

# Greater Toronto Area



## Quick Stats

**8.3%**

Overall downtown office vacancy rate – up from 2.1% in first-quarter 2020

**191**

GTA buildings with more than 50,000 sf available – up from 186 one quarter earlier

**6.3 msf**

GTA-wide available sublet space – up 1% quarter-over-quarter

**24%**

Downtown sublet space as a proportion of total available space vs. 19% in the suburbs

**8.2 msf**

GTA-wide office area under construction – equal to 4% of existing inventory

Availability of space in the Greater Toronto Area (GTA) office market held steady in the second quarter of 2022, after the rapid rate of increase seen during the pandemic had begun to level off in recent quarters. The market remains active as a greater range of available options offers tenants the chance to explore alternatives that best suit their evolving needs, amid the ongoing changes in workplace strategy sparked by the pandemic. While some companies continue to consider downsizing or subletting a portion of their office space, others are seeing opportunities to grow or move to better-located or higher-quality premises, and new occupiers entering the Toronto market for the first time continue to make headlines.

The GTA office market continues to be characterized by sound fundamentals, as availability remained flat at 15.5% quarter-over-quarter while vacancy notched up 80 basis points (bps) to 10%. For the third straight quarter, absorption was in positive territory (following six negative quarters during the pandemic) as occupied area increased by 443,000 square feet (sf) across

the GTA, with gains in the Downtown market offset by losses in Midtown and the suburbs. Total available sublet space was essentially flat for the second consecutive quarter, inching up 1% to 6.3 million square feet (msf). Nearly 8.2 msf of new office space was under construction across the GTA at the end of the first quarter (66% preleased / equal to 4% of inventory).

As with the GTA overall, the availability rate remained flat quarter-over-quarter in the Downtown Toronto market, staying at 14.1%. This represents an increase of 130 bps year-over-year. Vacancy continued to edge upward, rising 30 bps to 8.3% during the second quarter – despite positive absorption of more than 1.5 msf, by far the market’s best result since before the pandemic. The increase in occupied area was localized in Downtown South, as tenants began to take occupancy of new buildings completed in recent quarters, with King and Dufferin the only other downtown node to post positive absorption during the second quarter. In other news impacting future demand for downtown space, the Ontario government



## 94

Full floors available for lease downtown, out of 264 under construction



## 9

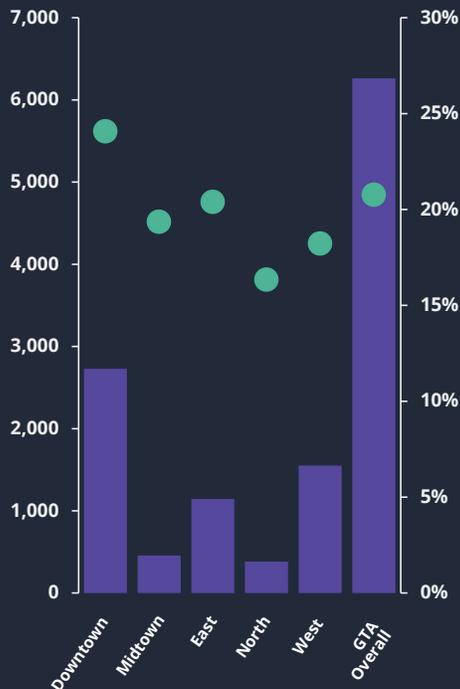
New office building completions across the GTA year-to-date in 2022, totaling nearly 1.2 msf



## 1%

Suburban office area under construction as a proportion of suburban inventory vs. 9% downtown

### GTA Sublet Availability – All Classes



■ Sublet Available (000 sf)    ■ Sublet as % of Total Available

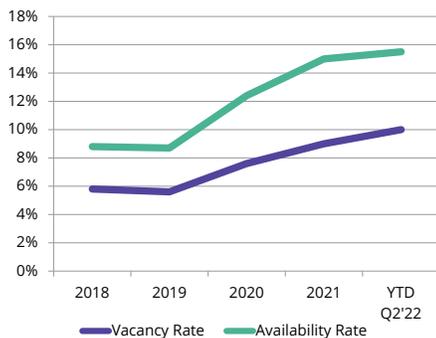
### GTA Occupancy Costs – All Classes



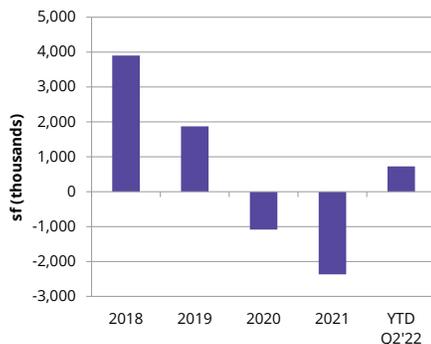
■ Net Asking Rent (Avg. \$psf)    ■ Additional Costs (Avg. \$psf)

**While some companies consider downsizing or subletting, others see opportunities to grow or move to better-located or higher-quality premises.**

## GTA Overall Availability & Vacancy Trends



## GTA Overall Absorption Trends



## GTA Overall New Supply Trends



announced plans to relocate the head office of the Workplace Safety and Insurance Board (WSIB) from its current location at 200 Front St. W. to London, Ontario. WSIB currently occupies approximately 600,000 sf at the Downtown West location.

Two buildings totaling nearly 121,000 sf were completed downtown during the second quarter, for a first-half 2022 total of almost 1.1 msf. The amount of space under construction continued to decline as projects were completed and no new developments broke ground during the quarter. At mid-year, nearly 6.9 msf of space was underway (67% preleased), almost all (5.3 msf) slated for completion in 2022 and 2023.

The Midtown market posted rising availability (up 30 bps to 14.3%) and vacancy (up 210 bps to 10.1%) quarter-over-quarter. The jump in vacancy resulted primarily from significant negative absorption in the Bloor node, where occupancy decreased by more than 340,000 sf during the quarter – the losses mostly occurring in class B buildings. One building is currently under construction in Midtown – an 89,300-sf office space across five floors in the podium of a residential condominium project at 2161 Yonge St. The project is scheduled for completion in 2024.

Collectively, the GTA's suburban markets recorded rising availability (up 10 bps to 17.2%) and vacancy (up 100 bps to 11.5%) once again in the second quarter. The West market had the GTA's highest availability rate at 17.8% – but this represented a decline of 40 bps quarter-over-quarter. In contrast to more than 171,000 sf of positive absorption one quarter earlier, the West market experienced 571,700 sf of negative absorption in the second

quarter of 2022. This included the effects of Microsoft vacating 1950 Meadowvale Blvd. (160,700 sf) to move to its new premises downtown, and Golder Associates vacating 129,000 sf at 6925 Century Ave. after its merger/consolidation with WSP. Both properties are located in the Meadowvale node.

On the development front, First Gulf has partnered with Spear Street Capital and announced plans to redevelop the former Element head office site (almost 25 acres) at 2395 Speakman Dr. in the Sheridan Research Park. The redevelopment will become a “state-of-the-art” life science campus of up to 350,000 sf.

Overall availability in the Toronto North and East markets rose 50 bps during the second quarter to 16.5%, while vacancy climbed 80 bps to 10.2% as occupancy gains in the East were offset by losses in the North – particularly the North Yonge node, where negative absorption can be partially attributed to tenants taking advantage of the increased range of available options in the downtown market.

No new supply deliveries have added to the North and East inventory so far in 2022; however, two new construction projects are underway in the East market totaling nearly 166,000 sf (82% preleased), while in the North, a total of nearly 647,000 sf is under construction across four projects (59% preleased).

## Greater Toronto Area Market Summary

Availability Trend			Vacancy Trend			Change in Occupied Area (000's of sf)		New Supply (000's of sf)		
12 Months Ago	3 Months Ago	Current Quarter	12 Months Ago	3 Months Ago	Current Quarter	Current Quarter	YTD	YTD Completions	Under Construction	Preleased
14.8%	15.5%	15.5%	8.9%	9.2%	10.0%	443	726	1,169	8,153	66%

## Comparison of Leasing Options for Tenants

Office Space in Select Districts	No. of Bldgs.	Available Space			Availability Rate		
		Bldgs. with more than 50,000 sf	Bldgs. with largest contiguous available area greater than 50,000 sf	Number of spaces between 4,000 sf and 8,000 sf	Direct %	Sublet %	Total %
Downtown All Classes	449	80	31	371	10.7	3.4	14.1
Downtown Class A	148	61	26	129	9.5	3.3	12.8
Midtown All Classes	143	14	5	61	11.6	2.7	14.3
Midtown Class A	40	6	4	18	9.6	4.4	14.0
Toronto East All Classes	338	31	14	131	13.7	3.5	17.2
Toronto East Class A	135	21	9	81	15.0	4.5	19.5
Toronto North All Classes	132	15	9	56	12.6	2.5	15.1
Toronto North Class A	59	15	9	34	14.4	3.1	17.5
Toronto West All Classes	542	51	20	197	14.6	3.2	17.8
Toronto West Class A	268	40	16	124	16.0	4.1	20.1

## Greater Toronto Area Significant Transactions

Address	District	Tenant	Size
100 Queens Quay E.	Downtown	Canada Goose	113,000 sf
33 Bloor St. E.	Midtown	Industrious	36,300 sf
1340 Pickering Pkwy.	East	VW Credit	18,100 sf
3700 Steeles Ave. W.	North	HUB Financial	15,300 sf
2660 Matheson Blvd. E.	West	Baylis Medical	50,100 sf

**Get more market information**

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