

Toronto



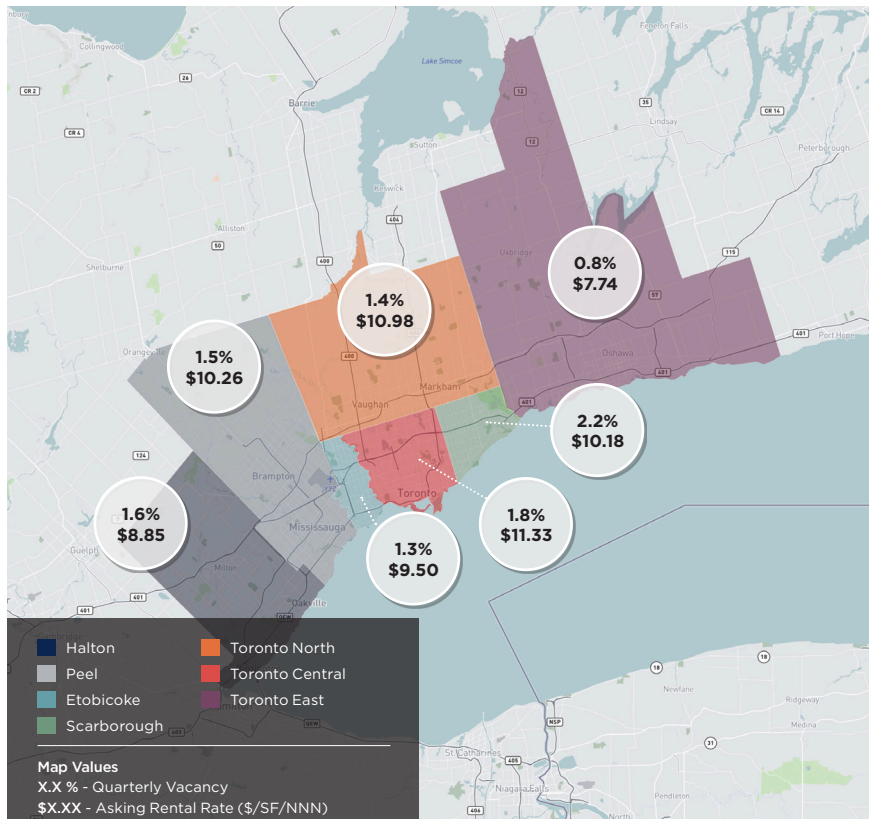
Net asking rental rates nudged higher in the Greater Toronto Area (GTA) industrial market as 2020 concludes. Conditions remain landlord favorable, even amidst pandemic challenges.



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In what has become a familiar narrative over the last few quarters, the GTA industrial market has remained a landlord-friendly environment. Forecasts at the beginning of Q4 2020 for stricter lockdowns and increasing COVID-19 cases came to fruition as the quarter closed and the Ontario Government issued stricter lockdown measures on December 26th, further escalating to stay-at-home orders extending to mid-February, as of the writing of this report. Despite fundamental slowdowns in the office and retail markets, we continue to see rising net asking rents and low vacancy in the industrial market, as essential businesses continue to operate, and the COVID-19 vaccine rollout progresses.

Overall net asking rents in the Greater Toronto Area (GTA) were \$10.08 per square foot (psf) at the end of quarter, a 14.0% increase compared to Q4 2019 and a 1.3% increase compared to Q3 2020. Vacancy rates remained low, at 1.5%, an increase of 10 basis points (bps) from 1.4% in Q4 2019.



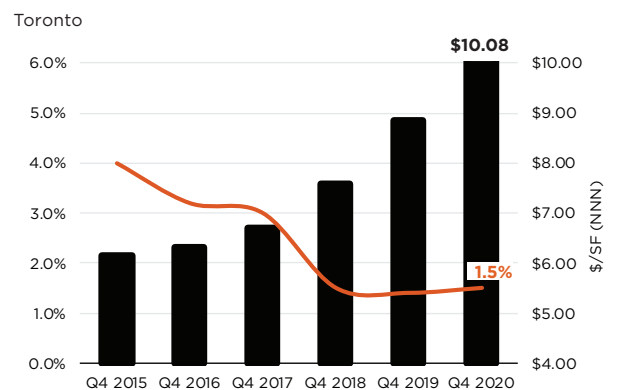
KEY STATISTICS

	Q4 2019	Q4 2020	y-o-y Change
Inventory	829.1 MSF	836.7 MSF	▲
Vacancy Rate	1.40%	1.50%	▲
Net Absorption	2.5 MSF	-0.6 MSF	▼
Under Construction	12.1 MSF	10.8 MSF	▼
Overall Asking Rent (NNN)	\$8.84	\$10.08	▲

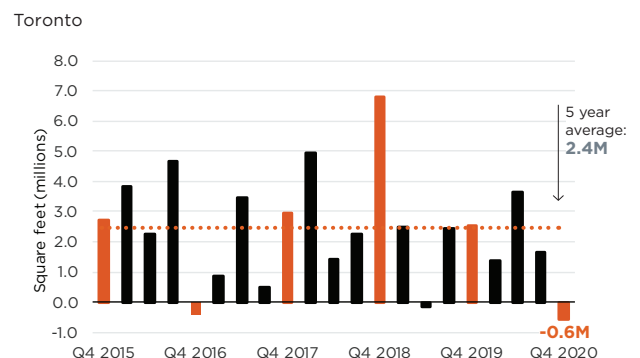
Leasing activity totalled 5.5 million square feet (msf) in Q4 2020, slightly above Q4 2019 figures.

Amazon continues to be a mainstay in notable quarterly leasing transactions, leasing 235,000 square feet (sf) at 2300 North Park Drive, following its leases at Salem Road and Rossland Road East in Ajax and 400 Nugget Avenue in Scarborough in Q3 2020, which combined for a total of 1.7 msf. Sales activity continued its upward trend, with transactions totaling \$1.5B, over twice the value in Q3 2020. Notable sales in the quarter include Quadreal's purchases of 1 Steelcase Road West for \$93M from Liberty Development Corporation and 145 Carrier Drive for \$48M from Hudson's Bay Company.

VACANCY AND ASKING RENT TRENDS



NET ABSORPTION



“2020 ends the way it began in the GTA industrial market with rising net rental rates and low vacancy. As we look forward to 2021, we do not expect these trends to change. Despite increased COVID-19 restrictions in place in Ontario to begin 2021, a significant majority of industrial users remain essential businesses. Further catalysts, including the progression of the COVID-19 vaccine rollout, are likely to continue driving competition for industrial space amongst tenants and we expect net rental rates to adjust upwards.”

– Allen Grinberg, Senior Vice President

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	1,608	84,504,829	1,010,047	1,325,281	1.6%	2,569,738	1,865,508	1,208,023	\$8.85
Peel	5,120	298,079,389	3,789,419	4,465,952	1.5%	2,876,049	3,118,852	4,779,412	\$10.26
Etobicoke	1,658	68,092,887	766,507	877,639	1.3%	-410,808	0	797,480	\$9.50
Scarborough	1,509	61,854,473	1,259,207	1,331,831	2.2%	354,269	1,033,499	0	\$10.18
Toronto North	3,493	170,892,387	2,229,968	2,355,787	1.4%	1,163,279	1,510,381	2,727,588	\$10.98
Toronto Central	2,623	98,627,280	1,613,514	1,738,389	1.8%	-1,382,645	20,357	0	\$11.33
Toronto East	1,107	54,609,654	453,894	460,641	0.8%	913,067	987,000	1,256,262	\$7.74
Overall	17,118	836,660,899	11,122,556	12,555,520	1.5%	6,082,949	8,535,597	10,768,765	\$10.08

MAJOR TRANSACTIONS

Sales

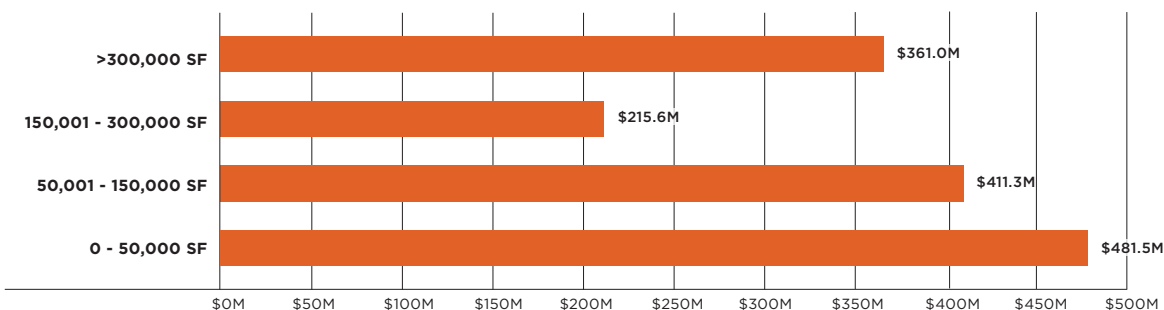
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
QuadReal Property Group	Liberty Development Corp.	Nov 2020	1 Steelcase Road West	689,000	1972	29.78	\$93,000,000	Toronto North
QuadReal Property Group	Hudson's Bay Co.	Oct 2020	145 Carrier Drive	275,000	1973	18.99	\$48,000,000	Etobicoke
Summit REIT	CTG Brands	Oct 2020	123 Great Gulf Drive	245,000	2003	9.62	\$47,316,000	Toronto North
Prologis	Norampac Inc.	Dec 2020	450 Evans Avenue	320,000	1954	12.56	\$44,180,000	Etobicoke
Private Investor	Alectra Utilities	Nov 2020	175 Sandalwood Parkway West	150,000	1991	15.78	\$32,500,000	Peel

Leases

Tenant	Square Feet	Address	Submarket	Landlord
Amazon	235,000	2300 North Park Drive	Peel	Carttera
Masonite International Corp.	214,000	2771 Rutherford Road	Toronto North	HOOPP
Advan Tech	139,000	4545 Steeles Avenue West	Toronto Central	Metrus Properties
Mainfreight	113,000	350 Madill Boulevard	Peel	Orlando
Ingram Micro	100,000	5650 Keaton Crescent	Peel	Orlando

TRANSACTION VOLUME

By Building Size (Q4 2020)



Source Savills Research

Market Trends



Vacancy Stable

Q4 2019: 1.4% | Today: 1.5%



Asking Rent Growth (NNN)

Year-Over-Year Change - 14.0%

Q4 2019: \$8.84 psf

Q4 2020: \$10.08 psf



Under Construction

Year-Over-Year Change - -11.0%

Q4 2019: 12.1 MSF

Q4 2020: 10.8 MSF

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