



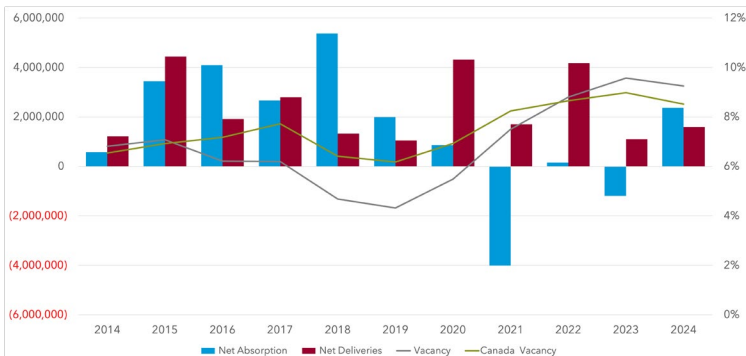
OFFICE MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

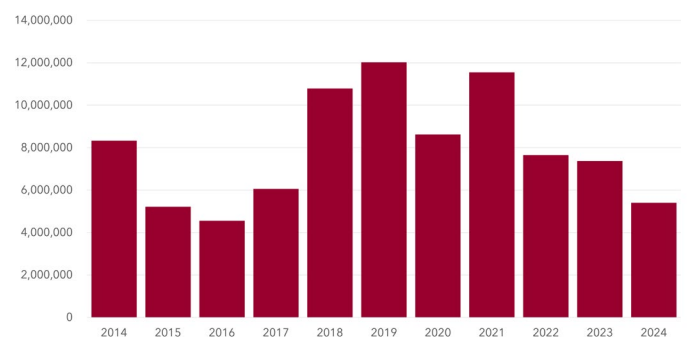
Toronto's office market is adjusting to changing investor and occupier demand, with net absorption recovering to 1.9 million SF over the past year, a sharp improvement from the three-year average of -210,000 SF. Submarkets such as Vaughan and Brampton contributed 750,000 SF to this growth. Rental growth at 1% reflects rising tenant incentives, while mid-tier offices outpace higher class spaces, growing 1.4% compared to 0.6%. Downtown faces oversupply, with 16.6 million SF available and a 16.3% availability rate exceeding the 11.1% acancy rate. Muted sales activity and rising cap rates hint at potential forced REIT sales, which may drive further value declines amid ongoing market pressures.

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▼ 12 Mo. Net Absorption SF	2,371,309	2,626,610	1,840,987	(150,247)	(1,190,582)
▲ Vacancy Rate	9.3%	9.2%	9.4%	9.6%	9.6%
▼ Avg NNN Asking Rate PSF	\$43.01	\$43.04	\$42.94	\$42.80	\$42.60
▼ Sale Price PSF	\$386	\$389	\$389	\$383	\$388
◀▶ Cap Rate	6.4%	6.4%	6.4%	6.4%	6.4%
▼ Under Construction SF	5,402,511	5,777,876	6,780,688	6,879,448	7,373,793
▲ Inventory SF	286,854,789	286,535,394	285,618,520	285,296,108	285,261,381

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
522 University Avenue Toronto, ON	212,253 SF	\$79,250,000 \$373.38 PSF	University Health Network iA Financial Group	Class C
90 Wynford Drive Toronto, ON	180,264 SF	\$40,500,000 \$224.67 PSF	Access Storage Scotiabank	Class C
7030 Woodbine Avenue** Markham, ON	122,080 SF	\$12,509,608 \$102.47 PSF	Smart Investments Slate Asset Management	Class C

*All numbers shown are in Canadian dollars (CAD)

**Part of a 5-Property Portfolio

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
79 Wellington Street, W Toronto, ON	166,590 SF	Cadillac Fairview/ Ontario Pension Board	TD Bank	Banking
3250 Bloor Street, W Toronto, ON	39,607 SF	Starlight Investments	Oracle	Software Publishers
74 Victoria Street Toronto, ON	25,721 SF	Dream	Undisclosed	Undisclosed

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