

Industrial Q4 2020

1.7%

Vacancy Rate

YoY Chg



12-Mo. Forecast



2.0M

Net Absorption, SF.



\$9.98

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020

3.5M

Greater Toronto Area Employment

YoY Chg



12-Mo. Forecast



10.7%

Greater Toronto Area Unemployment Rate



8.6%

Canada Unemployment Rate



Source: Statistics Canada December 2020

ECONOMY: Lockdown Accelerates Shift to Online Sales

Ontario implemented a strict province-wide lockdown on December 26th, 2020 and is scheduled to end on January 23rd, 2021, allowing only essential businesses to remain open. As more consumers and businesses turn to online sales to fulfill their need for goods and services, demand for warehouse and distribution product continues to grow.

Red Hot Demand Shows No Signs of Abating

As the pandemic rages on, the GTA's industrial markets, fueled by online growth, continues to exceed expectations. The overall availability rate remains suppressed at a remarkably low 1.7% -- below the 2% mark for a tenth consecutive quarter -- despite the delivery of 3.8 million square feet (msf) of new supply. Of the 16 new industrial projects that arrived in the fourth quarter of 2020, close to 3.4 msf (88%) were preleased -- driving much of the quarter's 2.0 msf of positive absorption. Due to unrelenting demand for warehouse space, new supply in 2020 reached a two decade-high of 12.6 msf. Of the 8.3 msf under construction, more than 50% is already preleased.

Not surprisingly, 2020 leasing activity also reached a two-year high at 23 msf. Forty-two lease transactions exceeded 100,000 square feet (sf), totaling 10.6 msf. Further evidence of strong momentum was overall 2020 absorption at 5.7 msf, marking the seventh year of positive growth. Further, year-over-year sales activity increased by more than 535,000 sf due to low interest rates.

In 2020, a total of 63 new projects spanning across the GTA were completed. Of these, 43 were speculative and 20 build-to-suit. GTA West saw the majority of completions at 36 followed by GTA North at 16. One of the notable projects brought to market this quarter was the 1.4-msf design-build for Canadian Tire in Brampton.

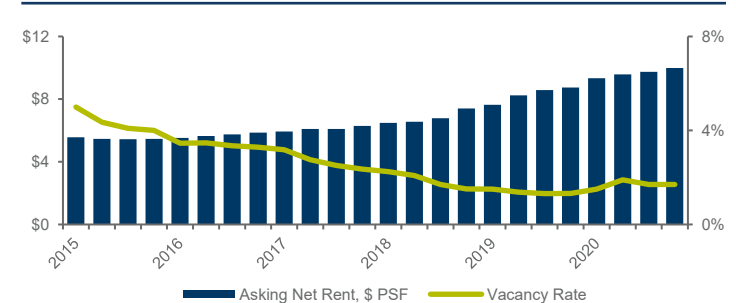
PRICING: Asking Rents Escalate

Driven by strong leasing activity and low availability, GTA's average asking rent escalated by 14% in 2020, hitting a new high of \$9.98 per square foot (psf) in the fourth quarter of 2020, marking the thirteenth consecutive quarter of rent growth. The GTA West market posted its first double-digit rate at \$10.46 psf, a 25.4% year-over-year increase, though it's still 3.8% lower than the GTA North at \$10.85 psf. The overall asking sale price has remained relatively stable for the past few quarters at \$226.78 psf. Current market conditions bode well for continued rental growth in 2021.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 2020

UNDER CONSTRUCTION



TOTAL UNDER CONSTRUCTION SF
8.3 MSF



TOTAL AVAILABLE SF
4.0 MSF

SPECULATIVE



TOTAL SF SPEC UNDER CONSTRUCTION
5.8 MSF



SPEC BUILDINGS ACCOUNT FOR
30% OF TOTAL CONSTRUCTION

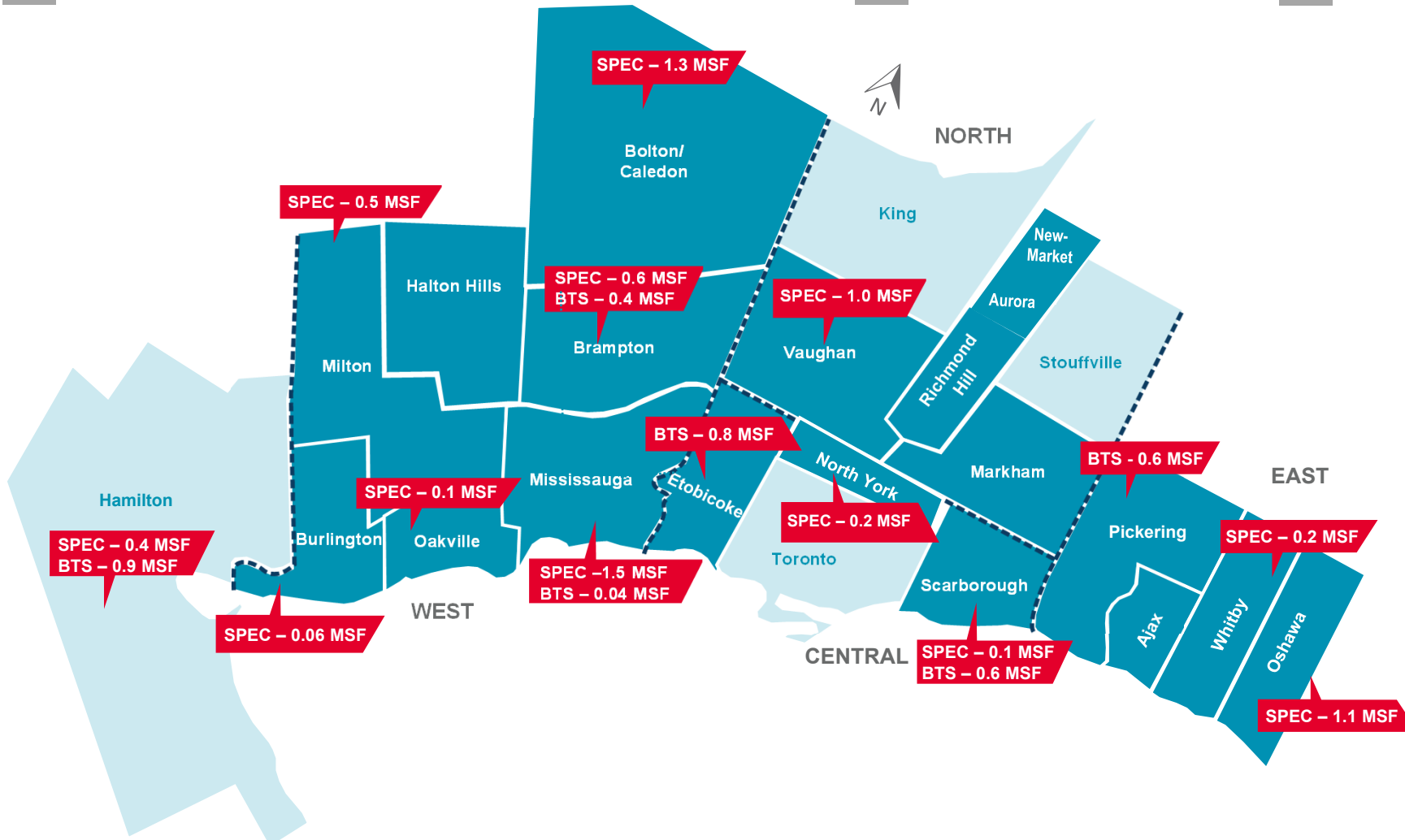
BUILD TO SUIT



2.5 MSF
TOTAL SF BTS UNDER CONSTRUCTION



BTS BUILDINGS ACCOUNT FOR
70% OF TOTAL CONSTRUCTION



Industrial Q4 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	228,538,755	4,105,839	1.8%	-581,036	-376,357	1,624,278	168,000	\$9.68	\$3.52	\$183.35
GTA West	371,064,625	6,103,009	1.6%	2,826,887	5,674,450	4,066,523	3,029,457	\$10.46	\$3.99	\$253.48
GTA North	155,976,918	2,586,919	1.7%	76,620	458,546	1,012,663	423,576	\$10.85	\$3.74	\$332.88
GTA East	43,334,102	1,152,851	2.7%	-318,796	-14,075	1,636,762	185,000	\$7.17	\$3.21	n/a
SUBURBAN	570,375,645	9,842,779	1.7%	2,584,711	6,118,921	6,715,948	3,638,033	\$10.09	\$3.81	\$270.56
GTA TOTALS	798,914,400	13,948,618	1.7%	2,003,675	5,742,564	8,340,226	3,806,033	\$9.98	\$3.73	\$226.78
HAMILTON	50,921,916	1,604,596	3.2%	162,968	-514,277	1,209,152	0	\$7.31	\$2.95	\$235.94

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

** TMI – Taxes, Maintenance, Insurance

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8480 Mount Pleasant Way	Milton	Uline	592,636	New Lease
300 Gibraltar Road	Vaughan	Proactive	293,000	New Lease
100 Alfred Kuehne Boulevard	Brampton	Henkel	243,261	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
1 Steelcase Road West	Markham	Liberty Development Corporation/QuadReal	688,904	\$93.0M/\$135
450 Evans Avenue	Etobicoke	Norampac Inc./Prologis Canada	317,000	\$44.2M/\$139
123 Great Gulf Drive	Vaughan	CTG Brands/SummitREIT	244,633	\$47.3M/\$193
175 Sandalwood Parkway West	Brampton	Alectra Utilities/2779927 Ontario Inc	149,500	\$32.5M/\$217
750 Appleby Line	Burlington	1461787 Alberta ULC/546636 Ontario Limited	137,764	\$20M/\$145

KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
10254 Hurontario Street	Brampton	Canadian Tire	1,400,000	Panattoni Development Company
95 Market Drive	Milton	n/a	275,600	Triogreen East GP Inc.
7211 Fifth Line	Milton	Lululemon	255,360	Menkes Milton Industrial Inc.

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