

Lease More Space or Purchase New Furniture?

In general we are seeing our clients' businesses doing well and expanding their operations. Often, with growth, comes the need to accommodate more people and the prospect of having to lease more space. Ellington recommends that before leasing more space, you check to see if a furniture solution to intensify your existing space may work. In the long run it could save you money compared to leasing more space.

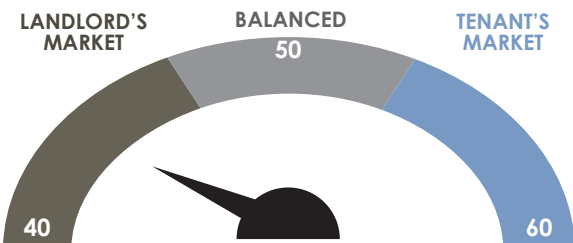
Approximately 180 sf of rentable area per person is a typical standard for companies with primarily open concept space. A company growing by 10,000 sf could accommodate approximately 55 more people. If average annual gross rental rates range from \$35 psf (suburban office space) to \$65 psf (Financial Core office space) and construction costs average \$75 psf, the total 5-year cost on 10,000 rentable sf of expansion space could range from \$2,500,000 to \$4,000,000 or approximately **\$45,000 to \$72,000** per person, not including furniture or equipment. New office furniture for primarily open concept space including workstations, chairs, meeting room & kitchen furniture ranges from **\$3,000 to \$5,000** per person. If there is an opportunity to densify a portion of your existing space without compromising operational efficiency by pursuing a furniture solution, there could be significant savings as compared to leasing more office space.

NOTABLE TRANSACTIONS - Q2, 2017

TENANT	ADDRESS	SIZE (SF)
CIBC	81 Bay Street	1,350,000
Norton Rose Fulbright	222 Bay Street	98,000
RBC	222 Bay Street	78,000
Accenture	40 King St. West	67,000
Aviva	1333 N. Service Rd.	55,000
ERCO	5050 Satellite Dr.	36,000
Universal Music	80 Atlantic Ave.	30,000
Hubba	129 Spadina Ave.	30,000
Tribal Scale	200 Wellington St. W	23,000
RBC	121 King St. West	22,000

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 Real Estate Ltd. Brokerage
172 King Street East, Suite 200 Toronto, ON M5A 1J3

416.238.1555 | ellingtonre.com

ELLINGTON INDEX - FACTORS/VALUES		RANK
Current Availability Rate (GTA)	10.9% ◀▶	5
Current Availability Rate (Downtown)	7.1% ▼	4
Change in Availability Rate since last Quarter (Downtown)	0.3% ▼	4
Sublet Space Availability as % of Direct Space (Downtown)	0.7% ▼	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)	Medium	5
TOTAL		44