



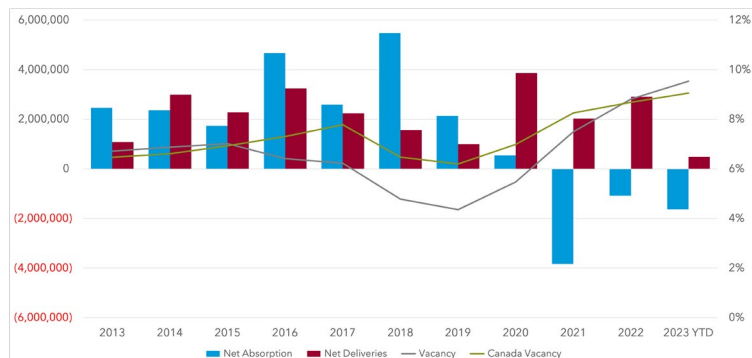
OFFICE MARKET OVERVIEW

WILL GEHRING, *Senior Vice President*

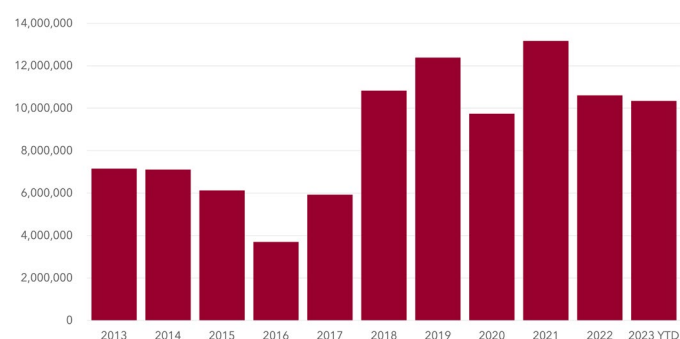
Toronto's office vacancies have continued to rise in Q2 2023. The adoption of the hybrid work model in the post-pandemic era, alongside growing preferences towards remote work, have led to an increase in office space availabilities within the downtown and suburban markets. With an abundance of low-priced sublets, rental rates are experiencing downward pressure. Employers' focus remains on operational efficiencies and long-term growth. Their efforts continue in offering their employees a more attractive balance between coming into the office and working from home. Office tenants with leases coming due over the next 12-24 months will decide to downsize and renew, give up their space in its entirety, or upgrade and relocate to higher quality space.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▲ 12 Mo. Net Absorption SF	(1,040,953)	(1,399,171)	(1,083,274)	(2,648,339)	(3,645,588)
▲ Vacancy Rate	9.5%	9.2%	8.8%	8.5%	8.3%
◀ ▶ Avg NNN Asking Rate PSF	\$40.44	\$40.44	\$40.41	\$40.30	\$40.22
▲ SF Under Construction	10,341,175	10,293,948	10,606,244	11,798,408	12,563,907
▲ Inventory SF	287,412,374	287,298,601	286,922,660	285,695,593	284,778,084

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
7070 Mississauga Road Mississauga, ON	244,128 SF	\$72,350,000* \$296.36 PSF	Partners Real Estate Investment Trust GWL Realty Advisors	Class B
1950 Meadowvale Boulevard Mississauga, ON	160,560 SF	\$41,500,000* \$258.47 PSF	Soti Inc QuadReal	Class A
277 Victoria Street (P/O 2 Property Portfolio), Toronto, ON	109,700 SF	\$34,760,259* \$316.87 PSF	Toronto Metropolitan University CreateTO	Class B

*All numbers shown are in Canadian dollars (CAD)

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
40 King Street W Toronto, ON	89,704 SF	AIMCo, KingSett Capital, Inc	Undisclosed	Undisclosed
40 King Street W Toronto, ON	64,508 SF	AIMCo, KingSett Capital, Inc	Undisclosed	Undisclosed
16 York Street Toronto, ON	59,056 SF	Cadillac Fairview, Ontario Pension Board	Undisclosed	Undisclosed

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