



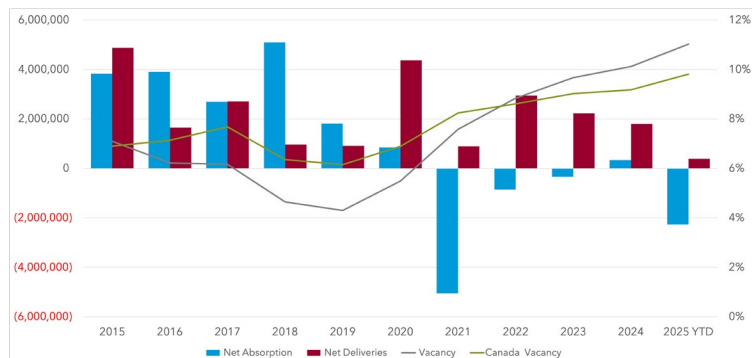
OFFICE MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

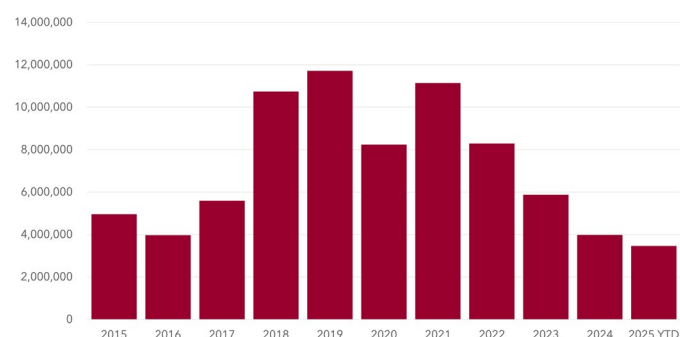
The Toronto office market continues to navigate a period of adjustment as evolving work models reshape demand dynamics. While hybrid and remote practices have weighed on fundamentals since the pandemic, a push for greater office attendance from major employers, including leading banks and the City of Toronto, is reigniting activity downtown. This return-to-office momentum highlights a divergence between sectors, with finance and law fueling demand in the financial core, while tech and creative industries lag. New supply is set to test resilience, yet indicators such as stabilizing sublet space and steady tenant tours point to early signs of recovery.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▼ 12 Mo. Net Absorption SF	(2,773,337)	(2,320,236)	(869,332)	339,457	873,488
▼ Vacancy Rate	11.0%	11.2%	10.6%	10.1%	9.9%
▲ Avg NNN Asking Rate PSF	\$41.35	\$41.32	\$41.17	\$41.19	\$41.18
▼ Sale Price PSF	\$365.00	\$367.00	\$367.00	\$372.00	\$378.00
▲ Cap Rate	6.8%	6.7%	6.7%	6.7%	6.6%
▲ Under Construction SF	3,464,243	3,366,325	3,956,506	3,984,168	4,241,405
▼ Inventory SF	288,978,919	289,068,919	288,482,914	288,591,417	288,390,150

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
69 Yonge Street Toronto, ON	89,276 SF	\$20,200,000 \$226.26 PSF	Hillpark Capital H&R REIT	Class B
1240 Bay Street Toronto, ON	78,449 SF	\$45,000,000 \$573.62 PSF	City of Toronto Transmetro Properties Ltd.	Class C
7025 Langer Drive Mississauga, ON	64,476 SF	\$14,450,000 \$224.11 PSF	Commercial Properties Ltd. The Canada Life Assurance Co.	Class A

*All numbers shown are in Canadian dollars (CAD)

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
141 Bay Street Toronto, ON	66,365 SF	La Caisse & Hines	Undisclosed	Undisclosed
160 Front Street W Toronto, ON	59,124 SF	Cadillac Fairview	TD Bank	Finance
25 York Street Toronto, ON	56,484 SF	Menkes	Robinhood	Finance

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