

# TORONTO



ELLINGTON PARTNERS  
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## OVERVIEW

The Greater Toronto Area ("GTA") office market remained hot during the first half of 2019, despite a supply shortage across most office nodes. Shortage is mainly in the downtown and midtown markets where landlords are reaping the benefits of record low vacancy and rising rental rates. Demand is widespread but continues to be driven mostly by co-working and technology companies. The GTA is growing into a technology hub with the City of Toronto hosting its biggest ever tech conference in May. Supply constraints resulted in increased number of lease renewals causing "sticker shock" for tenants. The leasing activity was 6M sf transacted with net absorption of 820,000 sf across the GTA during the first half of 2019. The amount of office space under construction is 11.4 M sf of which 69% is pre-leased. Half of this space is scheduled for completion in 2020/21.

## FUNDAMENTALS

Forecast

<b>YTD net absorption</b>	820,000 sf	▶
<b>Under construction</b>	11.4 M sf	▶
<b>Average asking rent (gross)</b>	\$40.00 psf	▶
<b>Concessions</b>	Flat to decreasing	▶

  

<b>Market Size</b>	<b>Largest Office Deal</b>	<b>Total Vacancy</b>
188,000,000	920,000 sf	6.8%

## TOTAL VACANCY



## AVERAGE ASKING RENTS



## OUTLOOK

Market Dynamics -

- The Toronto and Greater Toronto Area (GTA) is expected to experience low vacancy rates and high rental rates
- The supply of new office space will come from sublets and from tenants who have moved to new office towers
- Demand will continue from the tech, co-working and finance sectors
- Existing buildings under construction will be completed by end of 2022 with no new buildings expected until the end of 2024
- Prices will be pushed higher by landlords in Toronto, however suburban prices won't increase as much
- More tenants will move from the suburbs to downtown
- Toronto and GTA economies are expected to grow by 2%

For more information, please contact:

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Rick Comish | rick.comish@ellingtonre.com | 416.238.1555



global tenant representation

[exisglobal.com](http://exisglobal.com) | [info@exisglobal.com](mailto:info@exisglobal.com)