



YoY Chg      12-Mo. Forecast

**21.5%**  
Vacancy Rate



**-9,784**  
Net Absorption (SF)



**\$13.14**  
Net Asking Rent (PSF)



(Overall, All Classes)

## ECONOMIC INDICATORS Q4 2023

YoY Chg      12-Mo. Forecast

**313.6**  
London Employment



**5.6%**  
London Unemployment Rate



**5.8%**  
Canada Unemployment Rate



SOURCE: Statistics Canada. Labour force characteristics, three month moving average, seasonally adjusted. December 2023.

## ECONOMY

London's unemployment rate declined by 40 basis points (bps) quarter-over-quarter (QOQ), falling from 6.0% in the third quarter to 5.6% in the fourth quarter of 2023. Total employment increased for the second consecutive quarter, rising to 313,600 jobs. The local economy has shown greater resiliency and key economic indicators demonstrate the relative economic strength of London compared to other similarly-sized Canadian cities. Despite the high interest rate environment and other headwinds that have been impacting the national economy, increasing economic momentum is expected to continue locally in 2024, as more companies continue to invest in new or expanded operations in London and the surrounding area.

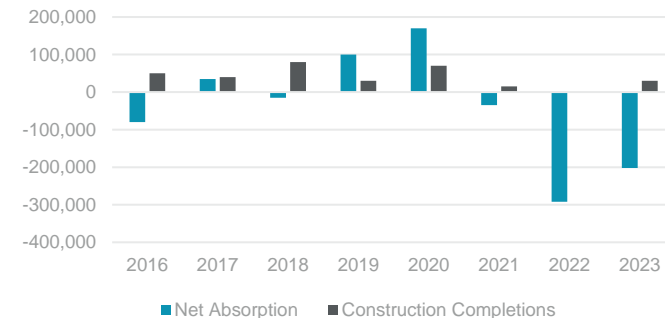
## PRICING, SUPPLY AND DEMAND

The overall office vacancy rate for London declined slightly to 21.5% in the fourth quarter of 2023, decreasing by 30 bps QOQ. Key trends that have played out in the office sector at the national level over the past year have also been evident for the local office market in London. Like many other cities across Canada, London's office sector was plagued by rising vacancy throughout much of 2023; however, challenges facing the office market have primarily been concentrated in the downtown area. The office vacancy rate in London's downtown area was 28.1% in the fourth quarter of 2023, compared to 5.4% in suburban locations.

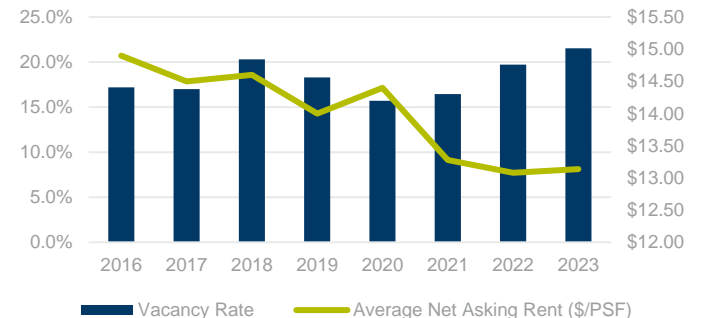
Despite slower suburban office leasing activity in the fourth quarter of 2023, office market absorption in suburban locations outpaced the downtown area throughout the year as downtown vacancy increased to historic levels, while demand for suburban office space remained strong overall. In 2023 overall absorption of office space in suburban locations was 55,099 square feet (sf), compared to negative 257,384 sf in London's downtown area. The downtown office market in London is much healthier for Class A space compared to Class B and Class C space which in some cases is becoming functionally obsolete and generally less desirable for many office tenants. The strong demand for suburban office space in London is expected to continue over the short-term; however, absorption will be tempered by limited availability.

There was a minimal QOQ increase with respect to London's average net asking rent for office space in London, with the overall average increasing from \$13.06 per square foot (psf) in the third quarter of 2023 to \$13.14 psf in the fourth quarter of 2023. Limited change in average net asking rates for office space in London is anticipated in 2024.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT





## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG NET ASKING RENT	OVERALL AVG ADDITIONAL RENT
<b>Downtown</b>	<b>5,830,564</b>	<b>86,429</b>	<b>1,552,896</b>	<b>28.1%</b>	<b>-1,457</b>	<b>-257,348</b>	<b>136,812</b>	<b>0</b>	<b>\$12.75</b>	<b>\$12.41</b>
A	1,907,072	70,295	291,839	19.0%	-87	-71,541	39,318	0	\$14.86	\$14.60
B	2,520,827	16,134	755,193	30.6%	1,601	-133,176	68,097	0	\$12.20	\$13.34
C	1,402,665	0	505,864	36.1%	-2,971	-52,631	29,397	0	\$12.06	\$9.44
<b>Suburban</b>	<b>2,389,476</b>	<b>4,363</b>	<b>125,325</b>	<b>5.4%</b>	<b>-8,327</b>	<b>55,099</b>	<b>110,174</b>	<b>0</b>	<b>\$18.06</b>	<b>\$11.63</b>
B	915,902	0	51,063	5.6%	-2,775	48,360	55,035	0	\$27.40	\$11.00
C	1,473,574	4,363	74,262	5.3%	-5,552	6,739	55,139	0	\$11.99	\$12.04
<b>CITY OF LONDON TOTAL</b>	<b>8,220,040</b>	<b>90,792</b>	<b>1,678,221</b>	<b>21.5%</b>	<b>-9,784</b>	<b>-202,249</b>	<b>246,986</b>	<b>0</b>	<b>\$13.14</b>	<b>\$12.36</b>

\*Reflects properties actively marketed on the MLS

## KEY LEASE TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1100 Dundas Street	Suburban	Confidential	30,000	Lease
680 Waterloo Street	Downtown	Confidential	17,905	Lease
1295-1305 Riverbend Road	Suburban	Confidential	10,830	Lease
100 Dundas Street	Downtown	Confidential	9,609	Sublease

## KEY SALES TRANSACTIONS 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE (PSF)
700 York Street	Downtown	2547093 Ontario Ltd./1000481111 Ontario Inc.	29,097	\$156.37
148 York Street	Downtown	2804331 Ontario Inc./1000427677 Ontario Inc.	14,500	\$227.59
743 Wellington Road South	Suburban	2857753 Ontario Inc./Undisclosed	9,073	\$264.52
1785 Wonderland Road North	Suburban	1263199 Ontario Limited/South London Investments Inc.	6,000	\$383.33

## KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
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n/a

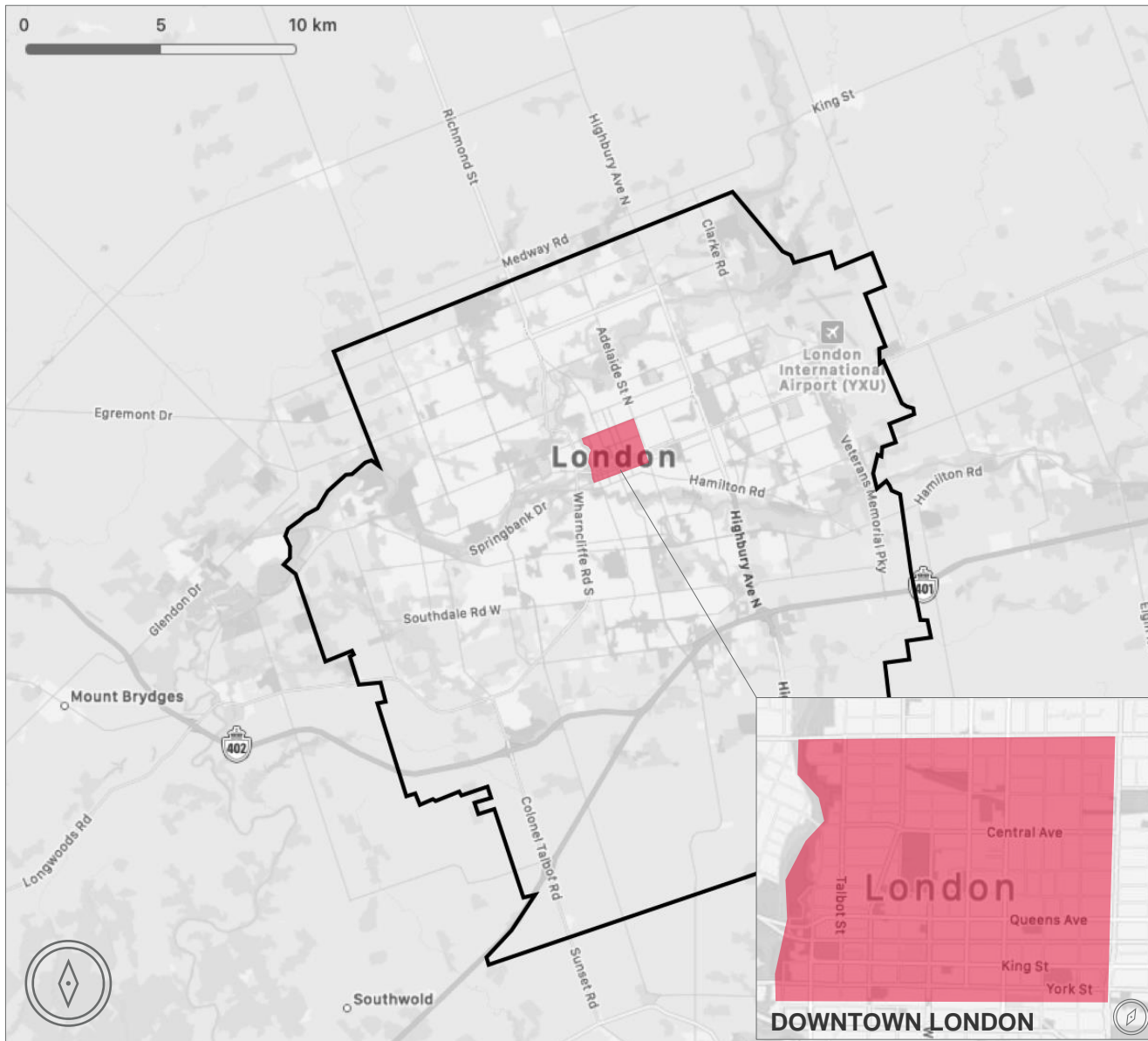
# CITY OF LONDON

Office Q4 2023



**CUSHMAN &  
WAKEFIELD**  
Southwestern Ontario

## MAP



### LOCAL MARKET RESEARCH LEAD

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