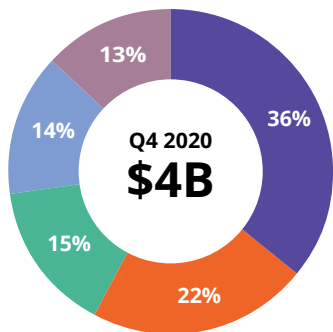


# Greater Toronto Area



## GTA Investment Activity by Sector and Dollar Volume



	Q4 2020	Q3 2020	Q4 2019
<b>Industrial</b>	\$1.5B	\$668M	\$1.4B
<b>Multi-Residential</b>	\$877M	\$575M	\$2.1B
<b>ICI Land</b>	\$606M	\$645M	\$605M
<b>Retail</b>	\$554M	\$342M	\$663M
<b>Office</b>	\$531M	\$233M	\$1.3B

The predictable fourth-quarter surge in investment sales was a welcomed respite in a year where the unpredictability of the pandemic stymied investor appetite for select properties – bringing several years of record-high investment sales results to a halt. However, the foundation for a return to past and even better performances – low borrowing costs and plenty of capital – remains intact and the wide distribution of vaccines should help sustain investor demand in 2021. Fourth-quarter sales of office, industrial, retail, multi-residential and ICI land assets (>=\$1 million) across the Greater Toronto Area (GTA) totaled \$4 billion – up 64% quarter-over-quarter – with all sectors but land posting quarterly gains.

Overall, \$12.2 billion in assets sold in 2020 – down 31% year-over-year. Investment declined in every sector except industrial. Pricing remains a bone of contention between buyers and sellers given uncertain cash flow (for some assets), while the average GTA-wide cap rate rose 10 basis points year-over-year to 4.2%. Distress sales are

in check (26 totaling \$185 million in 2020, down from 29 totaling \$204 million in 2019). It remains to be seen whether the pandemic will result in a rise in distress transactions, perhaps similar to that recorded in 2009 and 2010 (with 40 and 49 sales, respectively) following 2008’s financial crisis.

### Industrial

Industrial investment was predictably strong, driven by robust e-commerce sales growth and deployment of urban last-mile distribution. With sub-1% vacancy, demand outpacing new supply and rental growth, the industrial sector is expected to generate higher cash flows, leading to higher values and further investment in 2021. Unsurprisingly, industrial was the top asset class during the quarter and 2020 overall. Quarter-over-quarter, sales more than doubled to almost \$1.5 billion (representing 36% of the GTA total) for an annual total of \$4.6 billion – up 7% year-over-year and a new high-water mark. The sector’s largest transaction included 1895 Williams Pkwy. and 30 Bramtree Crt. – two data centres



## 4.2%

Average capitalization rate for all asset types GTA-wide – up 10 basis points year-over-year



## \$12.2B

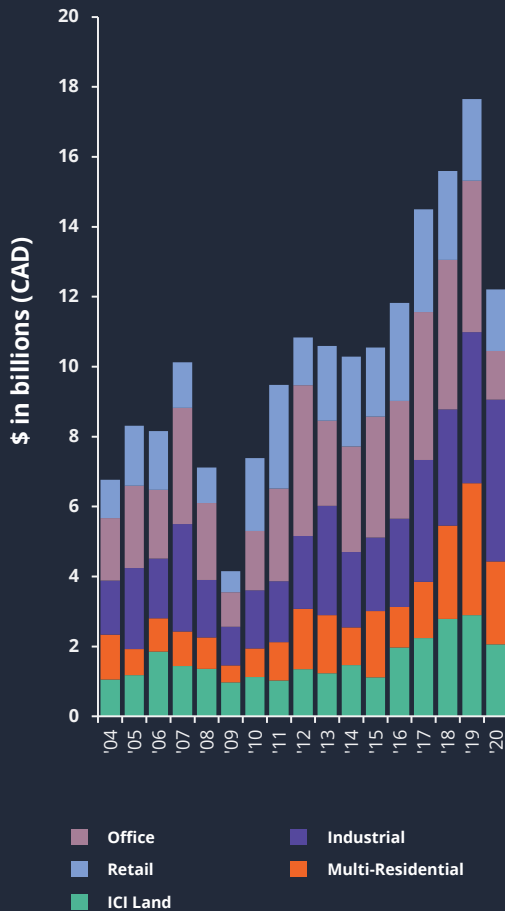
GTA-wide investment sales in 2020 – down 31% compared with 2019



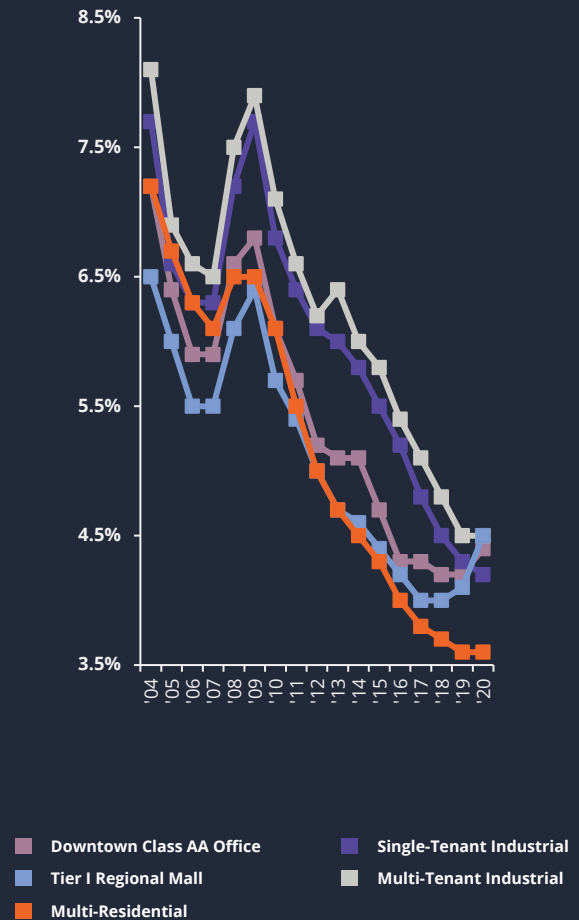
## 38%

Industrial sector's share of overall 2020 GTA dollar volume vs. 24% one year ago

### GTA Investment Volume



### GTA Select Capitalization Rates



**\$119M**

The industrial sector's top deal of the fourth quarter was the sale of two data centres by Bell Canada to Equinix REIT – part of a national portfolio



1895 Williams Parkway  
Source: Altus RealNet

– part of a \$1-billion-plus Canada-wide portfolio sale between Equinix REIT and Bell Canada. Peel Region was the GTA's most active by dollar volume during the quarter, with \$438 million in sales (30% share), closely followed by York Region (\$426 million / 29%) and the City of Toronto (\$414 million / 28%). Of the annual total, the City of Toronto represented \$1.5 billion (33%), followed by Peel (\$1.1 billion / 23%) and Halton Region (\$1 billion / 22%).

**Multi-Residential**

An asset class traditionally hampered by limited supply of properties for sale is now dealing with headwinds – rising vacancy and softening rents (including a government freeze for 2021). However, investors remain bullish on the multi-residential sector and its prevailing tailwinds – a return to favourable immigration levels and expensive home ownership – to drive occupancy and investment higher in 2021. Fourth-quarter sales jumped 52% compared with the third quarter to \$877 million (22% share) but the 2020 tally of \$2.4 billion was down 37% year-over-year. The largest transaction of the quarter and year was a two-building apartment portfolio (491 units) between Soudan Investments and Q Residential for \$222 million.

**ICI Land**

ICI land sales fell 6% between quarters to \$606 million (15% share) – for a full-year 2020 total of nearly \$2.1 billion (down 29% year-over-year). ONE Properties, Sun Life/BentallGreenOak, Panattoni and Fengate secured land positions throughout the GTA, amounting to \$158 million in transactions – representing 26% of fourth-quarter dollar volume. Among the GTA's regions, Halton edged out Peel and York to post the highest quarterly sales volume (\$174 million / 29% of GTA total), while Durham had the greatest acreage sold (1,102 acres / 32% of GTA total). Of the full-year results, York Region led the way in terms of both dollar volume (\$666 million / 32%) and acreage sold, accounting for 3,228 of the 10,225 acres that changed hands across the GTA in 2020.

**Retail**

Hit hard by government-imposed lockdowns and consumer behaviour that was already changing pre-COVID-19, the embattled retail sector showed signs of hope – an indication that investors are not ready to abandon the sector altogether. Even though fourth-quarter retail investment jumped 62% to \$554 million (14%

share), annual investment in the sector was down 25% to \$1.8 billion in 2020 – an eight-year low. While grocery-anchored and essential-services-related retail will remain popular, some buyers may look to reposition less financially viable properties into alternative uses. Automotive dealerships and neighbourhood shopping centres were top of mind and among the top five sales by dollar volume in 2020.

**Office**

Investors remain leery of the office sector and its ability to generate stable cash flow as droves of employees work from home and employers contemplate flexible work options. Despite an improvement in quarter-over-quarter office building sales – up 128% to \$531 million (13% share) – annual dollar volume plummeted 68% to \$1.4 billion – the lowest result since 2009. While downtown Toronto has been hit hard (posting burgeoning sublet availability), the suburban market has proven more resilient, attracting more capital than usual. Suburban assets dominated the top five office sales during the quarter and 2020 overall. Perhaps investors are hedging their bets that if downtown tenants look to pivot to a hub-and-spoke model, suburban assets will benefit.

## Significant Transactions by Sale Price

Sector				
Office	Total Price	Price psf	Purchaser	Vendor
Concorde Corporate Centre	\$114,000,000	\$201	Fengate Asset Management	Artis REIT
2300 Meadowpine Boulevard	\$75,700,000	\$313	BMO Life Assurance Co.	Crown Realty Partners
First Meadowvale Centre Phase I	\$72,200,000	\$290	Groupe Mach	Sun Life Assurance Co.
5150 Spectrum Way	\$66,200,000	\$268	5150 Spectrum Nominee Ltd.	ICORP Properties
8925 Torbram Road	\$48,000,000	\$238	QuadReal Property Group	Hudson's Bay Company
Industrial	Total Price	Price psf	Purchaser	Vendor
1895 Williams Parkway & 30 Bramtree Court	\$118,989,288	\$297	Equinix REIT	Bell Canada
1 Steelcase Road West	\$93,000,000	\$135	QuadReal Property Group	Liberty Development Corp.
1115 Cardiff Boulevard	\$53,741,000	\$589	Choice Properties REIT	Canada Cartage
145 Carrier Drive	\$48,000,000	\$175	QuadReal Property Group	Hudson's Bay Company
123 Great Gulf Drive	\$47,315,848	\$193	Summit REIT	CTG Brands
Retail	Total Price	Price psf	Purchaser	Vendor
2, 4 & 6 Maritime Ontario Boulevard	\$50,000,000	\$665	OpenRoad Auto Group	Policaro Group
800 Steeles Avenue West	\$43,200,000	\$317	Terracap	547131 Ontario Ltd.
6435-6487 Dixie Road	\$24,000,000	\$185	MSR Plaza Inc.	Invar Building Corp.
58 & 60 Fieldway Road	\$18,853,333	\$857	Stowe Holdings	The Humberview Group
70 Parliament Street	\$18,000,000	\$798	DFC Auto Group	Toronto Transit Commission
Multi-Residential	Total Price	Price per unit	Purchaser	Vendor
Soudan Investments – Q Residential Portfolio	\$222,055,000	\$452,251	Q Residential	Soudan Investments GP
165 La Rose Avenue	\$83,600,000	\$396,209	Realstar Group	Raamco International
50 Gerrard Street East	\$82,800,000	\$440,426	OPTrust	Horizon Legacy Infrastructure 2008 Corp.
301 Dixon Road	\$78,500,000	\$348,887	Starlight Investments	Reliable Construction Co.
1130 Queens Avenue	\$46,100,000	\$461,000	Homestead Land Holdings	Barney River
ICI Land	Total Price	Price per acre	Purchaser	Vendor
772 Winston Churchill Boulevard	\$42,000,000	\$1,086,394	ONE Properties	Soroak Developments
1395 Tapscott Road	\$41,489,273	\$2,368,469	Sun Life Assurance Co. / BentallGreenOak	First Gulf
Woodbine Avenue	\$40,500,000	\$110,488	Panattoni Development Co. / 12501252 Canada Inc.	Gallucci General Construction
Highway No. 50	\$34,000,000	\$1,701,446	Fengate Asset Management	2130400 Ontario Inc.
Humber Station Road	\$28,400,000	\$764,612	Amar Group of Developments Ltd.	Ontario Superior Court of Justice

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