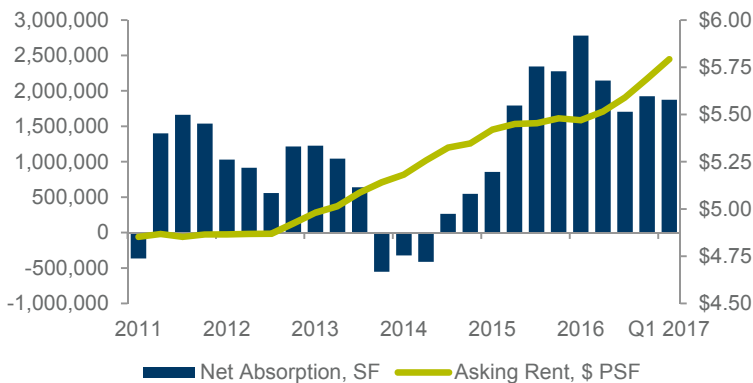
	Q1 16	Q1 17	12-Month Forecast
GTA Employment	3.2 mil	3.2 mil	▲
GTA Unemployment	7.2%	7.1%	▼
Canada Unemployment	7.3%	6.7%	▼

Source: Statistics Canada

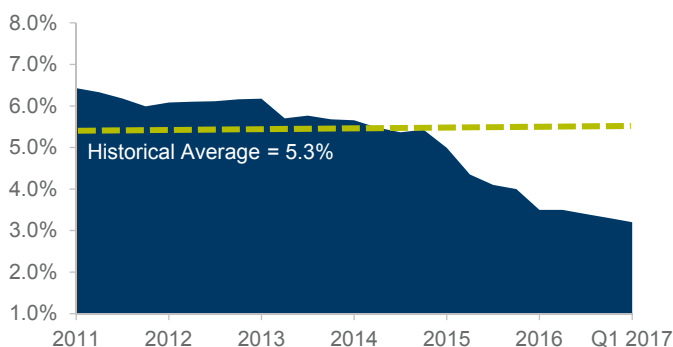
#### Market Indicators (Overall, All Product Types)

	Q1 16	Q1 17	12-Month Forecast
Overall Vacancy	3.5%	3.2%	■
Net Absorption (sf) (YTD)	3,066,511	2,868,357	▲
Under Construction (sf)	6,835,772	4,573,739	▼
Overall Average Asking Rent	\$5.52	\$5.93	▲

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



#### Overall Vacancy



### Economy

The Canadian economy is off to a strong start to begin 2017, with 0.6% real GDP growth in January. Most sectors of the Ontario economy remain in expansion mode, and sustained job growth has been a key part of that story with over 100,000 additional jobs created over the six months ending January 2017. The Canadian unemployment rate fell to its lowest rate in more than 2 years, dipping to 6.7%. There is an expectation that growth in Ontario and Canada will slow modestly as we progress through 2017, in part due to the anticipation of a slowing residential market and the possibility of upward pressure on interest rates, given rising rates south of the border.

### Market Overview

Strong growth across industrial markets is another key message of the quarter, driving the overall vacancy rate to yet another record low of 3.2%. Sales activity has reached its 2<sup>nd</sup> highest level on record at 8.3 million square feet (msf) skyrocketing from 2.05 msf last quarter. The vacancy rate associated with sale product is at a mere 0.2%, with an average asking price of \$150.46 per square foot (psf), an increase of 18% over last quarter's \$127.31 psf. Leasing activity edged down slightly to 5.7 msf from 5.8 msf last quarter. Net rental rates have increased by 7% from 1 year ago. Scarcity of product will limit growth from small and moderately sized tenants in the quarters to come. There was 2.5 msf of product added to the market this quarter and 4.6 msf remains under construction.

### Outlook

The Bank of Canada seems compelled to hold interest rates at record lows, even in the face of the Feds rising rates south of the border. The current rate of 0.5% is anticipated to hold over the near term. Owner occupiers will continue to drive strong demand from an acquisition perspective, adding additional upward pressure to pricing and putting downward pressure on industrial capitalization rates for benchmark product. Development activity will bring another 4.3 msf to the market over the balance of 2017, adding some relief. Most of the new development activity is targeting big box users, but that will change as the market experiences further upward pressure on rental rates. There are some significant uncertainties in the market which could cool demand, including the impact of NAFTA renegotiations on Canadian exports. Addressing this agreement is a high priority for the Trump Administration.

# MARKETBEAT

## Greater Toronto Area, ON Industrial Q1 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	326	17,648,110	0.6%	2,440	163,375	(10,549)	0	0	\$5.64	\$3.80	\$204.55
Etobicoke	1,206	74,239,020	3.0%	349,624	335,529	127,648	0	0	\$5.11	\$3.43	\$179.38
North York	1,629	75,433,893	2.2%	339,237	419,117	(61,292)	0	0	\$5.65	\$3.58	\$109.15
Scarborough	1,137	60,545,167	2.7%	360,490	1,265,064	230,219	23,063	0	\$5.62	\$3.64	\$177.92
Toronto	203	8,931,800	0%	0	34,262	34,262	0	0	n/a	n/a	n/a
York	214	11,711,159	0%	0	0	0	0	0	n/a	n/a	n/a
<b>GTA CENTRAL</b>	<b>4,715</b>	<b>248,509,149</b>	<b>2.3%</b>	<b>1,051,791</b>	<b>2,217,347</b>	<b>320,288</b>	<b>23,063</b>	<b>0</b>	<b>\$5.42</b>	<b>\$3.54</b>	<b>\$163.16</b>
Bolton/Caledon	193	13,193,426	8.4%	27,270	48,927	4,302	191,103	0	\$5.34	\$2.91	\$171.89
Brampton	1,075	96,443,965	2.0%	1,040,812	2,727,297	675,084	840,990	641,883	\$6.11	\$3.07	\$108.00
Burlington	483	22,331,449	3.6%	218,353	115,951	154,374	0	0	\$5.45	\$2.89	n/a
Milton/Halton Hills	278	26,236,952	15.9%	38,514	81,956	81,456	628,193	1,155,989	\$6.54	\$2.56	n/a
Mississauga	3,217	172,128,168	3.0%	1,946,941	1,760,598	806,819	2,137,348	526,738	\$6.16	\$3.25	\$130.59
Oakville	459	23,116,053	2.7%	46,291	450,509	22,674	0	0	\$6.39	\$3.05	\$147.96
<b>GTA WEST</b>	<b>5,705</b>	<b>353,450,013</b>	<b>3.9%</b>	<b>3,318,181</b>	<b>5,185,238</b>	<b>1,744,709</b>	<b>3,797,634</b>	<b>2,324,610</b>	<b>\$6.20</b>	<b>\$2.95</b>	<b>\$132.02</b>
Aurora	113	5,946,827	3.0%	0	0	(30,219)	0	93,737	\$6.39	\$2.84	n/a
Markham	739	33,223,904	2.4%	254,740	85,002	88,704	0	0	\$6.24	\$3.27	n/a
Newmarket	153	6,334,073	8.6%	13,679	0	(66,321)	0	0	\$5.45	\$2.91	n/a
Richmond Hill	247	12,536,082	1.9%	145,871	0	91,616	0	0	\$6.86	\$3.47	n/a
Vaughan	1,628	92,947,993	2.6%	525,872	342,054	621,052	0	66,549	\$5.89	\$3.19	\$253.35
<b>GTA NORTH</b>	<b>2,880</b>	<b>150,988,879</b>	<b>2.8%</b>	<b>940,162</b>	<b>427,056</b>	<b>704,832</b>	<b>0</b>	<b>160,286</b>	<b>\$5.98</b>	<b>\$3.17</b>	<b>\$253.35</b>
Ajax	145	7,424,643	2.1%	0	0	(67,000)	0	0	\$4.86	\$3.68	n/a
Oshawa	110	5,278,774	7.0%	0	10,450	0	0	0	\$4.75	\$2.04	n/a
Pickering	133	8,723,339	3.6%	39,440	20,363	(8,209)	0	0	\$4.90	\$3.28	n/a
Whitby	107	8,158,058	4.7%	308,417	425,968	173,737	0	0	\$5.70	\$3.32	n/a
<b>GTA EAST</b>	<b>495</b>	<b>29,584,814</b>	<b>4.1%</b>	<b>347,857</b>	<b>456,781</b>	<b>98,528</b>	<b>0</b>	<b>0</b>	<b>\$5.10</b>	<b>\$2.97</b>	<b>n/a</b>
<b>SUBURBAN</b>	<b>9,080</b>	<b>534,023,706</b>	<b>3.6%</b>	<b>4,606,200</b>	<b>6,069,075</b>	<b>2,548,069</b>	<b>4,550,676</b>	<b>2,484,896</b>	<b>\$6.07</b>	<b>\$3.00</b>	<b>\$143.66</b>
<b>GTA OVERALL</b>	<b>13,795</b>	<b>782,532,855</b>	<b>3.2%</b>	<b>5,657,991</b>	<b>8,286,422</b>	<b>2,868,357</b>	<b>4,573,739</b>	<b>2,484,896</b>	<b>\$5.93</b>	<b>\$3.12</b>	<b>\$150.46</b>

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

## Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
15 Hereford Street	459,139	VF Outdoor Canada Co.	New Lease	Brampton
8495 Goreway Drive	359,341	Maritime Ontario Freight Lines	New Lease	Brampton
3060 Belgrave Road	303,000	Expeditors International Logistics Company	New Lease	Mississauga

## Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
100 Alfred Kuehne Boulevard	922,804	KingSett Capital Inc/HOOP Realty Inc.	\$95,000,000 / \$103	Brampton
8875 Torbram Road	895,308	Carterra Private Equities Inc/Concert Realty Services Ltd.	\$168,000,000 / \$188	Brampton
400 Nugget Avenue	635,124	Cominar REIT/Blackwood Partners	\$49,500,000 / \$78	Scarborough

## Key Construction Completions Q1 2017

PROPERTY	SF	DEVELOPER / LANDLORD	COMPLETION DATE	SUBMARKET
11400 Steeles Avenue East	639,838	I.G. Investment Management Ltd., As Trustee	Q1 2017	Milton/Halton Hills
7951 Fifth Line	516,151	BCIMC Realty Corporation	Q1 2017	Milton/Halton Hills
125 Madill Boulevard	460,738	Orlando Corporation	Q1 2017	Mississauga
15 Production Road/Formerly 7900 Airport Road - Bdg C	215,000	7900 Airport Road Developments Inc	Q1 2017	Brampton
7825 Winston Churchill Boulevard	212,883 Expansion	Orlando Corporation	Q1 2017	Brampton

## Key Properties Under Construction Q1 2017

PROPERTY	SF	DEVELOPER / LANDLORD	EXPECTED COMPLETION DATE	SUBMARKET
2020 Logistics Drive	765,000	Panattoni Development Company	Q4 2017	Mississauga
8682 Highway 27	573,714	Rice Commercial Group Limited	Q2 2017	Vaughan
233 Madill Boulevard	446,702	Orlando Corporation	Q4 2017	Mississauga
6 Cleve Court	369,730	Triovest Realty Advisors Inc.	Q2 2017	Halton Hills
307 Orenda Road	341,130	First Gulf Development Corp	Q3 2017	Brampton
3060 Belgrave Road	303,000	Orlando Corporation	Q4 2017	Mississauga
7855 Heritage Road	219,078	Orlando Corporation	Q3 2017	Brampton
10911 Keele Street	89,945	Nancon Developments Inc	Q4 2017	Vaughan

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 leading global real estate services firm that helps clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 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 revenue of \$5 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (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.