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## Media Release

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· **Click here to view and download Avison Young's Mid-Year 2011 GTA Office Market Report:**

[http://www.avisonyoung.com/library/pdf/Toronto-ResearchFolder/Q2-11-Toronto\\_GTA.pdf](http://www.avisonyoung.com/library/pdf/Toronto-ResearchFolder/Q2-11-Toronto_GTA.pdf)

### **Toronto's rapidly-changing office market conditions signal shift in landlord-tenant balance**

#### ***Avison Young releases its Mid-Year 2011 Greater Toronto Area Office Market Report***

**Toronto, ON** – Tenant activity and leasing velocity from the first quarter of 2011 spilled over into the second quarter, lowering availability and vacancy rates in most districts and asset classes across the Greater Toronto Area (GTA) office market. Consequently, the landlord-tenant balance has shifted, particularly in Toronto's downtown and midtown districts.

These are some of the key trends noted in **Avison Young's Mid-Year 2011 Greater Toronto Area Office Market Report**, released today.

"Over the last 12 months, the GTA office leasing market has performed exceptionally well, supported by a continued steady flow of lease transactions, eroding the supply of available space options along the way and altering the landlord-tenant relationship," comments **Bill Argeropoulos**, Vice-President and Director of Research (Canada) for Avison Young.

"While the GTA office market experienced a 50-basis-points (bps) drop in vacancy (physically unoccupied space) between the first and second quarter, vacancy has retreated by some 280 bps over the past year to close the first half of 2011 at 8.4%. Though not quite in single-digit territory, the availability rate (space marketed for lease but not physically vacant) across the region settled at 10.2%."

According to the report, Toronto's downtown vacancy rate has been trimmed by almost half during the past 12 months, reaching the midway point of 2011 at 5.9%, while availability is down some 200 bps to 8.5%. In the midtown district, availability and vacancy closed out the first half of the year at 8.2%

and 7%, respectively. Within midtown, the popular Bloor node saw its vacancy rate dip below 6% – its lowest level in three years.

“The theme across the board is clearly one of tightening,” adds Avison Young Principal **Jonathan Pearce**. “In both downtown and midtown Toronto (especially the Bloor office node), we are seeing the pendulum swing further in favour of landlords. This is being seen not only in the premium AAA asset class, but in the AA, A and B asset classes as well. Exacerbating this further is the very limited availability of large blocks of contiguous space. Moreover, delivery dates of additional/proposed new buildings are too far out to generate any meaningful new supply in the short term.”

“Tenants shopping for space are, in many instances, having to start the process earlier, make decisions faster, and be prepared to compromise more on flexibility. Competitive situations between multiple tenants with interest in the same premises, while not yet commonplace, are definitely occurring and becoming more frequent,” he says.

Adds Argeropoulos: “Given the rapid improvement in the marketplace, new office development may be the only viable – in other words, economic – option for some of the dozen or so large tenants currently in play, or about to enter the market in downtown Toronto. In all, there are plans in place to deliver more than 9 million square feet of office space, spread over a dozen projects. Interestingly, more than two-thirds of the proposed office area is outside the traditional confines of the Financial Core – in the already active Downtown South market and areas east of the Core and along the waterfront.”

But Argeropoulos also offers a proviso. “Of course, not all of the developments will go ahead at the same time. Some are more advanced in their planning process and/or negotiations in securing a lead tenant than others.”

No official announcements have been made. However, specific projects have come up for discussion, he notes. “The names/projects you often hear include GWL Realty Advisors’ Southcore Financial Centre (Bremner Tower), Oxford Properties’ Waterpark Place (Phase 3) and Queen-Richmond Centre West by Allied Properties REIT, to name a few.”

*Founded in 1978, Avison Young is Canada's largest independently-owned commercial real estate services company and the only national, Canadian-owned, principal-managed real estate brokerage firm in the country. Headquartered in Toronto, Ontario and ranked among Canada's leading national commercial real estate organizations, Avison Young is a full-service commercial real estate company comprising more than 750 real estate professionals in 24 offices across Canada and in the U.S. The company provides value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-residential properties.*

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