Real Estate Report [GTA]

Asset Focus: Industrial West

May 5th, 2008 Volume #15.05

CURRENT LISTINGS – BUILDING LOTS

Contact: Chad Gemmell at 416.955.1885 x226

145 GREENBRAE CIRCUIT, TORONTO, ONTARIO

This 0.48 acre infill development site is zoned for ***13 townhouse lots*** and centrally located just north-west of the intersection at Lawrence Avenue East and Markham Road in Toronto, Ontario.
Asking price is $1,170,000 or $90,000 per lot. **Click to view our Investment Summary Online**

280-282 SCARBOROUGH GOLF CLUB ROAD, TORONTO, ONTARIO

This 1.26 acre infill development site is OMB approved for ***13 new residential lots*** (12 semi-detached and 1 detached) and contains ***two existing houses***. The site is located in an established residential neighbourhood overlooking the Scarborough Golf and Country Club. Land and construction financing may be available to an approved buyer. **Asking price is $1,995,000.** **Click to view our Investment Summary Online**

RECENT GTA INDUSTRIAL MARKET TRANSACTIONS

Source: Marshnet.com

8020 & 8030 ESQUESING LINE – Milton – Two buildings, 659,914 SF of industrial space located north of Hwy-401 west of the James Snow Pkwy interchange. Closed April 7, 2008 for $59,625,000 or **$90 PSF**.

55 HORNER AVENUE – Etobicoke – A 93,016 SF industrial building located just south of the Gardiner Expy between Islington Ave. and Kipling Ave. Closed March 19, 2008 for $8,250,000 or **$89 PSF**.

514 CARLINGVIEW DRIVE – Etobicoke – A 234,609 SF industrial building located north-east of the Hwy 427 and Hwy 409 interchange. Closed March 7, 2008 for $14,595,126 or **$62 PSF**.

6580 & 6590 MILLCREEK DRIVE – Mississauga – Two buildings, 475,328 SF of industrial space located south of the Hwy-401 and Mississauga Rd. interchange. Closed March 5, 2008 for $40,400,000 or **$85 PSF.**

6700 FINCH AVENUE WEST – Etobicoke – 62.07 acres of industrial zoned land with a vacant 307,500 SF industrial building located east of the Hwy 427 and Finch Ave. interchange. Purchased by Purolator Courier. Closed February 4, 2008 for $56,848,950 or **$915,900/acre**.

13153 COLERAINE ROAD – Caledon – 11.62 acres of industrial land located just outside the town of Bolton on the southerly border. Closed February 1, 2008 for $5,229,450 or **$450,000/acre.**

INDUSTRY COMMENTARY – CONTINUING CAP RATE COMPRESSION IN PEEL REGION MULTI-UNIT INDUSTRIAL MARKET

Market trends regardless of low trading volume point to continuing cap rate compression in the Peel region multi unit industrial market. **Click to read more**

FORUM – Your Feedback and Comments on "Multi-Unit Apartment Cash-on-Cash Returns Lowest in 15 Years" Vol. 15.04, April 2nd, 2008

Click to read Vol. 15.04

"…I'd have to disagree strongly with this statement *"leasing fundamentals may not have changed much since 2003 and yet cash-on-cash returns reversed back to their earlier downward trend"*. Leasing is much stronger today (2008) than 2002/3 for all our properties and it has been increasing year over year steadily." "…I agree that turnover has increased marginally and turnover costs are slightly higher but in the areas, Yonge and Eglinton for examples, rents are resumed their upward growth since around result of enormous gap between the cost of owning comparable units and the cost of renting." - JB

"Good report, all things you need to know. A good update." - AH

LIFE LESSONS at P.G. GAGNÉ COMMERCIAL REAL ESTATE CORP., Brokerage – Lesson #31

A teacher in New York decided to honor each of her seniors in High School by telling them the difference each of them had made. She called each student to the front of the class, one at a time. First, she told each of them how they had made a difference to her, and the class. Then she presented each of them with a blue ribbon, imprinted with gold letters, which read, "Who I Am Makes a Difference." Afterwards the teacher decided to do a class project to see what kind of impact recognition would have on a community. See it here → www.BlueRibbonMovie.com

INDUSTRY COMMENTARY – CONTINUING CAP RATE COMPRESSION IN PEEL REGION MULTI-UNIT INDUSTRIAL MARKET

Market trends regardless of low trading volume point to continuing cap rate compression in the Peel region multi unit industrial market (see Figure 1).

Demand for multi-unit industrial investment product in Peel Region continues to be strong. The low volume of trades is a function of owners not willing to part with such assets particularly at this point in the economic cycle where the low carrying cost of vacancies offer a lower risk profile when compared to other real estate asset classes. As a matter of fact, the dollar volume of trades has only exceeded the $100 million mark three times in the last fifteen years; 1994, 2004, and 2005. 2005 being a year of large portfolio sales (see Figure 2).

The sample interestingly enough points also to a recent decline in sale price per square foot after a 14 year general increase. That decrease given the context of low trade volumes may be a function of the composition of the sampling basket. There has not been any multi-unit industrial complexes sold in Peel Region during the first four months of 2008 and only three transactions comprised of two or more buildings transacted.

Figure 1

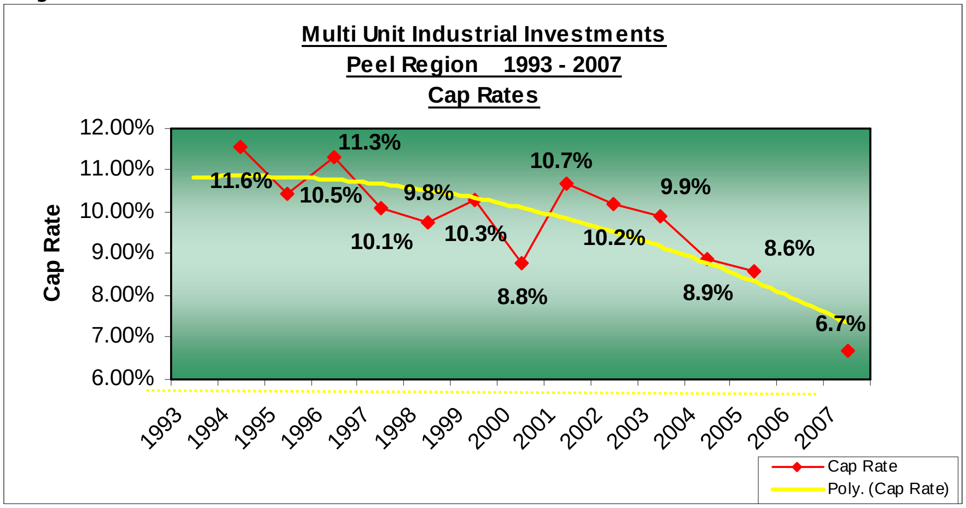
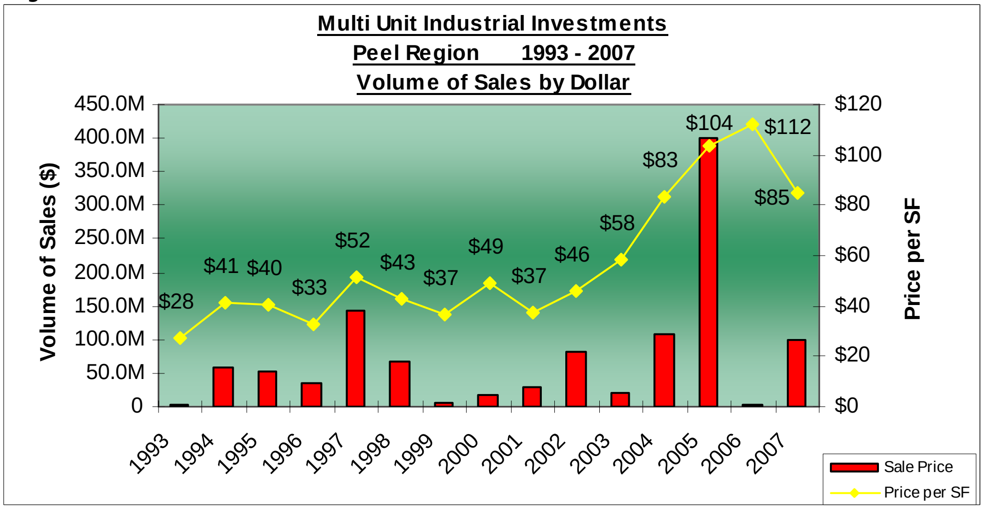


Figure 2



Detailed charts are available upon request by contacting Chad Gemmell at 416-955-1885 x226 or chad@gagnerealestate.ca