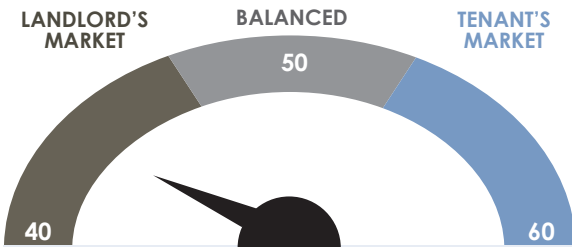




GTA OFFICE MARKET UPDATE

42 An index of 42 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)	9.8% ↓	4
Current Availability Rate (Downtown)	5.1% ↓	4
Change Availability Rate since last Quarter (DT)	0.6% ↓	4
Available Sublet Space - % of Direct Space (DT)	1.0% ↔	4
New Supply (buildings under construction)	9 ↔	4
Space Leased since last Quarter (DT)	412,000 sf	4
Tenant Confidence (DT)	Medium	5
Landlord Confidence (DT)	Strong	3
Forecasted Rental Rates over next 3 months (DT)	Incremental increases	5
Tenant Deal Velocity in Market (DT)	Medium	5
TOTAL		42

DOWNTOWN...WHERE COMPANIES CONTINUE TO GO AND GROW

More companies are deciding to move or to grow their existing footprint in downtown Toronto, and the trend is accelerating.

However, the trend to expand Downtown isn't one-sided as there are a couple of companies who have left for the suburbs or have reduced their downtown footprint. But, for every shrinking/leaving company, there are 3 to 4 companies taking their place.

Consequently, this demand for downtown office space continues to push vacancy rates lower and downtown rates higher. While there are new office towers about to come on stream, it is difficult to forecast when this trend will end.

Companies seem to be prepared to tradeoff higher priced real estate for the labour pool, public transit, greater accessibility to clients, service providers and face time with clients and prospects.

Companies Moving	Square Feet
Ontario Teacher's Pension Plan	241,000
Tim Horton's	64,000
Microsoft	130,000
SAP	58,000
CIBC	1,100,000
Canadian Olympic Association	20,000
Workhaus	50,000
BMO	340,000
WeWork	64,000