

Q1 2022

Toronto Industrial Market Report

Net Absorption

This Quarter	Previous Quarter
371K SF	2.3M SF
12-Month Absorption	5-Year Quarterly Avg.
11.0M SF	2.0M SF

Availability

This Quarter	Year-over-Year
0.7%	↓ 60 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$13.75 PSF	↑ 30.5%

Development / Sales

Under Construction	New Supply
10.3M SF	802K SF
Sale Price Avg.	Year-over-Year
\$275 PSF	↑ 30.9%

**Weighted Average
Colliers Macaulay Nicolls Inc.*

Market Outlook

Q1 2022 started the year off strong for the Greater Toronto Area (GTA) Industrial market with demand still high and a lack of available space for lease or sale. Absorption this quarter slowed from 2.3 million square feet in Q4 to 370,000 square feet in Q1, but this was not an indication of the market slowing down and was instead reflective of the lack of space available for lease. The absorption this quarter was still positive and resulted in a total of 13.7 million square feet absorbed in the GTA from Q1 2021 to Q1 2022.

Availability remained at the record low of 0.7% this quarter, with the total available space on the market dropping from 6 million square feet in Q4 2021 to 5.6 million square feet in Q1 2022. As availability remains low, more and more opportunities could arise from “off-market” agreements. The shrinking amount of available space has led to a year-over-year increase of 30.5% in asking net rental rates and a climb of 40% since the beginning of the pandemic, with Q1 2022 rates coming in at \$13.75. With such a rapid rise in pricing, we are beginning to see some tenant pushback on escalating net rents. Although tenants may be experiencing “sticker shock”, with such a low availability rate, if one tenant is not willing to pay the increase in rents there is likely another that will. We expect this to contribute to a continued rise in rents over the course of

2022, which is unlikely to change unless the market sees a large influx of new supply or a sudden decrease in demand.

Q1 saw less than 1 million square feet delivered across the GTA but double or triple that amount is anticipated in Q2. The total amount of square footage under construction grew this quarter, from 9.8 million in Q4 to 10.3 million in Q1. Compared to the top 10 U.S. markets the GTA is competitive in terms of vacancy, inventory, and net rents, but falls behind in the amount of industrial space under construction. In comparison, the GTA currently has the lowest amount of square footage currently under construction as a percentage of total inventory. We will continue to see the impacts of this smaller development pipeline on availability and rents in 2022 and beyond.

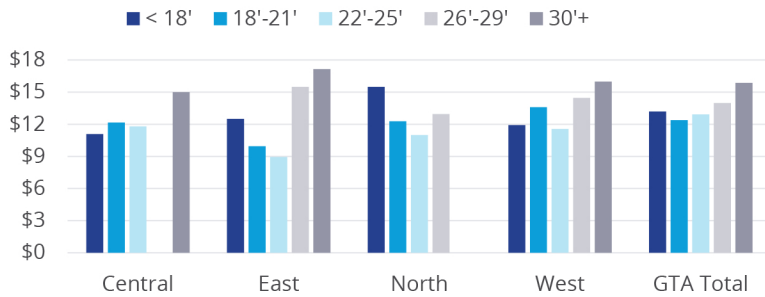
On the investment side, Pure Industrial purchased 13 industrial properties in the GTA which totaled over 900,000 square feet, in a \$312 million transaction with Northlea Corporation. Skyline REIT sold off multiple small-bay industrial properties this quarter for \$297 million in efforts to refocus their portfolio. The average sale price per square foot in the GTA increased 30.9% year-over-year, which may motivate more owners to divest of their industrial assets as the market continues to reach new heights.

Accelerating success.

Market Overview

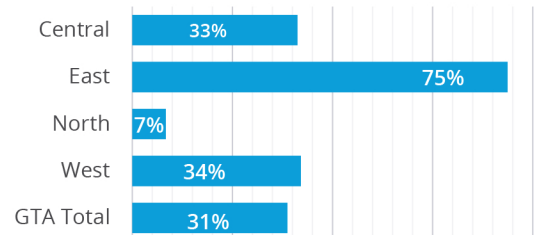
01 Rental Rates by Clear Height

Weighted Average Asking Net Rates (PSF)



02 Rental Rate Growth*

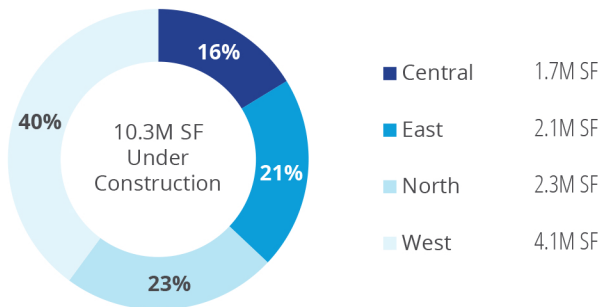
By Market | Q1 2021 – Q1 2022



*Weighted Average Asking Net Rent

03 Under Construction by Market

By Building Area (SF)



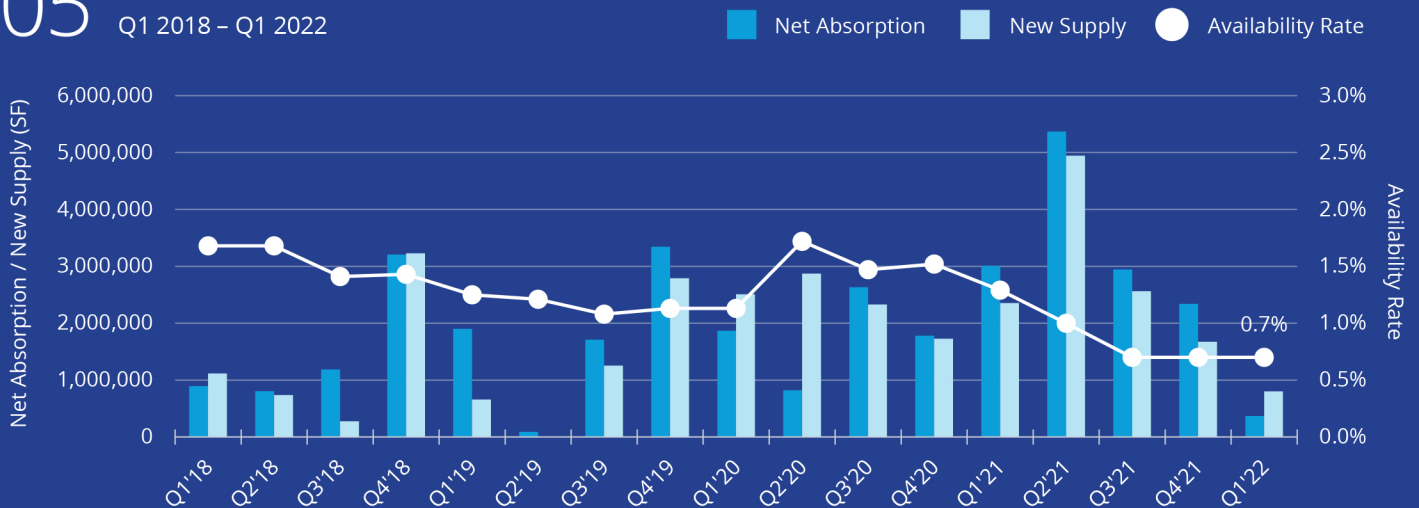
04 Availability Rate by Market

Q1 2021 – Q1 2022

Market	Availability Rate	Change	From
Central	0.5%	↓	from 1.4% Q1'21
East	0.6%	↓	from 1.8% Q1'21
North	0.4%	↓	from 1.3% Q1'21
West	0.9%	↓	from 1.2% Q1'21
GTA Total	0.7%	↓	from 1.3% Q1'21

05 Historical Overview

Q1 2018 – Q1 2022



Market Statistics

Market	Total Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (PSF)	Wgt. Avg. Asking Net Rent (PSF)	Avg. Sale Price (PSF)
Don Mills	9,989,873	67,795	0.7%	67,795	0	67,795	0.7%	-67,795	0	0	\$13.56	\$250.42
Downsview	25,915,603	103,715	0.4%	103,715	0	103,715	0.4%	-40,021	0	0	\$10.84	\$213.20
East York	8,339,344	27,840	0.3%	27,840	0	27,840	0.3%	-5,137	0	0	\$16.00	\$550.00
North Etobicoke	41,373,457	41,969	0.1%	307,429	17,000	324,429	0.8%	353,076	290,034	367,480	\$14.33	\$298.89
North York South	11,471,347	55,272	0.5%	197,032	0	197,032	1.7%	-4,717	0	0	\$14.79	\$498.23
Scarborough East	14,605,232	0	0.0%	46,979	17,311	64,290	0.4%	92,720	0	1,017,449	\$14.95	\$303.47
Scarborough South	26,821,926	60,969	0.2%	34,719	26,250	60,969	0.2%	150,482	0	0	\$14.95	\$225.77
Scarborough West	20,961,138	0	0.0%	0	0	0	0.0%	0	0	0	-	\$288.52
South Etobicoke	30,111,301	311,736	1.0%	348,279	0	348,279	1.2%	178,415	0	294,393	\$12.40	\$375.35
Toronto	19,558,078	0	0.0%	0	0	0	0.0%	0	0	0	-	\$756.19
Weston	23,294,059	66,000	0.3%	66,000	0	66,000	0.3%	-30,672	0	0	\$13.32	\$279.05
Willowdale	3,669,706	27,850	0.8%	27,850	0	27,850	0.8%	36,678	0	0	\$15.00	\$286.42
York	5,077,455	0	0.0%	0	0	0	0.0%	0	0	0	-	\$388.25
Central	241,188,519	763,146	0.3%	1,227,638	60,561	1,288,199	0.5%	663,029	290,034	1,679,322	\$13.38	\$289.55
Ajax	9,373,298	17,900	0.2%	39,410	0	39,410	0.4%	0	0	1,261,596	\$11.34	\$195.45
Oshawa	11,442,303	131,527	1.1%	193,627	0	193,627	1.7%	17,500	0	137,782	-	\$255.29
Pickering	9,866,078	0	0.0%	0	0	0	0.0%	81,443	0	737,120	-	\$256.99
Whitby	9,543,937	24,006	0.3%	24,006	0	24,006	0.3%	0	0	0	\$15.50	\$247.98
East	40,225,616	173,433	0.4%	257,043	0	257,043	0.6%	98,943	0	2,136,498	\$12.92	\$246.66
Aurora	6,024,870	56,202	0.9%	30,875	25,327	56,202	0.9%	-56,202	0	332,677	\$12.00	\$312.89
Markham East	34,529,610	265,158	0.8%	360,958	0	360,958	1.0%	-265,158	0	617,309	\$13.33	\$267.87
Markham West	1,793,263	0	0.0%	0	0	0	0.0%	0	0	0	-	-
Newmarket	7,612,753	0	0.0%	0	0	0	0.0%	0	0	0	-	\$192.88
Richmond Hill	13,068,226	17,840	0.1%	38,136	0	38,136	0.3%	50,768	0	40,700	\$11.95	\$361.13
Vaughan	95,888,860	68,372	0.1%	89,183	27,349	116,532	0.1%	11,826	0	1,387,887	\$15.34	\$253.07
Whitchurch/Stouffville	1,119,055	34,732	3.1%	34,732	0	34,732	3.1%	-34,732	0	0	\$12.00	\$171.13
North	160,036,637	442,304	0.3%	553,884	52,676	606,560	0.4%	-293,498	0	2,378,573	\$13.37	\$252.32
Brampton East	57,672,862	267,622	0.5%	575,517	77,037	652,554	1.1%	-267,622	0	1,025,384	\$15.69	\$280.19
Brampton West	42,181,613	53,467	0.1%	640,233	17,967	658,200	1.6%	-37,967	0	682,235	\$11.60	\$418.19
Burlington	23,243,361	54,338	0.2%	337,698	20,000	357,698	1.5%	35,095	41,433	141,399	\$11.90	\$269.76
Caledon	20,245,986	15,000	0.1%	15,000	0	15,000	0.1%	423,966	230,151	182,768	\$17.00	\$206.50
Halton Hills	7,493,850	0	0.0%	0	0	0	0.0%	0	0	246,715	-	\$264.59
Milton	22,741,566	0	0.0%	101,451	0	101,451	0.4%	0	0	902,083	\$13.63	\$336.13
Miss. Central East	19,555,762	36,864	0.2%	36,864	92,025	128,889	0.7%	1,708	0	30,000	\$14.95	\$369.44
Miss. Central West	18,503,950	0	0.0%	0	0	0	0.0%	48,158	0	0	-	\$325.25
Mississauga East	21,113,484	119,822	0.6%	43,882	75,940	119,822	0.6%	-94,622	0	0	\$10.40	\$323.50
Miss. / Meadowvale	22,823,760	96,481	0.4%	127,264	56,467	183,731	0.8%	227,584	240,415	625,197	\$14.95	\$149.12
Mississauga South / E	13,234,502	150,101	1.1%	165,871	0	165,871	1.3%	-150,101	0	0	\$15.33	\$266.45
Mississauga South / W	19,897,190	0	0.0%	0	23,565	23,565	0.1%	15,000	0	278,109	-	\$253.37
Mississauga West	72,709,420	319,110	0.4%	519,537	36,520	556,057	0.8%	-221,363	0	0	\$14.83	\$339.17
Oakville	19,924,214	412,341	2.1%	346,166	98,175	444,341	2.2%	-98,175	0	0	\$14.38	\$273.93
Oakville Winston Park	5,961,468	0	0.0%	68,913	0	68,913	1.2%	20,427	0	0	\$14.73	-
West	387,302,988	1,525,146	0.4%	2,978,396	497,696	3,476,092	0.9%	-97,912	511,999	4,113,890	\$13.97	\$278.44
Greater Toronto Area Total	828,753,760	2,904,029	0.4%	5,016,961	610,933	5,627,894	0.7%	370,562	802,033	10,308,283	\$13.75	\$275.07
Greater Toronto/Hamilton Area Total	872,482,600	3,048,601	0.3%	5,202,415	634,833	5,837,248	0.7%	368,685	802,033	11,734,155	\$12.97	\$265.83