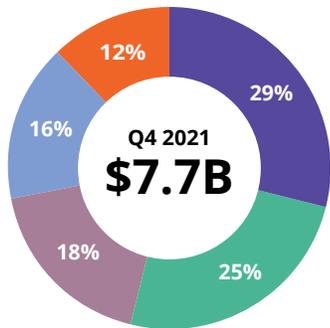


Greater Toronto Area



GTA Investment Activity by Sector and Dollar Volume



	Q4 2021	Q3 2021	Q4 2020
Industrial	\$2.3B	\$2.5B	\$1.5B
ICI Land	\$1.9B	\$1.5B	\$606M
Office	\$1.4B	\$680M	\$531M
Retail	\$1.2B	\$961M	\$554M
Multi-Residential	\$896M	\$1.3B	\$877M

After being held back by uncertain circumstances in 2020, investors made up for lost time in 2021, taking advantage of free-flowing capital and low borrowing costs as they poured nearly \$23.5 billion into Greater Toronto Area (GTA) commercial real estate assets during the year – up 92% year-over-year. This exceeded the previous record-high annual total (\$17.7 billion in 2019) by 33%. Against the backdrop of heated development and robust housing demand across the GTA, industrial, ICI land and multi-residential assets were the top priorities for buyers once again.

Fourth-quarter sales of office, industrial, retail, multi-residential and ICI land assets (>=\$1 million) across the GTA totaled \$7.7 billion – up 10% quarter-over-quarter and 90% compared with fourth-quarter 2020 – for another new single-quarter record. Yet again, deal activity increased quarter-over-quarter, with nearly 700 transactions taking place across the GTA market. Distressed-asset sales remained in check through 2021, with a total of 26 transactions totaling \$165 million – similar to 2020 levels.

Amid all the year’s activity, the average GTA-wide cap rate fell 20 basis points (bps) during the course of the year to end 2021 at 4%, continuing a downward trend which has persisted every year since 2009 – with the exception of a 10-bps increase in 2020. The decline in the overall average cap rate was led by the industrial sector, with single- and multi-tenant industrial assets compressing by 40 and 50 bps, respectively, to 3.8% and 4% at year-end. Multi-residential assets posted the lowest cap rates of any sector, falling 40 bps year-over-year to an average of 3.2%.

Industrial

Coming off record-high sales volume in the third quarter, investment in the industrial sector backed off 11% quarter-over-quarter to a still-lofty \$2.3 billion (representing 29% of the GTA total), for a full-year total of \$7.6 billion. The previous annual high for the sector – set in 2020 – was \$4.6 billion. Low availability rates, the restricted pace of new supply and rapidly rising rental rates all serve to intensify investors’ hunger for industrial assets amid



4%

Average cap rate for all asset types GTA-wide - down 20 bps year-over-year



\$7.6B

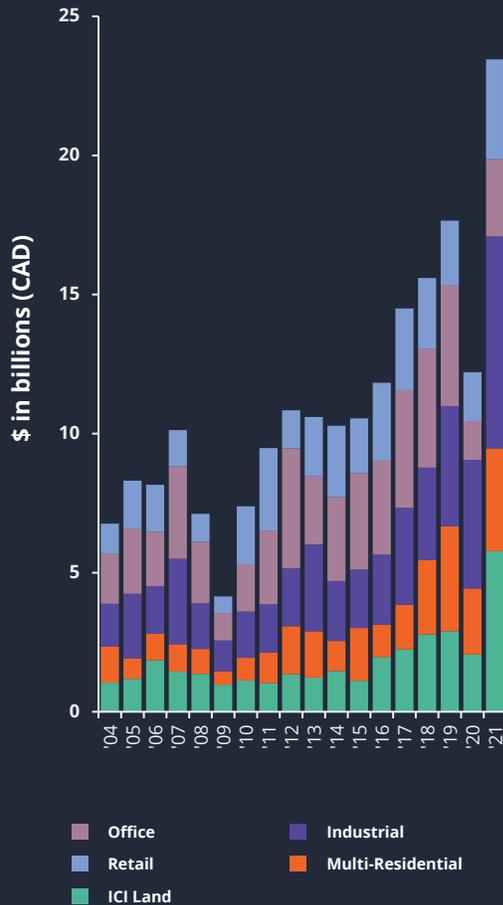
Total industrial investment sales in 2021 - accounting for 32% of total GTA investment



\$23.5B

GTA-wide investment sales in 2021 - up 92% compared with 2020's result

GTA Investment Volume



GTA Select Capitalization Rates



\$1.2B

Retail investment increased for the sixth straight quarter, led by the sale of Kennedy Commons for \$215 million (\$522 psf)



the burgeoning growth of e-commerce and logistics. Peel was the GTA's most active region by dollar volume during the quarter, with \$1 billion in sales (46% of GTA total). Of the annual total, Peel accounted for more than \$2.9 billion (39%), followed by the City of Toronto (\$2.1 billion / 28%) and York Region (\$1.1 billion / 14%).

ICI Land

Developers and investors alike continue to clamour for ICI land assets as the GTA's development boom rolls on. Quarterly investment volume of \$1.9 billion (25% of GTA total) was up 28% quarter-over-quarter and 214% compared with the fourth quarter of 2020. The sector's full-year investment volume was a record \$5.8 billion – doubling the previous high of \$2.9 billion set in 2019. Among the GTA's regions, Peel posted the highest quarterly sales volume (\$827 million / 43% of GTA total), while York had the greatest acreage sold (1,888 acres / 31%). Of the full-year results, Peel Region led the way in dollar volume (\$2.4 billion / 42%), while Durham Region headed the list by acreage sold, accounting for 6,208 of the 19,185 acres that changed hands across the GTA in 2021 – with

the overall annual total representing an 88% increase year-over-year.

Office

After seven straight quarters as the least-traded asset class in the GTA, investment activity in the office sector rebounded in fourth-quarter 2021 to reach \$1.4 billion (18% of GTA total) – up 106% quarter-over-quarter – for a full-year total of nearly \$2.8 billion. The annual tally was up 99% compared with 2020, but still a long way from the \$4.3-billion high-water mark set in 2019. Suburban assets continued to predominate among the quarter's largest transactions, accounting for four of the top five. Downtown activity will likely receive a boost in the first quarter of 2022 with the pending sale of Royal Bank Plaza by Oxford Properties and CPP.

Retail

Investment volume in the retail sector increased for the sixth consecutive quarter to \$1.2 billion (16% of GTA total), representing growth of 26% quarter-over-quarter and 119% compared with fourth-quarter 2020. The sector's annual sales volume totaled \$3.6 billion – more than double 2020's result and exceeding the previous record-high of \$3 billion

from 2011. The quarter's largest transaction was the sale of Kennedy Commons, a 412,000-sf power centre located on 31 acres in Scarborough which was sold by RioCan REIT to a private investor for \$215 million, representing \$522 per square foot (psf).

Multi-Residential

With unquenchable demand for housing in the GTA, activity in the multi-residential sector is restricted mainly by the limited supply of assets offered for sale. Sales volume totaled \$896 million during fourth-quarter 2021 (12% of GTA total) – a decrease of 33% quarter-over-quarter but in line with the fourth-quarter result one year earlier. The sector's full-year investment total of \$3.7 billion represented a 55% increase year-over-year and nearly equaled the all-time high of \$3.8 billion set in 2019. Rigorous competition for assets drove multi-residential cap rates downward throughout 2021, as the average rate fell 40 bps to reach 3.2%.

Significant Transactions by Sale Price

Sector				
Office	Total Price	Price psf	Purchaser	Vendor
Bell Creekbank Campus	\$443,433,788	\$403	Oak Street Real Estate Capital	H&R REIT
99 Atlantic Ave. & 40 Hanna Ave.	\$240,000,000	\$926	Blackstone / Kevric	PSP Investments / Kevric
Allstate Corporate Centre	\$179,500,000	\$311	Groupe Mach	Crown Realty Partners / Crestpoint Real Estate Investments
Madison Centre	\$118,000,000	\$265	Europro	Northam Realty Advisors
Meadowvale Court I & II	\$49,000,000	\$340	CanFirst Capital Management	Europro
Industrial	Total Price	Price psf	Purchaser	Vendor
Northlea – PIRET Portfolio	\$301,814,000	\$348	Pure Industrial Real Estate Trust	Northlea Corp.
12294 Dixie Rd.	\$174,919,680	\$198	UPS	Prologis
2585 Meadowpine Blvd.	\$90,000,000	\$899	Oxford Properties	Resilience Biotechnologies
Rinomato Group – Sunstone Realty Portfolio	\$74,200,000	\$275	Sunstone Realty Advisors	The Rinomato Group
35 Rutherford Rd. S.	\$67,000,000	\$657	Peel Plastic Products	Brookfield Asset Management
Retail	Total Price	Price psf	Purchaser	Vendor
Kennedy Commons	\$215,000,000	\$522	5053328 Ontario Inc.	RioCan REIT
RioCan – Sun Life Portfolio (50% interest)	\$40,300,000	\$224	Sun Life Assurance Company of Canada	RioCan REIT
Bowmanville Mall	\$37,300,000	\$302	243 King Venture Inc.	AIMCo
Gates of York Plaza	\$36,000,000	\$278	17310 Yonge Investment Inc.	Yongemill Group Inc.
4099 Erin Mills Pkwy.	\$31,000,000	\$494	Queenscorp Group	Citrusland Investments Inc.
Multi-Residential	Total Price	Price per unit	Purchaser	Vendor
D. Ross & Sons – InterRent Portfolio	\$125,000,000	\$438,596	InterRent REIT	D. Ross & Sons Ltd.
35 Greenfield Ave. (50% interest)	\$110,935,000	\$614,598	Sun Life Assurance Company of Canada	RioCan REIT
2051 Prospect St.	\$110,000,000	\$491,072	BentallGreenOak	Starlight Investments
Robinwood – Dream Portfolio	\$79,247,707	\$344,555	Dream Unlimited	Robinwood Management Corp.
189 Cedarvale Ave.	\$29,600,000	\$379,487	189 Cedarvale Avenue Residences Ltd.	Starlight Investments
ICI Land	Total Price	Price per acre	Purchaser	Vendor
2168443 Ontario – Tribal Partners Portfolio	\$214,605,579	\$871,105	Tribal Partners	2168443 Ontario Ltd.
12892 Dixie Rd.	\$152,427,000	\$779,084	Amazon	Tribal Partners
9481 Leslie St.	\$120,050,000	\$2,685,142	GWL Realty Advisors / Canada Life	Private individual(s)
1700 Derry Rd. & 6915 Dixie Rd.	\$115,000,000	\$1,913,318	QuadReal Property Group	Carlo Holdings Ltd.
101, 189 & 205 Doney Cres.	\$110,000,000	\$3,661,784	Northbridge Capital	101 Doney Inc. / 189 Doney Inc. / 205 Doney Inc.

Get more market information

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