



TORONTO STAFF REPORT

April 12, 2006

To: Planning and Transportation Committee
From: Chief Planner and Executive Director, City Planning Division
Subject: "Toronto Office Market" Bulletin

Purpose:

To update the Planning and Transportation Committee on the status of the office market in the City and the GTA

Financial Implications and Impact Statement:

There are no financial implications resulting from the adoption of this report.

Recommendations:

It is recommended that Planning and Transportation Committee receive this report for information.

Background:

The health of the office market is important to the City's fiscal and overall economic health. About 574,000 employees, or about 45% of the total employment in the City, work in an office setting. Tracking key indicators of the health of the office market, such as supply, vacancy and employment levels, helps us to understand the dynamics of the City's economy.

Highlights:

The Toronto Office Market Bulletin notes that:

- The GTA office market is the largest office market in the country. As of the end of 2005, it made up 40% of the total amount of office space in Canada.
- For several years it has had some of the lowest office vacancy rates in North America.
- The supply in suburban office locations in the GTA was fairly flat during the 1990s. The office supply reached a peak in 1992, and declined or stayed flat until 1999.

- Office employment growth in the City has been driven by different sectors over time. In the 1980s, substantial increases in the Finance, Insurance and Real Estate (FIRE) sector drove growth in jobs and in the supply of office space. Since then, much of the growth has been driven by the Business Services category, which includes Legal, Accounting and Management Consulting, as well as the highly cyclical Computer Services sub-category.
- While Business Services have been a dynamic sector, FIRE is still very important to the Downtown picture and to the future of Downtown. Employment in the FIRE category has grown from 86,000 in 1990 to 91,800 jobs today.
- Office employment is spread throughout the City. About 44% of the City's office employment is accounted for by the Downtown—a percentage that has increased modestly since 1990. The Downtown employs about 250,000 people in office jobs. The City's 16 Employment Districts account for a further 26%. The four Centres make up 10%, while the remaining 20% is scattered throughout the City.
- Currently the City accounts for about 47% of the office space in proposed developments across the Greater Toronto Area. Over 90% of this space is located in the Downtown.
- The office sector is not without challenges. A continued threat is faced by the Employment Districts and the 150,000 office jobs that they contain, as they come under continued pressure to convert land (and sometimes office building space) to non-employment (residential) uses. This pressure is also felt in the Centres and the Downtown. A wide variety of space and location opportunities are needed for a well functioning office marketplace, and the range of opportunities found across the City is not duplicated by the more narrowly focussed office space found in the surrounding regions.

Conclusions:

The office market in the City is in the best shape in many years. Vacancy rates are low, office employment in key sectors such as the Finance, Insurance and Real Estate sector is growing, and a significant number of new projects should be entering the market over the next few years.

The Toronto Office Market Bulletin, attached to this report, will be posted on the City's website.

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List of Attachments:

The Toronto Office Market Bulletin

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This bulletin looks at the Toronto Office market, which is a key driver of the City's economy. A copy of this bulletin can be found at the City of Toronto's Web site at www.toronto.ca/demographics

April 2006

Highlights

- The GTA Office Market is the sixth largest market in North America. It is the largest office market in the country. As of the end of 2005, it made up 40% of the total amount of office space in Canada.
- For several years it has had some of the lowest office vacancy rates in North America.
- The supply in suburban locations was fairly flat during the 1990s. The stock here reached a peak in 1992, and declined or stayed flat until 1999.
- Office employment growth in the City has been driven by different sectors over time. In the 1980s, substantial increases in the Finance, Insurance and Real Estate (FIRE) sector drove growth in jobs and in the supply of office space. Since then, much of the growth has been driven by the Business Services category, which includes Legal, Accounting and Management Consulting, as well as the highly cyclical Computer Services sub-category.
- While Business Services have been a dynamic sector, FIRE is still very important to the Downtown picture and to the future of Downtown. Employment in the FIRE category has grown from 86,000 in 1990 to 91,800 jobs today.
- Office employment is spread throughout the City. About 44% of the City's office employment is accounted for by the Downtown—a percentage that has increased modestly since 1990. The City's 16 Employment Districts account for a further 26%. The four Centres make up 10%, while the remaining 20% is scattered throughout the City.
- Currently the City accounts for about 47% of the office space in proposed developments across the Greater Toronto Area. Over 90% of this space is located in the Downtown.



The Toronto Office Market

The office market continues to be important to the City and its economy. The health of the commercial office market is key to the City's fiscal and overall economic health. About 574,000 employees, or about 45% of the total employment in the City, work in an office setting. In 2005 this sector employed more people than the next three employment categories (Institutional, Manufacturing and Retail) combined. Tracking key indicators of the health of the office market, such as supply, vacancy, and employment levels helps us to understand the dynamics of the City's economy.

A significant proportion of the job growth forecast behind the City's Official Plan (544,000 jobs during the time period 1996 to 2031) are anticipated to be realized in office settings.

It is also important to examine where office growth has taken place both in the City and the surrounding 905 Region. Key questions to address include the role of the Downtown, both to the City and the larger region; the health of the Centres; and the City's overall performance in the larger, regional office market.

The office market in the City is complex. Despite this complexity, many observers have frequently offered some sweeping generalizations which are not accurate. It is not the case that the office market in Toronto has been stagnant for the past fifteen years. Nor is it true that "all the growth in the office sector has

been in the 905 region" or that "financial services are fleeing to the suburbs."

Office employment has been highly cyclical in the past, and will no doubt remain so in the future. Employment declines in this sector in the past have been large, but so too has the eventual recovery. From the 1994 low, office employment rose again to top the 600,000 mark in 2000 and 2001, declined for the next few years, and recovered in the 2003-2005 period. While total employment in the City grew by 11,400 jobs between 2003-2005, office employment in the Downtown grew by about 5,100 jobs.

Greater Toronto Office Market Stands Out In North America

The GTA office market (including the City of Toronto and the surrounding four regions of Durham, York, Peel and Halton) contains about 14,900,000m² of office space. It is the sixth largest office market in North America.

The GTA also places well when comparing office vacancy rates in major markets in the United States. Low and declining vacancy rates reflect a healthy and growing market, since as increasing amounts of office space become occupied, vacancy rates decline. They are also an indication of the likelihood of new construction taking place, as significant new office supply will tend to come on stream when markets are healthy and getting stronger.

Market	Total Office Space (m ²)
New York	37,800,000
Chicago	21,900,000
Los Angeles	18,400,000
Dallas/Fort Worth	17,700,000
Houston	15,800,000
Toronto	14,900,000
New Jersey	14,300,000
Northern Virginia	13,800,000
Atlanta	12,700,000
Denver	9,900,000
Washington	9,600,000
Miami	9,500,000

(Source: Studley Office Market report (U.S. data), Cushman & Wakefield LePage (Toronto GTA data)).

Office vacancy rates in most centres in the United States have exceeded those found in Toronto for many years. This is a result of over-building in the United States which has continued to increase supply, even in the face of lower overall demand for office space.

Toronto has the lowest vacancy rates of all the major centres. Previously, Toronto's vacancy rate was second only to New York.

The high vacancy rates in these major office markets in the United States has resulted in large amounts of office space being available. Currently, in major U.S. markets, there is about 33 million m² of vacant office space available.

Within Canada, the Greater Toronto Area office market is the largest in the country. It accounts for about 40% of the total office space (occupied and vacant) found in Canada. It is almost twice as large as the next largest office market, the Montreal market (with 7,600,000 m² of office space). It is three and a half times larger than Calgary and Vancouver, the third and fourth largest office markets in Canada (with 4,300,000 m² and 4,100,000 m² of office space respectively).

Competitively, the GTA office market has a lower office vacancy rate than other office markets in Canada such as Montreal and Vancouver. Calgary's and

Edmonton's vacancy rates have both dropped below Toronto's in 2004 and 2005, spurred on by energy related demand growth.

The City Within The Greater Toronto Area Market

Within the GTA, patterns of office space have shifted over time. Figure 1 shows office space across the regional market area for the last forty years. It details three areas: Downtown (which roughly corresponds with the Downtown as defined in the City's Official Plan), Midtown (which extends from Bloor Street to north of Eglinton, along the Yonge Street spine), and Suburban (which includes all other areas in the City of Toronto, as well as the GTA suburbs from Burlington in the west, to Richmond Hill in the north and Ajax to the East). Map 1 displays the geography used by Cushman & Wakefield LePage to report office statistics.

The growth of office space in this "suburban area" (which includes the North York Centre) has been considerable over

the past two decades, mirroring observations in other major North American markets. In 1984, the amount of suburban office space was about 2,900,000 m². Twenty years later, the total space had grown by over two and one-half times to 7,391,827 m².

The trends since the office market peak of 1990 have been particularly notable. Throughout the 1990s, there was little overall office space growth anywhere in the Toronto Region, except for a few buildings which had started construction during the office peak years of 1988-1990, which came to market in the early 1990s.

The suburban office markets were thus mostly flat during the 1990s. They reached a peak of 6,417,000 m² in 1992, and declined or stayed flat until 1999, when they reached the level of 6,625,000 m².

Since 1999, over 1,000,000 m² of office space has come to market in the suburbs. Very little of this space has been located in areas that are transit-based, or in centres that have been designated as areas for growth in regional Official

Office Vacancy Rates

Market	End of 2003	End of 2004	End of 2005
Toronto	11.2%	10.4%	8.5%
New York	10.9	9.9	9.0
Orange County	19.5	15.1	11.3
Northern Virginia	15.8	13.0	12.1
Miami	18.4	15.1	12.5
Los Angeles	18.5	16.3	13.9
San Francisco	18.8	18.0	14.2
U.S. markets average	18.1	17.0	15.1
New Jersey	17.3	16.9	16.5
Philadelphia	14.9	18.3	17.4
Houston	21.0	21.2	18.4
Chicago	20.2	20.1	18.9
Atlanta	24.4	23.8	20.4
Denver	25.5	24.4	20.7
Dallas/Fort Worth	27.9	27.5	24.9

(Source: Studley Office Market report (U.S. data), Cushman & Wakefield LePage (Toronto GTA data)).

Plans. More modest growth was recorded in Downtown Toronto during this time. Since 1997, a little more than 400,000 m² has been added to the Downtown market, primarily through the conversion of old industrial buildings to office use. In the Midtown, from a peak in 1992 of 1,795,000 m² the total space inventory declined to 1,614,000 m² by 2005. This came about through the demolition, and conversion to residential uses, of a number of buildings along Bloor Street, along Yonge Street north of Bloor, at Yonge/St. Clair, and at Yonge/Eglinton.

The strength of suburban office markets has been a well-documented trend in the past decades in cities throughout

North America. Suburban office areas have offered some tenants a number of advantages. These include:

- The provision of ample parking at grade (which is cheaper to construct than below grade parking, and can typically be provided to employees at little or no cost)
- The ability to occupy new office space that is designed and built to the specifications of a major tenant. These opportunities exist for smaller firms in suburban buildings that are smaller than is typically the case in the Downtown.

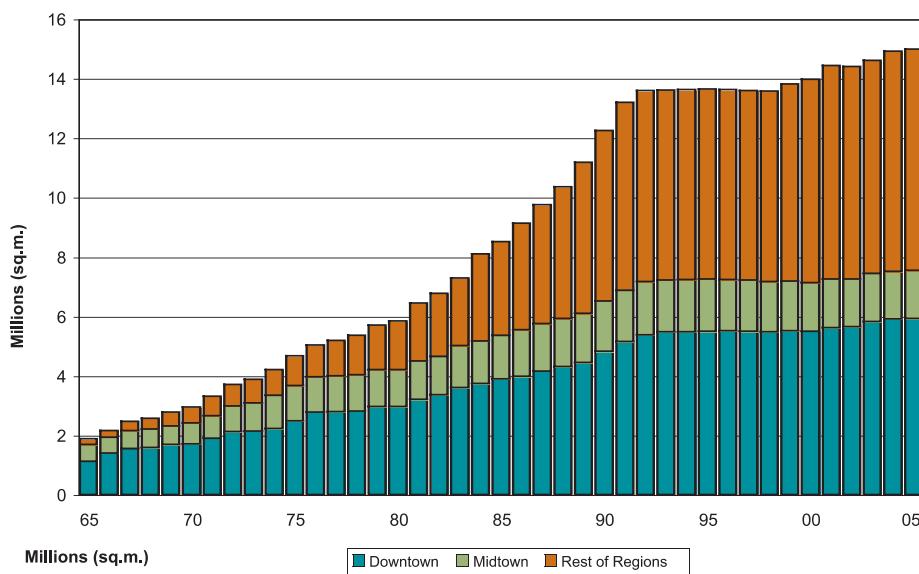
- Proximity, access and visibility to major highways.
- Proximity to a growing suburban labour pool.
- Lower total space occupancy costs, on a net basis (due to historically lower net rents for suburban office space) and on a gross basis (due to relatively lower property taxes in suburban locations).

A comparison of vacancy rates throughout the GTA shows that City locations have remained highly competitive, as reflected in lower vacancy rates for the City compared to 905 locations. In most cases in the past five years, the vacancy rate for office space in the Downtown and Midtown have been lower than the vacancy rates for Suburban space. In many cases, vacancy rates for the Downtown were also lower than GTA averages.

Vacancy Rates

Area	2001	2002	2003	2004	2005
GTA	7.8%	10.7%	11.2%	10.4%	8.5%
Downtown	6.6	9.8	11.4	9.7	9.0
Midtown	5.9	6.7	10.0	10.8	8.3
Suburban	9.0	11.6	11.3	10.9	9.8

**Figure 1: Total Office Space by Major Districts, GTA
Annually 1965-2005***



*as of 3rd Quarter 2005

Source: Cushman & Wakefield LePage Commercial Inc. Toronto Office Space Market, Statistical Summary Table

Office Employment in the City

A key indicator of competitiveness and health of different geographic areas is the number and types of office jobs across the City. Maps 2 and 3 show some of the changes in office employment in the City between 1983 and 2005, as recorded by the City's annual employment survey. They reveal a number of facts:

- Office employment is spread throughout the City: in the Downtown (43.7%), the Centres (10.4%), the Employment Districts (26.2%) and other areas (19.7%).
- Growth between 1983 and 2005 has been particularly notable in the Downtown (particularly the Central Inner-City East and West) and the former North York.
- Office employment has increased in the Employment Districts.
- Geographically dispersed Employment Districts like the Don Valley Parkway Corridor have had strong office employment growth in some sub-areas such as Steeles/Highway 404, which has offset employment declines in other parts of the corridor.

Figure 2 displays total employment in the City since 1990, as well as total office employment and office employment in the Downtown. The data can be broken down into four time periods.

- From the peak year of 1990, the economic recession prompted significant decline in employment over the next six years. From total employment in the City of 1,350,000 employees in 1990, employment fell by about 196,000 people to reach a low in 1996.
- Office employment mirrored

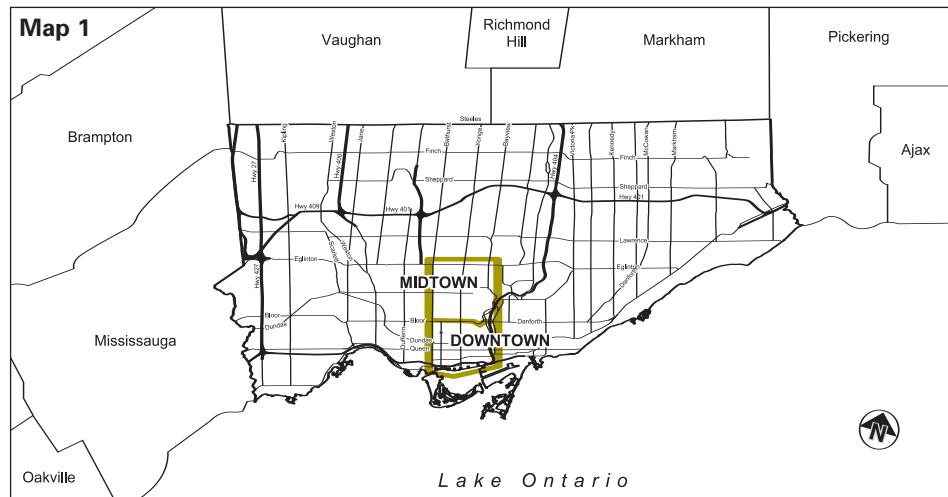
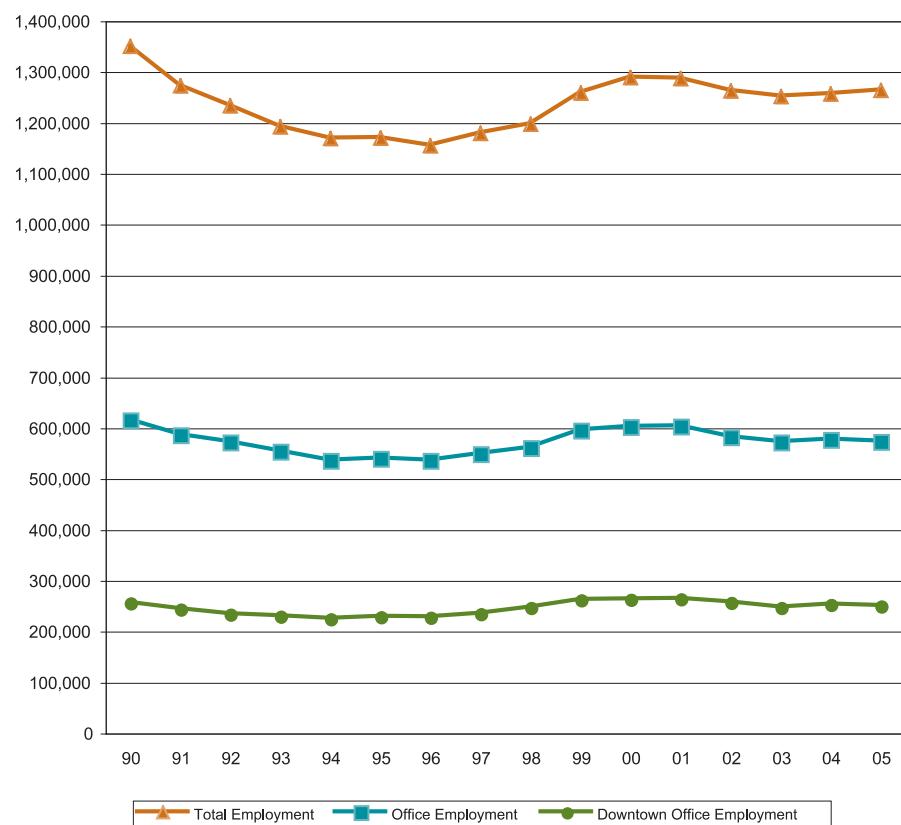


Figure 2: Office Employment in the City



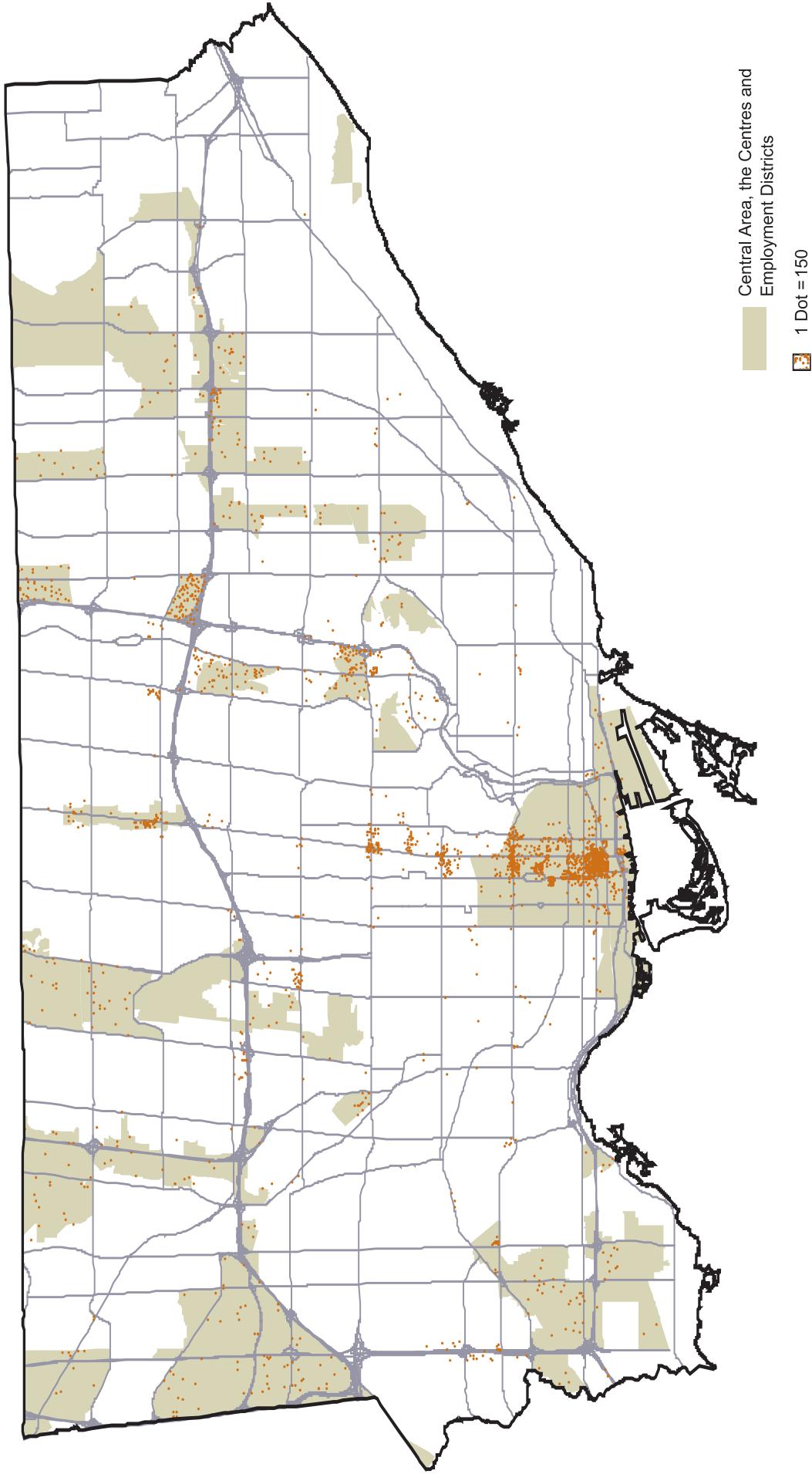
Source: City of Toronto Employment Survey

this trend. From the 1990 peak of almost 615,000 jobs, office employment fell by almost 80,000 employees to the low recorded in 1994, and stayed flat to 1996. In the Downtown, office employment fell from almost 256,000 in 1990, to 227,000 in 1996.

- From 1996-2000, employment

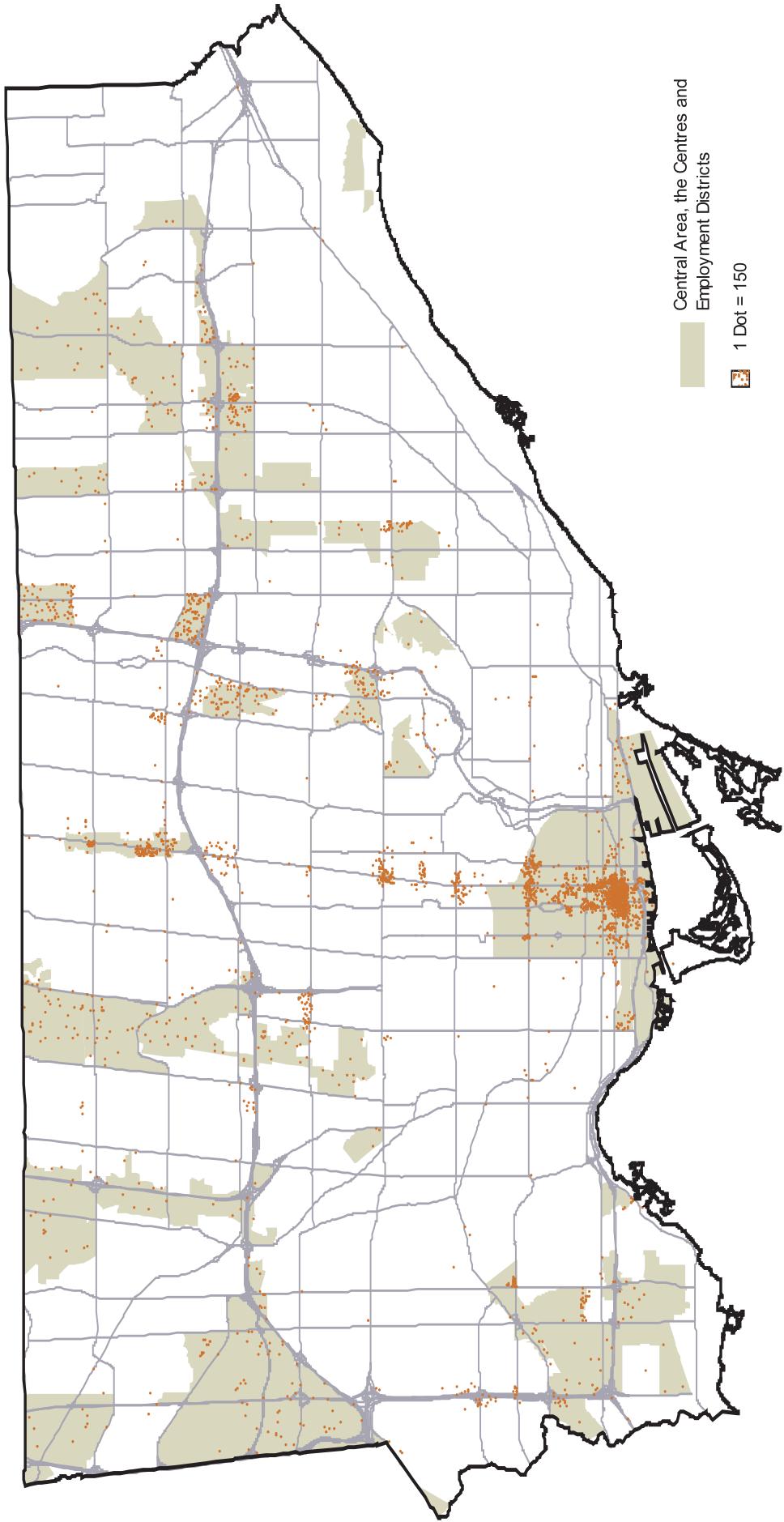
rose again. Across the entire City, total employment grew by over 134,000 jobs during this four year time period. Office employment grew from 535,000 jobs in 1996 to about 602,000 jobs in 2000, a gain of 67,000 office jobs. Office employment in the Downtown also increased from 227,000 jobs in 1996 to 262,000 jobs in 2000, a gain of 35,000 jobs.

Map 2 - 1983 Office Employment Concentration





Map 3 - 2005 Office Employment Concentration



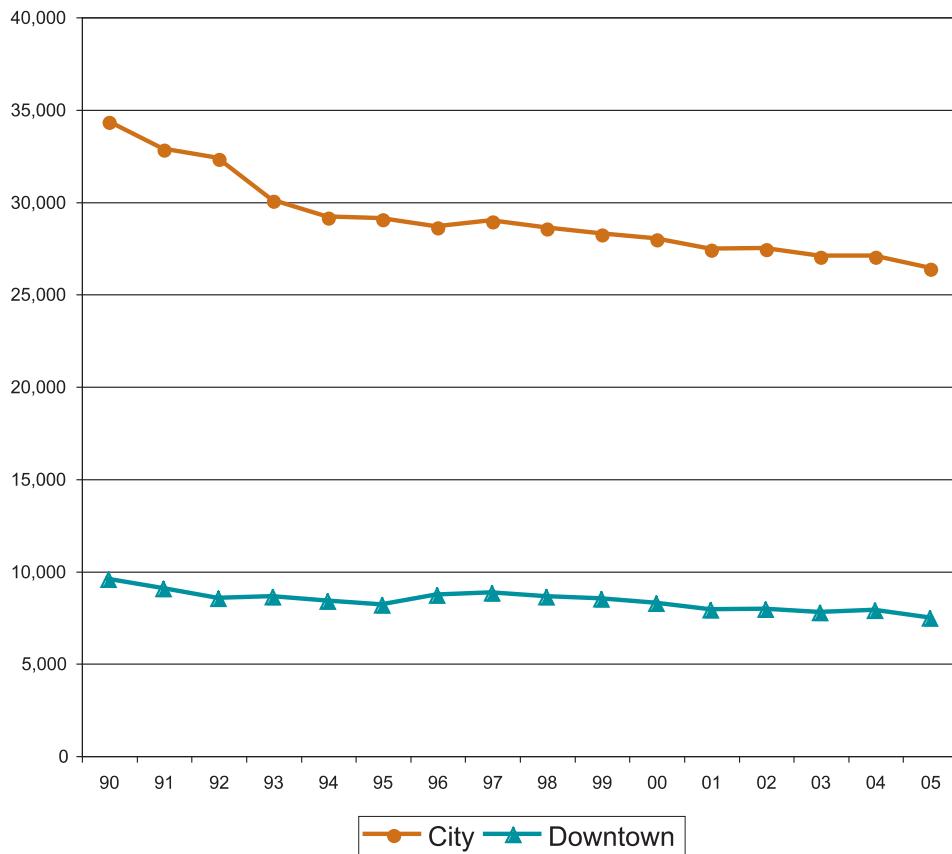
- Another period of job declines across the different categories was experienced from 2000-2003, reflecting the bursting of the “dot-com” bubble and a mini-recession. Total employment fell by 37,000 jobs during this time period, office employment fell by 30,000, and office employment Downtown dropped by 16,000 jobs.
- Employment rebounded between 2003-2005. While total employment grew by about 11,400 jobs, office employment across the City increased by about 2,200 jobs. Downtown office employment grew by about 5,100 jobs.

The result of these actions is that today, office employment sits at levels only slightly below the peak 1990 period, mirroring a very healthy economy generally. Total office employment across the City is down only 5% from the peak of 1990, while Downtown office employment is only about 4,500 jobs fewer than existed in 1990. Note also that these net figures conceal considerable variation in employment in individual sectors of the office market. Toronto continues to appeal to firms across the broader economy, and the office market, and especially the Downtown, has shown long-run stability.

Figure 3). Instead, the number of firms has fallen almost every year for the past fifteen years, matching a pattern seen City wide for the total number of establishments found in the City. The same pattern is found in Downtown office employment as well. Today, there are about 7,400 office establishments in the Downtown, a drop from 1990’s level of 9,500 establishments. The average office firm size is increasing as a result—from an average of 17.9 employees per firm in 1990 to 21.7 employees per firm in 2005.

Interestingly, the number of office firms in the City has not matched the rising and falling employment totals (see

Figure 3: Number of Office Firms



Source: City of Toronto Employment Survey

What Office Sectors Have Been Growing?

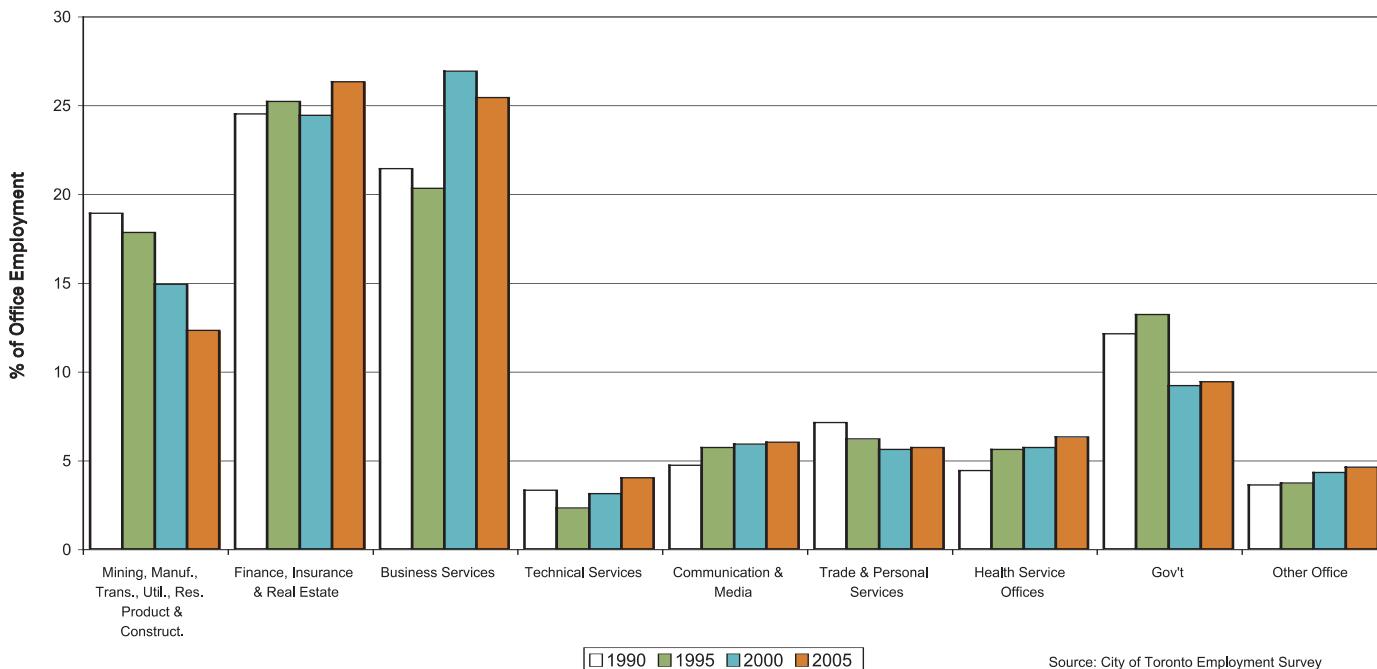
Figure 4 displays the drivers of office employment growth between 1990 and 2005. The three key sectors of Toronto office employment are financial services, business services, and offices associated with primary and secondary industry. Two categories, financial services and business services, currently make up more than one-half of the City's office employment. Yet both have had different employment patterns since 1990.

- Unlike the situation of the 1980s, where office demand was driven by the Finance, Insurance and Real Estate (FIRE) sectors, there has been no real growth in this sector City-wide since 1990. In 1990, the FIRE sector had 150,800 employees, just 100 more employees than it had in 2005. While the FIRE category did not grow City-wide, it did

grow in the Downtown. From a base of 86,000 employees in 1990, this category declined to 79,800 in 1995. Since then it has grown almost continuously in the Downtown, to the current level of 91,800. While this sector may not have been growing city-wide, it has been concentrating in the Downtown (from a 57.0% share in 1990 to a 60.9% share in 2005).

- The Business Services category grew substantially, both City-wide and in the Downtown. From 131,800 employees across the City in 1990, this category currently stands at 146,000. This amounts to a growth of 14,200 employees between 1990-2005. This total, however, is about 16,000 employees fewer than existed in this category in 2000. In the Downtown, this category grew from 57,500 employees in 1990 to a high of 77,200 in 2000. Since then, employment has decreased to 70,500 employees in 2005.
- Office employment associated with Primary and Secondary Industries (Mining, Manufacturing, Transportation, Utilities, Construction and Resource Production) has been in a decline since the 1980s. From 116,400 employees city-wide in 1990, this category has shed 45,200 employees. The same trend was found in the Downtown, where employment fell from 25,700 to 15,400 jobs over the same time period.
- Government office jobs also declined City-wide, falling from 74,200 jobs in 1990, to 54,100 jobs today. The trend was the same in the Downtown, where employment fell from 38,400 jobs in 1990 to 25,700 jobs in 2005.

Figure 4: City-wide Office Employment by Subsector



Source: City of Toronto Employment Survey

- The remaining categories showed modest changes. Communications/Media grew by 5,400 jobs between 1990-2005 (a growth of 1,000 jobs in the Downtown), “Other” office employment was up by 4,200 jobs (1,900 in the Downtown), Health Services grew by 9,100 employees (a decline of 100 jobs in the Downtown), Trade and Personal Services lost 11,400 jobs city-wide (2,800 in the Downtown), while Technical Services grew by 2,800 jobs (down 400 jobs in the Downtown).

A closer look at FIRE and Business Services shows some important trends.

Finance, Insurance and Real Estate (FIRE)

Though this category, as a whole, did not grow city wide during 1990-2005, different trends were exhibited by some of its component parts.

More than half of the employment in the FIRE category is found in two sub-sectors: Bank and Trust Company offices (as distinct from office employment in retail branches) and Insurance Companies. Bank and Trust Company employment grew from 43,700 in 1990 to 52,400 today. In the Downtown this category grew by 6,400 employees (18.5%) between 1990-2005. This growth reflects the continued importance of City, and Downtown locations to financial service head office and other high value jobs.

This growth served to offset the employment declines found in the Insurance Company sector, which experienced many corporate mergers during this period. Since 1990, this sub-sector has lost about 8,000 jobs (a decline of 22.8%). Again, this trend was focussed on the Downtown, where 5,600 jobs were lost (a decline of 27.0%).

Employment in Bank and Trust Company retail branches also declined. City-wide, 7,800 jobs have been lost since 1990 (a decline of 37.2%) as financial service firms closed branches. The number of branches fell by 355 between 1990 and 2005 across Toronto. This contraction in retail banking has been particularly concentrated in Downtown Toronto, where 3,400 jobs were lost (52.7% decline), and the number of branches fell from 205 to 99. This is part of a many-decade long trend throughout North America, as banking transactions have been replaced first by ATM machines and more recently by Internet banking and bill payments.

Business Services

This category grew by 14,200 jobs (10.8%) between 1990 and 2005. It includes a wide number of sub-sectors from Law Firms, Accountants, and Management Consultants, to Computer Services.

The Legal, Accounting and Management Consulting sub-sectors combined make up about 40% of the employment in the Business Services sub-category. These three sectors combined grew from 51,200 employees in 1990 to 59,800 employees in 2005. In the Downtown, these three sectors grew from 32,500 employees to 39,000 jobs in 2005.

The sub-sector with the highest absolute growth, as well as the highest rate, was the Computer Services sector. However, the dot-com boom and bust resulted in significant fluctuations over the 1990-2005 period.

Computer Services Sub-sector

Time Period	Downtown Employment Change	City-wide Employment Change
1990-1996	+2,000 jobs (+36.0%)	-1,100 jobs (-6.6%)
1996-2000	+6,400 jobs (+87.7%)	+14,900 jobs (+95.9%)
2000-2003	-3,400 jobs (-24.4%)	- 4,000 jobs (-13.1%)
2003-2005	+200 jobs (+1.7%)	-500 jobs (-2.0%)
NET CHANGE	+5,100 jobs	+9,200 jobs

Where Has Office Growth Taken Place?

Of the City's office employment, almost 44% is accounted for by the Downtown. The 16 Employment Districts make up a further 26% of the City's office employment. Another 10% is accounted for by the four Centres. The final 20% is found scattered throughout the City. The overall stability and even growth of employment in Toronto's major urban features in the face of employment dispersion across the GTA demonstrates the attractiveness of Toronto's central places, the vitality of its economy, the strength of the urban structure, and the importance of matching urban policy, economic development and infrastructure investments in accordance with the long term objectives of the Official Plan.

1) The Downtown

The Downtown currently employs 251,300 people in office jobs, or a 43.8% share of all office employment in the City. Interestingly, since 1990, the Downtown's share of office employment has increased from 41.5% in 1990 to 43.8% in 2005.

The types of office firms found in the Downtown are not altogether different from those in the rest of the City, other than an increased share of the Finance, Insurance and Real Estate (FIRE) sector. In the Downtown, the FIRE category makes up about 36.7% of total office employment, compared to 26.3% city-wide. Therefore, FIRE firms are continuing to concentrate in the Downtown.

2) The Centres

In 2005 there were about 59,800 office jobs in the four Centres, about 1000 fewer office jobs than existed in 1990. However different centres grew differently between 1990-2005. Due to the construction of new space in the North York Centre, and the demolition and conversion to residential uses in Yonge/Eglinton, today the North York Centre is the largest office centre of the four.

Centre	2005 Employment	1990 Employment	% Change
North York Centre	23,600	19,300	22.3%
Yonge/Eglinton	19,900	26,900	-26.0%
Scarborough Centre	8,800	9,400	-6.4%
Etobicoke Centre	7,600	5,400	40.7%

3) Employment Districts

The City's 16 Employment Districts make up 26.2% of the total office employment found in the City, the same share that they had in 1990. The total office employment in these Districts has broadly followed the office trends found in the rest of the City. From 159,200 in 1990, employment declined to about 140,000 office employees in 1996. The total rose again in 2000, topping the 1990 highs at 160,200. After falling to 148,900 in 2003, the total rose to today's 149,900 employees.

However, not all of the Employment Districts are the same. They vary widely from the Don Valley Parkway Corridor, which has 49,200 office employees in six distinct nodes along the corridor, to only a negligible amount of office employment in the Airport Corporate Centre. Office employment as a percentage of an Employment District's total employment ranges from a high of about 68% in the Don Valley Parkway Corridor, to less than 20% in South East Scarborough and West Central Scarborough.

This shows the varying sectoral concentrations across the City, the different land uses for employment purposes, and the spatial distribution of Toronto's economy. One Employment District is not like another; each represents a unique mix of businesses, in turn reflecting a unique combination of locational factors that appeal to certain economic activity. Each District has a role to play in Toronto's economy and urban life.

4) The Rest of the City

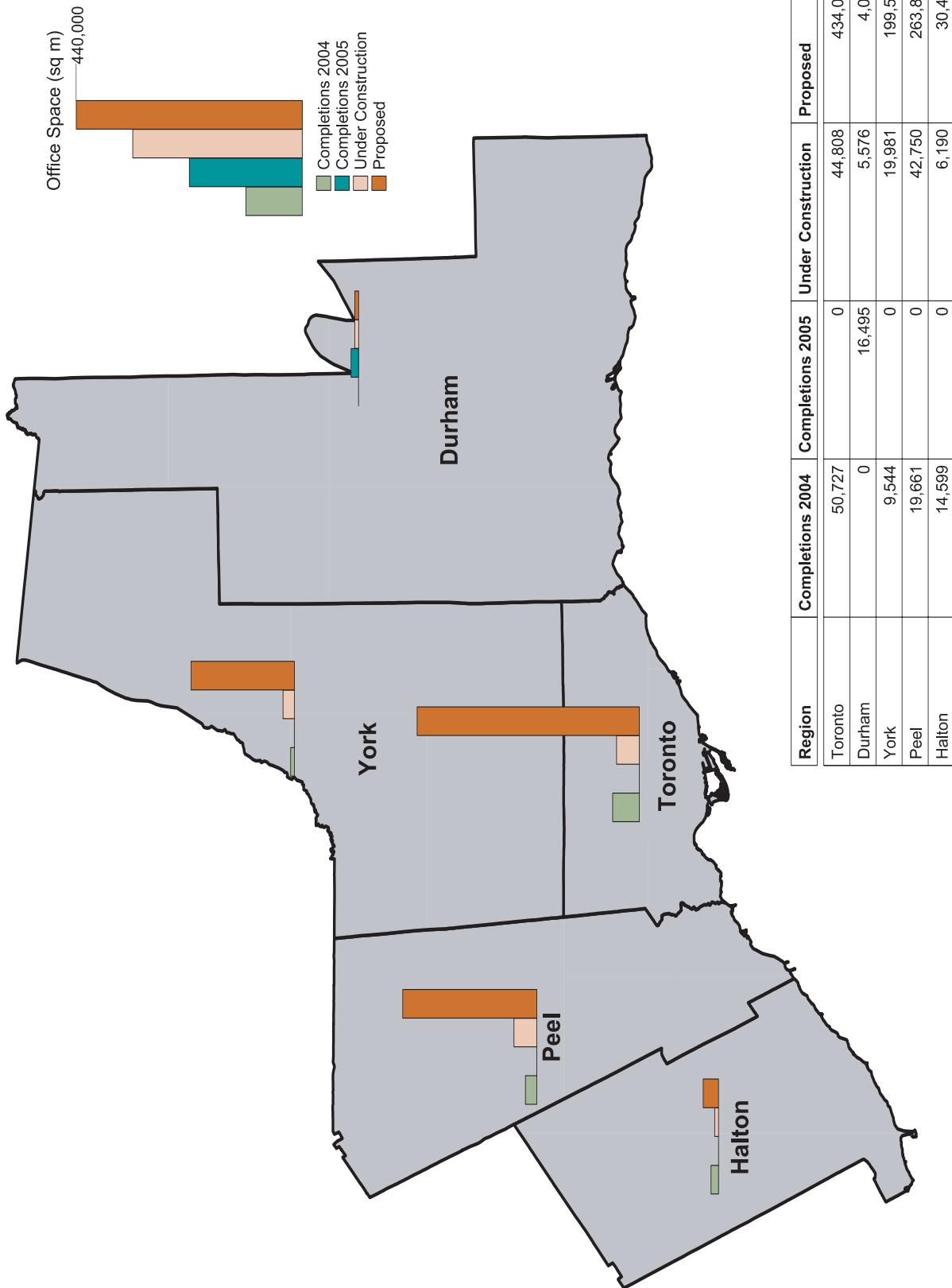
In 2004 there were about 110,400 office jobs in locations outside of the Downtown, the Centres, and the Employment Districts. These are jobs that are in business establishments typically found on arterial roads in a mixed-use setting. This number does not include people who may be working from an office located in their home.

In 1990 this total stood at 139,000 jobs. It reached a low of 113,000 in 1996, rose to 117,000 in 2000, and then fell to its current level.

Office Employment in the Employment Districts (2005)

Employment District	Office Employment	% of Total District Employment
Don Valley Parkway Corridor	49,200	68%
Rexdale	14,900	30%
South Etobicoke	14,400	33%
Dufferin Keele North	11,100	36%
Dufferin Keele South	10,900	42%
Tapscott Marshalling Yard	8,800	27%
Scarborough Hwy 401 Corridor	8,700	49%
Central Inner-city	7,800	59%
Highway 400 Corridor	7,600	22%
West Scarborough	6,800	32%
West Central Scarborough	3,300	18%
Milliken	2,900	39%
North West Etobicoke	2,800	21%
Weston Road/Junction	700	43%
South East Scarborough	200	18%
Airport Corporate Centre	<100	—

Map 4 - Proposed Office Developments: Current, Completed, Under Construction



Source: Royal LePage Fall 2005

Toronto City Planning, Research & Information - April 2006



2006 And Beyond

Currently, the City has more office space under construction and proposed than any other region in the Greater Toronto Area. Map 3 shows recently completed, under construction, and proposed office development in the GTA. “Proposed” office space is space that is actively being marketed in the pre-leasing stage. Cushman & Wakefield LePage tracks “major” office projects of 2000 m² or greater.

The City’s 434,000 m² of office space proposed is greater than Peel (263,825 m²), York (199,518 m²) and Halton (30,463 m²). Over 90% of this space is located in Downtown Toronto including the King/Spadina area. The City accounts for 46.6% of the total office space proposed in the Greater Toronto Area.

The proposed space in the City is spread over many different projects, including:

- Cadillac Fairview’s project attached to the Ritz hotel at Simcoe/Wellington (121,000 m²)
- Oxford’s project at 100 Adelaide Street (66,000 m²)
- The Bay Adelaide Centre North Tower (56,000 m²)
- Menkes’ 25 York Street (51,000 m²).

Of course not all of this space will necessarily be constructed as planned and, when built, could be spread over a number of years. Nonetheless, it is an indication of the continued strength of both the City’s office market, as well as the relative strength of the Downtown in the Regional office market. Downtown, in particular, is quite healthy and competitive as evidenced by office absorption, low vacancy rates, and increases in the number of jobs.

Yet the office sector is not without its challenges. A continued threat is faced by the Employment Districts and the 150,000 office jobs that they contain, as they come under continued pressure to convert land (and sometimes building space) to non-employment (residential) uses. This pressure is also felt in the Centres and the Downtown. One of the attractions of the City’s office market is that it presents a wide variety of new and old space, in top Class “A” buildings as well and older “B” and “C” buildings, in the Downtown, the Centres well served by public-transit, and the more auto-oriented Employment Districts. A wide variety of space and location opportunities are needed for a well functioning marketplace, and the range of opportunities found across Toronto is not duplicated by the more narrowly focused office space found in the surrounding regions. This attribute of Downtown Toronto in particular, combined with the high degree of transit accessibility to the entire GTA labour market, makes the area unique. It should be in the Provincial interest to concentrate significant job growth in Downtown Toronto as well as the suburban centres throughout the GTA.

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