

Q4 2021

London Office Market Report

Total Inventory

This Quarter

6.5M SF

Net Absorption

This Quarter

-128K SF

Availability

This Quarter

13.2%

Year-over-Year

↓ 60 bps

Asking Rental Rates

This Quarter*

\$12.78 PSF

Year-over-Year

↓ 9.1%

Development

Under Construction

0 SF

New Supply

0 SF

Sales

Sale Price Avg.

\$232 PSF

*Weighted Average

Colliers International London Ontario Brokerage

Market Outlook

The office market in London, Ontario is comprised of approximately 6.5 million square feet of leasable space. With almost two years of a global pandemic and lockdown restrictions, activities in the London office market continue to be minimal throughout the majority of Q4 2021. This resulted in a negative net absorption of 128,844 square feet.

Amid the economic uncertainty brought by the emergence of the Omicron COVID-19 variant, fewer leases were signed and office availability stood at 13.2% this quarter. Additionally, rent prices for Q4 2021 hit \$12.78 per square feet, a decrease of 9.1% year-on-year.

Throughout 2021, some office users have considered downsizing their leased spaces or have sublet part or the majority of their offices due to lower number of present employees. Landlords, specially in core areas, are showing flexibility and offering lucrative inducements while keeping the face value at pre-pandemic levels.

Prior to Omicron COVID-19 variant, the office market was starting to show some positive sentiments. Companies announced plans for employees to return back to offices with certain capacities. However, the highly contagious Omicron have forced companies to delay those plans.

With the reintroduction of capacity restrictions for at least two weeks, businesses might undergo a potential blow as they were hoping to return to some semblance of normalcy. Any new COVID-19 variants discovery might further delay the recovery of the London office market.

The future of the London office market remains unclear as this pandemic has indeed demonstrated that a considerable amount of work that usually takes place in offices can carry on when they are closed.

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Transaction Highlights

Notable Lease Transactions

Quarter	Tenant	Market	Lease Type	Size (SF)
Q3	847 Highbury Avenue #Bldg. 2F	East	Lease	28,066
Q3	244 Pall Mall Street #200	Downtown	Lease	7,775
Q4	1828 Blue Heron Drive #1-6	West	Lease	10,000

Notable Sales Transactions

Quarter	Building/Name Address	Size (SF)	Sale Price	Purchaser	Purchaser Profile
Q3	745, 783 York Street	Downtown	\$9,500,000	U-Haul (Canada) Co.	Owner Occupier
Q4	450 Talbot Road	Downtown	\$7,300,000	Board of Governors, Western University	Owner Occupier

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