

**1.5%**

Vacancy Rate

YoY Chg



12-Mo. Forecast



**2.8M**

Net Absorption, SF.



**\$10.53**

Asking Rent, PSF



Overall, Net Asking Rent

#### ECONOMIC INDICATORS Q1 2021

**3.3M**

Greater Toronto Area Employment

YoY Chg



12-Mo. Forecast



**10.3%**

Greater Toronto Area Unemployment Rate



**7.5%**

Canada Unemployment Rate



Source: Statistics Canada March 2021

#### ECONOMY: Ontario Lockdown Fuels More Online Sales

Effective April 8th, Ontario declared a 28-day province-wide stay-at-home order to slow the surge of COVID-19 cases. With restrictions and shutdowns in place, consumers will lean more heavily on online shopping, intensifying demand for distribution and warehouse space. Though the pandemic continues to take a toll, Ontario saw jobs rebound by 182,000 in March, driven by gains in retail trade, accommodation and food services.

#### SUPPLY AND DEMAND: Supply Falls Short as Demand Ramps Up

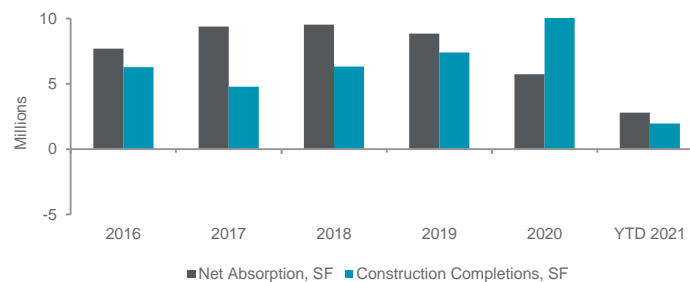
The GTA industrial market got off to a blazing start in 2021. With vacancy declining to 1.5%, the same rate as one-year-ago, the story was once again about demand outstripping supply. Despite 13 new industrial projects, at close to two million square feet (msf), being delivered in the first quarter of 2021, close to 74% was already preleased. This offered negligible relief to vacancy, which has remained under 2% for 11 consecutive quarters. An additional 11.6 msf of construction is underway, with completions scheduled for 2021-2024, but the question remains if this new supply can come fast enough.

Total absorption in the quarter reached 2.8 msf, with all major markets posting positive results. Leasing activity also surged to an 11-quarter high of 8.5 msf, just 890k square feet (sf) off the record high in the second quarter of 2018. GTA West led the pack, posting 4.5 msf (53.6%) of the leasing total, followed by the GTA North market at 1.7 msf (20.1%). Most of the new leasing activity took place in the <20k square foot-sized segment, with about 1.1 msf taken by small-bay sized occupiers, followed by about 1.8 msf in the 20k to 50k-sf range. Twenty-five of the leases topped 100k sf, for a total of 3.9 msf. Not surprisingly, 3rd party logistics (3PL) and e-commerce companies led the way as demand drivers.

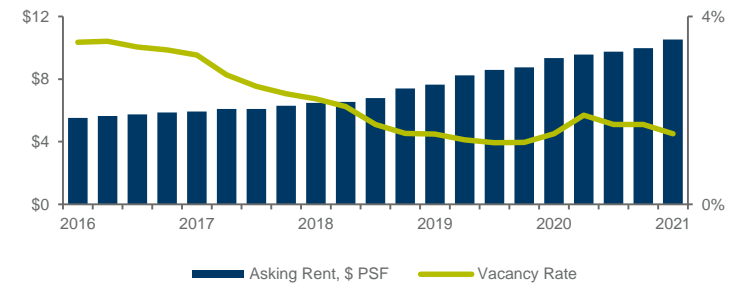
#### PRICING: Rents Break Double-Digit Ceiling

With demand swamping supply, the GTA overall asking rent soared to a record high of \$10.53 per square foot (psf) – a 13% year-over-year (YOY) increase. This is close to a 90% increase in just five years. Leading rental growth is GTA North at \$12.35 psf – a 16.2% YOY hike and representing a 121% increase in five years. Although GTA East posted a YOY increase of 10.7% to \$7.94 psf, asking rents have not escalated at the same pace as other nodes. Except for Hamilton, GTA East is the only major market where rents have not yet broken the double-digit ceiling. With soaring land prices and development charges, developers are turning to redevelopment sites as a viable option to bring space to market. Vaughan now has the highest development charges at \$39.62 psf. In this red-hot market, we can expect average rental rates to continue breaking new records.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT



### Industrial Q1 2021

#### UNDER CONSTRUCTION



TOTAL UNDER CONSTRUCTION SF  
**11.6 MSF**



TOTAL AVAILABLE SF  
**5.4 MSF**

#### SPECULATIVE



TOTAL SF SPEC UNDER CONSTRUCTION  
**6.6 MSF**



SPEC BUILDINGS ACCOUNT FOR  
**57%** OF TOTAL CONSTRUCTION

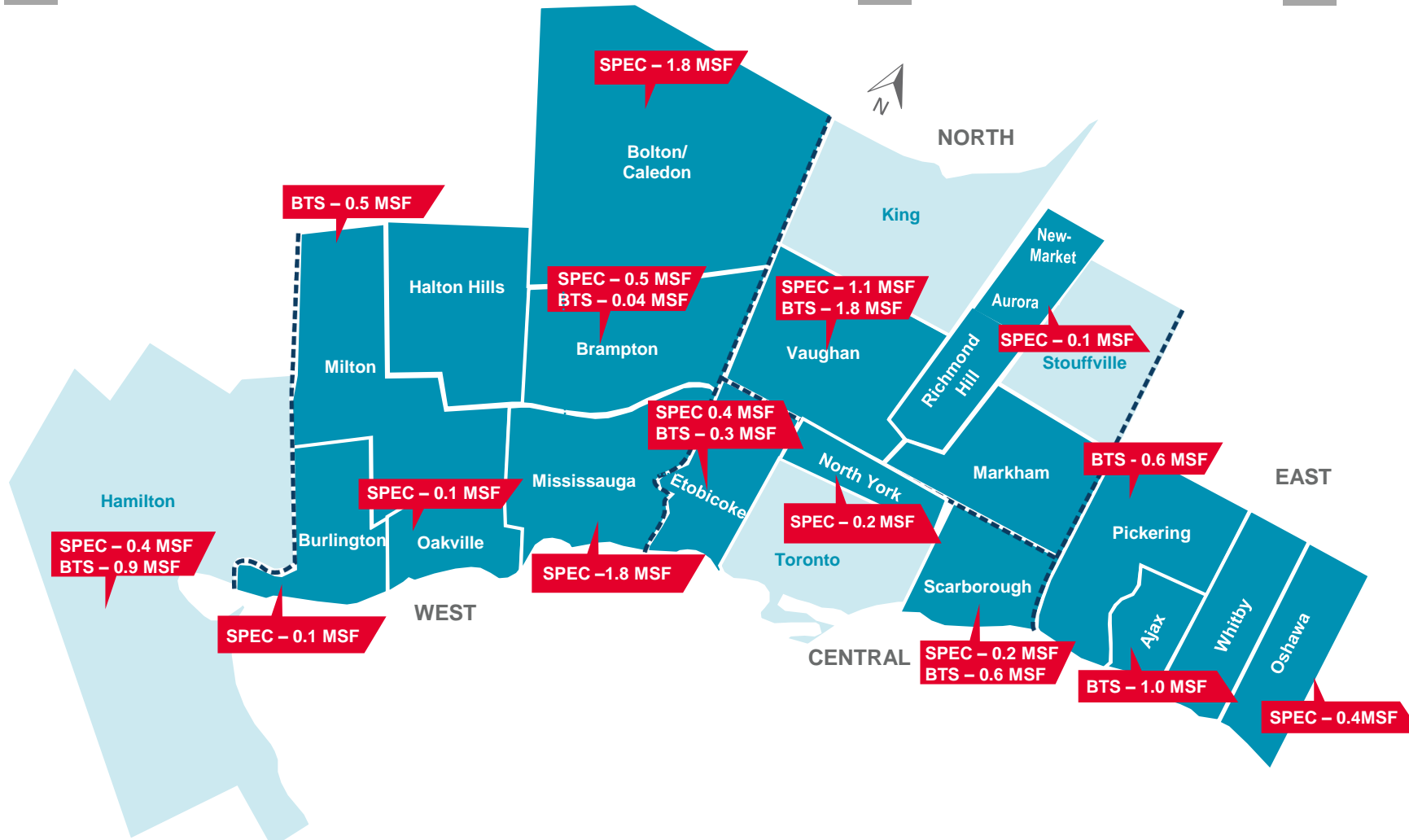
#### BUILD TO SUIT



**4.9 MSF**  
TOTAL SF BTS UNDER CONSTRUCTION



BTS BUILDINGS ACCOUNT FOR  
**43%** OF TOTAL CONSTRUCTION



### Industrial Q1 2021

#### 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	227,235,688	3,527,502	1.6%	859,458	859,458	1,692,703	563,582	\$10.43	\$3.68	\$165.18
GTA West	370,188,484	5,019,021	1.4%	909,190	909,190	4,828,080	635,500	\$10.70	\$4.14	\$274.39
GTA North	155,844,981	2,055,647	1.3%	527,800	527,800	2,997,018	123,920	\$12.35	\$4.04	\$332.41
GTA East	44,269,855	1,200,945	2.7%	510,283	510,283	2,055,337	631,262	\$7.94	\$3.07	n/a
SUBURBAN	570,303,320	8,275,613	1.5%	1,947,273	1,947,273	9,880,435	1,390,682	\$10.58	\$3.93	\$286.46
<b>GTA TOTALS</b>	<b>797,539,008</b>	<b>11,803,115</b>	<b>1.5%</b>	<b>2,806,731</b>	<b>2,806,731</b>	<b>11,573,138</b>	<b>1,954,264</b>	<b>\$10.53</b>	<b>\$3.85</b>	<b>\$250.21</b>
<b>HAMILTON</b>	<b>50,546,681</b>	<b>1,541,168</b>	<b>3.0%</b>	<b>-110,217</b>	<b>-110,217</b>	<b>1,209,152</b>	<b>0</b>	<b>\$7.33</b>	<b>\$2.88</b>	<b>\$204.75</b>

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

\*\* TMI – Taxes, Maintenance, Insurance

#### KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
12734 Coleraine Drive	Caledon	Metro Supply Chain Group	285,545	New Lease
12333 Airport Road	Caledon	Henkel	252,528	New Lease
7330 Mississauga Road	Mississauga	Alliance Labeling	216,412	New Lease

\*Renewals not included in leasing statistics

#### KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
777 Bayly Street West	Ajax	1191373 Ontario Inc./Summit REIT	342,830	\$68.0M/\$198
190 Bovaird Drive West	Brampton	Filoselle Properties Limited/Dejardins Group and Triovest	210,000	\$39.2M/\$187
200 Industrial Parkway North	Aurora	SJ Agemian Investments Inc/ Aurora Industrial Investments Corporation.	167,958	\$24.0M/\$143
1400 Squires Beach Road	Pickering	591658 Ontario Limited/ Amazon Canada Fulfillment Services	137,850	\$40.0M/\$290
1290 South Service Road West	Oakville	Savant Technologies Canada Company/ Molinario Management Limited	124,840	\$18.5M/\$148

#### KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
17 Vickers Road	Etobicoke	Metro Ontario Real Estate Limited	268,436	Metro Ontario Real Estate Limited
170 The West Mall	Etobicoke	Metro Ontario Real Estate Limited	210,251	Metro Ontario Real Estate Limited
2565 Rena Road	Mississauga	Sai Rags International Inc	121,000	Tanasons Holdings Limited

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