

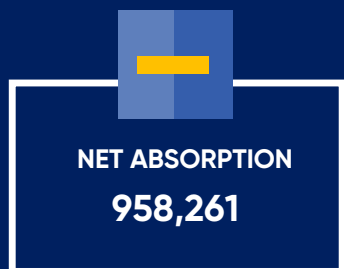


Toronto Industrial

Market Insight Report 2023

GTA Overview

Q2 2023



Market Overview

For the second quarter of 2023, the industrial market continues to see vacancy rates of sub-one percent levels, while availability continues to sit at 1.5 percent. Lease rates, quarter over quarter (QOQ), increased by 2 percent, bringing the average asking rent to \$18.32 per square foot.

The Bank of Canada’s recent interest rate increases have affected the sale price of industrial buildings, resulting in a decrease in the number of transactions, along with the average selling price. Buyers needing financing to purchase the asset will need to pay significantly more than they would have paid a year and a half ago on the interest payments. Furthermore, construction costs continue to increase at a rate greater than inflation, resulting in a further softening of the market.

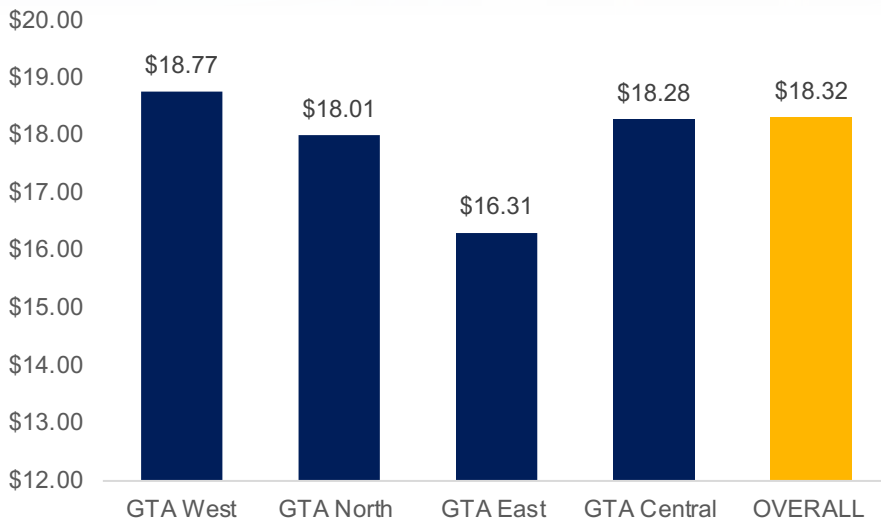
Looking ahead, we anticipate a small increase in availability as more space is slated to hit the market in 2024, which will affect availability rates and push rental rates to level off. A large portion of the incoming available space is new construction.

Submarket Movement

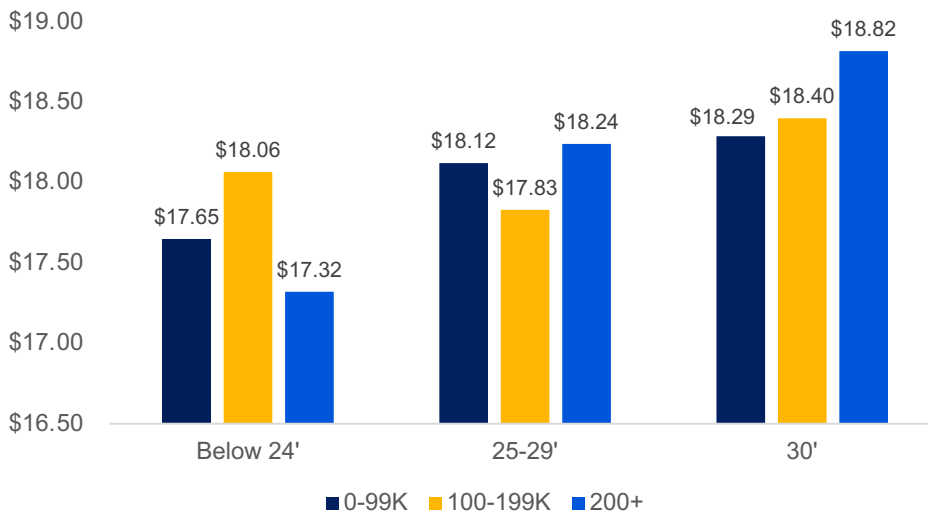
Availability Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
2.0%	0.2% ▲	\$16.31	GTA East
1.7%	0.1% ▲	\$18.01	GTA North
1.6%	-0.2% ▼	\$18.28	GTA Central
1.2%	0.0% ●	\$18.77	GTA West

Q2 2023

Net Rate (PSF)



Net Rent by Clear Height



Cresa Notable Transactions



2800 Matheson Blvd E
57,582 SF
Toronto West



1401 Courtneypark Dr E
53,496 SF
Toronto West



6774 Financial Dr
50,239 SF
Toronto West

The Occupier's Perspective

1. Expect Shorter Windows to Find Space

With historically low vacancies and high competition for space, the timeline to find and transact on a space, depending on size, will be dramatically reduced compared to what was historically needed.

2. Ensure You Have the Agility To Make Quick Decisions

With reduced timelines to find and transact on a space, quicker decision making is required. With limited availability, if you don't act fast, you will likely miss out on a space. This means that companies need to be prepared when they enter the market – this could mean ensuring the right decision makers are at the table, internal pre-approvals for certain cost thresholds have been secured and, reduced layers of approval to allow for speed and agility in decision-making.

3. Rates Will Likely Level Off

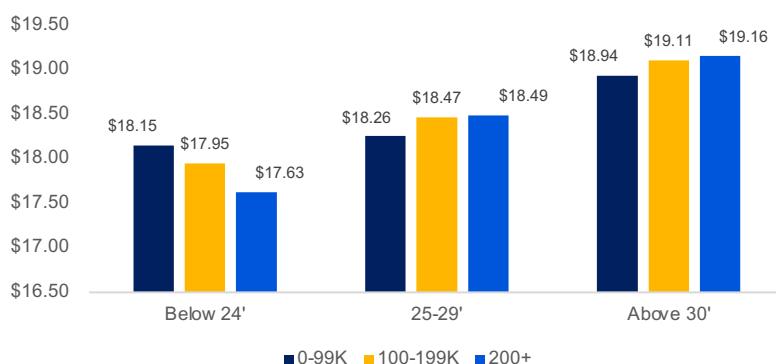
As interest rates continue to rise, and the cost of construction increases, developers have stopped buying land marked for industrial use. Instead, developers are now turning their focus to developing the land they have steadily been buying over the last 5 years. We will begin to see an influx of space come to market in 2024, which will affect availability rates and likely cause rental rates to level off. However, this window of availability is limited as once developers finish their build-outs, we will again see another cycle of low availability and high rates.



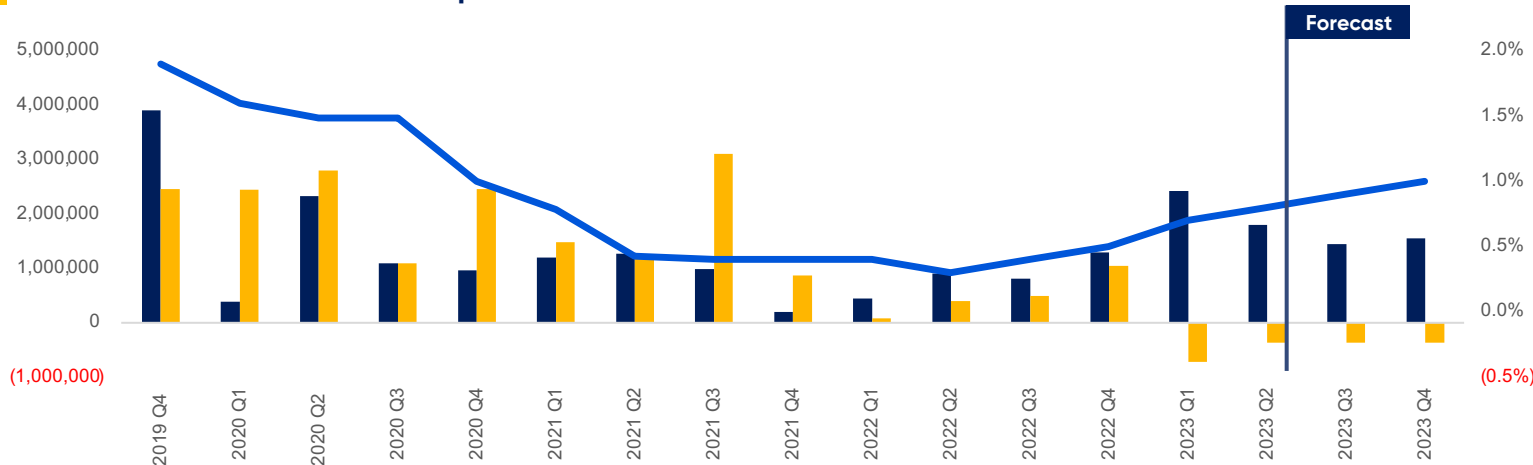
Arrows Indicate One Quarter Change

Availability Rate	Q4	Q1	Q2
Brampton	0.7%	1.8%	1.6%
Burlington	1.6%	1.1%	0.9%
Caledon	0.2%	0.3%	1.2%
Halton Hills	0.9%	0.9%	0.4%
Milton	1.1%	1.7%	2.1%
Mississauga	1.0%	1.0%	1.3%
Oakville	0.8%	1.0%	0.9%
Overall	0.9%	1.2%	1.2%

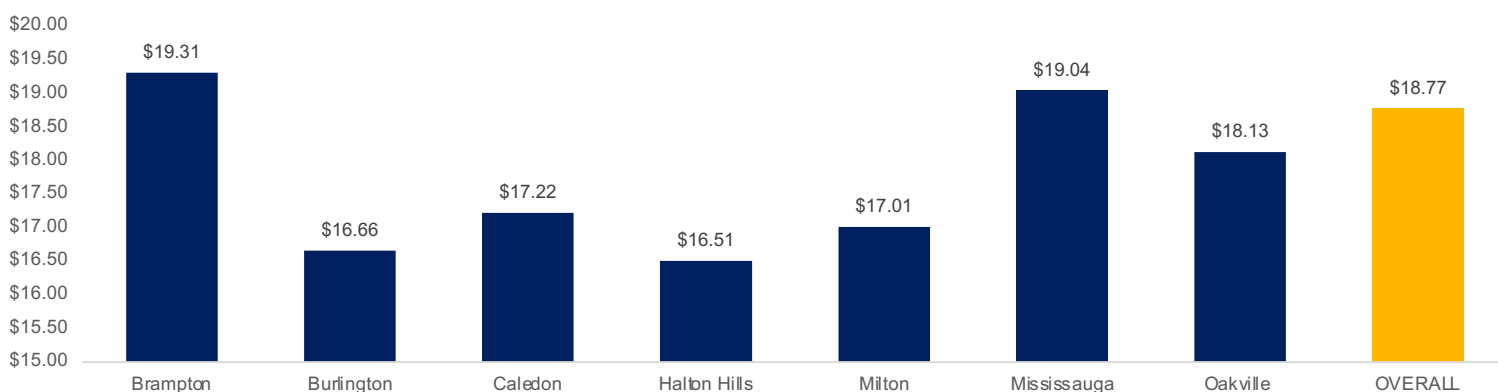
Net Rent by Clear Height



New Construction and Absorption



Net Rate (PSF)

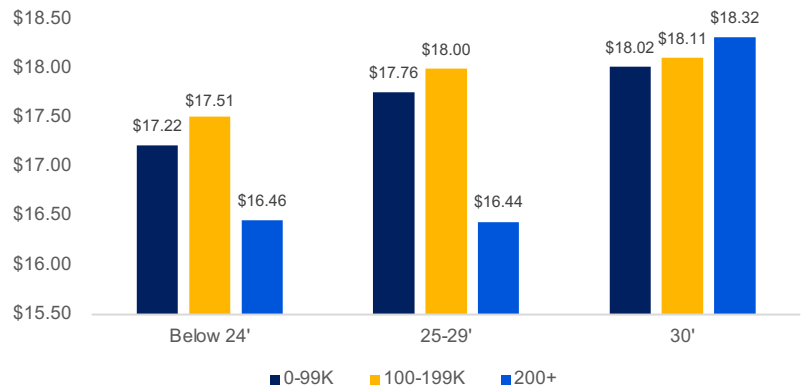




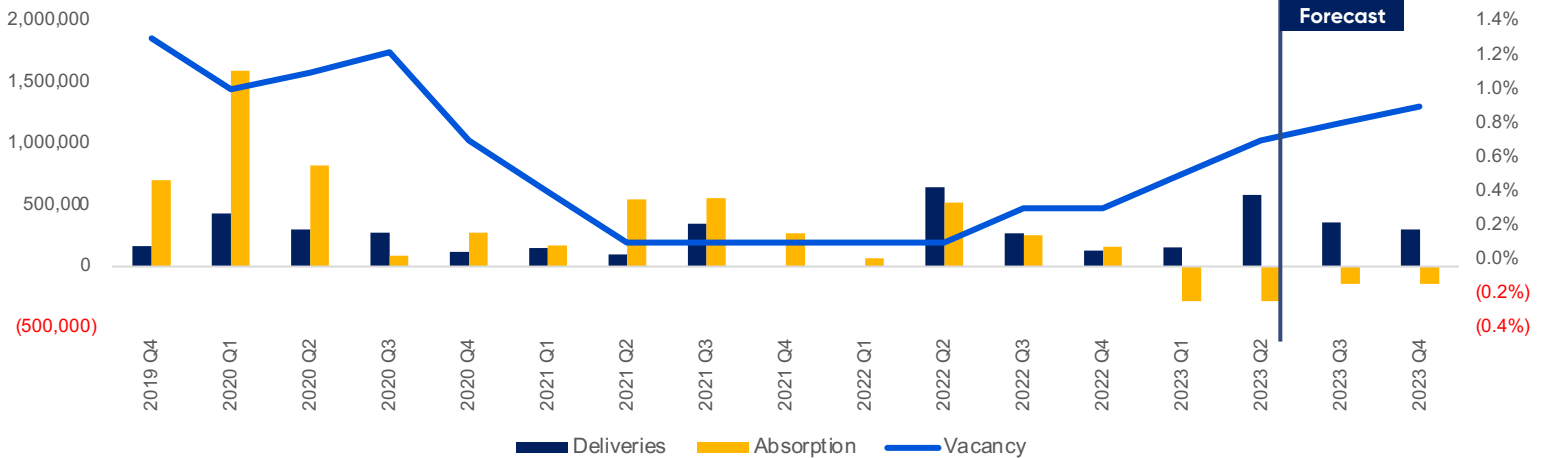
Arrows Indicate One Quarter Change

Availability Rate	Q4	Q1	Q2
Aurora	1.0%	0.5%	0.9%
Markham	0.6%	2.5%	2.7%
Newmarket	1.2%	1.1%	1.1%
King	0.4%	0.4%	0.4%
Outlying York	0.6%	0.6%	0.6%
Whitchurch-Stouffville	1.1%	1.0%	1.0%
Richmond Hill	1.4%	0.9%	0.7%
Vaughan	1.0%	1.8%	2.0%
OVERALL	1.2%	1.6%	1.7%

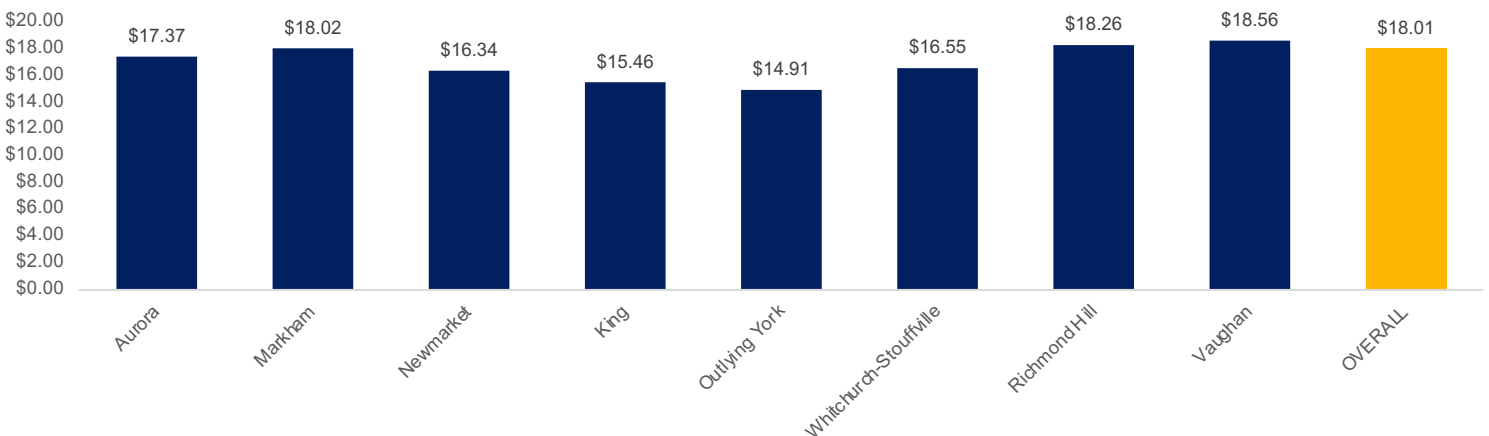
Net Rent by Clear Height



New Construction and Absorption



Net Rate (PSF)

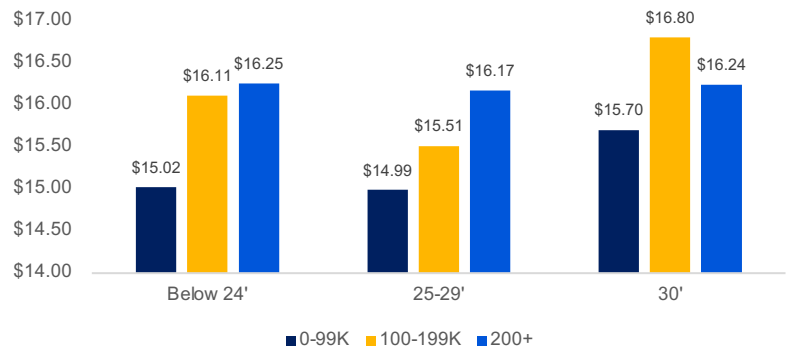




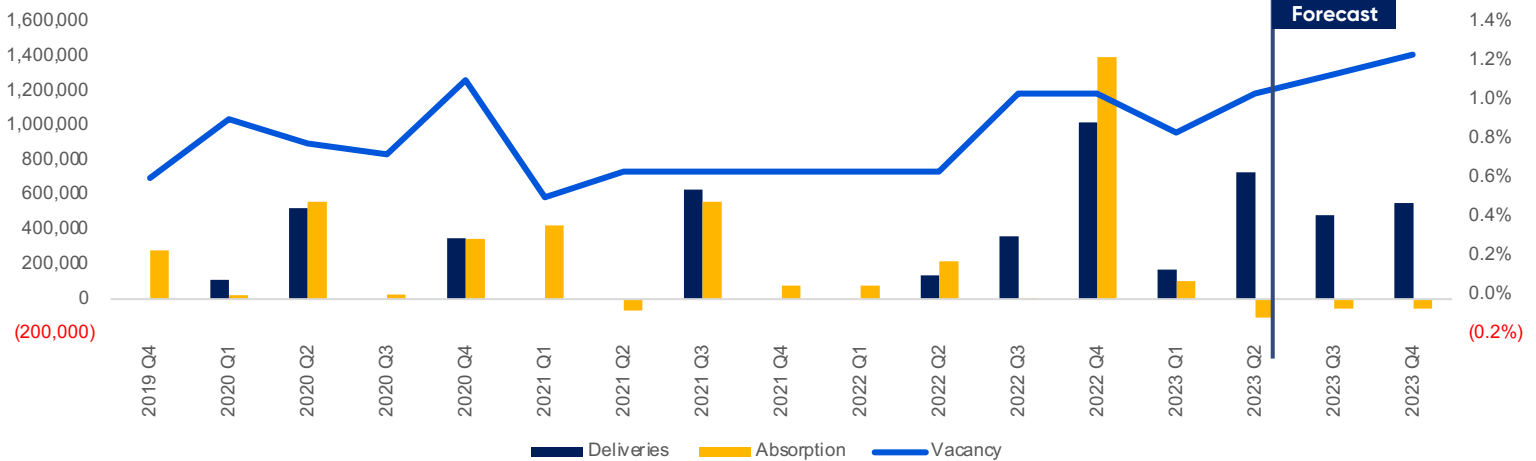
Arrows Indicate One Quarter Change

Availability Rate	Q4	Q1	Q2
Ajax	2.0%	2.8%	3.0%
Oshawa	2.2%	2.5%	2.6%
Pickering	2.6%	1.6%	1.8%
Outlying Durham	0.8%	0.8%	0.8%
Whitby	1.6%	1.5%	1.6%
OVERALL	2.4%	1.8%	2.0%

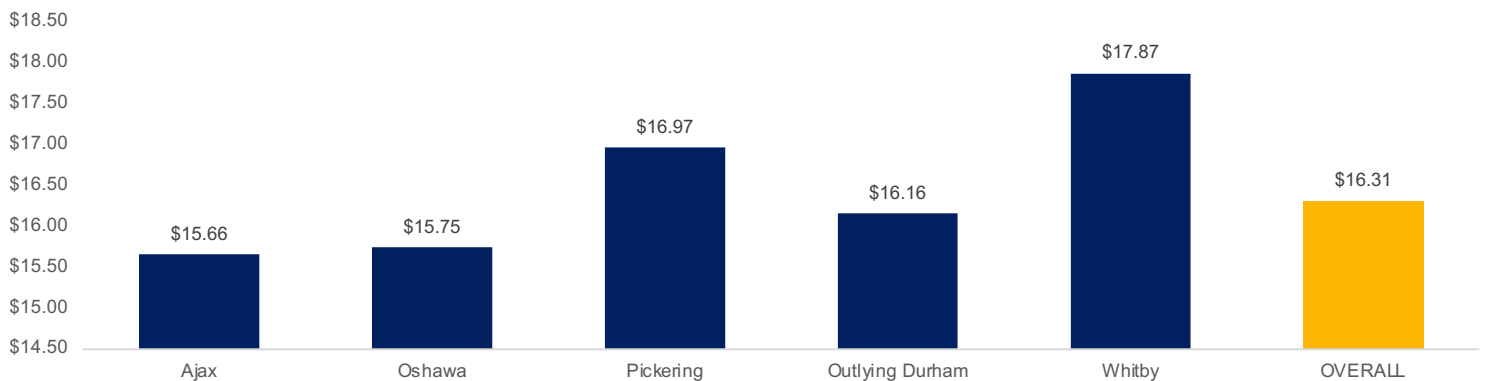
Net Rent by Clear Height



New Construction and Absorption



Net Rate (PSF)

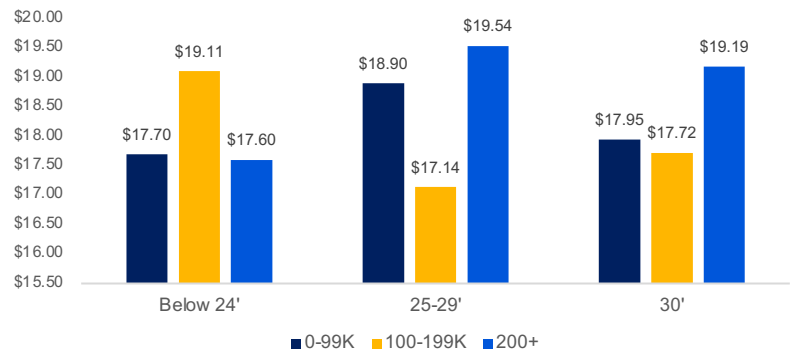




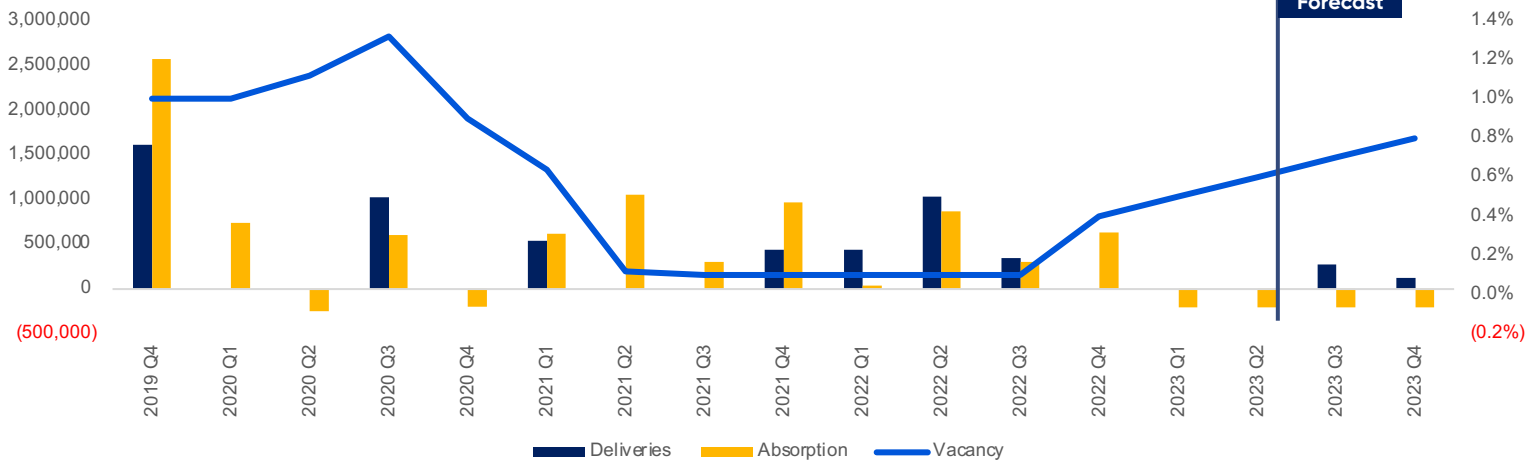
Arrows Indicate One Quarter Change

Availability Rate	Q4	Q1	Q2
East York	0.4%	0.4%	0.9%
Etobicoke	2.7%	2.8%	2.4%
North York	2.1%	2.4%	2.2%
Scarborough	3.3%	3.4%	3.1%
Toronto	0.7%	0.8%	0.6%
York	0.5%	1.0%	2.3%
OVERALL	1.7%	1.8%	1.6%

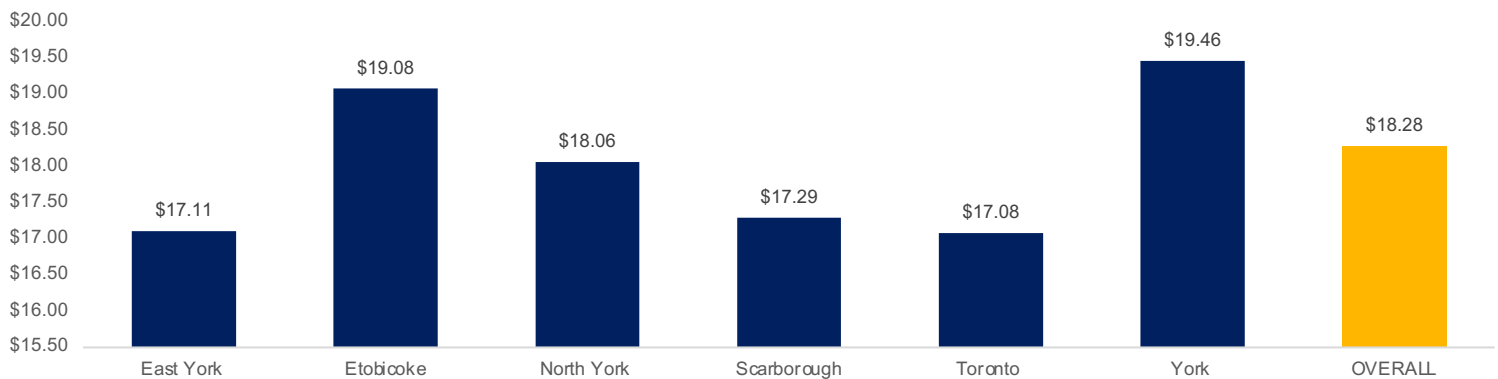
Net Rent by Clear Height



New Construction and Absorption



Net Rate (PSF)



About Cresa Toronto

Cresa is the world's largest commercial real estate firm that exclusively represents occupiers of space. By not taking listings on behalf of landlords or developers, we are able to provide our clients with objective, conflict-free advice.

For the last 30+ years, Cresa's Toronto office has worked alongside our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money. Our integrated team of real estate advisors, project managers, designers, and analysts, listen to occupiers' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions. And it's this relentless focus on our clients that has earned us numerous industry awards along the way.

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