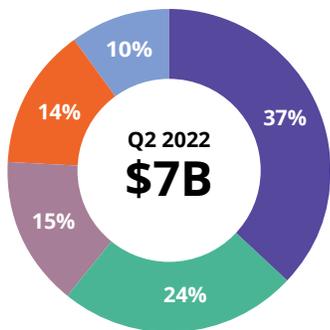


# Greater Toronto Area



## GTA Investment Activity by Sector and Dollar Volume



	Q2 2022	Q1 2022	Q2 2021
<b>Industrial</b>	\$2.6B	\$1.6B	\$1.4B
<b>ICI Land</b>	\$1.7B	\$1.6B	\$1.6B
<b>Office</b>	\$1.1B	\$1.9B	\$349M
<b>Multi-Residential</b>	\$1B	\$909M	\$815M
<b>Retail</b>	\$696M	\$1B	\$725M

The Greater Toronto Area (GTA) commercial real estate investment market repeated its strong first-quarter performance in the second quarter of 2022, continuing the momentum reported in the second half of the previous year. The willingness of buyers to invest capital is a testament to their confidence in the market's stability and prospects for the future amid the constantly shifting post-pandemic economic landscape. The industrial sector returned to top position with the highest investment dollar volume during the quarter and led all asset classes by year-to-date total for the first half of 2022.

Second-quarter sales of office, industrial, retail, multi-residential and ICI land assets (>=\$1 million) across the GTA totaled \$7 billion – a repeat of the previous quarter's result, but up 43% compared with the same quarter one year earlier. With total investment of \$14 billion through the first half of 2022, the market could be on pace to exceed 2021's record-high full-year result of \$23.5 billion. Deal activity remained at the high level reported during the past several

quarters, as 677 transactions took place. Sales of distressed assets continued to be an insignificant aspect of the market during the second quarter, with a pandemic-related bump yet to be observed.

Cap rates are still compressed by historical standards, but the GTA average for all asset classes ticked up by 10 basis points (bps) quarter-over-quarter to 4.1% – returning to the same level recorded one year ago. During the ensuing 12 months, the average for office assets has risen 20 bps to 4.6%, while multi-residential assets boast the lowest rates, ticking down 10 bps to 3.4%.

### Industrial

After a slower first quarter by recent standards, investment dollar volume for industrial assets across the GTA rebounded 63% quarter-over-quarter to nearly \$2.6 billion – representing 37% of overall GTA investment volume during the quarter and an increase of 81% compared with second-quarter 2021. More than \$4.1 billion in trades took place in this sector through mid-year. For perspective, 2019's full-year total of \$4.3 billion



## 4.1%

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



## 8,162

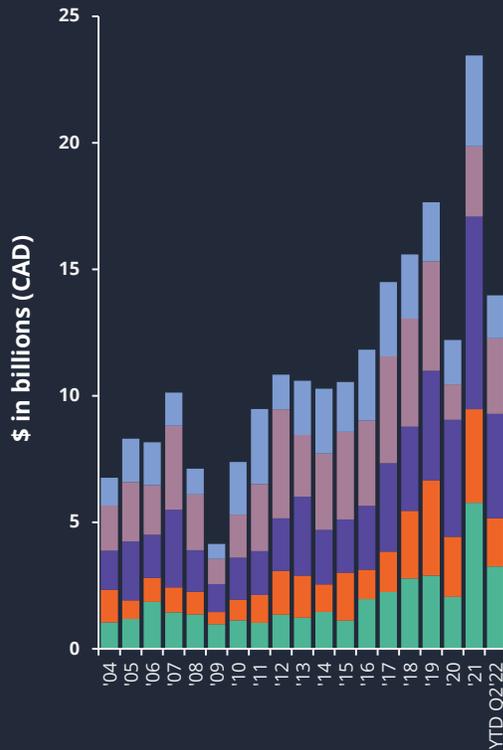
Total acreage of first-half GTA ICI land sales (more than 99% outside the City of Toronto)



## 221

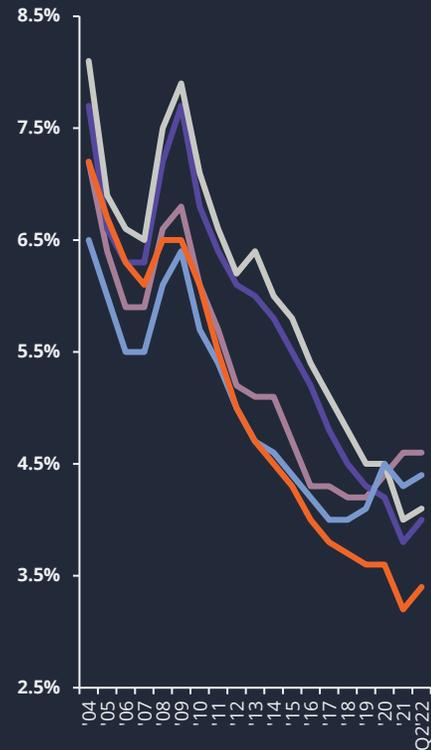
GTA-wide industrial asset sales – 33% of the quarter's total number of transactions

### GTA Investment Volume



- Office
- Industrial
- Retail
- Multi-Residential
- ICI Land

### GTA Select Capitalization Rates



- Downtown Class AA Office
- Single-Tenant Industrial
- Tier I Regional Mall
- Multi-Tenant Industrial
- Multi-Residential

**\$2.6B**

Industrial trades represented 37% of total GTA investment volume during the second quarter, including a \$294-million portfolio sale



2525 Meadowvale Blvd., part of the Everlast - LaSalle portfolio

set a new high-water mark for annual industrial investment activity at that time. Peel was the GTA's most active region by dollar volume during the second quarter with \$1.4 billion in sales (53% of the GTA total), followed by the City of Toronto (\$500 million / 20%).

**ICI Land**

Driven by ongoing strong demand from developers and investors in the context of the GTA's construction boom, interest in ICI land assets remains elevated. Investment volume increased 5% quarter-over-quarter and 6% year-over-year to nearly \$1.7 billion in second-quarter 2022 (24% of GTA total). The sector's first-half total of \$3.3 billion in transactions already exceeds the full-year results for every year prior to 2021's record-setting total of \$5.8 billion - indicating another new record may be on the horizon this year. Activity was headlined by the GTA's largest transaction of the quarter in any asset class - the sale of 194 acres of agricultural land at 12519 & 12713 Humber Station Rd. in Caledon to logistics operator Prologis for nearly \$480 million. Unsurprisingly, Peel was the GTA's most active region by dollar volume, posting \$1 billion in trades during the second quarter (61% of GTA

total). By acreage sold, Peel topped the list once again (32% of total), closely followed by Durham (31%), as a total of 3,597 acres changed hands.

**Office**

Following an impressive first-quarter result boosted by the sale of Toronto's Royal Bank Plaza, investment in the office sector declined 44% quarter-over-quarter to \$1.1 billion (15% of GTA total) - still representing an increase of 207% compared with the lacklustre result posted one year earlier. With almost \$3 billion in assets changing hands through the first half of 2022, the sector has already eclipsed the annual results recorded in 2020 and 2021 - and the all-time high of \$4.3 billion set in 2019 may be within reach by year-end.

**Multi-Residential**

Always sought by investors keen to own a piece of the GTA's tight housing market, multi-residential assets posted \$1 billion in trades during the second quarter (14% of GTA total) - up 10% quarter-over-quarter and 23% compared with the same quarter last year. A first-half total of \$1.9 billion in sales implies that the \$3.8-billion investment high set in 2019 could be met or exceeded by the end of 2022. Portfolio sales were prominent,

accounting for four of the quarter's five largest transactions - with the top five accounting for 65% of the sector's total dollar volume during the quarter.

**Retail**

The only sector to fall short of \$1 billion in second-quarter trades was retail, as \$696 million worth of assets changed hands (10% of GTA total) - down 30% quarter-over-quarter and 4% compared with second-quarter 2021. At this pace as of mid-year, the retail sector's full-year investment total may fall short of the \$3.6-billion result achieved in 2021. Despite being the second-most active asset type by number of trades (trailing only the industrial sector), large deals were mostly absent this quarter, and the average transaction volume of \$3.7 million was the smallest among all asset types by a wide margin.

## Significant Transactions by Sale Price

Sector				
Office	Total Price	Price psf	Purchaser	Vendor
121 King St. W.	\$379,250,000	\$702	Crestpoint Real Estate Investment / AIMCo	BentallGreenOak
Orlando – Crown Portfolio	\$251,850,000	\$219	Crown Realty Partners	Orlando Corp.
2233 Argentia Rd.	\$40,050,000	\$273	Soneil Investments	Crown Realty Partners
1305 & 1315 Pickering Pkwy.	\$38,304,618	\$273	Goldmanco	Sharish Property Holdings
5800 Explorer Dr.	\$35,500,000	\$323	Family Capital Corp.	Triovest Realty Advisors
Industrial	Total Price	Price psf	Purchaser	Vendor
Everlast – LaSalle Portfolio	\$294,300,000	\$364	LaSalle Investment Management	The Everlast Group
100 West Dr.	\$244,000,000	\$276	Crestpoint Real Estate Investment	Owens Illinois Inc.
ICBC – QuadReal Portfolio	\$67,000,000	\$220	QuadReal	Insurance Corporation of British Columbia
3350-3370 Wolfedale Rd.	\$53,827,200	\$549	Divco	Rockett Realty
560 Hensall Cir.	\$53,000,000	\$251	Triovest	CJ Graphics
Retail	Total Price	Price psf	Purchaser	Vendor
Appleby Crossing	\$40,360,000	\$306	Choice Properties REIT	Appleby Equities / Triovest Realty Advisors
Gross Capital – Four Seasons Portfolio	\$39,100,000	\$733	Four Seasons Site Development	Gross Capital
2301-2331 Appleby Line	\$28,140,000	\$507	Graywood Developments	Appleby Equities / Triovest Realty Advisors
3285 Mavis Rd.	\$19,865,000	\$1,083	Rafih Auto Group	Mike Priestner Automotive Group
368-378 Eglinton Ave. W.	\$19,500,000	\$987	1000195736 Ontario Ltd.	Private individual(s)
Multi-Residential	Total Price	Price per unit	Purchaser	Vendor
CAPREIT – Q Residential Portfolio	\$165,000,000	\$390,071	Q Residential	CAPREIT
Fred Hageman – Realstar Portfolio	\$139,000,000	\$501,805	Realstar Group	Fred Hageman's Holdings Ltd.
Extendicare – Sienna & Sabra Portfolio	\$138,802,411	\$297,859	Sienna Senior Living / Sabra Health Care REIT	Extendicare
105 Isabella St. & 100 Gloucester St.	\$137,133,750	\$317,439	Starlight Investments	Raamco International
105 Queen St.	\$71,350,000	\$498,951	Vision Retirement Group	MTCO Holdings
ICI Land	Total Price	Price per acre	Purchaser	Vendor
12519 & 12713 Humber Station Rd.	\$479,621,728	\$2,470,418	Prologis	Solmar Development Corp.
Torbram Rd.	\$100,000,000	\$1,027,686	RICE Group	Private individual(s)
Airport Rd.	\$62,000,000	\$1,028,738	Broccolini	BVD Petroleum
12442 Bramalea Rd.	\$60,000,000	\$599,269	Broccolini	Private individual(s)
Countryside Dr.	\$48,000,000	\$1,915,632	Charger Logistics	Private individual(s)

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