



# LEE & ASSOCIATES

COMMERCIAL REAL ESTATE SERVICES



## FEATURED MARKET REPORTS

## THE LEE ADVANTAGE

Every Lee & Associates office delivers world-class service to an array of regional, national, and international clients - from small businesses and local investors to major corporate users and institutional investors. Our professionals combine the latest technology, resources, and market intelligence with their experience, expertise, and commitment to superior service to optimize client results.

## WHAT SETS US APART?

Since 1979, Lee & Associates has reimagined the way that commercial real estate companies should be structured. Each Lee & Associates office is owned and operated by its professionals. As shareholders of the company, this separates us from our competition and creates one common goal; to provide seamless, consistent execution and value-driven market-to-market services to our clients.

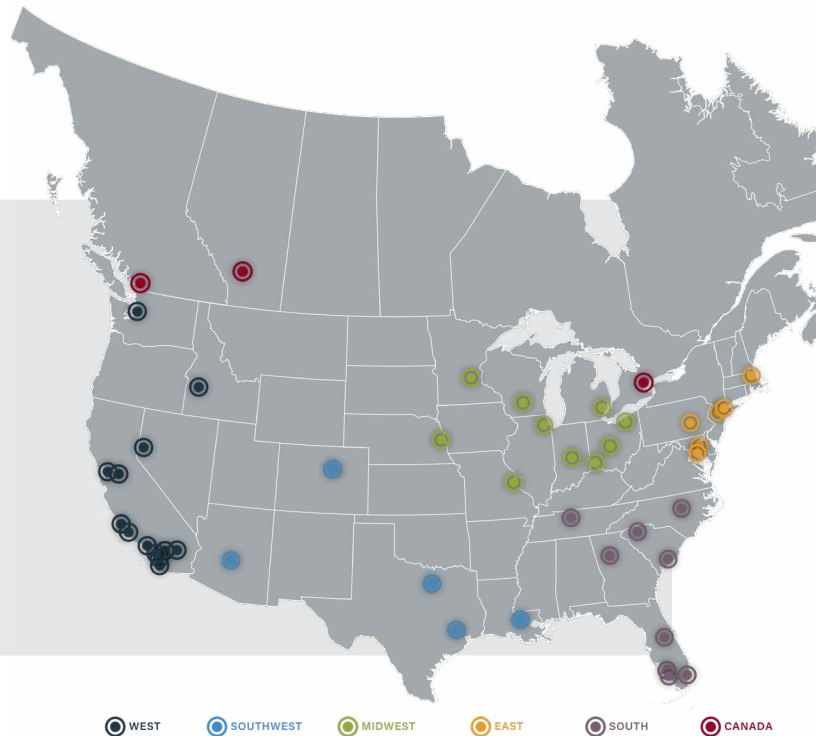
## SERVICES TO MEET THE NEEDS OF OUR CLIENTS

Lee & Associates' offices offer a broad array of real estate services tailored to meet the needs of the company's clients in each of the markets it operates, including commercial real estate brokerage, integrated services, and construction services.

With specialty practice groups in each of these disciplines, our professionals regularly collaborate to make sure they are providing their clients with the most advanced, up-to-date market technology and information.

## LOCAL EXPERTISE INTERNATIONAL REACH

With offices in 70+ markets across North America and a strategic international alliance with Gerald Eve, Lee & Associates has the ability to deliver first-class services to our clients both locally and internationally.





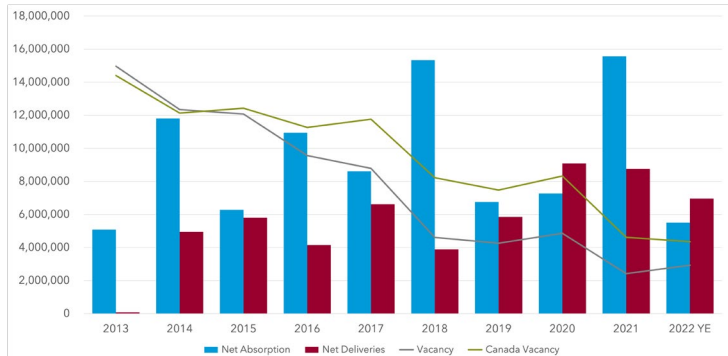
### INDUSTRIAL MARKET OVERVIEW

ANTHONY CUTRARA *Vice President*, DANIEL SMITH, *Senior Vice President*

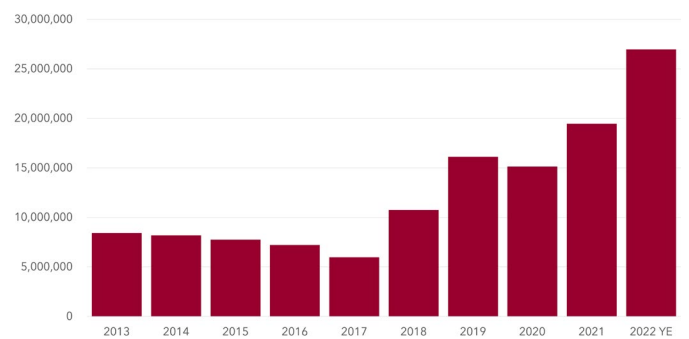
The GTA has the third-largest industrial market in North America. The strain on the market with a declining availability has driven rents to increase by 16.9% YoY to a record high of \$16.90 per square foot on average increasing the national average to \$15.20 per square foot as of Q4 2022(QTD). As competition for space increases, particularly in the logistics sector, rents will continue to grow. This trend is unlikely to change unless the market sees more large bay industrial space under construction. Supply chain issues and increasing construction costs have delayed many projects this quarter pushing delivery dates further out. One of the main forces driving the increase in rental rates is a constrained new supply pipeline.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▼ 12 Mo. Net Absorption SF	5,506,043	5,900,600	12,721,478	13,759,029	15,572,276
◀▶ Vacancy Rate	1.0%	1.0%	1.0%	1.0%	0.90%
▲ Avg NNN Asking Rate PSF	\$16.94	\$16.00	\$15.62	\$14.97	\$14.37
▼ SF Under Construction	26,971,707	27,068,012	24,586,795	23,598,138	19,468,550
▲ Inventory SF	864,072,291	862,327,023	861,129,805	857,883,127	857,062,164

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
Brampton Industrial Facility Brampton, ON	855,979 SF	\$244,000.00* \$285.00 PSF	Crestpoint Owen Illinois	Class A
410 / Meadowvale Mississauga, ON	742,000 SF	\$294,300.00* \$396.35 PSF	LaSalle Undisclosed	Class A
GTA Portfolio Toronto, ON	908,360 SF	\$312,000.00* \$343.47 PSF	Pure Industrial Northlea Corp	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
15 Bramalea Road Brampton, ON	373,757 SF	HPI Realty Management	Syncreon	Logistics
6250 Edwards Boulevard Mississauga, ON	236,000 SF	Orlando Corp	Nippon Express	Logistics
12000 Coleraine Drive Caledoon, ON	438,966 SF	HOOPP	DSV	Logistics/3PL

\*All numbers shown are in Canadian dollars (CAD)



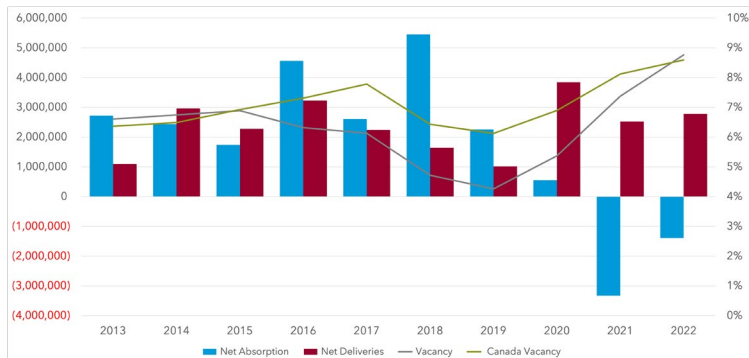
### OFFICE MARKET OVERVIEW

WILL GEHRING, *Senior Vice President*

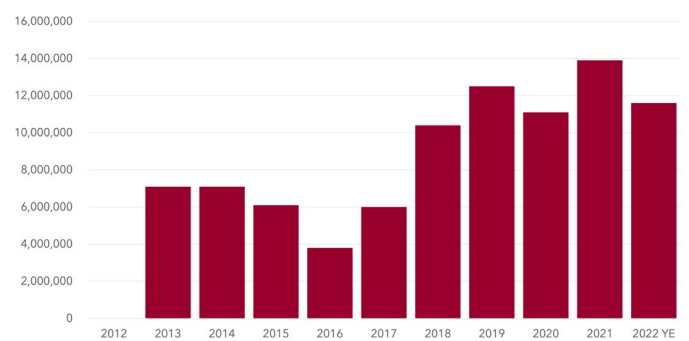
Coming on the heels of the lowest GTA office vacancy rate in recorded history at 4.3% in Q1 2020, the pandemic halted leasing activity in the Toronto market. New variants and lockdowns slowed recovery in the beginning of the year but activity picked up in the spring, paving the way for a slow recovery. Tenants in search of the ideal workplace model have adapted to one of two scenarios. Some have increased their footprint to accommodate a more distanced floor plan, others are expected to downsize under hybrid models with employee rotation. Despite the shock to market conditions over the last two years, Toronto's office market is still the most fundamentally robust across the country.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▲ 12 Mo. Net Absorption SF	(1,322,079)	(1,603,596)	(2,027,710)	(2,114,286)	(3,326,659)
▲ Vacancy Rate	8.80%	8.50%	8.20%	7.80%	7.40%
▲ Avg NNN Asking Rate PSF	\$40.11	\$39.99	\$39.86	\$39.70	\$39.85
◀▶ SF Under Construction	11,600,000	11,600,000	12,300,000	13,200,000	13,900,000
◀▶ Inventory SF	288,000,000	288,000,000	287,000,000	286,000,000	285,000,000

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
100 Wynford Drive** Toronto, ON	444,898 SF	\$167,800,000* \$228.83 PSF	Oak Street Real Estate Capital H&R Real Estate Investment Trust	Class C
105 Moatfield Drive*** Toronto, ON	248,981 SF	\$60,858,130* \$244.43 PSF	Visionary Education Tech Hldgs Grp Inc/ Slate Asset Management	Class B
5770 Hurontario Street*** Mississauga, ON	241,562 SF	\$46,778,246* \$193.65 PSF	Kaneff Group of Companies Crown Realty Partners	Class B

\*\*4-Property Portfolio; \*\*\* Part of Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
199 Bay Street Toronto, ON	190,971 SF	BCI	Facebook	Information
1 Adelaide Street East Toronto, ON	69,885 SF	OPTrust	OPTrust	Finance
901 King Street West Toronto, ON	59,025 SF	Crown Realty Partners	Undisclosed	Undisclosed

\*All numbers shown are in Canadian dollars (CAD)



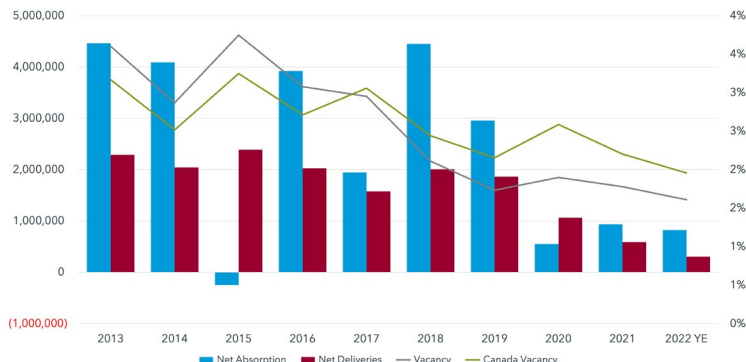
### RETAIL MARKET OVERVIEW

LUIS ALMEIDA, SIOR, *Executive Vice President, Partner*

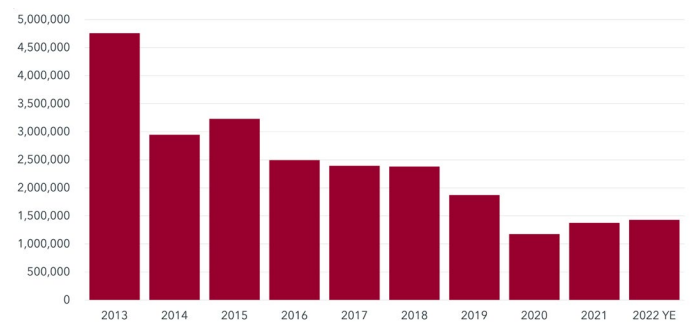
Activity in the retail sectors have increased in Q4 2022 and rents have increased to \$33.00/SF. Vacancy in Toronto has softened to 1.6%, below the national average of 2%. Even though consumers are spending more, the effects of rising inflation and higher interest rates are impacting true growth in this sector. From an investment standpoint, Toronto's retail market remains number 1 in Canada and 4th in North America. Since the beginning of the year, there have been 850 transactions for a total value of \$381B. The majority of these trades have been portfolios containing neighbourhood centres and single general retail locations. Many underperforming retail centres in Toronto have been slated for redevelopment plans.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▲ 12 Mo. Net Absorption SF	823,253	701,851	1,266,084	822,803	938,294
▼ Vacancy Rate	1.6%	1.7%	1.6%	1.8%	1.8%
▲ Avg NNN Asking Rate PSF	\$33.57	\$33.43	\$33.07	\$32.52	\$32.22
▲ SF Under Construction	2,805,714	2,756,902	2,514,972	2,282,379	2,274,336
▲ Inventory SF	301,414,150	301,372,799	301,267,833	301,262,905	301,100,796

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
2900 Steeles Avenue E** Markham, ON	256,336 SF	\$117,450,000* \$458.19 PSF	Minett Capital Inc. Bayview summit Development Ltd	Multi-Tenant
585-597 Queen Street Toronto, ON	238,500 SF	\$51,220,000* \$214.76 PSF	Choice Properties REIT RioCan REIT	Multi-Tenant
3300 Rutherford Road* Vaughan, ON	131,650 SF	\$140,000,000* \$1,063.43 PSF	KIN Capital Partners Coppa's Fresh Market	Multi-Tenant

\*\*5-property Portfolio

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1355 Kingston Road Pickering, ON	67,472 SF	Ontario Pension Board	Undisclosed	Undisclosed
2800 Highway 7 Vaughan, ON	67,191 SF	Hollywood Princess Con- vention-Banquet Centre	Riviera Event Space	Events
5100 Erin Mills Parkway Mississauga, ON	50,859 SF	Ontario Pension Board	Cineplex	Entertainment

\*All numbers shown are in Canadian dollars (CAD)



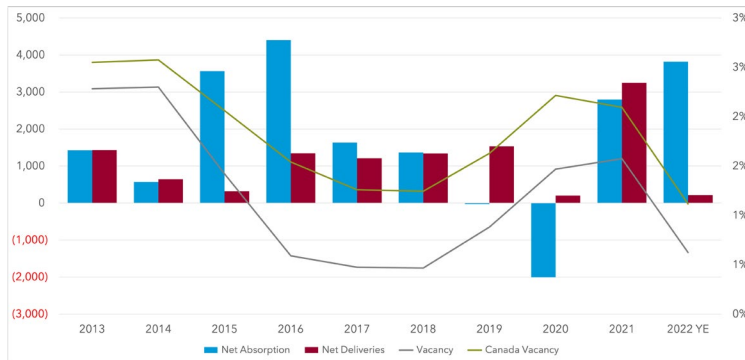
### MULTIFAMILY MARKET OVERVIEW

LUIS ALMEIDA, SIOR, *Executive Vice President, Partner*

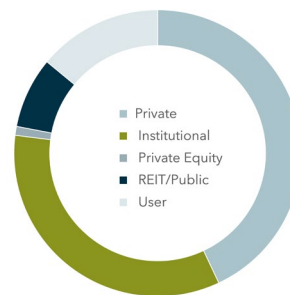
The multifamily sector in Toronto has been the most resilient market in Canada. With housing prices skyrocketing during the pandemic, the rental market continues to be the best option for people who cannot afford to purchase a home. Immigration flow has returned as Canada reopened to meet its immigration levels plan for 2022 to 2025. Canada aims to welcome a record 500,000 new permanent residents in 2025 expects to welcome 465,000 new permanent residents in 2023, up 4% from previous target, and 485,000 in 2024, up 7.5%. With economic factors, such as rising interest rates, many are reluctant to enter into a mortgage commitment, making the flexibility of the rental market more appealing than ever.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▼ 12 Mo. Absorption Units	3,893	4,829	4,935	4,456	2,794
▼ Vacancy Rate	0.60%	0.70%	0.90%	1.20%	1.60%
▲ Asking Rent/Unit (\$)	\$1,940	\$1,910	\$1,867	\$1,828	\$1,800
▲ Under Construction Units	19,776	18,936	15,024	14,077	12,983
◀▶ Inventory Units	380,650	380,650	380,621	380,621	380,367

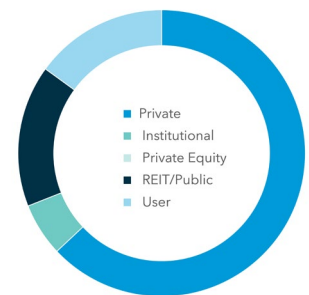
#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### SALE BY BUYER TYPE



#### SALE BY SELLER TYPE



\*\*Sale by Buyer' and 'Sale by Seller' Data is comprised of data from the previous 12 months.

TOP SALE TRANSACTIONS	SALE PRICE	NUMBER OF UNITS	BUYER / SELLER
1100 King Street W Toronto, ON	\$149,000,000* \$294,466 Per Unit	506	WCP 1100 King W I LP First Capital REIT
39 Niagara Street Toronto, ON	\$114,500,000* \$228,543 Per Unit	501	Minto Group Inc. Undisclosed
2233-2235 Hurontario Street Mississauga, ON	\$131,955,000* \$295,863 Per Unit	446	Karl Fay Investments Starlight Investments

\*All numbers shown are in Canadian dollars (CAD)

TOP SELLERS (PAST 12 MONTHS)	SALES VOLUME	TOP BUYERS (PAST 12 MONTHS)	SALES VOLUME
Canadian Apartment Properties REIT	\$255,100,000.00	Starlight Investments Ltd.	\$426,913,717.00
Karl Fay Investments Ltd	\$237,500,000.00	Timbercreek Capital Inc	\$249,300,000.00
Briarlane Rental Property Management Inc.	\$197,180,000.00	ARCH Corporation (DIFC) LTD	\$237,100,000.00
Perkell Brothers Construction	\$194,000,000.00	Akelius	\$168,900,000.00
First Capital Real Estate Investment Trust	\$149,000,000.00	DREAM Unlimited	\$135,775,000.00

*The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.*

*The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©*

*© Copyright 2022 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com*