

Q2 2022

Toronto Industrial Market Report

Net Absorption

This Quarter	Previous Quarter
2.8M SF	371K SF
12-Month Absorption	5-Year Quarterly Avg.
9.2M SF	2.2M SF

Availability

This Quarter	Year-over-Year
0.6%	↓ 40 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$15.34 PSF	↑ 35.4%

Development / Sales

Under Construction	New Supply
12.5M SF	2.2M SF
Sale Price Avg.	Year-over-Year
\$324 PSF	↑ 62.4%

**Weighted Average
Colliers Macaulay Nicolls Inc.*

Market Outlook

As in Q1 2022, demand for industrial space is still high across the Greater Toronto Area, leading to continued decreases in the amount of total available space on the market. Absorption jumped this quarter to close to 3 million square feet after small but positive gains in Q1 2022, making this the 24th consecutive quarter of positive absorption for the Industrial market. A large portion of the absorption this quarter came from pre-leased space in new supply projects which came to market in Q2 2022. In order to maintain quarterly positive absorption, new supply will have to be added to the inventory as the amount of available space for lease continues to drop.

Availability decreased 10 basis points to 0.6% in Q2 2022, as the Industrial market set another historic low, with only 5 million square feet available in blocks of space over 15,000 square feet across the GTA. Limited availability has also contributed to surging average asking rents, which now sit at \$15.34. In certain areas of the city and particularly the GTA West, landlords are asking and achieving rates near the \$20.00 mark on some leases. While large blocks have historically attained pricing discounts, strong demand for all size ranges is leading to more unvaried lease rates. Tenants with immediate space requirements or who are nearing the end of their terms have no choice but to pay the current high-level rates. Tenants who have some flexibility are postponing requirements as they assess how increasing interest rates and inflation will impact both consumer spending and their businesses.

Alongside the increase in new supply this quarter, there was also an uptick of new buildings under construction. With a bump of approximately 2.2 million square feet in Q2 2022, the GTA now has 12.5 million square feet of industrial space in the construction pipeline. While increased new supply and development is a positive sign, the market is still undersupplied and will need a significant influx of space in order to bring about a healthy balance between landlords and tenants.

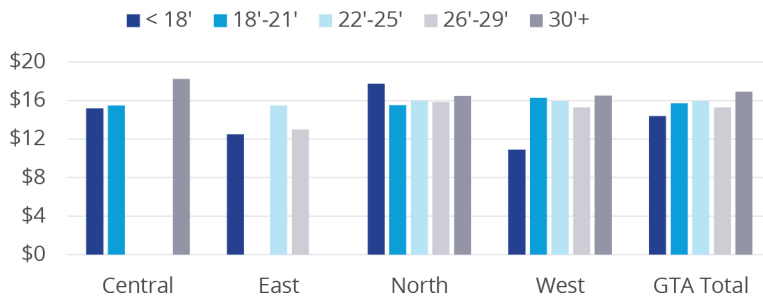
The last two months of the quarter have seen a softening on the investment side. While user sales are still achieving market rates, investment volumes are starting to see a slight drop. Higher interest rates combined with a tighter equity to debt ratio is leading to a smaller pool of potential buyers and therefore lower prices per square foot being offered. However, there were some notable large transactions this quarter as Colliers represented a seller (Park Property Management) on a 21-property industrial portfolio sale totaling close to 1.5 million square feet. The purchaser (KingSett Capital) bought the portfolio for \$461 million, representing a price per square foot of \$315. Lasalle Canada Property Fund along with a European investor also acquired another 21-property industrial portfolio in Mississauga. Deal terms were not released but the portfolio is primarily mid-bay product, totaling 810,000 square feet.

Accelerating success.

Market Overview

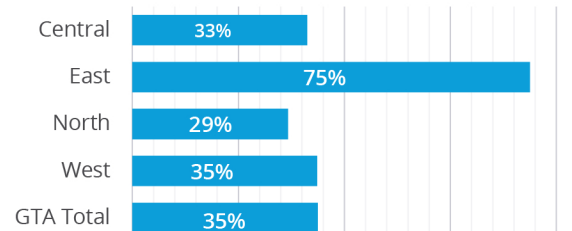
01 Rental Rates by Clear Height

Weighted Average Asking Net Rates (PSF)



02 Rental Rate Growth*

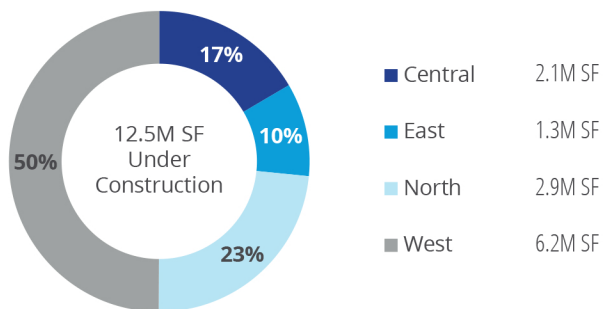
By Market | Q2 2021 – Q2 2022



*Weighted Average Asking Net Rent

03 Under Construction by Market

By Building Area (SF)



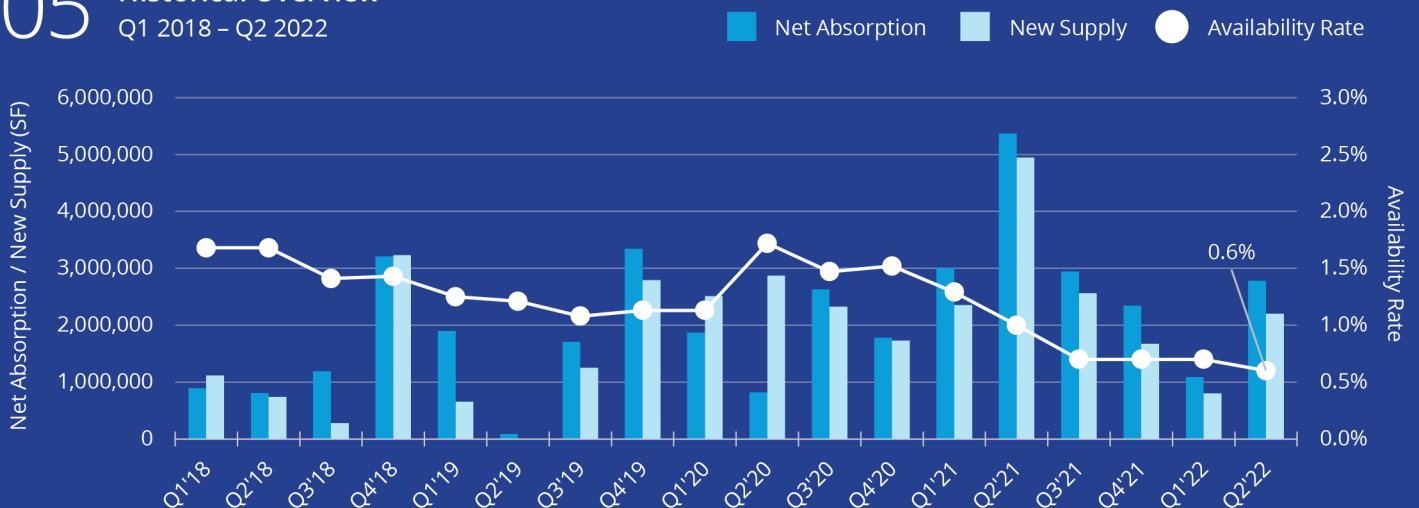
04 Availability Rate by Market

Q2 2021 – Q2 2022

Central	0.5%	↓	from 1.1% Q2'21
East	0.9%	↑	from 0.8% Q2'21
North	0.4%	↓	from 0.9% Q2'21
West	0.7%	↓	from 1.0% Q2'21
GTA Total	0.6%	↓	from 1.0% Q2'21

05 Historical Overview

Q1 2018 – Q2 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	9,989,390	15,000	0.2%	15,000	0	15,000	0.2%	52,795	0	41,000	\$12.00	\$382.56
Downsview	25,916,204	19,219	0.1%	19,219	0	19,219	0.1%	84,496	0	0	\$15.00	\$301.87
East York	8,339,344	27,840	0.3%	27,840	0	27,840	0.3%	0	0	0	\$16.00	\$274.13
North Etobicoke	41,598,853	24,969	0.1%	275,902	0	275,902	0.7%	17,000	0	367,480	\$14.47	\$376.16
North York South	11,471,347	31,000	0.3%	89,280	0	89,280	0.8%	24,272	0	0	\$16.66	\$212.47
Scarborough East	15,069,432	23,418	0.2%	46,979	17,311	64,290	0.4%	440,782	464,200	867,986	\$14.85	\$551.27
Scarborough South	26,834,420	0	0.0%	264,156	0	264,156	1.0%	60,969	0	0	\$16.24	\$336.70
Scarborough West	21,024,170	0	0.0%	98,389	0	98,389	0.5%	61,294	61,294	0	\$19.50	\$311.77
South Etobicoke	29,655,356	168,020	0.6%	208,057	0	208,057	0.7%	143,716	0	789,313	\$14.23	\$359.59
Toronto	19,542,753	0	0.0%	0	0	0	0.0%	0	0	0	-	\$463.73
Weston	23,293,638	44,000	0.2%	177,357	0	177,357	0.8%	22,000	0	0	\$16.11	\$369.34
Willowdale	3,669,706	0	0.0%	0	0	0	0.0%	27,850	0	0	-	-
York	5,066,481	0	0.0%	0	60,555	60,555	1.2%	0	0	0	-	\$562.91
Central	241,471,094	353,466	0.1%	1,222,179	77,866	1,300,045	0.5%	935,174	525,494	2,065,779	\$15.64	\$341.91
Ajax	9,373,298	36,173	0.4%	57,683	0	57,683	0.6%	-18,273	0	1,080,337	\$13.44	-
Oshawa	11,580,085	41,216	0.4%	41,216	240,438	281,654	2.4%	161,566	137,782	0	\$13.00	\$241.15
Pickering	10,434,636	0	0.0%	0	0	0	0.0%	565,000	565,000	172,120	-	-
Whitby	9,512,543	24,006	0.3%	24,006	0	24,006	0.3%	0	0	0	\$15.50	\$265.30
East	40,900,562	101,395	0.2%	122,905	240,438	363,343	0.9%	708,293	702,782	1,252,457	\$13.70	\$258.65
Aurora	6,024,870	30,875	0.5%	30,875	0	30,875	0.5%	25,327	0	418,991	\$12.00	-
Markham East	34,590,940	209,135	0.6%	209,135	0	209,135	0.6%	56,023	0	617,309	\$14.32	\$301.01
Markham West	1,793,263	0	0.0%	0	0	0	0.0%	0	0	0	-	-
Newmarket	7,576,883	0	0.0%	0	0	0	0.0%	0	0	0	-	\$246.75
Richmond Hill	13,069,993	0	0.0%	94,474	85,636	180,110	1.4%	17,840	0	40,700	\$16.13	\$329.47
Vaughan	96,214,559	131,804	0.1%	157,960	57,649	215,609	0.2%	-90,781	0	1,856,912	\$17.60	\$408.02
Whitchurch/Stouffville	1,119,055	0	0.0%	0	0	0	0.0%	34,732	0	0	-	\$414.19
North	160,389,563	371,814	0.2%	492,444	143,285	635,729	0.4%	43,141	0	2,933,912	\$15.58	\$357.22
Brampton East	57,716,335	72,628	0.1%	453,501	34,167	487,668	0.8%	378,166	373,757	745,864	\$17.92	\$287.35
Brampton West	42,274,509	0	0.0%	767,401	0	767,401	1.8%	53,467	0	1,102,583	\$15.35	\$288.20
Burlington	23,219,117	95,000	0.4%	496,482	0	496,482	2.1%	-70,000	0	426,912	\$10.09	\$275.60
Caledon	20,279,578	77,754	0.4%	77,754	0	77,754	0.4%	15,000	77,754	231,753	\$17.00	\$416.90
Halton Hills	7,352,850	0	0.0%	0	0	0	0.0%	0	0	246,715	-	\$312.89
Milton	23,349,121	0	0.0%	17,210	0	17,210	0.1%	328,873	328,873	1,572,595	\$17.95	\$263.16
Miss. Central East	19,530,074	56,326	0.3%	95,576	0	95,576	0.5%	-56,326	0	0	\$17.80	\$315.29
Miss. Central West	18,487,202	0	0.0%	0	0	0	0.0%	0	0	0	-	\$332.34
Mississauga East	21,080,617	75,940	0.4%	0	75,940	75,940	0.4%	18,682	0	605,299	-	\$167.03
Miss. / Meadowvale	23,016,188	51,710	0.2%	68,603	36,257	104,860	0.5%	237,199	192,428	471,628	\$18.90	\$364.00
Mississauga South / E	13,222,154	76,379	0.6%	139,979	0	139,979	1.1%	73,722	0	0	\$15.31	\$294.12
Mississauga South / W	19,916,557	0	0.0%	0	0	0	0.0%	0	0	832,423	-	\$480.02
Mississauga West	72,726,886	253,028	0.3%	339,362	0	339,362	0.5%	-181,083	0	0	\$16.51	\$374.03
Oakville	19,994,793	15,000	0.1%	15,000	0	15,000	0.1%	299,166	0	0	\$15.00	\$305.91
Oakville Winston Park	5,961,468	0	0.0%	58,285	26,500	84,785	1.4%	0	0	0	\$16.75	-
West	388,127,449	773,765	0.2%	2,529,153	172,864	2,702,017	0.7%	1,096,866	972,812	6,235,772	\$15.22	\$316.99
Greater Toronto Area Total	830,888,668	1,600,440	0.2%	4,366,681	634,453	5,001,134	0.6%	2,783,474	2,201,088	12,487,920	\$15.34	\$323.87
Greater Toronto/Hamilton Area Total	874,767,136	1,741,112	0.2%	4,774,864	634,453	5,409,317	0.6%	2,875,531	2,289,245	13,913,792	\$14.81	\$319.04