

Toronto Office

# 2020 Market Insight Report



Q3 2020

cresa



# Market Overview



Cadillac Fairview - 16 York Street

Vacancy rates continued to climb across the Greater Toronto Area (GTA) this quarter, as numerous newly built office buildings opened their doors to socially distanced crowds. For those office-dwellers already back in the office, feelings of apprehension are common-place as the provincial government weighs the decision for further closures with the number of confirmed cases spiking into October.

Three significant Downtown office developments reached completion this quarter as Cadillac Fairview's, 16 York Street, Loblaw's Properties' 500 Lakeshore Boulevard West and Kevric's 99 Atlantic Avenue all welcomed their new tenants. Originally built on speculation, 16 York Street had pre-leased 85.5% of the nearly 880,000 sf building before its September opening. Cadillac Fairview looked to continue its pre-leasing momentum heading into Q2 2020, having recently signed deals with IBM for roughly 70,000 sf and Morneau Shepell for 118,000 sf, however, COVID-19's impact on the office market has slowed all activity south of the tracks. The rare tenants across the GTA that are looking for space have been taking to the sublease market, which now makes up roughly 37% of all available space across Downtown sub-markets. Offering a variety of term structures, build-outs and furniture options, the sublease market is now the first place to look when searching for new space.

Canada's unemployment percentages continue to slowly recover, reaching 10.2% at the end of the quarter, down from 12.3% in June and from a record high 13.7% in May. The economy has added 952,900 jobs during July, August and September. This gain, which is above expected numbers, now brings Canada's employment to within 720,000 of its February levels.

Looking to the end of 2020, October is sure to be the determining month as Ontario leadership looks to prevent further infections and restrictions. However, if the current situation does persist, we can all expect further instability heading into the new year.

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

[cresatoronto.com/cre-COVID-19](https://cresatoronto.com/cre-COVID-19)

## Significant Lease Transactions

-SunGard Availability Services, 82,616 sf, 1800 Argentia Road

-CIGI, 74,251 sf, 67 Erb Street W

-Coca-Cola, 39,000 sf, 334 King Street E

-CIBC, 23,241 sf, 199 Bay Street

-Amazon, 23,119 sf, 121 King Street W

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# GTA Overview

Q3 2020



Supply

257,426,121 SF



Vacancy

5.7%



Average Net Rent

\$23.67/SF



Net Absorption

-688,589 SF

Arrows Indicate One Quarter Change

## Vacancy Rate

	Q1	Q2	Q3	
Midtown	3.2%	3.5%	3.9%	▲
Downtown	1.5%	2.6%	3.4%	▲
Toronto North	4.7%	5.9%	6.3%	▲
Toronto East	4.4%	6.4%	6.9%	▲
Toronto West	5.0%	6.1%	8.8%	▲
Durham	2.7%	2.9%	3.9%	▲
Overall GTA	3.6%	4.5%	5.7%	▲

## Vacancy Rates & Availability Rates

### Vacancy Rates

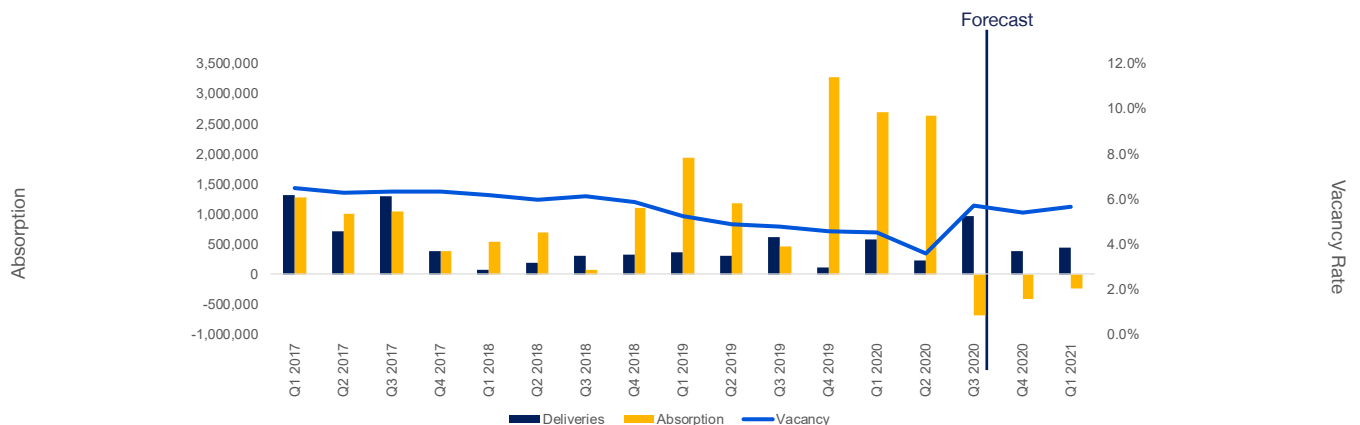
The vacancy rate is the percentage of all units in a rental property, that are vacant or unoccupied at a particular time.

### Availability Rates

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

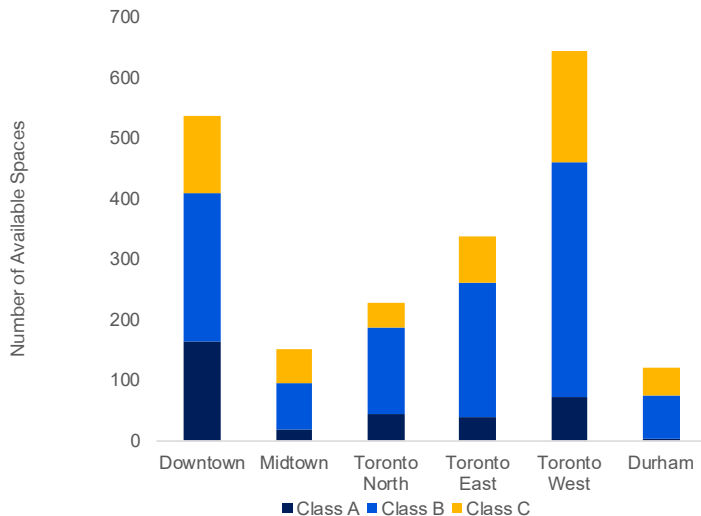
## New Construction and Absorption

“The rare tenants across the GTA that are looking for space have been taking to the sublease market, which now makes up roughly 37% of all available space across Downtown sub-markets.”



# GTA Overview

## Availability By Market



## Significant Availabilities

Market	Address	Size (SF)
Downtown	30 Bay Street	1,400,000
Midtown	160 Bloor Street East	162,285
Toronto North	5000 Yonge Street	123,633
Toronto East	160 McNabb Street	200,000
Toronto West	1950 Meadowvale Blvd	160,650
Durham	419 King Street West	65,273



## Greater Toronto Area Sublease Market

### 36.7%

Sublease availabilities as a percentage of Downtown Toronto vacant space.

### 3

Sublease availabilities in Suburban markets over 150,000 sf

## Office Market Insights

1

After 2+ years of speculation, Toronto-based Cineplex has put up their office headquarters at 1257 and 1303 Yonge Street for sale. Aiming for a leaseback deal structure, the Entertainment-giant will look to recover from 3 straight years of stock price depression.

2

Choice Properties has reached a \$206M deal to purchase controlling interests in The West Block and Weston Centre Downtown properties from its affiliate and largest shareholder, George Weston Limited. The properties amount to 585,000 sf and are 97.1% leased.

3

Ottawa-based e-commerce company, Shopify exercised an option in its lease at Allied Properties' The Well development in July, agreeing to claim another 90,000 sf in the complex. Shopify CEO, Tobias Lütke became a figure-head for the work-from-home movement as he claimed that "office-centricity was over" back in early May. However, with this recent move, Lütke has many commercial landlords wondering where tech-leaders stand on the WFH/WFO debate.

4

After initial speculation, Suburban markets saw numerous high-profile tenants enter the sublease market as; Kraft Heinz (156,425 sf at 95 Moatfield Drive), Rexall (51,000 sf at 5965 Coopers Avenue), Symantec (43,090 sf at 3381 Steeles Avenue East), Lafarge Holcim (30,616 sf at 7300 Keele Street), Bayer (26,425 sf at 2920 Matheson Boulevard East), General Electric (25,505 sf at 1919 Minnesota Court), Aptum Technologies (14,892 sf at 191 The West Mall) all came to market during 2020's third quarter.

# Midtown Toronto

Q3 2020



Supply

22,150,628 SF



Vacancy

3.9%



Average Net Rent

\$27.89/SF



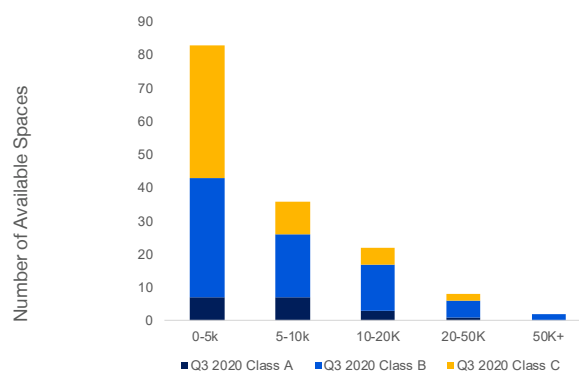
Net Absorption

-84,799 SF

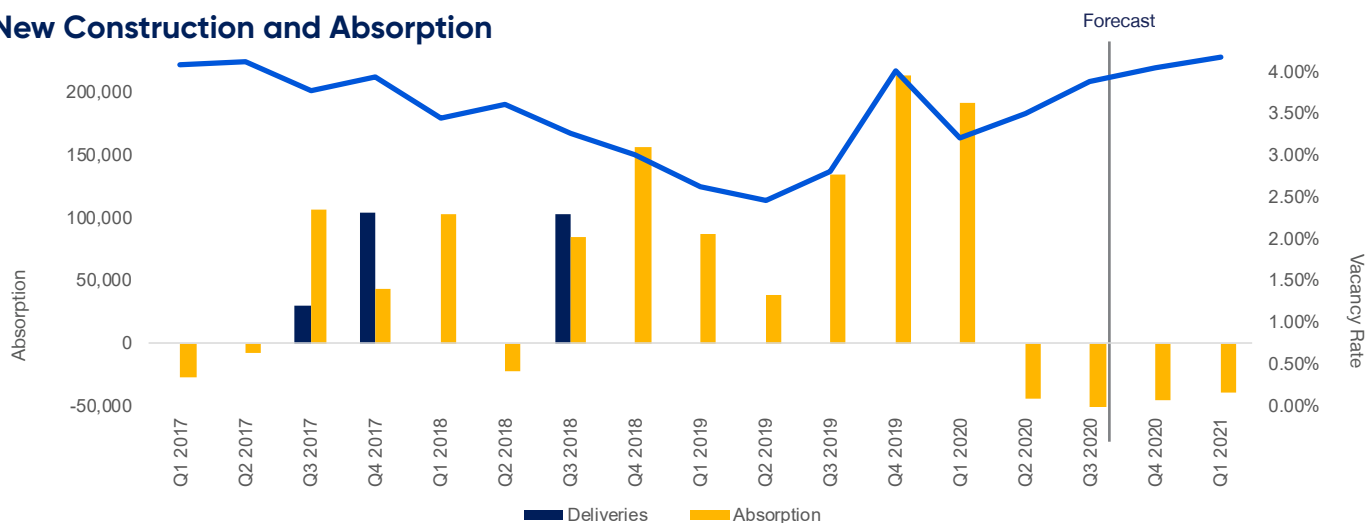
## Vacancy Rate

	Q1	Q2	Q3	
Bloor	3.3%	2.7%	3.0%	▲
St. Clair	1.5%	2.0%	2.2%	▲
Eglinton	3.8%	4.1%	4.6%	▲
Overall	3.2%	3.5%	3.9%	▲

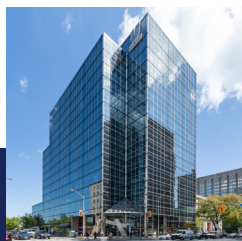
## Availability Trends



## New Construction and Absorption



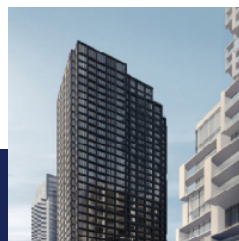
## Significant Availabilities



**160 Bloor Street E**  
162,285 SF



**175 Bloor Street E**  
129,725 SF



**2161 Yonge Street**  
90,482 SF



**365 Bloor Street E**  
52,987 SF



# Downtown Toronto



**Supply**  
97,199,703 SF



**Vacancy**  
3.4%



**Average Net Rent**  
\$35.78/SF

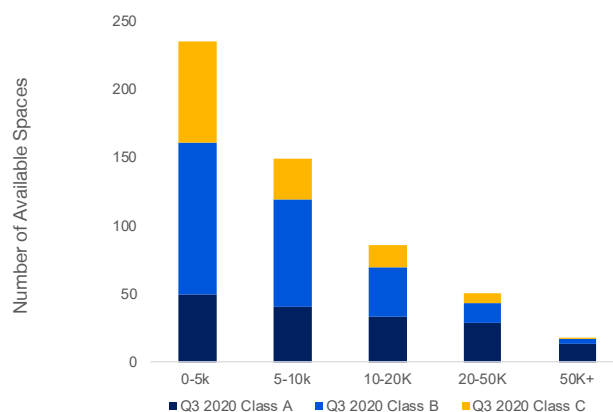


**Net Absorption**  
-4137,827 SF

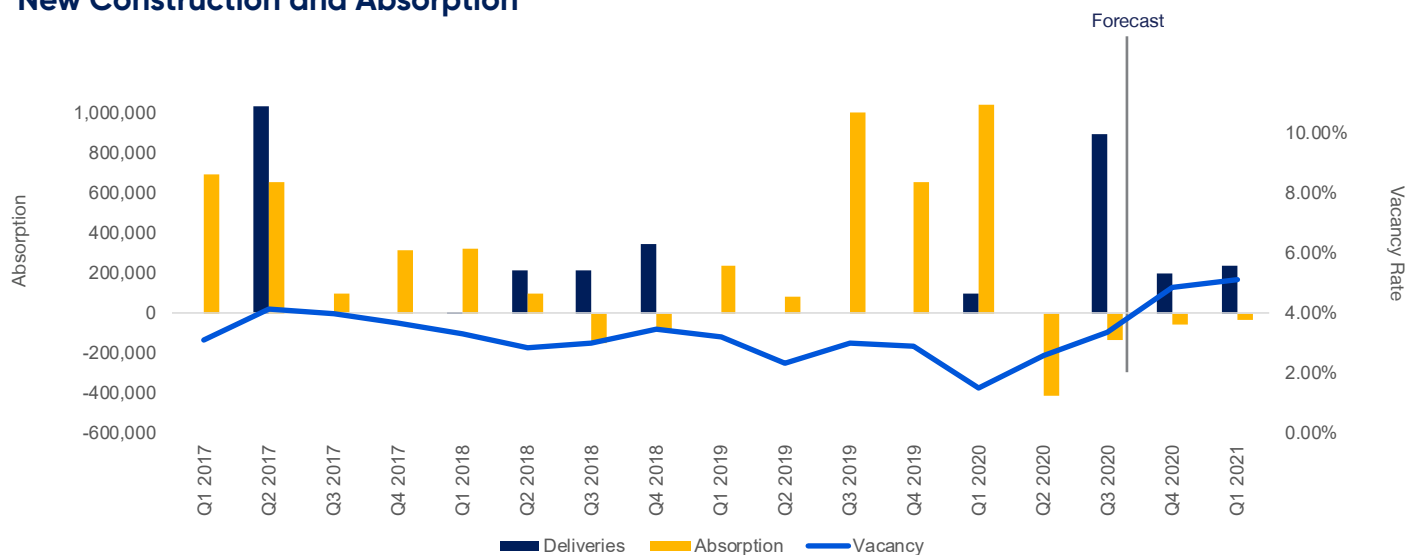
## Vacancy Rate

	Q1	Q2	Q3	
Financial Core	2.2%	3.4%	3.8%	▲
Outer Financial Core	1.4%	1.8%	2.4%	▲
Downtown North	0.7%	1.4%	2.3%	▲
Downtown South	1.7%	2.8%	1.6%	▼
Downtown East	1.5%	2.2%	3.1%	▲
Downtown West	1.0%	2.9%	4.4%	▲
King/Dufferin	0.9%	1.7%	1.8%	▲
Overall	1.5%	2.6%	3.4%	▲

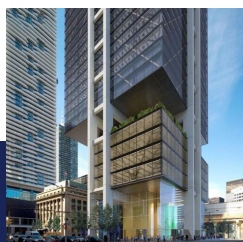
## Availability Trends



## New Construction and Absorption



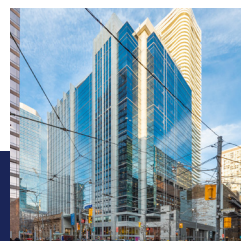
## Significant Availabilities



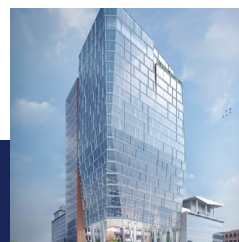
**30 Bay Street**  
1,400,000 SF



**141 Bay Street**  
630,291 SF



**2 Queen Street E**  
182,577 SF



**25 Ontario Street**  
81,914 SF

# Toronto North

Q3 2020



Supply

24,054,779 SF



Vacancy

6.3%



Average Net Rent

\$20.22/SF



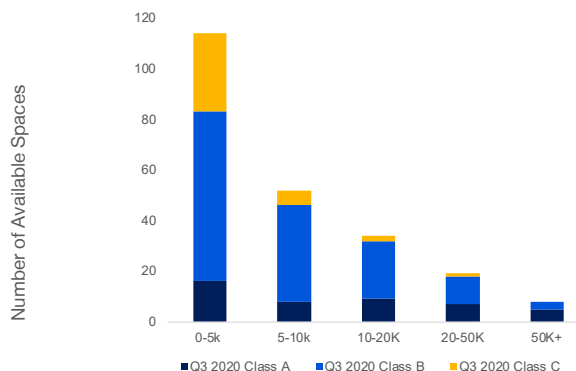
Net Absorption

-91,815 SF

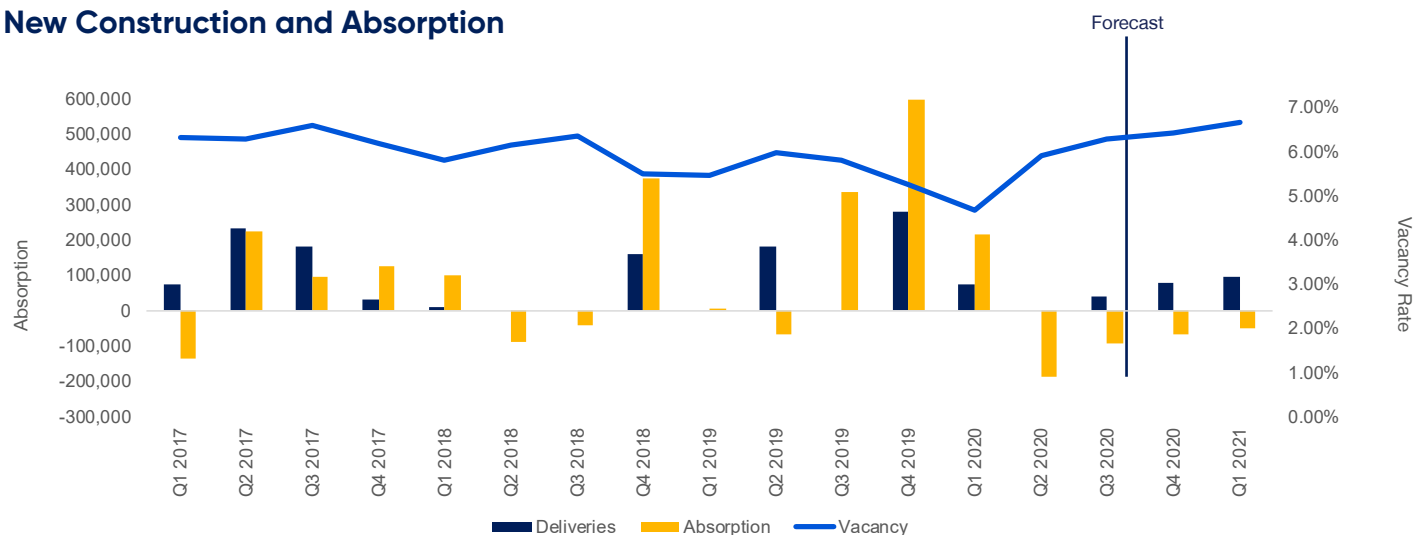
## Vacancy Rate

	Q1	Q2	Q3	
North Toronto Region	5.5%	5.8%	5.8%	▲
North Yonge Corridor	6.0%	6.3%	7.0%	▲
Vaughan	4.1%	4.2%	5.0%	▲
North York West	7.0%	7.2%	6.6%	▼
Overall	4.7%	5.9%	6.3%	▲

## Availability Trends



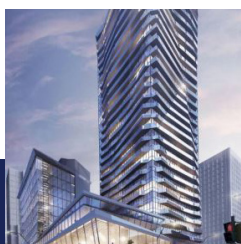
## New Construction and Absorption



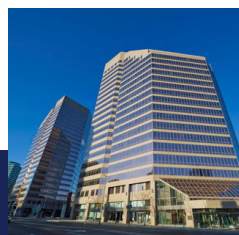
## Significant Availabilities



**5000 Yonge Street**  
123,633SF



**5250 Yonge Street**  
115,357 SF



**5650 Yonge Street**  
99,910 SF



**4881 Yonge Street**  
98,933 SF

# Toronto East

Q3 2020



Supply

46,297,395 SF



Vacancy

6.9%



Average Net Rent

\$14.78/SF



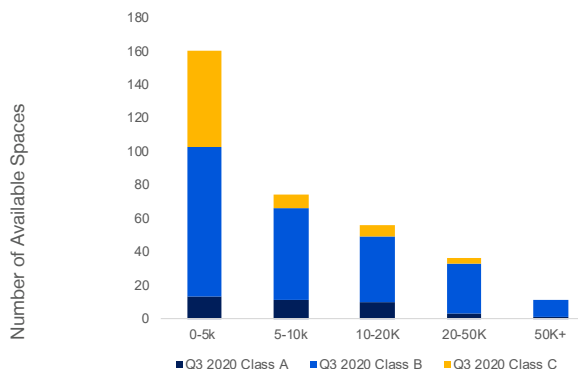
Net Absorption

-44,283 SF

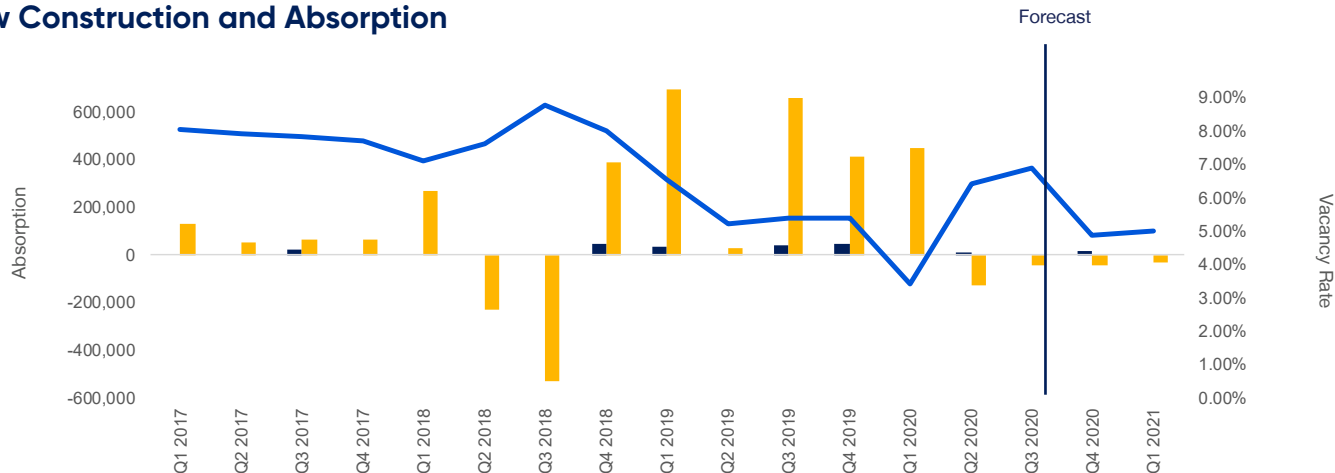
## Vacancy Rate

	Q1	Q2	Q3	
Consumers Road	8.5%	8.7%	9.7%	▲
DVP North/Duncan Mill	4.9%	5.3%	5.4%	▲
DVP South/Don Mills/Eglinton	4.3%	4.4%	4.6%	▲
East Toronto Region	4.0%	3.9%	2.3%	▼
Gordon Baker/Victoria Park	6.7%	6.9%	5.9%	▼
Markham/Richmond Hill	3.8%	4.1%	4.0%	▼
Scarborough	7.4%	7.9%	7.4%	▼
South East Toronto Region	2.3%	2.4%	2.3%	▼
Steeles/Woodbine	3.8%	4.5%	4.8%	▲
Overall	4.4%	6.4%	6.9%	▲

## Availability Trends



## New Construction and Absorption



## Significant Availabilities



**160 McNabb Street**  
200,000 SF



**95 Moatfield Drive**  
156,426 SF



**3600 Steeles Avenue**  
156,546 SF



**895 Don Mills Road**  
142,459 SF



# Toronto West

Q3 2020



Supply

60,698,364 SF



Vacancy

8.8%



Average Net Rent

\$17.22/SF



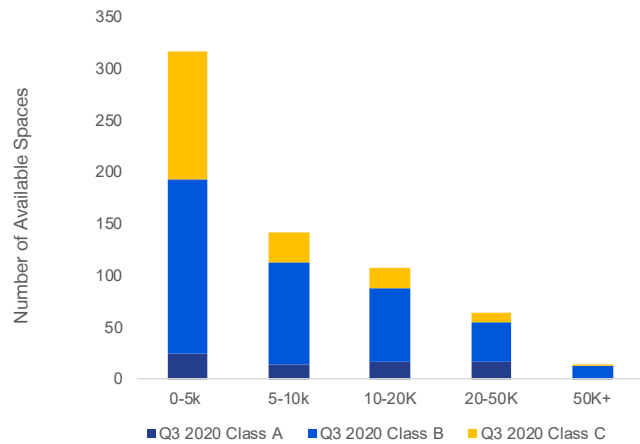
Net Absorption

-298,372 SF

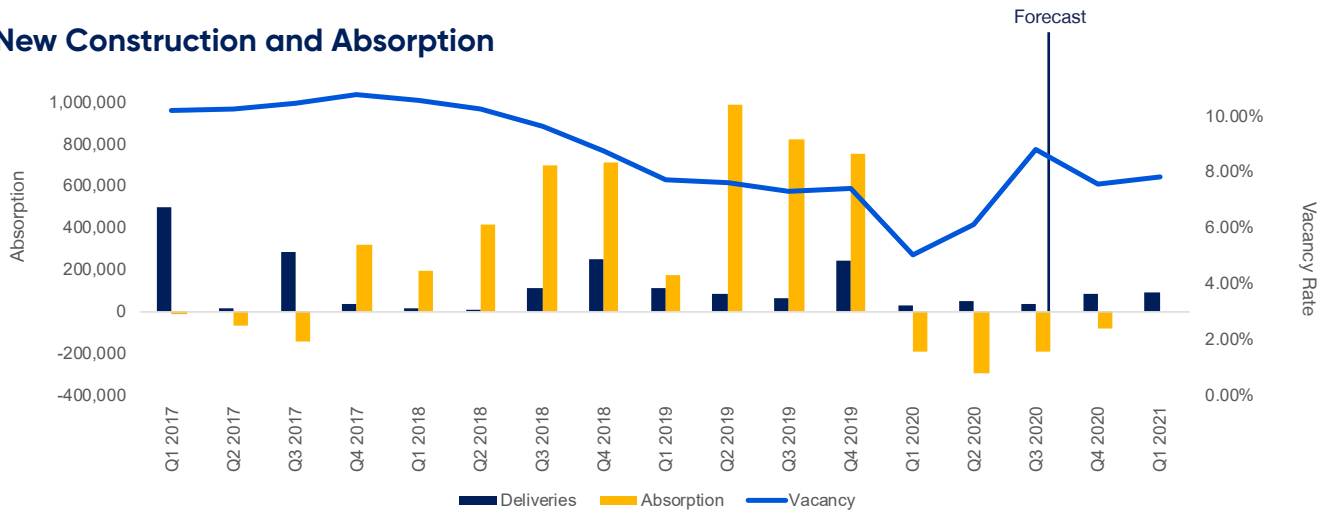
## Vacancy Rate

	Q1	Q2	Q3	
427 Corridor/Bloor/Islington	9.6%	10.1%	10.8%	▲
Airport Corporate Centre/Airport	7.5%	7.8%	8.1%	▲
Brampton	1.4%	1.6%	1.6%	▶
Burlington	6.6%	6.9%	7.9%	▲
Central West	4.2%	4.9%	3.5%	▼
City Centre	7.0%	7.5%	8.6%	▲
Hwy 10/Hwy 401	7.5%	7.6%	8.5%	▲
Meadowvale	10.0%	11.2%	7.4%	▼
Mississauga South	8.0%	8.4%	8.8%	▲
North West DT	1.3%	1.3%	1.2%	▼
Oakville	10.3%	10.5%	9.4%	▼
West Toronto Region	3.6%	3.7%	3.4%	▼
Overall	5.0%	6.1%	8.8%	▲

## Availability Trends



## New Construction and Absorption



## Significant Availabilities



**1950 Meadowvale Blvd**  
160,650 SF



**1395 North Service Road**  
150,000 SF



**77 Wade Avenue**  
127,387 SF



**649 North Service Road**  
124,007 SF

# Durham

Q3 2020



Supply  
7,025,252 SF



Vacancy  
3.9%



Average Net Rent  
\$15.23/SF

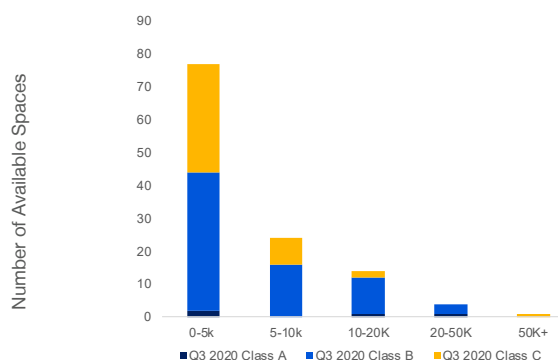


Net Absorption  
-31,493 SF

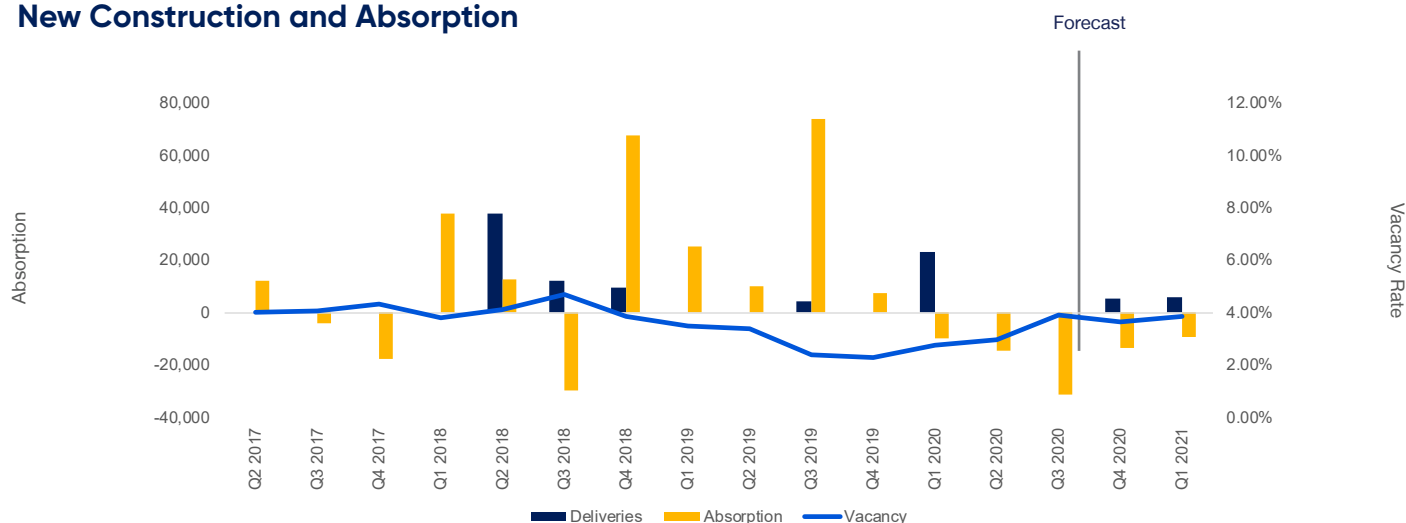
## Vacancy Rate

	Q1	Q2	Q3	
Ajax	5.4%	5.6%	5.6%	▲
Oshawa	2.5%	2.6%	3.0%	▲
Outlying Durham	1.7%	1.7%	1.6%	▼
Pickering	2.7%	2.7%	3.6%	▲
Whitby	2.9%	2.9%	2.8%	▼
Overall	2.7%	2.9%	3.9%	▲

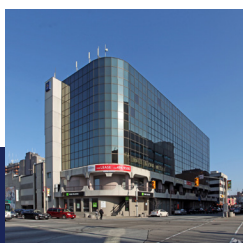
## Availability Trends



## New Construction and Absorption



## Significant Availabilities



**419 King Street W**  
65,273 SF



**1690 Dersan Street**  
27,000 SF



**1650 Champlain Avenue**  
20,000 SF



**65 Balyly Street W**  
21,460 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	Q1 2023
4 261 Queens Quay East	Hines	251,000	Q1 2023
5 125 Queens Quay East	Menkes Developments	336,308	Q2 2021
6 100 Queens Quay East	Menkes Developments	675,000	Q2 2021
7 30 Bay Street	Oxford Properties	1,400,000	Q2 2024
8 81/141 Bay Street	Ivanhoe Cambridge & Hines	2,844,000	Q4 2020/Q3 2023
9 160 Front Street West	Cadillac Fairview	1,258,000	Q3 2022
10 40 Temperance Street	Brookfield	820,000	Q1 2022
11 336 Queen Street W	The Pearl Group	43,185	Q1 2021
12 8 Spadina Avenue	Allied Properties & RioCan	1,089,740	Q2 2021
13 530 Front Street West	Carterra	530,000	Q1 2023
14 147 East Liberty Street	Lifetime Developments	157,100	Q4 2021
15 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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