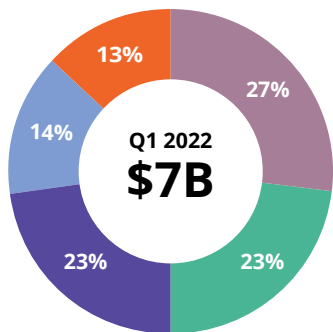


# Greater Toronto Area



## GTA Investment Activity by Sector and Dollar Volume



	Q1 2022	Q4 2021	Q1 2021
Office	\$1.9B	\$1.4B	\$349M
ICI Land	\$1.6B	\$1.9B	\$807M
Industrial	\$1.6B	\$2.3B	\$1.4B
Retail	\$1B	\$1.2B	\$693M
Multi-Residential	\$909M	\$896M	\$642M

Investment in the Greater Toronto Area (GTA) commercial real estate market remained elevated in the first quarter of 2022, after record-setting annual and quarterly results were posted in the previous quarter. Buyers' eagerness to deploy capital demonstrated their confidence in the market's sound fundamentals and future potential. In a first since the onset of the pandemic, the office sector recorded the highest transaction dollar volume in the GTA, with ICI land and industrial assets not far behind.

First-quarter sales of office, industrial, retail, multi-residential and ICI land assets (>=\$1 million) across the GTA totaled \$7 billion – down 9% from the record-breaking final quarter of 2021, but up 78% compared with the first quarter of last year. This result was also well above the 2021 quarterly average of \$5.9 billion, potentially setting the stage for another record performance this year. Similarly, deal activity was down slightly quarter-over-quarter to 668 transactions, but still above 2021's quarterly average of 619. Distressed-asset sales have yet to post an uptick since the onset

of the pandemic and remained insignificant during this quarter.

Cap rates remain compressed and were stable quarter-over-quarter, averaging 4% for all asset types across the GTA. The average cap rate for office assets ticked down 10 basis points (bps) during the quarter to 4.5%, while multi-residential assets still posted the lowest rates despite inching up 10 bps to 3.3%.

### Office

After falling out of favour with investors since the start of the pandemic and showing signs of recovery in the last quarter of 2021, the office sector continued its comeback in the first quarter of 2022. In all, \$1.9 billion in assets changed hands (representing 27% of the GTA total) – up 37% quarter-over-quarter and a whopping 448% compared with first-quarter 2021. The sector's impressive performance was boosted by the landmark sale of Royal Bank Plaza in Toronto's Financial Core, bought by Pontegadea Group for \$1.16 billion – the single transaction accounting for 61% of the quarterly total dollar volume. Investors' confidence



**4%**

Average cap rate for all asset types GTA-wide – unchanged quarter-over-quarter



**4,564**

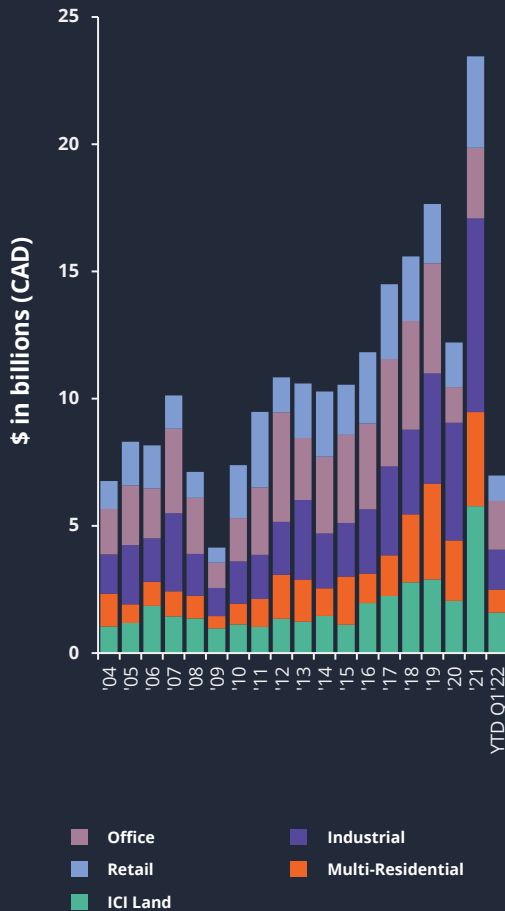
Total acreage of first-quarter GTA ICI land sales (more than 99% outside the City of Toronto)



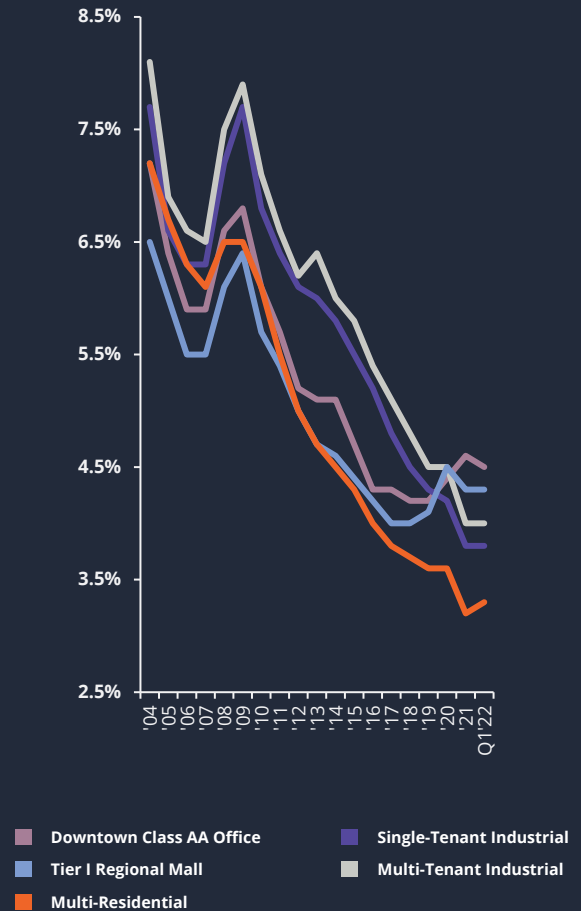
**194**

GTA-wide retail asset sales – 29% of the quarter's total number of transactions

## GTA Investment Volume



## GTA Select Capitalization Rates



# \$1.9B

Office investment increased for the fourth straight quarter, boosted by the sale of the iconic Royal Bank Plaza



Royal Bank Plaza

in this asset class is bolstered by the ongoing success of many large tenants' return-to-office plans.

### ICI Land

Investment dollar volume for ICI land assets was down 16% quarter-over-quarter to slightly less than \$1.6 billion in first-quarter 2022 (23% of GTA total); however, this total represents an increase of 97% compared with the same quarter one year earlier, as investors and developers continue to clamour for land amid the GTA's ongoing frenzy of development activity. The sector's largest sale of the first quarter was that of 3 Manchester Ct. in Bolton – a 65-acre industrial land site purchased by Oxford Properties for more than \$3.2 million per acre. Propelled by that transaction, Peel was the GTA's most active region by dollar volume, with \$572 million in assets changing hands (36% of the overall total). Durham Region, however, led the way in terms of acreage sold, accounting for 34% of the 4,564 acres that traded across the GTA.

### Industrial

Following two consecutive strong quarterly results in the second half of 2021, investment in GTA industrial assets declined 30% quarter-over-

quarter to \$1.6 billion (representing 23% of the overall GTA total) in first-quarter 2022. Activity in the sector remains elevated, as this result still represented a 10% increase compared with the first quarter of 2021. With solid leasing market fundamentals, industrial assets have lost none of their appeal for investors – but as they adjust to the “new normal”, buyers' eyes also returned to other asset classes during the quarter. The City of Toronto was the GTA's most active region by dollar volume during the first quarter of 2022, with \$538 million in sales (34% of GTA total), followed by Peel with \$449 million (29%).

### Retail

Coming off a record-high investment total in 2021, the retail sector posted \$1 billion in transactions (14% share) during first-quarter 2022 – down 18% from a banner result in the previous quarter, but up 44% compared with first-quarter 2021. Retail assets were the quarter's most-traded type across the GTA, with nearly 200 transactions – edging out the industrial sector. Suburban assets made up all the retail sector's top five by sale price during the quarter. The largest of those transactions included the

sales of seven properties (sold in two portfolios to different buyers) by Mercedes-Benz, with a combined value of nearly \$300 million.

### Multi-Residential

The only sector with less than \$1 billion in transaction volume during the first quarter was multi-residential, which posted \$909 million in trades (13% share) – up just 1% quarter-over-quarter but 42% compared with the same quarter one year earlier. The result was also on par with 2021's quarterly average. With housing demand a hot topic in the GTA, only the limited supply of assets for sale holds back volume in this sector. A three-asset portfolio purchased by Hazelview Investments for nearly \$155 million was the quarter's largest transaction, comprising 382 units in Etobicoke and North York at an average price of \$405,236 per unit.

## Significant Transactions by Sale Price

Sector				
Office	Total Price	Price psf	Purchaser	Vendor
Royal Bank Plaza	\$1,163,000,000	\$790	Pontegadea Group	Oxford Properties / CPPIB
Choice Properties – Allied Portfolio	\$365,000,000	\$648	Allied REIT	Choice Properties REIT
789 Don Mills Rd.	\$91,254,455	\$236	Menkes Developments	The Independent Order of Foresters
5600 & 5705 Cancross Ct.	\$35,500,000	\$247	KingSett Capital	Artis REIT
2360 Meadowpine Blvd. & 2550 Meadowvale Blvd.	\$27,700,000	\$283	Rathcliffe Properties	Meadowpines (12) Inc.
Industrial	Total Price	Price psf	Purchaser	Vendor
250 Bowie Ave., 670 & 680 Caledonia Rd.	\$100,000,000	\$377	BentallGreenOak / Hullmark	Reznick Carpets / 250 Bowie Holdings
8301 Keele St.	\$59,590,000	\$217	Soneil Investments	8301 Keele Street Holdings Inc.
370-372 New Enterprise Way	\$45,000,000	\$229	Dass Metal Products	2172311 Ontario Inc.
1120 Birchmount Rd.	\$45,000,000	\$204	PIRET	New-Can Realty Ltd.
1055 Clark Blvd.	\$44,700,000	\$218	Soneil Investments	7298340 Canada Inc.
Retail	Total Price	Price psf	Purchaser	Vendor
Mercedes-Benz – Awin Group Portfolio	\$223,000,000	n/a	Awin Group	Mercedes-Benz
Mercedes-Benz – Zanchin Portfolio	\$75,000,000	n/a	Zanchin Automotive Group	Mercedes-Benz
7070 McLaughlin Rd.	\$32,500,000	\$546	7070 McLaughlin Road Realty Inc.	Derry McLaughlin Development Corp.
Woodbine Applecreek Plaza	\$25,500,000	\$576	Woodbine Apple Creek NE Holdings Inc.	Apple Cheer Inc.
50 Esna Park Dr.	\$23,000,000	n/a	10132217 Canada Inc.	Lincoln House Inc.
Multi-Residential	Total Price	Price per unit	Purchaser	Vendor
Trans County / Leedale – Hazelview Portfolio	\$154,800,000	\$405,236	Hazelview Investments	Trans County Development Corp. Ltd. / Leedale Construction Ltd.
263 & 265 Dixon Rd.	\$141,000,000	\$400,568	Akelius Fastigheter AB	Damis Properties Inc. / Microbjo Properties Inc. / Sabel Holdings Ltd. / Briarcrest Apartments Ltd. / Briarcrest Manor
51-67 Ardglan Dr.	\$54,000,000	\$355,263	Boardwalk REIT	Starlight Investments
21 Maynard Ave.	\$42,000,000	\$358,974	Hannah Real Estate Group	Lugano View Ltd.
351 The West Mall & 25 Eva Rd.	\$39,200,000	\$404,124	Starlight Investments	Trans County Development Corp. Ltd.
ICI Land	Total Price	Price per acre	Purchaser	Vendor
3 Manchester Ct.	\$210,000,000	\$3,231,000	Oxford Properties	Ritchie Bros. Auctioneers Inc.
10223 Highway 50	\$124,000,000	\$1,457,041	Crestpoint Real Estate Investments / PSP Investments	Groupe Mach
12801 Bramalea Rd.	\$92,500,000	\$530,999	TACC Construction Ltd.	Private individual(s)
Langstaff Rd.	\$58,466,075	\$3,421,670	Costco Wholesale Canada	Private individual(s)
William Halton Pkwy.	\$51,600,000	\$936,258	Anatolia Group	Spring Town

**Get more market information**

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