

Toronto Office

2020 Market Insight Report



Market Overview



Image of Shopify's Toronto Office

Following six consecutive quarters of market tightening, the Greater Toronto Area (GTA) experienced a negative net absorption of - 958,224 sf, resulting in overall vacancy climbing back to 4.5% for the quarter – as a result asking rents have dropped by \$1.51 to \$23.89 across the GTA.

Numerous companies took to the sublease market this quarter to decrease overhead costs and shed excess space – with the technology sector accounting for nearly 40% of sublease availabilities over 10,000 sf across Downtown and Midtown markets. However, due to: the complete lack of demand, competition and the “wait and see” approach of users, those looking to sublease have found very little success. Having to evaluate numerous factors including future headcount and work from home (WFH) strategies, the decision to take space is especially difficult for potential sub-tenants despite unprecedented concessions from sub-landlords.

In recent months, a number of companies have made public statements that COVID-19 has forever-changed how we conduct work. Most notably, Shopify's Chief Executive Officer, Tobias Lütke, wrote on Twitter in May that Shopify, “will keep our offices closed until 2021 so that we can rework them for this new reality. And after that, most employees will permanently work remotely.” Shopify's announcement is recognized as an extreme-case, as companies continue to navigate certain WFH strategies they will find work structures that best suit them moving forward.

Heading into the third quarter, we can expect these leasing trends to continue across the GTA while tenants determine their “back to work” processes.

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

cresatoronto.com/cre-COVID-19

Notable Sublease Availabilities

1. 160 McNabb Street, 188,500 sf, Nielsen Canada
2. 18 York Street, 52,880 sf, Rangle.IO
3. 40 Hanna Avenue, 34,379 sf, Loblaws Digital
4. 165 Atwell Drive, 32,444 sf, Alterna Savings
5. 207 Queens Quay E, 31,653 sf, DHX Media

GTA Overview

Q2 2020



Supply

256,464,062 SF



Vacancy

4.5%



Average Net Rent

\$23.89/SF



Net Absorption

-958,224 SF

Arrows Indicate One Quarter Change

Vacancy Rate

	Q4	Q1	Q2	
Midtown	4.0%	3.2%	3.5%	▲
Downtown	2.7%	1.5%	2.6%	▲
Toronto North	5.3%	4.7%	5.9%	▲
Toronto East	5.4%	4.4%	6.4%	▲
Toronto West	7.4%	5.0%	6.1%	▲
Durham	2.3%	2.7%	2.9%	▲
Overall GTA	4.5%	3.6%	4.5%	▲

Vacancy Rates & Availability Rates

Vacancy Rates

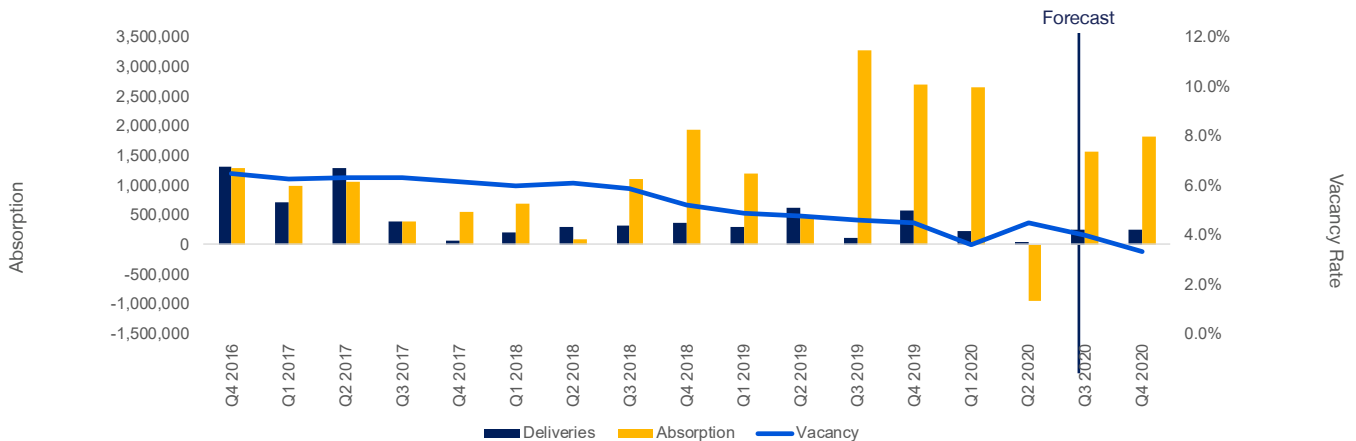
The vacancy rate is the percentage of all units in a rental property, that are vacant or unoccupied at a particular time.

Availability Rates

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

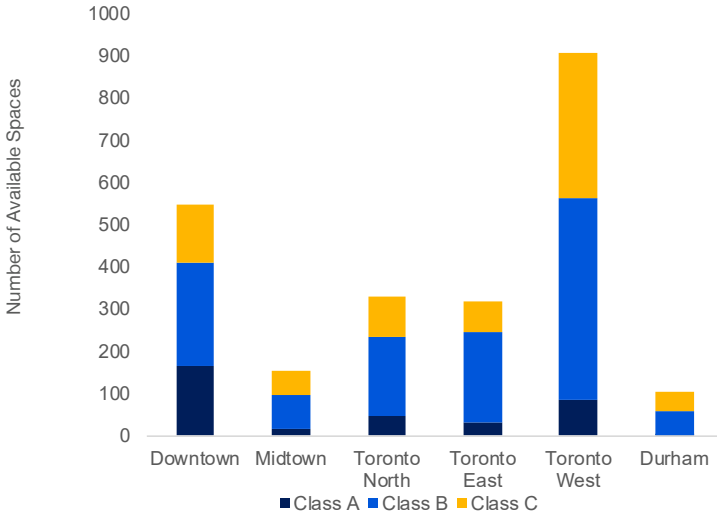
New Construction and Absorption

“ Having to evaluate numerous factors including future headcount and work from home (WFH) strategies, the decision to take space is especially difficult for potential sub-tenants despite unprecedented concessions from sub-landlord. ”



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	5160 Yonge Street	172,836
Toronto East	1 Steelcase Road West	201,848
Toronto West	1950 Meadowvale Blvd	160,650

Office Market Insights

1

Led by the technology and financial service sectors, over 1,000,000 SF of sublease space is now available across the GTA

2

Vacancy and availability rates have increased for the first time in years due to COVID-19, however despite this occurrence, Downtown Toronto remains the tightest major North American market at 4.5% and 7% respectively.

3

Elad Canada signed a non-binding letter of intent this quarter to sell 37% of its shares to Plaza Partners and New York-based Argent Ventures for \$225M CAD. Growing into a multibillion-dollar company since its inception in 1997, Elad's transaction would be among the largest during the pandemic-period in Canada.

4

As of mid-June, over 5,500 small business tenants have had their rent subsidized by the Canada Emergency Commercial Rent Assistance (CECRA) program. However, without landlords having a legal obligation to make the financial concessions as part of the CECRA, the dollars spent have equated to less than 2% of the \$3B CAD the Department of Finance budgeted for.



Canadian Economic Response

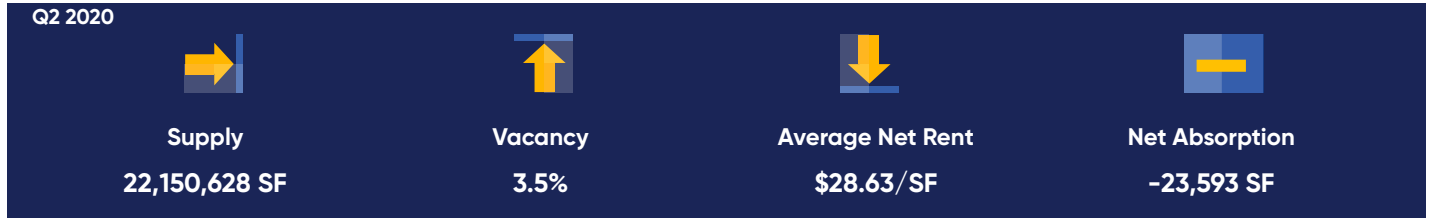
13.7%

Canadian unemployment percentage in May 2020 - the highest ever recorded since the data became available in 1976.

\$230B

Amount allocated to Canada's COVID-19 Economic Response Plan.

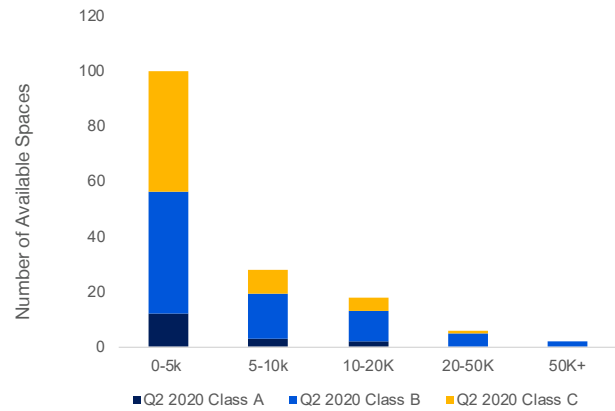
Midtown Toronto



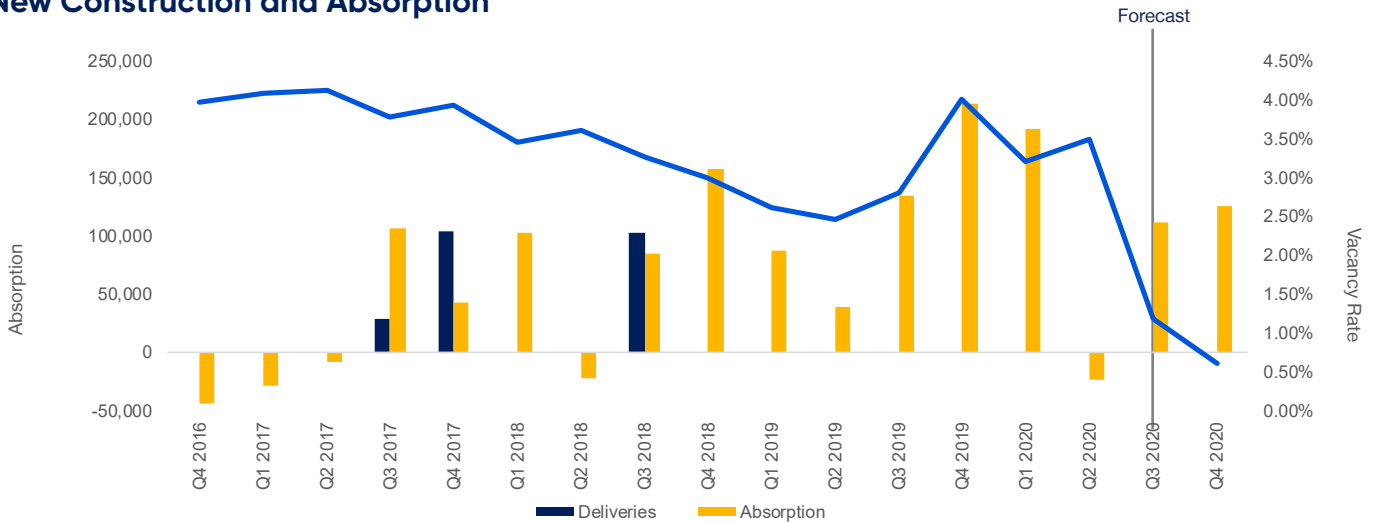
Vacancy Rate

	Q4	Q1	Q2	
Bloor	4.0%	3.3%	2.7%	▼
St. Clair	2.2%	1.5%	2.0%	▲
Eglinton	5.1%	3.8%	4.1%	▲
Overall	4.0%	3.2%	3.5%	▲

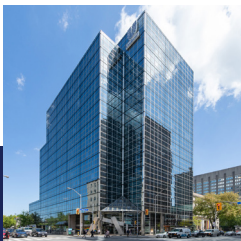
Availability Trends



New Construction and Absorption



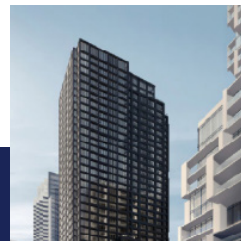
Significant Availabilities



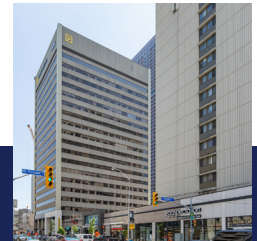
160 Bloor Street E
162,285 SF



175 Bloor Street E
129,725 SF



2161 Yonge Street
90,482 SF



365 Bloor Street E
69,977 SF

Downtown Toronto

Q2 2020



Supply

96,310,111 SF



Vacancy

2.6%



Average Net Rent

\$33.14/SF



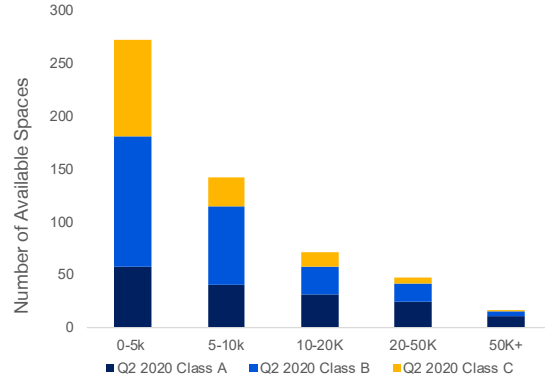
Net Absorption

-412,249 SF

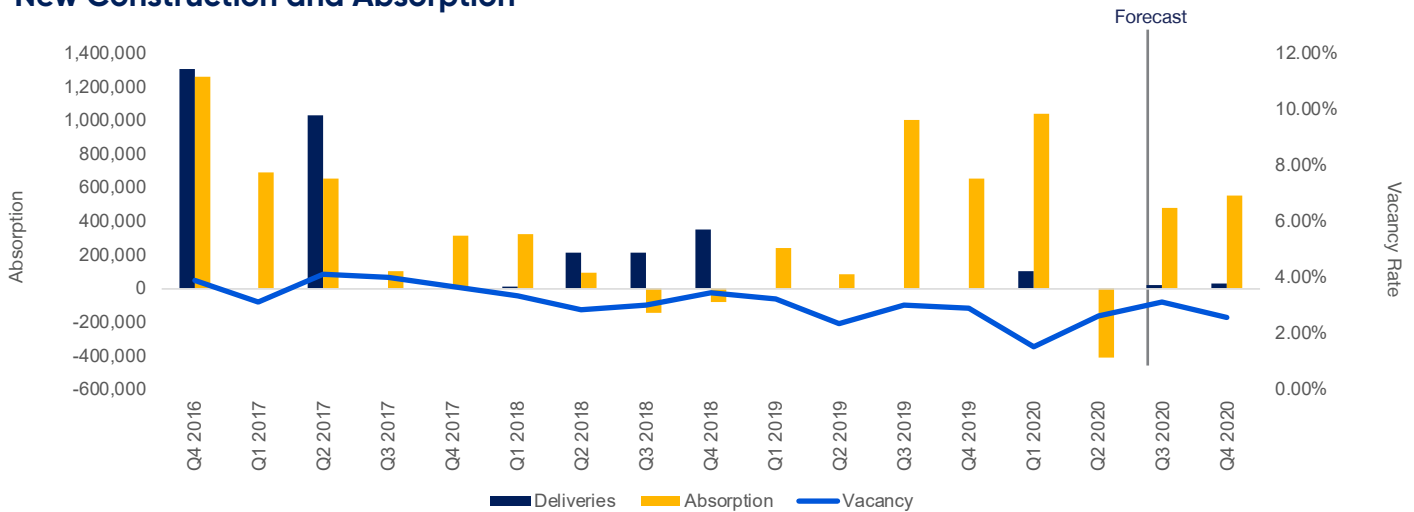
Vacancy Rate

	Q4	Q1	Q2	
Financial Core	3.6%	2.2%	3.4%	▲
Outer Financial Core	2.9%	1.4%	1.8%	▲
Downtown North	1.1%	0.7%	1.4%	▲
Downtown South	1.8%	1.7%	2.8%	▲
Downtown East	3.4%	1.5%	2.2%	▲
Downtown West	1.5%	1.0%	2.9%	▲
King/Dufferin	2.1%	0.9%	1.7%	▲
Overall	2.7%	1.5%	2.6%	▲

Availability Trends



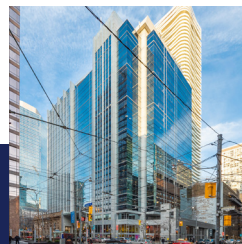
New Construction and Absorption



Significant Availabilities



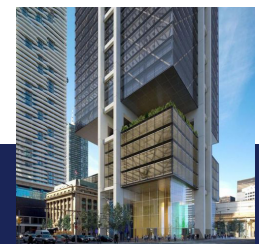
141 Bay Street
630,291 SF



2 Queen Street E
182,577 SF



25 Ontario Street
81,914 SF



30 Bay Street
1,400,000 SF

Toronto North

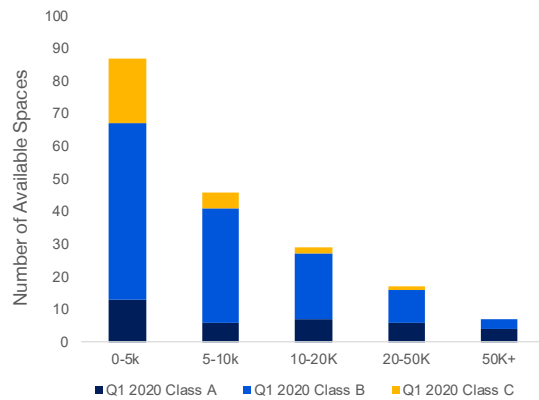
Q2 2020

 Supply 24,014,779 SF	 Vacancy 5.9%	 Average Net Rent \$19.71/SF	 Net Absorption -187,332 SF
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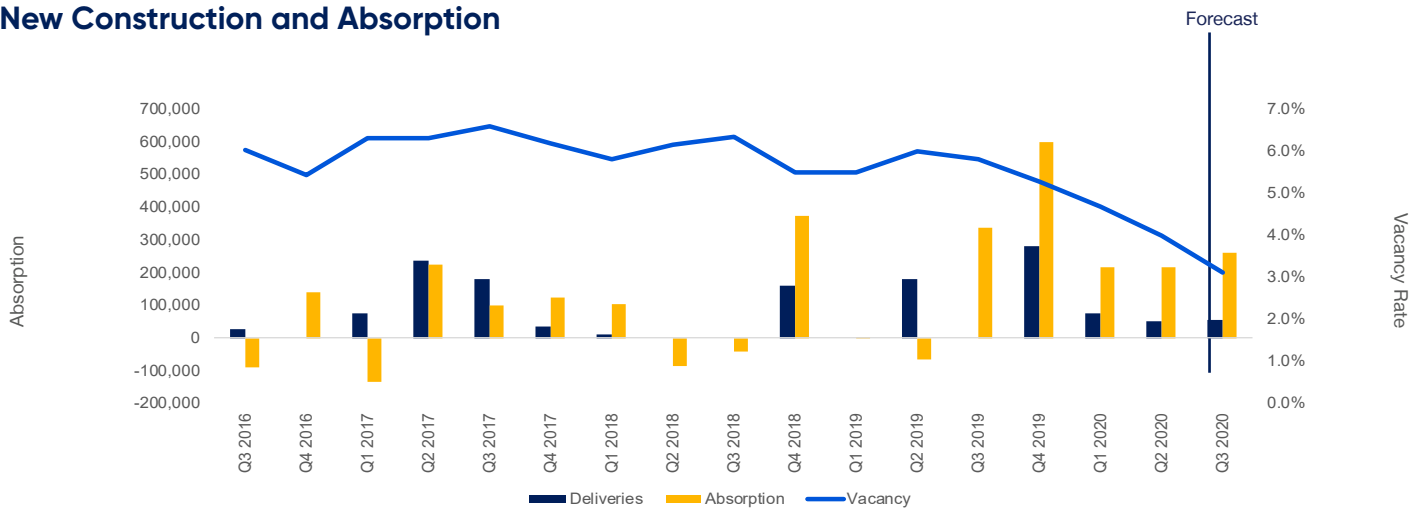
Vacancy Rate

	Q4	Q1	Q2	
North Toronto Region	5.0%	5.5%	5.8%	▲
North Yonge Corridor	5.7%	6.0%	6.3%	▲
Vaughan	3.6%	4.1%	4.2%	▲
North York West	7.1%	7.0%	7.2%	▲
Overall	5.3%	4.7%	5.9%	▲

Availability Trends



New Construction and Absorption



Significant Availabilities

 5160 Yonge Street 172,836 SF	 5000 Yonge Street 126,223 SF	 4881 Yonge Street 98,933 SF	 5650 Yonge Street 111,439 SF
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Toronto East

Q2 2020



Supply
46,297,395 SF



Vacancy
6.4%



Average Net Rent
\$15.53/SF

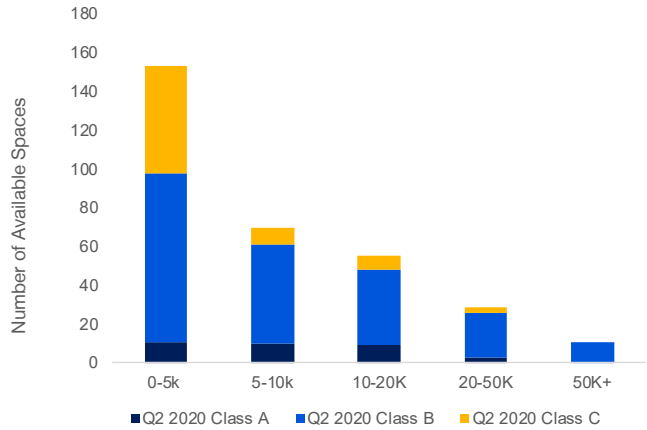


Net Absorption
-127,621 SF

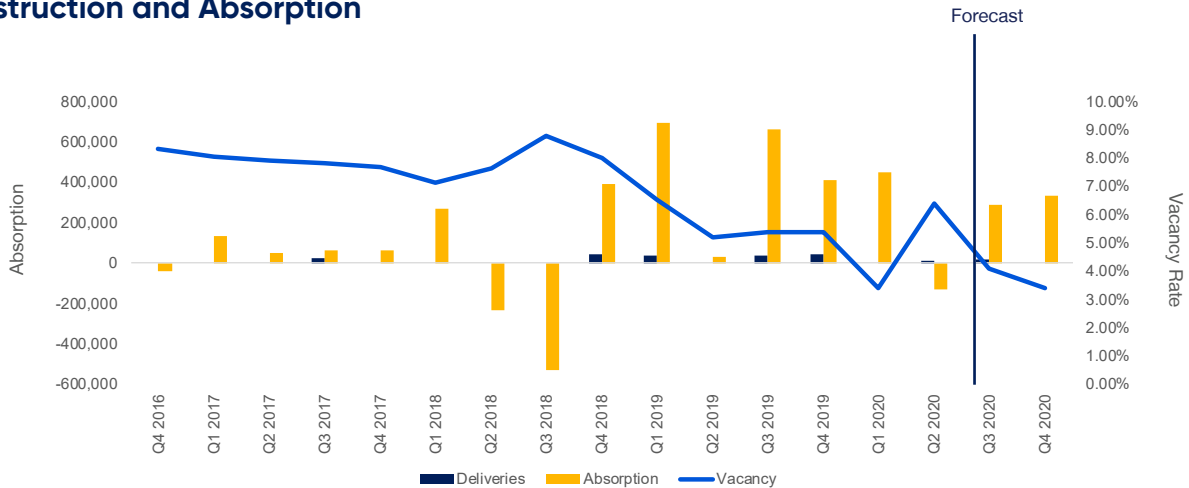
Vacancy Rate

	Q4	Q1	Q2	
Consumers Road	9.8%	8.5%	8.7%	▲
DVP North/Duncan Mill	5.8%	4.9%	5.3%	▲
DVP South/Don Mills/Eglinton	4.4%	4.3%	4.4%	▲
East Toronto Region	4.2%	4.0%	3.9%	▼
Gordon Baker/Victoria Park	5.3%	6.7%	6.9%	▲
Markham/Richmond Hill	4.2%	3.8%	4.1%	▲
Scarborough	7.7%	7.4%	7.9%	▲
South East Toronto Region	3.2%	2.3%	2.4%	▲
Steeles/Woodbine	4.3%	3.8%	4.5%	▲
Overall	5.4%	4.4%	6.4%	▲

Availability Trends



New Construction and Absorption



Significant Availabilities



1 Steelcase Road W
201,848 SF



160 McNabb Street
200,000 SF



3600 Steeles Avenue
172,836 SF



895 Don Mills Road
144,467 SF

Toronto West

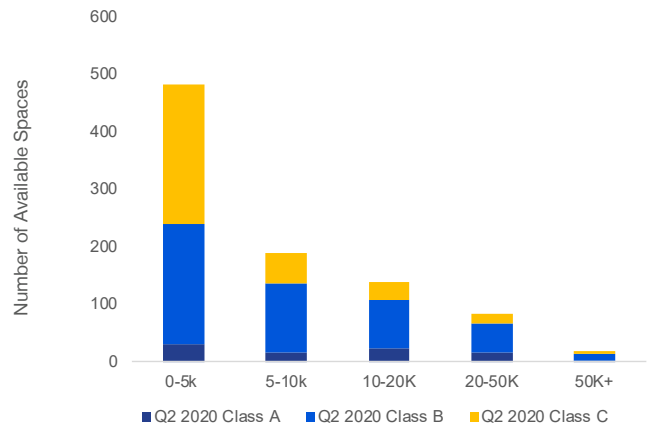
Q2 2020

 Supply 60,665,897 SF	 Vacancy 6.1%	 Average Rent \$17.14/SF	 Net Absorption -192,837 SF
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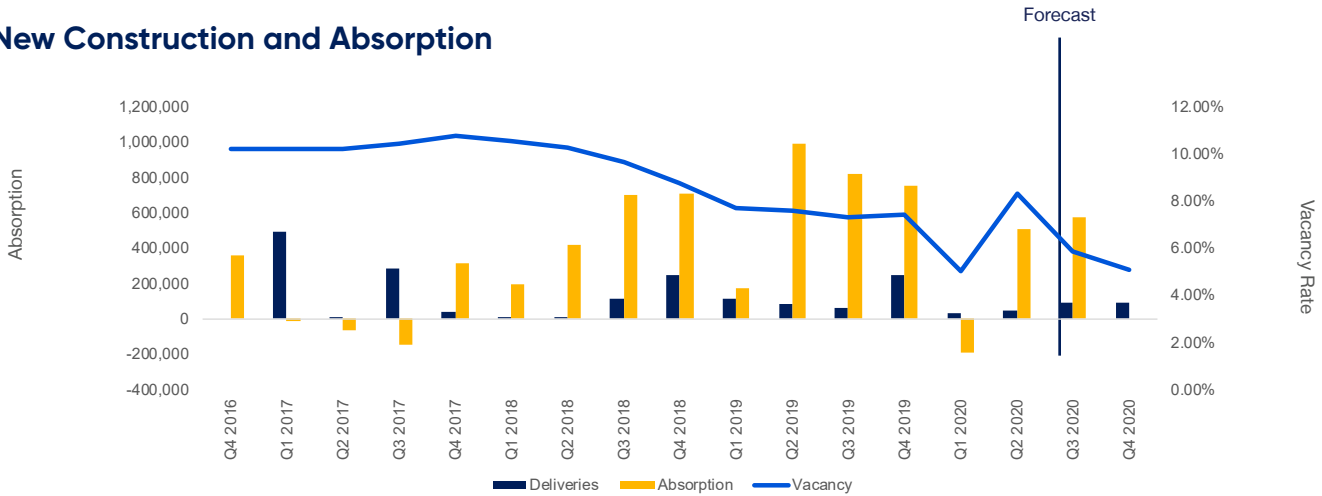
Vacancy Rate

	Q4	Q1	Q2	
427 Corridor/Bloor/Islington	9.1%	9.6%	10.1%	▲
Airport Corporate Centre/Airport	7.8%	7.5%	7.8%	▲
Brampton	1.1%	1.4%	1.6%	▲
Burlington	7.4%	6.6%	6.9%	▲
Central West	3.6%	4.2%	4.9%	▲
City Centre	7.9%	7.0%	7.5%	▲
Hwy 10/Hwy 401	7.3%	7.5%	7.6%	▲
Meadowvale	9.5%	10.0%	11.2%	▲
Mississauga South	8.0%	8.0%	8.4%	▲
North West DT	0.5%	1.3%	1.3%	▶
Oakville	9.5%	10.3%	10.5%	▲
West Toronto Region	3.1%	3.6%	3.7%	▲
Overall	7.4%	5.0%	6.1%	▲

Availability Trends



New Construction and Absorption



Significant Availabilities



1950 Meadowvale Blvd
160,650 SF



1395 North Service Road
149,996 SF



77 Wade Avenue
127,387 SF



5400 Explorer Drive
120,000 SF

Durham

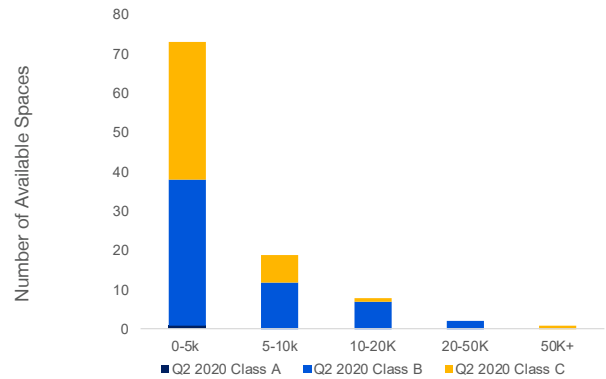
Q2 2020

Supply	Vacancy	Average Net Rent	Net Absorption
7,025,252 SF	2.9%	\$13.63/SF	14,592 SF

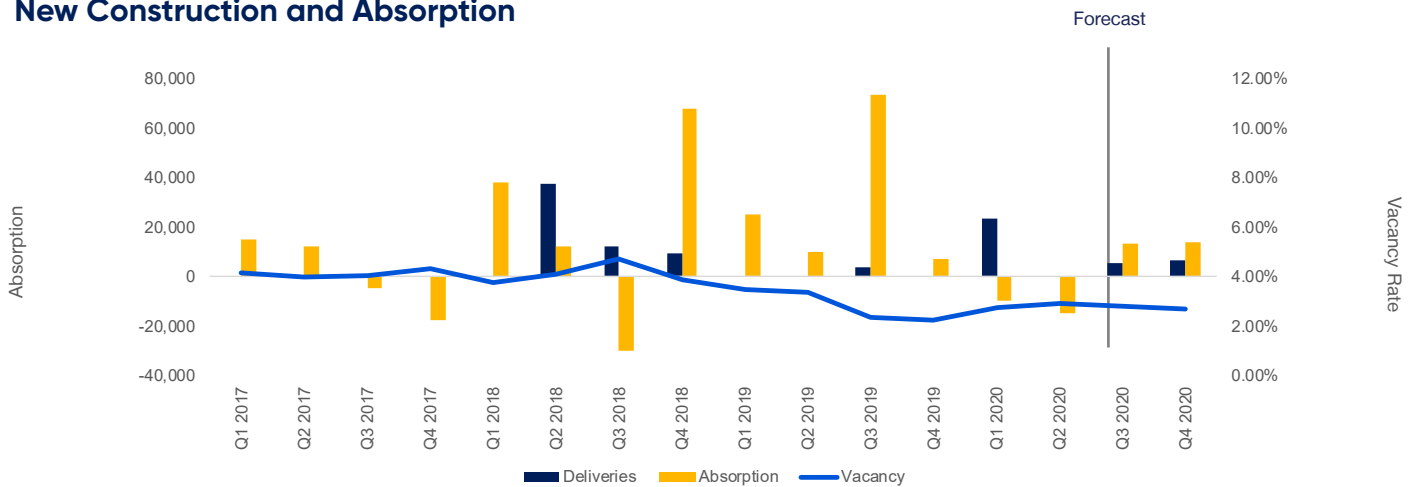
Vacancy Rate

	Q4	Q1	Q2	
Ajax	7.8%	5.4%	5.6%	▲
Oshawa	1.3%	2.5%	2.6%	▲
Outlying Durham	0.1%	1.7%	1.7%	▶
Pickering	3.4%	2.7%	2.7%	▶
Whitby	2.7%	2.9%	2.9%	▶
Overall	2.3%	2.7%	2.9%	▲

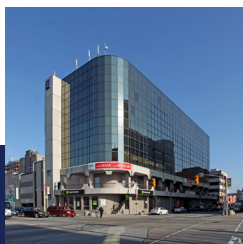
Availability Trends



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	Q2 2024
9 16 York Street	Cadillac Fairview	879,000	Q3 2020
10 336 Queen Street W	The Pearl Group	43,185	Q1 2021
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	Q3 2020
14 77 Wade Avenue	Next Properties	150,000	TBD
15 30 Bay Street	Oxford Properties	1,400,000	Q1 2025

Project Highlight



Industry:
Finance

Size: 11,500 SF

Services:
Transaction Management
Interior Design
Project Management

Address:
3455 North Service Road
Burlington, ON



* Renderings

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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