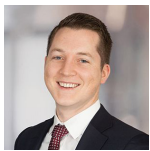


# Toronto



Industrial rental rates continue to rise across the Greater Toronto Area (GTA), however uncertainty of COVID-19 economic impact begins to cloud market forecasts.

*Given the evolving nature of the COVID-19 situation, information is changing day by day. All data in this report is as of March 31st 2020, with the majority of information recorded prior to the pandemic onset and resulting disruption. This does not reflect any current or potential impact stemming from recent events.*



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Toronto's recent history outlook of industrial market strength, categorized by historically-low vacancy rates and increasing rental rates was quickly upended in March, with the rapid emergence of COVID-19 and subsequent closure of non-essential businesses. The impact of COVID-19 on industrial market fundamentals will become clearer as the situation progresses but is currently unknown. However, it is expected that the industrial real estate market will experience less disruption relative to office and retail markets as increased E-commerce activity is likely to fill gaps, if any, arising from potential decreased manufacturing activity.

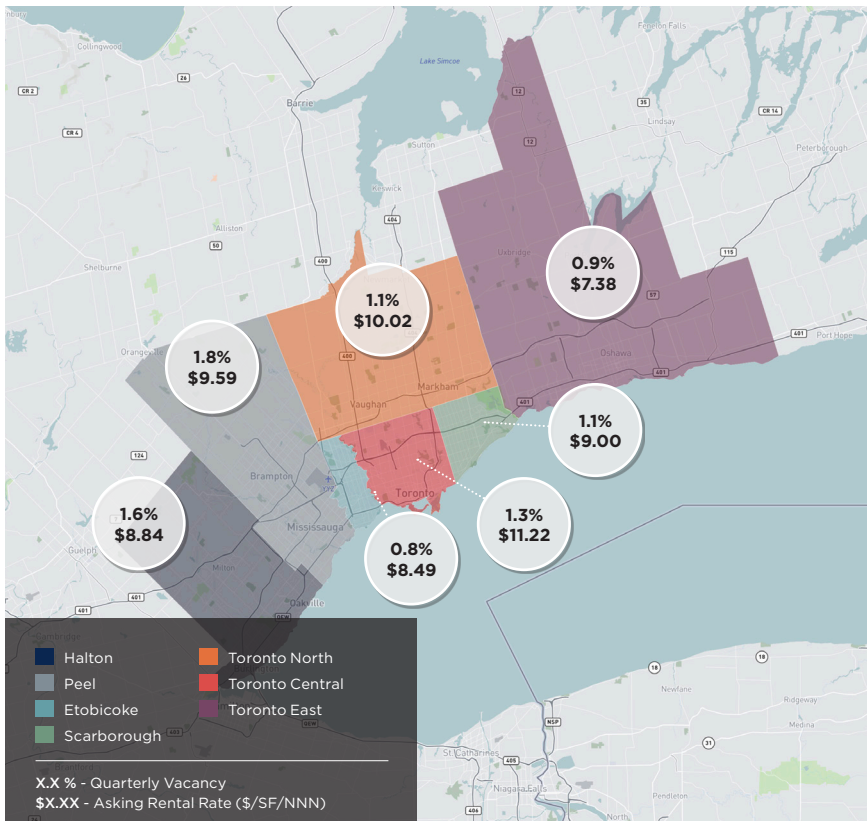
Prior to the rise of COVID-19, overall net asking rents in the GTA had continued to trend upwards, reaching \$9.38 per square foot (psf), a 19.5% increase compared to Q1 2019. Vacancy rates remained low, at 1.4%, broadly unchanged from 1.3% in Q1 2019. Rental rate growth has been balanced across submarkets, apart from Halton and Toronto East, where year-over-year growth was slower, at 10.6% and 9.5%

## KEY STATISTICS

	Q1 2019	Q1 2020	y-o-y Change
<b>Inventory</b>	819.6 MSF	<b>827.3 MSF</b>	▲
<b>Vacancy Rate</b>	1.30%	<b>1.40%</b>	▲
<b>Net Absorption</b>	2.3 MSF	<b>1.8 MSF</b>	▼
<b>Under Construction</b>	11.4 MSF	<b>13.0 MSF</b>	▲
<b>Overall Asking Rent (NNN)</b>	\$7.85	<b>\$9.38</b>	▲

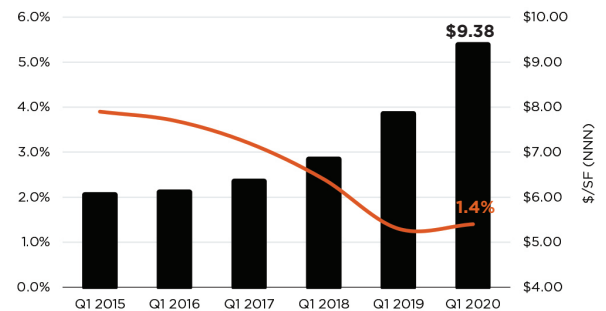
respectively. Despite this, Halton has seen the greatest decrease in vacancy, settling at 1.6% in Q1 2020, compared to 2.8% one year prior.

Notable leasing transactions from the quarter include DHL's lease of 343,000 square feet (sf) at 205 Speirs Giffen Avenue in Peel and York Transportation & Warehousing Group's lease of 163,000 sf at 8460 Mount Pleasant Way. Notable sales in the quarter, both located in Markham, include PSP Investments' sale of the Cochrane Business Park for \$45.2 million and Kubota's sale of 5900 14th Avenue for \$39.8 million, of which both properties were purchased by Summit REIT.



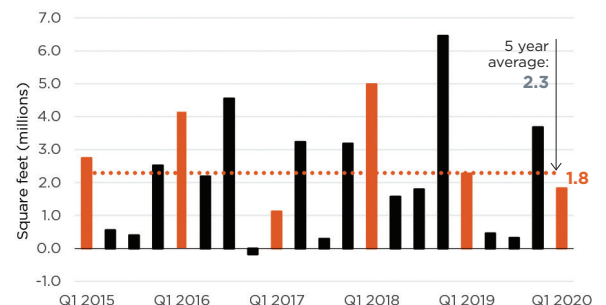
## VACANCY AND ASKING RENT TRENDS

Toronto



## NET ABSORPTION

Toronto



“Industrial tenants in the Greater Toronto Area face a new challenge in Q1 2020 with the emergence of COVID-19. Tenants and landlords alike are encountering a multitude of unfamiliar variables, contributing to added uncertainty within market forecasting. However, the likelihood of decreased leasing activity in the short-term may create opportunity for tenants in a position to act.”

– Brian Prevoe, Corporate 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	1,595	83,591,163	1,158,849	1,298,974	1.6%	801,697	76,179	1,364,377	\$8.84
Peel	5,097	294,234,899	4,929,311	5,200,580	1.8%	374,974	306,727	6,630,257	\$9.59
Etobicoke	1,659	68,044,811	538,648	547,881	0.8%	92,992	0	0	\$8.49
Scarborough	1,506	60,950,357	586,126	650,731	1.1%	14,703	0	1,023,359	\$9.00
Toronto North	3,475	168,345,758	1,698,697	1,877,535	1.1%	473,504	304,324	2,222,277	\$10.02
Toronto Central	2,618	99,010,387	1,277,317	1,305,497	1.3%	45,713	0	20,357	\$11.22
Toronto East	1,094	53,110,849	457,398	457,398	0.9%	24,210	110,000	1,693,262	\$7.38
Overall	17,044	827,288,224	10,646,346	11,338,596	1.4%	1,827,793	797,230	12,953,889	\$9.38

MAJOR TRANSACTIONS

Sales

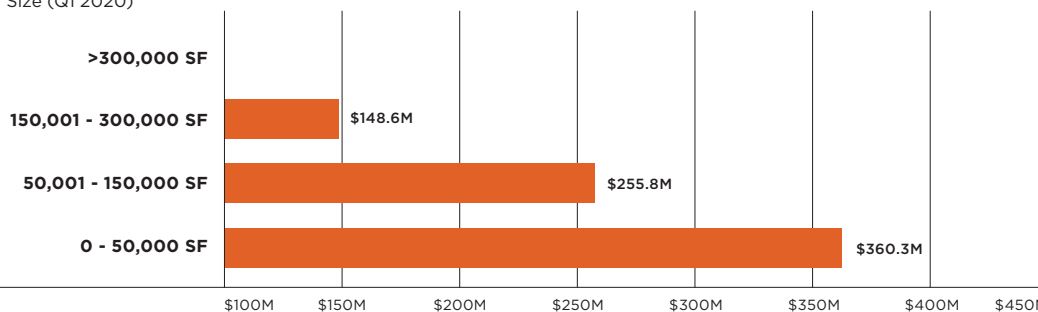
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
Summit REIT	PSP Investments	Feb '20	Cochrane Business Park	228,719	1986	11.70	\$45,150,000	Toronto North
Summit REIT	Kubota Canada Ltd.	Jan '20	5900 14th Avenue	184,561	2001	11.40	\$39,840,000	Toronto North
Dream REIT	Integrated Asset Management Corp.	Jan '20	1995 Markham Road	240,776	1987	10.89	\$33,100,000	Scarborough
Private Investor	The Stronach Group	Feb '20	455 Magna Drive	121,921	1994	10.03	\$30,000,000	Toronto North
Mapletree Investments	Digital Realty Trust Inc.	Jan '20	6800 Millcreek Drive	83,578	1998	6.02	\$29,000,000	Peel

Leases

Tenant	Square Feet	Address	Submarket	Landlord
DHL	343,000	205 Speirs Giffen Avenue	Peel	H&R Reit
Kubota Canada Ltd.	185,000	5900 14th Avenue	Toronto North	Summit Reit
York Transportation & Warehousing Group	163,000	8460 Mount Pleasant Way	Halton	BentallGreenOak
Walmart	153,000	12880 Coleraine Drive	Peel	Menkes
NexCycle Industries Ltd.	134,000	325 Orenda Road	Peel	Massco Developments Ltd.

TRANSACTION VOLUME

By Building Size (Q1 2020)



Source Savills Research

Market Trends



Vacancy Rises

Q1 2019: 1.3% | Today: 1.4%



Asking Rent Growth (NNN)

Year-Over-Year Change - 19%  
Q1 2019: \$7.85 | Q1 2020: \$9.38



Under Construction

Year-Over-Year Change - 14%  
Q1 2019: 11.4 MSF  
Q1 2020: 13.0 MSF

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The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills research. Current and historical availability and rent data are subject to change due to changes in inventory.