



Industrial Q2 2020

1.9%

Vacancy Rate

YoY
Chg12-Mo.
Forecast**957,357**

Net Absorption, SF

**\$9.57**

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS
Q2 2020YoY
Chg12-Mo.
Forecast**3.1M**Greater Toronto
Area Employment**11.2%**Greater Toronto Area
Unemployment Rate**13.7%**Canada
Unemployment RateSource: Statistics Canada
May 2020

ECONOMY: First Signs of Painful Recovery

Over the March-May period, Ontario lost close to 1.2 million jobs and the unemployment rate rose to 13.6% - more than double the rate posted in February (5.5%). This was the steepest three-month job loss on record. As restrictions gradually eased across the province, there was some job recovery in June, with the employment rate falling to 12.2%.

The COVID-19 pandemic struck Canada in March 2020, late in the first quarter, but with enough time to see a marginal downturn in results. In the second quarter, the impact was revealed more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. The most recent information specific to COVID can be found [here](#).

SUPPLY AND DEMAND: Availability Still Tight Despite Record Supply

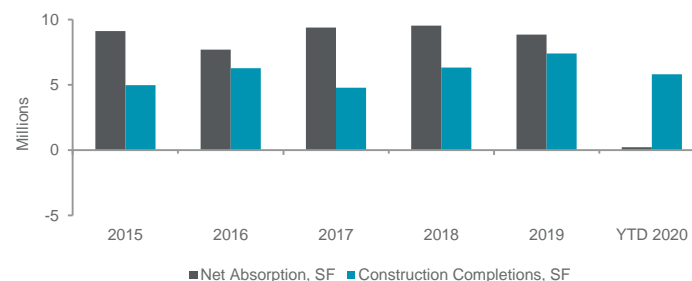
Overall availability across GTA industrial markets remained stable in the second quarter of 2020, increasing by just 40 basis points to 1.9% from 1.5% last quarter. Though marginal, this was the biggest increase in vacancy quarter-over-quarter since the first quarter of 2010. The bump was largely due to the return of space in the small-bay segment (20,000-50,000 square feet (sf) – understandable, as occupiers of this type of space tend to be small-to-medium sized businesses that have been hit the hardest by the pandemic. Meanwhile, the arrival of 4.8-million square feet (msf) of new supply -- the second highest amount since 2000 -- speaks to the underlying strength of the GTA market. More than 80% was preleased, with 887,000 sf remaining. Of the 33 new buildings, 22 or 3.5 msf were speculative and 11 or 1.3 msf were build to suit. Seventeen buildings were greater than 100,000 sf.

GTA West delivered over 2.6 msf of new space, followed by GTA North, where close to 1.4 msf came to market. Due to strong new supply preleasing, more than 957,000 sf of positive absorption took place during the quarter, up by about 230,300 sf from last quarter. At the same time, both leasing and sales activity plunged to historic quarter-over-quarter lows, down by 57% and 79% respectively. This shines a light on the toll taken by shutdowns and other restrictions to control the virus. GTA West contributed 62% of the overall leasing activity, close to 1.6 msf. GTA North outperformed all markets with net absorption up by 53%, reaching more than 559,400 sf.

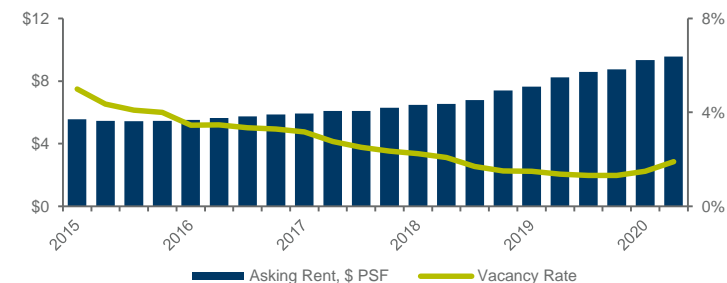
PRICING: Asking Rents Climb

As a testament to the market's strength and positive outlook, the average asking lease rate reached a record high at \$9.57 per square foot (psf), a 16.3% year-over-year increase. GTA North now has the highest average asking rate at \$10.48 psf. The average asking sale price also increased by 10% YoY to \$212.39 psf. A rebound in industrial real estate activity is anticipated due to the continuing evolution of e-commerce.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





Industrial Q2 2020

UNDER CONSTRUCTION



TOTAL UNDER CONSTRUCTION SF
9.9M SF



TOTAL AVAILABLE SF
4.6M SF

SPECULATIVE



TOTAL SF SPEC UNDER CONSTRUCTION
5.5M SF



SPEC BUILDINGS ACCOUNT FOR
55% OF TOTAL CONSTRUCTION

BUILD TO SUIT



4.4M SF
TOTAL SF BTS UNDER CONSTRUCTION



BTS BUILDINGS ACCOUNT FOR
45% OF TOTAL CONSTRUCTION



MARKETBEAT

GREATER TORONTO AREA, ON



Industrial Q2 2020

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*	OVERALL WEIGHTED AVG TMI**	OVERALL WTD AVG ASKING SALE PRICE \$/SF
GTA Central	230,171,783	4,271,766	1.9%	-335,213	-1,094,510	1,736,941	157,751	\$9.22	\$3.64	\$174.44
GTA West	365,898,419	7,611,358	2.1%	328,496	90,395	6,163,475	2,643,082	\$9.77	\$3.77	\$219.86
GTA North	155,014,559	2,298,750	1.5%	559,493	842,866	665,900	1,379,005	\$10.48	\$3.85	\$319.38
GTA East	43,049,658	803,039	1.9%	404,581	391,596	1,381,498	622,419	\$7.39	\$3.52	\$186.20
SUBURBAN	563,962,636	10,713,147	1.9%	1,292,570	1,324,857	8,210,873	4,644,506	\$9.71	\$3.76	\$241.97
GTA TOTALS	794,134,419	14,984,913	1.9%	957,357	230,347	9,947,814	4,802,257	\$9.57	\$3.73	\$212.39
HAMILTON	50,702,624	1,414,261	2.8%	-313,600	-340,840	264,534	0	\$6.93	\$2.93	\$199.29

*Rental rates reflect weighted net asking \$psf/year.

** TMI – Taxes, Maintenance, Insurance

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3389 Steeles Avenue East	Brampton	Amazon	292,950	New Lease
759 Winston Churchill Boulevard	Mississauga	Goodfood	200,000	New Lease
3495 Steeles Avenue East	Brampton	Amazon	160,347	New Lease
3471 McNicoll Avenue	Scarborough	Amazon	64,605	New Lease
140 Wendell Avenue	North York	Cosmaroma	51,951	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
240 Edward Street	Aurora	The Cartwright Group Ltd. / Effort Trust	104,150	\$12.8 M / \$123
285 Industrial Parkway South	Aurora	The Jim Pattison Group / C.P. Converters Canada, ULC	103,506	\$14.2 M / \$137
7550 Tranmere Drive	Mississauga	Fiera Properties / Groupe Deschenes Inc	100,443	\$13.9 M / \$138
615 Bowes Road	Vaughan	Berkshire Axis Development / 11847635 Canada Inc.	72,000	\$12.7 M / \$176
70 Valleywood Drive	Markham	Optrust / Crestview Investment Corporation	58,450	\$12.3 M / \$210

KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
2675 Steeles Avenue West	Brampton	Vacant	353,960	Orlando
205 Speirs Giffen Avenue	Caledon	DHL	342,821	H&R REIT
200 Salem Road	Ajax	Gordon Food Services	330,000	Gordon Food Services

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