

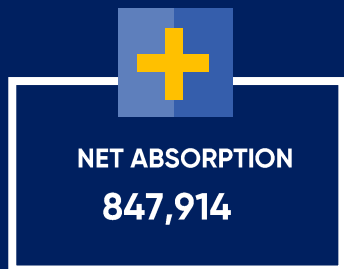


Toronto Industrial

Market Insight Report 2023

GTA Overview

Q3 2023



Market Overview

The industrial market for the third quarter of 2023 continued to see vacancy rates of sub-one percent levels, while availability continued to sit at 1.6 percent. Lease rates, quarter over quarter, increased marginally by 1.3 percent, and the average asking rents remained relatively consistent at \$18.57 per square foot.

We are starting to see the signs of a softening market, with demand cooling off, and deals taking longer to be completed. The market appears to be waiting to see if the Bank of Canada moves its rates as the last rate increase resulted in a decrease in the number of transactions and price.

Looking ahead, we anticipate vacancy rates slowly starting to climb. Developers don't want to flood the market with supply, particularly as demand is showing signs of cooling, so many developers have stopped new projects. Furthermore, we will see a small increase in availability as new space is slated to hit the market in 2024, likely resulting in rental rates leveling off.

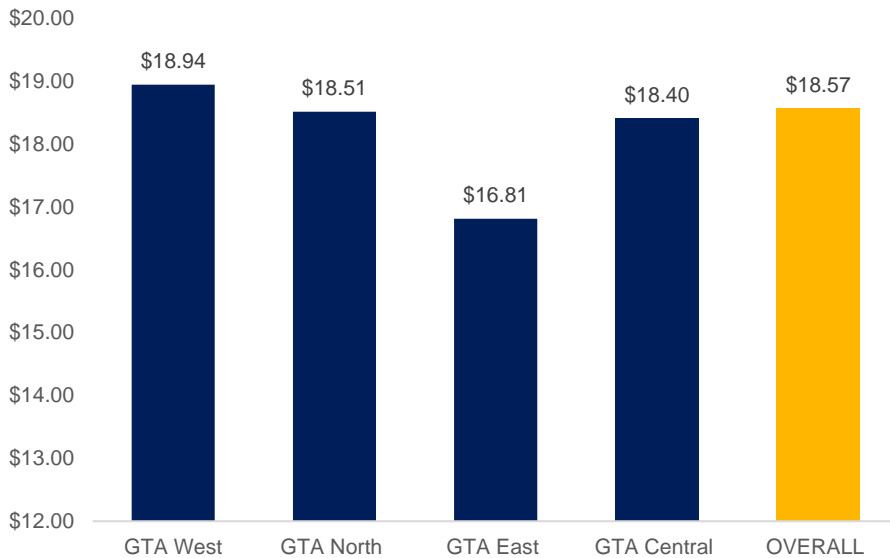
Submarket Movement

Availability Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
1.6%	0.4% ▲	\$18.94	GTA West
1.7%	0.0% ►	\$18.51	GTA North
2.6%	0.6% ▲	\$16.81	GTA East
1.4%	-0.2% ▼	\$18.40	GTA Central
1.6%	0.2% ▲	\$18.57	Overall

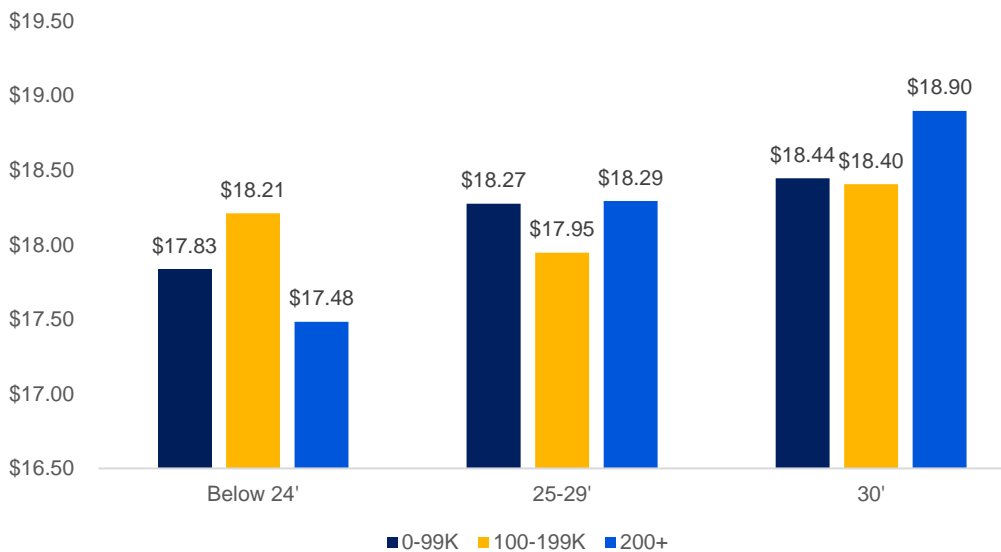
Q3 2023

The Occupier's Perspective

Net Rate (PSF)



Net Rent by Clear Height



Cresa Notable Transactions

Address	Size (SF)	Market
1. 2800 Roxburgh Road	100,383 SF	London
2. 150 Adams Boulevard	65,586 SF	Brantford
3. 274 Edgeley Boulevard	27,000 SF	Concord

1. We are seeing signs of a softening market

Following quarter after quarter of historically low vacancy rates, leading the GTA to become one of the tightest markets in North America, we are seeing signs of a softening market. Many developers have stopped or delayed new construction as demand is cooling off and deals are taking longer to be completed. Furthermore, by limiting supply, owners/landlords are better able to control rates and ease into a softening market.

2. Face rates will remain the same, but Landlords may be willing to offer other incentives

As we slowly begin to see a softening of the market, and a cooling of demand, the face rates that Landlords offer will likely not change, however, Landlords will likely offer other incentives to get the deal done in the future. Examples of this could include free out of term rent, or Tenant Improvement Allowances.

3. The need for speed is slowing down

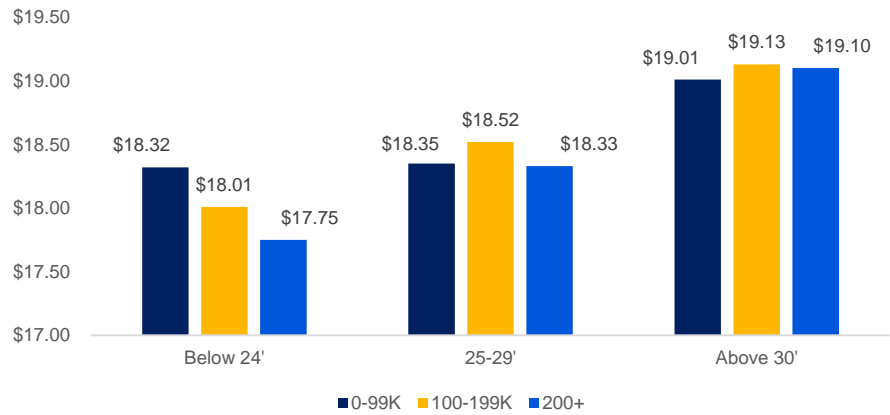
Earlier this year, given the hyper competitive market, tenants had to move quickly to secure a space. Now, as the market is slowly shifting, clients have more time to work with their Broker to better understand their needs and ideal space requirements, oftentimes leading to better negotiating leverage.



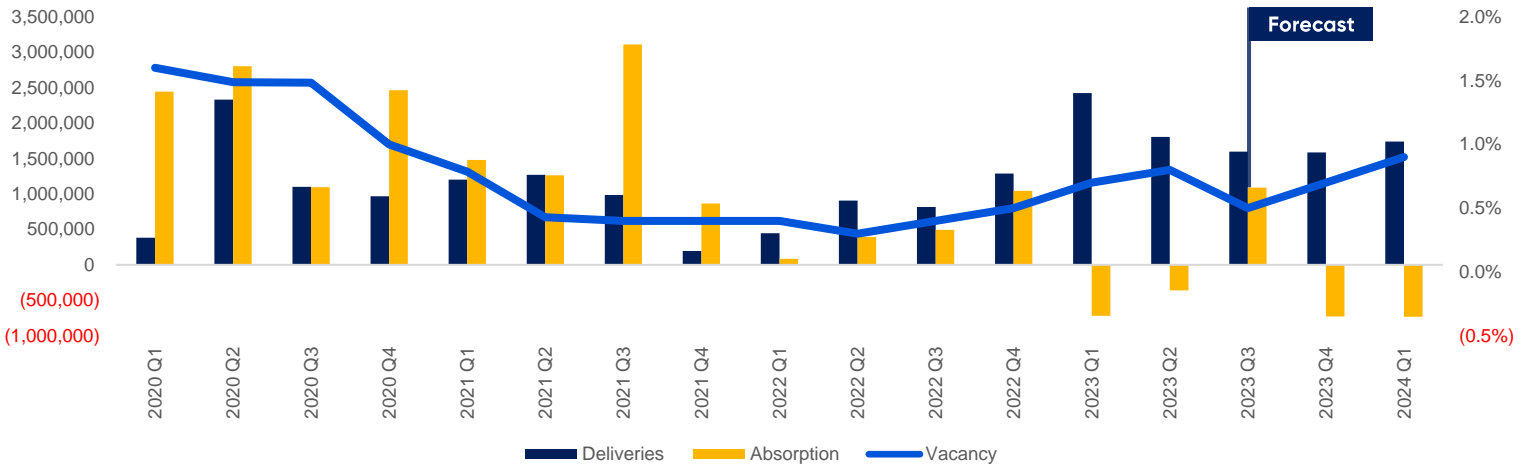
Arrows Indicate One Quarter Change

Availability Rate	Q1	Q2	Q3
Brampton	1.8%	1.6%	3.0%
Burlington	1.1%	0.9%	0.9%
Caledon	0.3%	1.2%	0.9%
Halton Hills	0.9%	0.4%	0.3%
Milton	1.7%	2.1%	0.9%
Mississauga	1.0%	1.3%	1.3%
Oakville	1.0%	0.9%	0.8%
Overall	1.2%	1.2%	1.6%

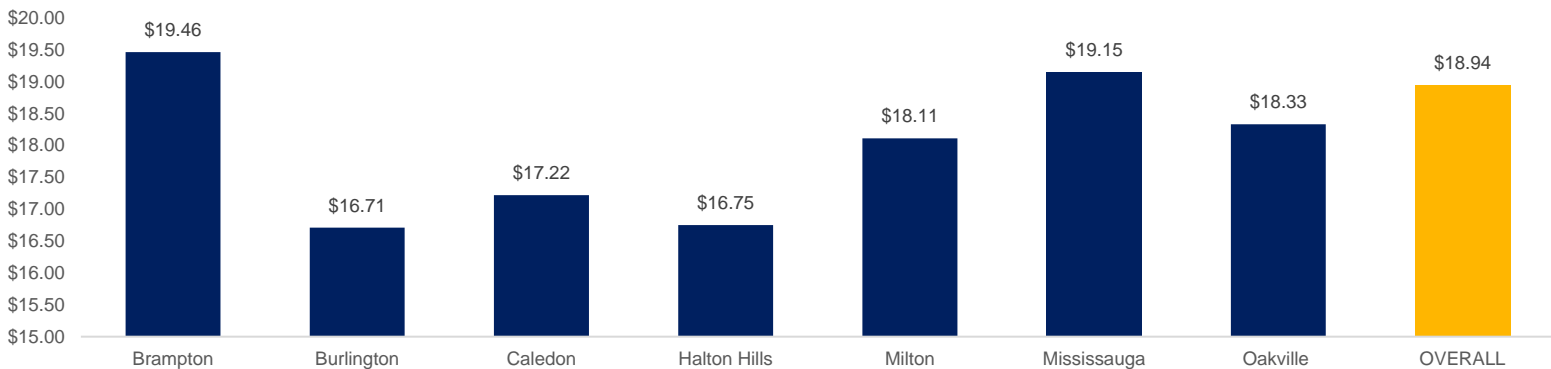
Net Rent by Clear Height



New Construction and Absorption



Net Rate (PSF)





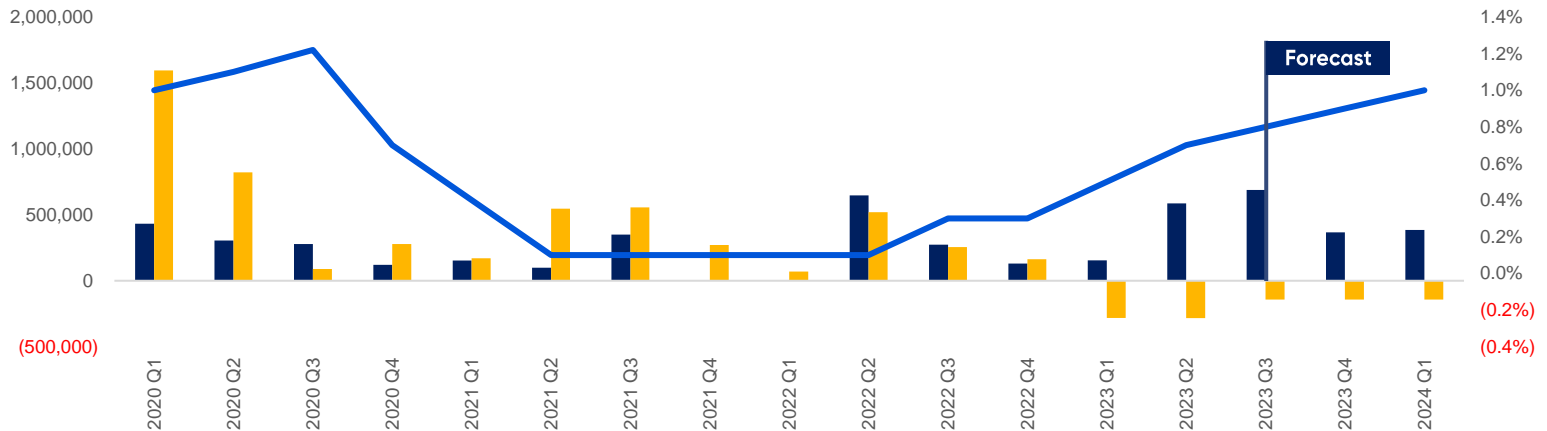
Arrows Indicate One Quarter Change

Availability Rate	Q1	Q2	Q3
Aurora	0.5%	0.9%	0.6%
Markham	2.5%	2.7%	2.7%
Newmarket	1.1%	1.1%	1.5%
King	0.4%	0.4%	0.4%
Outlying York	0.6%	0.6%	0.7%
Whitchurch-Stouffville	1.0%	1.0%	1.0%
Richmond Hill	0.9%	0.7%	1.1%
Vaughan	1.8%	2.0%	2.1%
OVERALL	1.6%	1.7%	1.7%

Net Rent by Clear Height



New Construction and Absorption



Net Rate (PSF)

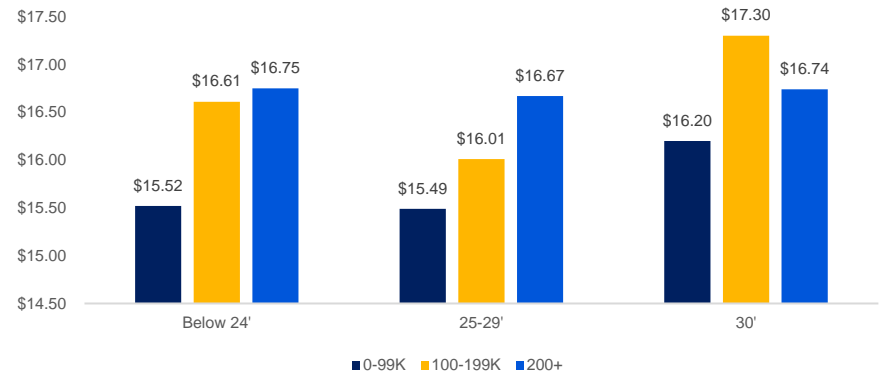




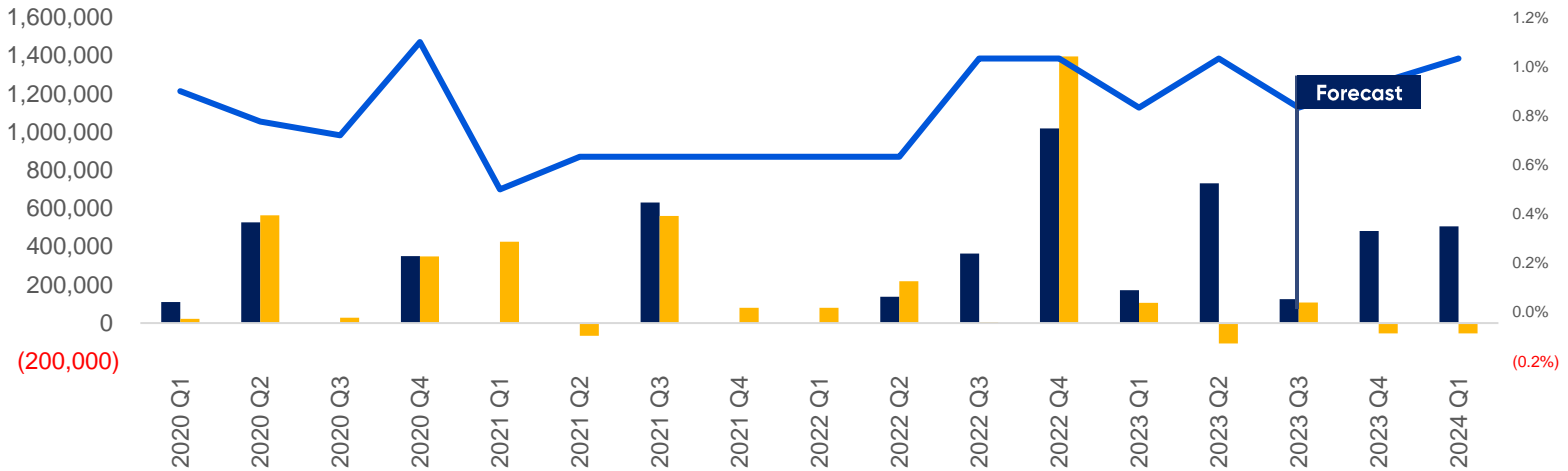
Arrows Indicate One Quarter Change

Availability Rate	Q1	Q2	Q3
Ajax	2.8%	3.0%	1.4%
Oshawa	2.5%	2.6%	2.6%
Pickering	1.6%	1.8%	2.5%
Outlying Durham	0.8%	0.8%	1.2%
Whitby	1.5%	1.6%	2.7%
OVERALL	1.8%	2.0%	2.6%

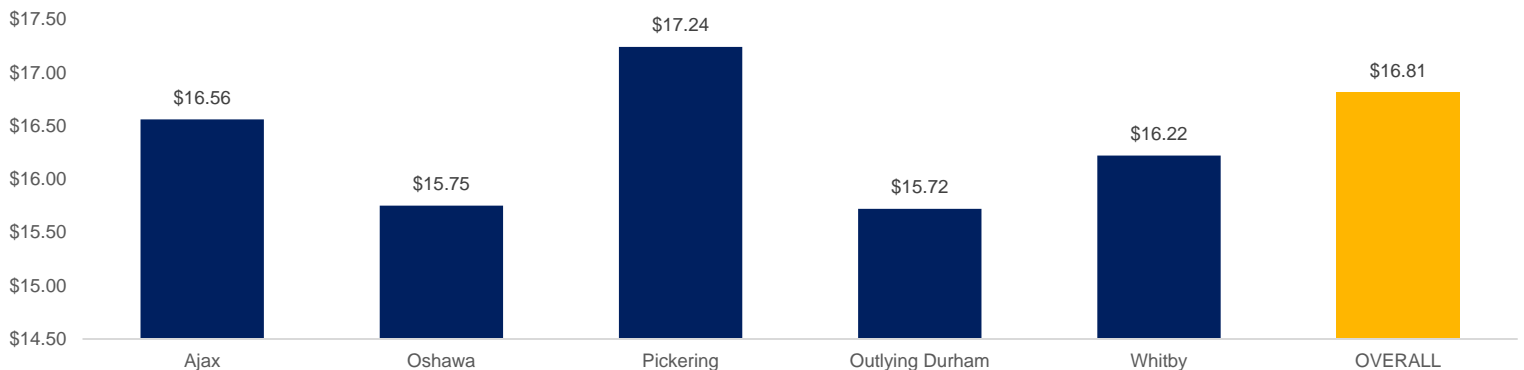
Net Rent by Clear Height



New Construction and Absorption



Net Rate (PSF)

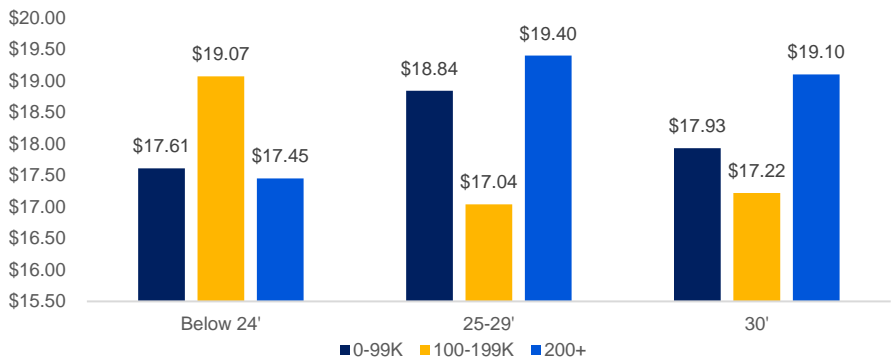




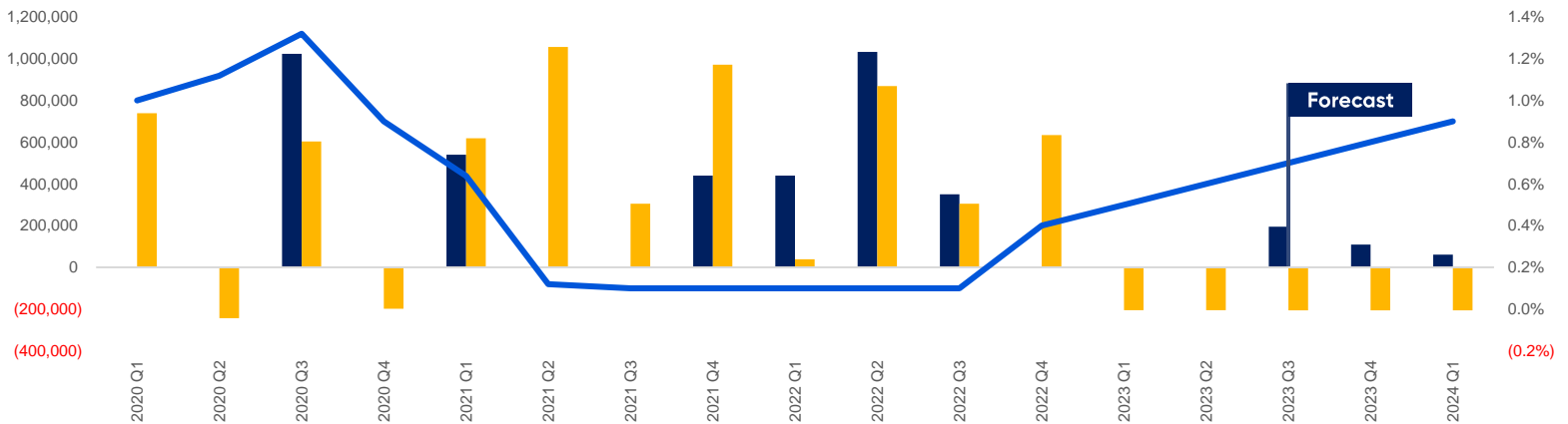
Arrows Indicate One Quarter Change

Availability Rate	Q1	Q2	Q3
East York	0.4%	0.9%	0.8%
Etobicoke	2.8%	2.4%	2.9%
North York	2.4%	2.2%	2.2%
Scarborough	3.4%	3.1%	2.9%
Toronto	0.8%	0.6%	0.7%
York	1.0%	2.3%	2.4%
OVERALL	1.8%	1.6%	1.4%

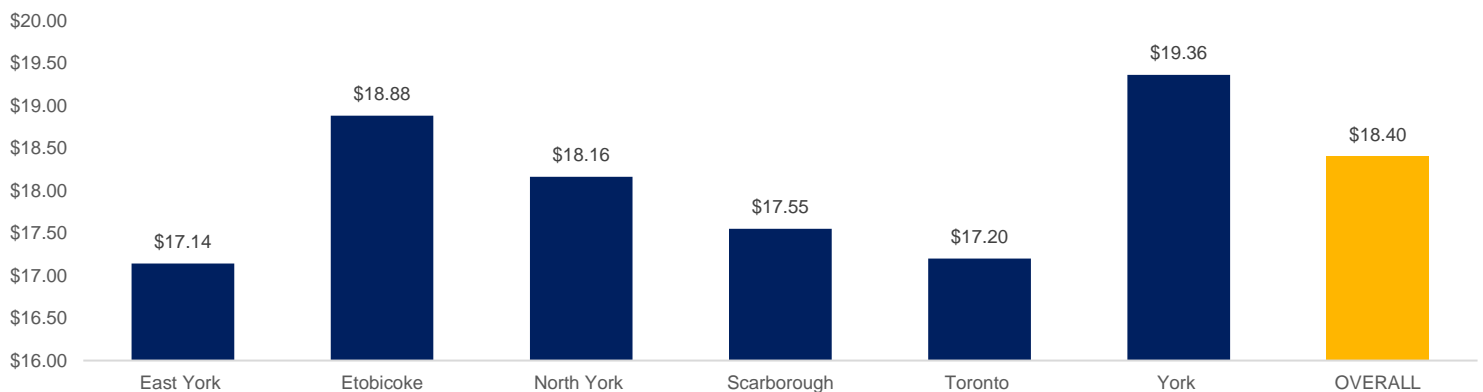
Net Rent by Clear Height



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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