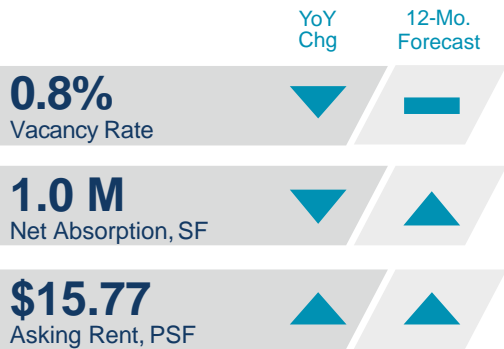
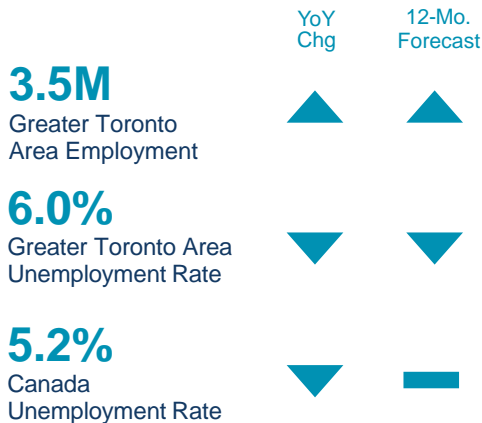


### Industrial Q3 2022



Overall, Direct Net Asking Rent

#### ECONOMIC INDICATORS Q3 2022



Source: Statistics Canada September 2022

#### ECONOMY: Gathering Storm Clouds

The GTA unemployment rate in September 2022 was 6.0%; a marginal increase of 10 basis points (bps) from the previous month which translated into 52,600 fewer full-time jobs. From the February 2022 peak through August, average home prices tumbled 13% - more than any other province - with sales off by about 40%. This is especially problematic for Ontario given the heightened linkages between its real estate sector and the broader economy. Rising interest rates and inflation signaled continued downside risks for economic growth over the coming quarters.

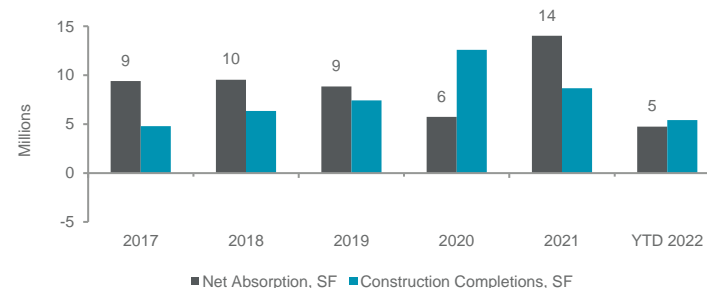
#### SUPPLY AND DEMAND: Demand Fuels Record Construction

Although GTA's industrial vacancy rose by a mere 10 bps from last quarter, the overall market still chalked up an unheard-of fifth consecutive quarter of vacancy at sub-one percent. GTA West saw vacancy fall by 10 bps to another new low of 0.7%. Negligible increases in the GTA's Central and North markets, reaching 0.9% and 0.5% respectively, offered little relief for users on the street. Meanwhile, GTA East's vacancy inched up for the second consecutive quarter to 1.1%, still not enough to improve tight market conditions. Of the 5.0 million square feet (msf) of new leasing activity in the third quarter of 2022, over 25% (1.3 msf) was driven by pre-leasing in buildings under construction as well as proposed. The Brampton submarket accounted for over 50% of the quarter's preleasing activity due to Pet Value's lease of 670,485 square feet (sf) at 10750 Highway 50, a property scheduled for completion by the second quarter of 2024. Demand continued to overwhelm supply this quarter - at 75% pre-leased, the addition of 1.7 msf of new supply did little to move the dial on tight conditions. Fueled by relentless demand, another record-setting 21.5 msf is underway with expected delivery by the end of 2024. With developers remaining bullish on GTA's industrial market, speculative buildings account for 91% of the total inventory under construction, while a mere 9% are build-to-suit.

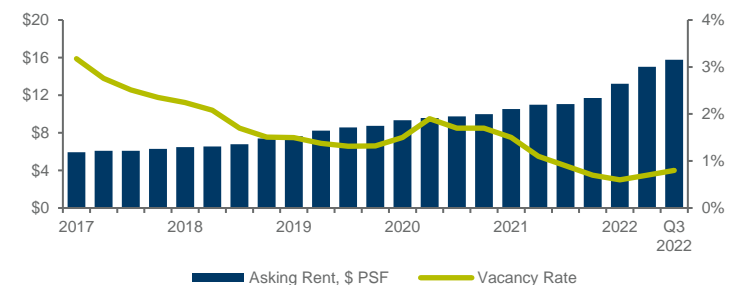
#### PRICING: Rental Rates Soar to New Highs

Historic tight market fundamentals continued to drive rental rate growth in the third quarter. GTA's overall industrial asking net rent in existing builds soared by a record 42.6% year-over-year (YoY) to a new high of \$15.77 per square foot (psf). Record-setting annual growth was widespread across the GTA with rental increases in three of the four markets surpassing previous highs. GTA East led the way with a 57% YoY increase, followed by GTA Central where the YoY hike reached 52%. Meanwhile, the GTA North market holds the top spot for the highest average asking rent at \$16.57 psf.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & DIRECT ASKING RENT



### Industrial Q3 2022

#### GTA UNDER CONSTRUCTION

TOTAL UNDER CONSTRUCTION SF  
**21.5 MSF**

TOTAL AVAILABLE SF  
**14.8 MSF**

#### SPECULATIVE

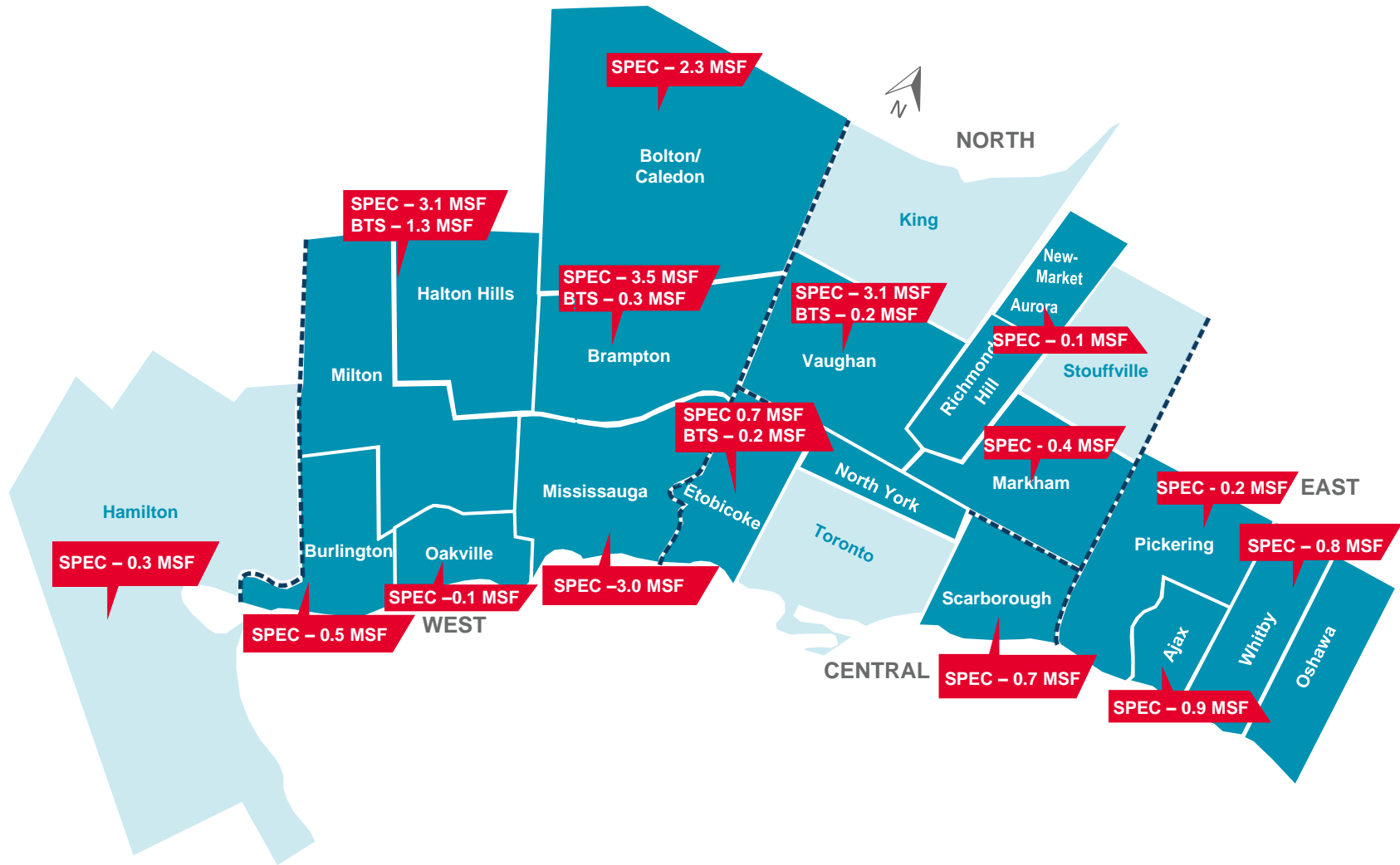
TOTAL SF SPEC UNDER CONSTRUCTION  
**19.5 MSF**

SPEC BUILDINGS ACCOUNT FOR  
**91% OF TOTAL CONSTRUCTION**

#### BUILD TO SUIT

**2.0 MSF**  
TOTAL SF BTS UNDER CONSTRUCTION

BTS BUILDINGS ACCOUNT FOR  
**9% OF TOTAL CONSTRUCTION**



### Industrial Q3 2022

#### 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	225,364,979	2,140,556	0.9%	-691,445	191,588	1,616,951	0	\$15.58	\$4.19	\$421.14
GTA West	374,722,915	2,722,271	0.7%	721,043	2,619,111	14,131,090	555,081	\$15.78	\$4.62	\$445.88
GTA North	157,311,981	798,805	0.5%	686,047	1,655,441	3,816,783	775,996	\$16.57	\$4.17	\$582.50
GTA East	48,105,055	509,742	1.1%	322,130	283,718	1,908,147	363,593	\$13.00	\$3.00	n/a
SUBURBAN	580,139,951	4,030,818	0.7%	1,729,220	4,558,270	19,856,020	1,694,670	\$15.91	\$4.51	\$463.28
<b>GTA TOTALS</b>	<b>805,504,930</b>	<b>6,171,374</b>	<b>0.8%</b>	<b>1,037,775</b>	<b>4,749,858</b>	<b>21,472,971</b>	<b>1,694,670</b>	<b>\$15.77</b>	<b>\$4.38</b>	<b>\$442.94</b>
<b>HAMILTON</b>	<b>52,827,965</b>	<b>1,095,484</b>	<b>2.1%</b>	<b>-217,743</b>	<b>-336,926</b>	<b>328,434</b>	<b>0</b>	<b>\$11.93</b>	<b>\$2.99</b>	<b>n/a</b>

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

\*\* TMI – Taxes, Maintenance, Insurance

#### KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
10750 Highway 50	Brampton	Pet Value	670,485	New Lease
12333 Airport Road	Caledon	Maersk	568,000	New Lease
10 Canfield Drive	Markham	SHEIN Canada	166,731	New Lease

\*Renewals not included in leasing statistics

#### KEY SALE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
153 Van Kirk Drive	Brampton	ITPDS Limited / PIREIT	248,000	\$92,000,000 / \$370.97
200 Industrial Parkway North	Aurora	Aurora Industrial Investments Corporation / PIREIT	167,958	\$40,600,000 / \$241.73
35 Precidio Court	Brampton	BentallGreenOak / Fuel Transport.	122,442	\$42,500,000 / \$347.10
5100 Harvester Road	Burlington	2455529 Ontario Inc / Extrudex Aluminum Limited	92,584	\$30,500,000 / \$329.43

#### KEY CONSTRUCTION COMPLETIONS 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1825 Reading Court	Milton	Princess Auto	498,404	Orlando Corporation
675 Harwood Avenue North, Building A	Ajax	Multi-Tenanted	224,909	Triovest Realty Advisors Inc
6685 Langstaff Road	Vaughan	Tremco Canada	220,380	Huntington IV Limited

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