

Toronto Office

Market Insight Report 2024

GTA Overview

Q1 2024



Market Overview

In the first quarter of 2024, the office market vacancy rates increased from 11.9% to 12.1% and are projected to increase over the following quarters in the GTA. Availability rates also rose from the previous quarter's 14.2% to 14.8%.

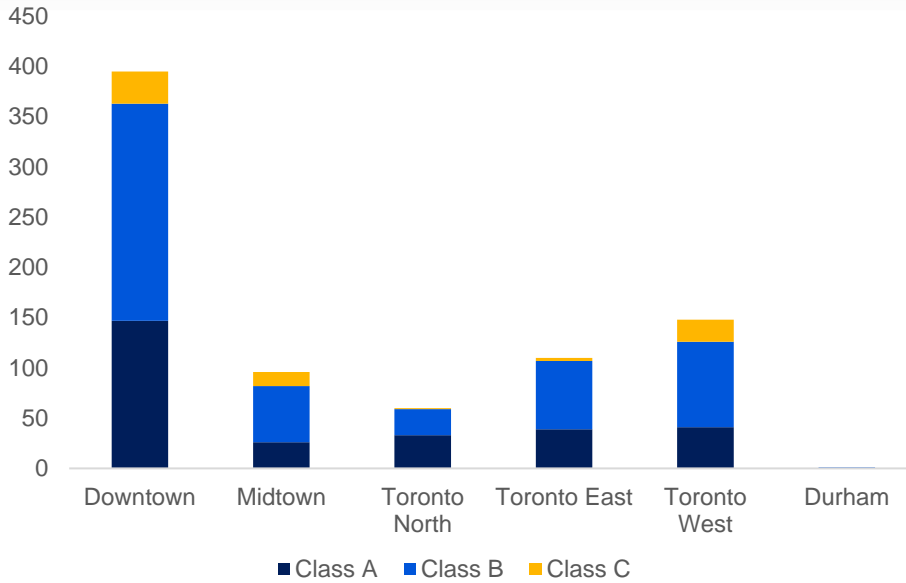
We are seeing a significant decrease in velocity. Some subleases have been on the market for years, with some being taken off the market altogether because of a lack of activity. We are still seeing that "quality" is the operative word in the office market. Many built-out spaces are more attractive to tenants as having existing furniture and facilities is becoming more of a standard in the downtown market. We have observed a general slowdown in the office market. More companies are asking employees to come into the office, which is a trend we have been seeing in recent quarters; usually a request to come in 3 or 4 days per week, but less commonly for the pre-pandemic standard of 5 days per week.

Vacancies are expected to remain quite high and demand relatively low. We project to continue to see a gap in landlord/tenant expectations, with tenants expecting more negotiability from landlords, given the state of the current market. We are anticipating seeing some B and C-class buildings being converted and redeveloped, as their landlords are struggling to fill the occupancy in these buildings.

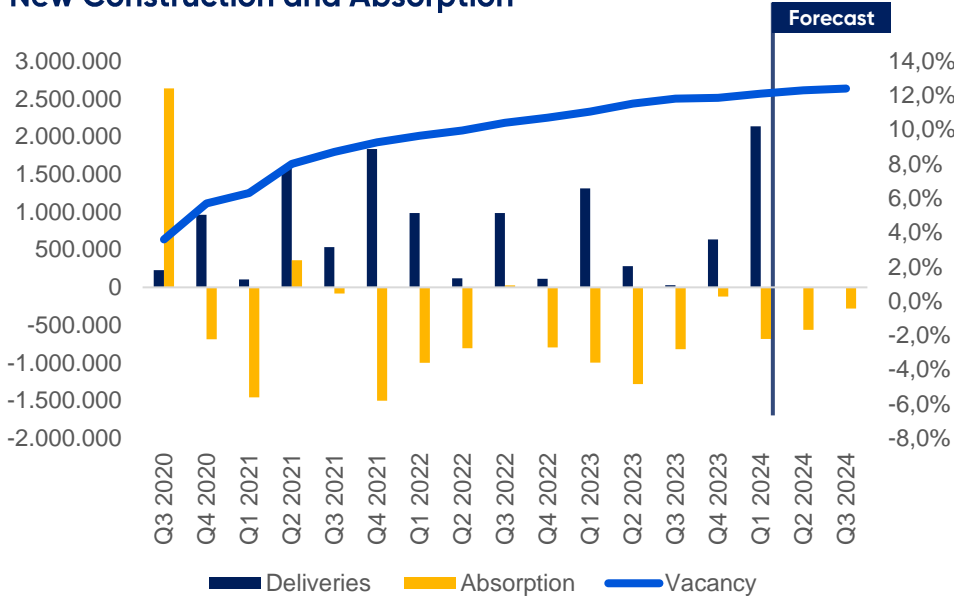
Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
12.1%	0.8% ▲	\$32.90	Downtown
11.2%	0.3% ▼	\$26.37	Midtown
11.0%	0.5% ▼	\$18.97	Toronto North
13.0%	0.2% ▼	\$17.25	Toronto West
11.7%	0.3% ▲	\$14.59	Toronto East
6.1%	0.4% ▲	\$13.80	Durham

Subleases Available By Market



New Construction and Absorption



Cresa Notable Transactions



480 University Avenue
34,054 SF
Downtown Toronto



85 Leek Crescent
21,747 SF
Toronto East



2645 Skymark Avenue
15,143 SF
Toronto West

The Occupier's Perspective

- 1. Ask for incentives, within reason.**
Though we are seeing a gap in tenant and landlord expectations, occupiers are still encouraged to use the current state of the market to their advantage. Having an advisor immersed in the industry can provide tenants with an upper hand, as they can be advised on what to push for and when. But clearly things that would not have been well received even just a couple of years ago are now worth exploring.
- 2. More companies are asking employees to come into the office.**
More Canadian companies, particularly driven by US-based organizations, are asking employees to come into the office. This is a trend we have been seeing over recent quarters. We do expect to continue seeing this request from employers for in-office presence over the course of the year.
- 3. Built-out spaces are the preferred option.**
Landlords are putting more emphasis on providing built-out spaces, with furniture available. A built-out space means quicker occupancy, as tenants do not have to wait around for final touches to be made before moving their employees in. We are expecting to hear of more B and C-class buildings being redeveloped, as landlords have been struggling to increase these buildings' occupancy in the current market.

Downtown Toronto

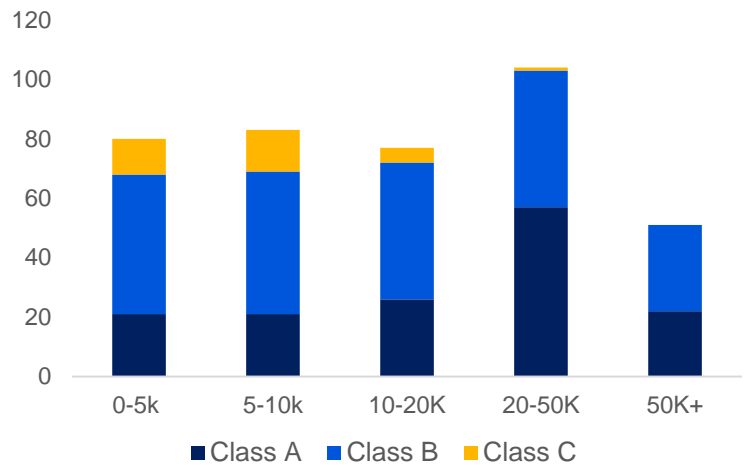
Q1 2024



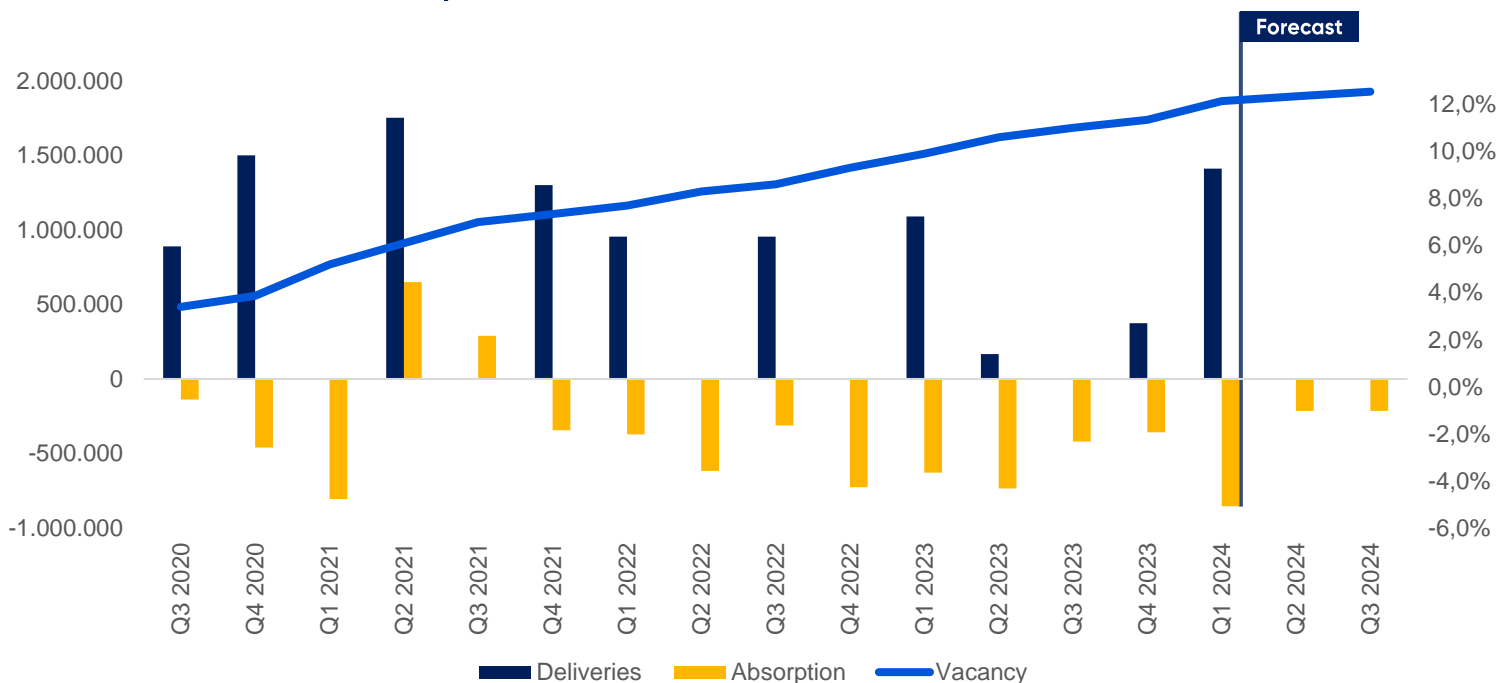
Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1	
Financial Core	12.0%	12.0%	13.6%	↑
Outer Financial Core	14.6%	14.5%	14.6%	↑
Downtown North	10.3%	11.8%	11.3%	↓
Downtown South	7.6%	9.2%	9.4%	↑
Downtown East	8.0%	8.2%	8.5%	↑
Downtown West	11.2%	11.0%	11.4%	↑
King/Dufferin	10.4%	12.0%	13.8%	↑
Overall	11.0%	11.3%	12.1%	↑

Subleases in Market



New Construction and Absorption



Midtown Toronto

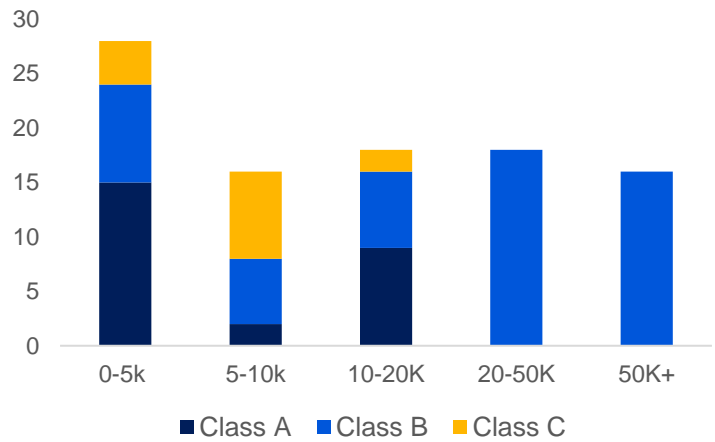
Q1 2024



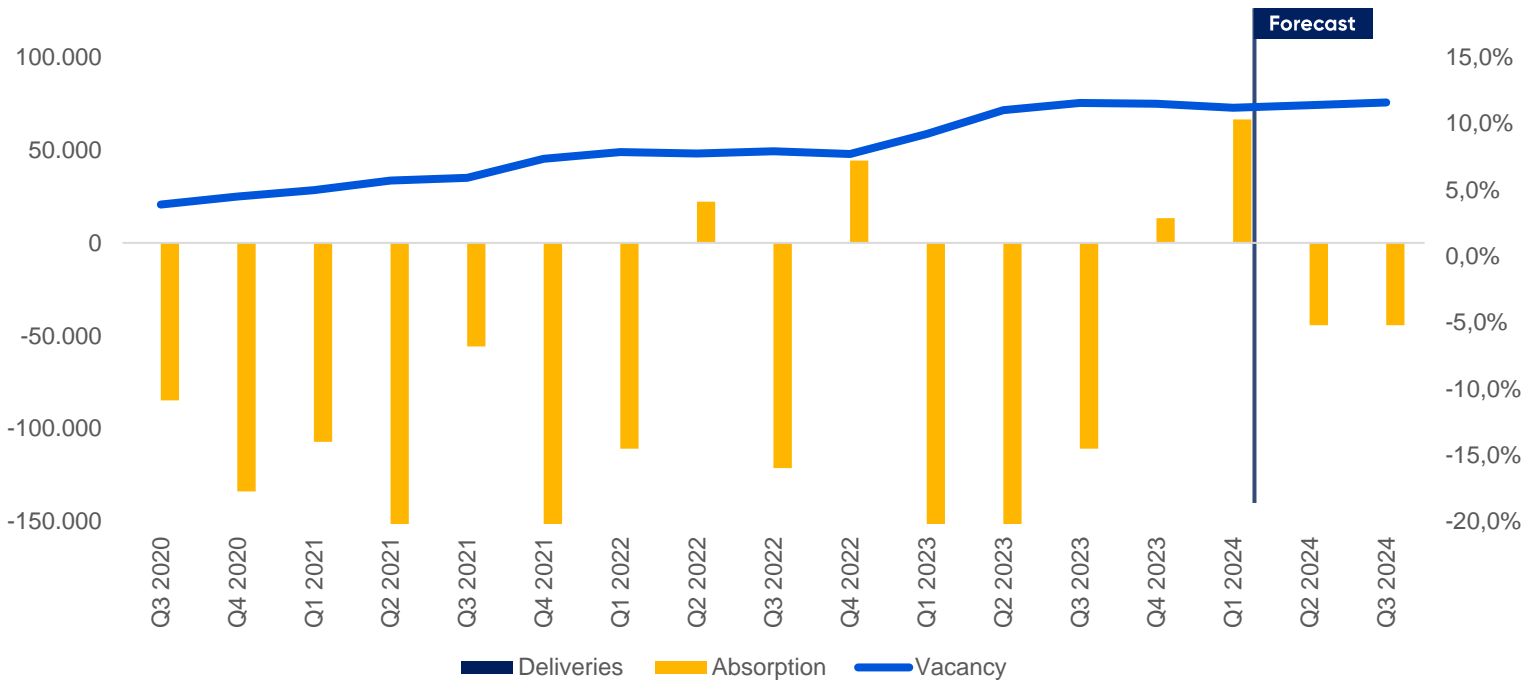
Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1
Bloor	13.2%	12.7%	13.0%
St. Clair	10.4%	10.7%	10.7%
Eglinton	10.6%	11.0%	9.2%
Overall	11.5%	11.5%	11.2%

Subleases in Market



New Construction and Absorption



Toronto North

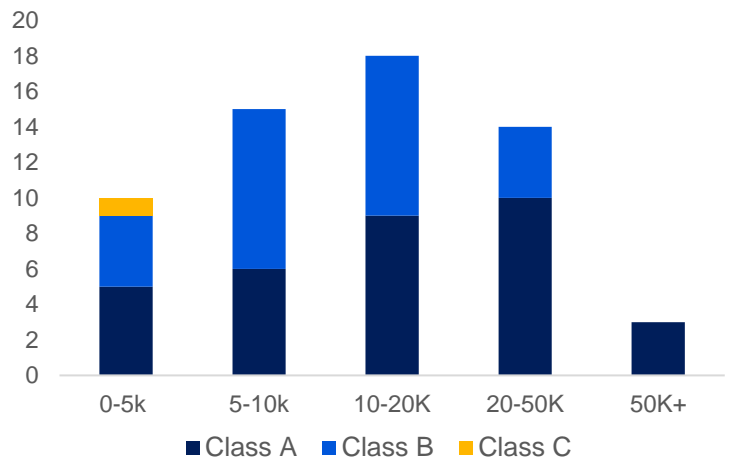
Q1 2024



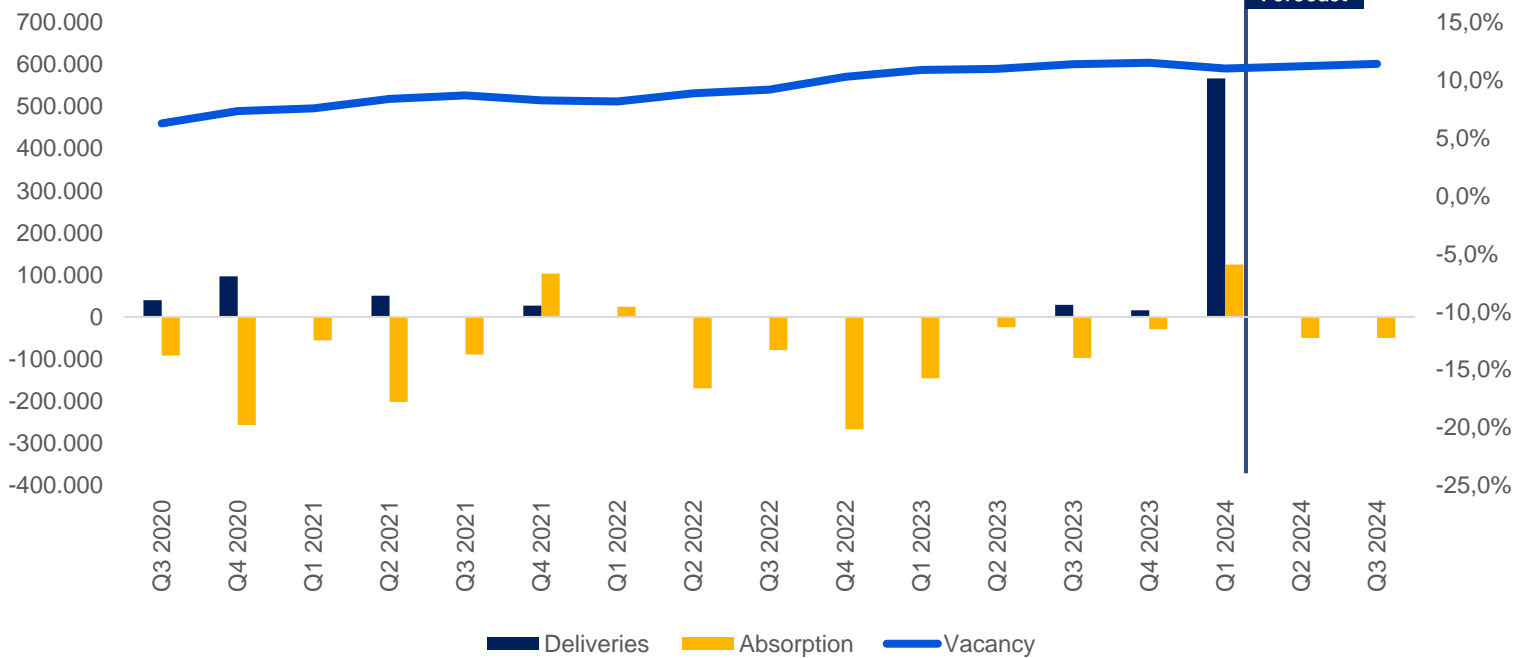
Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1
North Toronto Region	9.7%	9.0%	8.2%
North Yonge Corridor	17.8%	17.4%	17.4%
Vaughan	7.0%	8.0%	7.7%
North York West	9.0%	9.3%	7.8%
Overall	11.4%	11.5%	11.0%

Subleases in Market



New Construction and Absorption

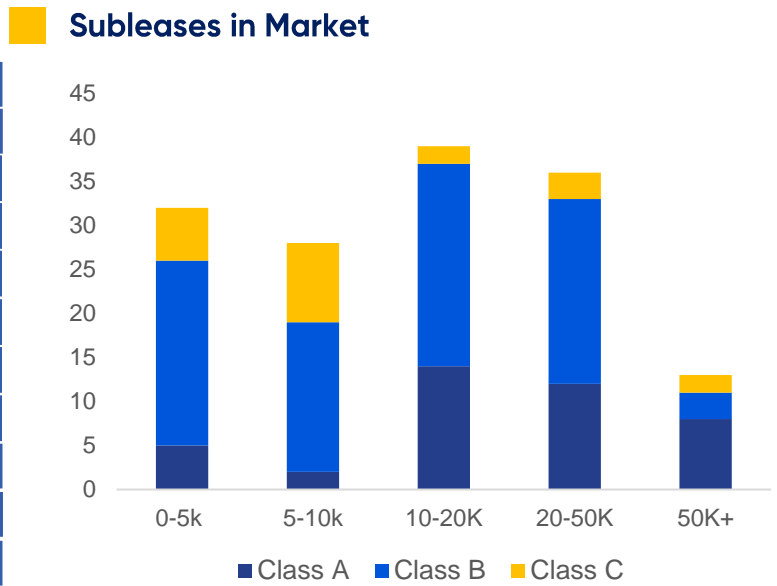


Q1 2024

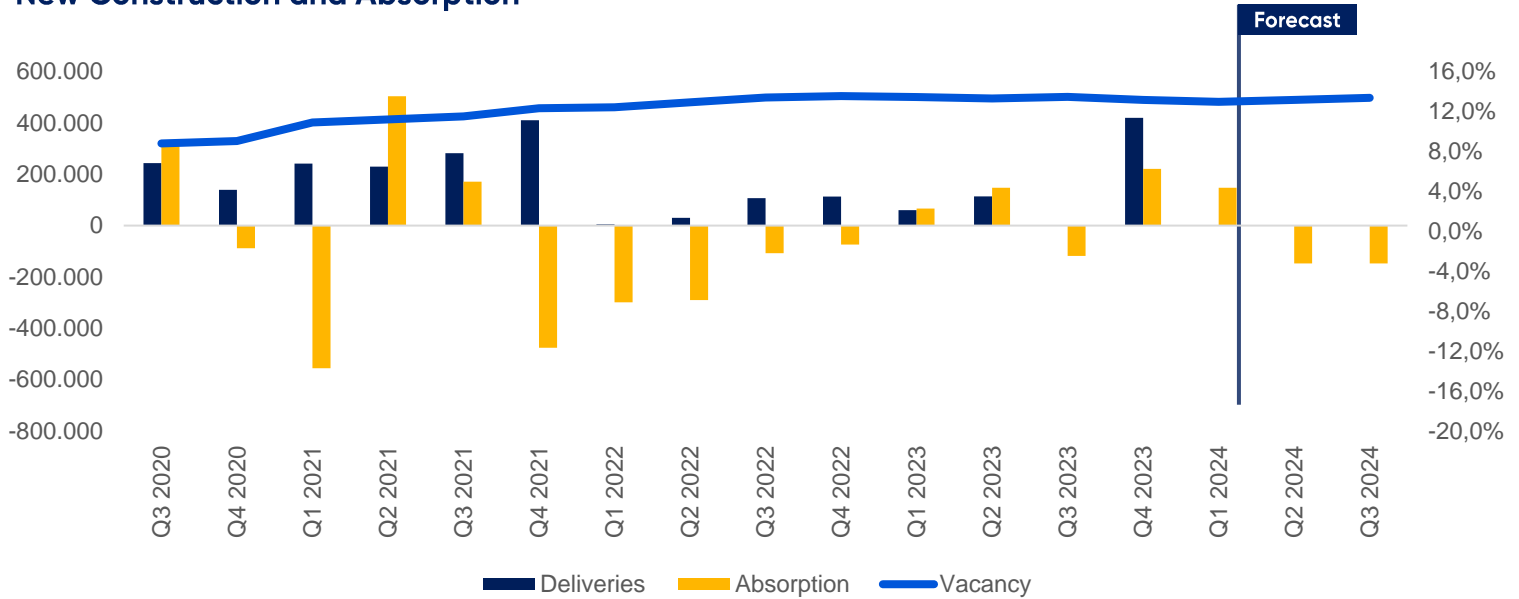


Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1	
427 Corridor/Bloor/Islington	23.9%	23.6%	19.1%	↓
Airport Corporate Centre/Airport	12.3%	11.3%	11.3%	→
Brampton	0.9%	1.6%	1.5%	↓
City Centre	17.1%	19.3%	16.2%	↓
Hwy 10/Hwy 401	11.9%	10.6%	12.6%	↑
Meadowvale	11.2%	10.7%	10.8%	↑
Mississauga South	6.9%	6.6%	6.6%	→
Other Mississauga	2.9%	3.1%	3.6%	↑
Oakville Burlington	10.0%	9.1%	9.0%	↓
West Toronto Region	3.4%	3.7%	3.9%	↑
Overall	13.5%	13.2%	13.0%	↓



New Construction and Absorption



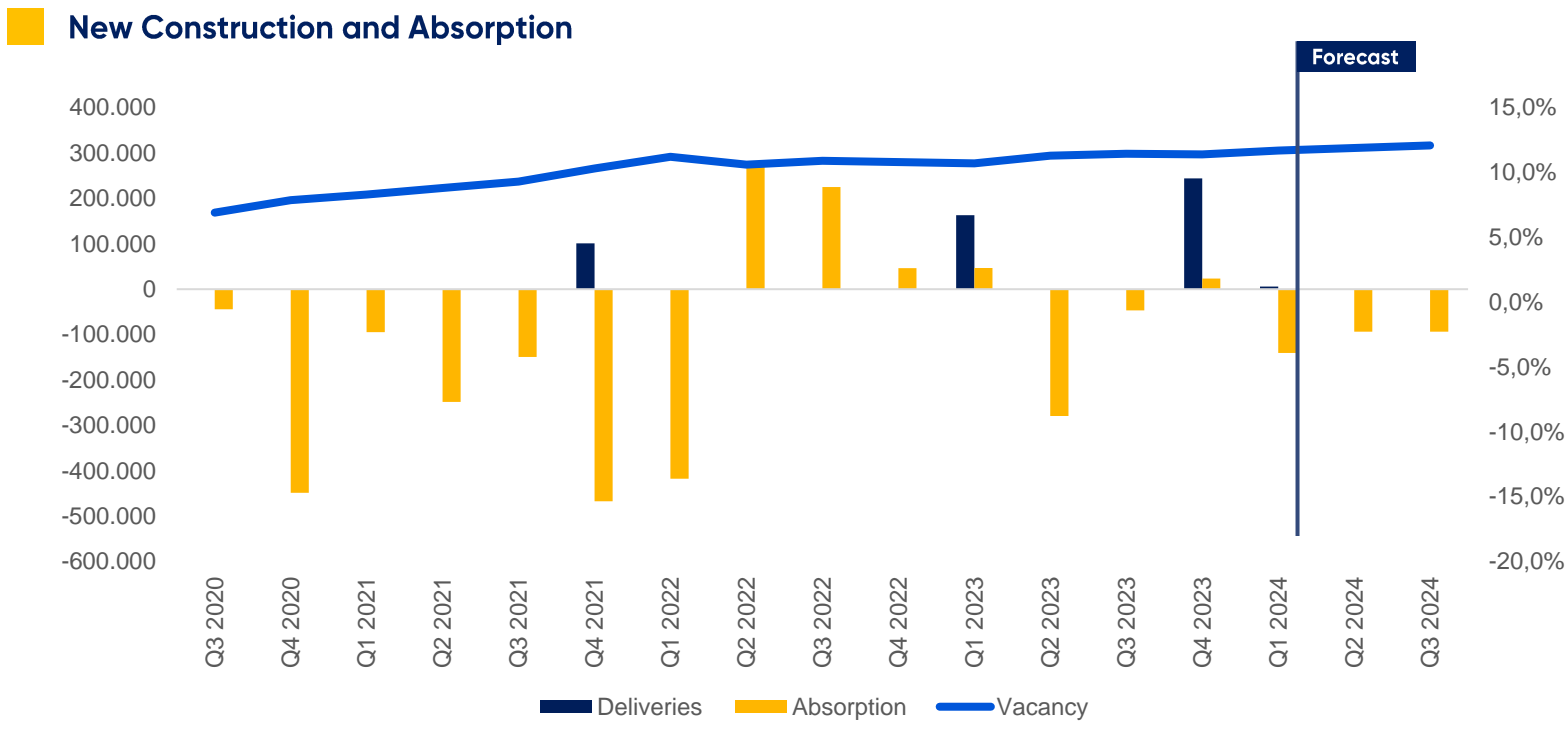
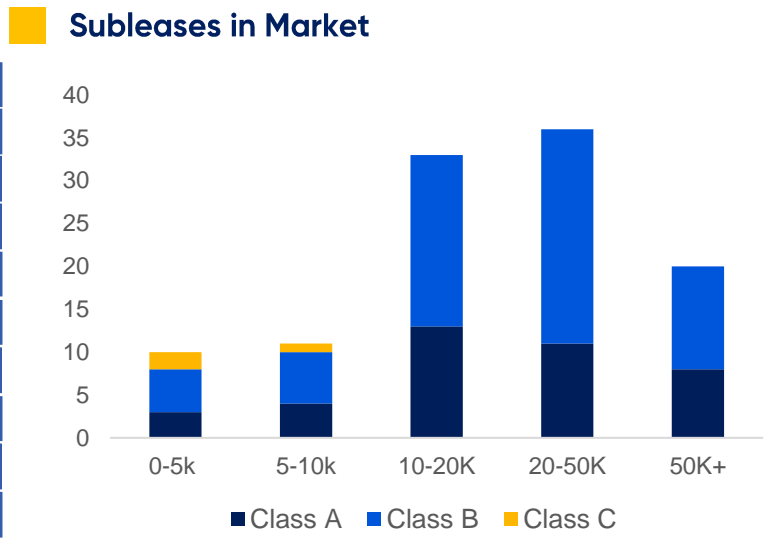
Toronto East

Q1 2024



Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1	
Consumers Road	18.6%	21.1%	22.0%	↑
DVP North/Duncan Mill	6.3%	6.2%	6.2%	→
DVP South/Don Mills/ Eglinton	8.2%	8.5%	8.1%	↓
East Toronto Region	6.9%	5.9%	6.5%	↑
Gordon Baker/Victoria Park	7.6%	7.2%	11.9%	↑
Markham/Richmond Hill	9.9%	9.6%	9.6%	→
Scarborough	14.4%	15.0%	15.2%	↑
Southeast Toronto Region	9.0%	9.6%	8.5%	↓
Steeles/Woodbine	6.6%	5.6%	5.3%	↓
Overall	11.4%	11.4%	11.7%	↑

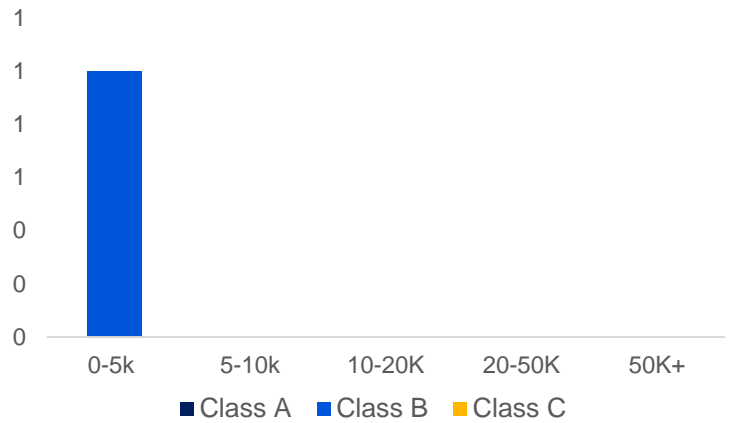




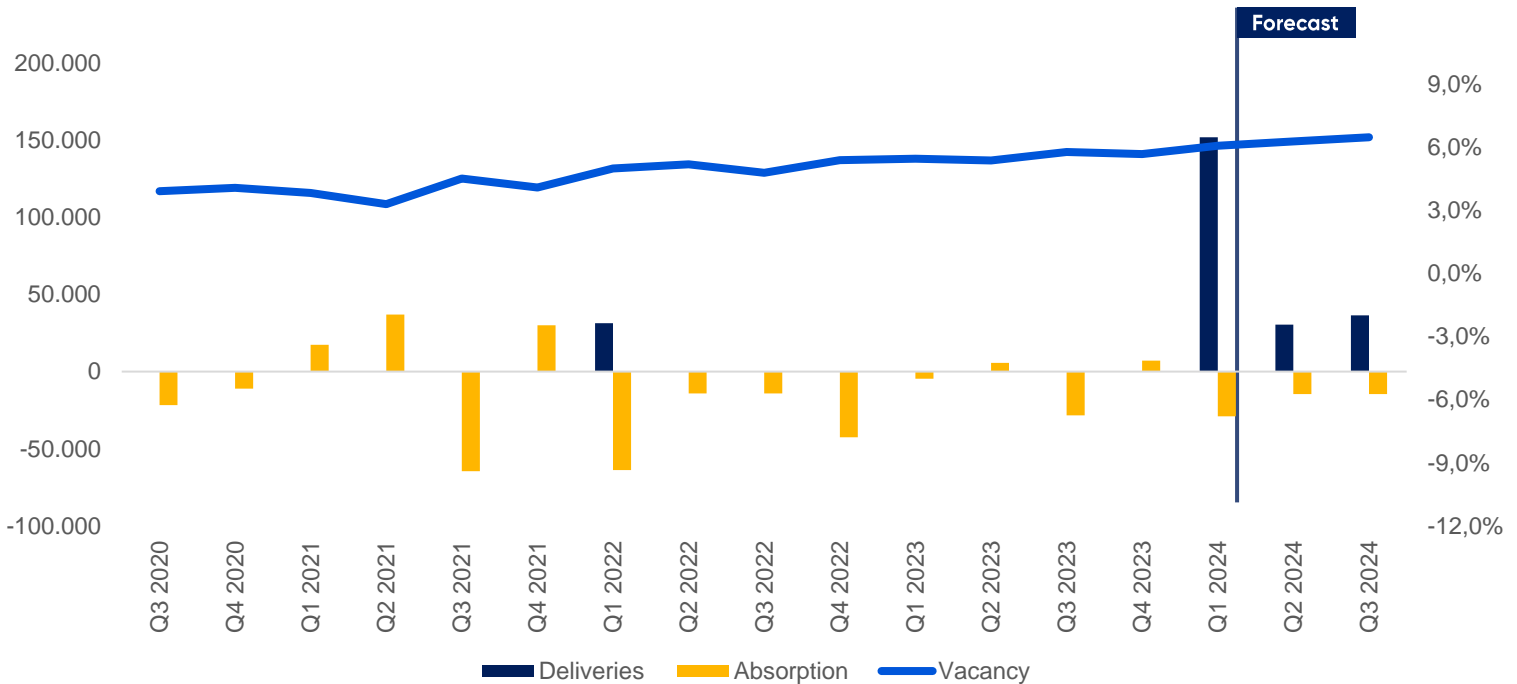
Arrows Indicate One Quarter Change

Vacancy Rate	Q3	Q4	Q1	
Ajax	11.7%	12.7%	12.2%	↓
Oshawa	4.6%	4.7%	5.0%	↑
Outlying Durham	2.5%	3.2%	3.0%	↓
Pickering	6.4%	6.2%	8.1%	↑
Whitby	2.2%	2.0%	1.8%	↓
Overall	5.8%	5.7%	6.1%	↑

Subleases in Market



New Construction and Absorption



About Cresa Toronto

Cresa is the world's largest commercial real estate firm that exclusively represents occupiers of space. By not taking listings on behalf of landlords or developers, we are able to provide our clients with objective, conflict-free advice.

For the last 30+ years, Cresa's Toronto office has worked alongside our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money. Our integrated team of real estate advisors, project managers, designers, and analysts, listen to occupiers' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions. And it's this relentless focus on our clients that has earned us numerous industry awards along the way.

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