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COMMERCIAL REAL ESTATE SERVICES

Q4 2024 MARKET REPORTS

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Q4 2024 MARKET REPORTS

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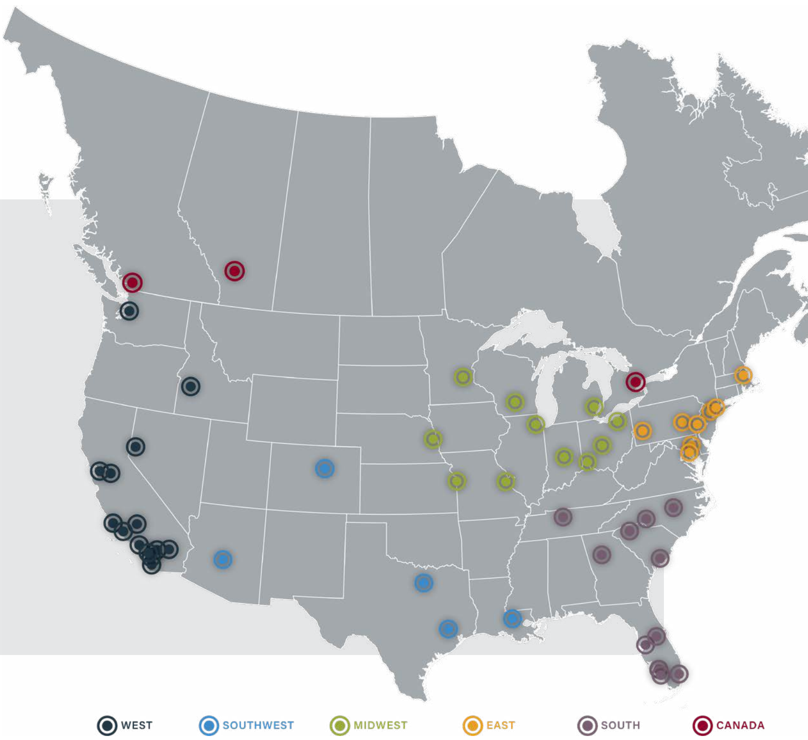

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4 2024
INDUSTRIAL OVERVIEW

INDUSTRIAL OVERVIEW: DOCKWORKERS STRIKE THREAT, TARIFF QUESTIONS SLOW DEMAND

Tenant demand for industrial space in the United States and Canada fell sharply in 2024 and rent growth was the weakest in more than a decade. Several factors were behind the slowdown. Business owners paused expansions in 2023 largely due to lingering supply-chain issues and higher interest rates that reduced home sales and purchases of home improvement materials and appliances. In the U.S., a potential longshoremen strike threatened East Coast shipping and caution continued to hobble growth plans in 2024 pending the general election and its effect on tariffs.

Fourth-quarter net absorption in the U.S. totaled 37 million SF, down 45% from the same period in 2023. For the year, net absorption totaled 113.7 million SF, off 36% from 2023. As long as net absorption can remain marginally positive, vacancy increases will likely slow in 2025 as the volume of speculative developments completing construction is set to abate. The continued reduction in industrial construction starts that occurred in late 2024 also raises the probability that the U.S. vacancy rate could begin to decline by late 2025 or early 2026.

In the meantime, year-over-year rent growth has slowed to 2.1%, the slowest level since 2012. Thanks to record rent growth during the pandemic, many leases are still renewing at more than 40% higher rates after being marked to market. However, this is much more easily achieved in the small building segment of the market, where vacancy remains less than 4% and near pre-Covid record lows. In contrast, the stock of logistics properties 100,000 SF or larger has grown by 20% over the past four years and the vacancy rate among these buildings has surpassed 9%, hitting the highest level since 2012.

Abundant distribution center closures by third party logistics firms contributed to the soft quarter with UNIS, DHL and Pitney Bowes each closing more than one large facility in the final months of the year. Retailers and manufacturers selling goods such as furniture and building materials also continue to be negatively impacted by higher mortgage rates. During the fourth quarter, Big Lots closed a 3.9-million-SF facility in Columbus serving as its corporate headquarters and largest distribution center. Malouf, a luxury mattress maker, closed a 1.2 million SF facility in Bakersfield and Home Depot vacated a 990,000 SF distribution facility that it listed for sublease in Chicago's Joliet submarket.

While new deliveries have peaked, several Sunbelt and Midwest markets with fewer constraints on new development are still in the midst of a record supply wave that could take tenants more than two years to fully absorb. Austin, Indianapolis, Greenville/Spartanburg, Phoenix and San Antonio stand out as markets with risks of prolonged higher availability rates, particularly among larger industrial properties as developers have been focused on building projects 50,000 SF or larger in recent years.

Arguably, the biggest issue for Canada's industrial market is the excess of recently developed speculative big-box spaces. Available sublet space in properties with higher clear heights has reached the highest levels on record since 2013. Unsurprisingly, much of this available space is concentrated in the country's major distribution markets, including the Greater Toronto Area and Calgary.

LOWEST VACANCY RATE	
ON, Toronto	2.6%
BC, Vancouver	3.0%
NE, Omaha	3.1%
AB, Calgary	3.7%
OH, Cleveland	3.9%
U.S. Index	6.9%
Canada Index	3.0%

HIGHEST MARKET RENT / SF ANNUAL	
CA, San Francisco	$27.72
CA, San Diego	$22.68
FL, Miami	$20.40
NY, New York*	$19.68
CA, Orange County	$19.56
U.S. Index	$12.00
Canada Index	$12.24 CAD

HIGHEST MARKET SALE PRICE / SF	
CA, San Francisco	$428
CA, Orange County	$340
CA, San Diego	$324
BC, Vancouver	$316 CAD
CA, Los Angeles	$303
U.S. Index	$149
Canada Index	$211 CAD

MOST SF UNDER CONSTRUCTION SF	
GA, Savannah	25,719,488
TX, Dallas-Fort Worth	22,558,969
ON, Toronto	21,794,494
AZ, Phoenix	21,685,808
TX, Austin	18,931,230
U.S. Index	321,860,561
Canada Index	42,544,368

LARGEST INVENTORY BY SF	
IL, Chicago	1,415,271,031
TX, Dallas-Fort Worth	1,198,592,569
CA, Los Angeles	964,398,357
NY, New York*	888,368,231
ON, Toronto	887,228,203
U.S. Index	19,268,124,328
Canada Index	1,919,955,464

LOWEST MARKET CAP RATE	
BC, Vancouver	4.1%
ON, Toronto	4.6%
CA, Inland Empire	4.7%
CA, Los Angeles	5.2%
CA, Orange County	5.4%
U.S. Index	7.5%
Canada Index	5.4%

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Q4 2024
INDUSTRIAL OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
AB, Calgary **	3.7%	$0.77	$126	4,076,422	192,266,717	7.1%
AZ, Phoenix	12.5%	$1.13	$173	21,685,808	491,489,084	6.7%
BC, Vancouver **	3.0%	$1.21	$316	6,749,947	281,417,388	4.1%
CA, Bakersfield	10.3%	$0.83	$107	787,823	66,947,356	7.5%
CA, East Bay	7.9%	$1.46	$269	2,448,875	280,158,812	5.8%
CA, Fresno	4.4%	$0.73	$83	357,000	87,327,347	7.9%
CA, Inland Empire	7.8%	$1.13	$262	13,194,821	782,444,461	4.7%
CA, Los Angeles	6.1%	$1.50	$303	5,357,096	964,398,357	5.2%
CA, Orange County	5.5%	$1.63	$340	2,104,205	304,143,937	5.4%
CA, San Diego	7.9%	$1.89	$324	3,969,370	213,183,548	6.2%
CA, San Francisco	12.6%	$2.31	$428	3,545,219	102,093,700	5.9%
CA, San Luis Obispo	3.9%	$1.35	$193	457,820	9,976,190	6.8%
CA, Santa Barbara	4.3%	$1.49	$210	0	20,322,695	7.0%
CA, Stockton	9.0%	$0.80	$130	4,988	155,010,837	6.4%
CA, Ventura	5.1%	$1.21	$188	793,187	76,254,236	6.6%
CO, Denver	7.8%	$1.02	$171	3,591,189	287,874,056	7.4%
DC, Washington	6.2%	$1.42	$229	11,018,240	302,867,915	7.2%
FL, Fort Myers	5.5%	$1.10	$129	1,851,472	41,886,212	8.6%
FL, Miami	5.4%	$1.70	$258	4,140,253	276,404,941	6.0%
FL, Naples	2.1%	$1.46	$177	19,394	14,437,409	7.8%
FL, Orlando	7.0%	$1.17	$159	4,489,666	208,967,446	6.7%
FL, Tampa	5.8%	$1.06	$142	3,382,353	223,028,449	7.7%
GA, Atlanta	7.9%	$0.80	$109	17,740,232	856,272,048	6.9%
GA, Savannah	12.4%	$0.72	$116	25,719,488	137,089,909	7.2%
ID, Boise	7.5%	$0.87	$124	2,032,553	62,033,986	8.0%
IL, Chicago	5.5%	$0.80	$92	18,429,133	1,415,271,031	8.2%
IN, Indianapolis	9.3%	$0.63	$72	4,260,159	426,330,228	8.7%
KS, Lawrence	3.1%	$0.78	$84	0	9,223,044	9.6%
KS, Topeka	3.2%	$0.47	$58	0	21,704,996	10.1%
LA, Baton Rouge	2.7%	$0.83	$73	741,300	43,772,801	9.8%
MA, Boston	7.4%	$1.36	$185	4,205,877	369,525,716	7.3%
MD, Baltimore	7.7%	$0.94	$130	3,344,075	266,752,199	7.8%
MI, Detroit	4.3%	$0.74	$69	2,693,394	633,396,560	10.8%
MN, Minneapolis	4.1%	$0.75	$93	1,430,642	432,108,714	9.0%
United States Index	6.9%	$1.00	$149	321,860,561	19,268,124,328	7.5%
Canada Index	3.0%	$1.02 CAD	$211 CAD	42,544,368	1,919,955,464	5.4%

Q4 2024
INDUSTRIAL OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
MO, Kansas City *	5.4%	$0.61	$64	11,948,076	367,419,279	9.4%
MO, Saint Louis	4.0%	$0.59	$66	4,560,733	343,020,914	8.7%
NC, Charlotte	9.2%	$0.78	$100	10,918,607	388,632,862	7.5%
NC, Durham	6.1%	$0.94	$124	4,825,112	54,971,982	7.5%
NC, Raleigh	6.8%	$1.02	$135	3,321,669	105,699,198	8.1%
NE, Lincoln	2.5%	$0.62	$81	173,910	33,359,726	9.5%
NE, Omaha	3.1%	$0.69	$83	3,746,990	108,826,588	8.9%
NJ, Atlantic City	4.3%	$0.91	$79	23,950	9,710,894	8.8%
NJ, Northern New Jersey *	5.6%	$1.32	$196	3,957,825	259,976,956	6.8%
NJ, Trenton	7.6%	$0.86	$153	562,837	44,776,819	7.0%
NJ, Vineland	4.5%	$0.65	$66	382,137	19,335,356	7.9%
NV, Reno	10.6%	$0.76	$128	4,460,604	119,462,195	6.4%
NY, Long Island	5.9%	$1.58	$196	827,496	186,164,975	8.6%
NY, New York *	6.8%	$1.64	$262	14,011,129	888,368,231	6.2%
OH, Cincinnati	5.8%	$0.65	$72	1,432,300	362,081,063	8.5%
OH, Cleveland	3.9%	$0.55	$50	2,461,014	356,756,492	10.6%
OH, Columbus	7.4%	$0.66	$77	5,466,413	381,187,203	7.7%
ON, Toronto **	2.6%	$1.16	$253	21,794,494	887,228,203	4.6%
PA, Harrisburg	6.7%	$0.69	$94	328,000	113,631,738	7.2%
PA, Lehigh Valley *	6.5%	$0.75	$116	1,457,469	169,701,058	7.1%
PA, Philadelphia *	7.4%	$0.96	$120	16,207,335	633,839,367	7.4%
PA, Pittsburgh	5.2%	$0.71	$66	313,849	229,800,122	8.8%
SC, Charleston	15.3%	$0.87	$104	3,343,172	114,582,236	8.0%
SC, Greenville	5.6%	$0.58	$61	2,136,201	155,753,182	9.3%
SC, Spartanburg	15.1%	$0.56	$67	1,077,500	130,293,299	8.8%
TN, Nashville	5.1%	$0.96	$112	6,369,058	287,040,666	6.8%
TX, Austin	11.1%	$1.18	$151	18,931,230	163,288,519	7.7%
TX, Dallas-Fort Worth	9.6%	$0.81	$115	22,558,969	1,198,592,569	6.7%
TX, Houston	6.6%	$0.76	$96	13,667,825	837,423,607	8.0%
WA, Seattle	8.3%	$1.20	$231	5,817,103	363,495,586	5.9%
WI, Madison	3.5%	$0.65	$73	1,406,812	79,291,658	8.8%
United States Index	6.9%	$1.00	$149	321,860,561	19,268,124,328	7.5%
Canada Index	3.0%	$1.02 CAD	$211 CAD	42,544,368	1,919,955,464	5.4%

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*** Numbers shown are in Canadian dollars (CAD)*

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COMMERCIAL REAL ESTATE SERVICES

Q4 2024
TORONTO, ON

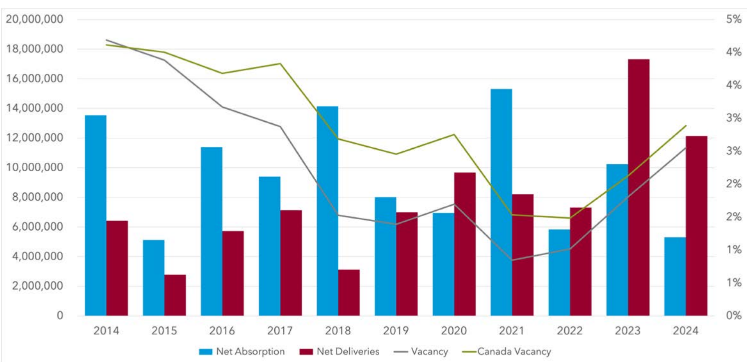
INDUSTRIAL MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

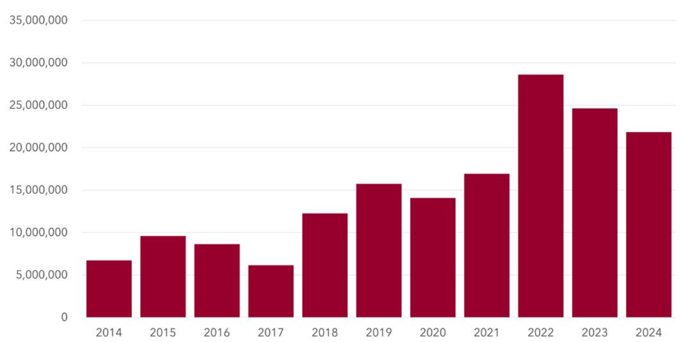
The Greater Toronto Area industrial market has slowed post-pandemic, influenced by higher interest rates and economic uncertainty. However, the re-entry of third-party logistics providers signals a resurgence in future demand. Buildings with clear heights over 35 feet remain highly sought after, sustaining positive net absorption since 2020. Pandemic-driven speculative developments have slightly increased vacancies as projects are completed, though rates remain below 3%, outperforming the national average. Construction activity peaked in early 2023 but is now slowing. Rental growth has moderated to 3.8%, with submarkets like Brampton excelling due to their strategic location. Investment activity, particularly in Brampton and Mississauga, remains robust, with strong industrial REIT returns reflecting confidence in Toronto's industrial market.

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▼ 12 Mo. Net Absorption SF	5,305,810	5,690,318	8,564,191	8,981,758	10,234,311
◄ ► Vacancy Rate	2.6%	2.6%	2.3%	2.1%	1.8%
▼ Avg NNN Asking Rate PSF	$19.95	$20.08	$19.92	$19.68	$19.23
▲ Sale Price PSF	$363	$360	$354	$348	$343
◄ ► Cap Rate	4.6%	4.6%	4.6%	4.6%	4.6%
▼ Under Construction SF	21,834,928	23,301,978	25,454,167	23,110,145	24,630,680
▲ Inventory SF	887,187,769	884,468,493	880,221,906	878,392,770	875,046,685

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2111 Steeles Avenue** Brampton, ON	1,458,820 SF	$236,942,880 $162.42 PSF	Prologis Canadian Tire	Class C
7900 Airport Road Brampton, ON	745,263 SF	$60,683,927 $162.85 PSF	Unilever H&R REIT	Class A
1500 Birchmount Road Toronto, ON	289,882 SF	$60,500,000 $208.71 PSF	TAS Ontario Superior Court	Class C

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

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4680 Garrard Road Whitby, ON	650,484 SF	Panattoni	Kruger Products	Paperboard Mills
20 Ironside Drive Brampton, ON	279,243 SF	Triovest	Undisclosed	Undisclosed
95 Bridgeland Avenue Toronto, ON	185,846 SF	Tyco Safety Products Canada	Motorcade Industries	Automotive Parts and Accessories Retailer

OFFICE OVERVIEW: MARKET STABILIZING, WORKERS RETURN

The North American office market is approaching an inflection point with an apparent assist from employers revising permissive pandemic workplace policies. Tenant demand in the United States closed 2024 by posting a second straight quarter of growth. Canada's absorption for the year was the most since 2018.

U.S. net absorption was 3.5 million SF in Q4 and totaled 11.2 million SF for the second half with premium Class A space most in demand. Nearly half the nation's top 50 office markets have seen positive demand since 2024 Q2, led by New York City. Some secondary and most tertiary markets have also seen resurgent demand. But there are several gateway cities and many secondary markets that continue to lose occupancy to slow job growth and reduced space requirements post-Covid.

Nearly 23 million SF of negative absorption in the first quarter of 2024 brought the cumulative loss since the onset of Covid-19 to 206 million SF. By comparison, absorption losses associated with the Great Recession of 2008-09 totaled about 50 million SF.

A number of companies have increased worker attendance requirements or plan to do so, including Disney, Starbucks, X and Amazon, whose CEO, Andy Jassy, said: "When we look back over the last five years, we believe the advantages of being together in the office are significant." Even Zoom has called its workers into the office for two days a week. JP Morgan is discussing possibly bringing back its approximately 300,000 employees to the office daily in 2025.

The construction pipeline output is diminishing with less than 50 million SF delivered in 2024, the least since 2014 and about 20 million SF less than average for the last 10 years. Even this reduced new supply is likely to outpace tepid demand. The overall vacancy rate is expected to climb beyond its current 13.9% before peaking next year.

The makeup of product in the pipeline is also different from recent history. Nearly a quarter is being built for owner occupiers. Almost a fifth targets biotech lab users and about 10% is medical office. Only half is comprised of traditional, for-lease office buildings, compared to almost two thirds of the space completed in the past 25 years.

While there are signs that the volume of sales transactions has hit bottom, financing is among the remaining challenges. Meanwhile, nearly $28 billion in CMBS loan maturities are scheduled to come due in 2025. After dropping in the second quarter, delinquency rates are now back up to 8.6% and could hit double digits next year. Lenders have been allowing borrowers some forbearance, but the clock is ticking to correct operational deficiencies. Meanwhile, investors naturally are finding a raft of opportunities in this sector.

In Canada, net absorption of 5.5 million SF in 2024 was led by Calgary's 2.1 million SF of tenant growth and 1.9 million SF of net absorption in Toronto. Deliveries are poised to drop off significantly in coming quarters, with only 11 million SF underway in Q4. This is off significantly from the 22-million-SF peak in 2021.

LOWEST VACANCY RATE	
FL, Miami	8.4%
NY, Long Island	8.7%
OH, Cincinnati	8.9%
OH, Cleveland	9.4%
ON, Toronto	9.4%
U.S. Index	13.9%
Canada Index	8.6%

HIGHEST MARKET RENT / SF ANNUAL	
NY, New York*	$59.16
FL, Miami	$53.52
CA, San Francisco	$51.36
TX, Austin	$46.20
MA, Boston	$42.48
U.S. Index	$36.12
Canada Index	$26.52 CAD

HIGHEST MARKET SALE PRICE / SF	
NY, New York	$537
CA, San Francisco	$503
BC, Vancouver	$452 CAD
WA, Seattle	$389
MA, Boston	$360
U.S. Index	$267
Canada Index	$239 CAD

MOST SF UNDER CONSTRUCTION SF	
MA, Boston	11,345,559
NY, New York*	8,791,094
WA, Seattle	5,438,739
ON, Toronto	5,402,511
TX, Dallas-Fort Worth	5,263,763
U.S. Index	71,153,058
Canada Index	8,895,231

LARGEST INVENTORY BY SF	
NY, New York*	977,849,528
DC, Washington	522,815,989
IL, Chicago	511,677,841
CA, Los Angeles	445,947,635
TX, Dallas-Fort Worth	430,773,298
U.S. Index	8,511,557,690
Canada Index	684,135,083

LOWEST MARKET CAP RATE	
ON, Toronto	6.4%
CA, San Francisco	6.7%
NY, New York*	7.0%
FL, Miami	7.1%
WA, Seattle	7.4%
U.S. Index	8.9%
Canada Index	7.6%

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MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
AB, Calgary **	12.9%	$1.72	$114	223,512	95,154,916	12.2%
AZ, Phoenix	16.9%	$2.50	$202	567,200	197,358,841	8.8%
BC, Vancouver **	7.0%	$2.79	$452	2,485,151	98,448,646	4.4%
CA, Bakersfield	11.6%	$1.98	$152	30,000	16,268,805	10.3%
CA, East Bay	15.4%	$3.09	$267	56,176	116,545,415	7.6%
CA, Fresno	5.7%	$1.99	$169	174,143	29,135,222	10.0%
CA, Inland Empire	5.5%	$2.31	$191	157,092	78,391,507	8.8%
CA, Los Angeles	16.1%	$3.53	$338	2,832,294	445,947,635	7.4%
CA, Orange County	12.4%	$2.68	$256	289,907	158,507,004	7.9%
CA, San Diego	12.0%	$3.37	$299	3,149,993	119,566,737	8.1%
CA, San Francisco	23.1%	$4.28	$503	1,266,481	193,107,279	6.7%
CA, San Luis Obispo	3.4%	$2.44	$237	0	6,754,296	8.9%
CA, Santa Barbara	6.6%	$2.74	$314	165,641	13,989,816	7.7%
CA, Stockton	3.9%	$1.90	$162	10,604	13,036,931	9.2%
CA, Ventura	10.4%	$2.33	$202	0	21,886,168	9.3%
CO, Denver	17.3%	$2.50	$209	1,863,824	189,008,949	9.0%
DC, Washington	17.2%	$3.32	$291	2,020,927	522,815,989	9.2%
FL, Fort Myers	4.9%	$2.25	$189	9,500	22,070,046	8.4%
FL, Miami	8.4%	$4.46	$352	2,655,614	119,050,819	7.1%
FL, Naples	5.0%	$2.92	$250	40,000	10,605,223	8.4%
FL, Orlando	9.6%	$2.49	$189	626,594	106,128,491	9.1%
FL, Tampa Bay	9.6%	$2.52	$184	616,244	130,683,335	9.1%
GA, Atlanta	16.7%	$2.44	$184	1,421,949	338,693,583	9.0%
GA, Savannah	2.1%	$2.31	$178	102,454	12,654,625	10.1%
ID, Boise	5.9%	$1.87	$148	117,042	36,154,970	10.6%
IL, Chicago	16.8%	$2.55	$173	1,329,099	511,677,841	9.8%
IN, Indianapolis	9.6%	$1.83	$115	1,096,648	110,656,071	10.7%
KS, Lawrence	12.4%	$1.85	$114	0	3,334,483	11.5%
KS, Topeka	7.0%	$1.51	$102	100,000	11,542,959	11.4%
LA, Baton Rouge	5.2%	$1.68	$103	11,490	28,321,316	12.2%
MA, Boston	13.6%	$3.54	$360	11,345,559	386,569,764	7.7%
MD, Baltimore	11.8%	$2.07	$147	1,161,541	150,485,638	10.2%
MI, Detroit	12.1%	$1.83	$107	1,682,485	202,425,055	11.5%
MN, Minneapolis	11.5%	$2.24	$145	478,600	204,202,950	9.7%
United States Index	13.9%	$3.01	$267	71,153,058	8,511,557,690	8.9%
Canada Index	8.6%	$2.21	$239 CAD	8,895,231	684,135,083	7.6%

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4 2024
OFFICE OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
MO, Kansas City*	11.6%	$1.93	$119	903,554	129,267,944	10.3%
MO, Saint Louis	9.8%	$1.87	$108	766,500	148,482,716	11.0%
NC, Charlotte	14.2%	$2.80	$241	908,542	139,078,164	8.2%
NC, Durham	9.4%	$2.37	$203	157,537	38,072,640	8.9%
NC, Raleigh	11.8%	$2.51	$201	73,832	80,788,453	8.9%
NE, Lincoln	6.3%	$1.68	$115	10,503	18,867,079	10.7%
NE, Omaha	8.0%	$2.05	$115	1,240,880	48,476,562	11.9%
NJ, Atlantic City	6.2%	$1.95	$127	40,000	7,678,383	11.0%
NJ, Northern New Jersey *	12.7%	$2.45	$173	319,820	154,005,160	10.0%
NJ, Trenton	10.7%	$2.47	$152	50,599	32,725,686	10.4%
NJ, Vineland	3.2%	$1.72	$111	0	3,553,963	10.8%
NV, Reno	7.9%	$2.06	$187	367,218	17,493,214	9.5%
NY, Long Island	8.7%	$2.74	$172	54,900	100,303,109	9.8%
NY, New York *	13.8%	$4.93	$537	8,791,094	977,849,528	7.0%
OH, Cincinnati	8.9%	$1.78	$97	140,300	103,895,227	11.7%
OH, Cleveland	9.4%	$1.65	$91	1,423,253	113,407,578	12.6%
OH, Columbus	9.5%	$1.89	$110	413,978	120,745,453	10.8%
ON, Toronto **	9.4%	$2.50	$269	5,402,511	286,854,789	6.4%
PA, Harrisburg	7.3%	$1.49	$107	63,374	39,098,288	12.0%
PA, Lehigh Valley *	7.6%	$1.80	$104	104,437	32,401,552	11.9%
PA, Philadelphia *	10.7%	$2.32	$155	1,843,796	336,111,131	10.2%
PA, Pittsburgh	11.8%	$1.88	$107	235,000	143,876,594	11.1%
SC, Charleston	6.6%	$2.73	$195	239,944	33,480,438	9.6%
SC, Greenville	8.2%	$1.91	$133	120,044	35,406,876	10.0%
SC, Spartanburg	3.0%	$1.80	$117	0	8,459,628	11.0%
TN, Nashville	11.7%	$2.74	$212	2,898,066	104,413,659	8.6%
TX, Austin	17.0%	$3.85	$323	4,169,796	137,095,124	7.5%
TX, Dallas-Fort Worth	18.0%	$2.67	$207	5,263,763	430,773,298	8.6%
TX, Houston	19.3%	$2.54	$187	2,587,317	359,371,513	9.9%
WA, Seattle	15.8%	$3.07	$389	5,438,739	238,119,546	7.4%
WI, Madison	6.0%	$1.93	$119	226,738	40,674,084	11.4%
United States Index	13.9%	$3.01	$267	71,153,058	8,511,557,690	8.9%
Canada Index	8.6%	$2.21	$239 CAD	8,895,231	684,135,083	7.6%

** Please note that the statistics represented in this table are based on CoStar defined market territories and may not represent the geographic area the label depicts.*

*** Numbers shown are in Canadian dollars (CAD)*

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4 2024
TORONTO, ON

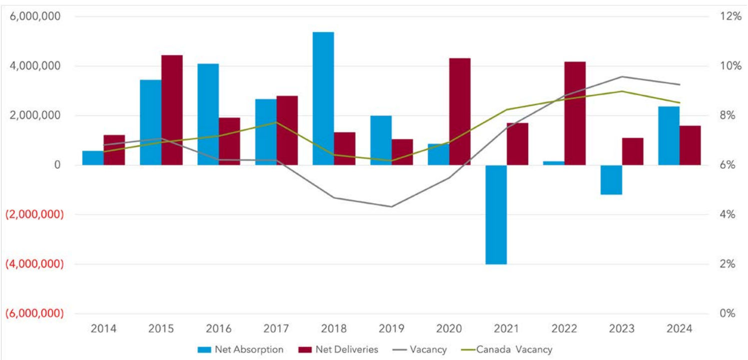
OFFICE MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

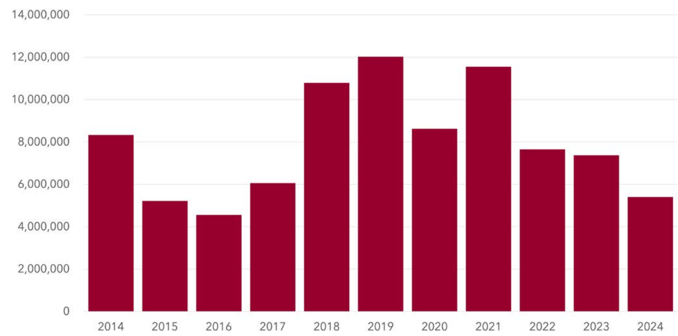
Toronto's office market is adjusting to changing investor and occupier demand, with net absorption recovering to 1.9 million SF over the past year, a sharp improvement from the three-year average of -210,000 SF. Submarkets such as Vaughan and Brampton contributed 750,000 SF to this growth. Rental growth at 1% reflects rising tenant incentives, while mid-tier offices outpace higher class spaces, growing 1.4% compared to 0.6%. Downtown faces oversupply, with 16.6 million SF available and a 16.3% availability rate exceeding the 11.1% acancy rate. Muted sales activity and rising cap rates hint at potential forced REIT sales, which may drive further value declines amid ongoing market pressures.

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▼ 12 Mo. Net Absorption SF	2,371,309	2,626,610	1,840,987	(150,247)	(1,190,582)
▲ Vacancy Rate	9.3%	9.2%	9.4%	9.6%	9.6%
▼ Avg NNN Asking Rate PSF	$43.01	$43.04	$42.94	$42.80	$42.60
▼ Sale Price PSF	$386	$389	$389	$383	$388
◄ ► Cap Rate	6.4%	6.4%	6.4%	6.4%	6.4%
▼ Under Construction SF	5,402,511	5,777,876	6,780,688	6,879,448	7,373,793
▲ Inventory SF	286,854,789	286,535,394	285,618,520	285,296,108	285,261,381

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
522 University Avenue Toronto, ON	212,253 SF	$79,250,000 $373.38 PSF	University Health Network iA Financial Group	Class C
90 Wynford Drive Toronto, ON	180,264 SF	$40,500,000 $224.67 PSF	Access Storage Scotiabank	Class C
7030 Woodbine Avenue** Markham, ON	122,080 SF	$12,509,608 $102.47 PSF	Smart Investments Slate Asset Management	Class C

**All numbers shown are in Canadian dollars (CAD)* ***Part of a 5-Property Portfolio*

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
79 Wellington Street, W Toronto, ON	166,590 SF	Cadillac Fairview/ Ontario Pension Board	TD Bank	Banking
3250 Bloor Street, W Toronto, ON	39,607 SF	Starlight Investments	Oracle	Software Publishers
74 Victoria Street Toronto, ON	25,721 SF	Dream	Undisclosed	Undisclosed

RETAIL OVERVIEW: TENANTS SQUEEZED BY LOW VACANCIES

Merchants seeking more location options in the tight North American retail market in 2024 were often disappointed. Vacancy rates remained at or near record lows, and despite a new round of tenant bankruptcies and store closures, the lack of quality space is crimping some tenants' expansion plans.

Net absorption totaled 23 million SF in 2023 in the U.S., a decline from the last three years of strong tenant growth in which demand exceeded new supply by nearly 60% and rents gained 10.4%.

Canada posted 5.5 million SF of net absorption in 2024, the most since 2022. The healthy tenant expansion came despite a dearth of available space. The vacancy rate has ticked down from 3% in 2017 to a record low 1.4% in 2024.

Additionally, after more than three years of healthy demand, many available spaces skew to the lower end of the quality spectrum. Thus, tenants seeking newer, higher-quality space in affluent locations are finding few available options. About 6.5 million SF were absorbed in Q4, the retail sector's 16th straight quarter of positive demand primarily being driven by tenants in the food services, off-price, experiential and healthcare sectors.

U.S. retail property fundamentals remain historically tight in 24Q3, as a lack of new deliveries and steady demand formation have kept the space available for lease at a record low of just 4.7%. Against the backdrop of the scarcity of available retail space, intense competition among tenants vying for prime locations is now playing out across the U.S. Developers continue to be challenged to make new ground-up retail development deals pencil at today's costs at current rent levels. This environment should support further rent gains for landlords and allow supply-constrained conditions to persist for the foreseeable future.

While store closures weigh on the current level of net absorption, they also provide needed supply for growth-minded tenants. Market participants report exceptionally strong backfill demand for spaces as they go dark, with some locations able to secure rent increases of 40% or more. Leasing activity remains concentrated in smaller spaces of under 2,500 SF, where activity is being overwhelmingly driven by growth from quick-service restaurants and personal services. Tenants such as Starbucks, Crumbl Cookies, Yum Brands, and Restaurant Brands International, owner of BK, Tim Hortons, Popeyes and Firehouse Subs, all have signed up for dozens of new locations over the past year.

Propelled by record spending on outside-of-the-home food purchases, retail tenants in the food and beverage sector accounted for nearly 20% of all leasing activity over the past year. From a geographic perspective, the most significant uptick in demand for retail space has been seen in Sun Belt markets that are experiencing substantial population and buying power growth. Seven of the top 10 markets leading the way in inventory-adjusted demand growth over the past year were in the Sun Belt, including four of the top five: Austin, Orlando, Miami and Phoenix.

The other three markets in the top 10 for inventory-adjusted demand growth over the past year were all in the Midwest with Indianapolis, St. Louis and Minneapolis, each seeing absorption of at least 1.5 million SF over that time.

LOWEST VACANCY RATE	
BC, Vancouver	1.2%
ON, Toronto	1.3%
MA, Boston	2.4%
MN, Minneapolis	2.5%
FL, Miami	2.7%
U.S. Index	4.1%
Canada Index	1.5%

HIGHEST MARKET RENT / SF ANNUAL	
FL, Miami	$48.84
NY, New York*	$47.40
CA, Orange County	$38.16
CA, Los Angeles	$36.12
CA, San Diego	$36.12
U.S. Index	$25.44
Canada Index	$21.72 CAD

HIGHEST MARKET SALE PRICE / SF	
BC, Vancouver	$495 CAD
NY, New York*	$445
CA, Orange County	$442
FL, Miami	$430
CA, Los Angeles	$420
U.S. Index	$248
Canada Index	$311 CAD

MOST SF UNDER CONSTRUCTION SF	
TX, Dallas-Fort Worth	4,757,756
TX, Houston	3,387,790
AZ, Phoenix	2,435,853
ON, Toronto	2,344,100
TX, Austin	2,207,539
U.S. Index	44,957,098
Canada Index	6,523,817

LARGEST INVENTORY BY SF	
NY, New York*	650,072,291
IL, Chicago	593,452,066
TX, Dallas-Fort Worth	475,823,367
CA, Los Angeles	455,265,888
TX, Houston	446,817,957
U.S. Index	12,177,756,895
Canada Index	826,884,694

LOWEST MARKET CAP RATE	
BC, Vancouver	4.4%
ON, Toronto	4.8%
CA, Orange County	5.2%
CA, Los Angeles	5.5%
FL, Miami	5.6%
U.S. Index	7.0%
Canada Index	5.4%

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Q4 2024
RETAIL OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
AB, Calgary **	1.8%	$1.64	$235	1,597,318	79,761,596	6.6%
AZ, Phoenix	4.9%	$2.17	$258	2,435,853	246,081,060	6.6%
BC, Vancouver **	1.2%	$2.20	$495	733,507	132,539,006	4.4%
CA, Bakersfield	4.9%	$1.65	$219	176,175	35,568,080	6.7%
CA, East Bay	5.4%	$2.66	$337	334,186	125,279,401	5.7%
CA, Fresno	5.3%	$1.61	$203	244,229	49,364,185	7.1%
CA, Inland Empire	6.0%	$2.20	$297	661,127	203,419,277	6.0%
CA, Los Angeles	5.7%	$3.01	$420	1,325,665	455,265,888	5.5%
CA, Orange County	4.1%	$3.18	$442	171,859	145,679,136	5.2%
CA, San Diego	4.1%	$3.01	$404	448,413	140,362,685	5.6%
CA, San Francisco	6.5%	$3.48	$533	228,235	82,322,878	5.1%
CA, San Luis Obispo	2.8%	$2.35	$310	169,534	15,679,502	6.1%
CA, Santa Barbara	4.3%	$2.59	$341	35,000	25,132,763	6.4%
CA, Stockton	4.9%	$1.84	$209	71,597	31,829,174	7.0%
CA, Ventura	5.8%	$2.41	$330	93,231	41,080,300	5.9%
CO, Denver	3.9%	$2.19	$271	188,340	166,732,361	6.5%
DC, Washington	4.2%	$2.84	$344	1,421,346	273,509,017	6.5%
FL, Fort Myers	2.8%	$1.85	$251	202,168	49,893,108	6.4%
FL, Miami	2.7%	$4.07	$430	988,744	149,518,990	5.6%
FL, Naples	3.9%	$2.47	$347	170,521	24,361,022	5.6%
FL, Orlando	3.2%	$2.49	$279	1,031,432	159,745,529	6.4%
FL, Tampa Bay	3.1%	$2.18	$266	315,220	179,167,844	6.5%
GA, Atlanta	3.7%	$1.90	$221	580,683	378,058,208	7.0%
GA, Savannah	3.0%	$2.07	$227	122,737	28,975,741	7.6%
ID, Boise	3.3%	$1.51	$226	336,819	43,760,621	6.5%
IL, Chicago	4.7%	$1.81	$189	916,589	593,452,066	7.8%
IN, Indianapolis	2.8%	$1.55	$160	1,244,572	135,601,974	7.9%
KS, Lawrence	3.8%	$1.39	$183	0	6,778,319	7.7%
KS, Topeka	4.7%	$0.92	$140	0	14,160,564	8.8%
LA, Baton Rouge	2.3%	$1.54	$154	214,221	47,916,631	8.1%
MA, Boston	2.4%	$2.30	$273	938,444	253,518,918	6.4%
MD, Baltimore	5.3%	$2.01	$211	209,683	145,867,569	7.3%
MI, Detroit	5.4%	$1.55	$131	371,414	265,447,869	8.1%
MN, Minneapolis	2.5%	$1.68	$176	277,232	209,492,681	7.4%
United States Index	4.1%	$2.12	$248	44,957,098	12,177,756,895	7.0%
Canada Index	1.5%	$1.81 CAD	$311 CAD	6,523,817	826,884,694	5.4%

Q4 2024
RETAIL OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
MO, Kansas City*	3.7%	$1.54	$171	405,446	134,066,712	7.8%
MO, Saint Louis	4.2%	$1.47	$145	168,244	178,798,634	8.4%
NC, Charlotte	3.1%	$2.08	$234	585,015	153,860,111	6.9%
NC, Durham	2.2%	$2.07	$245	222,626	31,052,385	8.4%
NC, Raleigh	2.5%	$2.21	$260	704,775	76,501,600	6.6%
NE, Lincoln	2.8%	$1.22	$138	17,618	22,419,402	7.7%
NE, Omaha	4.3%	$1.47	$160	277,119	66,548,974	7.7%
NJ, Atlantic City	4.3%	$1.47	$160	7,018	18,764,155	7.6%
NJ, Northern New Jersey *	4.1%	$2.06	$217	370,525	138,372,720	7.2%
NJ, Trenton	4.0%	$1.89	$190	21,033	22,431,079	8.0%
NJ, Vineland	4.2%	$1.27	$160	0	8,703,652	7.6%
NV, Reno	3.6%	$1.88	$230	9,800	28,219,250	7.1%
NY, Long Island	4.2%	$2.96	$339	207,667	157,706,965	6.4%
NY, New York *	3.9%	$3.95	$445	1,755,746	650,072,291	6.1%
OH, Cincinnati	5.0%	$1.36	$128	590,498	136,208,631	8.2%
OH, Cleveland	4.6%	$1.29	$110	398,601	146,804,077	8.5%
OH, Columbus	3.7%	$1.66	$159	395,512	125,512,898	8.0%
ON, Toronto **	1.3%	$2.10	$369	2,344,100	303,982,509	4.8%
PA, Harrisburg	4.6%	$1.42	$140	279,704	38,665,149	8.0%
PA, Lehigh Valley *	4.4%	$1.41	$142	40,000	51,530,774	9.0%
PA, Philadelphia *	4.2%	$1.85	$188	817,220	348,958,465	7.4%
PA, Pittsburgh	3.9%	$1.39	$142	127,515	159,513,941	7.7%
SC, Charleston	3.3%	$2.15	$267	117,492	49,624,298	6.5%
SC, Greenville	3.0%	$1.54	$175	57,518	64,750,559	7.1%
SC, Spartanburg	4.1%	$1.23	$127	28,330	26,146,535	8.5%
TN, Nashville	3.1%	$2.37	$268	757,966	125,135,699	6.3%
TX, Austin	3.1%	$2.59	$350	2,207,539	124,912,686	6.0%
TX, Dallas-Fort Worth	4.5%	$2.04	$274	4,757,756	475,823,367	6.6%
TX, Houston	5.1%	$1.99	$249	3,387,790	446,817,957	7.0%
WA, Seattle	3.5%	$2.45	$333	402,096	182,337,398	6.0%
WI, Madison	2.0%	$1.44	$150	27,450	43,497,738	7.6%
United States Index	4.1%	$2.12	$248	44,957,098	12,177,756,895	7.0%
Canada Index	1.5%	$1.81 CAD	$311 CAD	6,523,817	826,884,694	5.4%

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LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4 2024
TORONTO, ON

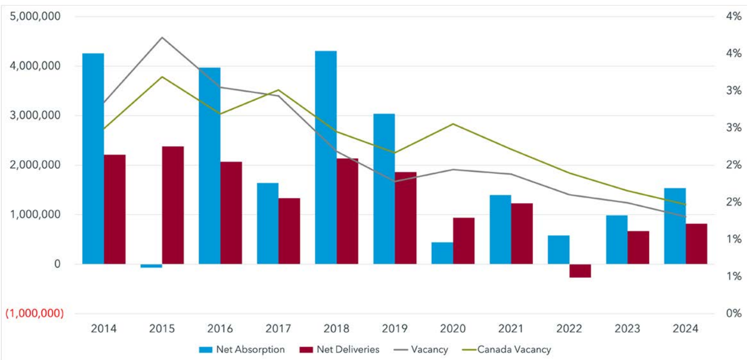
RETAIL MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

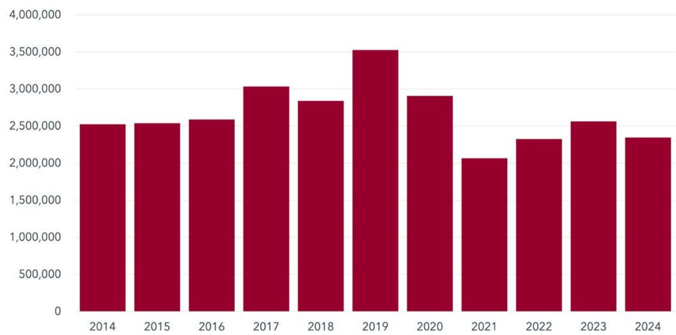
The Greater Toronto Area (GTA) is thriving on strong market fundamentals, with population growth outpacing retail inventory expansion. Since 2016, the GTA's retail inventory has increased by 4%. When compared to the 17% surge in population, this underscores a clear supply-demand gap. Concerns about the rise of e-commerce previously slowed retail construction. However, with e-commerce usage steadying at 6%, demand for physical stores remains strong, driven by growing consumer spending. Toronto's tight vacancies are paired with notable activity, such as Tiffany & Co.'s flagship relocation and Harry Rosen's $50 million Yorkville expansion. New alcohol sales policies in convenience stores enhance retail prospects but raise concerns about the LCBO's role as a key anchor tenant.

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▼ 12 Mo. Net Absorption SF	1,537,170	2,133,093	1,910,564	1,300,104	985,757
▲ Vacancy Rate	1.3%	1.2%	1.3%	1.5%	1.5%
▼ Avg NNN Asking Rate PSF	$36.21	$36.22	$36.10	$35.77	$35.55
▲ Sale Price PSF	$530	$529	$527	$523	$524
◄ ► Cap Rate	4.8%	4.8%	4.8%	4.8%	4.7%
▼ Under Construction SF	2,344,100	2,423,081	2,361,350	2,549,382	2,563,890
▲ Inventory SF	303,982,509	303,909,993	303,449,168	303,004,717	302,998,113

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
1629-1633 The Queensway Toronto, ON	106,600 SF	$34,300,000 $321.76 PSF	Zanchin Automotive Group First Capital REIT	Single-Tenant
77-83 Davis Drive Newmarket, ON	35,000 SF	$6,100,000 $174.29 PSF	Advanced Precast, Inc. Zen Trinity Properties	Multi-Tenant
10 Neighbourhood Lane Toronto, ON	31,826 SF	$14,000,000 $439.89 PSF	Supertrin Properties Ontario Superior Court	Multi-Tenant

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

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
700 University Avenue Toronto, ON	17,000 SF	KingSett Capital	Shoppers Drug Mart	Pharmacies and Drug Retailer
877-899 College Street Toronto, ON	15,009 SF	Clifton Blake	Loblaws	Supermarkets and Grocery Stores
77 City Centre Drive Mississauga, ON	12,306 SF	Morguard	Undisclosed	Undislosed

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4 2024 MULTIFAMILY OVERVIEW

MULTIFAMILY OVERVIEW: U.S. DEMAND HITS THREE-YEAR HIGH

The U.S. multifamily market continued its strong rebound in demand with 556,286 units absorbed in 2024, the most in three years. Absorption was driven by stable economic growth plus a continued slowing of tenants making the jump to home ownership and creating fewer units to backfill.

Meanwhile, Canada's vacancy rate is 2.5%. Canadians dissatisfied with continued tight housing markets have forced government officials to scale back the nation's immigration targets, beginning with a 20% cut in 2025.

The surge in U. S. tenant growth follows the biggest construction boom in decades, saturating the market with 1,270,222 new units over the last two years, equal to 6.3% of the total inventory. The 673,7687 units delivered in 2024 were the most in any year on record. While supply has outpaced demand over the past 12 quarters, the gap has closed significantly. This strong demand reflects continued release of pent-up household formations, especially in the mid-priced point properties.

Since the first quarter of 2022, overall rent growth has slowed significantly from 9.9% to just 1.1% for the third quarter. The Class A segment exhibited the weakest performance, at 0.4%, a slight improvement from the negative or zero year-over-year rent growth experienced over the past year. On the other hand, more balanced conditions in the middle of the market have resulted in Class B rent growth at 1.6%, outperforming the luxury price point and the national average. While projections for the remainder of 2024 indicate rent growth holding near 1%, there should be an acceleration by the second quarter of 2025.

The Sun Belt markets no longer exhibit the strongest rent growth with many previously fast-growing markets reporting significant deceleration. Metros with the most robust rent growth were Washington, D.C., Richmond, Detroit, Cleveland and Louisville. In contrast, former rent growth leaders Austin and Raleigh have experienced the steepest rent declines over the past four quarters, -4.7% and -2.9% respectively. It is a departure from the mid-teen growth rate each market enjoyed at the end of 2021. Currently, the Midwest and Northeast lead the nation in rent growth, a trend expected to continue into 2025. These markets have avoided the sharp reversal seen in Sun Belt locations, mainly due to their more modest construction pipelines during the pandemic. Deliveries in the Midwest in 2024 were 20,000 units more than in 2019, compared to a 120,000-unit increase in the Sun Belt. This restrained gain in added supply should keep Midwestern markets more balanced, thereby avoiding the oversupply that leads to weaker rent growth.

Canada's national multifamily market continues to be extremely tight because of reduced homebuying due to higher mortgage rates, scarcity of supply and rapid population growth. The vacancy rate is sitting near multi-year lows with the least affordable markets of Vancouver and Toronto as the nation's tightest. Calgary's market has tightened significantly since 2022.

Canada's record-setting population growth has been a major fundamental factor driving multifamily demand. In 2023 the population rose by more than a million persons, posting the highest growth rate since 1957. But because of public backlash due to capacity pressures, the federal government announced it is tightening immigration.

LOWEST VACANCY RATE	
BC, Vancouver	1.9%
ON, Toronto	2.1%
NY, New York*	2.8%
CA, Orange County	4.1%
NJ, Northern NJ	5.1%
U.S. Index	8.0%
Canada Index	2.5%

HIGHEST MARKET RENT / UNIT	
NY, New York*	$3,219
CA, San Francisco	$3,138
MA, Boston	$2,860
CA, Orange County	$2,695
CA, San Diego	$2,489
U.S. Index	$1,729
Canada Index	$1,461 CAD

HIGHEST 12 MO. SALES VOLUME	
NY, New York*	$6,483,231,805
CA, Los Angeles	$5,278,279,790
GA, Atlanta	$4,806,764,986
DC, Washington	$4,420,936,285
CO, Denver	$4,305,230,262
U.S. Index	$95,240,356,637
Canada Index	$4,419,011,357 CAD

MOST UNITS UNDER CONSTRUCTION	
NY, New York*	60,840
ON, Toronto	38,409
TX, Dallas-Fort Worth	36,327
AZ, Phoenix	27,299
FL, Miami	25,364
U.S. Index	673,232
Canada Index	82,965

LARGEST INVENTORY BY UNITS	
NY, New York*	1,581,470
CA, Los Angeles	1,045,382
TX, Dallas-Fort Worth	897,285
TX, Houston	726,819
DC, Washington	580,023
U.S. Index	20,294,016
Canada Index	971,208

LOWEST MARKET CAP RATE	
BC, Vancouver	3.0%
ON, Toronto	4.0%
CA, Orange County	4.4%
CA, San Francisco	4.5%
CA, San Diego	4.7%
U.S. Index	6.1%
Canada Index	4.3%

** Please note that the statistics represented in these tables are based on CoStar defined market territories and may not all represent the geographic area the label depicts.*

Q4 2024 MULTIFAMILY OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / UNIT	MARKET SALE PRICE / UNIT	UNDER CONST. UNITS	INVENTORY UNITS	MARKET CAP RATE
AB, Calgary **	5.2%	$1,308	$197,793	8,514	79,368	5.3%
AZ, Phoenix	11.4%	$1,571	$264,668	27,299	407,634	4.9%
BC, Vancouver **	1.9%	$1,662	$360,868	23,712	146,514	3.0%
CA, Bakersfield	5.2%	$1,376	$130,277	318	26,113	7.1%
CA, East Bay	6.6%	$2,421	$356,784	2,505	193,549	5.3%
CA, Fresno	4.3%	$1,430	$150,445	0	56,394	6.4%
CA, Inland Empire	6.9%	$2,060	$267,526	4,463	179,013	5.2%
CA, Los Angeles	5.1%	$2,296	$358,640	21,064	1,045,382	5.0%
CA, Orange County	4.1%	$2,695	$443,753	5,301	259,879	4.4%
CA, San Diego	5.3%	$2,489	$395,319	8,031	282,563	4.7%
CA, San Francisco	6.3%	$3,138	$526,292	2,727	187,014	4.5%
CA, San Luis Obispo	6.9%	$2,184	$299,892	36	8,176	5.4%
CA, Santa Barbara	3.5%	$2,504	$338,528	0	20,950	4.8%
CA, Stockton	4.3%	$1,647	$169,531	172	29,028	6.7%
CA, Ventura	4.5%	$2,584	$357,538	872	37,352	4.8%
CO, Denver	11.1%	$1,820	$306,232	13,582	311,932	5.3%
DC, Washington	7.4%	$2,226	$300,340	18,914	580,023	5.7%
FL, Fort Myers	16.4%	$1,828	$238,058	6,636	35,560	5.5%
FL, Miami	5.7%	$2,391	$310,707	25,364	199,394	5.3%
FL, Naples	11.0%	$2,359	$277,574	1,415	14,935	5.2%
FL, Orlando	9.9%	$1,779	$234,637	15,655	228,545	5.3%
FL, Tampa Bay	9.4%	$1,829	$217,598	10,824	235,155	5.6%
GA, Atlanta	12.3%	$1,632	$209,129	19,239	532,243	5.6%
GA, Savannah	13.3%	$1,693	$195,346	2,218	36,061	5.5%
ID, Boise	11.5%	$1,574	$237,883	1,848	41,891	5.2%
IL, Chicago	5.3%	$1,796	$208,895	6,986	570,950	6.8%
IN, Indianapolis	9.9%	$1,300	$132,015	3,817	174,079	6.5%
KS, Lawrence	2.4%	$1,053	$84,868	0	12,244	8.2%
KS, Topeka	8.2%	$932	$61,030	134	9,955	8.4%
LA, Baton Rouge	14.1%	$1,174	$114,114	484	44,047	7.5%
MA, Boston	5.2%	$2,860	$439,537	15,994	283,339	5.1%
MD, Baltimore	7.4%	$1,694	$184,049	3,380	214,140	6.4%
MI, Detroit	7.2%	$1,322	$107,707	2,579	231,573	7.3%
MN, Minneapolis	7.6%	$1,516	$173,468	5,867	284,703	6.6%
United States Index	8.0%	$1,729	$225,598	673,232	20,294,016	6.1%
Canada Index	2.5%	$1,461 CAD	$242,900 CAD	82,965	971,208	4.3%

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Q4 2024
MULTIFAMILY OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / UNIT	MARKET SALE PRICE / UNIT	UNDER CONST. UNITS	INVENTORY UNITS	MARKET CAP RATE
MO, Kansas City*	7.9%	$1,331	$148,292	6,469	179,485	6.5%
MO, Saint Louis	10.0%	$1,258	$130,208	1,544	150,065	7.2%
NC, Charlotte	12.5%	$1,614	$234,053	24,101	232,666	5.4%
NC, Durham	11.6%	$1,532	$211,768	7,391	62,996	5.6%
NC, Raleigh	12.0%	$1,534	$226,290	9,804	133,934	5.3%
NE, Lincoln	6.0%	$1,160	$121,410	1,058	32,643	7.3%
NE, Omaha	5.8%	$1,220	$114,518	3,046	83,941	7.0%
NJ, Atlantic City	3.8%	$1,694	$130,778	0	10,905	7.1%
NJ, Northern New Jersey *	5.1%	$2,169	$236,070	10,734	170,868	6.2%
NJ, Trenton	4.1%	$2,158	$250,277	1,781	20,813	5.9%
NJ, Vineland	4.1%	$1,376	$103,339	0	3,261	7.1%
NV, Reno	9.0%	$1,587	$227,723	808	47,153	5.3%
NY, Long Island	5.3%	$2,898	$339,940	1,488	58,535	5.3%
NY, New York *	2.8%	$3,219	$370,251	60,840	1,581,470	5.3%
OH, Cincinnati	7.0%	$1,286	$107,843	4,795	144,469	7.8%
OH, Cleveland	8.2%	$1,220	$80,508	3,113	136,696	9.1%
OH, Columbus	8.1%	$1,328	$130,602	9,756	219,173	6.9%
ON, Toronto **	2.1%	$1,591	$256,394	38,409	413,805	4.0%
PA, Harrisburg	5.8%	$1,370	$120,794	199	32,852	7.1%
PA, Lehigh Valley *	4.3%	$1,686	$154,172	1,814	36,722	7.0%
PA, Philadelphia *	7.6%	$1,779	$198,820	11,288	373,811	6.3%
PA, Pittsburgh	6.0%	$1,350	$125,989	2,366	106,214	8.0%
SC, Charleston	12.1%	$1,780	$220,326	3,050	73,128	5.4%
SC, Greenville	11.8%	$1,396	$163,556	1,060	56,203	6.1%
SC, Spartanburg	15.0%	$1,291	$143,466	1,005	16,920	5.8%
TN, Nashville	11.5%	$1,681	$235,586	13,556	178,382	5.6%
TX, Austin	15.0%	$1,578	$218,570	20,775	318,173	5.5%
TX, Dallas-Fort Worth	11.2%	$1,539	$178,247	36,327	897,285	5.8%
TX, Houston	11.3%	$1,365	$145,206	14,532	726,819	6.6%
WA, Seattle	7.3%	$2,039	$362,787	15,426	395,850	4.9%
WI, Madison	5.6%	$1,571	$166,383	2,457	76,320	6.4%
United States Index	8.0%	$1,729	$225,598	673,232	20,294,016	6.1%
Canada Index	2.5%	$1,461 CAD	$242,900 CAD	82,965	971,208	4.3%

** Please note that the statistics represented in this table are based on CoStar defined market territories and may not all represent the geographic area the label depicts.*

*** Numbers shown are in Canadian dollars (CAD)*

Q4 2024
TORONTO, ON

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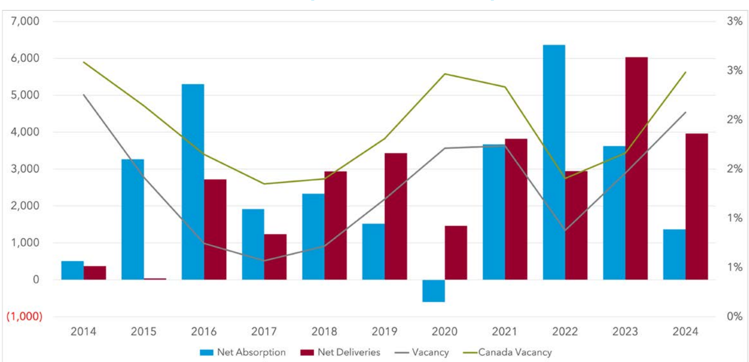
MULTIFAMILY MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

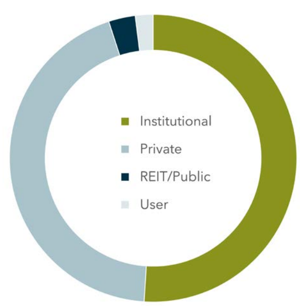
The Greater Toronto Area's (GTA) multifamily market is softening as rental rates reach their peak. High-end units are seeing increased vacancies, with rates rising to 2.1% from a low of 0.9%. Elevated interest rates have boosted rental demand as buyers delay purchases, yet these same rates and stagnant wages have slowed new construction. Toronto's condo market faces significant challenges, with sales down 81% from 2023, leading some developments to shift to purpose-built rentals. Investor-owned condos, comprising 57% of units built between 2016 and 2021, face mounting pressures as low-rate mortgages come up for renewal. Population growth is affected by high immigration, while domestic migration weakens the renter pool with people moving away.

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▼ 12 Mo. Absorption Units	1,368	1,636	2,311	2,898	3,625
▲ Vacancy Rate	2.1%	2.0%	1.8%	1.8%	1.5%
▼ Asking Rent/Unit	$2,283	$2,292	$2,286	$2,276	$2,259
▲ Sale Price/Unit	$367,078	$363,346	$359,403	$362,077	$356,725
◄ ► Cap Rate	4.1%	4.1%	4.1%	4.1%	4.1%
▲ Under Construction Units	38,409	32,116	31,488	28,761	22,310
▲ Inventory Units	413,805	413,106	411,702	411,309	409,840

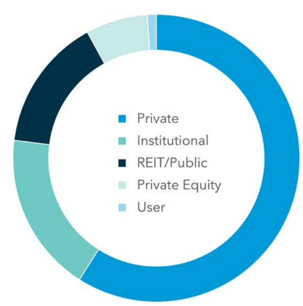
NET ABSORPTION, NET DELIVERIES, & VACANCY



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
1475 Whites Road Pickering, ON	$127,000,000 $559,471 Per Unit	227	Starlight Investments Grandview Homes
200 Missinnihe Way Mississauga, ON	$62,207,926 $414,720 Per Unit	150	Region of Peel FRAM + Slokker
75-77 Huron Heights Drive Newmarket, ON	$33,450,000 $304,091 Per Unit	110	Lankin Investments Canadian Apartment Properties REIT

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

TOP SELLERS (PAST 12 MONTHS)	SALES VOLUME
Greenrock Real Estate Advisors	$437,184,000
OMERS	$216,300,000
Canadian Apartment Properties REIT	$204,200,000
Grandview Homes	$127,000,000
Ronkay Management Inc	$101,000,000

TOP BUYERS (PAST 12 MONTHS)	SALES VOLUME
Brookfield Corporation	$437,184,000
Starlight Investments Ltd.	$358,300,000
Equiton Inc.	$130,199,999
Lankin Investments	$112,330,000
QMW Corp	$101,000,000

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GLOSSARY OF TERMS

ABSORPTION

Refers to the change in occupancy over a given time period. Lease renewals are not factored into absorption unless the renewal includes the occupancy of additional space. (In that case, the additional space would be counted in absorption.) Pre-leasing of space in non-existing buildings (e.g., Proposed, Under Construction, Under Renovation) is not counted in absorption until the actual move-in date.

CAP RATE

The income rate of return for a total property that reflects the relationship between one year's net operating income expectancy and the total price or value. Calculated by dividing the net operating income by the sale price or value.

CLASS A OFFICE

In general, a class A building is an extremely desirable investment-grade property with the highest quality construction and workmanship, materials and systems, significant architectural features, the highest quality/expensive finish and trim, abundant amenities, first rate maintenance and management; usually occupied by prestigious tenants with above average rental rates and in an excellent location with exceptional accessibility. They are most eagerly sought by international and national investors willing to pay a premium for quality and are often designed by architects whose names are immediately recognizable. A building meeting this criteria is often considered to be a landmark, either historical, architectural or both. It may have been built within the last 5-10 years, but if it is older, it has been renovated to maintain its status and provide it many amenities. Buildings of this stature can be one-of-a-kind with unique shape and floor plans, notable architectural design, excellent and possibly outstanding location and a definite market presence.

CLASS B OFFICE

In general, a class B building offers more utilitarian space without special attractions. It will typically have ordinary architectural design and structural features, with average interior finish, systems, and floor plans, adequate systems and overall condition. It will typically not have the abundant amenities and location that a class A building will have. This is generally considered to be more of a speculative investment. The maintenance, management and tenants are average to good, although, Class B buildings are less appealing to tenants and may be deficient in a number of respects including floor plans, condition and facilities. They therefore attract a wide range of users with average rents. They lack prestige and must depend chiefly on lower price to attract tenants and investors. Typical investors are some national but mostly local.

CLASS C OFFICE

In general, a class C building is a no-frills, older building that offers basic space. The property has below-average maintenance and management, a mixed or low tenant prestige, and inferior elevators and mechanical/electrical systems. As with Class B buildings, they lack prestige and must depend chiefly on lower price to attract tenants and investors.

GROSS ABSORPTION

For existing buildings, the measure of total square feet occupied (indicated as a Move-In) over a given period of time with no consideration for space vacated during the same time period. Sublet space and lease renewals are not factored into gross absorption. However, in a lease renewal that includes the leasing of additional space, that additional space is counted in gross absorption. Preleasing of space in non-existing buildings (Planned, Under Construction or Under Renovation) is not counted in gross absorption until actual move in, which by definition may not be any earlier than the delivery date.

Source: CoStar Group and NAIOP Research Foundation

GLOSSARY OF TERMS

INDUSTRIAL GROSS RENT

A type of Modified Gross lease where the tenant pays one or more of the expenses in addition to the rent. Exact details must be confirmed for each lease.

INVENTORY

Existing inventory refers to the total square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space that is either planned, or under construction.

MODIFIED GROSS

Modified Gross is a general type of lease rate where typically the tenant will be responsible for their proportional share of one or more of the expenses. The Lessor (landlord) will pay the remaining expenses. For example: Plus Electric means the tenant pays rent plus their own electric expense, or Plus Janitorial means the tenant pays the rent plus their own janitorial expense. Both of these are types of Modified Gross Leases, which may vary from tenant to tenant.

NET ABSORPTION

For existing buildings, the measure of total square feet occupied (indicated as a Move-In) less the total space vacated (indicated as a Move-Out) over a given period of time. Lease renewals are not factored into net absorption. However, in a lease renewal that includes the leasing of additional space, that additional space is counted in net absorption. Pre-leasing of space in non-existing buildings (Planned, Under Construction or Under Renovation) is not counted in net absorption until actual move in, which by definition may not be any earlier than the delivery date.

TRIPLE NET (NNN)

A lease in which the tenant is responsible for all expenses associated with their proportional share of occupancy of the building.

UNDER CONSTRUCTION

Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building Under Construction, the site must have a concrete foundation in place.

VACANCY RATE

Expressed as a percentage - it identifies the amount of New/Relet/Sublet space vacant divided by the existing RBA. Can be used for buildings or markets.

COMMON LEASE TYPES MATRIX

LEASE TYPE	RESPONSIBILITY FOR EXPENSES	OTHER
Gross (full service)	Landlord pays all or most of the operating expenses and taxes.	Costs of operation must be disclosed in lease.
Modified Gross	Expenses are divided between tenant and landlord.	Costs can be double or triple net depending on terms of lease.
Net	Tenant pays all operating expenses.	Landlord must disclose tenant responsibility in lease.
Triple Net (Net-net-net, or NNN)	Tenant pays all operating expenses, taxes and insurance.	Landlord is responsible for structure, roof and maybe parking lot.

Source: CoStar Group and NAIOP Research Foundation

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