

METRO AREAS - POPULATION > 1 MILLION

Second Quarter | 2018

	VANCOUVER			CALGARY			EDMONTON			TORONTO			OTTAWA			MONTREAL		
Indicator	Q2'17	Q2'18	YOY	Q2'17	Q2'18	YOY	Q2'17	Q2'18	YOY	Q2'17	Q2'18	YOY	Q2'17	Q2'18	YOY	Q2'17	Q2'18	YOY
Vacancy Downtown (CBD)	5.3%	2.8%	▼ 250 bps	27.2%	26.8%	▼ 40 bps	18.2%	16.5%	▼ 170 bps	4.5%	1.6%	▼ 290 bps	10.0%	7.7%	▼ 230 bps	7.7%	7.7%	◀▶ 0 bps
Vacancy Midtown & Suburbs (non-CBD)	7.1%	6.1%	▼ 100 bps	20.8%	20.4%	▼ 40 bps	17.1%	18.4%	▼ 30 bps	6.7%	6.3%	▼ 40 bps	13.0%	12.4%	▼ 60 bps	11.3%	16.1%	▲ 480 bps
Net Rent Downtown (CBD)	\$29.25	\$24.67	▼ 15.7%	\$14.50	\$14.00	▼ 3.4%	\$18.10	\$17.21	▼ 4.9%	\$28.91	\$30.68	▲ 6.1%	\$17.16	\$17.47	▲ 1.8%	\$17.44	\$17.08	▼ 2.1%
Net Rent Midtown & Suburbs (non-CBD)	\$21.58	\$22.70	▲ 5.2%	\$15.81	\$14.00	▼ 40.9%	\$17.12	\$16.99	▼ 0.8%	\$16.40	\$16.66	▲ 1.6%	\$14.45	\$14.47	▼ 6.5%	\$13.96	\$13.51	▼ 3.2%
Unemployment Rate '18 / '19-'22*	4.3% / 4.4%			7.3% / 6.0%			6.7% / 6.0%			5.9% / 5.8%			5.4% / 5.3%			5.8% / 5.9%		
Real GDP Growth '18 / '19-'22*	2.9% / 2.3%			2.9% / 2.5%			2.8% / 2.4%			2.4% / 2.4%			2.2% / 1.9%			2.1% / 1.7%		

Vancouver

Metro Vancouver absorption was positive for the fifth straight quarter, even with the addition of 302,000 square feet of new supply to the market. The overall vacancy rate for Metro Vancouver remained stable at 5.4% when compared to Q1 2018, while availability rates tightened dropping from 5.3% in Q1 to 4.6% in Q2. The build cycle is in full swing, with over 2.8 million square feet of new office supply under construction across Metro Vancouver. The downtown core alone has 1.7 million square feet of office product underway, with the balance evenly distributed between midtown and the suburban markets.

Calgary

For the second consecutive quarter and the fourth time since Q1 2015 the downtown Calgary office market experienced positive absorption, equal to 113,962 square feet. This also marks the second time since 2012 that Colliers has recorded two consecutive quarters of positive absorption. Overall vacancy of the downtown market fell to 26.8% due to the positive absorption recorded. Although vacancy has been decreasing Calgary still has almost 12 million square feet of space vacant and available in the downtown market with another 5.7 million square feet available in the Beltline and suburban markets. Landlords will have to continue to compete, as the market highly tenant favored.

Edmonton

The Edmonton office market reported positive absorption for the third quarter in a row since Q4 2017. However, with the introduction of Stantec Tower, the vacancy rate for the city actually increased from 15.6% to 17.2% overall since Q1 2018. The Financial Class AA inventory was increased by 643,527 square feet with the completion of this tower, and although there was positive absorption for the district equal to 470,985 SF, the vacancy rate still increased to 17.8% from 17.0%. The two large transactions that drove this positive absorption are Stantec Consulting and PriceWaterhouseCoopers, who are both taking brand new space in Stantec Tower.

Toronto

The GTA market continues to tighten up with an overall positive absorption (144,420 square feet) for the sixth consecutive quarter. Most of the positive absorption in Q2 2018 was accounted for by the robust Downtown and GTA West markets. As the demand for quality and sustainable office space continues to increase in the GTA, developers are being encouraged to kick-off new office developments in attempts to satisfy the need. Cadillac Fairview just announced the construction of 160 Front Street West, a 46-storey office tower featuring 1.2M square feet of office space in the heart of the Financial Core. In the west end of the GTA, three new office buildings were constructed in Oakville and Etobicoke, adding a total of 160,600 SF to the office inventory. Based on the top 10 Central Business Districts (CBD) in North America, Toronto continues to be the sixth largest with the lowest vacancy rate of 1.6%; within this group of six the second lowest is Vancouver's CBD with 2.8% vacancy rate.

Ottawa

Private sector tenants remain focused on increasing efficiencies in their space by transitioning to more open-concept work environments. The rising popularity of shared office space gives smaller tenants more options, especially in and around the core. Meanwhile, the public sector has been ramping up their searches for quality assets throughout the city. Class A and B assets Downtown have been leasing up at rapid rates, causing the overall Downtown availability to decline by 230 bps since Q2 2017. Ottawa's availability has seen a steady decrease over the last year as well, and shows no signs of slowing as the city anticipates the completion of the Confederation Line light rail transit system.

Montreal

The office market remains active and the net absorption in the Greater Montréal Area remains positive at 270,656 square feet for Q2 2018. The overall vacancy rate dropped slightly to 10.8% in Q2 2018 as did the available space, now at 11,261,968 square feet. On the investment front, Dream Real Estate Investment Trust is selling 700 de la Gauchetière, a 28-floor Class A office building with a gross leasable area of 935,209 square feet and the sale is expected to exceed \$300 million dollars.

*Source: Conference Board of Canada

**Midtown Markets Include: Broadway (Vancouver), Beltline (Calgary), Midtown (GTA), Fringe Core (Ottawa), Midtown (Montreal).

***Edmonton does not report a Midtown market.

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Second Quarter 2018 | Office Dashboard Reports

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