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Commercial landlords' market will be short-lived, says experts

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Commercial real estate volumes will decline across Canada this year, as many firms "stay put while riding out the economic downturn."
That's the call by Avison Young, one of the country's biggest commercial real estate companies, which has a GTA West/Mississauga office on Eglinton Ave. W.
Avison Young issued its 2009 forecast on this morning. It predicts that in major markets such as Mississauga, new commercial real estate space coming onto the market might mean vacancy rates rise, which means "tenants may see some relief with regard to rental rates."
The annual report covers the office, industrial, retail and investment markets in 11 regions: Vancouver, Calgary, Edmonton, Regina, Winnipeg, Toronto, GTA West/Mississauga, Ottawa, Montreal, Quebec City and Halifax.
Industrial users were hard-hit in the GTA in 2008, said Martin Dockrill, managing director of Avison Young's Mississauga office.
"The manufacturing sector was hurt by the appreciation of the Canadian dollar, lower-cost manufacturing in Mexico and China, and the suffering automotive industry," said Dockrill. "The warehousing and distribution sector continued to pick up the slack, absorbing most new product that came to market throughout 2008."
Supply of space should exceed demand this year.
"Tenants will look for savings in their real estate costs and landlords will be forced to lower their rental expectations and provide greater flexibility," said Dockrill.
The company's report also noted that, "the office vacancy rate for all classes of space across the GTA remained surprisingly low throughout 2008 at approximately 6.8 per cent, maintaining a landlords' market. However, this landlords' market will be short-lived."
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