

THE ETOBICOKE REPORT

SPRING 2016

REDEVELOPING EXISTING FACILITIES TO MAXIMIZE POTENTIAL

CURRENT DEVELOPMENT MARKET

In today's market there are two recurring obstacles with respect to new industrial developments. Firstly, the price of serviced ICI land is surging to upwards of \$1M/acre in some areas of the GTA forcing firms to move further from the City. Secondly, Development Charges are higher than they have ever been and continuing to rise in all of the suburban markets, resulting in Tenants who require first-class facilities to pay above market rents in undesirable locations. We see this as an opportunity for Landlords in prime locations to convert older product into newer, more appealing facilities and collect higher rental incomes with better covenants.

THE PROBLEM

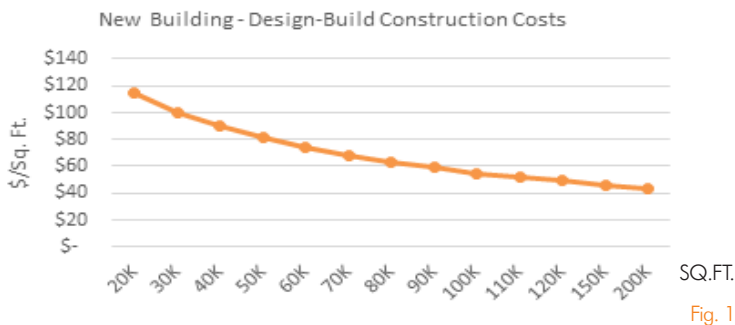
Landlords in markets such as Etobicoke are consistently faced with the same inefficiencies when their existing properties are evaluated by prospective new Tenants:

- Clear height
- Office space allocations
- Shipping configurations
- Bay sizes
- Parking layouts
- Energy efficiency

Today's trend for an Industrial Tenant looking for new space is pushing towards a minimum clear height of 32', 1 T/L door per 7,000 sq. ft., 52' bay spacing, bigger office areas and more energy efficient buildings to lower operating costs.

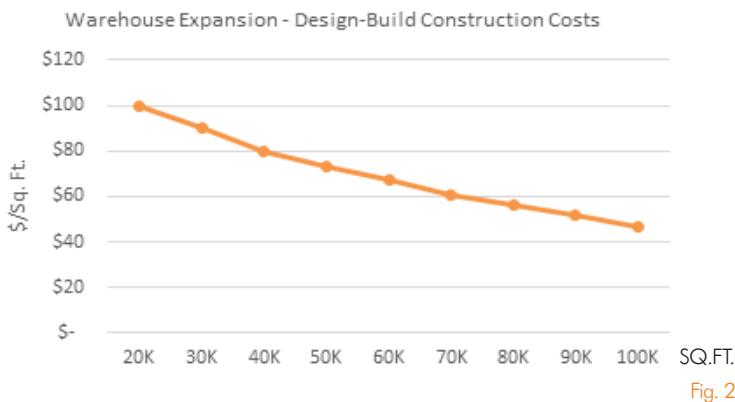
THE SOLUTION – PART 1 – REDEVELOPMENT

The common misconception of redeveloping existing properties is the cost of demolition. Our experience has proven that a facility with a conventional steel structure can be demolished at little to no cost (i.e. less than \$0.50/sq. ft.). Demolition costs increase slightly for a much older building with little to no steel or other salvageable materials. This type of building can be demolished for approximately \$3.00/sq. ft. Once a building is demolished, the pricing in Figure 1 can be used to approximate the cost of a new facility to modern standards based on square footage.



THE SOLUTION – PART 2 – EXPANSION

Our experience has shown that a Tenant's needs can be met by expanding an existing facility along with some minor renovations. This type of redevelopment can address the concerns of energy efficiency, office space allocations and parking/shipping layouts. Figure 2 shows the approximate cost of expanding a warehouse to modern standards in the GTA.



HOW CAN GIFFELS HELP?

Every building/property contains specific challenges and restrictions. As part of our turnkey services, Giffels can assist in the analysis of all aspects of your property to lay out the most efficient approach to a redevelopment or expansion project at no cost to the Owner. With over 30 years in the industry we have the experience and capabilities to help you reposition your assets and maximize your returns.

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ETOBICOKE

INDUSTRIAL AVAILABILITIES

LOCATION MAP

JUST LISTED IN MILTON

FOR SUBLEASE

8400 LAWSON ROAD UNIT 5



28,705 SQ. FT.
Newer construction, clean unit
ESFR sprinklers, large shipping apron
4 TL & 2 DI doors; 24' clear height

FOR SALE

440 CARLINGVIEW DRIVE



0.87 ACRES
Zoned open space / natural zone
Secured lot

FOR SALE

LOT 37, HIGHWAY 27



1.38 ACRES
Vacant industrial development
land with Highway 27 exposure

FOR LEASE

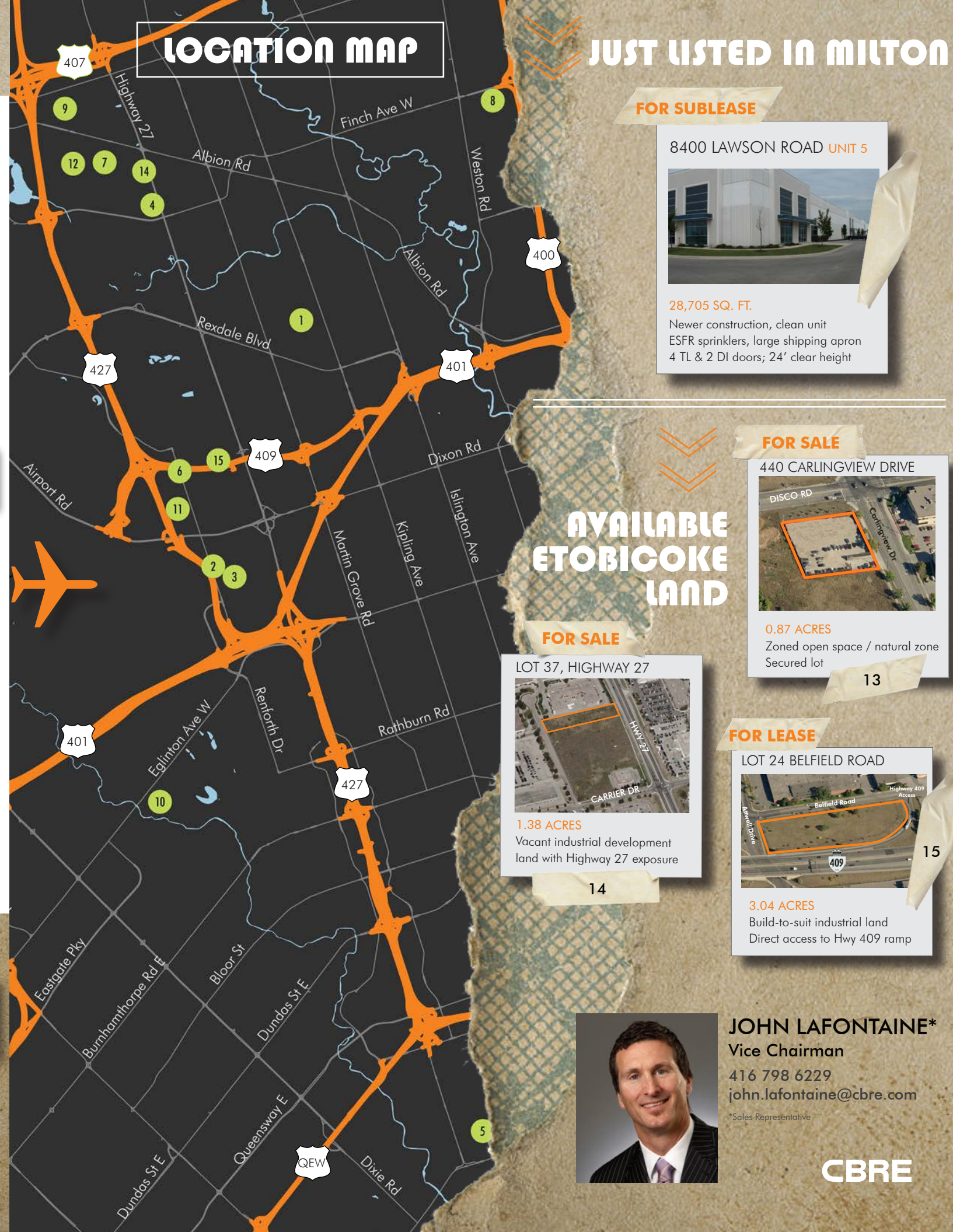
LOT 24 BELFIELD ROAD



3.04 ACRES
Build-to-suit industrial land
Direct access to Hwy 409 ramp



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AVAILABLE ETOBICOKE LAND

22 TABER ROAD
FREESTAND



4,225 SQ. FT. FOR SALE
:: Divided into 2 units; separately metered
:: Outside storage allowed
:: 3 DI doors; 12' clear height

185 CARLINGVIEW DRIVE
UNIT 4 & 5B



1,851 & 4,685 SQ. FT. FOR LEASE
:: Ground level office space and functional industrial overflow space
:: 1 TL & 1 DI door; 14' clear height

80 GALAXY BOULEVARD
MULTIPLE CONDOMINIUM UNITS



3,600-12,373 SQ. FT. UNITS FOR SALE
:: Freshly painted interior, LED lighting
:: New paved driveway and parking lot
:: 1+ TL door /unit; 14' clear height

35 WOODBINE DOWNS
BOULEVARD UNITS 2A-D, 3C



2,000 - 12,000 SQ. FT. FOR LEASE
:: Retail/warehouse/office space
:: Various size options; Hwy 27 exposure
:: 1 DI door; 14' clear height

82 AKRON ROAD
UNIT



9,600 SQ. FT. FOR LEASE
:: 40,000 cu.ft. of freezer space
:: Shipping doors with levellers
:: 2 TL doors; 20' clear height

387 CARLINGVIEW DRIVE
UNIT C



15,477 SQ. FT. FOR LEASE
:: Hwy409 exposure; signage opportunity
:: Freshly painted warehouse; T5 lights
:: 3 TL & 1 DI doors; 15'8" clear height

173 CARRIER DRIVE
UNIT C



40,000 SQ. FT. FOR LEASE
:: Rail access; outside storage
:: 1 acres excess land /trailer parking
:: 8 TL & 4 Rail doors; 26'5" clear

1 100 ARROW ROAD
HALF OF A FREESTAND



21,000 SQ. FT. FOR LEASE
:: 3 Bay repair/maintenance facility
:: Yard is fenced (partially) and gated
:: 21 TL & 4 DI doors

71 STEINWAY BOULEVARD
FREESTAND (OR UNITS A-C)



55,313 SQ. FT. FOR SALE OR LEASE
:: 4.22 acre lot; dual driveway
:: Outside storage allowed
:: 2 TL & 13 DI doors; 22' clear height

35 RAKELY COURT
FREESTAND OR PORTION



UP TO 82,380 SQ. FT. FOR LEASE
:: Ample trailer parking; more possible
:: Potential freezer space; floor drains
:: 20 TL & 1 DI door; 20'-24' clear

30 FASKEN DRIVE
FREESTAND



85,000 SQ. FT. FOR LEASE
:: Can accommodate 53' trailers
:: 5 TL & 3 DI doors
:: 14' to 19'6" clear height

330 HUMBERLINE DRIVE
PORTION OF FREESTAND



UP TO 125,000 SQ. FT. FOR LEASE
:: Outside storage/ trailer parking
:: CN Rail at the side of the property
:: 9 TL & 2 DI doors; 22' clear height

COMING TO
HALTON HILLS
JANUARY 2017

90 TL DOORS 36' CLEAR 28.7 ACRES

PARKWAY LOGISTICS CENTRE

2 CLEVE COURT
STATE-OF-ART LOGISTICS FACILITY
COMING TO HALTON HILLS JANUARY 2017
"36' Clear Height; On-Demand Expansion"

UP TO 564,824 SF FOR LEASE

SEEKING LEAD-AC SILVER CERTIFICATION



MARKETVIEW SNAPSHOT

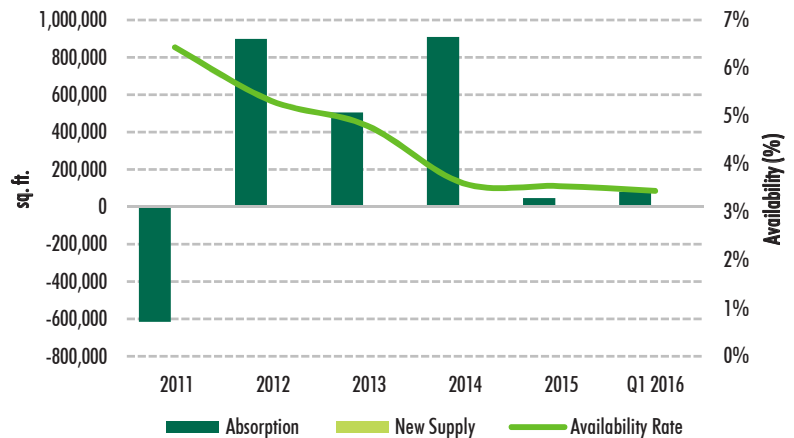
Q1 2016

MARKET	AVERAGE NET RENTAL RATE (\$ per sq. ft.)	AVERAGE SALE PRICE (\$ per sq. ft.)	AVERAGE TMI (\$ per sq. ft.)	AVERAGE LAND PRICE (\$ per acre)	REALTY TAXES (\$ per sq. ft.)	INVENTORY (sq. ft.)	AVAILABILITY RATE (sq. ft.)	ABSORPTION Q1 (sq. ft.)	AVERAGE DAYS ON MARKET
ETOBICOKE	↑ \$4.56	↓ \$82.79	↑ \$3.55	↑ \$950,000	↑ \$2.39	↔ 81.3 million	↓ 3.4%	↑ 81,019	↑ 412
MISSISSAUGA	↓ \$5.82	↑ \$146.86	↑ \$3.45	↔ \$885,000	↑ \$2.22	↔ 156.7 million	↔ 4.2%	↓ -7,575	↓ 354
BRAMPTON	↓ \$6.18	↑ \$111.09	↑ \$3.20	↔ \$865,000	↑ \$2.32	↔ 83.2 million	↓ 3.7%	↓ 649,302	↓ 254

MARKET HIGHLIGHTS

- At 1.0%, the Etobicoke submarket recorded the lowest vacancy rate since Q1 2005. The vacancy rate dropped by 60 bps quarter-over-quarter and one percent year-over-year. As expected with lowered vacancy levels, the average asking lease rates increased by \$0.25 quarter-over-quarter to \$5.56 in Q1 2016.
- Prior to Q1 2016, the average asking sale prices remained above the \$100 per sq. ft. mark for five straight quarters, peaking in Q2 2015 at \$122.26 per sq. ft. The asking selling prices experienced a slight adjustment in Q1 2016, as they registered in at \$82.79 per sq. ft. It remains to be seen if this is a short-term correction that will see selling prices eventually jump back to its previous growth path or if they will remain under \$100 per sq. ft. for a longer period of time.
- The availability rate saw a 10 bps decline quarter-over-quarter to finish off Q1 2016 at 3.4%. It is the third consecutive quarter that the availability rate remains at or below 3.5%, which has never been registered before in this submarket.

SUPPLY & DEMAND



RECENT ETOBICOKE TRANSACTIONS

1040 MARTIN GROVE ROAD
UNITS 1, 5 & 16 (9,161 SQ. FT.)



Leased

435 ATTWELL DRIVE
(10,000 SQ. FT.)



Leased

258 ATTWELL DRIVE
UNIT 2-4 (17,931 SQ. FT.)



Leased

92 BRYDON ROAD
(19,767 SQ. FT.)



Sold

7 SELBY ROAD (BRAMPTON)
(23,500 SQ. FT.)



Sold

61 BAYWOOD ROAD
(46,382 SQ. FT.)



Leased

88 RONSON DRIVE
(38,200 SQ. FT.)



Leased Partially

44 WOODBINE DOWNS BLVD
(41,900 SQ. FT.)



Sold