

Industrial Real Estate in Buffalo Niagara and the GTA

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The temperatures outside are beginning to warm slightly, but the industrial real estate markets in both Buffalo Niagara and the Greater Toronto Area (GTA) remain scorching hot. Tight industrial markets with lowering availability and vacancy rates across the Golden Horseshoe make finding a suitable production facility an increasingly difficult task, a dynamic which is diametrically opposed to the market status of just fifteen years ago.

The current industrial availability rate in Buffalo Niagara stands at 3.5%, down 1.1% from 2016. The local vacancy rate is below that of the United States (7.4%) for the thirteenth consecutive year. Not to be outdone by its American counterpart, the GTA's industrial availability rate is an astounding 2.2%, among the lowest rates in North America and the lowest rate on record for the region.

Needless to say, finding and acquiring appropriate industrial real estate in these near-mirror image markets is increasingly difficult. Proper foresight and planning must be conducted before engaging in a site search given the limited inventory on both sides of the border.

Where Buffalo Niagara enjoys a major advantage is on costs, where average sale prices check-in at \$32.85/SF versus a whopping \$155.82/SF in the GTA. Average lease rates have vacillated between \$4.50-\$5.50/SF over the past eight years in Buffalo Niagara, currently settling on the high end of that range. In the GTA, industrial customers can expect to pay an average rate of \$6.42/SF, up 8.1% from 2016.

The industrial markets in both Buffalo Niagara and the Greater Toronto Area show no signs of weakening. Construction activity is forecasted to pick up in both regions, but not enough to satisfy demand in the near future. For the foreseeable future, the time to execute a contract on an industrial building is when you see it!

*All currency figures are in USD and CAD, respectively.

Data sourced from CBRE Buffalo Industrial MarketView Report ([link to report](#)) and CBRE Canada Industrial MarketView Report ([link to report](#))

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