

Toronto Office Market



By Brian Madigan

The best real estate in Canada is located in Toronto's financial core. The problem is that there just isn't enough of it.

For the last seven or eight years, tenants have been blessed with the opportunity to renew their leases at reasonable rates. The supply was more than sufficient, so developers stopped building. But, now, the tables have turned. It's a Landlord's market and that will likely continue for the next two years.

By 2010, there should be another 5 million square feet of office space. However, the problem is that at least one half of that space is already committed. Nevertheless, until then, the commercial office market in Toronto will likely remain a Landlord's market.

With higher municipal taxes, the cost of parking and commuting times, smaller businesses are looking to locate in the 905. It simply makes a whole lot of sense, Class A office space at less than one half the price in most cases.

Consider this, the big bank towers are almost \$70 per square foot, high B Class exceeds \$40, and new Class A in the 905 can be less than \$25. In addition, take about one hour off the commute together with free parking and this proposition is quite attractive.

One item that you must remember is the Class A downtown is different than Class A in the 905. Granite, marble and real gold in the windows is something that you will really only find downtown. But, high end HVAC, electrical, fiberoptics, and security may be more commonplace in the 905.

Once companies move to the 905, they usually don't return. So, if your lease comes up for renewal in the not too far distant future, you may wish to consider your alternatives, and if your lease is not due, and you must stay downtown, then

you might want to renew early.

The most common mistake made by tenants is leaving everything to the very last moment. So, plan now, do your research.

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