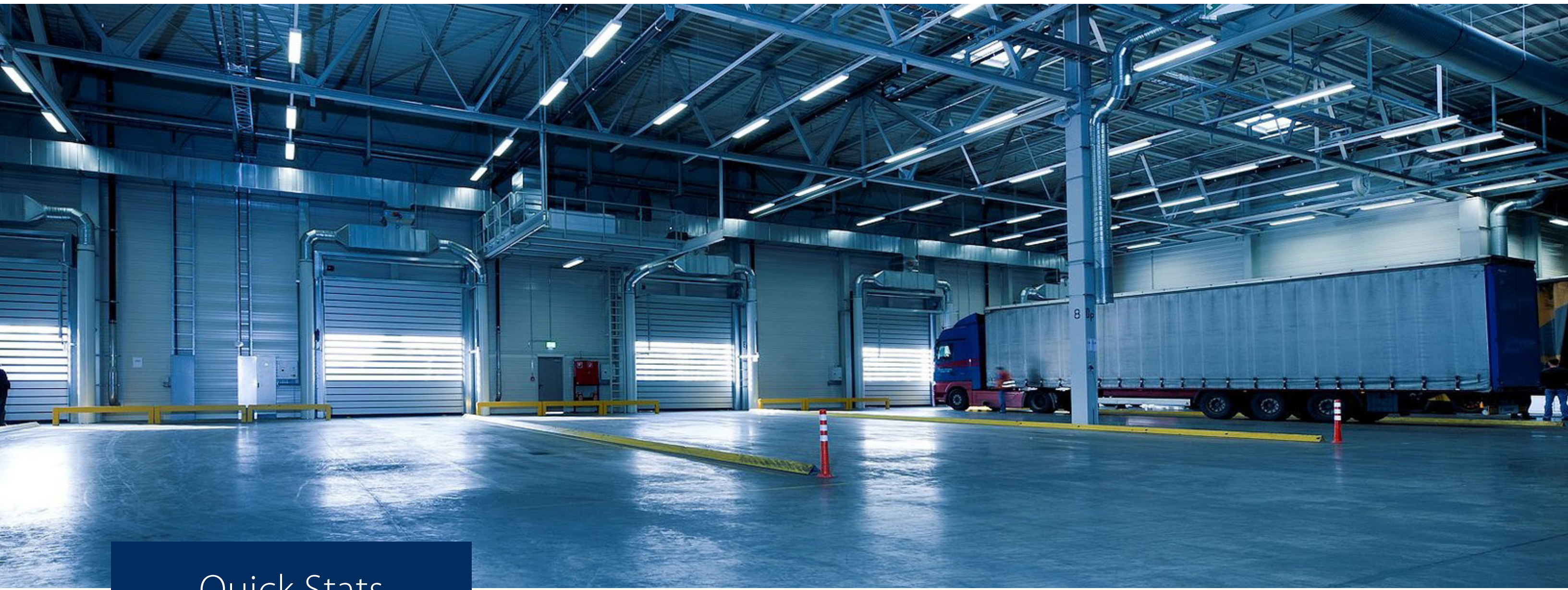
First Quarter 2019 / Industrial Market Report

Greater Toronto Area



Quick Stats

1.5%
Availability rate in the Greater Toronto Area

$7.64 psf
Average asking net rent in the Greater Toronto Area

13
Number of properties in the Greater Toronto Area with more than 250,000 sf available

12.2 msf
Industrial space under construction in the Greater Toronto Area

8.5%
Net asking rent growth year-over-year in the Greater Toronto Area

Sound fundamentals have become "business as usual" as the momentum of a strong industrial market rolled into the first quarter of 2019 in the Greater Toronto Area (GTA). The industrial market continued to record steady declines in availability, rapidly increasing rental rates and a growing development pipeline.

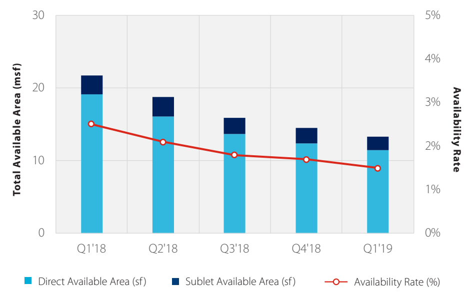
The dwindling available space favours landlords and many feel that rents have been artificially low in the GTA for years. With increased construction costs attributed to factors including steel tariffs, land prices and more expensive materials and labour, developers have little choice but to increase rents for new construction and premium existing buildings. Average asking net rental rates across the GTA rose 8.5% during the last five quarters to $7.64 per square foot (psf) in the first quarter of 2019. This represents a 16.3% jump from three years ago, and a 31.1% increase in the past five years. If the trend continues, the average asking rent will likely surpass the $8-psf mark in the next 12 months.

First-quarter completions tallied 868,481 square feet (sf) over five buildings. Meanwhile, there were 43 buildings under construction totaling 12.2 msf – a significant increase compared with both 2017 and 2018 levels. Despite this uptick in construction activity, there will be a shortage of new space for the better part of 2019 as many of these projects are preleased, with delivery expected in late 2019 and early 2020.

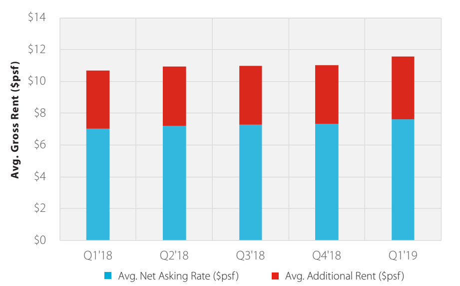
Food warehousing and distribution continues to rank as a predominant occupier of new space. For the second quarter in a row, Give & Go Prepared Foods signed a lease for a large block of distribution space. The first-quarter lease was inked for 375,000 sf at 150 Gibraltar Rd. in Vaughan – a combination of Phase I (256,000 sf) and Phase II (119,000 sf), both under construction and slated for completion in mid-2019. Overall, GTA industrial lease transactions in the first quarter involved a healthy mix of both logistics and manufacturing users, notably Euro Asia Transload leasing 247,820 sf at 767 Creditstone Rd. in Vaughan for a third-party logistics contract, and Magellan Aerospace taking occupancy of its new facility (210,000 sf) at 3160 Derry Rd. E. in Mississauga for its evolving aerospace manufacturing business, a sector currently experiencing rapid global growth.

Q1 2019	QoQ
880 msf Inventory	⇧
13.3 msf Available Area	⇩
$7.64 psf Average Net Asking Rental Rate	⇧
12.2 msf / 43 buildings Under Construction	⇧

Availability Trends



Occupancy Cost Trends



13 Number of buildings with 250,000+ sf available

GTA Market Monitor

The overall GTA availability rate dropped to 1.5% at the end of the first quarter of 2019 – down 20 basis points (bps) quarter-over-quarter, and 100 bps year-over-year. Availability declined in all markets during the first quarter with the exception of GTA East, which experienced a 20-bps increase, rising to 1.8% – equal with GTA West, where availability fell 20 bps during the quarter. Availability in both the GTA Central and North markets declined to 1.2%, falling 20 and 10 bps, respectively.

The momentum of large lease transactions experienced in 2018 continued into 2019. Although no deals larger than 500,000 sf have occurred yet, the large blocks of space leased varied by geography, building type and user type – showing demand for a variety of functionally different buildings within the GTA markets. Notably, Give & Go Prepared Foods leased 375,000 sf in a speculative building developed by Glen Corp. in Vaughan for its expanding food business. This is the third GTA facility the company has leased during the last two quarters: Give & Go also took 259,923 sf at Anatolia Capital's 7245 Highway 50 in the same business park and 133,000 sf at 10254 Hurontario St. in Brampton. The latter site, slated for 2020 completion, will also be partly occupied by Forzani Group (Canadian Tire) and also serve as Give & Go's corporate headquarters, housing 60 jobs. Meanwhile, Euro Asia Transload leased 247,820 sf in an older, yet functional building with internal rail docks at 767 Creditstone Rd. in Vaughan to fulfill a third-party logistics contract, while Magellan Aerospace leased a design-build (210,000 sf) for its evolving aerospace business at 3160 Derry Rd. E. in Mississauga.

On the investment front, despite sales sagging 3% quarter-over-quarter, a supply-demand imbalance and rising rents continue to attract investors, resulting in $817 million in trades (30% of the GTA total) during the first quarter of 2019 – up 5% year-over-year. Investors' appetite for single-tenant warehouses dominated the quarter's top five transactions by dollar volume, the largest of which was the GTA portion of a four-property Ontario portfolio sold by Insurance Corporation of British Columbia (ICBC) to Fiera Properties totaling almost $59 million at 2665 Meadowpine Blvd. and 6660 Financial Dr. in Mississauga.

The GTA's average asking net rental rate continued its upward trajectory in the first quarter, rising to $7.64 psf. GTA North continued to lead the charge, commanding an average of $8.18 psf – breaking through the $8 mark for the first time – led by Markham and Richmond Hill, which typically have higher asking rates as they cater to smaller-bay users. The GTA East market recorded the most economical rents at $6.22 psf, rising $0.21 during the quarter; however, the market remains the only one in the GTA with sub-$7 asking rents.

First-quarter completions totaled 868,481 sf across five buildings, with slightly more than 50% of that figure (444,589 sf) located at 50 Edgeware Rd. in Brampton, tenanted by Kuehne + Nagel which will host 100 jobs there to service a new contract. Three of the five completions were buildings of less than 100,000 sf – further demonstrating the variety of industrial building types currently in demand within the market. A further 43 buildings (totaling 12.2 msf) were under construction, rising from 8.5 msf in the fourth quarter of 2018 despite the 868,481 sf of completions and led by 12 new buildings breaking ground during the quarter. An additional 76 buildings were in preleasing mode, with the potential to add 23 msf across the GTA if built.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent ($psf)	Avg. Addt'l Rent ($psf)	Avg. Sale Price ($psf)	Current Completions (sf)	Under Contruction (sf)	Preleasing (sf)
GTA Central	258,365,474	2,871,944	337,671	3,209,615	1.2%	$7.16	$3.97	$159	0	1,672,796	3,292,452
GTA East	50,641,919	919,052	16,014	935,066	1.8%	$6.43	$3.79	$111	0	1,267,529	1,771,492
GTA North	185,242,552	2,214,964	69,951	2,284,915	1.2%	$8.18	$3.62	$228	111,050	1,539,588	4,088,434
GTA West	385,501,178	5,430,228	1,461,286	6,891,514	1.8%	$7.90	$4.08	$193	757,431	7,709,989	14,239,515
Greater Toronto	879,751,123	11,436,188	1,884,922	13,321,110	1.5%	$7.64	$3.94	$187	868,481	12,189,902	23,391,893

Q1 2019 **QoQ**

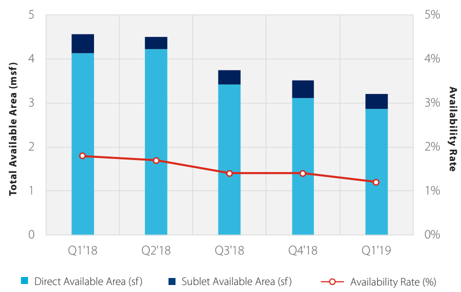
258 msf
Inventory

3.2 msf
Available Area

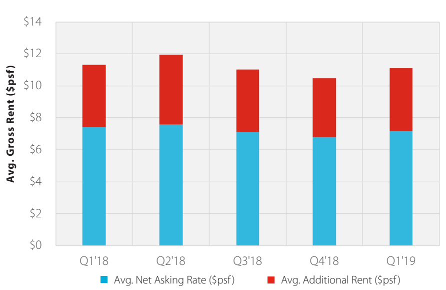
$7.16 psf
Average Net Asking Rental Rate

1.7 msf / 6 buildings
Under Construction

Availability Trends



Occupancy Cost Trends



2 Number of buildings with 250,000+ sf available

GTA Central Market Monitor

Available space in the Central market dropped 20 bps to 1.2% quarter-over-quarter, down from 1.8% in the same quarter one year earlier. The average asking net rental rate closed the first quarter of 2019 at $7.16 psf, a rise of 5.4% from the end of 2018, with Scarborough continuing to command the highest rents at $7.86 psf and North York taking the position of most economical rents away from Etobicoke at $6.31 psf. All Central submarkets posted a decline in availability during the quarter, with the exception of Toronto which recorded an increase of 40 bps. Scarborough posted the largest decline – 40 bps to 1% – setting an all-time low, and furthering its position as the hottest node in the Central market. This market has built considerable momentum over the past two to three years, as developers capitalize on its strong transit infrastructure, diverse and dense labour pools and much lower development charges for industrial space compared with surrounding municipalities. Most recently, Beedie (an established west-coast developer) purchased lands in Scarborough with the intention of building industrial condominium units, catering to the small-bay users prevalent in this market.

Notable first-quarter lease transactions included Silver Crystal Group signing a new lease at 33 Gurney Cres. (45,000 sf) in North York, TuxMat taking 34,566 sf at 2041-2151 McCowan Rd. in Scarborough, and Sunpac Imports inking a new deal at 800 Tapscott Rd. in Scarborough for 23,418 sf. On the sales front, NYX Capital purchased 15 Ingram Dr. (115,100 sf) from Speedy Self Storage Inc. for $26 million, with plans to expand (in partnership with Bluebird Storage) its self-storage presence. Elsewhere, 71 & 81 Maybrook Dr. in Scarborough (209,061 sf) was acquired by investor CanFirst Capital Management from ICBC for $24.7 million, equating to $118 psf.

Construction activity remained steady, with 1.7 msf underway across six buildings – including One Properties' 925,000-sf, two-building development at 2233 Sheppard Ave. W. in North York, fully leased to The Toronto Transit Commission and Riverside Natural Foods. No buildings were completed during the quarter, and only 80,000 sf was completed in the Central market year-over-year – all in the Toronto submarket. The majority of active projects are in North York (925,000 sf) and Scarborough (700,000 sf).

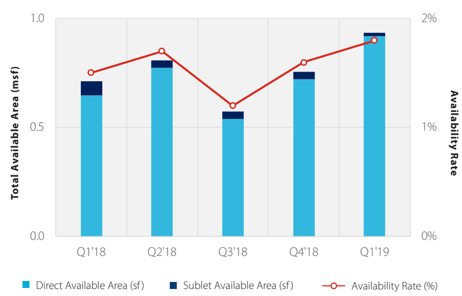
The preleasing pipeline remains at 3.3 msf with nine buildings planned – a mixture of speculative projects and those awaiting a tenant. With availability continuing to decline and steady tenant demand in the Central market, it is likely that construction will commerce on some of these developments in the near future.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent ($psf)	Avg. Addt'l Rent ($psf)	Avg. Sale Price ($psf)	Current Completions (sf)	Under Contruction (sf)	Preleasing (sf)
East York	9,157,776	30,518	0	30,518	0.3%	$6.50	$4.88	$118	0	0	0
Etobicoke	74,897,694	1,085,000	140,797	1,225,797	1.6%	$6.88	$3.35	$143	0	50,000	577,251
North York	68,019,493	670,401	95,805	766,206	1.1%	$6.31	$3.55	$228	0	924,709	344,065
Scarborough	65,251,050	612,149	64,605	676,754	1.0%	$7.86	$4.66	$128	0	698,087	2,371,136
Toronto	35,967,662	413,522	36,464	449,986	1.3%	$6.48	$2.67	-	0	0	0
GTA Central	258,365,474	2,871,944	337,671	3,209,615	1.2%	$7.16	$3.97	$159	0	1,672,796	3,292,452

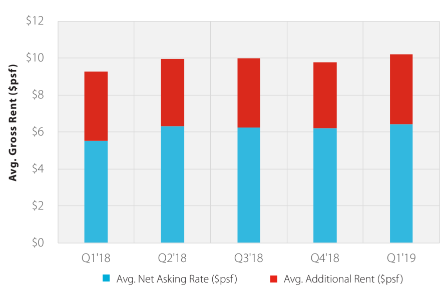
** Total figures for the GTA Central include additional submarkets not listed above (i.e. York).*

Q1 2019	QoQ
51 msf Inventory	↑
935,066 sf Available Area	↑
$6.43 psf Average Net Asking Rental Rate	↑
1.3 msf / 4 buildings Under Construction	↑

Availability Trends



Occupancy Cost Trends



1 Number of buildings with 250,000+ sf available

GTA East Market Monitor

Overall availability in the East market increased 20 bps to 1.8% during the first quarter. The biggest quarter-over-quarter swings were in Whitby (+100 bps to 3.8%, aided by almost 300,000 sf of new space coming to market for first-quarter 2020 occupancy at 1555 Wentworth St.) and Pickering (-50 bps to 2.4%), where a number of mid-sized spaces were leased. Overall average asking net rents increased slightly to finish the first quarter at $6.43 psf. Some of the most economical rents in the GTA can be found in GTA East, where all nodes remain below the $7-psf mark.

The quarter's largest lease transactions were concentrated in the Pickering node, and saw The Hillman Group sign a short-term renewal at 915 Sandy Beach Rd. (110,000 sf) as the company awaits the completion of its new distribution centre on Tapscott Rd. in Scarborough, while Joriki Inc. leased 13,500 sf at 1738 Orangebrook Crt., relocating its food-packaging business. On the sales front, Bentall Kennedy purchased 185 William Smith Dr. in Whitby (217,901 sf) from KingSett Capital in a single-asset transaction for $27.5 million at a reported 5% capitalization rate. The building had been expanded by 96,000 sf in 2018 – all of which was subsequently leased. Also of note, 505 Finley Ave. (116,779 sf) in Ajax was purchased by a private Canadian investor for $11.9 million from GSI Group Cold Storage. There is a sale-leaseback arrangement on the property with term running until September 2023.

Construction continued on 895,000 sf between two projects, both design-builds (one for Gordon Food Services in Ajax (330,000 sf) and the other for Kubota Canada in Pickering (565,000 sf)), while construction commenced on Toyota Canada's 350,000-sf distribution centre on Baseline Rd. E. in Clarington. The planned developments by Panattoni in Oshawa (three buildings, 1.1 msf) and Carttera in Whitby (two buildings, 370,000 sf), both added to the preleasing pipeline in the fourth quarter of 2018, remain the latest development proposals. This vote of confidence from a growing number of prominent developers (now three) helps to dispel any negativity surrounding the strength of the East market resulting from the planned closure of General Motors' operations.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent ($psf)	Avg. Addt'l Rent ($psf)	Avg. Sale Price ($psf)	Current Completions (sf)	Under Contruction (sf)	Preleasing (sf)
Ajax	7,278,037	41,071	0	41,071	0.6%	$6.48	$4.84	$102	0	330,000	0
Oshawa	16,548,920	242,607	0	242,607	1.5%	$6.13	$3.21	-	0	0	1,180,372
Pickering	11,003,755	254,673	8,754	263,427	2.4%	$6.08	$4.08	$104	0	565,000	172,120
Whitby	9,906,149	367,343	7,260	374,603	3.8%	$6.95	$2.88	$126	0	0	419,000
GTA East	50,641,919	919,052	16,014	935,066	1.8%	$6.43	$3.79	$111	0	1,267,529	1,771,492

** Total figures for the GTA East include additional submarkets not listed above (i.e. Brock, Clarington, Scugog and Uxbridge).*

Q1 2019 | **QoQ**

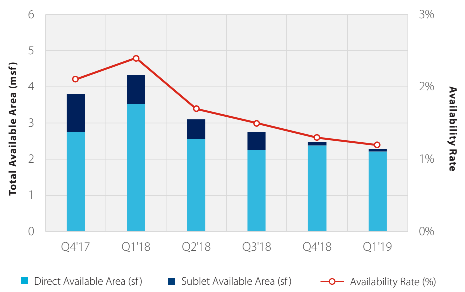
185 msf
Inventory

2.3 msf
Available Area

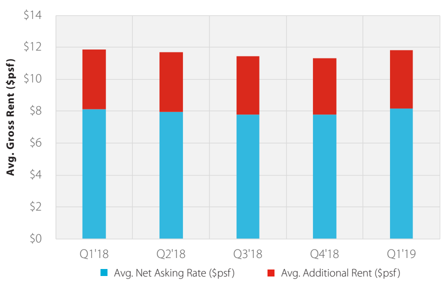
$8.18 psf
Average Net Asking Rental Rate

1.5 msf / 10 buildings
Under Construction

Availability Trends



Occupancy Cost Trends



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Number of buildings with 250,000+ sf available

GTA North Market Monitor

The GTA North industrial market continued to tighten with the availability rate falling 10 bps quarter-over-quarter and 120 bps year-over-year to 1.2% at the end of the first quarter of 2019. It is also the most expensive among GTA markets, with an average asking net rental rate of $8.18 psf, and higher than the GTA-wide average rate of $7.64 psf (the first GTA market to break the $8-psf mark). Within GTA North, the Markham and Richmond Hill nodes are above the $8-psf mark, as the majority of available product consists of smaller-bay units with a higher proportion of office space than in other submarkets.

Significant lease deals during the first quarter were concentrated in the Vaughan node, including Give & Go Prepared Foods leasing 375,000 sf at Glen Corporation's 150 Gibraltar Rd., expanding on the 259,923 sf the company leased in the fourth quarter of 2018 at Anatolia Capital's neighboring 7245 Highway 50 development. Euro Asia Transload inked a deal for 247,820 sf at 767 Creditstone Rd. in Concord to fulfill a third-party logistics contract, and Modern Niagara signed a lease for 193,621 sf at 8300 Highway 50 for its building contractor business. Notable sales in the North market included FGF Brands' purchase of 777 Creditstone Rd. in Vaughan from HOOPP Realty for $50.8 million ($237 psf). FGF Brands, a large production baker, has partnered with equity group Caplink (which specializes in funding food manufacturers) to help FGF secure a facility and grow its business. First Capital Management acquired 400 Cochrane Dr. in Markham from ICBC for almost $19 million, representing $172 psf. At the time of sale, the building was fully occupied by Corpap, a paper distributor, which had signed an 11-year lease in late 2017.

Following significant delivery of new product in the North market during 2018 (in excess of 1 msf), 111,050 sf was completed during the first quarter of 2019, split between two small buildings at 145 Gibraltar Rd. (54,550 sf) and 1 Keyes Crt. (56,500 sf), both in Vaughan. Meanwhile, 10 buildings comprising nearly 1.5 msf are under construction – all of which are in Vaughan. In the first quarter, construction commenced on 7245 Highway 50, Phase II (113,635 sf), 8125 Highway 50 (193,621 sf) and 8865 Highway 50, Phase I (193,334 sf).

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent ($psf)	Avg. Addt'l Rent ($psf)	Avg. Sale Price ($psf)	Current Completions (sf)	Under Contruction (sf)	Preleasing (sf)
Aurora	6,173,100	102,177	14,200	116,377	1.9%	$7.95	$3.75	-	0	0	0
Markham	40,253,184	484,156	30,865	515,021	1.3%	$8.66	$3.68	$172	0	0	0
Newmarket	9,099,101	107,808	0	107,808	1.2%	$7.75	$3.66	$233	0	0	0
Richmond Hill	14,244,051	121,207	4,160	125,367	0.9%	$8.88	$4.20	$180	0	0	80,000
Vaughan	109,763,949	1,362,734	20,726	1,383,460	1.3%	$7.83	$3.36	$241	111,050	1,539,588	4,008,434
GTA North	185,242,552	2,214,964	69,951	2,284,915	1.2%	$8.18	$3.62	$228	111,050	1,539,588	4,088,434

Q1 2019 | **QoQ**

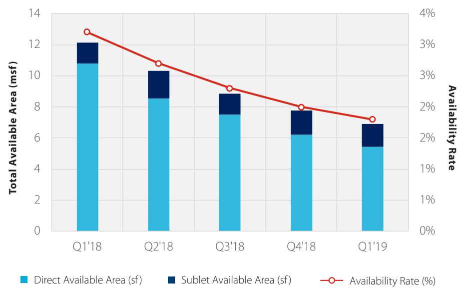
386 msf
Inventory ↑

6.9 msf
Available Area ↓

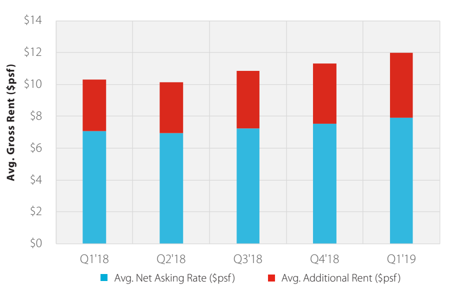
$7.90 psf
Average Net Asking Rental Rate ↑

7.7 msf / 23 buildings
Under Construction ↑

Availability Trends



Occupancy Cost Trends



9 Number of buildings with 250,000+ sf available

GTA West Market Monitor

The West market experienced a 20-bps drop in availability to 1.8% during the first quarter – a 140-bps drop year-over-year. Magellan Aerospace leased 210,000 sf in a building jointly owned by Crestpoint and AIMCo at 3160 Derry Rd. E. in Mississauga – a sale-leaseback arrangement involving a redevelopment of the property. Rollstar Metal Forming renewed its lease for 201,046 sf at 6655 Northwest Dr. in Mississauga for its automotive manufacturing business, and M-D PRO inked a new deal for 150,843 sf at 2994 Peddie Rd. in Milton for its expanding flooring business, relocating from 5720 Ambler Dr. in Mississauga.

The top investment transaction by dollar volume was a sale-leaseback, joint-venture arrangement between four institutional groups and Keter Canada for 205 Market Dr. in Milton at a price of $49.8 million ($206 psf), representing a reported stabilized 5% cap rate. The 241,596-sf, single-tenant building, constructed in 2010, will be expanded by a further 157,230 sf to accommodate future tenant growth.

Average asking net rents increased $0.35 quarter-over-quarter to $7.90 psf in first-quarter 2019. The highest average asking rents were found in Oakville ($8.16 psf) and Brampton ($8.06 psf), both of which broke through the $8-psf mark for the first time. Halton Hills continues to be the least expensive GTA West submarket with an average asking rate of $6.80 psf, and was the only GTA West node with a sub-$7 asking rate to end the first quarter.

Three buildings were completed during the first quarter, totaling 757,431 sf and accounting for 87% of the GTA's quarterly total: 50 Edgeware Rd. in Brampton (a design-build for Kuehne + Nagel by Orlando Corp. (444,589 sf) which will house 100 jobs); 3160 Derry Rd. E. in Mississauga (a design-build for Magellan Aerospace by Crestpoint Real Estate (227,689 sf)); and 1109 Clay Ave. in Burlington (85,153 sf) – a multi-unit light industrial building being developed by Fengate.

During the first quarter, 3 msf of new construction commenced, split between eight new projects, bringing the total area underway to 7.7 msf at quarter-end, of which 71% was preleased. The buildings range in size from 16,000 sf to 1.3 msf. Caledon is home to 41% of the new development, followed by Brampton (19%) and Milton (18%). There are an additional 48 buildings in the preleasing pipeline, amounting to 14 msf of future new supply.

Market	Inventory (sf)	Direct Avail. Area (sf)	Sublet Avail. Area (sf)	Total Avail. Area (sf)	Avail. Rate (%)	Avg. Net Asking Rent ($psf)	Avg. Addt'l Rent ($psf)	Avg. Sale Price ($psf)	Current Completions (sf)	Under Contruction (sf)	Preleasing (sf)
Brampton	96,682,204	982,857	205,329	1,188,186	1.2%	$8.06	$4.09	$228	444,589	1,439,265	3,716,272
Burlington	26,912,532	321,936	7,034	328,970	1.2%	$7.47	$3.67	$171	85,153	76,179	264,936
Caledon	14,395,689	43,031	449,400	492,431	3.4%	$7.33	$3.23	$158	0	3,152,876	4,639,271
Halton Hills	8,170,466	452,550	9,484	462,034	5.7%	$6.80	$2.60	-	0	324,706	520,000
Milton	21,460,020	610,472	193,150	803,622	3.7%	$7.85	$2.68	$206	0	1,368,710	3,221,320
Mississauga	189,149,912	2,447,410	552,050	2,999,460	1.6%	$7.96	$4.36	$186	227,689	1,214,092	1,599,167
Oakville	28,730,355	571,972	44,839	616,811	2.1%	$8.16	$3.95	$205	0	134,161	278,549
GTA West	385,501,178	5,430,228	1,461,286	6,891,514	1.8%	$7.90	$4.08	$193	757,431	7,709,989	14,239,515

Summary of Tenant Options

		No. of Bldgs. with Avail. Space	Available Space: More than 250,000 sf	249,999 - 100,000 sf	99,999 - 50,000 sf	49,999 - 20,000 sf	Less than 20,000 sf
GTA Central	East York	5	0	0	0	0	5
	Etobicoke	45	0	4	4	9	28
	North York	42	0	1	1	11	29
	Scarborough	61	2	0	4	2	53
	Toronto	20	0	1	1	5	13
	Market Total*	177	2	6	11	27	131
GTA East	Ajax	4	0	0	0	1	3
	Oshawa	5	0	1	1	0	3
	Pickering	10	0	1	0	1	8
	Whitby	6	1	0	0	0	5
	Market Total*	29	1	2	1	3	22
GTA North	Aurora	6	0	0	0	3	3
	Markham	32	0	0	1	8	23
	Newmarket	5	0	0	1	1	3
	Richmond Hill	13	0	0	0	2	11
	Vaughan	64	1	4	2	11	46
	Market Total*	123	1	4	4	26	88
GTA West	Brampton	26	1	2	4	3	16
	Burlington	18	0	1	1	4	12
	Caledon	7	2	2	1	2	0
	Halton Hills	4	2	0	0	0	2
	Milton	8	2	3	1	1	1
	Mississauga	125	1	6	8	27	83
	Oakville	24	1	1	1	4	17
	Market Total	212	9	15	16	41	131
GTA	**Overall Total**	**541**	**13**	**27**	**32**	**97**	**372**

** Total figures for the GTA Central, GTA East and GTA North include additional submarkets not listed above.*

$817M

Total industrial investment volume for transactions greater than $1M during the first quarter

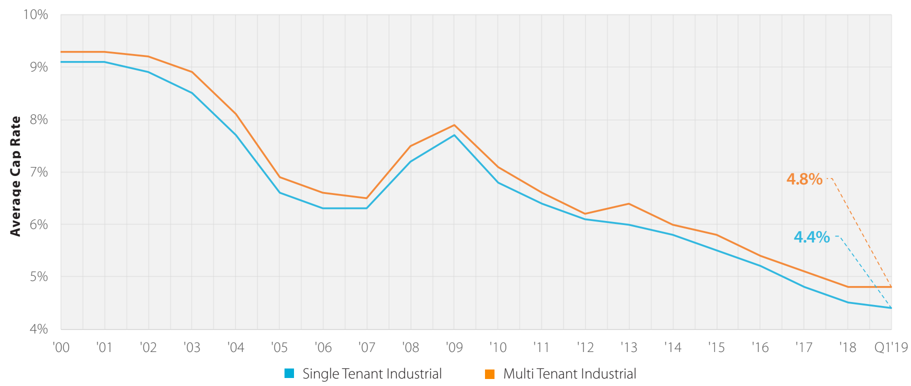
GTA Industrial Investment Market Highlights

Industrial was the top-performing investment sector, despite sales sagging 3% quarter-over-quarter. A supply-demand imbalance and rising rents continue to attract investors, resulting in $817 million (30% of the GTA total) in trades during first-quarter 2019 – up 5% year-over-year.

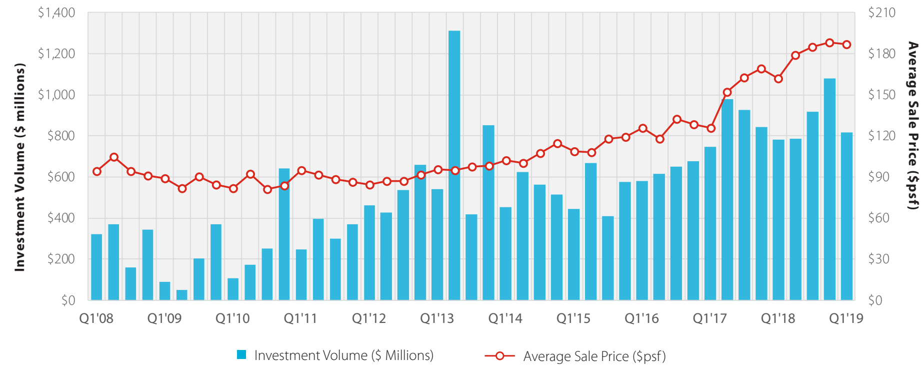
Investors' appetite for single-tenant warehouses dominated the quarter's top five transactions by dollar volume. The largest was the GTA portion (two properties totaling almost $59 million) of a four-property Ontario portfolio sold by ICBC to Fiera Properties. The two properties, both located in Mississauga (2665 Meadowpine Blvd. and 6660 Financial Dr.) traded for $241 and $127 psf, respectively.

The quarter's largest single-asset sale was a single-tenant warehouse in Vaughan located at 777 Creditstone Rd., fully occupied by UPS – sold by HOOPP for almost $51 million ($237 psf). The buyer, FGF Brands, is a large production baker which has partnered with equity group Caplink (which specializes in funding food manufacturers) to help FGF secure a facility and grow its business.

Capitalization Rates



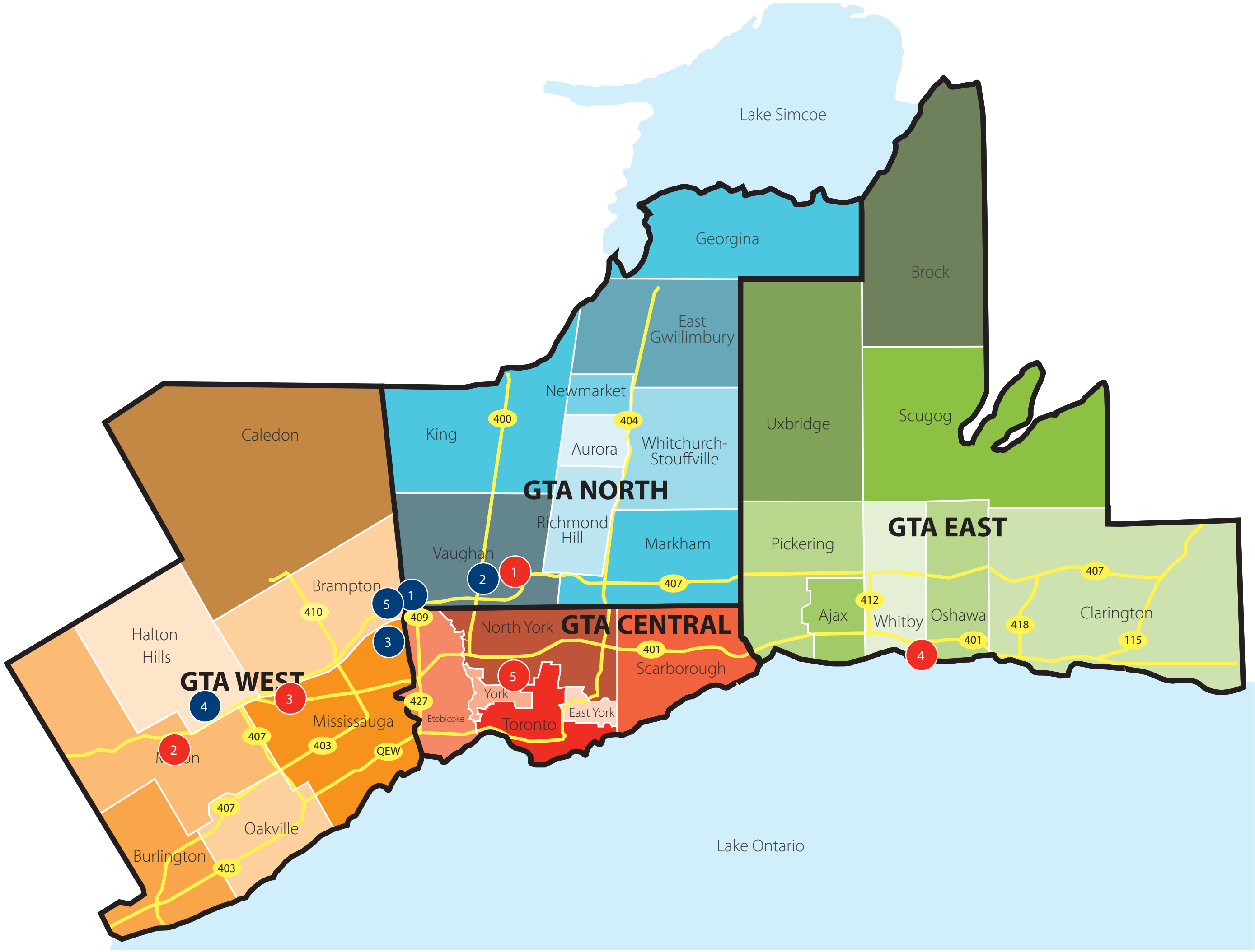
Investment Volume and Sale Price (Transactions over $1M)



Investment volume : all market deals $1M and up, excluding between partners and non-arms deals.
Average Sales Price: all market deals only, includes deals with cap. rates. - 10,000 square feet and up, $1M and up.

Among the GTA's regions, Peel was the most active, with $302 million in sales (37% of overall volume) during the quarter, led by Mississauga ($242 million). The average sale price per square foot across the GTA fell a few dollars during the quarter to $187, but was up from $162 one year earlier.

Average cap rates for single-tenant properties held steady at 4.8% in the first quarter, while the average for multi-tenant properties compressed to 4.4% (-10 bps) quarter-over-quarter.



Significant Lease Transactions

	Address	Market	Tenant	Size	Product Type	Lease Type
1	150 Gibraltar Road	Vaughan	Give and Go Prepared Foods Corp.	375,000 sf	Speculative	New
2	767 Creditstone Road	Vaughan	Euro Asia Transload Inc.	247,820 sf	Existing	New
3	3160 Derry Road East	Mississauga	Magellan Aerospace	210,000 sf	Design Build	New
4	11400 Steeles Avenue East	Halton Hills	DHL	200,000 sf	Existing	New
5	8300 Highway 50	Vaughan	Modern Niagara	193,334 sf	Design Build	New

Significant Sale Transactions

	Property	Total Price	Price psf	Purchaser	Vendor
1	777 Creditstone Road	$50,800,000	$237	FGF Brands	HOOPP Realty Inc.
2	205 Market Drive	$49,750,000	$206	GWL Realty	Keter Canada Inc.
3	2665 Meadowpine Boulevard	$38,000,000	$241	Fiera Properties	ICBC
4	185 William Smith Drive	$27,500,000	$126	Bentall Kennedy	KingSett Capital
5	15 Ingram Drive	$26,050,000	$226	NYK Capital	Speedy Self Storage Inc.

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