

Research &  
Forecast Report



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# GREATER TORONTO AREA INDUSTRIAL MARKET

Second Quarter 2017

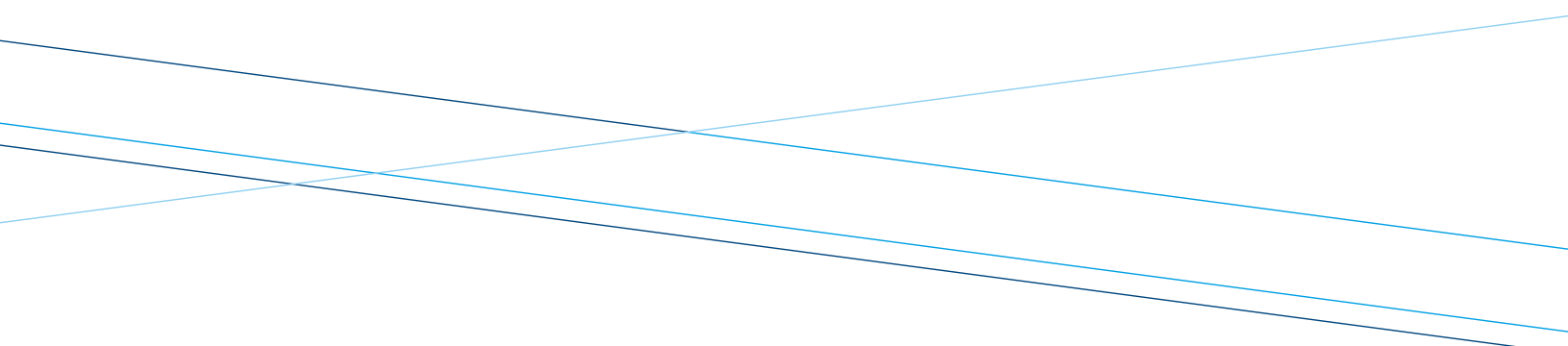


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# GTA Market Overview

## Q2 2017

The Greater Toronto Area (GTA) industrial market reported an overall availability rate of 2.7 percent in Q2 2017. The most notable change in availability took place in GTA East, specifically in East-Whitby. The GTA East and West experienced positive absorption. The GTA West saw a positive absorption in comparison to other markets as 396,518 square feet of industrial space was occupied. Almost half of this absorption came from the Brampton East submarket, and one-quarter of the absorption from Mississauga South /East. The GTA Central and North experienced negative absorption, as numerous buildings were vacated this quarter.

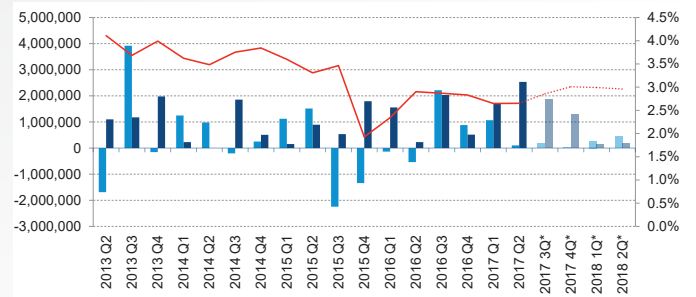
A total of 2,534,996 square feet of new supply was introduced to the market this quarter, all of it within the GTA West. The largest development is 13304 Coleraine Drive in Caledon by Canadian Tire (1.5 million square feet). The GTA is expected to receive 4.0 million square feet of new supply within the next few years.

RealTrack and Colliers data shows the average sales prices per square foot for industrial buildings purchased in the GTA was \$169, a six percent increase from last quarter. Q2 2017 saw 77 transactions, a 35 percent increase from the same time last year. The majority of the sales transactions occurred in the GTA West, followed by the GTA Central market. The average cap rate for this quarter was recorded at 5.5 percent.

Market Indicators Relative to prior period	Market Q1 2017	Market Q2 2017	Trend
AVAILABILITY RATE	2.7%	2.7%	↔
NET ABSORPTION	880,896	101,019	↓
UNDER CONSTRUCTION	5,862,245	4,015,273	↓
RENTAL RATE**	\$5.75	\$6.32	↑

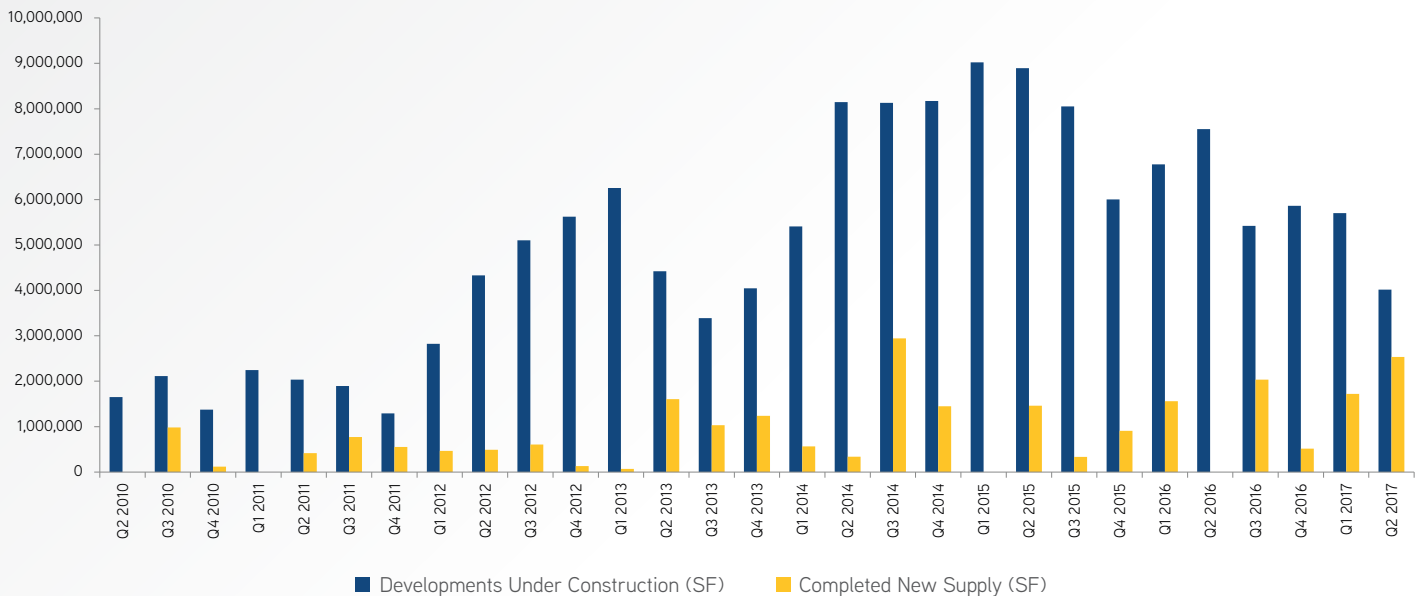
\*Projected  
\*\*Rental rates for current quarter are for CBD. Rent forecast is for metro-wide rents.

### Historical Performance and Forecast



Legend: Net Absorption (SF) Current Qtr, New Supply (SF), Availability Rate - Current  
\*Forecasted data

### Greater Toronto Area Expected & Completed New Supply (2010 - Present)

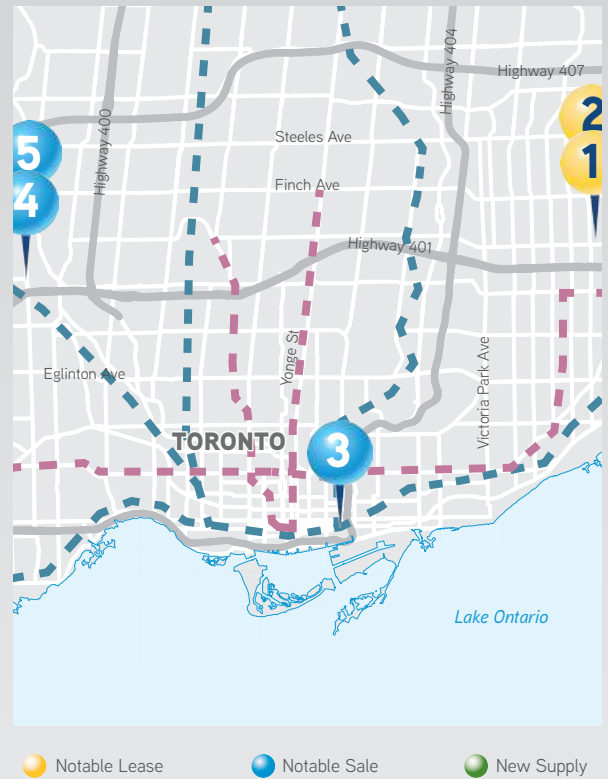


## GTA Central

The GTA Central market's availability rate remained fairly constant at 1.7 percent, once again the lowest of all other markets. This market experienced the largest increase in the average asking net rent from \$5.16 last quarter to \$5.91, a 15 percent increase. However, the GTA Central experienced negative absorption this quarter. The Central- East York submarket experienced the greatest amount of negative absorption, followed by Central – Don Mills. A few larger listings that came to the market were 25 Clayson Road in North York and 20 Research Road in East York, adding to the negative absorption. One of the larger contributors to the negative absorption was 30 Newbridge Road when Quality Pallets & Recycling vacated the space.

### Trends

- Green Storage Inc.'s purchase of 145 Eastern Avenue in Toronto, a building it occupies, was the largest sale transaction this quarter.



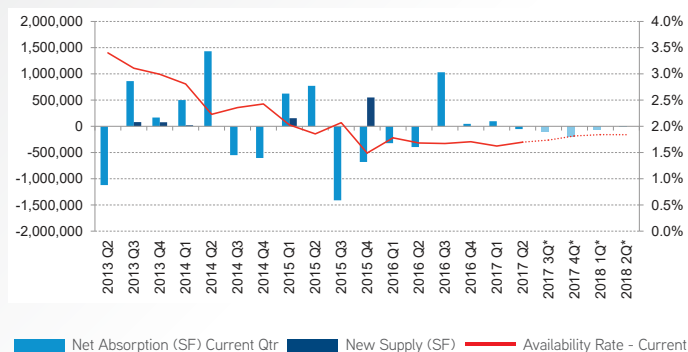
### Summary Statistics

Q2 2017 Regional Industrial Market	2017 Q1	2017 Q2	Trend
Availability Rate	1.6%	1.7%	↑
Net Absorption	96,858	-53,191	↓
Under Construction (SF)	0	0	↔
Average Asking Rent (PSF)	\$5.16	\$5.91	↑
Average Sale Price (PSF)	\$82.34	\$129.98	↑

### Notable Lease Transactions

TENANT NAME - ADDRESS	MARKET	SIZE (SF)
1. Canada Goose Inc. 45 Commander Boulevard	Central - Scarborough West	117,179
2. JH McNairn Limited 81 Maybrook Drive	Central - Scarborough West	40,781

### Historical Performance and Forecast



\*Forecasted data

### Notable Sale Transactions

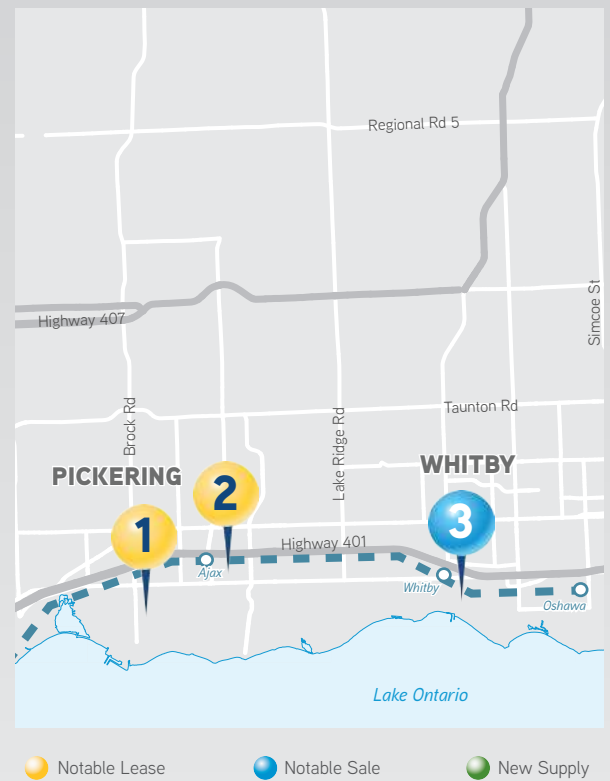
ADDRESS	PRICE	SIZE (SF)
3. 145 Eastern Avenue	\$36,666,722	136,645
4. 225 Rexdale Boulevard	\$33,700,000	303,724
5. 1870 Albion Road & 209 Carrier Drive	\$22,300,000	298,154

## GTA East

The GTA East market reported an availability rate of 2.5 percent this quarter. This market saw the greatest decrease in the availability rate from last quarter, compared to all other markets, specifically in the Whitby submarket, where the availability rate decreased by 1.6 percent. Ajax was the only submarket to experience positive absorption. A notable lease transaction this quarter was in the Ajax submarket when Reliable Bookbinders Limited leased space within 106 McMaster Avenue, which was brokered by Colliers International. The GTA East saw an increase of \$0.54 in their average net rent from last quarter, which makes it the second market following the GTA Central to see such a rise.

### Trends

- > The largest sale transaction this quarter was Manulife Financial's purchase of 240 South Blair Street for \$27,350,000.



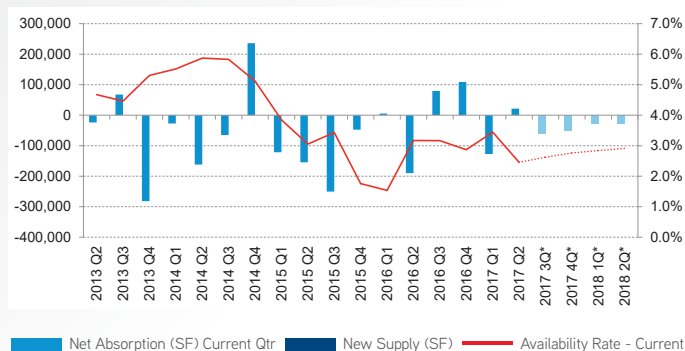
### Summary Statistics

Q2 2017 Regional Industrial Market	2017 Q1	2017 Q2	Trend
Availability Rate	3.4%	2.5%	↓
Net Absorption	-127,347	21,510	↑
Under Construction (SF)	0	0	↔
Average Asking Rent (PSF)	\$5.07	\$5.61	↑
Average Sale Price (PSF)	\$56.77	\$85.37	↑

### Notable Lease Transactions

TENANT NAME - ADDRESS	MARKET	SIZE (SF)
1. 2431108 Ontario Inc 1725 McPherson Court	East - Pickering	47,658
2. Reliable Bookbinders Ltd. 106 McMaster Avenue	East - Ajax	30,000

### Historical Performance and Forecast



\*Forecasted data

### Notable Sale Transactions

ADDRESS	PRICE	SIZE (SF)
3. 240 South Blair Street	\$27,350,000	291,281

## GTA North

The GTA North reported an availability rate of 2.3 percent, only a slight decrease from last quarter's 2.5 percent. Both Richmond Hill and Newmarket experienced the largest change in the availability rate, down 0.7 percent from last quarter. The GTA North experienced negative absorption of 263,818 square feet. A few of the larger contributors to the negative absorption came from 767 Creditsone Road in Vaughan due to Metro Canada Logistics vacating the entire 247,800-square-foot building, and 100 Galcat Drive in Vaughan with HD Supply Litemor vacating suite 1. The average asking net rent increased to \$6.55, a change of 8.8 percent. Within the Markham West submarket, the listings added this quarter were all for sublease spaces. Out of all the Q2 2017 sales transactions throughout the GTA, the GTA North had the highest price per square foot.

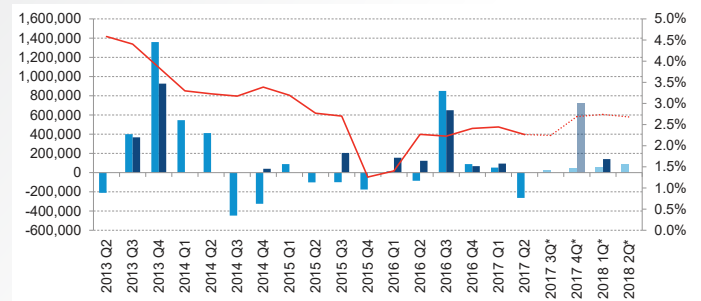
### Trends

- > The largest transaction this quarter was Dufferin Construction's purchase of 3300 King Vaughan Road for \$18.5 million.

### Summary Statistics

Q2 2017 Regional Industrial Market	2017 Q1	2017 Q2	Trend
Availability Rate	2.5%	2.3%	↓
Net Absorption	52,801	-263,818	↓
Under Construction (SF)	860,500	1,090,269	↑
Average Asking Rent (PSF)	\$6.02	\$6.55	↑
Average Sale Price (PSF)	\$125.10	\$142.62	↑

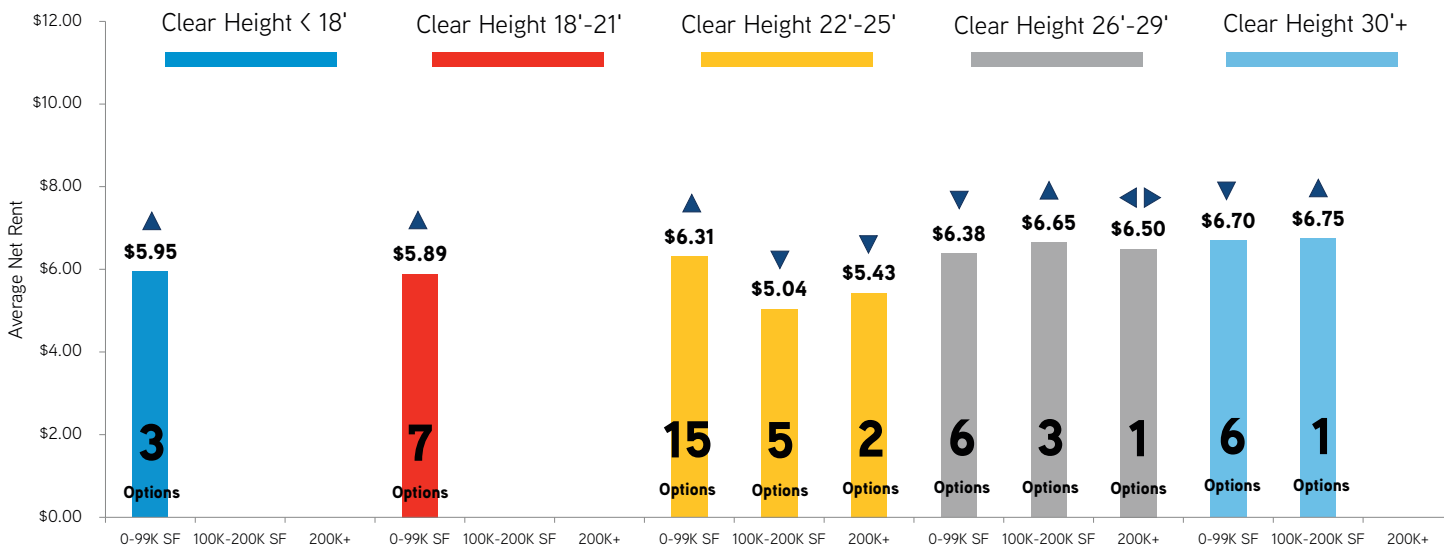
### Historical Performance and Forecast



Legend: Net Absorption (SF) Current Qtr (Blue bar), New Supply (SF) (Dark Blue bar), Availability Rate - Current (Red line)

\*Forecasted data

### GTA North Average Asking Net Rent Q2 2017 - Direct Leases Only



# GTA North

## Upcoming and Available Facilities



**ADDRESS:** 100 GIBRALTAR ROAD  
**AVAILABLE AREA:** 383,194 SF  
**OWNER:** ANATOLIA CAPITAL CORPORATION  
**STATUS:** UNDER CONSTRUCTION



**ADDRESS:** 150 NEW HUNTINGTON ROAD (PHASE 1 & 2)  
**AVAILABLE AREA:** 298,600 SF  
**OWNER:** VAUGHAN WEST II LIMITED  
**STATUS:** PLANNED (200,100 SF IN DEC 2017, 98,500 SF IN OCT 2018)



**ADDRESS:** 71 ROYAL GROUP CRESCENT  
**AVAILABLE AREA:** 267,071 SF  
**OWNER:** OMERS REALTY CORPORATION  
**STATUS:** BUILT



### Notable Lease Transactions

TENANT NAME - ADDRESS	MARKET	SIZE (SF)
1. Royal Building Products 750 Creditstone Road	North - Vaughan	176,535
2. TOC Logistics Incorporated 20 Graniteridge Road	North - Vaughan	136,506
3. Global Choice Foods Ltd. 150 Rainbow Creek Drive	North - Vaughan	56,506

### Notable Sale Transactions

ADDRESS	PRICE	SIZE (SF)
4. 3300 King Vaughan Road	\$18,500,000	92,950
5. 388 Romina Drive	\$13,610,660	75,800
6. 635 Hood Road	\$10,044,710	77,267

# GTA West

The GTA West market experienced positive net absorption of 396,518 square feet. Two of the larger contributors to the positive absorption were Polar Pak's lease of 104 Walker Drive, and Give & Go Prepared Food's sublease of space within 1695 Drew Road. Colliers International brokered both these deals. A larger listing that came to the market was 7550 Transmere Drive, after Enesco Canada Corporation vacated the space. In Halton Hills, 665,206 square feet of vacant, new supply became available this quarter. Two buildings introduced to the market last quarter in Halton Hills are yet to be leased, causing the availability rate in this submarket to further increase from 28.8 percent to 32.9 percent.

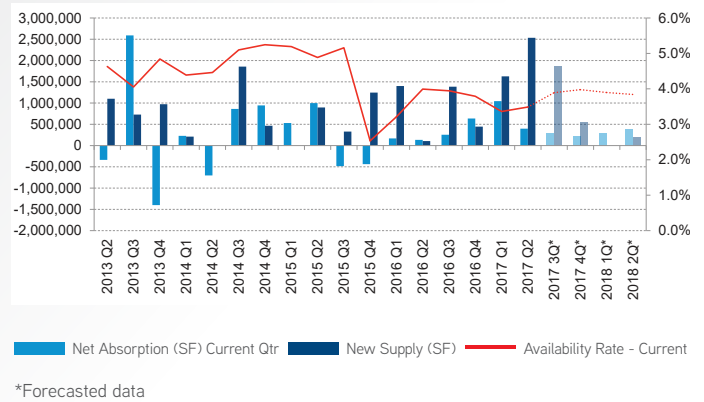
## Trends

- > The Region of Peel continues to have an under supply of 28' plus clear height inventory.
- > The big box segment had an increase in activity towards the end of this quarter.
- > Significant land constraints could lead to a possible under supply of space leading into 2018/19.

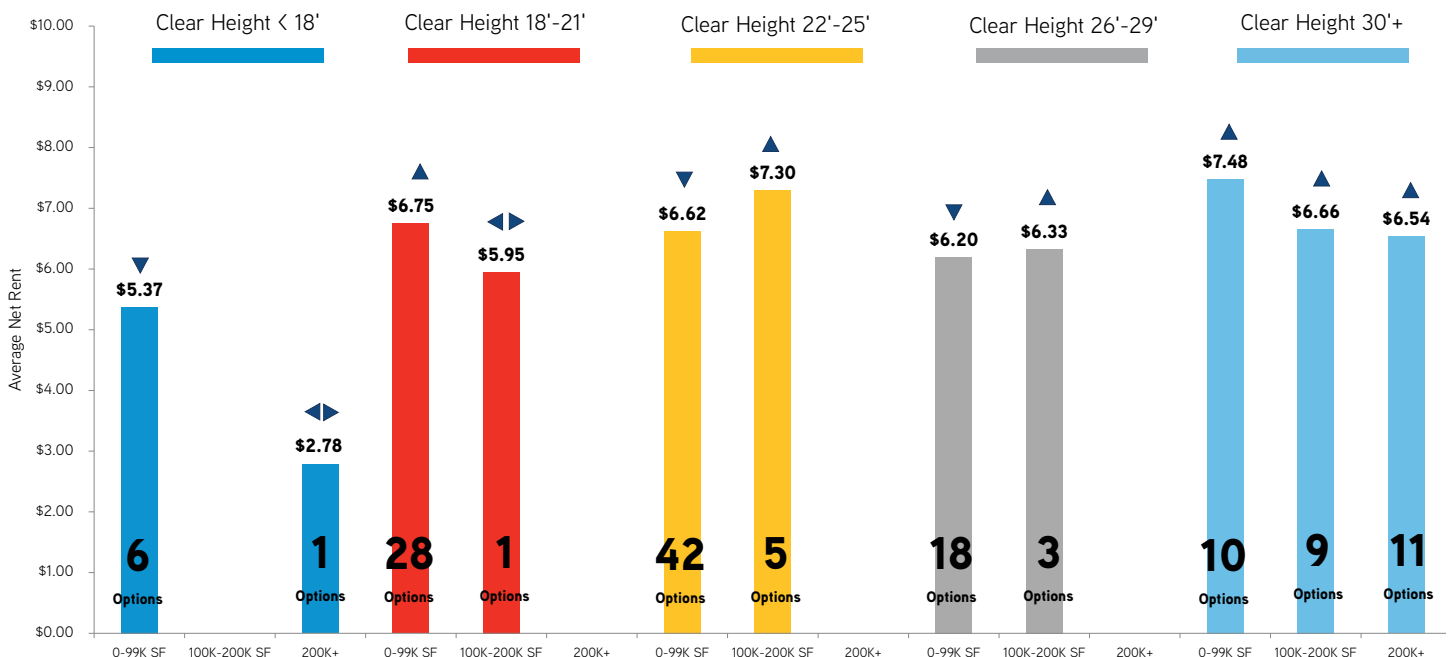
## Summary Statistics

Q2 2017 Regional Industrial Market	2017 Q1	2017 Q2	Trend
Availability Rate	3.4%	3.5%	↑
Net Absorption	1,044,244	396,518	↓
Under Construction (SF)	4,745,843	2,925,004	↓
Average Asking Rent (PSF)	\$6.17	\$6.46	↑
Average Sale Price (PSF)	\$110.79	\$145.73	↑

## Historical Performance and Forecast



## GTA West Average Asking Net Rent Q2 2017 - Direct Leases Only





# GTA West

## Upcoming and Available Facilities



**ADDRESS:** 13304 COLERAINE DRIVE  
**AVAILABLE AREA:** 0 SF  
**OWNER:** CANADIAN TIRE  
**STATUS:** NEW SUPPLY



**ADDRESS:** 2994 PEDDIE ROAD  
**AVAILABLE AREA:** 665,206 SF  
**OWNER:** CREIT  
**STATUS:** NEW SUPPLY



**ADDRESS:** 6 CLEVE COURT (PHASE 1)  
**AVAILABLE AREA:** 369,790 SF  
**OWNER:** TRIOVEST REALTY ADVISORS INC  
**STATUS:** NEW SUPPLY



### Notable Lease Transactions

TENANT NAME - ADDRESS	MARKET	SIZE (SF)
1. Polar Pak Ltd -104 Walker Drive	West - Brampton East	248,769
2. Amcor Packaging -300 Kennedy Road South	West - Brampton West	112,509

### Notable Sale Transactions

ADDRESS	PRICE	SIZE (SF)
3. 8875 Tobram Road	\$158,250,000	895,038
4. 7055 Kennedy Road	\$60,067,000	288,350
5. 7525 Financial Drive	\$32,800,000	270,000

### Upcoming New Supply

ADDRESS	SIZE (SF)	DEVELOPER	COMPLETION	MARKET
6. 13304 Coleraine Drive - Canadian Tire Distribution Facility	1,500,000	Canadian Tire	2017 Q2	West - Caledon
7. 2994 Peddie Road	665,206	CREIT	2017 Q2	West - Milton
8. 6 Cleve Court (phase 1)	369,790	Triovest Realty Advisors Inc	2017 Q2	West - Halton Hills

# Glossary

## **Weighted Average Asking Net Rent:**

The dollar amount requested by landlords for an available space, expressed as an average based on the weight of available space.

## **Availability:**

The total amount of space that is currently being marketed as available for lease or sublease at the end of the quarter. It includes space that is available, regardless of whether the space is vacant or occupied.

## **Net Absorption:**

The net absorption in available space in a given market between the current quarter and the previous quarter.

## **Direct Availability:**

Space that is being offered for lease directly from the landlord or owner of a building, not space by another tenant in the building trying to sublet a space that has already been leased.

## **Sublease Availability:**

Sublet space that is available for sublease by a tenant to another lessee for a term equal to or shorter than that held by the tenant under its original lease with the landlord.

## **Under Construction:**

Buildings where actual ground breaking has occurred (site excavation or foundation poured) and construction is ongoing (not abandoned or discontinued) but for which a certificate of occupancy has not yet been issued.

## **New Supply:**

Total square footage with completed construction, where all that remains is the installation of tenant finishes.

## **Days on the Market (DOM):**

How many days an available industrial property has been on the market for.

## **GTA Central:**

Includes East York, Etobicoke, North York, Scarborough, Toronto and York.

## **GTA East:**

Includes Ajax, Oshawa, Pickering, and Whitby.

## **GTA North:**

Includes Aurora, Markham, Newmarket, Richmond Hill, Vaughan and Whitchurch-Stouffville.

## **GTA West:**

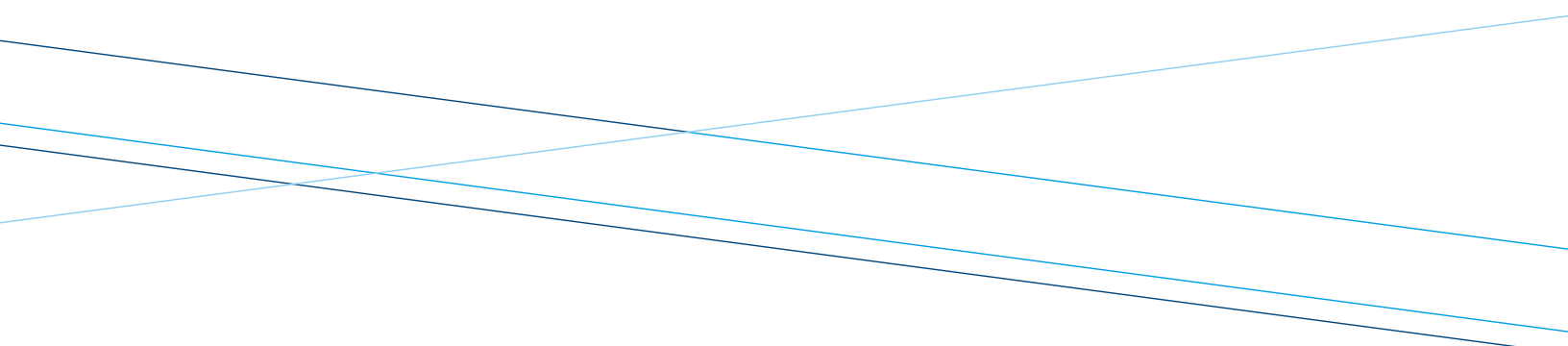
Includes Brampton, Burlington, Caledon, Halton Hills, Milton, Mississauga and Oakville.

## Forecast Assumptions & Terminology

Survey results presented on this report have been condensed for reference. Results are updated periodically to ensure accuracy and therefore historically published results are subject to change.

Absorption was calculated using moving averages of historical absorption data and supplemented with incoming new speculative and build-to-suit developments.

Colliers International has adopted NAIOP's terms and definitions which is reflected in this glossary and report.



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# 396 offices in 68 countries on 6 continents

United States: **153**

Canada: **29**

Latin America: **24**

Asia Pacific: **79**

EMEA: **111**

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## \$2.6B

US\* in annual  
revenue

## 2B

square feet  
under management

## 15,000

professionals  
and staff

\*Based on 2016 results

## About Colliers International Group Inc.

Colliers International Group Inc. is an industry leading global real estate services company with more than 15,000 skilled professionals operating in 68 countries. With an enterprising culture and significant employee ownership, Colliers professionals provide a full range of services to real estate occupiers, owners and investors worldwide. Services include strategic advice and execution for property sales, leasing and finance; global corporate solutions; property, facility and project management; workplace solutions; appraisal, valuation and tax consulting; customized research; and thought leadership consulting.

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