

**For Immediate Release (3 pages)
Wednesday, August 5, 2015**

Contact:
Martin Dockrill
905.283.2333
email: martin.dockrill@avisonyoung.com

Editors/Reporters:

· Please click on link to view **Avison Young's Second Quarter 2015 GTA Industrial Market Report:**
http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Mississauga/Research/GTA_Industrial_Report_Q2_2015.pdf

Low vacancy signals sustained positive activity in leasing and sale markets

Avison Young releases its Second Quarter 2015 Greater Toronto Area Industrial Report

Mississauga, ON – The consistent demand for industrial product in both the leasing and sale markets, particularly from the retail, transportation and logistics industries, has suppressed availability rates across the Greater Toronto Area (GTA).

Each regional market within the GTA experienced a quarter-over-quarter drop in its availability rate, aided by leasing and sale activity in smaller markets that have not traditionally witnessed high deal velocity. These smaller markets – Oakville, Scarborough and Halton Hills – overcame large-block vacancies and succeeded in maintaining market stability. Their success, in large part due to the active presence of the market's dominant industries, is illustrative of the industrial sector's overall strength. So far in 2015, the completion of seven new large-block lease transactions has considerably overshadowed 2014's performance.

These are some of the key trends noted in **Avison Young's Second Quarter 2015 Greater Toronto Area Industrial Market Report**, released today.

Of the smaller markets, the strong leasing activity was most noticeable in Oakville. In a municipality that does not usually experience vacancies of more than 100,000 square feet (sf), two listings – at 2189 Speers Road and 2305 Wycroft Road, respectively – left landlords speculating as to the properties' absorption potential.

"Oakville is a very stable market, and such large vacancies are infrequent. Thankfully for the landlords of these properties, each vacancy was absorbed in less than a year, while still achieving very healthy net lease rates," comments Avison Young industrial sales specialist **Chris Wicken**. "These particular vacancies benefited from the trend of flight to quality. It will be interesting to see how long the current and upcoming vacancies in class B and C buildings in Oakville and Burlington stay on the market."

The flight to quality trend present in the municipality – primarily observed in the office market – attracted users seeking newer product with higher clear heights. As for Oakville’s sales market, the high demand from both owner-users and investors has pushed land prices along the QEW to more than \$1.2 million per acre.

Demand from tenants has also trickled into the market’s speculative construction segment. Of the 3.6 million square feet (msf) of speculative development currently under construction across the GTA, 59% has been preleased, with another conditional deal expected to close in the third quarter. Spurring confidence among developers, Orlando Corporation’s 3075 Caravelle Drive in Mississauga and ZZEN Group’s 625 Zenway Boulevard in Vaughan broke ground in the second quarter. Construction of an additional eight developments are expected to start in the fall.

Nowhere is the increase in developer confidence more clear than in Milton.

“Milton is quickly becoming GTA’s new heart of industrial development,” notes Avison Young Principal **Mark Sevenpifer**. “There is currently 3.7 msf of available industrial space that is either in shell condition, under construction, or firmly proposed within a 2.5-kilometre radius of one another.”

Milton holds 36% of the overall available speculative product currently under construction in the GTA and benefits from large blocks of available and affordable land. The 19-msf market’s availability rate, which has held steady at 5% in the past year, is forecasted to spike as further construction commencements are expected in the near future. Nevertheless, the question remains as to whether users will want to locate there. If the past is any indication, most of the product will linger in shell condition for several quarters and construction dates will be postponed.

In the GTA’s central and eastern areas, markets such as Pickering and Ajax have been plagued by shorter lease terms and low tenant interest caused by higher shipping and warehousing costs. The region continues to lack available product for lease and sale, as a trend towards owner-user acquisitions – fuelled by low interest rates – makes big-box distribution availabilities scarce.

Across the GTA, the overall leasing demand for large-block space is likely to decelerate as the list of active tenants in the market contracts. A large portion of expected leasing activity has already taken place through the absorption of recently completed developments and preleased projects. Developers willing to demise space to accommodate smaller-block tenants, such as Prologis, will have a higher leasing success rate.

Avison Young is the world’s fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 1,900 real estate professionals in 67 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-family properties.

-end-

For further information/comment/photos:

- **Martin Dockrill**, Principal and Managing Director, Mississauga, Avison Young: **905.283.2333**
martin.dockrill@avisonyoung.com

- **Bill Argeropoulos**, Principal and Practice Leader, Research (Canada), Avison Young: 416.673.4029; cell 416.906.3072 bill.argeropoulos@avisonyoung.com
- **Mark Sevenpifer**, Principal, Avison Young: 905.283.2332 mark.sevenpifer@avisonyoung.com
- **Chris Wicken**, Sales Representative, Avison Young: 905.283.2334 chris.wicken@avisonyoung.com
- **Michael Nangle**, Research Associate, Avison Young: 905.283.2321 michael.nangle@avisonyoung.com
- **Sherry Quan**, Principal, Global Director of Communications & Media Relations, Avison Young: 604.647.5098; cell: 604.726.0959 sherry.quan@avisonyoung.com

www.avisonyoung.com

*Avison Young was a winner of **Canada's Best Managed Companies** program in 2011, 2012 and 2013 and has demonstrated its commitment to the program and successfully reapplied for the designation as a Gold Standard winner in 2014.*

Follow Avison Young on Twitter:

For industry news, press releases and market reports: www.twitter.com/avisonyoung

For Avison Young listings and deals: www.twitter.com/AYListingsDeals

Follow Avison Young Bloggers: <http://blog.avisonyoung.com>

Follow Avison Young on LinkedIn: <http://www.linkedin.com/company/avison-young-commercial-real-estate>

Follow Avison Young on YouTube: www.youtube.com/user/AvisonYoungRE