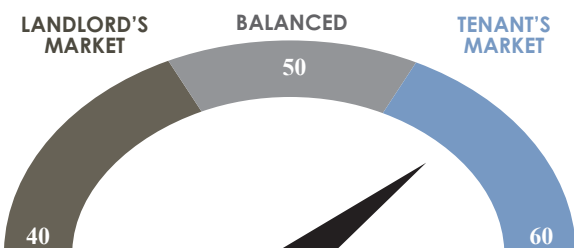


Celebrating
10
years of
CLIENT ADVOCACY



57 An index of 57 indicates that we are in a **Tenant'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 INDEX - FACTORS/VALUES		RANK
Current Availability Rate (GTA)	14.8% ▲	5
Current Availability Rate (Downtown)	12.8% ▲	6
Change Availability Rate since last Quarter (DT)	0.9% ▼	5
Available Sublet Space (DT)	4.0% ▼	6
New Supply (buildings under construction) (DT)	20 ▲	4
Space Leased since last Quarter (DT)	-753,284	6
Tenant Confidence (DT)	Medium	8
Landlord Confidence (DT)	Medium	5
Forecasted Rental Rates over next 3 months (DT)	Decreasing	5
Tenant Deal Velocity in Market (DT)	Low	7
TOTAL		57

Market Conditions

- For the first time since the start of COVID, the office sublet inventory has decreased marginally to 7.16 million sf in the GTA, from 7.25 million sf
- Meanwhile, inventory of direct office space for lease continues to increase, currently reflecting a GTA Availability Rate of 11.1%
- The Availability Rate throughout the GTA (West, North, East or Midtown/ Downtown) has continued to increase in all nodes since March 2020; not one has flatlined or decreased
- Landlords continue to focus on maintaining net rental rates, while at the same time offering larger inducements in the form of free rent or leasehold allowances
- The volume of office deals is beginning to pick up. The average lease term is approximately 5 years, with a lot of lease terms ranging from 1 to 3 years
- There is no substantial evidence yet of companies leaving the downtown or midtown markets seeking lower priced office space in the suburbs
- Current construction costs, calculated based on tendered bid pricing by general contractors, has increased 15% to 30% since the end of 2020
- The time taken to build out new office space or renovate existing office space has increased on average by 2 months since the start of COVID
- As new office buildings are finished being constructed, the number of big blocks of office continues to increase. 17 different office buildings have blocks of 50,000 sf or more in the Downtown market
- Sectors looking for more office space include tech companies, food delivery and fintech companies
- Generally companies are looking to maintain their current size or decrease their office space footprint

NOTABLE TRANSACTIONS - Q2, 2021

TENANT	ADDRESS	SIZE (SF)
TRCA	5 Shoreham Dr.	86,376
Pinterest	85 Richmond St. W	49,993
AML RightSource	5450 Explorer Dr.	48,767
Geoverra	1875 Buckhorn Gate	27,626
Glaxo Smith Kline	100 Milverton Dr.	24,327
Ranson Music Group	860-862 Richmond St. W	22,483
Crossey Engineering Ltd.	2255 Shepard Ave. E	21,100
Undisclosed	1111 International Blvd.	20,625
Skip the Dishes	351 King St. E	19,726
Co-op	5046 Mainway Dr.	18,506
Tokyo Smoke	590 King St. W	17,768

