

Toronto Office

2020 Market Insight Report



Q1 2020

cresa

Market Overview



Image of Square One District – Oxford Properties

With continued demand from Downtown and Midtown markets, 2020 began as many expected it would. The financial and technology sectors continued to lease large blocks of vacant and available space, Equitable Bank's 150,000 sf transaction to anchor First Gulf's 25 Ontario Street development, Fiera Capital's 49,000 sf transaction at 200 Bay Street, IBM's 78,000 sf transaction at 16 York Street and numerous deals at Allied Properties' WELL development.

Several new development were announced during the quarter, to meet the growing demand for space; most significantly, Oxford Properties and Alberta pension fund AIMCo's "Square One District" joint venture in Mississauga's city centre. This multi-decade project will surpass Cadillac Fairview's "East Harbour" development as Canada's largest proposed development with over 18 Million square feet of multi-purpose space on 130 acres of land.

As COVID-19 first hit the Greater Toronto Area (GTA) in late February, many office tenants adopted a "wait and see" attitude regarding their real estate. Landlords received communications from those tenants in-need and have awarded rent deferment, not abatement, on a case-by-case basis. Towards the middle of March, offices started to close their doors to protect the health and safety of their employees and clientele. Boardroom meetings were rescheduled as video conferences and the workforce adopted new methods of conducting business.

With the virus' climax expected in Q2, new-deal flow is expected to slow as tenants navigate its impact on both their workforce and bottom line.

Check out our COVID-19 resource page to understand the implication of COVID-19 on your commercial real estate:

www.cresatoronto.com/cre-COVID-19

Notable Lease Transactions

1. McKesson Canada, 242,000 sf, 2300 Meadowvale Blvd
2. Equitable Bank, 150,000 sf, 25 Ontario Street
3. IBM, 78,000 sf, 16 York Street
4. Ontario Ombudsman, 33,000 sf, 483 Bay Street
5. Whitehorse Liquidity Partners, 20,000 sf, 79 Wellington Street West

GTA Overview

Q1 2020



Supply

255,102,847 SF



Vacancy

3.6%



Average Net Rent

\$25.40/SF



Net Absorption

2,659,021 SF

Arrows Indicate One Quarter Change

Vacancy Rate

	Q3	Q4	Q1	
Midtown	2.8%	4.0%	3.2%	▼
Downtown	3.0%	2.7%	1.5%	▼
Toronto North	5.8%	5.3%	4.7%	▼
Toronto East	5.4%	5.4%	4.4%	▼
Toronto West	7.3%	7.4%	6.2%	▼
Durham	2.4%	2.3%	2.7%	▲
Overall GTA	4.6%	4.5%	3.6%	▼

Vacancy Rates & Availability Rates

Vacancy Rates

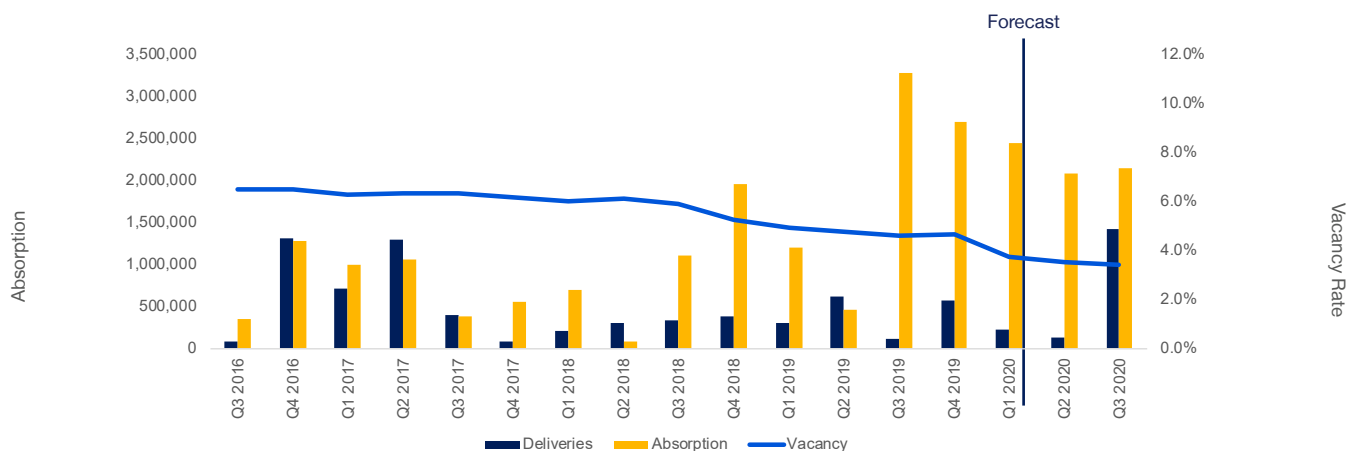
The vacancy rate is the percentage of all units in a rental property, that are vacant or unoccupied at a particular time.

Availability Rates

The availability rate is the percentage of total rentable space available including new developments under construction.

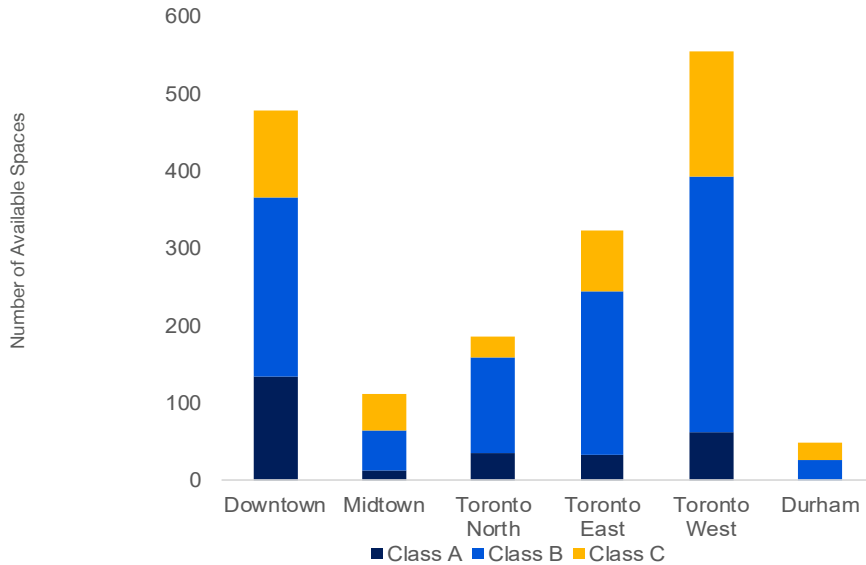
New Construction and Absorption

Landlords received communications from those tenants in need and have awarded rent deferment, not abatement, on a case-by-case basis.



GTA Overview

Availability By Market



Significant Availabilities

Market	Address	Size (SF)
Downtown	141 Bay Street	630,291
Midtown	175 Bloor Street East	129,725
North York	5160 Yonge Street	172,836
Markham	3500 Steeles Avenue	173,913
Mississauga	1950 Meadowvale Blvd	160,000



Canadian Employment Assistance

1,300,000

Canadians filed for Employment Insurance benefits during the last two weeks of March.

\$1,700,000,000

Amount allotted by the Federal Government to the Canadian Emergency Subsidy for payroll assistance.

Office Market Insights

1

COVID-19's impact has been felt by all office occupiers as companies are forced to cut costs and adapt to a new workplace.

2

Oxford Properties and Alberta pension fund AIMCo's "Square One District" surpasses Cadillac Fairview's "East Harbour" as the largest proposed development in Canada's history with over 18 Million square feet of multi-purpose space.

3

Toronto's historic-Gladstone Hotel sold for \$17 Million dollars to both Streetcar Developments and DREAM Unlimited. Having recent success with their Broadview Hotel venture, Streetcar will look to make similar enhancements to the city's oldest operating hotel.

4

Advertising conglomerate, WPP's Yonge and Bloor office space hit the market with over 160,000 sf of high-class office space, available for Q1 2022 occupancy. WPP is set to consolidate a number of their subsidiary agencies including, Ogilvy & Mather, J. Walter Thompson and GroupM at Menkes' Waterfront Innovation Centre.

Midtown Toronto

Q1 2020



Supply

22,150,628 SF



Vacancy

3.2%



Average Net Rent

\$30.04/SF



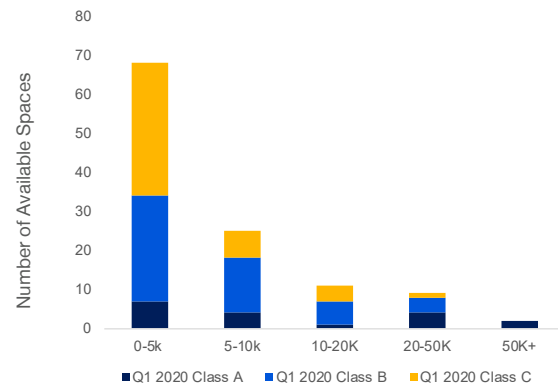
Net Absorption

191,365 SF

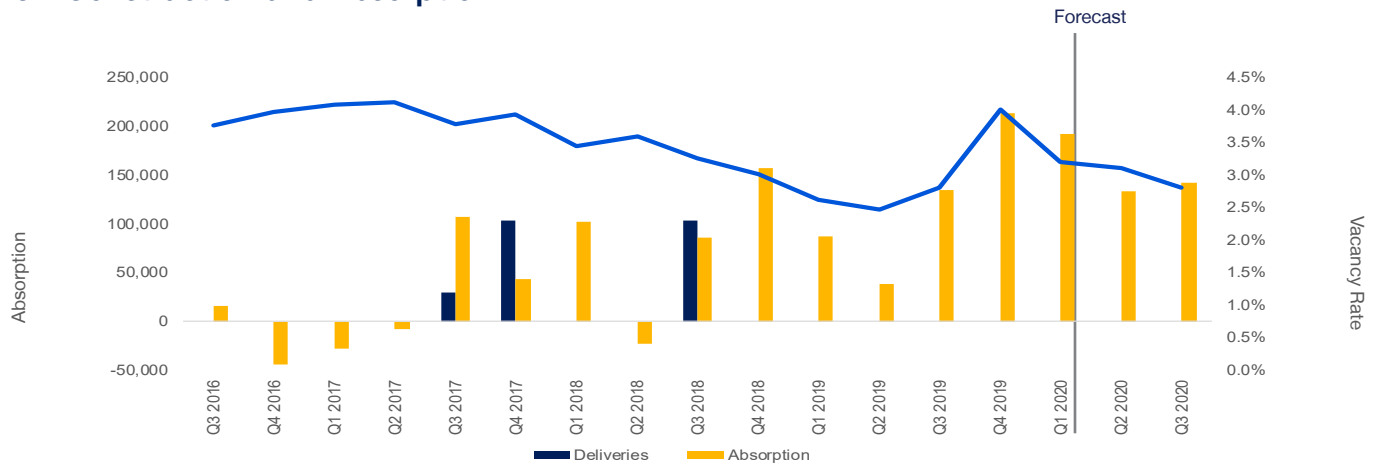
Vacancy Rate

	Q3	Q4	Q1	
Bloor	2.8%	4.0%	3.3%	▼
St. Clair	1.2%	2.2%	1.5%	▼
Eglinton	3.8%	5.1%	3.8%	▼
Overall	2.8%	4.0%	3.2%	▼

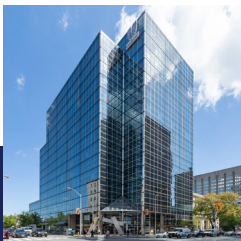
Availability Trends



New Construction and Absorption



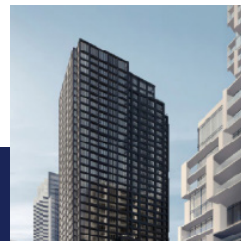
Significant Availabilities



160 Bloor Street E
162,285 SF



175 Bloor Street E
129,725 SF



2161 Yonge Street
90,482 SF



365 Bloor Street E
74,977 SF

Downtown Toronto

Q1 2020



Supply

9,6310,111 SF



Vacancy

1.5%



Average Net Rent

\$35.41/SF



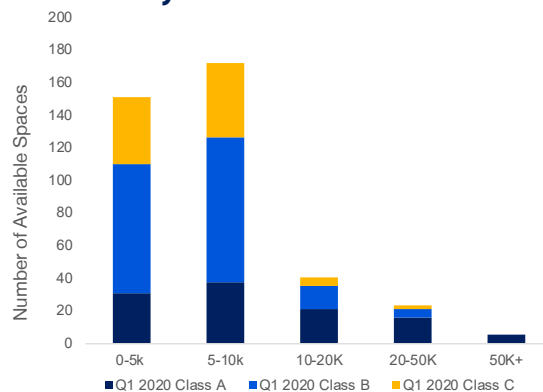
Net Absorption

95,004,010 SF

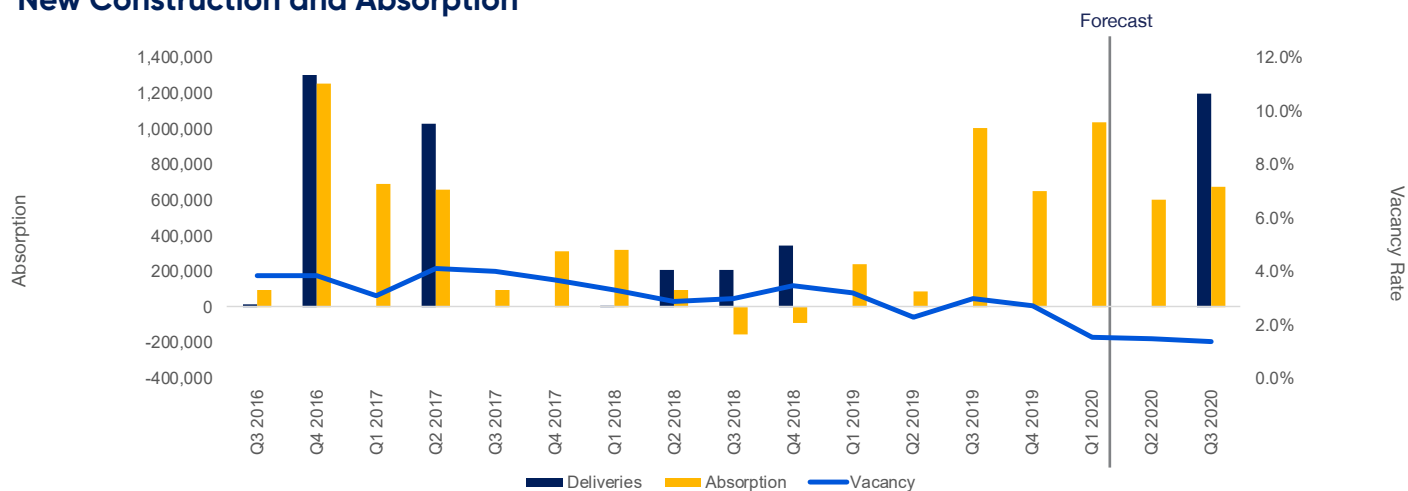
Vacancy Rate

	Q3	Q4	Q1	
Financial Core	4.4%	3.6%	2.2%	▼
Outer Financial Core	3.9%	2.9%	1.4%	▼
Downtown North	0.9%	1.1%	0.7%	▼
Downtown South	1.1%	1.8%	1.7%	▼
Downtown East	2.1%	3.4%	1.5%	▼
Downtown West	2.1%	1.5%	1.0%	▼
King/Dufferin	1.5%	2.1%	0.9%	▼
Overall	3.0%	2.7%	1.5%	▼

Availability Trends



New Construction and Absorption



Significant Availabilities



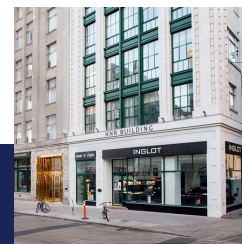
141 Bay Street
630,291 SF



2 Queen Street E
177,577 SF



25 Ontario Street
81,914 SF



21 Dundas Square
50,894 SF

Toronto North

Q1 2020



Supply

24,014,779 SF



Vacancy

4.7%



Average Net Rent

\$20.16/SF



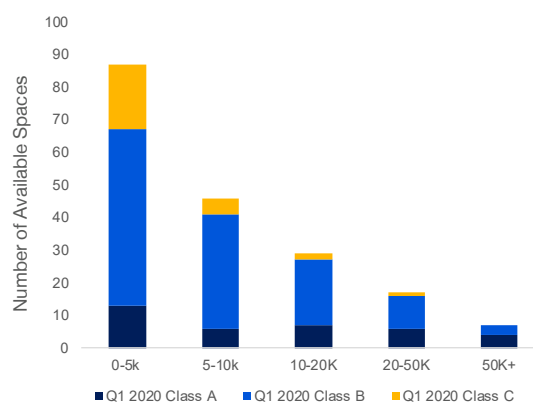
Net Absorption

215,115 SF

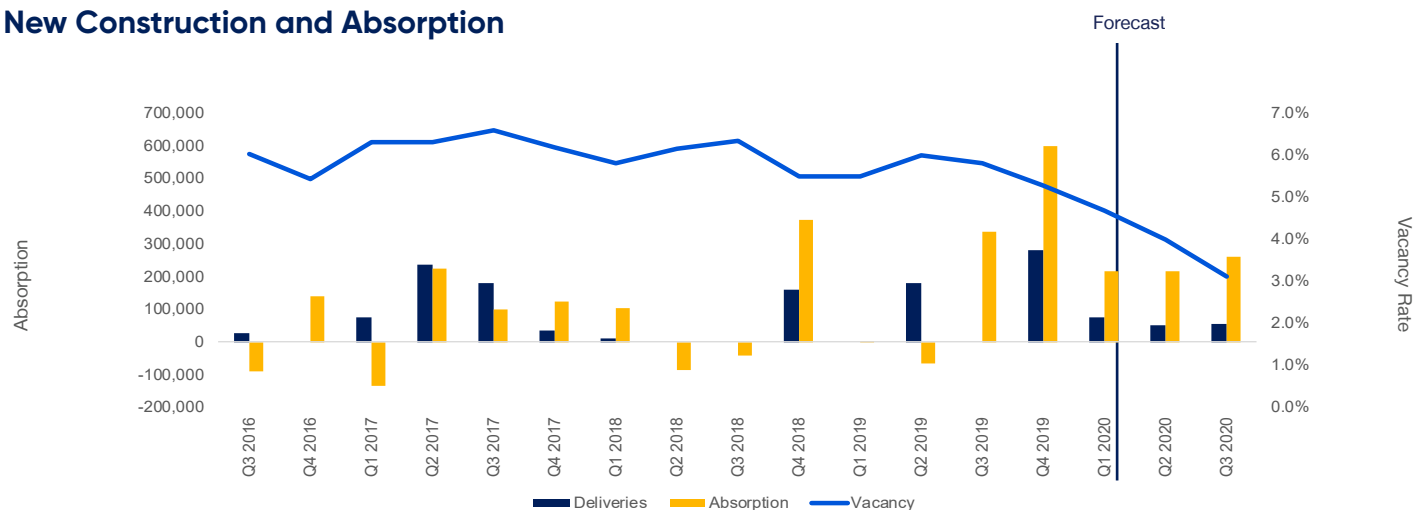
Vacancy Rate

	Q3	Q4	Q1	
North Toronto Region	4.8%	5.0%	5.5%	▲
North Yonge Corridor	7.4%	5.7%	6.0%	▲
Vaughan	3.6%	3.6%	4.1%	▲
North York West	6.6%	7.1%	7.0%	▼
Overall	5.8%	5.3%	4.7%	▼

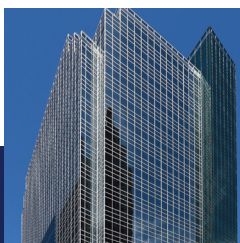
Availability Trends



New Construction and Absorption



Significant Availabilities



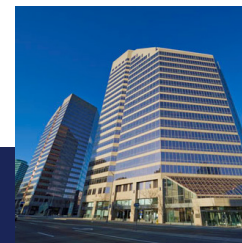
5160 Yonge Street
172,836 SF



5000 Yonge Street
124,223 SF



4881 Yonge Street
98,933 SF



5650 Yonge Street
64,423 SF

Toronto East

Q1 2020



Supply

46,288,595 SF



Vacancy

4.4%



Average Net Rent

\$17.23/SF



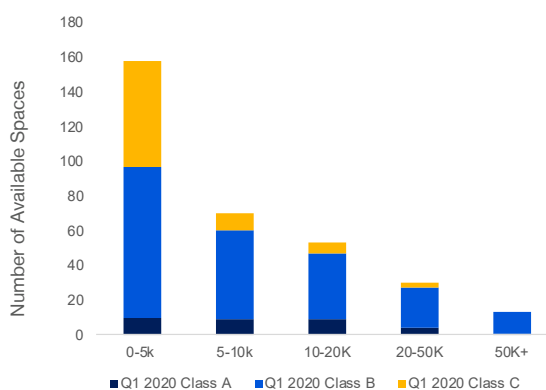
Net Absorption

451,808 SF

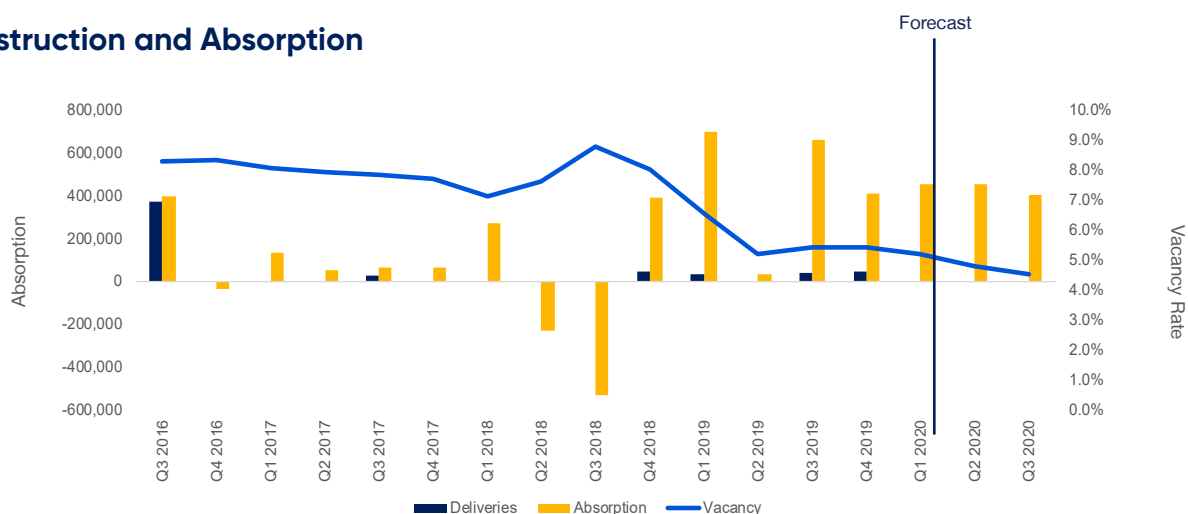
Vacancy Rate

	Q3	Q4	Q1	
Consumers Road	9.5%	9.8%	8.5%	▼
DVP North/Duncan Mill	6.9%	5.8%	4.9%	▼
DVP South/Don Mills/Eglinton	4.9%	4.4%	4.3%	▼
East Toronto Region	3.2%	4.2%	4.0%	▼
Gordon Baker/Victoria Park	5.6%	5.3%	6.7%	▲
Markham/Richmond Hill	4.1%	4.2%	3.8%	▼
Scarborough	8.6%	7.7%	7.4%	▼
South East Toronto Region	3.3%	3.2%	2.3%	▼
Steeles/Woodbine	2.5%	4.3%	3.8%	▼
Overall	5.4%	5.4%	4.4%	▼

Availability Trends



New Construction and Absorption



Significant Availabilities



3600 Steeles Avenue
173,913 SF



895 Don Mills Road
128,467 SF



300 Consilium Place
170,336 SF



2200 - 2206 Eglinton Avenue E
156,676 SF

Toronto West

Q1 2020



Supply

60,619,583 SF



Vacancy

6.2%



Average Rent

\$18.69 /SF



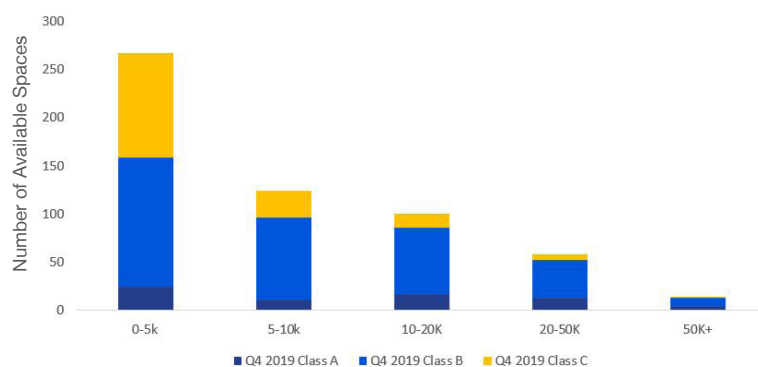
Net Absorption

754,852 SF

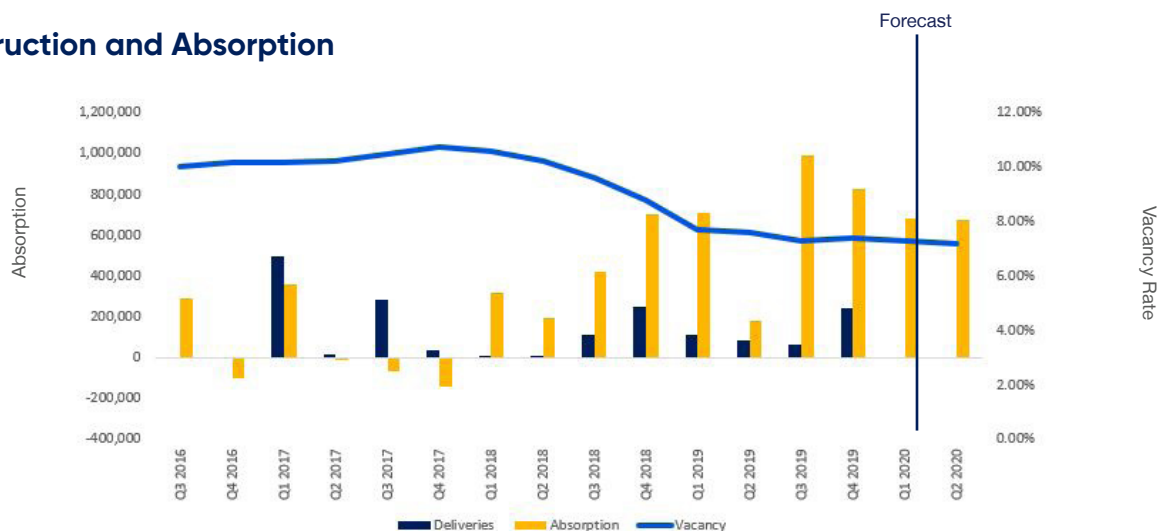
Vacancy Rate

	Q3	Q4	Q1	
427 Corridor/Bloor/Islington	9.8%	9.1%	9.6%	▲
Airport Corporate Centre/Airport	6.7%	7.8%	7.5%	▼
Brampton	1.1%	1.1%	1.4%	▲
Burlington	7.0%	7.4%	6.6%	▼
Central West	3.9%	3.6%	4.2%	▲
City Centre	8.4%	7.9%	7.0%	▼
Hwy 10/Hwy 401	7.3%	7.3%	7.5%	▲
Meadowvale	10.4%	9.5%	10.0%	▲
Mississauga South	8.4%	8.0%	8.0%	▶
North West DT	0.5%	0.5%	1.3%	▲
Oakville	9.9%	9.5%	10.3%	▲
West Toronto Region	3.0%	3.1%	3.6%	▲
Overall	7.3%	7.4%	6.2%	▼

Availability Trends



New Construction and Absorption



Significant Availabilities



2599 Speakman Drive
71,806 SF



501 Alliance Avenue
89,620 SF



1950 Meadowvale Blvd
160,000 SF



649 N Service Road
124,007 SF

Durham

Q1 2020



Supply
7,025,252 SF



Vacancy
2.7%



Average Net Rent
\$13.66/SF

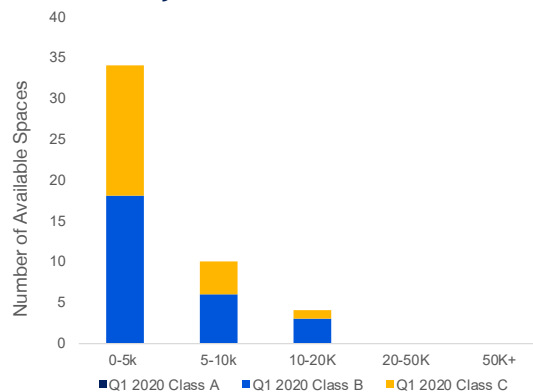


Net Absorption
9,872 SF

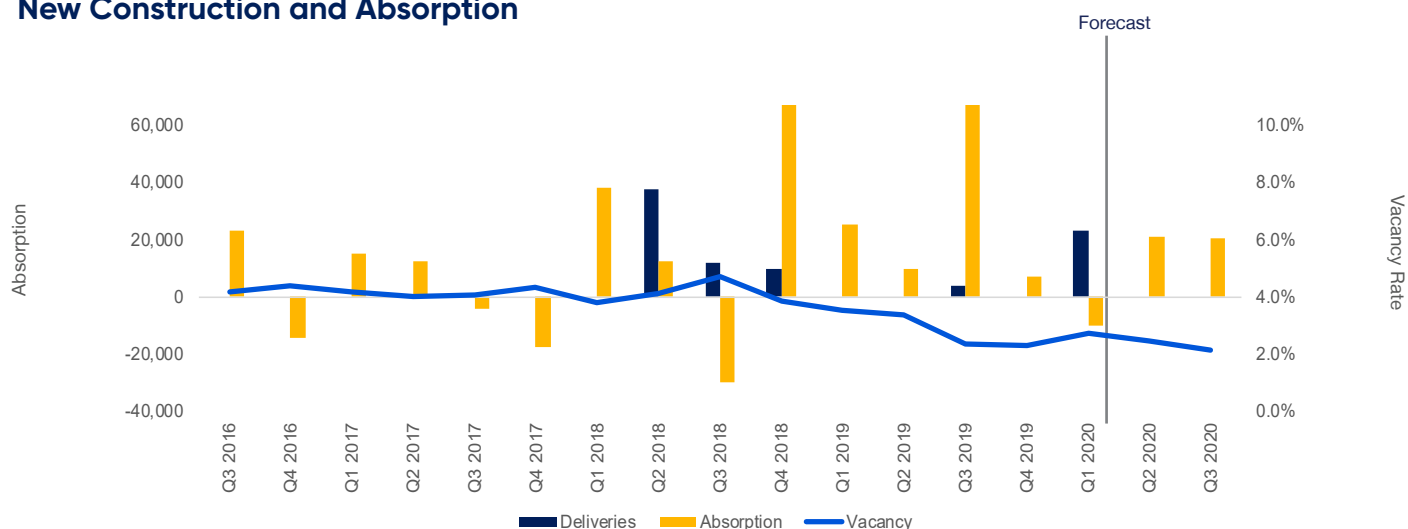
Vacancy Rate

	Q3	Q4	Q1	
Ajax	7.5%	7.8%	5.4%	▼
Oshawa	1.9%	1.3%	2.5%	▲
Outlying Durham	0.2%	0.1%	1.7%	▲
Pickering	3.2%	3.4%	2.7%	▼
Whitby	2.3%	2.7%	2.9%	▲
Overall	2.4%	2.3%	2.7%	▲

Availability Trends



New Construction and Absorption



Significant Availabilities



419 King Street W
24,914 SF



65 Balyly Street W
21,460 SF



415 Baseline Road W
19,239 SF



1600 Champlain Ave
13,826 SF

Development Pipeline



Development	Owner	Size (SF)	Completion Date
1 191 Parliament Street	Downing Street Developments	107,000	TBD
2 25 Ontario Street	First Gulf & HOOPP	460,000	Q1 2022
3 65 King Street East	Carttera	416,223	Q4 2020
4 40 Temperance Street	Brookfield	820,000	Q1 2022
5 125 Queens Quay East	Menkes Developments	336,308	Q2 2021
6 100 Queens Quay East	Menkes Developments	675,000	Q2 2021
7 81/141 Bay Street	Ivanhoe Cambridge & Hines	2,844,000	Q4 2020/Q3 2023
8 30 Bay Street	Oxford Properties	1,400,000	TBD
9 16 York Street	Cadillac Fairview	879,000	Q3 2020
10 336 Queen Street W	The Pearl Group	43,185	Q1 2020
11 8 Spadina Avenue	Allied Properties & RioCan	1,089,740	Q2 2021
12 147 East Liberty Street	Lifetime Developments	157,100	Q4 2021
13 99 Atlantic Avenue	Kevric Real Estate Corporation	151,264	Q2 2020
14 77 Wade Avenue	Next Properties	150,000	TBD

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.

Contact

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