



Matt's Market Minute

June 10, 2024

Read Time: 1 min 5 sec

Toronto (GTA) Industrial Overview

Happy Monday!

Did you know that the Greater Toronto Industrial Market is the sixth largest in North America, boasting approximately 857,110,800 square feet (SF) of industrial space? The Greater Toronto Area (GTA) industrial market is among the most sought-after markets for developers, landlords, investors, and users. It has the lowest vacancy rates among North America's top 10 industrial markets, making it one of the world's most polarizing and competitive industrial spaces.

While Toronto boasts North America's fourth-largest population (depending on the source), trailing behind Mexico City, New York, and Los Angeles, it has its own story as an industry giant. The historically undervalued industrial market recently lost its spot as the fourth-largest total inventory when Dallas surpassed Toronto in the early 2020s and Atlanta in 2023.

North America Development Overview

Top 10 largest industrial markets in North America

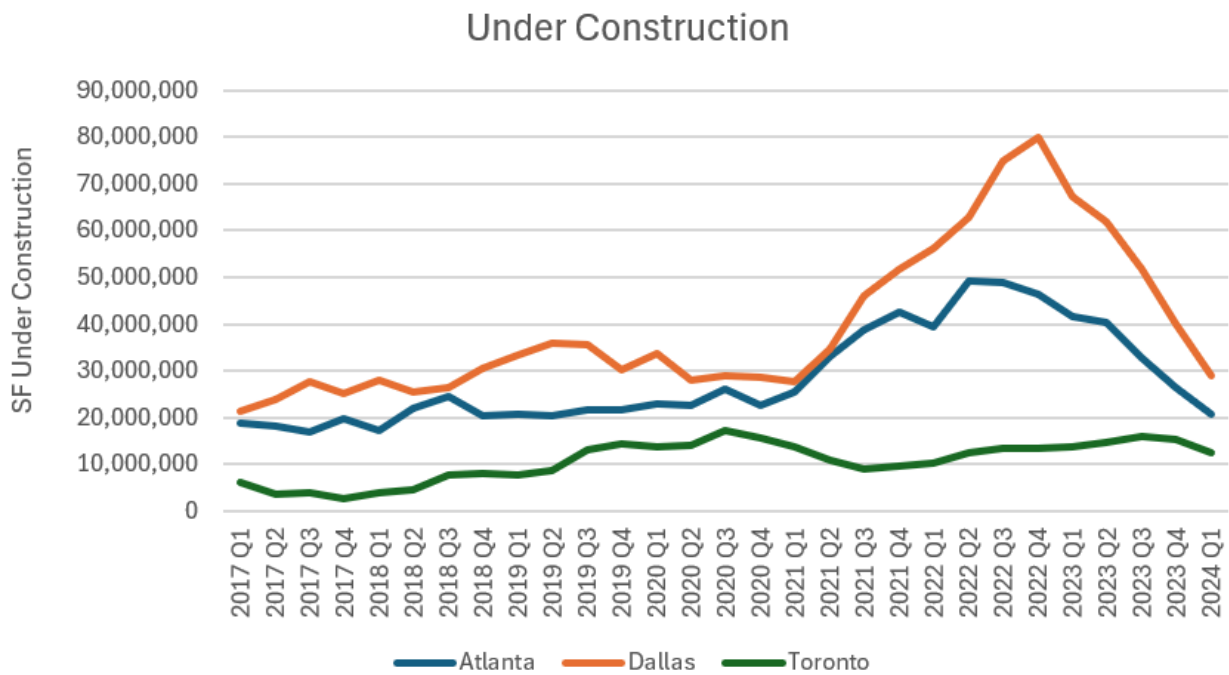
Market	Inventory (SF)	Vacancy Rate	Q4 2023 Net Rent (CAD)	Q4 2023 Net Rent (USD)	Annual Rental Growth Rate	Construction as a % of Inventory
1. Greater Los Angeles	1,731,051,209	4.09%	\$25.87	\$25.15	-11.4%	1.68%
2. Chicago	1,538,743,699	5.29%	\$9.14	\$9.96	13.1%	0.81%
3. Dallas-Fort Worth	1,081,243,414	9.70%	\$11.39	\$12.49	10.4%	2.67%
4. New York City Metro	884,176,085	4.78%	\$22.94	\$22.89	7.6%	1.05%
5. Atlanta	877,502,172	7.38%	\$14.85	\$12.03	11.3%	2.38%
★ 6. Toronto	857,110,800	1.8%	\$18.42	\$13.41	2.3%	1.4%
7. Houston	761,203,416	7.45%	\$12.71	\$13.23	-1.4%	2.06%
8. Detroit	671,679,047	3.46%	\$9.67	\$9.90	-5.3%	0.74%
9. San Francisco Bay Area	558,193,229	5.21%	\$36.72	\$42.18	9.9%	1.71%
10. Philadelphia	539,435,509	6.46%	\$15.00	\$15.25	3.9%	2.69%



All Net Rents are Weighted Averages*

Several factors have contributed to this shift:

- **Rapid Development of Industrial Inventory:** Over the past few years, Dallas has added around 35 million SF of new industrial space annually, while Atlanta has added about 27 million SF annually. In contrast, Toronto has added approximately 13.5 million SF annually. The main reason is that these cities have ample and affordable land and a business-friendly environment, fostering significant development in industrial real estate.
- **Development Timelines & Red Tape:** In many municipalities in the GTA, it takes a year to a year and a half to get a site plan approval. Combine this bureaucratic process with limited land availability and high development costs, and Toronto emerges as one of the most expensive markets to develop and deliver across North America.



In next Monday's newsletter, we will discuss the history of Toronto's industrial real estate values over a twenty-plus-year period.

Have a great week!

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