

Toronto



Rental rates across the Greater Toronto Area (GTA) have risen dramatically year over year, as demand for industrial space has greatly outpaced supply and tenants await delivery of projects under construction.



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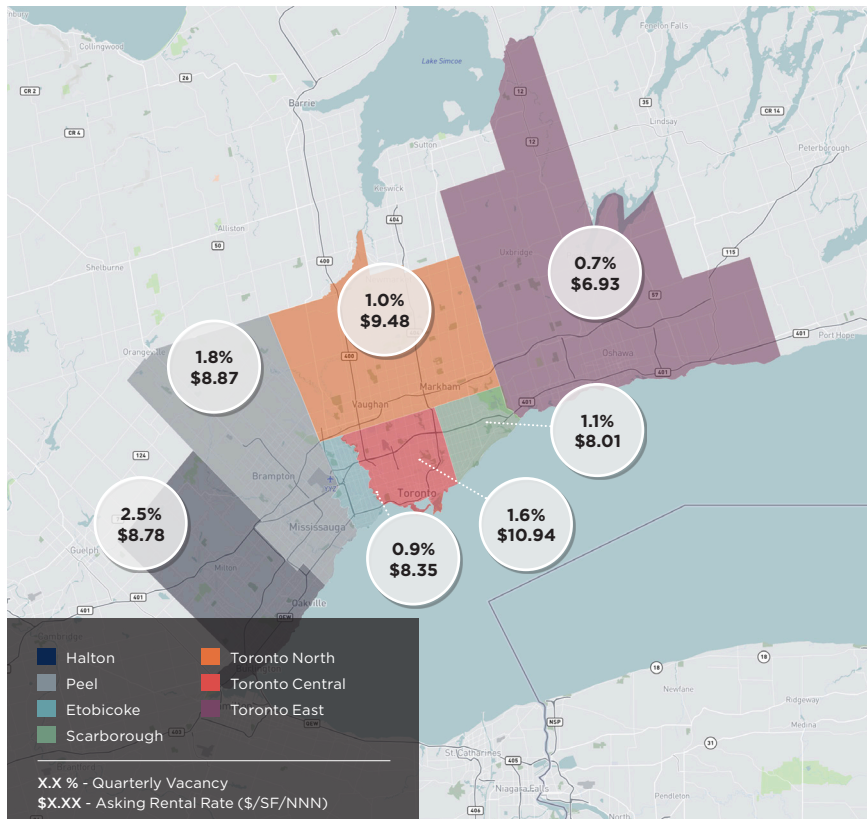
Overall net asking rents in the GTA have risen to \$8.95 per square foot, a 18.7% increase compared to Q4 2018. When focussing on overall gross asking rents, the trend is partially diminished, with a 12.4% increase year-over-year. Meanwhile, year-over-year vacancy rates have leveled off at 1.5%, following a sharp decline in previous quarters. Vacancy rates in Etobicoke and Toronto East have now dropped below 1.0%, at 0.9% and 0.7% respectively.

Increasing rental rates and decreasing vacancy trends are expected to continue as e-commerce challenges retailers to re-evaluate their supply chains and increases the need for specialized facilities. Despite developers' commitment to satisfying demand, with 13.6msf under construction compared to 10.1msf just one year ago, it is expected that increasing rental rates and decreasing vacancy trends will continue for 18-36 months before rent growth slows to a more moderate, but still positive, level.

KEY STATISTICS

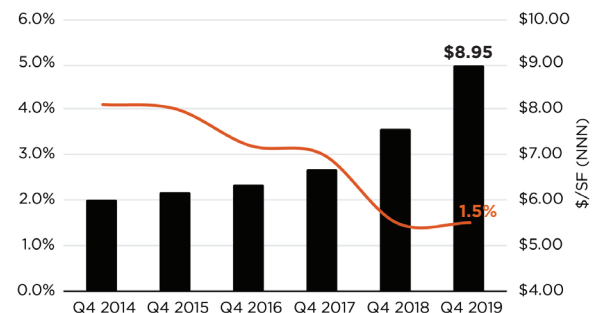
	Q4 2018	Q4 2019	y-o-y Change
Inventory	819.2 MSF	825.9 MSF	▲
Vacancy Rate	1.5%	1.5%	◀▶
Net Absorption	6.5 MSF	3.7 MSF	▼
Under Construction	10.1 MSF	13.6 MSF	▲
Overall Asking Rent (NNN)	\$7.54	\$8.95	▲

Notable leasing transactions from the quarter include Amazon's lease of 354,000 square feet (sf) at 1555 Wentworth St. in Toronto East, following up its lease of 1,000,000 sf in Scarborough in Q3 of 2019. Also of note in Q4, Kraft Heinz leased 325,000 sf at 20 Westbridge Drive in Halton. Notable sales in the quarter include GWL Realty's purchase of 1.1 million sf from DSV Solutions at 2200 Yukon Court in Halton, for \$180.1 million and Crombie REIT's purchase of 794,000 sf from Sobeys at 8265 Huntington Road in Toronto North, for \$95.9 million.



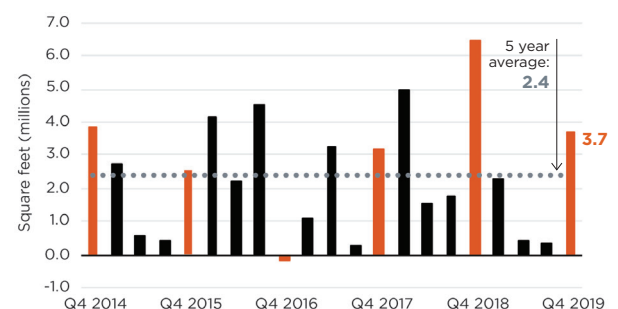
VACANCY AND ASKING RENT TRENDS

Toronto



NET ABSORPTION

Toronto



“Industrial tenants in the Greater Toronto Area continue to face unprecedented market conditions that have challenged the status quo and forced companies to alter their real estate strategies moving forward. Increasing rental rates, high user demand and limited availability have fueled a fast-paced transaction environment that we expect to continue in the near-term.”

– Brian Prevoe, Managing Director

SUBMARKET OVERVIEW

Submarket	Existing Inventory		Vacancy			YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)	Overall Asking Rent (NNN)
	# Bldgs	Total (SF)	Direct (SF)	Total (SF)	Vac %				
Halton	1,593	83,693,864	1,990,938	2,131,063	2.5%	3,022,513	1,688,003	1,201,616	\$8.78
Peel	5,083	293,729,832	4,708,273	5,271,006	1.8%	719,687	2,604,154	7,006,580	\$8.87
Etobicoke	1,659	68,400,045	595,390	640,173	0.9%	175,446	0	0	\$8.35
Scarborough	1,493	60,693,218	603,479	668,084	1.1%	819,608	683,087	1,023,359	\$8.01
Toronto North	3,467	167,576,690	1,571,302	1,744,361	1.0%	1,297,454	1,043,361	2,751,617	\$9.48
Toronto Central	2,617	98,896,022	1,539,142	1,583,509	1.6%	508,640	967,144	20,357	\$10.94
Toronto East	1,090	52,884,025	369,418	376,618	0.7%	192,215	25,230	1,618,262	\$6.93
Overall	17,002	825,873,696	11,377,942	12,414,814	1.5%	6,735,563	7,010,979	13,621,791	\$8.95

MAJOR TRANSACTIONS

Sales

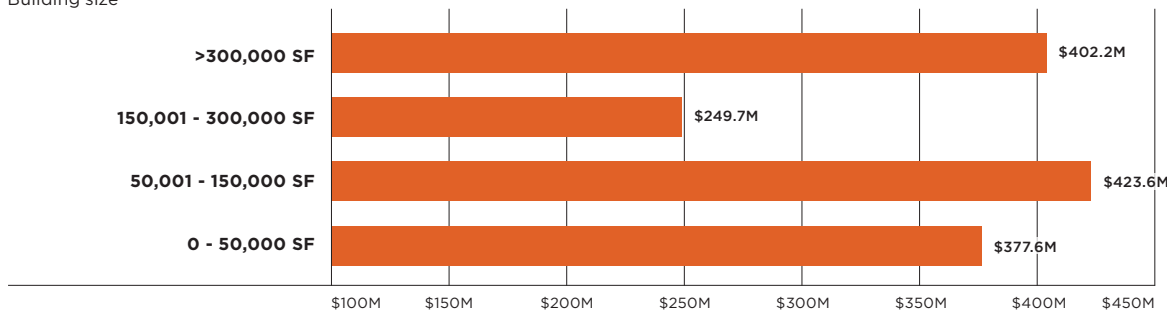
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
GWL Realty Advisors	DSV Solutions Inc.	Dec '19	2200 Yukon Court	1,099,520	2019	42.71	\$180,100,000	Halton
Crombie REIT	Sobeys	Dec '19	8265 Huntington Road	794,000	2009	84.74	\$95,900,000	Toronto North
Triovest	Vankirk7080 Inc.	Nov '19	70 & 80 Van Kirk Drive	338,440	1986	14.95	\$50,000,000	Peel
Northbridge Investment Management	1176726 Ontario Ltd.	Dec '19	1160 & 1170 Birchmount Road	362,682	1955	14.47	\$45,562,000	Scarborough
TFI International	Groupe Petra	Nov '19	1201 Creditstone Road & 2700 Langstaff Road	120,650	2008	21.10	\$38,000,000	Toronto North

Leases

Tenant	Square Feet	Address	Submarket	Landlord
Amazon	354,000	1555 Wentworth Street	Toronto East	Fiera Properties
Kraft Heinz	325,000	20 Westbridge Drive	Halton	QuadReal
Paramount Pallet	185,000	1652 Tricont Avenue	Toronto East	Carttera
Your Closet	99,000	141 New Huntington Road	Toronto North	Zzen Group of Companies
Candym Enterprises Ltd.	73,000	49 Riviera Drive	Toronto North	Douglas Merkel

TRANSACTION VALUE

Building size



Source Savills Research

Market Trends



Vacancy holds Steady

2018: **1.5%** | Today: **1.5%**



Asking Rent Growth (NNN)

Year-Over-Year Change - **19%**

Q4 2018: **\$7.54** | Q4 2019: **\$8.95**



Under Construction

Year-Over-Year Change - **35%**

Q4 2018: **10.1 MSF**

Q4 2019: **13.6 MSF**

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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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