



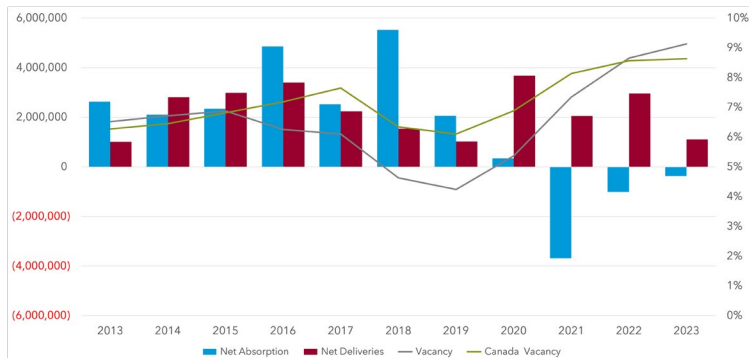
OFFICE MARKET OVERVIEW

WILL GEHRING, *Senior Vice President*

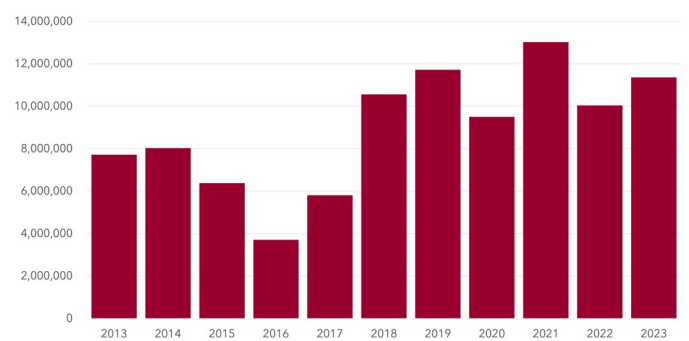
Toronto's office market grapples with persistent challenges posed by hybrid work which is evident in decreased downtown foot traffic. This has led to weakened office demand, doubling vacancy rates, and sustained negative office absorption. Sublease availability, particularly in the downtown core, has surged as major tenant in the tech and financial sector move to newer properties. Concurrently, investment activity has declined, marked by the absence of major downtown transactions, impacting valuations as properties sell at discounted rates with cap rates increase amid a higher interest rate environment.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▲ 12 Mo. Net Absorption SF	(370,368)	(1,356,764)	(1,244,120)	(1,224,932)	(1,006,815)
▼ Vacancy Rate	9.1%	9.2%	9.4%	9.0%	8.7%
▲ Avg NNN Asking Rate PSF	\$39.81	\$39.74	\$39.58	\$39.57	\$39.45
▼ SF Under Construction	11,361,788	11,783,690	9,704,567	9,713,570	10,039,511
▲ Inventory SF	288,293,944	287,469,492	287,633,441	287,544,438	287,186,928

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1295 North Service Road Burlington, ON	140,000 SF	\$26,150,000* \$186.79 PSF	Crossroads Christian Communications Ontario Superior Court of Justice	Class B
1340 Pickering Parkway** Pickering, ON	127,770 SF	\$28,694,183* \$224.58 PSF	CentreCourt Ontario Pension Board	Class A
160 Traders Boulevard East Mississauga, ON	92,635 SF	\$22,788,260* \$246.00 PSF	Undisclosed Manuel Clementino	Class C

*All numbers shown are in Canadian dollars (CAD) ** Part of a 3-Property Portfolio

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
120 Bloor Street East Toronto, ON	121,760 SF	Montez Corporation, Adgar Canada	Georgian@ILAC	Language Schools
404 Logistics Pike Keswick, ON	92,500 SF	Panattoni Development Company Canada	Canadian Life Science and Technology Park	Educational Services
120 Bloor Street East Toronto, ON	88,302 SF	Montez Corporation, Adgar Canada	Georgian@ILAC	Language Schools

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