

1.1%
Vacancy Rate

YoY Chg
12-Mo. Forecast



3.6M
Net Absorption, SF.



\$10.98
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

3.3M
Greater Toronto Area Employment

YoY Chg
12-Mo. Forecast



9.8%
Greater Toronto Area Unemployment Rate



7.8%
Canada Unemployment Rate



Source: Statistics Canada June 2021

ECONOMY: Ontario Staged for Recovery

With pandemic health indicators showing steady improvement, Ontario has moved forward on its Roadmap to Reopen. Outdoor dining and non-essential shopping resumed on June 11th, while non-essential retail was allowed to open at 15% of capacity and essential retail at 25%. Canadian household spending rebounded, running 14% above last year levels and 11% ahead of pre-shock levels in June 2019 (RBC). Labour markets also grew by 20,200 (+0.3%) compared to March 2021. Toronto average home prices have increased by 17% year-over-year (YoY) to \$1.089M (TREB).

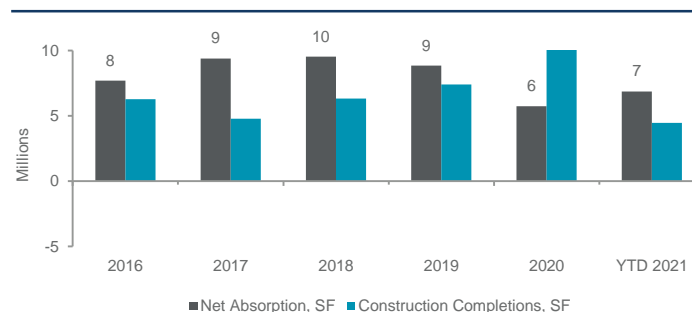
SUPPLY AND DEMAND: Supply Runs Out as Demand Intensifies

GTA's industrial market posted yet another banner quarter in the second quarter of 2021 with vacancy, leasing and rents all smashing new records. This strong growth resulted in overall vacancy to sink to a new low watermark of 1.1% from 1.9% a year ago. Record tight conditions are now widespread across the GTA, with all four major industrial markets posting vacancy under 1.5%. Insatiable demand for industrial space has driven year-to-date leasing activity up to 16.5 million square feet (msf) - the highest two-quarter total on record. Of the 8.0 msf transacted during the quarter, 20 deals topped 100,000 square feet (sf). Most of the leases, which totaled 140, involved small bay users, occupying less than 50,000 sf, while 42 of the quarter's leases were above 50,000 sf. This is a significant shift from a year ago when there were 69 leases under 50k sf and only 12 leases above 50k sf. Absorption reached a high of 3.6 msf, well above the quarterly average of 2.2 msf between Q2 2019 and Q1 2021. GTA West led the way in growth with 1.6 msf of absorption, followed by a 17-year high in the GTA East of 1.0 msf. Fourteen new buildings totaling 2.5 msf were delivered in the quarter of which 1.9 msf (75%) was pre-leased prior to delivery and another 11% of that square footage, approximately 275,000 sf, is close to being leased.

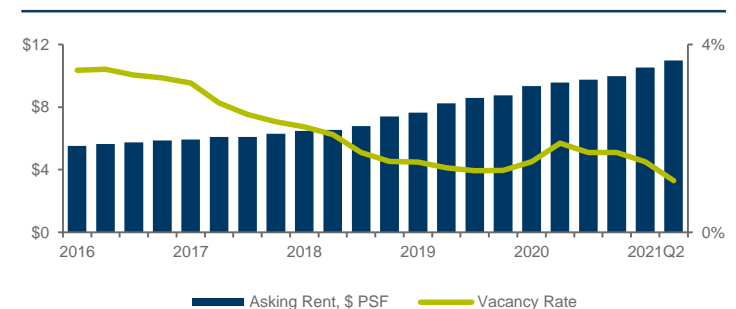
PRICING: Asking Rents Advance into Double-Digit Territory

With all four major markets under the 1.5% vacancy mark, the GTA's overall asking rent surged to \$10.98 per square foot net, an increase of 14.7% YoY. GTA East remained somewhat competitive, with rents yet to break the double-digit ceiling. Given the acute supply-demand imbalance, rent is expected to remain on an upward trajectory. As the pandemic is brought under control and business is able to return to full operation in a "new normal", the demand for industrial space is expected to accelerate, further exacerbating tight conditions and the upward pressure on rents.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q2 2021

UNDER CONSTRUCTION

TOTAL UNDER CONSTRUCTION SF
9.6 MSF

TOTAL AVAILABLE SF
3.6 MSF

SPECULATIVE

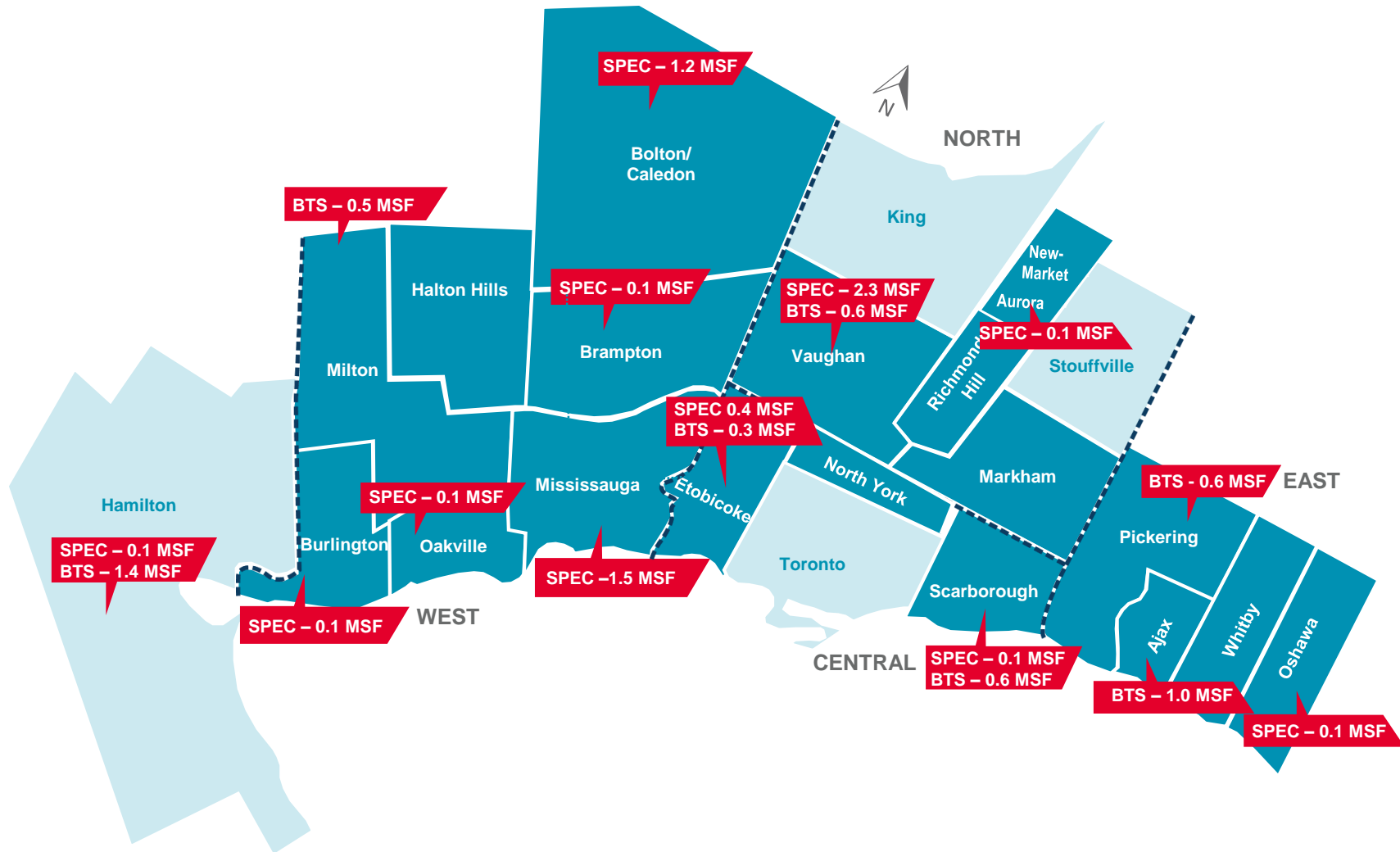
TOTAL SF SPEC UNDER CONSTRUCTION
6.0 MSF

SPEC BUILDINGS ACCOUNT FOR
63% OF TOTAL CONSTRUCTION

BUILD TO SUIT

3.6 MSF
TOTAL SF BTS UNDER CONSTRUCTION

BTS BUILDINGS ACCOUNT FOR
37% OF TOTAL CONSTRUCTION



Industrial Q2 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD ADJUSTED 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	226,900,788	2,950,600	1.3%	400,461	1,314,384	1,408,738	283,965	\$10.75	\$3.76	\$286.67
GTA West	371,130,625	4,242,015	1.1%	1,643,375	2,913,451	3,517,079	1,607,413	\$11.15	\$4.13	\$219.10
GTA North	156,139,339	1,335,734	0.9%	549,628	1,162,178	2,898,026	189,250	\$12.78	\$3.95	n/a
GTA East	44,966,257	551,606	1.2%	965,809	1,476,092	1,753,119	440,000	\$7.79	\$3.31	n/a
SUBURBAN	572,236,221	6,129,355	1.1%	3,158,812	5,551,721	8,168,224	2,236,663	\$11.08	\$3.99	\$219.10
GTA TOTALS	799,137,009	9,079,955	1.1%	3,559,273	6,866,105	9,576,962	2,520,628	\$10.98	\$3.92	\$233.78
HAMILTON	50,989,137	1,059,134	2.1%	180,030	136,433	1,444,618	264,534	\$7.49	\$3.39	\$151.45

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

** TMI – Taxes, Maintenance, Insurance

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
Reading Court	Milton	General Mills	551,564	New Lease
Shaver Road	Hamilton	Bridgestone	500,000	New Lease
883 Thornton Road South	Oshawa	Geodis Logistics LLC	440,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
100-110 Iron Street	Etobicoke	Mantella Corporation / Triovest	524,636	\$125,285,000 / \$239
601-607 Milner Avenue	Scarborough	2608342 Ontario Ltd./Nicola Wealth Real Estate	439,667	\$40,425,000 / \$92
501 Consumers Road	North York	Consumers Road Investments Inc. / e-commerce	417,000	\$56,000,000 / \$134
77 Belfield Road	Etobicoke	Belfield Investment Corporation / e-commerce	370,000	\$65,000,000 / \$176
250 Summerlea Road	Brampton	Confederation Freezers Inc. / TPP Summerlea Road Holdings Ltd.	350,000	\$78,201,062 / \$223

KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
883 Thornton Road South	Oshawa	Geodis Logistics LLC	440,000	Panattoni Development Company
7850 Heritage Road South	Brampton	e-commerce	382,935	Orlando Corporation
12660 Coleraine Drive	Caledon	n/a	287,538	AIMCo

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

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