

Office Q2 2021

**11.4%**  
Availability Rate



**-1.6 MSF**  
Net Absorption, SF



**\$47.98**  
Asking Gross Rent, PSF



ECONOMIC INDICATORS  
Q2 2021

**3.3M**  
GTA  
Employment



**9.8%**  
GTA  
Unemployment Rate



**7.8%**  
Canada  
Unemployment Rate



**ECONOMY: Recovery Picks Up Speed**

Employment in Toronto increased for the first time since March 2021, with 90,000 jobs added in June 2021. These gains were mainly in part-time work with retail trade leading the way. Professional, scientific & technical services, along with the accommodation and the food service sector, also posted modest gains. As public health measures ease, weaker parts of the economy are expected to gain traction. Housing has been a powerful growth driver in the past year with strong demand and low inventory bolstering construction activity.

(Source: Statistics Canada, RBC Economics).

**SUPPLY/DEMAND: Is the Tide Turning?**

Although the fallout from the pandemic continued to weigh on GTA's office markets in the second quarter of 2021, there is growing optimism about a return to "normal", as easing public health restrictions spurred occupiers to act on reopening plans and review space requirements. Overall GTA leasing activity increased to a four-quarter high of 1.2 million square feet (msf) after two dismal quarters where activity remained paralyzed at historic lows. While hopeful, it is important to note that leasing activity was still down by more than one half (about 54%) over the pre-pandemic three-year quarterly average.

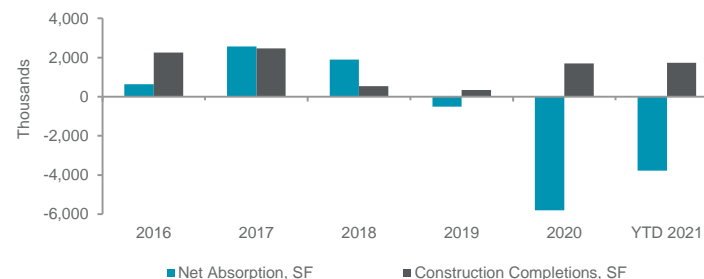
Downtown office vacancy continued to move upward in the second quarter reaching a 16-year high of 8.9%, up from 8.2% in the first quarter. As a sign that the tide may be turning, the quarter-over-quarter increase of 70 basis points was the lowest in the past year. Meanwhile, despite sublet vacancy reaching yet another record-high of 3.2 msf in the second quarter, new sublets, the main driver of vacancy, declined sharply to its lowest level since the third quarter of 2020.

GTA's overall suburban market performance mirrored that of the downtown market. Vacancy increased modestly to 13.8% from 13.2% in the first quarter – also the lowest quarter-over-quarter increase in the past year. Though sublets accounted for a quarter of all vacant space, a significant slowdown in the flood of new sublets was posted – the lowest since the third quarter of 2020. New leasing activity rose to 700,000 square feet in the overall suburban market – the highest level since the first quarter of 2020 and accounted for 60% of new leasing activity across the GTA.

**PRICING: Stable Overall with Some Spot Pricing**

With the overall GTA direct vacancy still below the 10%-mark, average asking rates have held firm across GTA office markets throughout the pandemic, although some submarkets have posted marginal declines due to an increase in spot pricing. Longer-term, well built-out sublets have attracted greater interest and, as a result, are achieving higher sublease recovery rates.

**SPACE DEMAND / DELIVERIES**



**OVERALL AVAILABILITY & NET ASKING RENT**



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL AVAILABILITY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Financial Core	35,042,846	1,528,085	2,062,880	10.2%	-420,373	-1,675,587	375,982	2,063,000	\$70.14	\$72.69
Downtown Fringe	41,302,165	1,633,844	1,587,157	7.8%	-357,464	647,205	333,263	5,910,995	\$55.56	\$59.07
<b>DOWNTOWN TOTALS</b>	<b>76,345,011</b>	<b>3,161,929</b>	<b>3,650,037</b>	<b>8.9%</b>	<b>-777,837</b>	<b>-1,028,382</b>	<b>709,245</b>	<b>7,973,995</b>	<b>\$64.60</b>	<b>\$68.66</b>
Midtown	16,618,922	398,343	1,198,244	9.6%	-267,337	-664,620	151,245	0	\$48.52	\$51.89
<b>CBD TOTALS</b>	<b>92,963,933</b>	<b>3,560,272</b>	<b>4,848,281</b>	<b>9.0%</b>	<b>-1,045,174</b>	<b>-1,693,002</b>	<b>860,490</b>	<b>7,973,995</b>	<b>\$61.73</b>	<b>\$66.49</b>
GTA East	32,101,944	1,211,481	3,128,987	13.5%	-337,382	-746,784	353,980	48,000	\$31.97	\$34.40
GTA North	15,592,845	229,684	1,401,392	10.5%	-91,598	-148,843	177,302	0	\$40.08	\$40.37
GTA West	43,020,018	1,711,228	4,827,316	15.2%	-132,776	-1,195,137	715,840	191,126	\$33.10	\$34.71
<b>SUBURBAN AREA TOTALS</b>	<b>90,714,807</b>	<b>3,152,393</b>	<b>9,357,695</b>	<b>13.8%</b>	<b>-561,756</b>	<b>-2,090,764</b>	<b>1,247,122</b>	<b>239,126</b>	<b>\$33.88</b>	<b>\$35.80</b>
<b>GTA TOTALS</b>	<b>183,678,740</b>	<b>6,712,665</b>	<b>14,205,976</b>	<b>11.4%</b>	<b>-1,606,930</b>	<b>-3,783,766</b>	<b>2,107,612</b>	<b>8,213,121</b>	<b>\$47.98</b>	<b>\$52.47</b>

\*Rental rates reflect gross asking \$psf/year

\*\* Leasing activity excludes renewals

## KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
19 Allstate Parkway	Hwy 404 / 407	Huawei Technologies Canada Co.,Ltd.	109,561	Renewal
150 Bloor Street West	Bloor & Yonge	Intel Corporation	48,359	Renewal
135 Queen's Plate Drive	Etobicoke Dispersed	Loopstra Nixon LLP	37,098	Renewal
181 Bay Street	Financial Core	Liberty Mutual Insurance	36,638	Renewal
85 Richmond Street West	Financial Core	Pinterest	50,412	Sublease
165 Attwell Drive	Airport	Consolidated Group of Companies Canada	32,444	Headlease
1875 Buckhorn Gate	Airport Corp Centre	Philips Canada Ltd.	27,626	Headlease

## KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
2630 - 2680 Skymark Avenue	Airport Corp Centre	Epic Realty Partners / Crown Realty Partners	250,233	\$58.8 M / \$235
100 Gough Road	Hwy 404 / Steeles	Hans Group / BentalGreenOak	111,840	\$47.5 M / \$425
30 & 60 Centurian Drive	Hwy 404 / 407	2761052 Ontario Inc. / Crown Realty Partners	93,228	\$11.9 M / \$128
5255 Satellite Drive	Airport Corp Centre	Manulife Real Estate / Rathcliffe Capital	72,000	\$22 M / \$306
1 Valleybrook Drive	Duncan Mill	Roanne Holdings Limited / Crown Realty Partners	68,000	\$9.4 M / \$138
200 Town Centre Boulevard	Hwy 404 / 407	Markham Executive Centre Building No. 2 Ltd. / Canada Animation Industry Group Inc.	53,331	\$12.5 M / \$235

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