



Matt's Market Minute

Oct 2, 2024

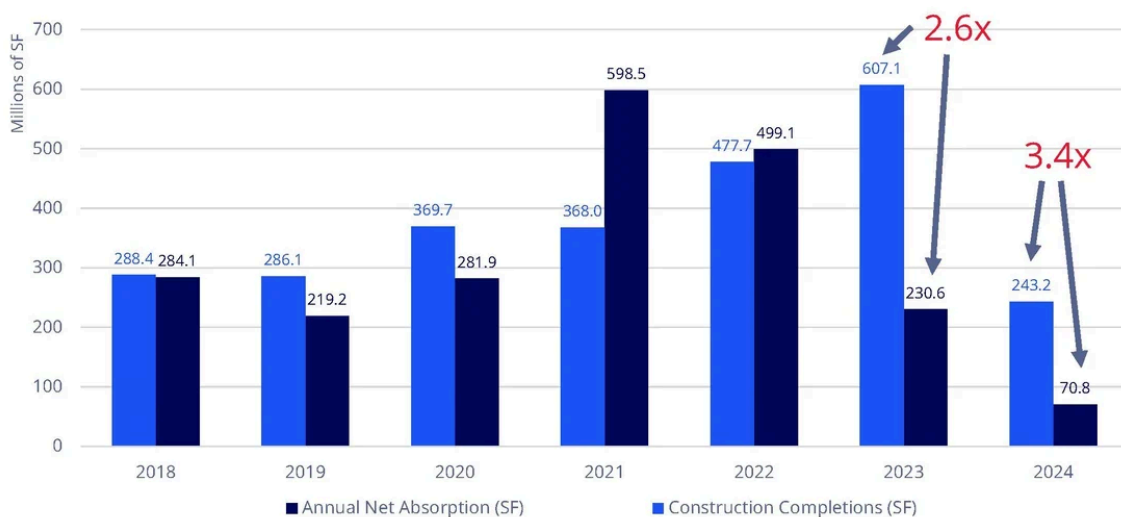
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Colliers National (US) Industrial Conference Takeaways:

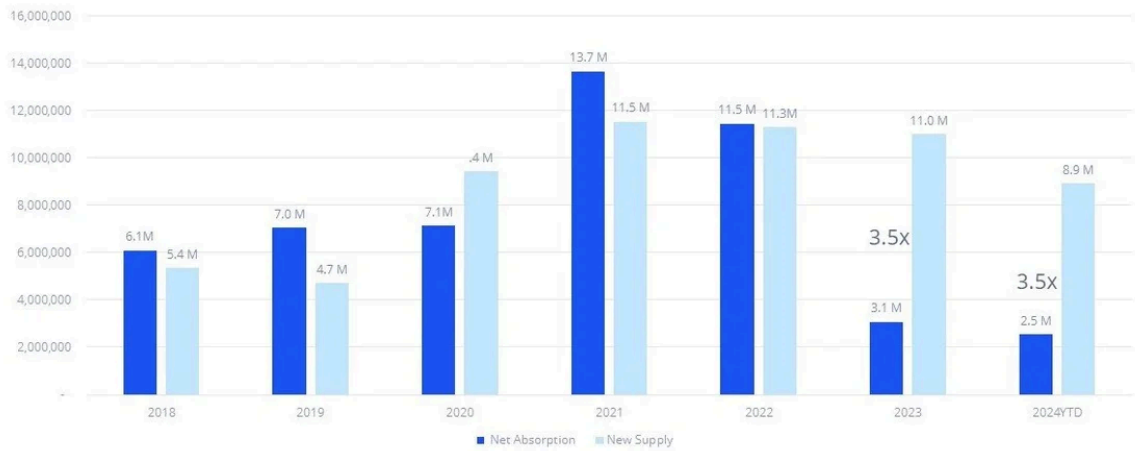
I spent three days last week in Chicago for our annual industrial conference. There were 950 attendees, including Colliers Professionals and clients from the US, Canada, Mexico, and China.

Our panel discussion revealed a shared vision for the future of the industry. Experts from Dermody Properties, LaSalle Investment Management, Ares Industrial Management, and Cabot Properties Inc. were bullish on core markets and the long-term strength of these assets. They agreed on the size and location of industrial buildings that will be successful in the future, leading to a shift in focus from secondary markets to positioning current assets in core cities across the US, a trend also observed in the GTA (Brampton, Mississauga, Vaughan, etc).

U.S. Industrial Supply



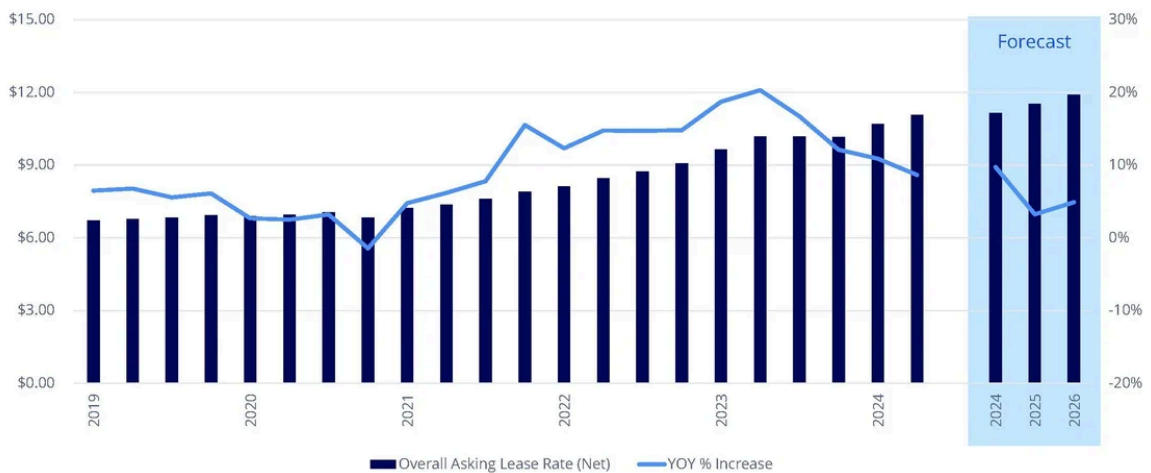
GTA Industrial Supply



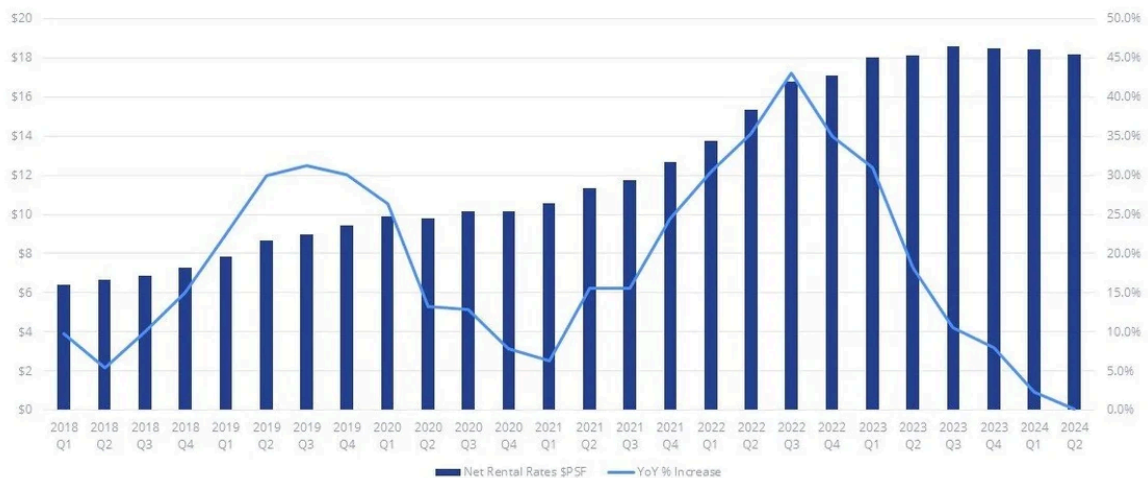
During a later session, a panelist (a Vice Chair from Chicago) was asked what they would develop if they won the Powerball. Their response, a 100,000 SF, infill market with a commitment to 30,000-40,000 SF units, resonated with me. I share the view that the mid-bay high cube space is a significantly underserved area in Toronto and major markets, presenting a promising opportunity for growth.

All markets are working to chew through spec construction, building less and requiring more power. At the same time, purpose-built facilities such as cold storage and IOS (outdoor storage) always seem to need more supply to meet the demand (but minimal to no new development). Data centres are all the rage, but due to power availability, most are located in small towns in America. We do not have enough power in the big cities in North America to meet future demands.

U.S. Industrial Rents



GTA Industrial Rents



It's important to note that supply and demand trends move more rapidly in the US than in Canada (specifically Toronto). In Toronto and major markets across the US, we anticipate vacancies to trend back down. My perspective is that the current perception of the market is overamplified based on the swing in rents that doesn't necessarily align with reality. The latest data shows an increase in absorption. I no longer think it's just about 'Surviving to 2025,' but rather 'Thrive in 25.'

Have a great rest of the week!

Matt Albertine

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