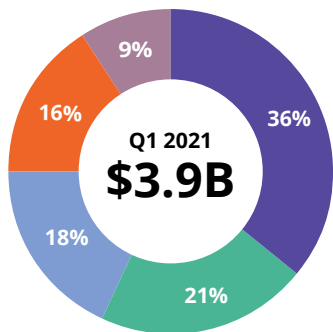


Greater Toronto Area



GTA Investment Activity by Sector and Dollar Volume



	Q1 2021	Q4 2020	Q1 2020
Industrial	\$1.4B	\$1.5B	\$782M
ICI Land	\$807M	\$606M	\$451M
Retail	\$693M	\$554M	\$535M
Multi-Residential	\$642M	\$877M	\$615M
Office	\$349M	\$531M	\$429M

Flush with cash and supported by favourable borrowing costs, eager investors continue to seek out opportunities in what is shaping up to be another unpredictable year for the commercial real estate market in the Greater Toronto Area (GTA). Unlike 2020, 2021 opened with variants of concern and another round of business closures which continue to impact day-to-day life and cloud investor sentiment. However, mass vaccinations offer a ray of hope and the prospect of an eventual return to pre-pandemic capital flows into what is otherwise a relatively sound property market.

Private Canadian capital remains behind the majority of trades, while investor demand is overwhelmingly focused on industrial assets. In all, first-quarter 2021 sales of office, industrial, retail, multi-residential and ICI land assets (>=\$1 million) across the GTA totaled \$3.9 billion – down only 3% quarter-over-quarter – with the retail and land sectors posting gains. More importantly, this represents the best first-quarter sales performance since 2018 – up 39% year-over-year.

Meanwhile, buyers and sellers continue to leverage the current malaise to negotiate the best price, evidenced by the subtle movement in overall cap rates. While the average GTA-wide cap rate remained unchanged at 4.2% from year-end 2020, cap rates were down between 10 and 20 basis points (bps) for industrial and multi-residential properties and were either flat or up by the same margin for office and select retail assets.

Industrial

After posting a high-water mark of \$4.6 billion in sales in 2020, the industrial sector remains a hot commodity among investors with \$1.4 billion worth of industrial properties changing hands in the first quarter of 2021 (representing 36% of the GTA total). Peel region attracted one-third of the dollar volume. Even though investment was down 3% quarter-over-quarter, dollar volume was nearly double that of the same quarter one year ago. The unrelenting adoption of e-commerce reinforces solid fundamentals for the acquisition of highly coveted last-mile warehouse



4.2%

Average cap rate for all asset types GTA-wide – unchanged quarter-over-quarter, but up 10 bps year-over-year



\$1.4B

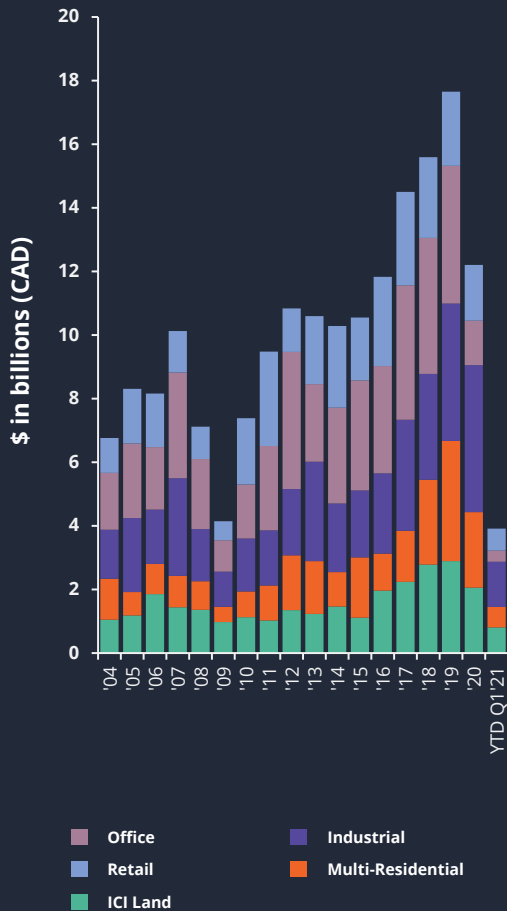
Total industrial investment sales in the first quarter – accounting for 36% of total GTA investment



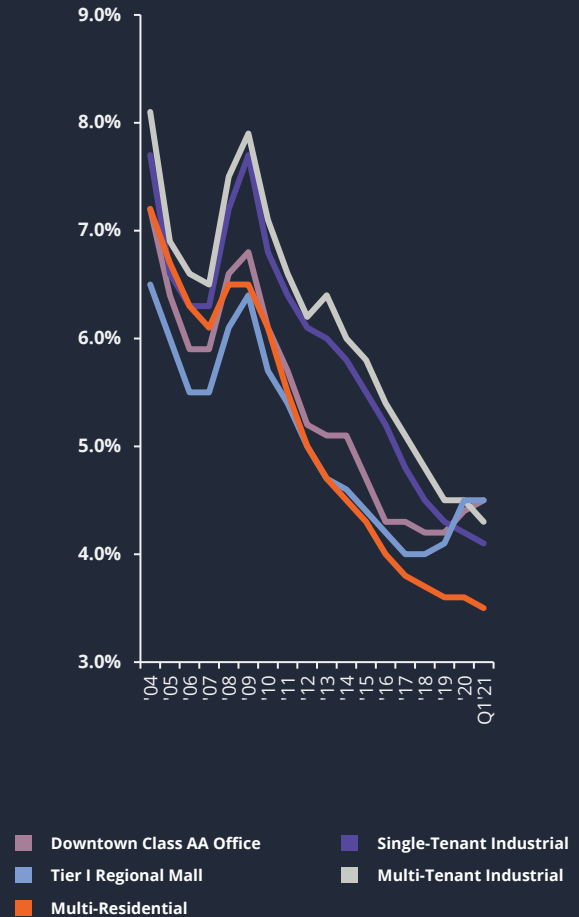
33%

Increase in ICI land dollar volume quarter-over-quarter, to \$807 million

GTA Investment Volume

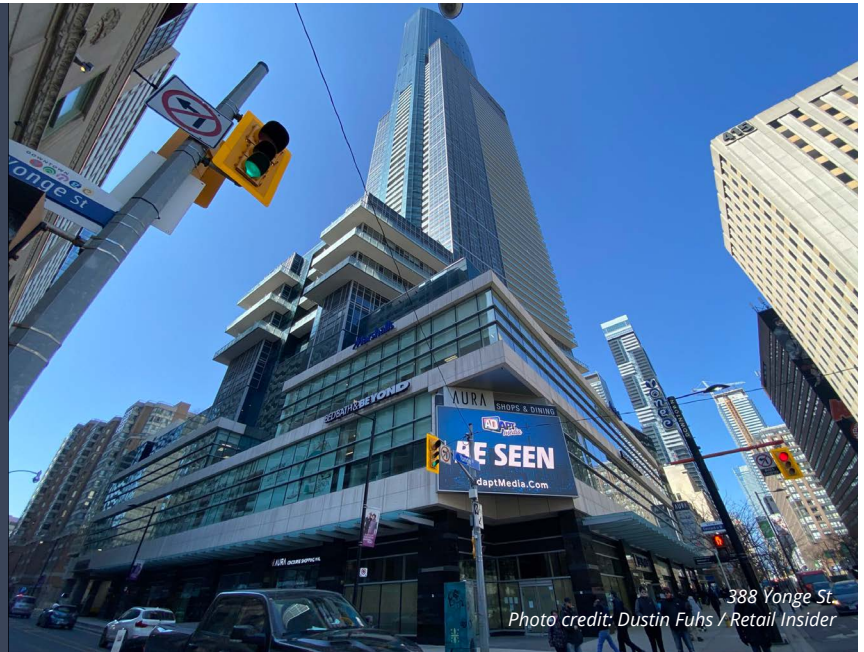


GTA Select Capitalization Rates



\$100M

The retail sector's top deal of the first quarter was the sale of the 132,000-sf retail podium at Aura Condominiums – set to become an urban format IKEA store



and distribution space, even if it means demolishing an existing facility and building new. The sector's largest transaction was the \$125-million sale of 100-110 Iron St., a 525,000-square-foot (sf) warehouse/distribution complex, between Mantella Corp. and Triovest.

ICI Land

Given the robust and extremely tight industrial and housing markets, land is in high demand across the GTA, with a view to developing parcels over a three-to-five-year time frame. ICI land sales rebounded 33% quarter-over-quarter to \$807 million (21% share) – up almost 80% year-over-year. Blackwood Partners and Nicola Wealth inked their first co-venture and the quarter's largest GTA land deal, acquiring 105 acres north of Toronto for \$108 million, with plans to develop 1.7 million square feet (msf) of employment-generating space. For perspective, the site last traded in 2019 for \$55 million. Continuing a five-quarter upward trend, the GTA's total acreage sold rose 26% quarter-over-quarter to 4,418 acres as developers vie for sites.

Retail

Although annual investment in the retail sector was down 25% to \$1.8 billion in 2020 – an eight-year low – investors

continue to seek opportunities in the retail space. Retail investment increased for the third consecutive quarter with \$693 million (18% share) in first-quarter sales – up 25% quarter-over-quarter and 30% year-over-year. The top five sales reveal a mix of urban and suburban asset types ranging from traditional regional and community shopping centres to street-front and freestanding offerings, but the biggest sale was that of the retail podium of the Aura residential condominium tower. IKEA Canada (part of the Ingka Group) is set to open an urban format store in Downtown Toronto – purchasing the retail podium from KingSett for \$100 million. This sale is reminiscent of First Capital's acquisition of the retail podium at One Bloor East from Great Gulf in 2017 for \$192 million, later leased to Nordstrom Rack.

Multi-Residential

An expensive housing market and the eventual return to higher immigration levels post-pandemic have investors squarely focused on the stable but supply-constrained multi-residential sector. In first-quarter 2021, investment did not keep pace with strong fourth-quarter 2020 results, as dollar volume dipped 27% to \$642 million (16% share) – but was 4% higher than one year ago.

While portfolio sales remain a staple for this asset class, the quarter's biggest single-asset trade by dollar value in the GTA was Woodbourne Capital's purchase of a 50% interest in eCentral – a 36-storey high-rise rental building in Toronto's midtown from RioCan REIT – for almost \$151 million. RioCan had purchased the same interest in 2019 for \$114 million – indicating the value appreciation in the sector.

Office

A year into the pandemic, investors are still seeking greater clarity in the office sector as stakeholders grapple with a multitude of survey results on what the future workplace will look like. Meanwhile, availability and vacancy rates are on the rise (largely due to growth in sublet space) and the wait-and-see approach by occupiers has kept investment capital largely at bay. First-quarter office investment was a paltry \$349 million (9% share) – down 34% quarter-over-quarter and 19% year-over-year. Continuing a trend from 2020, suburban assets attracted most of the capital, with investor interest evidenced by the quarter's top office trade – the \$115-million sale of 55 and 105 Commerce Valley Dr. W. between Northam Realty Advisors and Soneil Investments.

Significant Transactions by Sale Price

Sector				
Office	Total Price	Price psf	Purchaser	Vendor
55 & 105 Commerce Valley Dr. W.	\$115,000,000	\$304	Soneil Investments	Northam Realty Advisors
110 Yonge St. (50% interest)	\$58,000,081	\$723	Sutter Hill Management	BentallGreenOak
2 East Beaver Creek Rd.	\$19,150,000	\$244	EL Regency Group	Crestpoint Real Estate Investments / H&R REIT
76 Stafford St. & 850 Adelaide St. W.	\$17,000,000	\$806	Dream	Hullmark
68 Clarendon St.	\$14,800,000	\$466	Dream	752862 Ontario Inc.
Industrial	Total Price	Price psf	Purchaser	Vendor
100-110 Iron St.	\$125,285,000	\$239	Triovest Realty Advisors	Mantella Corp.
Confederation Freezers – TPP Portfolio	\$116,623,109	\$231	TPP	Confederation Freezers
777 Bayly St. W.	\$68,000,000	\$198	Summit REIT	1191373 Ontario Inc.
Huntley Properties – KingSett Capital Portfolio	\$61,750,000	\$134	KingSett Capital	2528443 Ontario Inc.
1400 Squires Beach Rd.	\$40,000,000	\$290	Amazon	591658 Ontario Ltd.
Retail	Total Price	Price psf	Purchaser	Vendor
388 Yonge St.	\$100,000,000	\$758	Ingka Group	KingSett Capital
410 @ Steeles	\$61,250,000	\$234	410@Steeles Inc.	Greystone Managed Investments
48 Lowes Pl. & 50 Resources Rd.	\$49,000,000	\$338	Microsoft	Lowe's
Bramrose Square	\$45,800,000	\$246	Starbank Development	Investors Group
147 Spadina Ave.	\$31,500,000	\$3,351	Hullmark	458728 Ontario Ltd.
Multi-Residential	Total Price	Price per unit	Purchaser	Vendor
eCentral (50% interest)	\$150,813,133	\$647,267	Woodbourne Capital	RioCan REIT
DMS – Park Portfolio	\$135,000,000	\$342,640	Park Property Management	DMS Property Management
20 Tuxedo Ct.	\$64,025,200	\$304,882	Q Residential	Reserve Properties
Starlight – Centurion Portfolio	\$48,000,000	\$303,797	Centurion Apartment REIT	Starlight Investments
1, 2, 3, 4, 6, 8, 9, 10 & 11 Wingreen Ct.	\$35,950,000	\$363,131	2818962 Ontario Inc.	Greenrock Property Management / Mylar Investments
ICI Land	Total Price	Price per acre	Purchaser	Vendor
2955 King Rd.	\$108,337,500	\$1,029,756	Blackwood Partners / Nicola Wealth	King Hill Inc.
Torbram Rd.	\$93,500,000	\$221,847	RICE Group	IO Investments
5360 & 5400 Thickson Rd.	\$38,153,100	\$484,761	Panattoni Development Co.	Sendmt Inc.
12875 Ninth Line	\$33,569,900	\$2,206,803	York Catholic District School Board	Greenpark Homes
15145 Steeles Ave.	\$30,250,000	\$303,495	15145 Steeles Holdings Inc.	Private individual(s)

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