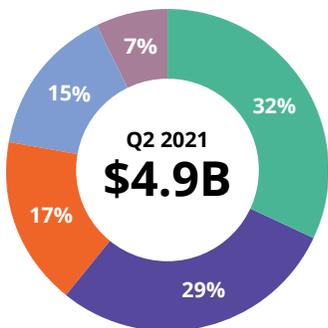


Greater Toronto Area



GTA Investment Activity by Sector and Dollar Volume



	Q2 2021	Q1 2021	Q2 2020
ICI Land	\$1.6B	\$807M	\$356M
Industrial	\$1.4B	\$1.4B	\$1.7B
Multi-Residential	\$815M	\$642M	\$310M
Retail	\$725M	\$693M	\$322M
Office	\$349M	\$349M	\$204M

Low borrowing costs and abundant cash continued to fuel investors' appetite for commercial real estate assets in the Greater Toronto Area (GTA) during the second quarter of 2021, as ongoing vaccinations allowed Ontario to begin 'Step Three' of its reopening plan, giving stakeholders greater confidence in the future. Decade-low availability of industrial space and robust occupier demand made buyers' hunger for ICI land and industrial assets especially insatiable – both sectors have the potential to exceed annual volume records by year-end.

In all, second-quarter sales of office, industrial, retail, multi-residential and ICI land assets (>=\$1 million) across the GTA totaled nearly \$4.9 billion – up 24% quarter-over-quarter and 69% compared with the second quarter of 2020 – with quarterly gains posted in every sector but office and industrial, which were flat. Total first-half investment volume of \$8.8 billion was up 54% year-over-year, and, notably, higher than the first-half results from recent pre-pandemic years as well. Deal activity also increased quarter-

over-quarter, with the number of transactions rising in all five sectors and the overall count up 26%.

Cap rates crept downward during the second quarter as buyers and sellers navigated the ongoing uncertainty. The overall GTA-wide average declined 10 basis points (bps) to 4.1%, with a corresponding 10-bps decrease posted by all asset classes except multi-residential, which remained stable at 3.5%.

ICI Land

Relentlessly pursued by investors for development or as a safe asset class, ICI land sales increased 95% quarter-over-quarter and a whopping 342% year-over-year to nearly \$1.6 billion in the second quarter of 2021 (representing 32% of the GTA total). The sector's first-half total of nearly \$2.4 billion already exceeds 2020's \$2.1-billion full-year tally, and in fact, every annual result since 1995 except 2018 (\$2.8 billion) and 2019 (\$2.9 billion). The sector may be on pace to surpass those highs in 2021. The quarter's two largest transactions were separated by a slim margin: Panattoni Development purchased a 59-acre site at 8000



4.1%

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



\$1.4B

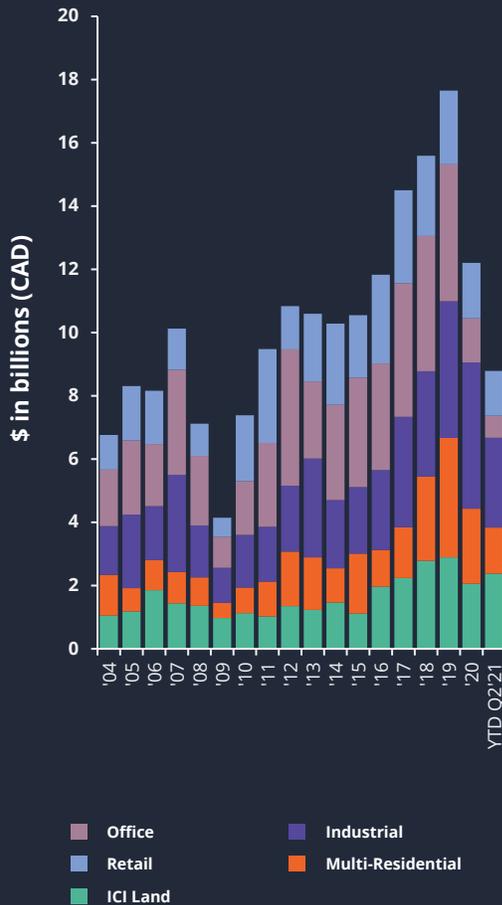
Total industrial investment sales in the second quarter – accounting for 29% of total GTA investment



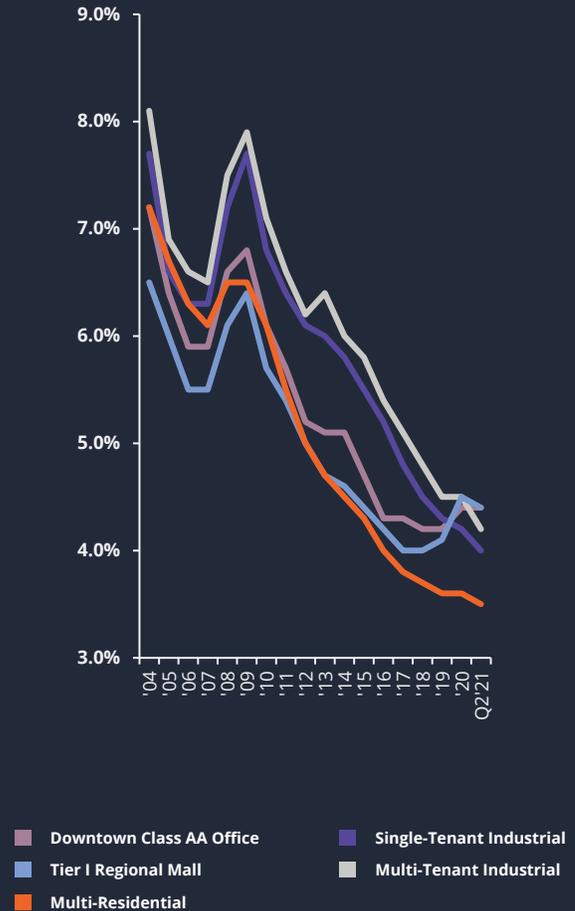
95%

Increase in ICI land dollar volume quarter-over-quarter, to \$1.6 billion

GTA Investment Volume



GTA Select Capitalization Rates



\$90.6M

The industrial sector's largest deal of the second quarter was the sale of 8350 Lawson Rd., a 321,000-sf facility in Milton, for \$282 psf



Dixie Rd. in Brampton from Ford Motor Company for future industrial development; while Cadillac Fairview bought the remaining 50% interest in the 169-acre Toronto Buttonville Municipal Airport (in Markham) from partner Armadale Properties with a view to future mixed-use development. The Brampton sale helped make Peel the GTA's top region by dollar volume during the quarter, with 42% of the overall total. In all, 3,846 acres changed hands as Durham led the GTA's regions by acreage sold (43%).

Industrial

The industrial sector remains red-hot with \$1.4 billion worth of properties changing hands for the second consecutive quarter (29% share), for a year-to-date tally of \$2.8 billion – implying the sector may be on pace to exceed 2020's record-setting full-year total of \$4.6 billion. Quarterly volume was down 17% year-over-year, but the comparison is skewed by a \$1.3-billion portfolio sale between Alberta's TC Energy and Ontario Power Generation that occurred in second-quarter 2020. Decade-low 1.1% availability in the GTA's industrial leasing market amplifies buyer demand for this asset class, as well as ICI land. The largest industrial transaction of second-

quarter 2021 was the sale of 8350 Lawson Rd., a 321,000-square-foot (sf) facility in Milton, purchased by GWL Realty Advisors for \$282 per square foot (psf). For perspective, the vendor had acquired the property in 2008 for \$86 psf. Strong results in Etobicoke, Scarborough and North York made the City of Toronto the most active of the GTA's regions by dollar volume with 34% of the quarterly total.

Multi-Residential

Investors remain drawn to multi-residential assets despite the relative scarcity of assets available on the market. Multi-residential transaction volume totaled \$815 million in the second quarter (17% share) – up 27% quarter-over-quarter and 163% compared with the second quarter of 2020. Year-to-date volume of nearly \$1.5 billion represents more than 60% of the full-year 2020 figure. As is often the case, the sector's biggest transaction during the quarter was a portfolio sale – CAPREIT's purchase of a four-property, 485-unit portfolio in Oshawa at an aggregate price per unit of \$213,720.

Retail

Investment in the retail sector increased for the fourth consecutive

quarter, rising 5% quarter-over-quarter and 125% year-over-year to \$725 million (15% share) in the second quarter. Year-to-date investment volume of \$1.4 billion represents 81% of 2020's full-year total – a promising sign for this asset class. The city and suburbs were both well represented among the top five transactions during the quarter, with one asset each located in the urban downtown and midtown, alongside suburban centres from each of the west, north and east GTA regions.

Office

Office was the least-traded asset class for the sixth consecutive quarter as investors continue to await some clarity with respect to future occupier demand in the sector. Availability and vacancy rates continued to rise during the second quarter, while investor caution largely directed capital to other asset types. Second-quarter investment volume was equal to the first quarter's at \$349 million (7% share) – but was up 71% compared with the second quarter of 2020. At \$698 million, year-to-date investment volume was up 10% year-over-year. Suburban assets remain popular with investors amid the uncertainty caused by COVID-19, and made up four of the quarter's five largest transactions in the sector.

Significant Transactions by Sale Price

Sector				
Office	Total Price	Price psf	Purchaser	Vendor
College Square	\$58,775,000	\$235	Crown Realty Partners	Epic Realty Partners
100 Gough Rd.	\$47,500,000	\$425	BentallGreenOak	Hans Group
229 College St.	\$29,300,000	\$702	University of Toronto	229 College Street Holdings Inc.
5255 Satellite Dr.	\$22,000,000	\$306	Rathcliffe Capital	Manulife Real Estate
Huntley Properties – Crown Realty Partners Portfolio	\$21,330,000	\$132	Crown Realty Partners	Huntley Properties / 2761052 Ontario Inc.
Industrial	Total Price	Price psf	Purchaser	Vendor
8350 Lawson Rd.	\$90,600,000	\$282	GWL Realty Advisors	Oxford Properties
Invar Building – Soneil Investments Portfolio	\$72,800,000	\$195	Soneil Investments	Invar Building Corp.
77 Belfield Rd.	\$65,000,000	\$176	Amazon	Belfield Investment Corp.
501 Consumers Rd.	\$56,000,000	\$134	Amazon	Consumers Road Investments Inc.
601-607 Milner Ave.	\$40,425,000	\$92	Nicola Wealth Real Estate	2608342 Ontario Ltd.
Retail	Total Price	Price psf	Purchaser	Vendor
Oakwoods Centre	\$42,350,000	\$565	Accu Electric Motors Inc.	Carttera Private Equities
Keswick Marketplace (75% interest)	\$22,725,000	\$190	First National	RioCan REIT
111 St. Clair Ave. W. (retail & underground parking)	\$20,350,000	\$911	111 St. Clair (Retail) Inc.	Camrost Felcorp
65 Front St. E.	\$19,250,000	\$877	Allied Properties REIT	2410077 Ontario Ltd.
Townline Shopping Centre	\$18,174,359	\$191	Strathallen Capital	Valiant Rental Properties
Multi-Residential	Total Price	Price per unit	Purchaser	Vendor
Borges & Reynar – CAPREIT Portfolio	\$103,653,993	\$213,720	CAPREIT	Borges & Reynar Inc.
333 Sidney Belsey Cres.	\$78,000,000	\$295,455	Akelius Fastigheter AB	BGS Homes Inc.
877 Yonge St.	\$72,325,000	\$289,300	City of Toronto	2692518 Ontario Inc.
7555 Goreway Dr.	\$68,000,000	\$250,000	SiteLine Group	Peconic Holdings / Tauben Investment (Canada) / Montego Investments / Steven-Irwin Holdings
3434 Eglinton Ave. E.	\$61,500,000	\$284,722	MetCap Living	Associated Capital Corp.
ICI Land	Total Price	Price per acre	Purchaser	Vendor
8000 Dixie Rd.	\$194,460,000	\$3,308,887	Panattoni Development	Ford Motor Company
Toronto Buttonville Municipal Airport (50% interest)	\$192,886,920	\$2,283,037	Cadillac Fairview	Armadale Properties
6100 Langstaff Rd.	\$95,740,000	\$3,392,028	Microsoft	Zzen Group
10223 Highway 50	\$75,000,000	\$881,275	Groupe Mach	Private individual(s)
10534 Hurontario St.	\$72,500,000	\$2,413,047	Hopewell Development / PIRET	2598919 Ontario Inc.

Get more market information

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