

Toronto Office

2019 Market Insight Report



Q4 2019

cresa

Market Overview



16 York Street- Cadillac Fairview

Market Trends

The Greater Toronto Area (GTA) finished 2019 on a strong note as Downtown markets continued to lead demand and growth. Toronto gained massive recognition this year as a technology hub with world-class talent. Attraction and retention of top talent continues to be a main motivator for companies looking to act across all markets.

Average net asking rental rates increased marginally by \$0.34 in Suburban markets compared to the \$1.36 increase in Downtown and Midtown markets. This notable increase in Central markets is driven by the recently completed deals of; Morneau Shepell, Canaccord Genuity, L'Université de L'Ontario Français and Spaces. As a product of this leasing activity, Downtown vacancy rates have once again found new historic lows at 2.7% for Q4. As these new developments continue to be pre-leased at historic speeds tenants will have to transact quickly and diligently or be forced to wait for the next wave of development or wait for off-market space.

Although most projects under construction are set to deliver in mid-2020, Q4 did see the delivery of 571,604 SF across GTA markets. Highlighted by the GTA North's addition of 185,000 SF and GTA West's addition of 243,000 SF with 277 Cityview Boulevard, 95 Eric T Smith Way and 191 Mac Taggart Drive respectively. Hullmark's 80 Atlantic Avenue, Toronto's first timber-framed commercial building, was the only Downtown property to reach completion in the quarter.

In 2019, landlords achieved record-setting rental rates across all GTA markets. With forecasted limited supply and continued growth in the GTA's economy, we can expect this to continue into 2020.

Notable Lease Transactions

1. Morneau Shepell, 118,000 SF - 16 York St
2. AstraZeneca, 97,000 SF - 1004 Middlegate Rd
3. Canaccord Genuity, 77,000 SF - 40 Temperance St
4. L'Université de l'O.F. - 62,000 SF - 9 Lower Jarvis St
5. Spaces, 57,000 SF - 320 Bay St

GTA Overview

Q4 2019



Supply

269,319,979 SF



Vacancy

4.5%



Average Net Rent

\$20.02/SF



Absorption

2,694,591 SF

Arrows Indicate One Quarter Change

Vacancy Rate

	Q2	Q3	Q4	
Midtown	2.5%	2.8%	4.0%	▲
Downtown	3.1%	3.0%	2.7%	▼
Toronto North	6.0%	5.8%	5.3%	▼
Toronto East	6.0%	5.4%	5.4%	►
Toronto West	7.6%	7.3%	7.4%	▲
Overall GTA	4.8%	4.6%	4.5%	▼

Vacancy Rates & Availability Rates

Vacancy Rates

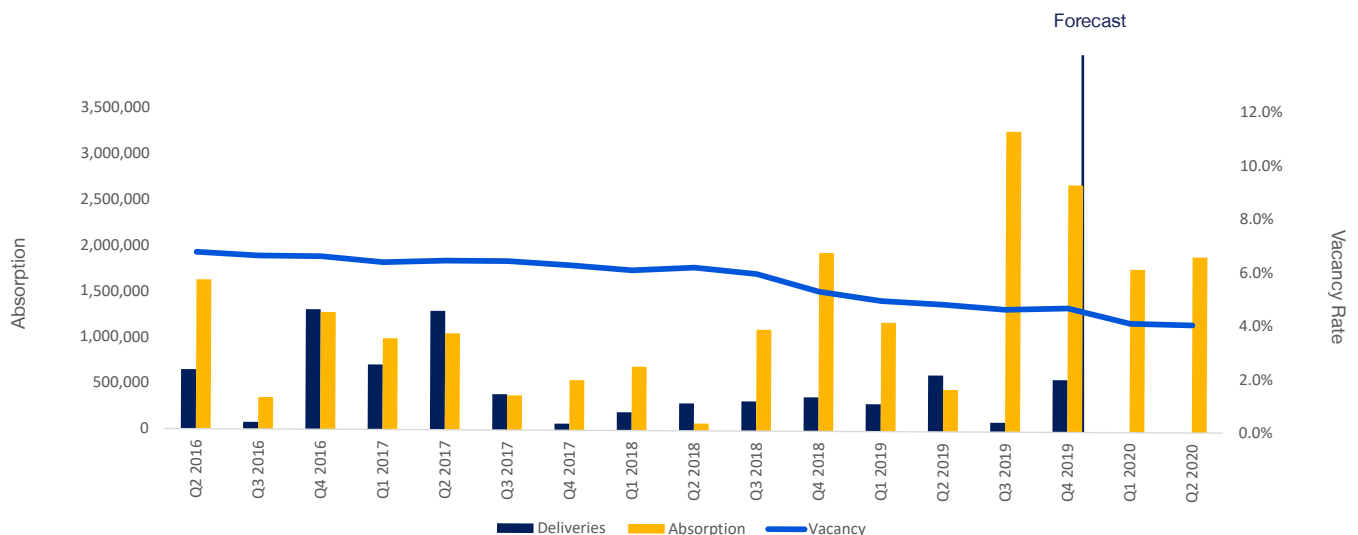
The vacancy rate is the percentage of all units in a rental property, that are vacant or unoccupied at a particular time.

Availability Rates

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

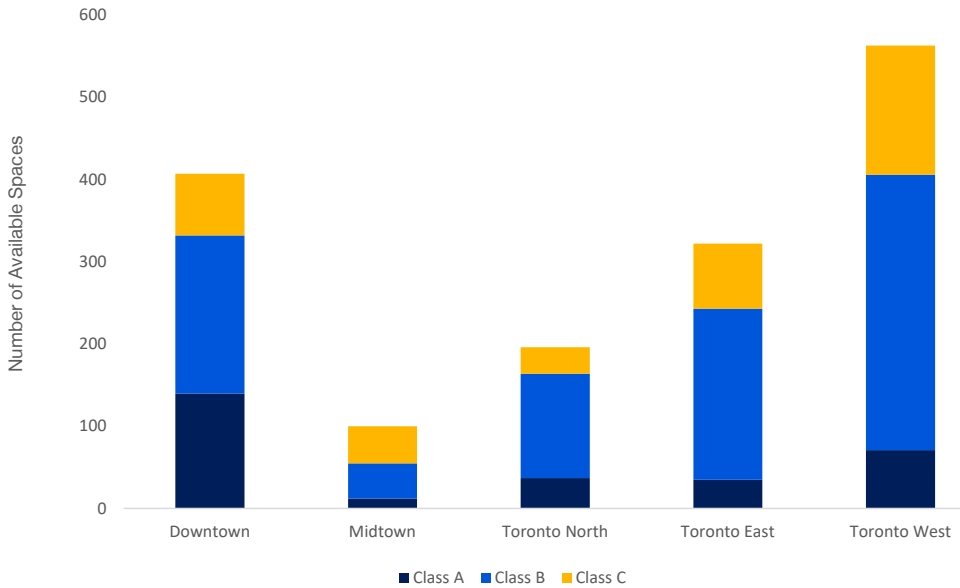
New Construction and Absorption

“As vacancy rates further decrease, there continues to be upward pressure on rental rates.”



GTA Overview

Availability By Market



Office Market Insights

1

Suburban and Midtown markets were heavily outperformed by Downtown's continued upward velocity for the quarter with numerous professional services groups finding near-occupancy deals.

2

WeWork's rapid expansion plans have halted as downtown Toronto landlord's withdraw interest given the co-working group's recent turbulence.

3

Midtown found much needed relief this quarter with Willis Towers Watson's Bloor Street space coming to market ahead of WPP's forecasted relocation to Menkes' Innovation Centre.

4

Hullmark's 80 Atlantic Avenue initiated the next wave of timber-framed commercial buildings in downtown Toronto with Hines and Next Property Group also planning similar buildings.

Significant Availabilities

Market	Address	Size (SF)
Downtown	141 Bay Street	630,291
Downtown	100 Queens Quay East	280,000
Mississauga	5090 Spectrum Way	250,000
Markham	160 McNabb Street	198,500
Scarborough	300 Consilium Place	190,291



Toronto Sites Under Development

571,604 SF

Of supply added to the
GTA office market in Q4 2019

34M

Total SF

Of planned office construction
in the Downtown and Midtown
office markets are approved

Midtown Toronto

Q4 2019



Supply

22,150,628 SF



Vacancy

4.0%



Average Net Rent

\$29.79/SF



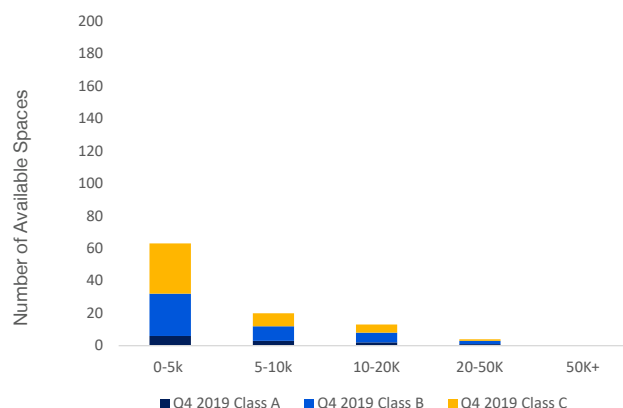
Net Absorption

213,599 SF

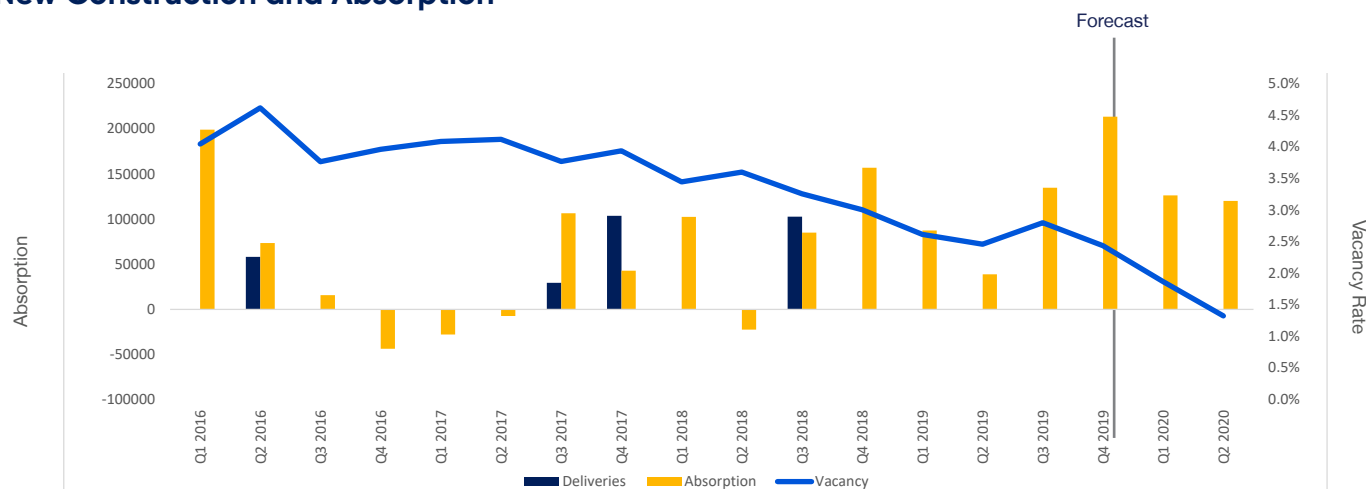
Vacancy Rate

	Q2	Q3	Q4	
Bloor	2.4%	2.8%	4.0%	▲
St. Clair	1.2%	1.2%	2.2%	▲
Eglinton	3.4%	3.8%	5.1%	▲
Overall	2.5%	2.8%	4.0%	▲

Availability Trends



New Construction and Absorption



Significant Availabilities



175 Bloor Street E
129,725 SF



2161 Yonge Street W
55,657 SF



80 Bloor Street W
47,195 SF



1929 Bayview Ave
43,600 SF

Downtown Toronto

Q4 2019



Supply

95,004,010 SF



Vacancy

2.7%



Average Net Rent

\$34.38/SF



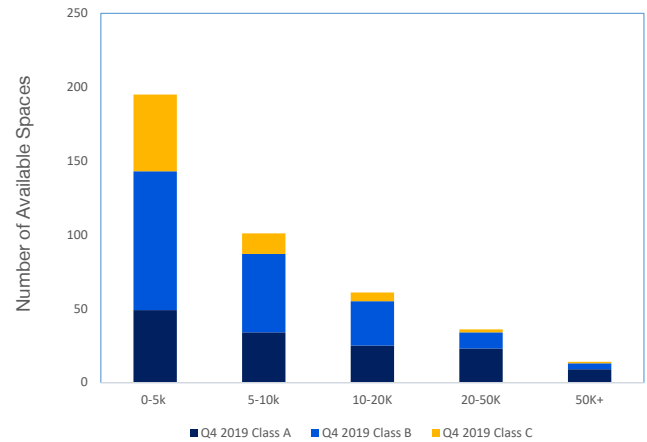
Net Absorption

651,627 SF

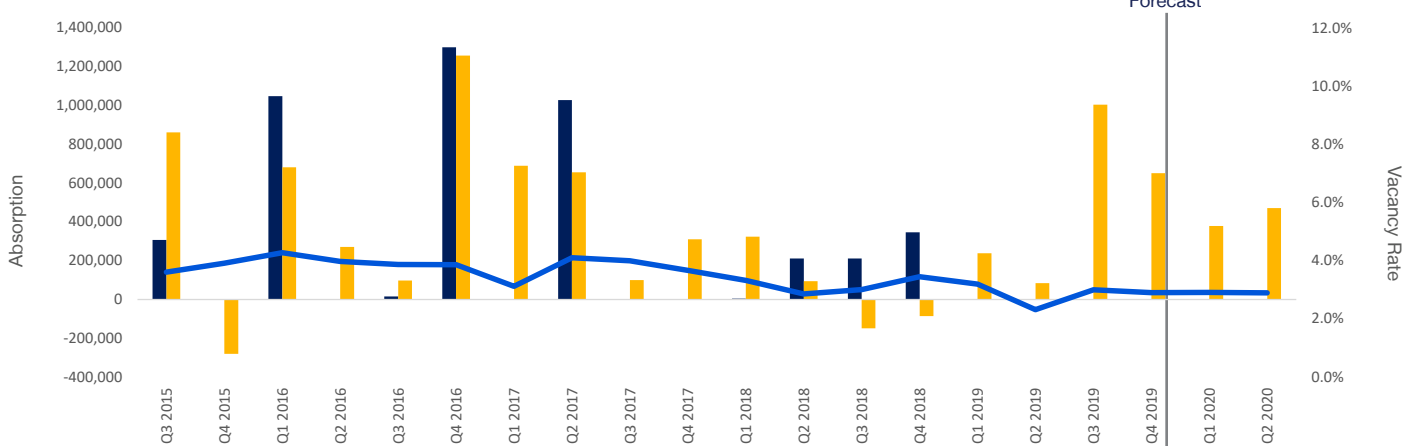
Vacancy Rate

	Q2	Q3	Q4	
Financial Core	4.4%	4.4%	3.6%	▼
Outer Financial Core	3.9%	3.9%	2.9%	▼
Downtown North	0.9%	0.9%	1.1%	▲
Downtown South	1.6%	1.1%	1.8%	▲
Downtown East	3.2%	2.1%	3.4%	▲
Downtown West	2.4%	2.1%	1.5%	▼
King/Dufferin	1.6%	1.5%	2.1%	▲
Overall	3.1%	3.0%	2.7%	▼

Availability Trends



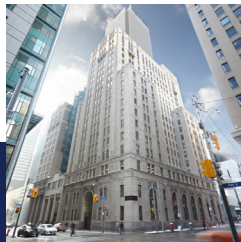
New Construction and Absorption



Significant Availabilities



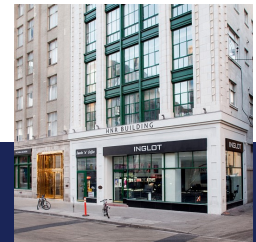
141 Bay St
630,291 SF



320 Bay St
196,216 SF



25 Ontario St
257,131 SF



21 Dundas Square
59,470 SF

Toronto North

Q4 2019



Supply
23,939,022 SF



Vacancy
5.3%



Average Net Rent
\$20.15/SF

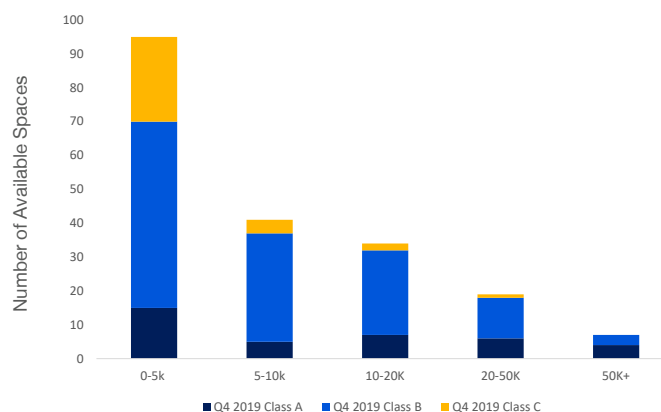


Net Absorption
597,003 SF

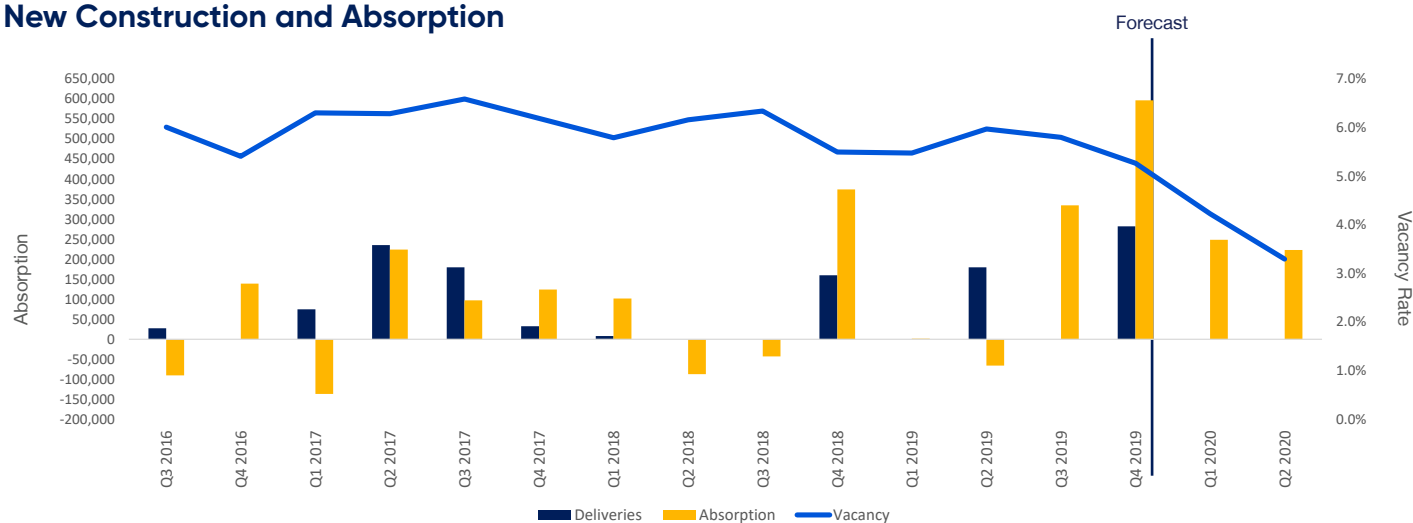
Vacancy Rate

	Q2	Q3	Q4	
North Toronto Region	6.9%	4.8%	5.0%	▲
North Yonge Corridor	7.1%	7.4%	5.7%	▼
Vaughan	6.5%	3.6%	3.6%	▶
North York West	3.5%	6.6%	7.1%	▲
Overall	6.0%	5.8%	5.3%	▼

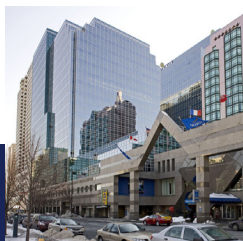
Availability Trends



New Construction and Absorption



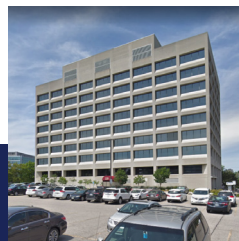
Significant Availabilities



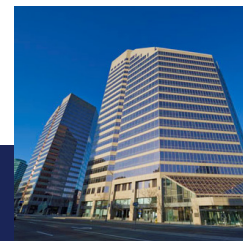
5150 Yonge St
172,836 SF



5000 Yonge St
134,924 SF



225 Duncan Mill Rd
118,192 SF



5650 Yonge St
112,905 SF

Toronto East

Q4 2019



Supply

46,288,595 SF



Vacancy

5.4%



Average Net Rent

\$16.73/SF



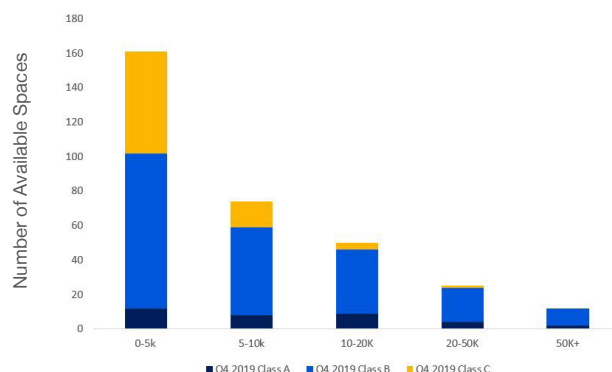
Net Absorption

410,290 SF

Vacancy Rate

	Q2	Q3	Q4	
Consumers Road	10.2%	9.5%	9.8%	▲
DVP N/Duncan Mill	9.1%	6.9%	5.8%	▼
DVP S/Don Mills/Eglinton	5.1%	4.9%	4.4%	▼
East Toronto Region	2.3%	3.2%	4.2%	▲
Gordon Baker/Victoria Park	6.4%	5.6%	5.3%	▼
Markham/Richmond Hill	5.1%	4.1%	4.2%	▲
Scarborough	8.6%	8.6%	7.7%	▼
South East Toronto Region	4.2%	3.3%	3.2%	▼
Steeles/Woodbine	2.7%	2.5%	4.3%	▲
Overall	6.0%	5.4%	5.4%	▶

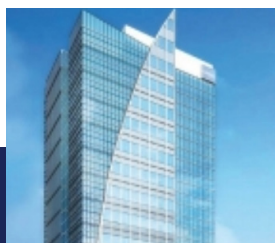
Availability Trends



New Construction and Absorption



Significant Availabilities



1 Steeplecase Rd W
201,840 SF



160 McNabb St
220,000 SF



300 Consilium Pl
190,291 SF



2200 - 2206 Eglinton Ave E
156,676 SF

Toronto West

Q4 2019



Supply

60,587,699 SF



Vacancy

7.4%



Average Rent

\$17.77/SF



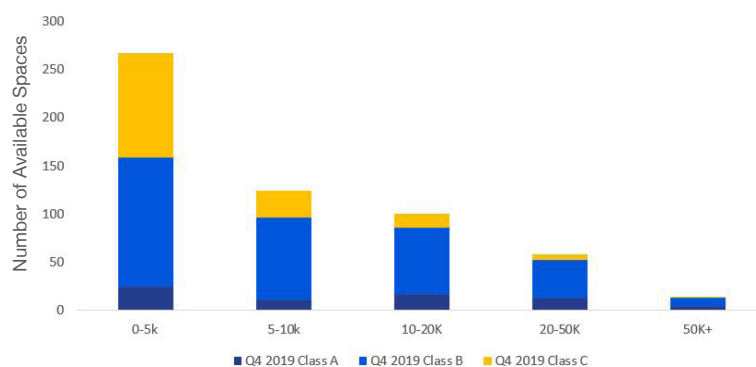
Net Absorption

822,072 SF

Vacancy Rate

	Q2	Q3	Q4	
427 Corridor/Bloor/Islington	11.7%	9.8%	9.1%	▼
Airport/Airport Corporate Centre	7.7%	6.7%	7.8%	▲
Brampton	2.2%	1.1%	1.1%	▶
Burlington	7.8%	7.0%	7.4%	▲
City Centre	8.2%	8.4%	7.9%	▼
Hwy 10/Hwy 401	7.9%	7.3%	7.3%	▶
Meadowvale	6.7%	10.4%	9.5%	▼
Mississauga South	8.8%	8.4%	8.0%	▼
Oakville	9.8%	9.9%	9.5%	▼
West Toronto Region	4.3%	3.0%	3.1%	▲
Overall	7.6%	7.3%	7.4%	▲

Availability Trends



New Construction and Absorption



Significant Availabilities



2300 Meadowvale Blvd
239,911 SF



501 Alliance Ave
174,099 SF



1950 Meadowvale Blvd
160,000 SF



649 N Service Rd
124,007 SF

Project Highlight



Tandia Financial Credit Union

3455 North Service Road, Burlington



Industry: Finance
Size: 20,000 SF

Services:
Transaction Management
Project Management
Interior Design
Strategic Planning



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.

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