

## Tempered enthusiasm remains, back-to-office efforts progress slowly

The Greater Toronto Area (GTA) office market continued to display optimistic trends for market participants in the third quarter 2021 with tour activity remaining at elevated levels from 2020. As of late September, Ontarians have been required to provide proof of vaccination for access to certain public settings, such as indoor dining. In tow, capacity limits within many establishments were increased, and as of the writing of this report almost 82% of those 12+ years of age have been fully vaccinated. Notably, full capacity is now allowed at sporting and concert venues, while limits remain in place for businesses, creating ire amongst many business owners. Collectively, these data points are positive for the office market, however occupancy levels are expected to adjust slowly, with many companies cautiously planning re-entry to the office over the next few months, and in certain cases, delaying until 2022.

### Rental rates broadly flat quarter over quarter across the GTA

At the end of Q3, Central Business District (CBD) gross asking rents settled at \$58.28 per square foot (psf) – a 7.2% decrease year over year. Availability in the CBD moved higher to 10.6%, compared to 6.3% one year prior and 3.8% in Q1 2020. Available space for sublease decreased quarter over quarter, settling at approximately 2.5 msf and accounting for 29% of available space. Outside of the CBD, average gross rental rates were \$35.06 psf at quarter's end – a 2.2% increase year over year. Non-CBD availability increased to 12.8%, unchanged quarter over quarter.

### theScore leases 80,000 square feet (sf) at the Waterfront Innovation Centre

Quarterly leasing volume was again well below historical averages, although improved from Q1. Large transactions were scarce, yet a few notables leases were still signed. In the Waterfront Innovation Centre at 125 Queens Quay East, digital media company theScore leased 80,000 sf, with Gilbert's LLP taking the remaining available space in the building. Leasing activity is expected to increase in the short-to-mid term as current tour activity and lease negotiations translate to firm deals.

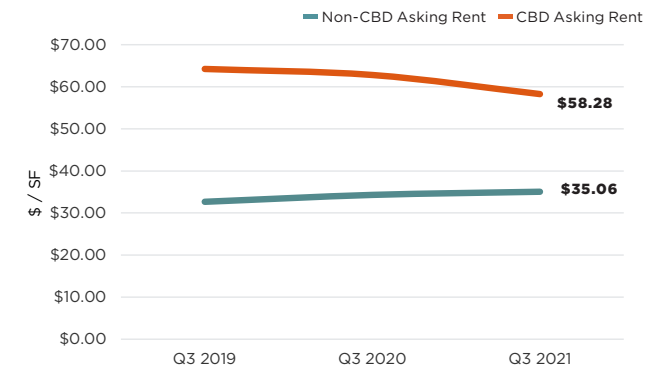
### Outlook

- Average asking rents expected to remain at current levels in the short term as fewer, less-expensive, subleases are placed on the market and head landlords continue to quietly offer flexibility in certain deal terms, to maintain tenancies
- Head landlords are expected to remain hesitant to lower rates on new deals, posturing on improved market fundamentals to come
- Opportunities remain to renegotiate and increase efficiency within current premises, while head landlords look to secure tenants in the current state of uncertainty and ahead of the wave of new product

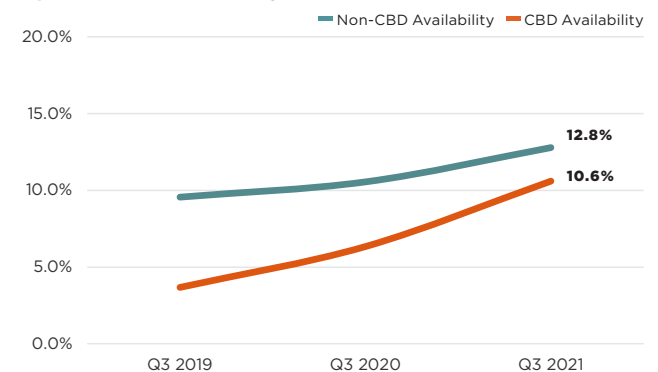
### KEY STATISTICS

	Q3 2020	Q3 2021	y-o-y Change
Inventory	189.4 MSF	<b>190.2 MSF</b>	▲
Central Business District Availability Rate	6.3%	<b>10.6%</b>	▲
Central Business District Asking Rental Rate	\$62.80	<b>\$58.28</b>	▼
Non-Central Business District Asking Rental Rate	\$34.29	<b>\$35.06</b>	▲
Quarterly Leasing Activity	0.5 MSF	<b>0.9 MSF</b>	▲

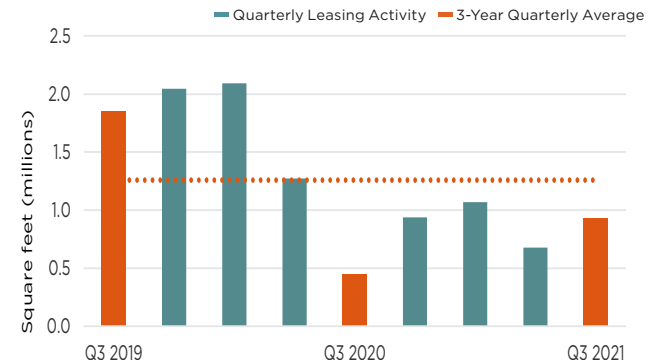
### ASKING RENT TRENDS



### AVAILABILITY TRENDS



### LEASING ACTIVITY



MAJOR TRANSACTIONS

50.3%

of major transactions were **renewals** by square footage

38.7%

of large transactions occurred in the **Markham/Richmond Hill** submarket by square footage

57.1%

of major transactions were **TAMI** companies by square footage

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Huawei Technologies	109,561	19 Allstate Parkway	Renewal	Markham/Richmond Hill	TAMI
theScore	80,000	125 Queens Quay E	Relocation	Downtown South	TAMI
JPMorgan Chase & Co.	43,000	255 Consumers Road	Relocation	Toronto East	Financial Services
Black & McDonald	30,291	75 Commerce Valley Drive E	Renewal	Markham/Richmond Hill	Construction
The Catalyst Capital Group	26,000	181 Bay Street	Renewal	Financial Core	Financial Services
Localcoin	17,054	480 University Avenue	New Location	Downtown North	TAMI
Network Reporting and Mediation	16,232	100 King Street W	Renewal	Financial Core	Professional Services
Mawer	15,458	79 Wellington Street W	Relocation	Financial Core	Financial Services
Gilbert's LLP	15,000	125 Queens Quay E	Relocation	Downtown South	Legal Services
Duka Property Management	9,188	6205 Airport Road	Relocation	GTA West	Construction

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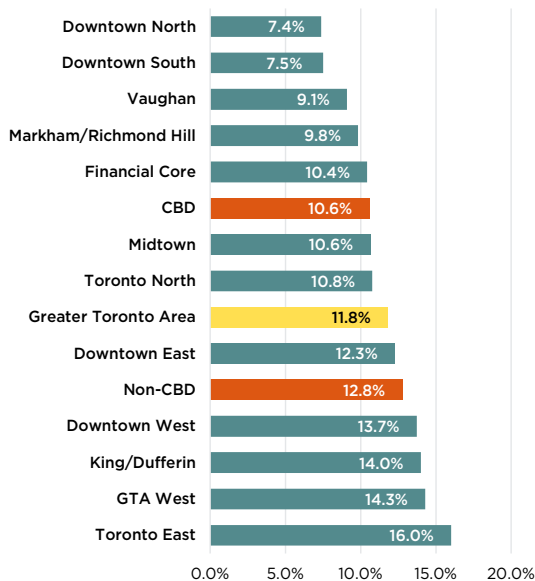
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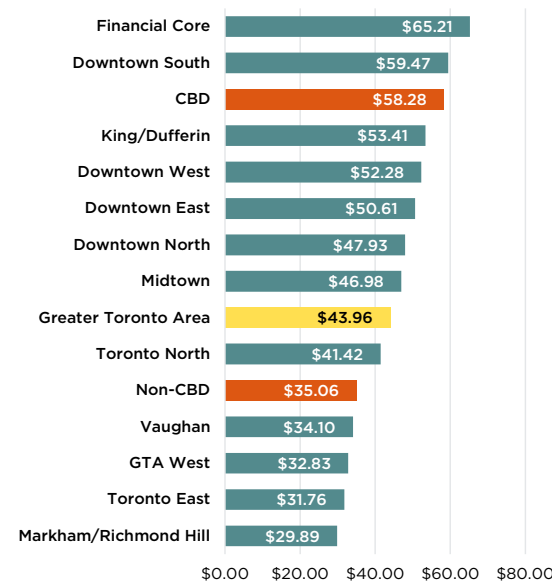
AVAILABILITY RATE COMPARISON

Toronto Submarkets



RENTAL RATE COMPARISON (\$/SF)

Toronto Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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