

Q2 2021

# Toronto

## Office Market Report

### Net Absorption

This Quarter	Previous Quarter
47.9K SF	-2.0M SF
12-Month Absorption	5-Year Quarterly Avg.
-4.2M SF	44.1K SF

### Vacancy

This Quarter	Year-over-Year
8.0%	▲ 360 bps

### Asking Net Rent

This Quarter*	Year-over-Year
\$23.31 PSF	▲ 14%

### Development

Under Construction	New Supply
8.8M SF	1.8M SF

### Sales

Sale Price Avg.	Year-over-Year
\$495 PSF	▼ 11.5%

\*Weighted Average  
Colliers Macaulay Nicolls Inc.

### Market Outlook

With lockdown restrictions still in place for the majority of the second quarter of 2021, the Greater Toronto Area (GTA) continues to see upticks in availability and vacancy across its major submarkets, with overall vacancy increasing by 80 basis points (bps) to 8.0% and availability by 90 bps to 9.8% compared to last quarter. The delivery of seven new development projects across the GTA brought about a total of 1.8 million square feet of new office supply to market in Q2 2021, most notably CIBC Square's AAA Class development, standing at 99% pre-leased at the time of completion.

Contrary to last quarter's steep negative absorption, the GTA has seen positive net absorption recorded at 47,851 square feet, primarily attributed to tenants taking occupancy in the GTA West and Downtown markets. This shift reflects a renewed sense of optimism also seen in increased tour activity as government restrictions ease and a growing percentage of the population receives vaccines. The GTA West saw 274,536 square feet of positive absorption, the majority of this being Class A space, reinforcing the direction of a flight to quality. The completion of CIBC Square in the Financial Core was the major driver of net positive absorption of 662,691 square feet for the Downtown market, as tenants

continue to occupy their previous locations while moving into the new space. As a result, additional availability and negative absorption can be expected in upcoming quarters as tenants complete their move-ins and give back their previous space.

In contrast to listing activity trends over the past year, the volume of new sublease listings has slowed this quarter, and the proportion of sublease availability fell from 28.4% last quarter to 25.7%. Top-tier sublease space has been picked up by certain tenants taking advantage of rare opportunities while some sublandlords have chosen to keep the respective space.

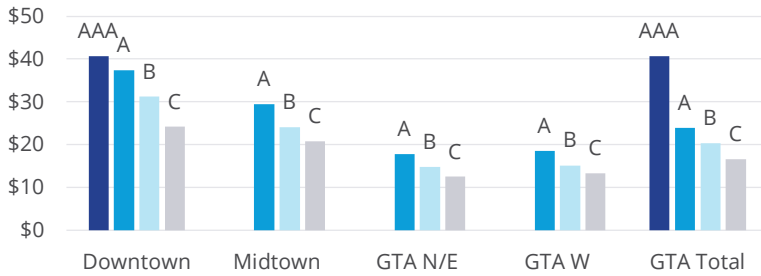
Asking net rental rates have for the most part held firm this quarter across the GTA, with many of the fluctuations recorded being attributed to the type of space listed. The overall average for the region increased by 6.7% to \$23.31 per square foot since last quarter, due to a greater proportion of high-quality space with higher rents coming available in the GTA West and Downtown West. With ongoing evolutions in tenant and employee demands, it can be expected that landlords will hold off on dropping face rates to spur leasing activity, and instead continue to offer creative inducement packages moving forward.

Accelerating success.

# Market Overview

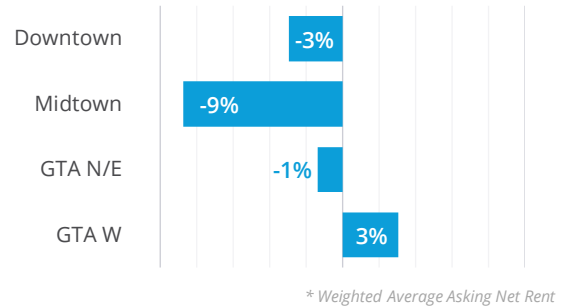
## 01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



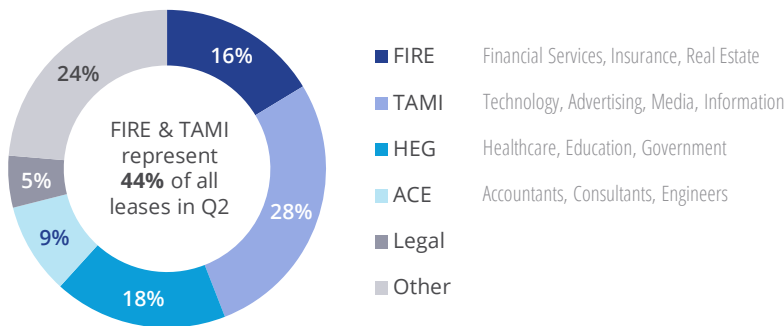
## 02 Rental Rate Growth\*

By Market | Q2 2020 – Q2 2021



## 03 Leasing Activity by Industry

By Square Feet Leased (SF)



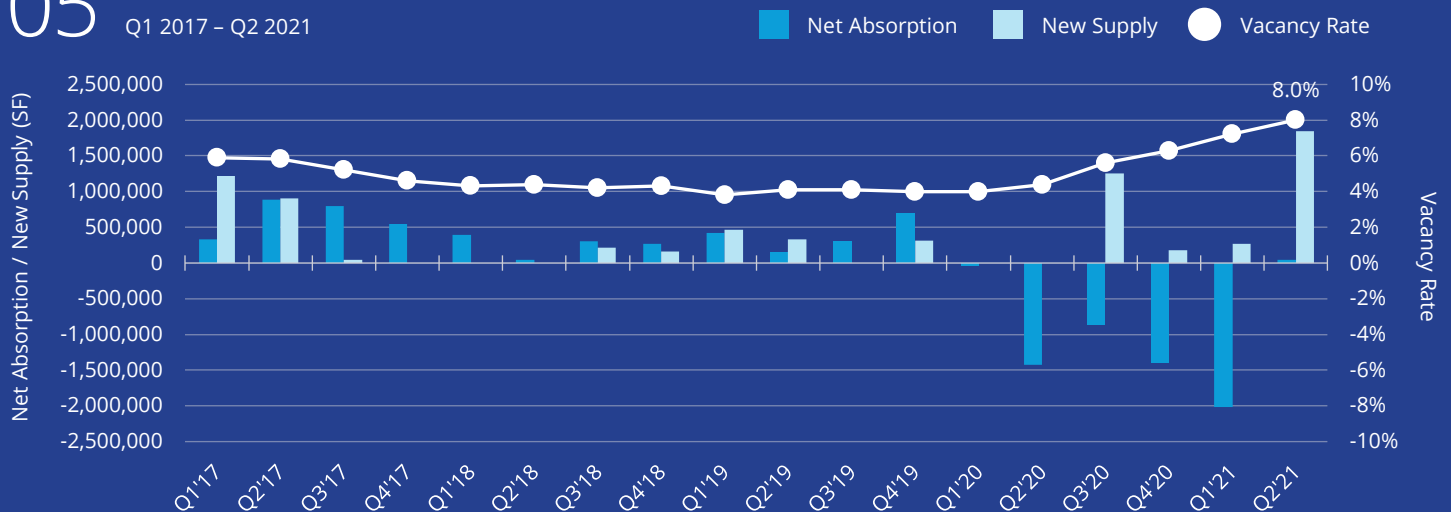
## 04 Vacancy Rate

By Market | Q2 2020 – Q2 2021

Downtown	6.3%	▲	from 1.8% Q2'20
Midtown	5.3%	▲	from 2.0% Q2'20
GTA N/E	7.9%	▲	from 5.1% Q2'20
GTA W	12.0%	▲	from 8.6% Q2'20
<b>GTA Total</b>	<b>8.0%</b>	▲	from 4.4% Q2'20

## 05 Historical Overview

Q1 2017 – Q2 2021



# Market Statistics

All Building Classes	# of Bldgs	Office Inventory	Vacancy Rate	Availability Rate	Prop. of Sublease Available	Absorption Current Quarter	Wgt. Avg. Asking Net Rent	Wgt. Avg. Asking Gross Rent	New Supply	Under Construction
Market		(SF)	%	(SF)	%	(SF)	(PSF)	(PSF)	(SF)	(SF)
Financial Core	104	38,605,532	7.0%	11.9%	29.4%	967,322	\$38.02	\$67.51	1,484,019	3,529,086
Downtown East	68	6,481,704	5.8%	7.3%	50.4%	-155,025	\$27.92	\$49.87	0	2,687,979
Downtown North	137	22,337,590	3.0%	5.9%	28.4%	-59,257	\$31.60	\$53.04	73,017	231,032
Downtown South	23	7,997,369	9.5%	4.7%	32.3%	3,891	\$39.66	\$66.86	0	0
Downtown West	152	18,473,852	7.9%	9.4%	45.0%	-94,240	\$32.26	\$52.35	0	1,890,377
<b>Downtown</b>	<b>484</b>	<b>93,896,047</b>	<b>6.3%</b>	<b>9.1%</b>	<b>33.7%</b>	<b>662,691</b>	<b>\$35.63</b>	<b>\$61.76</b>	<b>1,557,036</b>	<b>8,338,474</b>
Yonge - Bloor	74	10,916,832	3.9%	7.6%	16.2%	-77,891	\$29.89	\$53.05	0	0
Yonge - St. Clair	30	3,299,852	5.1%	8.1%	46.3%	-69,646	\$27.04	\$49.73	0	0
Yonge - Eglinton	69	6,871,539	6.1%	7.7%	29.2%	-110,969	\$19.31	\$37.20	0	46,954
Toronto West	50	2,909,287	8.7%	6.8%	12.9%	-30,826	\$27.22	\$41.73	63,000	0
<b>Midtown</b>	<b>223</b>	<b>23,997,510</b>	<b>5.3%</b>	<b>7.6%</b>	<b>24.0%</b>	<b>-289,332</b>	<b>\$26.40</b>	<b>\$47.00</b>	<b>63,000</b>	<b>46,954</b>
Don Mills - Eglinton	66	6,393,770	5.0%	6.8%	35.6%	-50,393	\$13.14	\$29.85	0	124,000
Duncan Mill	43	2,997,542	10.5%	13.5%	20.5%	-363	\$16.38	\$32.30	0	0
Consumers Road	47	6,092,902	14.2%	12.9%	22.8%	-217,266	\$13.89	\$30.74	0	0
Woodbine / Steeles	70	6,762,486	9.0%	7.9%	9.7%	-58,914	\$15.00	\$29.90	0	0
Toronto East	21	1,457,065	4.3%	4.1%	6.8%	-1383	\$16.89	\$33.78	0	13,565
<b>Central East</b>	<b>247</b>	<b>23,703,765</b>	<b>9.2%</b>	<b>9.3%</b>	<b>21.3%</b>	<b>-328,319</b>	<b>\$14.63</b>	<b>\$30.75</b>	<b>0</b>	<b>137,565</b>
Yorkdale	30	2,694,369	3.3%	3.0%	0.0%	8,243	\$12.90	\$31.49	0	0
Dufferin - Finch	33	2,500,048	6.3%	5.3%	0.8%	-4,127	\$16.33	\$31.46	0	0
North Yonge Corridor	58	10,305,767	9.9%	10.5%	8.8%	-191,271	\$21.61	\$42.50	0	115,357
<b>Central North</b>	<b>121</b>	<b>15,500,184</b>	<b>8.2%</b>	<b>8.3%</b>	<b>7.4%</b>	<b>-187,155</b>	<b>\$20.45</b>	<b>\$40.55</b>	<b>0</b>	<b>115,357</b>
Vaughan	82	5,269,322	7.2%	10.2%	33.6%	-12,289	\$18.33	\$29.24	0	0
Richmond Hill	12	844,067	2.7%	2.7%	0.0%	-4,156	\$15.84	\$28.67	0	0
Hwy 404 - Hwy 407	133	11,253,698	5.4%	7.3%	21.3%	-32,195	\$17.02	\$31.37	0	0
Markham Town Centre	38	3,489,389	14.5%	16.3%	45.9%	-51,545	\$15.60	\$28.04	0	0
<b>GTA North</b>	<b>265</b>	<b>20,856,476</b>	<b>7.3%</b>	<b>9.4%</b>	<b>31.6%</b>	<b>-100,185</b>	<b>\$17.02</b>	<b>\$29.99</b>	<b>0</b>	<b>0</b>
Scarborough Town Centre	84	8,432,052	8.2%	10.0%	30.4%	13,275	\$12.97	\$29.69	0	0
Pickering - Oshawa	60	207,289	3.6%	4.0%	4.8%	2,340	\$13.75	\$25.46	0	0
<b>GTA East</b>	<b>144</b>	<b>14,246,641</b>	<b>6.3%</b>	<b>7.5%</b>	<b>24.9%</b>	<b>15,615</b>	<b>\$13.18</b>	<b>\$28.54</b>	<b>0</b>	<b>0</b>
<b>GTA North / East</b>	<b>777</b>	<b>74,307,066</b>	<b>7.9%</b>	<b>8.8%</b>	<b>22.2%</b>	<b>-600,044</b>	<b>\$16.40</b>	<b>\$32.50</b>	<b>0</b>	<b>252,922</b>
Airport Corporate Centre	79	6,640,908	14.8%	17.7%	15.0%	-51,788	\$17.43	\$33.03	0	0
Airport East	70	5,213,653	18.6%	14.5%	10.5%	25,209	\$14.17	\$28.89	0	5,627
Airport West	65	5,846,903	15.4%	16.3%	67.2%	-25,124	\$16.32	\$28.05	0	0
Brampton	58	4,318,226	2.3%	7.3%	65.8%	9,907	\$17.89	\$31.78	0	0
Burlington	80	5,228,318	12.0%	19.1%	8.4%	-18,162	\$16.10	\$27.71	0	84,890
Cooksville	33	1,910,113	9.5%	8.6%	6.9%	16,009	\$14.14	\$28.67	0	0
Hwy 401 - Hurontario	62	5,343,567	10.6%	9.2%	11.6%	53,548	\$14.53	\$29.24	0	0
Hwy 427 - Bloor - Islington	66	5,183,592	13.0%	13.7%	15.3%	-59,527	\$18.87	\$35.39	33,170	0
Meadowdale	81	7,219,360	7.9%	11.1%	7.1%	253,953	\$18.63	\$33.41	0	0
Mississauga City Centre	33	4,361,826	10.8%	13.0%	12.2%	-2,246	\$18.06	\$36.85	0	0
Oakville	81	4,839,841	14.7%	11.9%	18.4%	62,561	\$20.49	\$31.10	194,000	68,285
Sheridan - Winston	57	3,866,396	11.8%	11.4%	6.3%	10,196	\$18.96	\$32.18	0	19,892
<b>GTA West</b>	<b>765</b>	<b>59,972,703</b>	<b>12.0%</b>	<b>13.3%</b>	<b>20.5%</b>	<b>274,536</b>	<b>\$17.22</b>	<b>\$31.55</b>	<b>227,170</b>	<b>178,694</b>
<b>GTA Total</b>	<b>2,251</b>	<b>252,173,326</b>	<b>8.0%</b>	<b>9.8%</b>	<b>25.7%</b>	<b>47,851</b>	<b>\$23.31</b>	<b>\$42.22</b>	<b>1,847,206</b>	<b>8,817,044</b>

# Transaction Highlights

## Notable Lease Transactions

Tenant	Building Name / Address	Area (SF)	Market	Lease Type
Intel	150 Bloor Street West	48,359	Central Midtown - Yonge-Bloor	Renewal
Synaptive Medical	555 Richmond Street West	43,429	Central Downtown - Downtown West	New Deal
Livingston International Inc.	405 The West Mall	40,597	Suburban West - Hwy 427/Bloor/Islington	Extension
Phillips	1875 Buckhorn Gate	27,626	Suburban West - Airport West	New Deal
Hilti (Canada) Limited	2201 Bristol Circle	27,600	Suburban West - Sheridan-Winston	New Deal
Zynga Games	250 Front Street West	22,697	Central Downtown - Downtown West	Sublease
Stewart Title	200 Bay Street	19,383	Central Downtown - Financial Core	Renewal
Crosslinx Transit Solutions Inc.	5080 Commerce Boulevard	16,000	Suburban West - Airport Corporate Centre	New Deal

## Notable Sales Transactions

Building Name / Address	Area (SF)	Sale Price	Purchaser	Purchaser Profile
100 Gough Road	111,840	\$47,500,000	BentallGreenOak	Private Investor
229 College Street	41,753	\$29,300,000	The Governing Council of the University of Toronto	Institution
5255 Satellite Drive	72,000	\$22,000,000	Rathcliffe Capital	Private Investor
200 Town Centre Boulevard	53,331	\$12,549,580	Canada Animation Industry Group Inc.	Private Investor
30 & 60 Centurion Drive	93,228	\$11,920,000	Crown Realty Partners	Private Investor
5900 Explorer Drive	40,005	\$11,900,000	Amico (Amicone Holdings Limited)	User
1267 Cornwall Road	24,064	\$10,500,000	NexGen Property Management Inc.	Private Investor
260 Town Centre Boulevard	39,252	\$9,900,420	Neocanaan Investment Corporation	Private Investor

## Notable Developments

Building Name / Address	Class	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
CIBC Square - Tower 1 (81 Bay Street)	AAA	Financial Core	Net New Supply	1,484,019	2021 Q2	Hines, Ivanhoe Cambridge
360 Oakville Place Drive	A	Suburban West	Net New Supply	162,000	2021 Q2	Creebank Developments
2095 & 2105 Matheson Boulevard East	A	Suburban West	Net New Supply	114,160	2021 Q2	Hopewell Development LP
The Well	AAA	Downtown West	Under Construction	1,200,000	2021 Q4	Allied REIT, RioCan REIT
LCBO Tower (100 Queens Quay East)	AAA	Downtown East	Under Construction	675,000	2021 Q4	Menkes
Waterfront Innovation Centre	A	Downtown East	Under Construction	460,000	2021 Q4	Menkes
Bay Adelaide Centre - North Tower	AAA	Financial Core	Under Construction	820,000	2022 Q3	Brookfield, Dadco Group
EQ Bank Tower (25 Ontario Street)	AAA	Downtown East	Under Construction	460,000	2023 Q3	First Gulf



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