Commercial real estate investment up in Toronto

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Commercial real estate investment in Toronto in the first half of the year well exceeded its 2009 totals, new data from brokerage firm Avison Young shows, however the impact of the HST introduced in July remains to be seen.

Overall investments in the Greater Toronto Area (GTA) over the first six months of the year totalled $3.5-billion, more than double the $1.4-billion invested in the first half of 2009.

The report tracks office, industrial, retail, land as well as multi-residential property transactions of more than $1-million.

However, if the latest housing market figures for July are any indication, commercial real estate may be in for a rough second half after the implementation of the Harmonized Sales Tax in Ontario.

Data from the Canadian Real Estate Association released earlier this week showed Canadian housing sales in July were down 30% from a year ago. In Ontario, sales slipped 8% between June and July, while the impact of the HST was even greater in British Columbia, where housing sales tumbled 14.1%.

Even so, there were positive signs in the first half.

"Stable and improving market fundamentals, low borrowing costs, high availability of debt and the emergence of real estate investment trusts (REITs) as active buyers have precipitated the rise in investment sales activity through the first half of the year," Bill Argeropoulos, director of research for Avison Young, said in a release.

Both retail and office property sales, at $1.1-billion and $992-million, have already exceeded their 2009 totals, the report said.

With another $500-million worth of commercial real estate on the market at the start of the second half, Avison Young expects the market to easily surpass 2009's $4.2-billion total and may even reach the $7-billion mark.