



OFFICE MARKET OVERVIEW

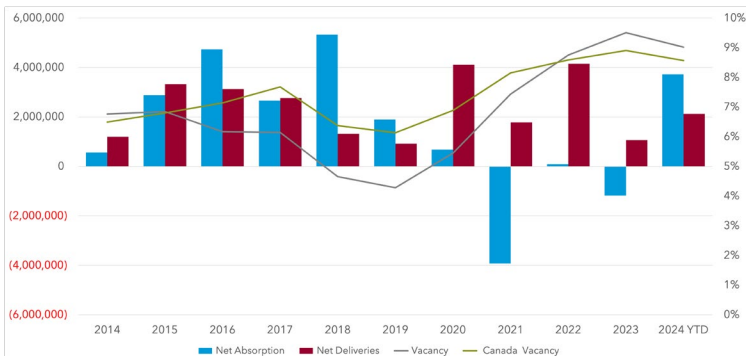
LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

Toronto, like many North American cities, is experiencing a shift in office space demand. Net absorption reached 2.8 million sq. ft. in the last year, a sharp contrast to the prior year's negative absorption. This is largely due to major tenants occupying space in the downtown area. Rental growth masks underlying trends, as incentives like rent-free periods diminish net effective rents. With a stagnant sales market and a cap rate of 6%, REITs may face forced sales due to rising vacancies and tighter debt-to-equity ratios, potentially triggering further declines in property values.

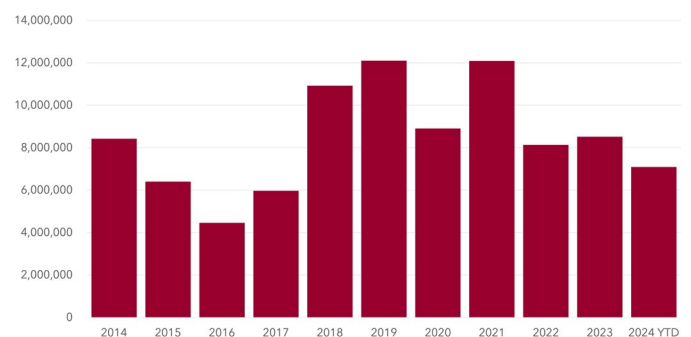
**All numbers shown are in Canadian dollars (CAD)*

MARKET INDICATORS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
▲ 12 Mo. Net Absorption SF	2,730,182	1,965,287	(169,799)	(1,178,305)	(1,675,191)
▼ Vacancy Rate	9.2%	9.3%	9.5%	9.5%	9.4%
▲ Avg NNN Asking Rate PSF	\$41.03	\$41.01	\$41.00	\$40.83	\$40.61
▼ Sale Price PSF	\$394.00	\$395.00	\$387.00	\$389.00	\$387.00
◀▶ Cap Rate	6.2%	6.2%	6.3%	6.3%	6.3%
▼ Under Construction SF	7,089,265	7,751,239	8,021,577	8,515,922	8,937,959
▲ Inventory SF	288,090,344	287,016,924	286,677,934	286,643,207	285,852,114

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
3600 Steeles Avenue E Markham, ON	855,269 SF	\$115,000,000 \$134.46 PSF	Triple Group of Companies IBM	Class A
40 King Street W Oshawa, ON	106,694 SF	\$14,100,000 \$132.15 PSF	Heathrow Properties Undisclosed	Class A
2330 Kennedy Road Toronto, ON	87,792 SF	\$18,000,000 \$205.03 PSF	IVF Canada Agincourt Properties	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
226 Wyecroft Road Oakville, ON	93,861 SF	Nicola Wealth	Undisclosed	Undisclosed
601 Westney Road S Ajax, ON	42,438 SF	Navdeep Nijhawan	VCCI Office	Administrative and Support Services
10-20 Carlson Court Toronto, ON	29,131 SF	Crown Realty Partners	Gay Lea Foods	Dairy Cattle and Milk Production

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