

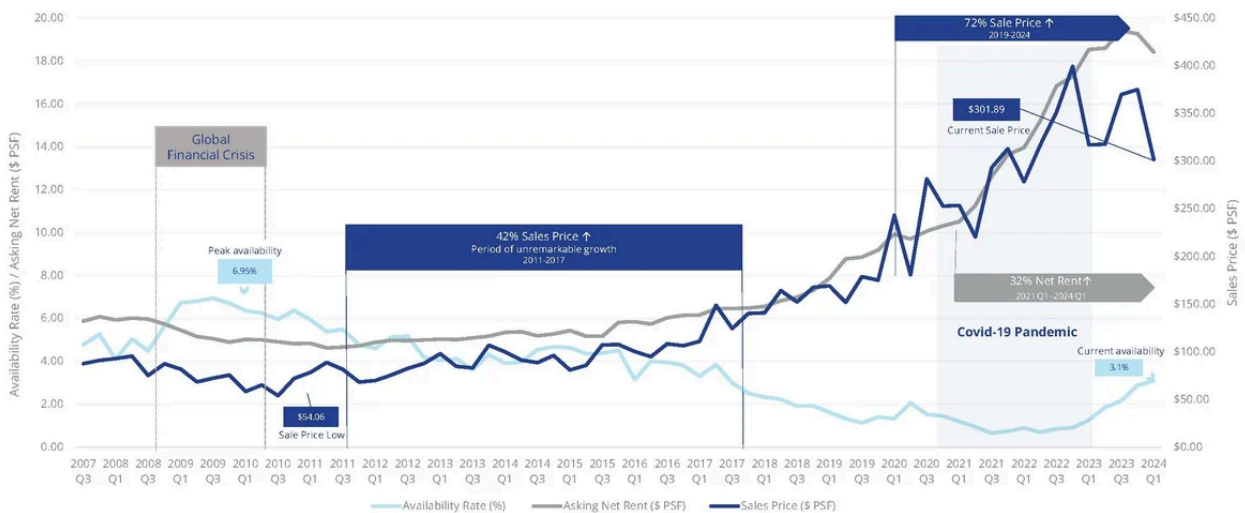


Matt's Market Minute

June 17, 2024

Read time: 1 min 45 sec

Q1 2024 GTA West Industrial Market



Happy Monday!

Toronto Industrial Real Estate Market: A 19-Year Retrospective

Toronto's industrial real estate has evolved into one of North America's most coveted sectors, but this transformation has been gradual and marked by distinct phases of growth and stability. Below is a 19-year timeline highlighting key trends and data in the Toronto industrial market.

Q1 2004 – Q4 2008: Steady Growth

- **Net Rent Average:** \$5.48 PSF
- **Sale Prices:** \$74.38 PSF
- **Vacancy Rate:** 5.17%
- **Quarterly Absorption:** 1,906,981 SF

The market remained healthy and stable during this period, with consistent rental rates and moderate vacancy levels.

Q1 2009 – Q4 2013: Recession and Recovery

- **Net Rent Average:** \$4.81 PSF
- **Sale Prices:** \$54.06 PSF (low point) Q4 2010
- **Vacancy Rate Peak:** 6.95% in Q4 2009
- **Market Recovery:** Net Rent \$5.07 PSF by Q4 2013, Sale Prices \$90.53 PSF, Vacancy Rate 3.99%
- **Quarterly Absorption:** 844,521.45 SF

Despite the significant blow of the 2008 financial crisis, resulting in record-high availability and a multi-year drop in rental rates and sale prices, the Toronto industrial real estate market demonstrated its resilience, bouncing back and achieving new highs in rent and sale prices by 2013.

Q1 2014 – Q1 2017: Stability and Declining Availability

- **Net Rent Average:** \$5.40 PSF
- **Sale Prices:** \$94.52 PSF
- **Vacancy Rate:** Declined to 2.70%
- **Quarterly Absorption:** 1,203,559.79 SF

This phase saw stable rental rates and sale prices, with a notable decrease in availability each quarter. Sale Prices ended at \$100 PSF, up from \$78.22 & Average Rent ended at \$5.84 from \$5.09. Paving the way for the future run-up in industrial value.

Q1 2018 – Q1 2023: Explosive Growth

- **Q1 2018:** Net Rent \$6.41 PSF, Sale Prices \$134.75 PSF, Vacancy Rate <2%
- **End of 2022:** Net Rent \$15.34 PSF (139% growth), Sale Prices \$323.87 PSF (140% growth), Vacancy Rate 0.6% in Q3 2021
- **Quarterly Absorption:** 2,269,591.60 SF

This unprecedented growth period, further fueled by the global pandemic/supply chain shortage, caused record levels of absorption and demand with decreasing vacancy rates, setting the stage for a perfect storm.

Next week, we will touch on the 2023 – year-to-date statistics and the impact on the future of industrial real estate.

Have a great week!

Matt Albertine