

**1.7%**

Vacancy Rate

YoY Chg



12-Mo. Forecast



**3.5M**

Net Absorption, SF



**\$9.74**

Asking Rent, PSF



Overall, Net Asking Rent

#### ECONOMIC INDICATORS Q3 2020

**3.4M**

Greater Toronto Area Employment

YoY Chg



12-Mo. Forecast



**11.0%**

Greater Toronto Area Unemployment Rate



**9.0%**

Canada Unemployment Rate



Source: Statistics Canada  
September 2020

#### ECONOMY: Employment on the Rebound

The unemployment rate in Ontario has continued to fall back after reaching a record high in May 2020. Overall provincial employment, largely driven by gains in full-time jobs, increased by 168,000 in September, adding to the 670,000 jobs gained over the previous three months. In Toronto, employment increased by 114,000, bringing the unemployment rate within 3.5% of the pre-pandemic level. In spite of such positive signs, until there is a public health resolution to the pandemic, recovery is expected to remain choppy and gradual. Access the most recent research on CRE and the state of economy [here](#). Source: Statistics Canada

#### SUPPLY AND DEMAND: Activity Gains Traction

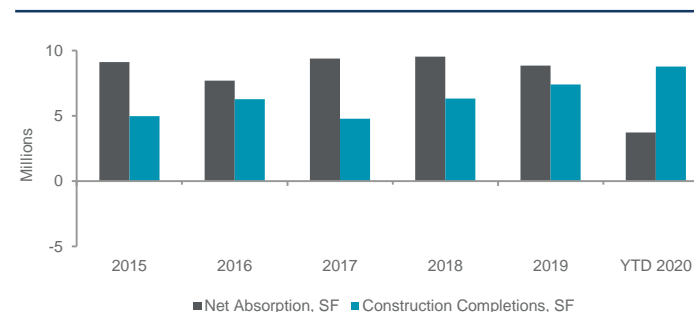
Through the pandemic, consumers have increasingly turned to online shopping, which has accelerated demand for industrial real estate. Last-mile warehouse/distribution facilities remain in short supply and overall availability in the GTA dipped by 20 basis points over the third quarter of 2020 to a low of 1.7%, marking the ninth consecutive quarter availability below the 2% mark. To help meet demand, 11.1 million square feet (msf) is now under construction and is scheduled for delivery over the next two years. Of the 3 msf delivered across seven buildings in the third quarter, 80% (2.4 msf) was preleased. Leasing activity reached a two-year high of 8.4 msf, with preleasing accounting for 2.8 msf (34%). A major e-commerce occupier leased four buildings for a total of 1.6 msf in GTA and one building at 855,000 sf in Hamilton. The total number of leases increased by 54 to reach 165 compared to 111 one year ago, due primarily to strong demand among small-mid bay-size segment occupiers. Of the 16 leases above 100,000 sf, 12 occurred in GTA West. Absorption reached 3.5 msf, with the majority attributed to occupiers moving into new supply.

Compared to a year ago, this quarter recorded 53 fewer sale transactions to total 112 (3.2 msf), down from 165 (6.3 msf). The average asking price per square foot also dropped marginally. Investor-buyer sale transactions decreased by half from 94 to 47, but fell just slightly on the user-buyer side from 71 to 65. This shows the more cautious approach that investors are taking in an environment that remains uncertain.

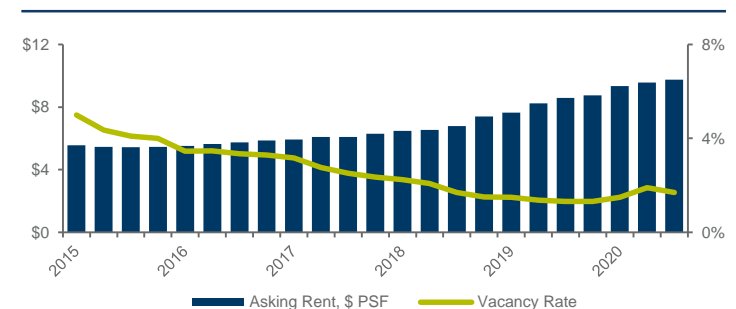
#### PRICING: Record High Asking Rents

Due to the industrial market's resiliency and strong demand momentum, the average asking lease rate soared to a record high of \$9.74 per square foot (psf), a 14% year-over-year increase. GTA North reached a record-high average asking rate of \$10.95 psf, followed by GTA West, also at record high, of \$9.83 psf. The average asking sale price reached its second-highest level of \$226.96, 60 basis points below last year's record of \$228.27. High demand and low availability are expected to remain the story as the online economy continues to grow.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT



### Industrial Q3 2020

#### UNDER CONSTRUCTION



TOTAL UNDER CONSTRUCTION SF  
**11.1M SF**



TOTAL AVAILABLE SF  
**5.6M SF**

#### SPECULATIVE



TOTAL SF SPEC UNDER CONSTRUCTION  
**7.5M SF**



SPEC BUILDINGS ACCOUNT FOR  
**68%** OF TOTAL CONSTRUCTION

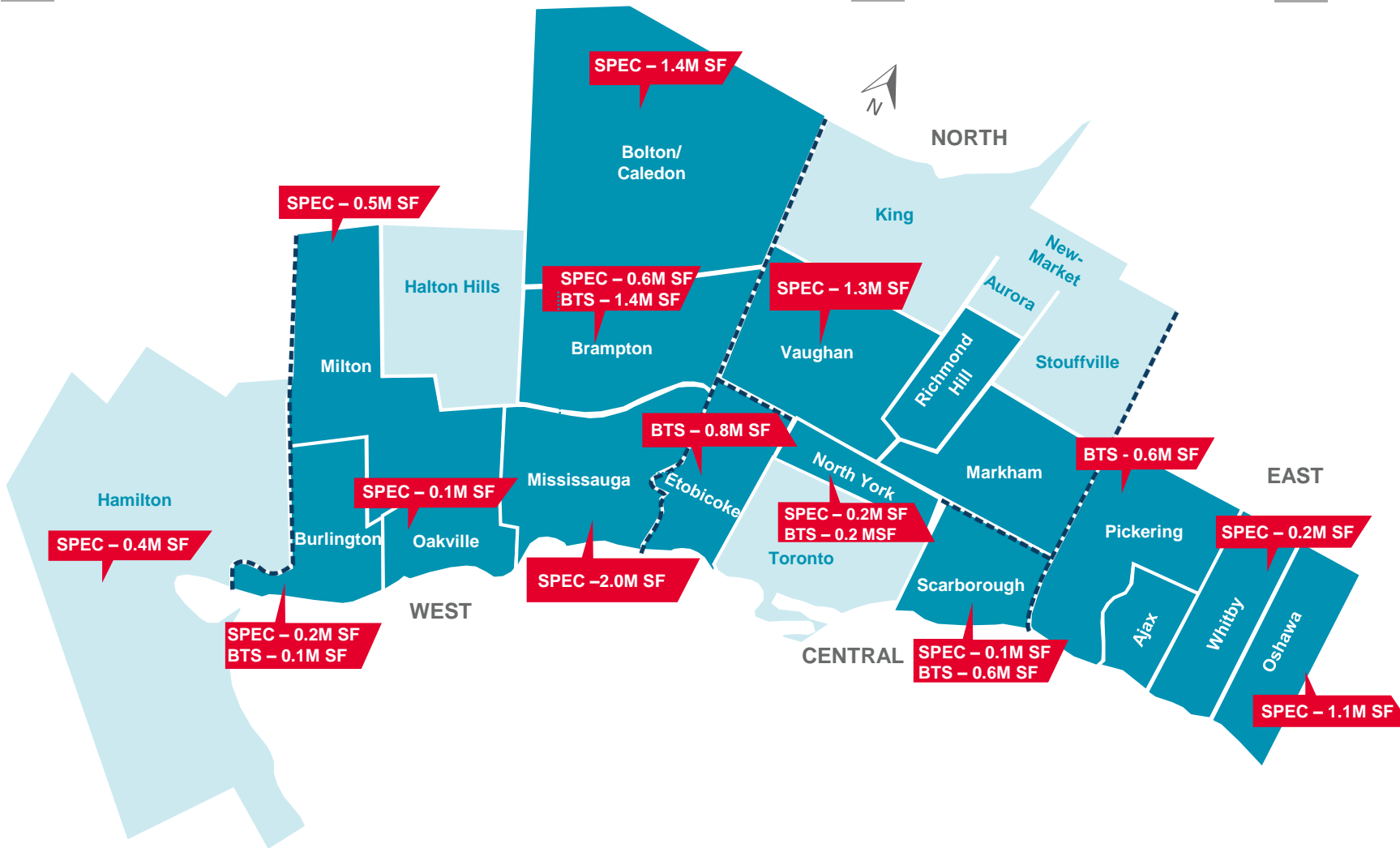
#### BUILD TO SUIT



**3.6M SF**  
TOTAL SF BTS UNDER CONSTRUCTION



BTS BUILDINGS ACCOUNT FOR  
**32%** OF TOTAL CONSTRUCTION



### Industrial Q3 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	230,593,427	3,667,972	1.6%	1,299,189	204,679	1,792,278	1,023,359	\$9.11	\$3.54	\$182.56
GTA West	367,956,863	6,431,320	1.7%	2,757,168	2,847,563	6,220,793	1,805,356	\$9.83	\$3.81	\$247.62
GTA North	155,253,191	2,764,138	1.8%	-460,940	381,926	1,293,360	147,300	\$10.95	\$3.81	\$315.61
GTA East	43,072,491	657,019	1.5%	-86,875	304,721	1,821,762	0	\$7.12	\$3.46	\$172.04
SUBURBAN	566,282,545	9,852,477	1.7%	2,209,353	3,534,210	9,335,915	1,952,656	\$9.95	\$3.78	\$266.98
<b>GTA TOTALS</b>	<b>796,875,972</b>	<b>13,520,449</b>	<b>1.7%</b>	<b>3,508,542</b>	<b>3,738,889</b>	<b>11,128,193</b>	<b>2,976,015</b>	<b>\$9.74</b>	<b>\$3.73</b>	<b>\$226.96</b>
<b>HAMILTON</b>	<b>50,811,182</b>	<b>1,788,064</b>	<b>3.5%</b>	<b>-336,405</b>	<b>-677,245</b>	<b>354,152</b>	<b>0</b>	<b>\$7.14</b>	<b>\$3.01</b>	<b>\$144.72</b>

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

\*\* TMI – Taxes, Maintenance, Insurance

#### KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Salem Road	Ajax	E-commerce	1,049,837	New Lease
110 Aeropark Boulevard, Bldg 1	Hamilton	E-commerce	855,000	New Lease
11110 Jane Street	Vaughan	Walmart	550,000	New Lease
12000-12400 Coleraine Drive	Caledon	The Beer Store	437,458	New Lease

\*Renewals not included in leasing statistics

#### KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
2074-2084 Steeles Avenue East	Brampton	Steelton Business Centre / Takol Steelton Inc.	231,405	\$32.0M/\$138
1290 South Service Road West	Oakville	General Electric Canada Property Inc / Consumer Lighting Canada Company	130,576	\$15.2M/\$116
8995 Airport Road	Brampton	Gamestop Corp. / Granite REIT	126,000	\$22.2M/\$176
6701 Financial Drive	Mississauga	Ironwood Bay Ventures Inc. / Dream Unlimited	115,693	\$23.9M/\$206
8100 Parkhill Drive	Milton	CREIT / BT Parkhill Inc.	101,750	\$22.6M/\$222

#### KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
6351 Steeles Avenue East	Scarborough	E-commerce	1,023,359	The Manufacturers Life Insurance
12000-12400 Coleraine Drive	Caledon	MARS Canada	890,175	Hoopp Realty Inc
8480 Mount Pleasant Way	Milton	Vacant	592,636	Sun Life Assurance Company

#### Juana Ross

GTA Market Research Director

+1 416-359-2621/juana.ross@cushwake.com

#### Pam Jiang

GTA Industrial Research Manager, Data

+1 905-501-6476/pam.jiang@cushwake.com

[cushmanwakefield.com](http://cushmanwakefield.com)

#### A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.