

GREATER TORONTO AREA

Economic Indicators

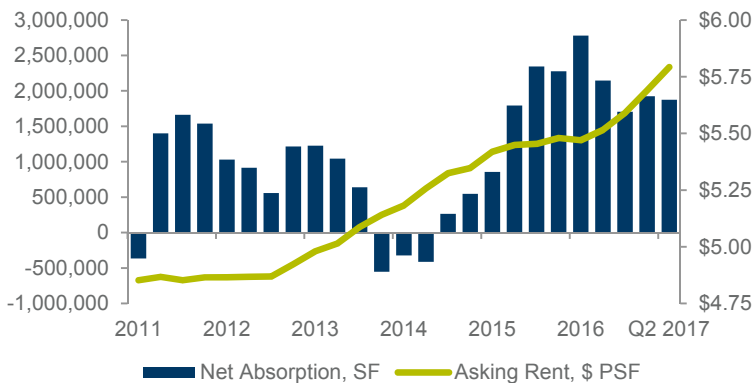
	Q2 16	Q2 17	12-Month Forecast
GTA Employment	3.2 mil	3.3 mil	▲
GTA Unemployment	7.6%	6.9%	▼
Canada Unemployment	6.9%	6.6%	▼

Source: Statistics Canada

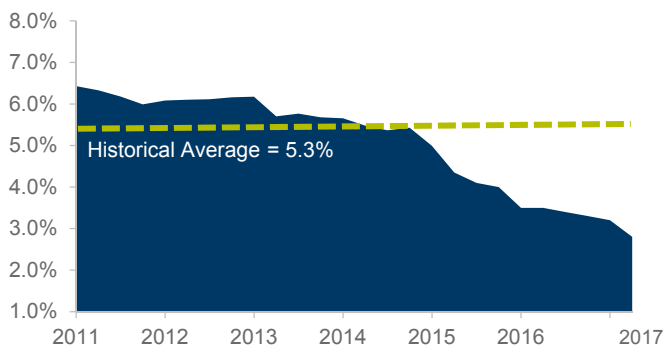
Market Indicators (Overall, All Product Types)

	Q2 16	Q2 17	12-Month Forecast
Overall Vacancy	3.5%	2.8%	▲
Net Absorption (sf) (YTD)	1,102,796	3,334,141	▲
Under Construction (sf)	8,870,047	4,926,520	▲
Overall Average Asking Rent	\$5.64	\$6.09	▲

Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Ontario's real GDP is projected to grow by 2.7% in 2017, supporting continued expansionary momentum across the Greater Toronto Area (GTA) industrial market (RBC Economics). While the recent 25 basis point rise in the Bank of Canada interest rate will contribute to slowing residential sales, it is not expected to have a material impact on the hot sale market across the GTA industrial market. Job growth remains strong in the GTA, with the unemployment rate at 6.9%, down from 7.1% last quarter.

Market Overview

Robust growth, tight vacancy and rising rental rates are key stories across the GTA industrial market, with vacancy dropping to a new thirty-five year low of 2.8%. Asking rental rates are responding to the scarcity of available product, rising by 8.0% from one year ago. This is the fastest acceleration in asking rates since Q4 2000. Absorption spiked to an impressive 3.3 million square feet over the quarter, marking 12 consecutive quarters of positive growth in the GTA. This growth has been driven by the evolution of ecommerce, and gradual resurgence of the manufacturing sector. A scarcity of serviced industrial land continues to put upward pressure on land prices across the GTA, resulting in record land prices. While the user sale market remains red hot for product below 100,000 square feet, a developing trend is users selling their buildings for record prices and shifting to leased premises.

Outlook

Strong distribution demand driven by the evolution of ecommerce is expected to continue to be a key driver of growth, and frenetic demand by owner-occupiers is expected to continue as business owners seek to invest due to the low interest rate environment. Rental rates are expected to increase over the balance of 2017 and into 2018 and this should provide added incentive for landlords to build more product, or retrofit existing buildings. With the competitive edge of ecommerce and anticipation of same-day delivery, expect to see investors seeking rail-served warehouse and distribution facilities for greater logistical efficiency.

MARKETBEAT

Greater Toronto Area, ON

Industrial Q2 2017



CELEBRATING
100
YEARS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	YTD LEASING ACTIVITY (SF)	YTD SALES ACTIVITY (SF)	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT*	OVERALL WEIGHTED AVG. TMI*	OVERALL WEIGHTED AVG. ASKING SALE PRICE
East York	326	17,648,107	0.5%	33,454	163,375	-18,185	0	0	\$5.92	\$3.61	n/a
Etobicoke	1,202	74,201,311	2.6%	939,754	1,306,418	480,059	0	0	\$5.44	\$3.57	\$215.38
North York	1,614	74,023,430	1.9%	823,825	826,815	134,815	0	0	\$5.70	\$3.21	\$125.61
Scarborough	1,124	58,797,831	2.3%	676,718	1,520,204	329,609	23,063	0	\$5.79	\$3.66	\$175.81
Toronto	203	8,931,800	0.0%	0	34,262	34,262	0	0	n/a	n/a	n/a
York	212	11,652,309	0.0%	0	24,050	0	0	0	n/a	n/a	n/a
GTA CENTRAL	4,681	245,254,788	1.9%	2,473,751	3,875,124	960,560	23,063	0	\$5.62	\$3.50	\$157.33
Bolton/Caledon	194	13,200,516	8.0%	53,270	89,145	58,420	189,721		\$6.26	\$2.89	n/a
Brampton	1,075	96,470,596	1.5%	2,338,775	3,468,819	1,113,725	840,990	641,883	\$6.33	\$3.15	\$146.70
Burlington	483	22,347,047	4.5%	238,503	284,245	142,281	0		\$5.54	\$3.61	\$92.67
Milton/Halton Hills	279	26,252,843	12.1%	1,297,154	81,956	1,086,031	628,193	1,155,989	\$6.55	\$2.55	n/a
Mississauga	3,210	172,060,638	2.6%	3,873,664	3,372,710	1,497,129	2,137,348	526,738	\$6.41	\$3.32	\$137.78
Oakville	459	23,119,241	1.9%	327,865	490,799	224,566	0		\$5.60	\$2.78	\$175.00
GTA WEST	5,700	353,450,881	3.3%	8,129,231	7,787,674	4,122,152	3,796,252	2,324,610	\$6.37	\$3.00	\$117.81
Aurora	113	5,925,270	2.5%	55,000	32,250	794	0	93,737	\$7.60	\$2.90	n/a
Markham	735	33,360,914	2.1%	467,023	260,721	220,385	0	0	\$6.39	\$3.33	n/a
Newmarket	155	6,392,573	10.1%	21,674	33,500	-170,661	0	0	\$5.36	\$2.86	n/a
Richmond Hill	247	12,536,287	1.6%	248,988	45,116	136,699	0	0	\$7.04	\$3.63	n/a
Vaughan	1,621	92,724,129	2.4%	1,209,053	654,989	829,337	1,107,205	66,549	\$6.16	\$3.06	n/a
GTA NORTH	2,871	150,939,173	2.6%	2,001,738	1,026,576	1,016,554	1,107,205	160,286	\$6.15	\$3.09	n/a
Ajax	145	7,424,643	2.1%	0	0	-67,000	0	0	\$4.86	\$3.64	n/a
Oshawa	110	5,285,705	7.4%	0	22,950	0	0	0	\$4.75	\$2.04	\$121.76
Pickering	133	8,723,339	1.5%	237,641	20,363	177,992	0	0	\$4.97	\$3.22	n/a
Whitby	109	8,222,875	7.0%	347,058	717,249	-7,760	0	0	\$5.77	\$3.14	n/a
GTA EAST	497	29,656,562	4.2%	584,699	760,562	103,232	0	0	\$5.27	\$2.88	\$121.76
SUBURBAN	9,068	534,046,616	3.1%	10,715,668	9,574,812	5,241,938	4,903,457	2,484,896	\$6.23	\$3.01	\$117.90
GTA OVERALL	13,749	779,301,404	2.8%	13,189,419	13,449,936	6,202,498	4,926,520	2,484,896	\$6.09	\$3.12	\$126.00

* Inventory is based on existing buildings that are equal to or greater than 10,000 sf.*Rental rates reflect asking \$psf/year

MARKETBEAT

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Industrial Q2 2017



CELEBRATING
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Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
7951 Fifth Line	774,614	Kraft Heinz Canada	New Lease	Halton Hills
2701 Highpoint Drive	572,192	Versacold Logistics Services	New Lease	Milton
104 Walker Drive	248,769	Polar Pak Inc	New Lease	Brampton

Key Sale Transactions Q2 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
190 Statesman Drive	175,510	190 Statesman Holdings Ltd./ 2073028 Ontario Inc.	\$18,200,000 / \$104	Mississauga
255 Biscayne Crescent	137,043	Manulife Financial / The Taylor Group	\$16,700,000 / \$122	Brampton
350 Clayson Road	129,400	Leda Furniture (DOH Investments Inc.) / Johnvince Foods (Clayson Holdings Inc.)	\$10,130,000 / \$78	North York

Key Properties Under Construction Q2 2017

PROPERTY	SF	DEVELOPER / LANDLORD	EXPECTED COMPLETION DATE	SUBMARKET
2020 Logistics Drive	765,000	Panattoni Development Company	Q4 2017	Mississauga
233 Madill Boulevard	446,702	Orlando Corporation	Q3 2017	Mississauga
6 Cleve Court	369,730	Triovest Realty Advisors Inc.	Q3 2017	Halton Hills
307 Orenda Road	341,130	First Gulf Development Corp	Q4 2017	Brampton
3060 Belgrave Road	303,000	Orlando Corporation	Q4 2017	Mississauga
7951 Fifth Line	258,463 (Expansion)	BCIMC Realty Corporation	Q1 2018	Halton Hills
Highway 50 South	253,837	Anatolia Capital Corp.	Q4 2018	Vaughan
3500 Argentia Road	248,856	Prologis	Q4 2017	Mississauga
7855 Heritage Road	219,078	Orlando Corporation	Q4 2017	Brampton
7875 Highway 50	88,545	Huntington-Fifty Investments Limited	Q4 2017	Vaughan

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