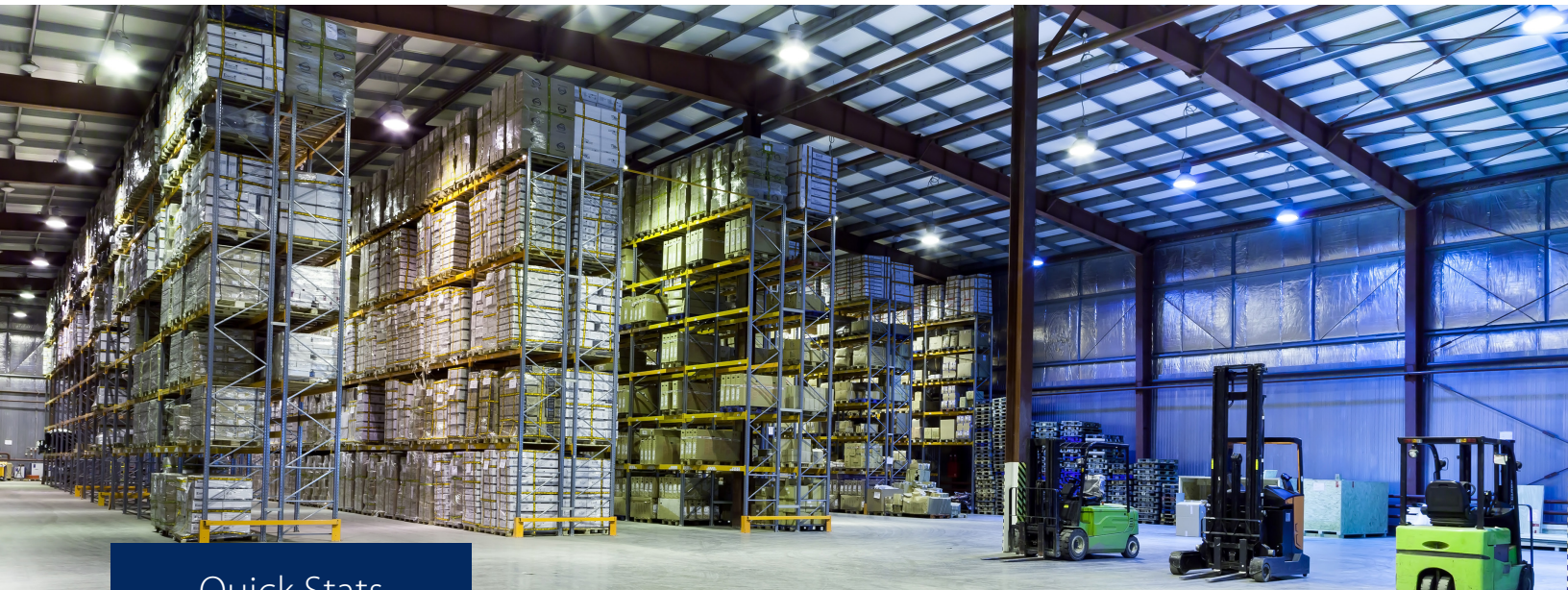


Greater Toronto Area



Quick Stats

1.9%

Availability rate in the Greater Toronto Area

\$9.73 psf

Average asking net rental rate in the Greater Toronto Area

12

Properties in the Greater Toronto Area with more than 250,000 sf available – same as one year ago

14.6 msf

GTA-wide industrial space under construction – up from 14.2 msf one year ago

16%

Year-over-year growth in asking net rental rates in the Greater Toronto Area

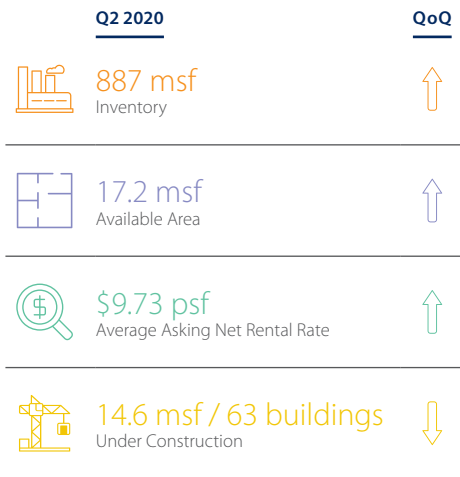
The COVID-19 lockdown paused the Greater Toronto Area (GTA) economy for most of the second quarter. Stalled construction resumed late in the quarter, and transactional decision-making slowly began to resume. The full impact will be revealed in the coming quarters, but pent-up demand is expected to sustain positive momentum for the industrial market. The GTA-wide availability rate rose 20 basis points (bps) during the quarter – and 40 bps year-over-year. Much of the increase was focused in spaces 50,000 square feet (sf) and smaller. Some sectors, such as food and beverage and paper products, are shifting from “just-in-time” to “just-in-case” manufacturing to ease supply-chain issues, stocking more inventory – which requires more warehouse space. Demand for quality space is expected to increase in the coming year.

Despite the slow first half of the year, several significant deals were inked, mostly by e-commerce and food companies. Amazon bolstered its presence in the Central market – signing a deal for 635,000 sf – and leased 453,000 sf in GTA West. Goodfood Market, an online grocer, inked a 200,000-sf deal in south Mississauga, while Walmart furthered the trend with a \$3.5-billion infusion into its Canadian supply-chain network, including

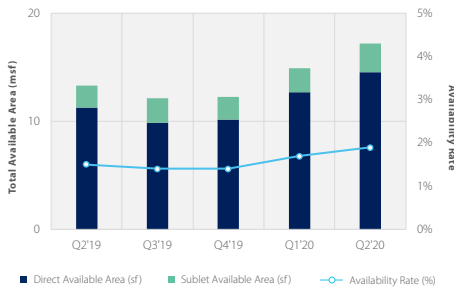
a 550,000-sf Vaughan facility set to open in 2024.

Many projects slated for second-quarter delivery have shifted into the latter half of the year due to construction stoppages. Nevertheless, 12 buildings totaling more than 2 million square feet (msf) were completed during the second quarter (80% preleased), for a first-half total of 23 completions tallying 3.6 msf – almost double the 1.9 msf recorded in first-half 2019. Meanwhile, almost 15 msf remained under construction GTA-wide, with 11 msf targeting 2020 delivery, pushing the full-year total to a decade-high.

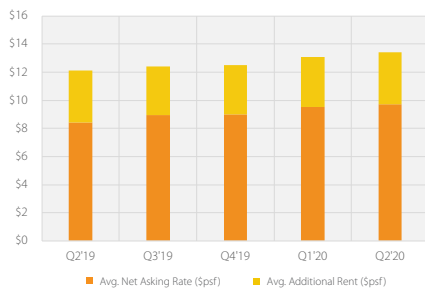
Average asking net rental rates, despite economic conditions, reached a record-high \$9.73 per square foot (psf) – up 2% quarter-over-quarter, 16% year-over-year, 52% from three years ago, and 64% in the past five years. Despite the recent rise in availability, a shortage of premium mid- to large-bay space persists. Some landlords may offer flexibility to retain and attract tenants, while keeping face rates intact. It is still too early to predict whether rates will continue to rise despite the pandemic, but stakeholders will be keeping a close watch in the coming quarters.



Availability Trends



Occupancy Cost Trends



GTA Market Monitor

The overall industrial availability rate across the GTA increased by 20 bps to 1.9% during the second quarter – 40 bps higher than one year ago. Despite construction completions of 2.1 msf, there was little effect upon overall availability as most of the new space had been preleased (80%). Quarter-over-quarter, availability in both the GTA West and Central markets climbed 30 bps to 2.3%, while the North market reported a marginal increase in availability of 20 bps. Availability in GTA East declined marginally, falling 10 bps.

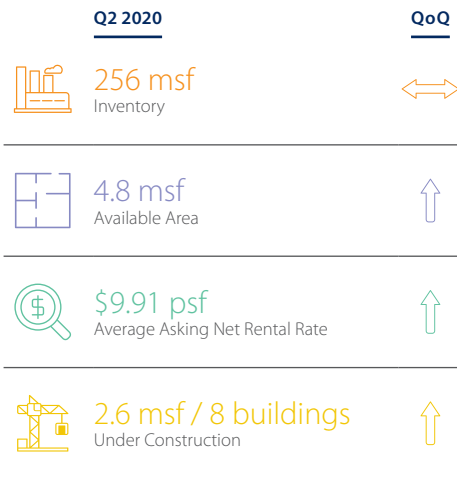
Deal velocity, albeit slower than normal, was still respectable. Several large new deals were inked during the first half of 2020 despite the adverse economic conditions. Companies also renewed existing space or extended current leases for the short term, to allow them flexibility as the economy improves. Significant leases in the second quarter included Amazon signing a deal for 635,000 sf at 400 Nugget Ave. in Scarborough as well as the former Bombay Company buildings at 3389 & 3495 Steeles Ave. E. in Brampton that total 453,000 sf. Goodfood Market signed a deal for 200,000 sf at 759 Winston Churchill Blvd. in Mississauga – the new 745,000-sf facility is currently under construction with delivery expected in early 2021.

The average asking net rental rate in the GTA continued its upward trajectory in the second quarter, but accelerated at a slower pace, rising \$0.22 during the quarter to reach a new high of \$9.73 psf. Overall, rates rose by 2% quarter-over-quarter and 16% year-over-year. GTA North continued to lead the charge, commanding an average of \$10.36 psf – led by Richmond Hill and Vaughan at \$11.05 and \$11.37 psf, respectively. By comparison, the GTA East market is a bargain with average rents at \$7.67 psf, remaining the only GTA market with a sub-\$8 overall average asking rent.

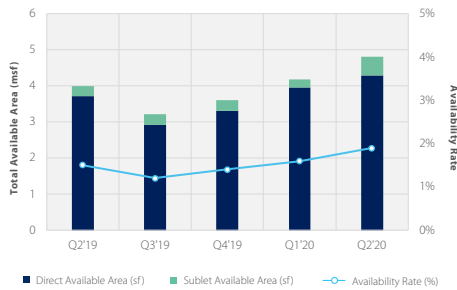
Second-quarter completions totaled 2.1 msf across 12 buildings, with GTA West contributing the largest proportion (924,000 sf). A further 63 buildings (totaling 14.6 msf) were under construction, mostly in GTA West. In addition, 141 buildings were in preleasing mode, with the potential to add more than 45 msf across the GTA if built. This is an increase of more than 3 msf compared with year-end 2019, when 115 buildings totaling 42 msf were in the preleasing pipeline.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Add'l Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
GTA Central	256,354,389	4,296,287	505,355	4,801,642	1.9%	\$9.91	\$3.73	\$207	159,438	2,635,364	6,360,293
GTA East	51,919,023	850,378	5,074	855,452	1.6%	\$7.67	\$3.32	\$308	535,000	1,509,800	5,046,200
GTA North	187,228,689	2,236,880	459,548	2,696,428	1.4%	\$10.97	\$3.95	\$241	524,392	1,917,000	10,981,928
GTA West	391,608,052	7,141,511	1,690,105	8,831,616	2.3%	\$9.74	\$3.67	\$222	924,637	8,513,455	22,915,743
Greater Toronto	887,110,153	14,525,056	2,660,082	17,185,138	1.9%	\$9.73	\$3.68	\$229	2,143,467	14,575,619	45,304,164

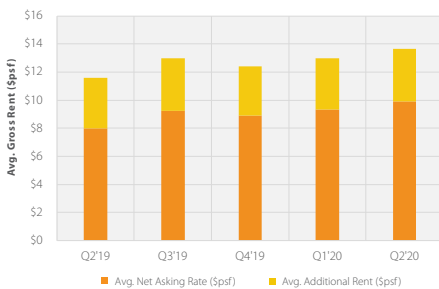
GTA Central Market Monitor



Availability Trends



Occupancy Cost Trends



1

Number of buildings with 250,000+ sf available

Available space in the Central market rose 30 bps quarter-over-quarter to 1.9% – up 40 bps from one year earlier. The average asking net rental rate closed the second quarter at \$9.91 psf – a rise of \$0.60 (6%) quarter-over-quarter and 24% year-over-year – with Toronto commanding the highest rents at \$11.17 psf. Availability shifted most notably in Etobicoke (up 50 bps to 2.2%), while Scarborough posted a 10-bps decrease to 1.9% and continues to be popular with tenants and investors, thanks to its strong transit infrastructure and diverse and dense labour pools.

The most notable second-quarter lease transaction in the Central market was Amazon's lease for 635,000 sf at 400 Nugget Ave. in Scarborough – currently tenanted by Technicolor, which will vacate the building in early 2021. On the sales front, Adelaide Development Corp. purchased 37 Bethridge Rd. in Etobicoke (128,300 sf on 4.9 acres) for \$19.1 million, while a private investor (172 Belfield Ontario Inc.) acquired 172 Belfield Rd. (a single-tenant, 26,300-sf facility on 4 acres) from Sherwin-Williams Canada Inc. for \$9.8 million.

Two buildings were completed in the Central market during the quarter – both fully preleased – adding 160,000 sf to the inventory. Eight buildings

totaling 12.6 msf were under construction – including Amazon's fulfilment centre at 6351 Steeles Ave. E. (1,023,000 sf) and grocery chain Metro's two new buildings: a complete redevelopment of its existing Etobicoke distribution centre at 17 Vickers Rd. (540,000 sf) and new construction of a temperature-controlled facility at 170 The West Mall (209,500 sf). Additionally, pharmaceutical company Sanofi Pasteur is constructing a 168,000-sf design-build expansion at its existing facility located at 1755 Steeles Ave. W. in North York. The preleasing pipeline increased to 6.3 msf (38 buildings) – a mixture of speculative projects and those awaiting a tenant.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Add'l Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
East York	8,770,612	35,947	12,566	48,513	0.6%	\$9.04	\$5.67	-	129,438	-	224,192
Etobicoke	74,315,956	1,308,226	299,797	1,608,023	2.2%	\$9.02	\$3.91	\$253	-	750,293	2,152,947
North York	67,756,869	907,263	79,936	987,199	1.5%	\$11.09	\$3.62	\$159	-	317,159	506,886
Scarborough	65,809,960	1,169,122	77,789	1,246,911	1.9%	\$9.71	\$3.71	-	30,000	1,023,359	3,022,481
Toronto	34,774,703	871,254	18,739	889,993	2.6%	\$11.17	\$2.93	\$139	-	396,316	453,787
GTA Central	256,354,389	4,296,287	505,355	4,801,642	1.9%	\$9.91	\$3.73	\$207	159,438	2,635,364	6,360,293

* Total figures for the GTA Central include additional submarkets not listed above (i.e. York).

Q2 2020

QoQ

 **52 msf**
Inventory



 **855,452 sf**
Available Area



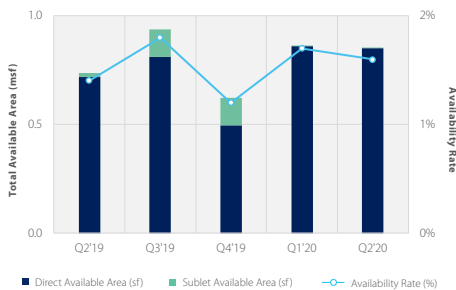
 **\$7.67 psf**
Average Asking Net Rental Rate



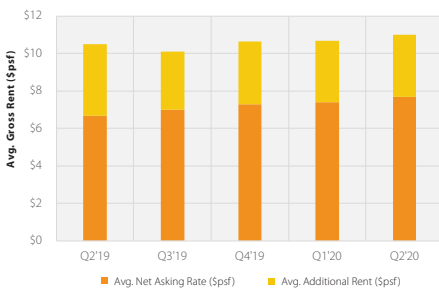
 **1.5 msf / 7 buildings**
Under Construction



Availability Trends



Occupancy Cost Trends



1

Number of buildings with 250,000+ sf available

GTA East Market Monitor

Overall availability in the East market decreased 10 bps to 1.6% during the second quarter. Overall average asking net rents in GTA East increased \$0.28 quarter-over-quarter to \$7.67 psf. Some of the most economical rents in the GTA can be found in the East, where all nodes remain well below the GTA average of \$9.73 psf.

Leasing activity was relatively quiet in the East market during the quarter, while tenants paused on committing to new leases. On the sales front, private investor 1409618 Ontario Ltd. purchased 1555 Sandy Beach Rd., a 15,600-sf truck-repair facility, from 1696655 Ontario Ltd. for \$6.7 million, representing \$429 psf.

Two buildings were completed during the quarter, totaling 535,000 sf. Toyota Canada took occupancy of its new facility at 1200 Lambs Rd. in Clarington, which will serve as its Eastern Canada parts distribution centre and replace its former operation based in Scarborough. Meanwhile, Paramount Pallets took occupancy of its new 185,000-sf facility at 1672 Tricont Ave. in Whitby.

Construction continues on 1.5 msf across seven projects (46% preleased) with completion on all targeted by year-end 2021. These projects include Panattoni's speculative buildings at 1121 and 1147 Thornton Rd. S. in

Oshawa (totaling 630,000 sf) and Kubota's new 565,000-sf headquarters in Pickering. Much of the new construction continues to be driven by landlords hoping to capitalize on demand from tenants seeking relief from higher rents in other, more traditional distribution-centre markets in the GTA.

Eleven developments totaling more than 5 msf remain in the preleasing queue – the bulk (2 msf) within Blackwood and Crestpoint's East Industrial Park. Ivanhoe Cambridge is moving ahead on a 1.2-msf development in Ajax, fronting Kingston Rd. near the newly completed Highway 412.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Add'l Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
Ajax	7,557,597	165,386	0	165,386	2.2%	\$6.75	\$3.28	\$187	0	0	2,044,124
Oshawa	16,728,837	253,813	0	253,813	1.5%	\$7.45	\$2.97	-	0	631,262	440,000
Pickering	11,011,597	274,104	4,274	278,378	2.5%	\$8.10	\$4.88	\$429	0	623,336	172,120
Whitby	10,191,182	125,499	800	126,299	1.2%	\$8.75	\$6.05	-	185,000	234,083	1,739,391
GTA East	51,919,023	850,378	5,074	855,452	1.6%	\$7.67	\$3.32	\$308	535,000	1,509,800	5,046,200

* Total figures for the GTA East include additional submarkets not listed above (i.e. Brock, Clarington, Scugog and Uxbridge).

Q2 2020

QoQ

 187 msf
Inventory



 2.7 msf
Available Area



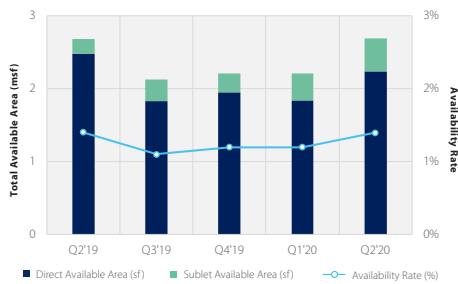
 \$10.97 psf
Average Asking Net Rental Rate



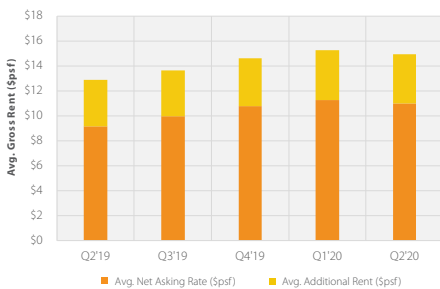
 1.9 msf / 13 buildings
Under Construction



Availability Trends



Occupancy Cost Trends



Number of buildings with 250,000+ sf available

GTA North Market Monitor

The availability rate in the GTA North industrial market increased 20 bps to 1.4% at the end of the second quarter – the same as one year earlier. This is up from an all-time low of 1.1% in third-quarter 2019. The North market continues to command the highest premium on rents in the GTA, with an average asking net rental rate of \$10.97 psf – \$1.24 (13%) higher than the GTA-wide average rate. Within GTA North, average rents in Vaughan, Markham and Richmond Hill remain above \$10 psf, with Newmarket following closely behind.

Significant lease deals during the second quarter included Randa Accessories leasing 103,800 sf at Zzen Group’s 141 New Huntington Rd. in Vaughan and Albany Packaging inking a new deal for 83,700 sf at 1100 Rodick Rd. in Markham. On the sale front, Aurora was the hot spot for investment as C.P. Converters Canada purchased 285 Industrial Pkwy. S. (105,500 sf) for \$14.2 million (\$135 psf) from The Jim Pattison Group, and Effort Trust purchased 240 Edward St. (104,200 sf) from The Cartwright Group for \$12.8 million, representing \$123 psf.

On the development front, four buildings totaling almost 530,000 sf were completed year-to-date, all within the second quarter – (8865 Highway 50, 150 Gibraltar Rd., 7245 Highway 50 and 41 Keyes Ct.). All are in Vaughan, which continues to be the hottest development market in GTA North. Meanwhile, 13 buildings comprising more than 1.9 msf are under construction (61% preleased). There are also 28 buildings in the preleasing stage with the potential to add almost 11 msf to the market once completed – 7 msf (65%) are in Vaughan.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Add'l Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
Aurora	6,274,206	121,329	0	121,329	1.9%	\$8.79	\$4.71	\$235	0	0	0
Markham	39,884,532	633,690	102,675	736,365	1.8%	\$10.38	\$4.06	\$210	0	262,691	333,735
Newmarket	9,347,684	33,281	9,745	43,026	0.5%	\$9.62	\$3.72	-	0	0	0
Richmond Hill	14,527,396	225,975	61,291	287,266	2.0%	\$11.05	\$4.08	\$243	0	183,178	0
Vaughan	111,485,333	1,201,131	285,837	1,486,968	1.3%	\$11.37	\$3.83	\$252	524,392	1,418,131	7,129,902
GTA North	187,228,689	2,236,880	459,548	2,696,428	1.4%	\$10.97	\$3.95	\$241	524,392	1,917,000	10,981,928

Q2 2020

QoQ

 **392 msf**
Inventory



 **8.8 msf**
Available Area



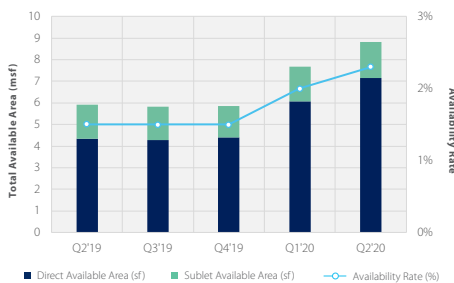
 **\$9.74 psf**
Average Asking Net Rental Rate



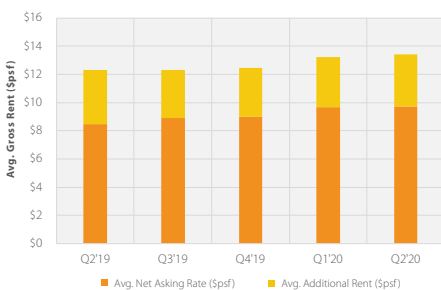
 **8.5 msf / 35 buildings**
Under Construction



Availability Trends



Occupancy Cost Trends



 **10** Number of buildings with 250,000+ sf available

GTA West Market Monitor

The availability rate in the West market climbed 30 bps to 2.3% in the second quarter and is up 80 bps since the beginning of the year. Much of the rise in available space can be attributed to space in newly completed buildings, which are expected to be leased up by the end of the year. In the largest deal of the quarter, Amazon inked a lease for 453,000 sf at 3389 & 3495 Steeles Ave. E. in Brampton. The buildings were formerly tenanted by Bombay Company. Meanwhile, Goodfood Market signed a new deal for 200,000 sf at 759 Winston Churchill Blvd., a new 744,000-sf building under construction in south Mississauga. This followed Goodfood's 42,200-sf smaller-format fulfillment centre at 6080 Indian Ln. (also in Mississauga), leased earlier in the quarter.

Average asking net rents increased \$0.06 quarter-over-quarter to \$9.74 psf and are \$0.75 higher than at the end of 2019. The West's highest average asking rents remain in Mississauga (\$10.13 psf, up \$0.40 quarter-over-quarter). Halton Hills remains the most economical submarket at \$7.81 psf.

Four buildings were completed during the second quarter, totaling 925,000 sf and accounting for 43% of the GTA total. Year-to-date, the

West market has posted 12 building completions totaling more than 1.8 msf and just over half (51%) of new supply for the GTA in 2020. Of significance, Lululemon Athletica leased the balance (88,600 sf) of the newly completed 268,000-sf speculative building at 7275 Fifth Ln. in Milton, along with the entire building currently underway at 7211 Fifth Ln. that will total 266,000 sf once completed.

The top traditional industrial asset sale of the second quarter in the West market was inked by Consumer Lighting Canada, which acquired 1290 South Service Rd. W. in Oakville from General Electric for \$15.2 million. The 130,600-sf facility was built for General Electric in 1967.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent (\$psf)	Avg. Add'l Rent (\$psf)	Avg. Sale Price (\$psf)	Current Completions (sf)	Under Construction (sf)	Preleasing (sf)
Brampton	97,866,946	1,831,489	190,812	2,022,301	2.1%	\$9.84	\$3.02	\$234	656,052	2,132,040	6,978,953
Burlington	26,896,319	275,918	23,685	299,603	1.1%	\$8.52	\$4.14	\$191	-	304,128	491,297
Caledon	16,605,702	346,262	349,118	695,380	4.2%	\$9.11	\$3.96	-	-	2,996,608	660,680
Halton Hills	8,476,716	42,170	40,000	82,170	1.0%	\$7.81	\$3.73	-	-	-	520,000
Milton	23,069,233	528,618	304,807	833,425	3.6%	\$9.50	\$3.51	-	268,585	1,291,166	10,389,011
Mississauga	189,881,100	3,420,831	743,912	4,164,743	2.2%	\$10.13	\$4.26	\$243	-	1,571,350	3,122,115
Oakville	28,812,036	696,223	37,771	733,994	2.5%	\$9.33	\$3.57	\$116	-	218,163	753,687
GTA West	391,608,052	7,141,511	1,690,105	8,831,616	2.3%	\$9.74	\$3.67	\$222	924,637	8,513,455	22,915,743

Summary of Tenant Options

		No. of Bldgs. with Avail. Space	Available Space				
			More than 250,000 sf	249,999 - 100,000 sf	99,999 - 50,000 sf	49,999 - 20,000 sf	Less than 20,000 sf
GTA Central	East York	4	0	0	0	0	4
	Etobicoke	54	0	6	4	7	37
	North York	68	0	0	5	12	51
	Scarborough	47	1	1	2	11	32
	Toronto	36	0	2	4	5	25
	York	1	0	0	0	0	1
	GTA Central Overall	212	1	9	15	35	152
GTA East	Ajax	8	0	1	0	0	7
	Oshawa	5	1	2	1	0	1
	Pickering	16	0	1	1	0	14
	Whitby	9	0	1	1	1	6
	GTA East Overall	41	1	5	3	2	30
GTA North	Aurora	7	0	0	0	3	4
	Markham	37	0	1	3	8	25
	Newmarket	6	0	0	0	0	6
	Richmond Hill	21	0	0	1	7	13
	Vaughan	99	0	3	5	26	65
	GTA North Overall	175	0	4	9	44	118
GTA West	Brampton	47	2	7	7	8	23
	Burlington	20	0	0	2	6	12
	Caledon	17	2	5	2	2	6
	Halton Hills	4	0	0	0	2	2
	Milton	15	3	4	4	2	2
	Mississauga	221	3	4	18	42	154
	Oakville	34	0	0	5	7	22
	GTA West Overall	358	10	20	38	69	221
GTA	Overall Total*	786	12	38	65	150	521

* Total figures for the GTA Central, GTA East and GTA North include additional submarkets not listed above.

\$1.7B

Total industrial investment volume for transactions greater than \$1M during the second quarter

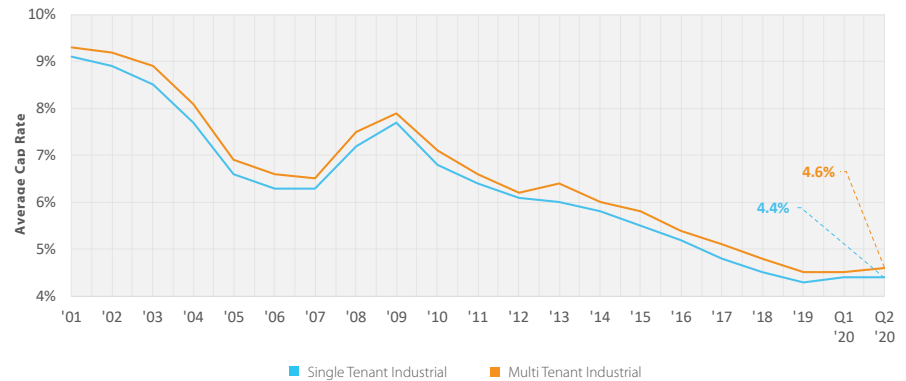


Halton Hills Generating Station, Halton Hills

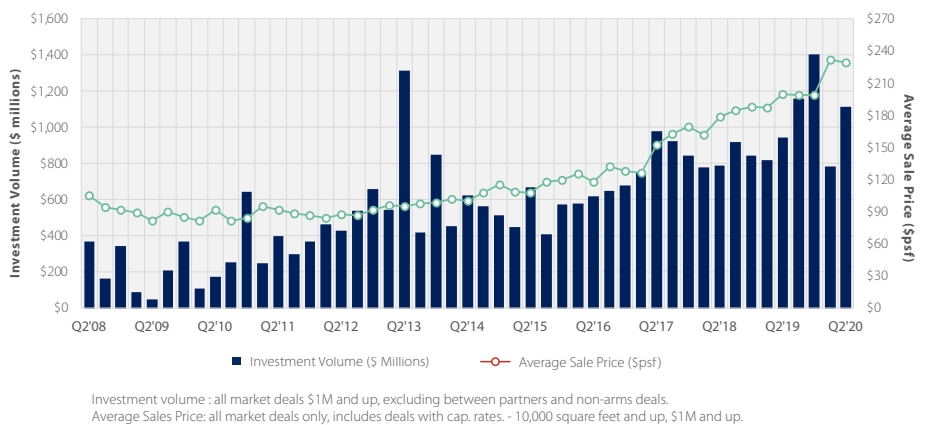
GTA Industrial Investment Market Highlights

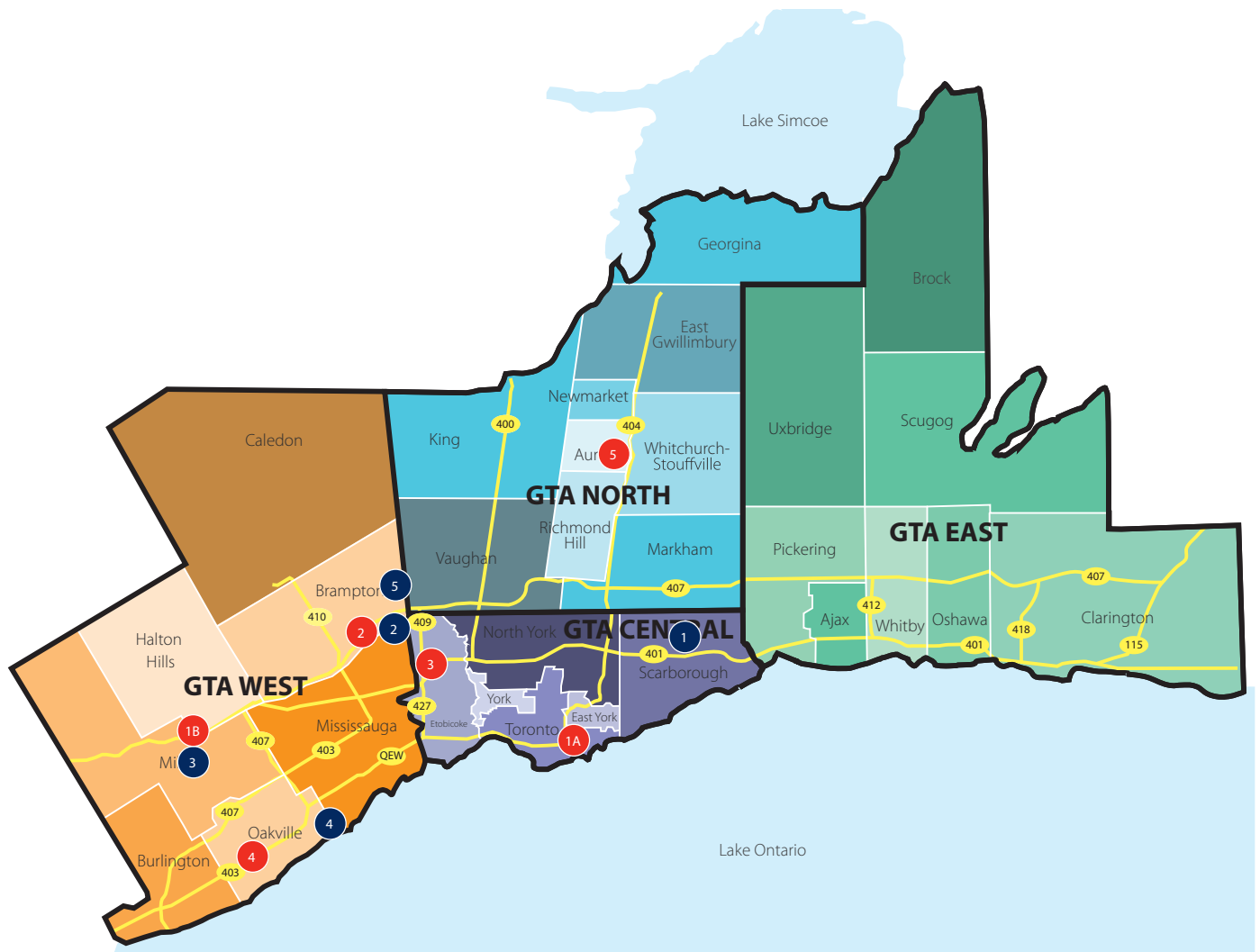
The industrial market has not skipped a beat with more investment capital flowing into the sector (quarterly and annually) than any other asset class in 2020. This is fueled by limited supply, good rental growth and burgeoning e-commerce business, as evidenced by Walmart Canada's recent \$3.5-billion infusion into its supply-chain network. An impressive \$1.7 billion changed hands during the second quarter (up 117% quarter-over-quarter and 59% of GTA total) for a first-half 2020 tally of \$2.5 billion. Dollar volume is up 41% year-over-year and is on pace to surpass 2019's record result of \$4.3 billion. The second-quarter total was boosted by the \$1.3-billion portfolio sale between Alberta's TC Energy and Ontario Power Generation. Propelled by that transaction, Halton Region and the City of Toronto combined for 85% of second quarter sales. The largest conventional industrial asset sale was a multi-tenant complex at 2084 Steeles Ave. E. in Brampton, acquired by Takol Steelton from private individual(s) for \$32 million, representing \$138 psf. Average cap rates for single-tenant properties held steady at 4.4% during the second quarter but were up 10 bps from year-end 2019. Multi-tenant properties saw a slight uptick in average cap rates, rising 10 bps to 4.6% after pausing at 4.5% during the first quarter. Demand for industrial product is expected to remain strong for the remainder of 2020, especially given accelerated growth in the e-commerce sector.

Capitalization Rates



Investment Volume and Sale Price (Transactions over \$1M)





Significant Lease Transactions

	Address	Market	Tenant	Size	Product Type	Lease Type
1	400 Nugget Avenue	Scarborough	Amazon Canada	635,124 sf	Existing	New
2	3389 & 3495 Steeles Avenue East	Brampton	Amazon Canada	453,348 sf	Existing	New
3	7211 & 7275 Fifth Line	Milton	Lululemon Athletica	339,410 sf	Speculative	New
4	759 Winston Churchill Boulevard	Mississauga	Goodfood Market Corp.	200,000 sf	Speculative	New
5	141 New Huntington Road	Vaughan	Randa Accessories	103,800 sf	Design Build	New

Significant Sale Transactions

	Property	Total Price	Price psf	Purchaser	Vendor
1	TC Energy – OPG Portfolio	\$1,328,000,000	n/a	Ontario Power Generation (OPG)	TC Energy
2	2084 Steeles Avenue East	\$32,000,000	\$138	Takol Steelton Inc.	Private individual(s)
3	37 Bethridge Road	\$19,075,000	\$149	Adelaide Development Corp.	Software To Go Inc.
4	1290 South Service Road West	\$15,194,000	\$116	Consumer Lighting Canada	General Electric
5	285 Industrial Parkway South	\$14,200,000	\$135	C.P. Converters Canada	The Jim Pattison Group



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