



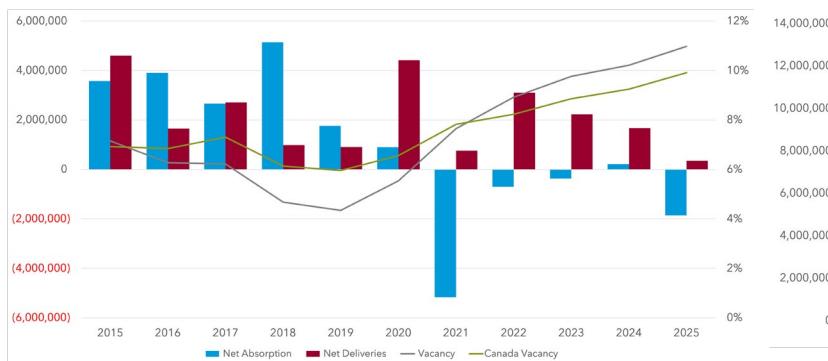
OFFICE MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, Real Estate Intelligence Department

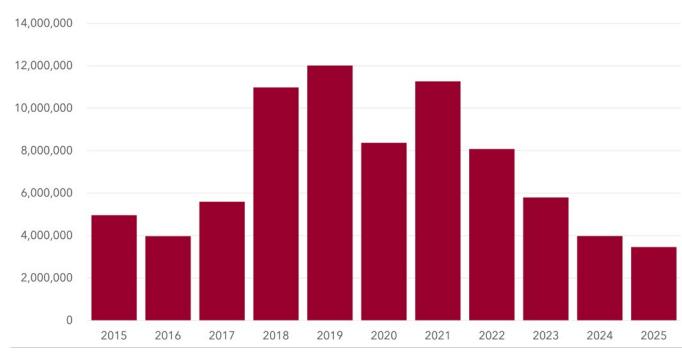
Toronto's office market has been under pressure since COVID changed how people work, with remote and hybrid schedules reducing demand. Recently, conditions are starting to stabilize as large employers push staff back to the office. Banks and government organizations are leading this shift, increasing activity downtown, while tech and creative firms remain slower to return. New office buildings will add short-term pressure, pushing vacancy higher. However, available space is gradually declining, sublease space has stabilized, and rent declines are easing. Overall, the market remains soft but is showing early signs of improvement.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ 12 Mo. Net Absorption SF	(1,860,096)	(2,755,511)	(2,330,803)	(997,198)	215,329
▼ Vacancy Rate	11.0%	11.1%	11.4%	10.7%	10.2%
▲ Avg NNN Asking Rate PSF	\$41.14	\$41.09	\$41.03	\$40.87	\$40.87
▲ Sale Price PSF	\$370.00	\$361.00	\$363.00	\$363.00	\$368.00
▼ Cap Rate	6.8%	6.9%	6.9%	6.9%	6.8%
▼ Under Construction SF	3,458,911	3,563,044	3,406,695	3,981,719	3,976,994
▼ Inventory SF	286,122,336	286,131,900	286,249,900	285,663,895	285,772,398

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
70 York Street Toronto, ON	210,805 SF	\$107,000,000 \$508.00 PSF	Desjardins Group KingSett Capital	Class A
141 Adelaide Street, W Toronto, ON	188,191 SF	\$95,250,000 \$506.00 PSF	Spear Street Capital Hydro-Quebec	Class A
2 St Clair Avenue, E Toronto, ON	160,689 SF	\$80,000,000 \$498.00 PSF	Choice Properties TD Asset Management	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	128,052 SF	La Caisse/Hines	CIBC	Commercial Banking
7070 Derrycrest Drive Mississauga, ON	42,000 SF	Chartwell Retirement Residences	Undisclosed	Undisclosed
5150 Spectrum Way Mississauga, ON	35,402 SF	5150 Spectrum Nominee Ltd.	HP	Electronic Computer Manufacturing



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