

WHAT HAS CHANGED IN THE TORONTO OFFICE LEASE MARKET IN 2017?

In 2017, we have observed the following trends in the Toronto office leasing market:

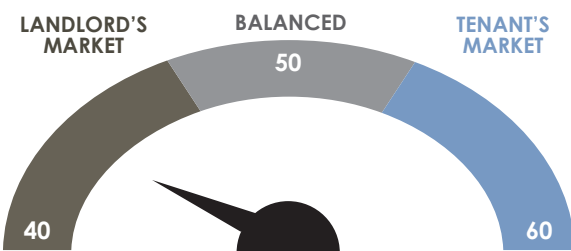
- The number of co-working companies have increased, both with new start ups and existing companies expanding.
- The number of leasing options continue to decrease for both small and large tenants.
- When good quality, functional built-out space comes to the market, offers and deals occur quickly.
- There has been an increase in mergers and acquisitions, delaying and/or extending the timeframe in which office leasing deals have taken to complete.
- Landlords have been dealing with an increase in multiple parties submitting offers to lease on the same space; both from new and existing tenants.
- The Sale/Demo clause in tenant's leases are becoming even more important as landlords adding or looking to add more floors on top of the building.

NOTABLE TRANSACTIONS - Q3, 2017

TENANT	ADDRESS	SIZE (SF)
Boston Consulting Group	81 Bay Street	83,000
RBC	181 Bay Street	49,000
Sony	2235 Sheppard Ave. E	40,000
WeWork	33 Bloor St. East	36,000
Monarch	2550 Victoria Park Avenue	24,000
Annex Business Media	111 Gordon Baker Rd	23,500
Deloitte	22 Adelaide St. West	23,000
Green Technologies	6895 Financial Drive	21,200
Taylor Made	6240 Hwy. 7	19,600

44

An index of 44 indicates that we are in a **Landlord's market**.



THE ELLINGTON INDEX is designed to take into consideration a variety of factors which influence the market. We do this on a quarterly basis. The higher the individual factor is ranked means it influences the overall market in a positive way for the tenant or in other words, contributes to a "Tenant's Market". Conversely the lower the rank the more the factor contributes to it being a "Landlord's Market"

ELLINGTON INDEX - FACTORS/VALUES		RANK
Current Availability Rate (GTA)	10.4% ↓	5
Current Availability Rate (Downtown)	6.4% ↓	4
Change in Availability Rate since last Quarter (Downtown)	0.7% ↓	4
Sublet Space Availability as % of Direct Space (Downtown)	0.8% ↑	4
New Supply (Building under construction Downtown)	9	4
Space Leased since last Quarter (Downtown)	184,000 sf	4
Tenant Confidence (Downtown)	Medium	5
Landlord Confidence (Downtown)	Strong	4
Forecasted Rental Rates over next 3 months (Downtown)	Slight increase	5
Tenant Deal Velocity in Market (Downtown)	Low-Medium	5
TOTAL		44

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