LEE & ASSOCIATES

COMMERCIAL REAL ESTATE SERVICES

Q1 2025 MARKET REPORTS

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Q1 2025 MARKET REPORTS

FEATURED MARKET REPORTS

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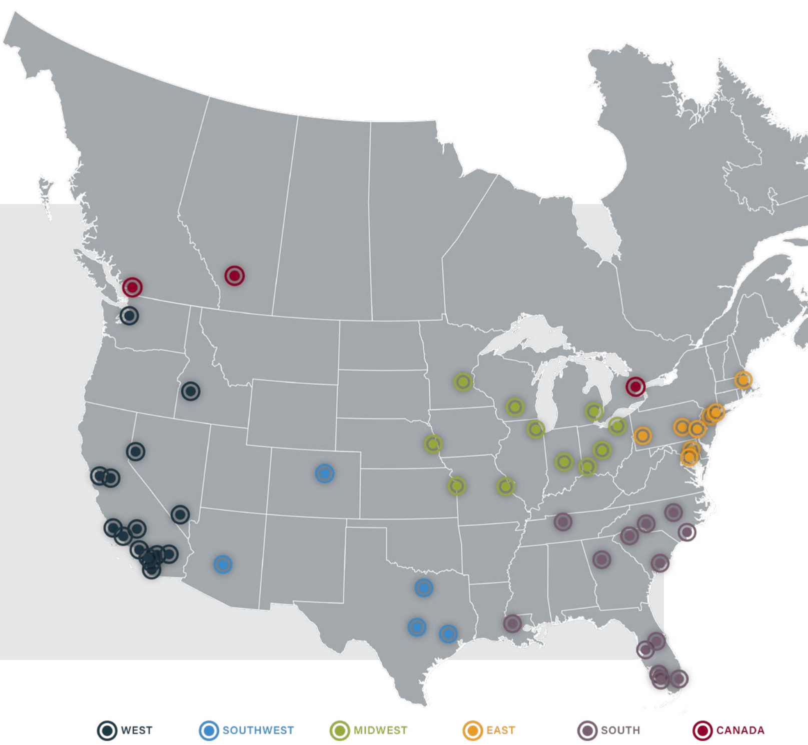

INDUSTRIAL OVERVIEW: SOFT MARKETS FACE TARIFF DISRUPTIONS

North America's industrial markets are nearing the end of a wave of record development that – because of several quarters of weakened demand – has resulted in an oversupply of space and the lowest rent growth in years. Moreover, the sagging United States and Canadian markets could suffer disruption as they react to the U.S.'s controversial new trade and tariff regime.

U.S. net absorption in the first quarter totaled 9.5 million SF and only 129.4 million SF of growth in 2024 – the least since the great recession in 2010. Year-over-year rent growth has decelerated significantly over the past 12 months to 2.1%, which is less than half the five-year average before Covid.

Across Canada – after 79 million SF of growth in 2023 and 2024 for the largest ever two-year gain – tenants shed 8.9 million SF of space in the first quarter, the most on record. Nearly 5.5 million SF of the negative net absorption total was logistics space.

Construction across North America is slowing. In the U.S., quarterly net supply additions are on pace to fall below the pre-pandemic three-year average by midyear and continue declining through 2026 when supply growth is set to hit an 11-year low. In Canada, new construction starts fell to just 2.6 million SF in Q4, the lowest level on record.

While new deliveries have peaked, several Sunbelt and Midwest markets with fewer development constraints are still posting a record supply of new space that could take more than two years to absorb. Austin, Indianapolis, Phoenix, Greenville/Spartanburg and San Antonio stand out as markets with risks of prolonged elevated availabilities, particularly among logistics buildings from 100,000 SF to 500,000 SF.

Consumer spending eased in the first two months of 2025 while the launching of multiple trade wars simultaneously occurred. This risks derailing the key drivers of logistics leasing, including U.S. imports and inventories, which could cause true net absorption to underperform this year.

The stock of logistics properties 100,000 SF and larger has grown 20% in the last four years. The vacancy rate among these buildings has surpassed 9%, the most since 2012. The small-space market remains a bright spot. Occupancy in buildings smaller than 50,000 SF has fallen about 0.3% in the last 12 months. But because of chronically low levels of development of product in this range, the sub 4% vacancy rate is near pre-Covid record levels. Some of the most acute shortages of small space can be found in Nashville, Jacksonville, Orlando, Tampa and Charlotte.

Significant tariffs will force retailers to raise prices while increasing the likelihood that retailers will be hesitant to expand distribution networks until the threat of additional trade barriers dissipates.

Property sales totaled more than $65 billion in 2024, a 10% increase from the year before. Deal volume also gained momentum with 11,766 transactions, a 6% gain, which underscored a broader recovery in activity beyond just rising asset values. Institutional buyers stepped up acquisitions in the fourth quarter, particularly in deals greater than $50 million. While REITs remained net buyers, their activity was comparatively muted. Meanwhile, private equity firms returned to the market in the third quarter after nearly two years on the sidelines.

LOWEST VACANCY RATE	
NE, Omaha	2.8%
BC, Vancouver	3.5%
ON, Toronto	3.6%
OH, Cleveland	3.7%
MO, Saint Louis	3.9%
U.S. Index	7.0%
Canada Index	3.8%

HIGHEST MARKET RENT / SF ANNUAL	
CA, San Francisco	$27.72
CA, San Diego	$22.80
FL, Miami	$20.88
NY, New York*	$19.68
CA, Orange County	$19.44
U.S. Index	$12.12
Canada Index	$12.24 CAD

HIGHEST MARKET SALE PRICE / SF	
CA, San Francisco	$438
CA, Orange County	$345
CA, San Diego	$328
BC, Vancouver	$316 CAD
CA, Los Angeles	$314
U.S. Index	$153
Canada Index	$214 CAD

MOST SF UNDER CONSTRUCTION SF	
TX, Dallas-Fort Worth	28,180,160
ON, Toronto	19,251,256
GA, Atlanta	18,214,889
AZ, Phoenix	17,670,723
TX, Houston	16,647,412
U.S. Index	296,809,081
Canada Index	39,034,964

LARGEST INVENTORY BY SF	
IL, Chicago	1,424,967,681
TX, Dallas-Fort Worth	1,201,728,860
CA, Los Angeles	965,504,173
ON, Toronto	895,069,578
NY, New York*	892,295,124
U.S. Index	19,374,778,421
Canada Index	1,938,610,395

LOWEST MARKET CAP RATE	
BC, Vancouver	4.1%
ON, Toronto	4.6%
CA, Inland Empire	4.7%
CA, Los Angeles	5.1%
CA, Orange County	5.3%
U.S. Index	7.3%
Canada Index	5.4%

** 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.*

Q1 2025
INDUSTRIAL OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
AB, Calgary **	4.3%	$0.77	$127	2,633,746	197,585,107	7.0%
AZ, Phoenix	12.5%	$1.14	$178	17,670,723	498,615,249	6.6%
BC, Vancouver **	3.5%	$1.19	$316	5,483,725	282,963,236	4.1%
CA, Bakersfield	10.1%	$0.83	$110	1,169,678	66,885,193	7.4%
CA, East Bay	8.3%	$1.47	$271	1,488,500	280,399,010	5.8%
CA, Fresno	4.1%	$0.73	$86	25,100	87,539,833	7.7%
CA, Inland Empire	7.8%	$1.11	$263	14,509,399	784,328,075	4.7%
CA, Los Angeles	5.9%	$1.49	$314	4,967,790	965,504,173	5.1%
CA, Orange County	5.5%	$1.62	$345	2,677,285	303,956,346	5.3%
CA, San Diego	8.7%	$1.90	$328	2,843,702	214,338,191	6.1%
CA, San Francisco	12.4%	$2.31	$438	3,009,271	100,894,457	5.8%
CA, San Luis Obispo	4.3%	$1.37	$198	360,320	10,154,430	6.6%
CA, Santa Barbara	4.4%	$1.50	$217	43,350	20,738,840	6.9%
CA, Stockton	9.4%	$0.78	$128	129,448	154,845,504	6.4%
CA, Ventura	4.5%	$1.23	$196	608,045	75,744,467	6.5%
CO, Denver	8.0%	$1.02	$174	5,222,444	289,378,267	7.3%
DC, Washington	6.0%	$1.45	$241	11,436,459	315,512,658	7.0%
FL, Fort Myers	6.4%	$1.12	$141	1,691,068	42,374,443	8.2%
FL, Miami	6.0%	$1.74	$271	5,293,112	277,136,836	5.8%
FL, Naples	3.5%	$1.49	$184	22,086	14,561,982	7.6%
FL, Orlando	8.1%	$1.18	$163	3,212,525	209,803,658	6.6%
FL, Tampa	6.3%	$1.06	$145	3,122,132	224,440,649	7.5%
GA, Atlanta	8.1%	$0.81	$114	18,214,889	859,133,267	6.7%
GA, Savannah	11.6%	$0.72	$125	10,964,246	151,706,126	7.0%
ID, Boise	8.0%	$0.89	$128	2,196,141	62,566,754	7.9%
IL, Chicago	5.6%	$0.81	$96	12,386,514	1,424,967,681	8.0%
IN, Indianapolis	9.4%	$0.64	$74	2,493,776	429,320,559	8.6%
KS, Lawrence	2.3%	$0.79	$86	0	9,217,306	9.4%
KS, Topeka	3.0%	$0.47	$59	0	21,723,906	10.0%
LA, Baton Rouge	2.8%	$0.84	$76	728,800	44,044,881	9.6%
LA, Lafayette	3.6%	$0.81	$76	150,000	27,123,452	9.7%
MA, Boston	7.7%	$1.39	$193	3,495,308	369,152,845	7.1%
MD, Baltimore	8.2%	$0.96	$135	3,564,593	267,178,293	7.7%
MI, Detroit	4.6%	$0.74	$72	2,612,952	633,737,363	10.6%
United States Index	7.0%	$1.01	$149	296,809,081	19,374,778,421	7.3%
Canada Index	3.8%	$1.02 CAD	$211 CAD	39,034,964	1,938,610,395	5.4%

Q1 2025 INDUSTRIAL OVERVIEW

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MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
MN, Minneapolis	3.9%	$0.76	$96	1,891,851	432,064,478	8.9%
MO, Kansas City *	4.7%	$0.61	$66	13,583,643	371,480,618	9.2%
MO, Saint Louis	3.9%	$0.61	$69	4,223,426	345,678,651	8.5%
NC, Charlotte	9.6%	$0.81	$105	8,934,293	393,086,995	7.3%
NC, Durham	7.2%	$0.96	$129	3,286,422	57,512,911	7.4%
NC, Raleigh	6.5%	$1.03	$137	3,964,149	106,015,558	8.0%
NE, Lincoln	2.4%	$0.63	$83	173,910	33,246,433	9.3%
NE, Omaha	2.8%	$0.69	$84	4,436,900	109,499,030	8.8%
NJ, Atlantic City	4.9%	$0.91	$82	0	9,717,931	8.6%
NJ, Northern New Jersey *	5.5%	$1.35	$206	4,180,274	259,709,752	6.6%
NJ, Trenton	9.0%	$0.87	$156	769,837	44,607,693	6.9%
NJ, Vineland	4.0%	$0.65	$66	126,037	19,690,400	7.8%
NV, Las Vegas	10.3%	$1.18	$208	7,555,137	193,978,158	5.8%
NV, Reno	11.1%	$0.75	$132	3,718,095	120,477,043	6.3%
NY, Long Island *	5.9%	$1.58	$201	610,926	182,890,931	8.4%
NY, New York *	7.0%	$1.64	$268	8,225,426	892,295,124	6.1%
OH, Cincinnati	5.3%	$0.65	$74	1,599,500	363,071,889	8.4%
OH, Cleveland	3.7%	$0.57	$52	1,221,000	355,901,758	10.4%
OH, Columbus	7.6%	$0.68	$81	3,000,489	385,027,674	7.5%
ON, Toronto **	3.6%	$1.15	$256	19,251,256	895,069,578	4.6%
PA, Harrisburg	6.1%	$0.70	$97	328,000	113,765,628	7.1%
PA, Lehigh Valley *	7.2%	$0.77	$121	2,937,155	170,033,939	6.9%
PA, Philadelphia *	7.8%	$0.96	$123	12,555,332	639,343,418	7.3%
PA, Pittsburgh	5.4%	$0.72	$66	404,126	230,690,914	8.8%
SC, Charleston	16.1%	$0.88	$107	1,909,689	117,121,710	7.8%
SC, Greenville	5.1%	$0.59	$63	1,784,282	155,809,662	9.1%
SC, Spartanburg	10.9%	$0.56	$70	1,683,160	130,281,075	8.6%
TN, Nashville	5.2%	$0.98	$115	6,748,275	288,291,024	6.7%
TX, Austin	11.6%	$1.17	$157	15,236,993	167,889,804	7.6%
TX, Dallas-Fort Worth	9.2%	$0.83	$120	28,180,160	1,201,728,860	6.5%
TX, Houston	6.8%	$0.77	$101	16,647,412	842,587,764	7.8%
WA, Seattle	7.8%	$1.19	$233	5,744,834	364,560,038	5.8%
WI, Madison	3.6%	$0.66	$74	877,065	79,619,980	8.8%
United States Index	7.0%	$1.01	$149	296,809,081	19,374,778,421	7.3%
Canada Index	3.8%	$1.02 CAD	$211 CAD	39,034,964	1,938,610,395	5.4%

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

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Q1 2025
TORONTO, ON

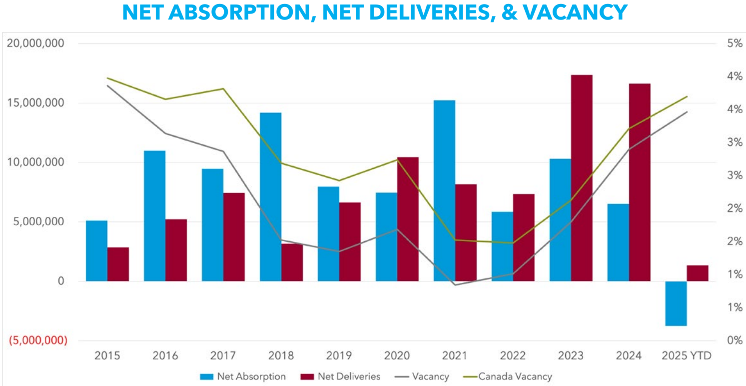
INDUSTRIAL MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

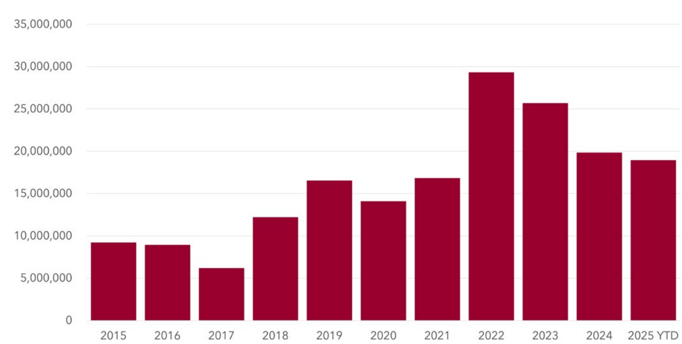
The overall GTA industrial market is adjusting to shifting demand, with vacancy rising to 3.7%, led by North GTA West surpassing 6%. Despite the increase, vacancy remains below historical and national averages, indicating continued tightness. Availability has doubled to 5.9% since 2020 due to slower absorption in key submarkets. Leasing activity slowed from late 2022 to mid-2024 but showed signs of recovery in late 2024. Vaughan led net absorption, while demand remains strongest for buildings with clear heights over 35 feet. Investor activity totaled $5.1B, and anticipated cap rate compression could support values as expansion plans resume.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▼ 12 Mo. Net Absorption SF	2,580,870	6,508,367	4,926,774	7,695,661	8,512,166
▲ Vacancy Rate	3.5%	2.9%	2.6%	2.4%	2.1%
▼ Avg NNN Asking Rate PSF	$19.69	$19.80	$19.80	$19.60	$19.35
▲ Sale Price PSF	$366	$362	$357	$350	$344
◄ ► Cap Rate	4.6%	4.6%	4.6%	4.6%	4.6%
▼ Under Construction SF	18,952,892	19,847,501	25,737,644	28,143,222	24,966,152
▲ Inventory SF	894,941,741	893,592,844	886,321,612	881,768,683	879,988,066

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
7900 Airport Road Brampton, ON	745,263 SF	$253,000,000 $339.48 PSF	Crestpoint Unilever	Class A
925 Brock Road** Pickering, ON	263,499 SF	$48,330,730 $183.42 PSF	Dream Pure Industrial	Class C
6451 Northwest Drive*** Mississauga, ON	200,556 SF	$50,139,006 $250.00 PSF	Groupe Montoni Flynn	Class C

**All numbers shown are in Canadian dollars (CAD); **Part of a 9-Property Portfolio; ***Part of a 2-Property Portfolio*

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
9501 Hwy 50 Vaughan, ON	436,210 SF	Metrus Properties	APPS Transport Group	Transportation and Warehousing
8470 Hwy 50 Brampton, ON	228,000 SF	Panattoni	Undisclosed	Undisclosed
7200-7250 Martin Grove Road Vaughan, ON	151,972 SF	Vito Galloro Holdings	Flint Packaging Products	Corrugated/Solid Fiber Box Mfg

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Q1 2025 OFFICE OVERVIEW

OFFICE OVERVIEW: MARKET RECOVERIES UNEVEN; U.S. POSTS MODEST GAIN

After showing signs of a continuing recovery with bosses backing away from the permissive pandemic workplace policies and remote work, the first quarter of 2025 opened with a sharply divided North American office market.

On the heels of posting 11.2 million SF of net absorption in the last half of 2024, the U.S. office market opened the new year with positive, albeit weak, tenant growth of 482,271 SF. It was a dramatic turnaround from the 26.8 million SF loss of net absorption in Q1 a year ago.

Conversely, Canada, which posted 5.5 million SF of positive absorption in 2024 – its healthiest year since 2018 – opened the year with a massive contraction of 5.2 million SF of negative net absorption. The Q1 reversal is a greater reduction in net absorption than the 5.7 million SF loss for 2021 and follows a gain of nearly 2.3 million SF a year ago.

Much of the recent gain in the U.S. has come in New York City where users are scrambling for space to accommodate an uptick in attendance. Nationally, however, supply additions have kept the vacancy rate near a record high. While here are some signs the recovery could broaden throughout 2025, demand remains anemic in most major markets.

Tenant behavior in the post-Covid environment has become nuanced. Of the leases signed in 2024, the deals averaged 15% to 20% less space. Smaller users tend to upgrade their spaces while larger tenants tend to stay in place.

The supply pipeline is diminishing rapidly. The 67.1 million SF underway is the least since 2012. Vacancy is expected to continue to climb through 2026 and rents growth should continue to decelerate prior to settling into a period of paltry growth of about 1% though next year.

Asking rents have remained flat for the last four years. At a $36-per-SF average, rents are about $1 per SF more than rents entering 2020 – poor performance when consumer prices have risen 25%in the same period. Rents at five-star buildings, currently averaging $48 per SF, still are slightly lower than in early 2020.

Supply growth slowed to a decade-low pace in 2024, a taste of things to come as the amount of new inventory slated to some to market in the rest of the decade drops massively. Less than 45 million SF in new deliveries completed in 2024, the least since 2012 and far less than the 10-year average of about 780 million SF.

The pipeline also is qualitatively different. About 13% is medical office and 17% targeted top biotech users. Another 38% is being built for owner-users. Less than a third is comprised of traditional for-lease office buildings, compared to nearly two-thirds of space completed in the last 25 years. The thaw in the U.S. office market has accelerated, unveiling a sector previously sidelined by investors. Transaction volumes, which regained momentum throughout 2024 and surged notably in the fourth quarter, continued their improving trend in the first quarter of 2025, recently finishing 31% higher year-over-year. This follows a 22% increase in total sales for 2024 compared to the cyclical lows of 2023.

LOWEST VACANCY RATE	
NY, Long Island	8.5%
OH, Cincinnati	8.8%
FL, Miami	8.9%
OH, Cleveland	9.2%
FL, Orlando	9.5%
U.S. Index	14.0%
Canada Index	9.7%

HIGHEST MARKET RENT / SF ANNUAL	
NY, New York*	$59.40
FL, Miami	$52.80
CA, San Francisco	$50.28
TX, Austin	$46.20
CA, Los Angeles	$42.12
U.S. Index	$36.00
Canada Index	$26.04 CAD

HIGHEST MARKET SALE PRICE / SF	
NY, New York*	$503
CA, San Francisco	$477
BC, Vancouver	$443 CAD
WA, Seattle	$379
FL, Miami	$346
U.S. Index	$258
Canada Index	$235 CAD

MOST SF UNDER CONSTRUCTION SF	
NY, New York*	8,893,521
MA, Boston	8,683,672
WA, Seattle	5,796,633
TX, Dallas-Fort Worth	4,929,061
ON, Toronto	4,879,702
U.S. Index	66,723,374
Canada Index	8,401,188

LARGEST INVENTORY BY SF	
NY, New York*	971,816,164
DC, Washington	522,134,550
IL, Chicago	509,854,228
CA, Los Angeles	445,503,522
TX, Dallas-Fort Worth	431,082,438
U.S. Index	8,491,515,928
Canada Index	684,511,953

LOWEST MARKET CAP RATE	
ON, Toronto	6.6%
CA, San Francisco	6.9%
FL, Miami	7.2%
NY, New York*	7.2%
WA, Seattle	7.5%
U.S. Index	9.0%
Canada Index	7.7%

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MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
AB, Calgary **	14.8%	$1.77	$112	181,938	94,761,084	12.4%
AZ, Phoenix	16.9%	$2.45	$201	656,537	195,482,771	8.8%
BC, Vancouver **	8.0%	$2.78	$443	2,408,170	97,201,276	4.5%
CA, Bakersfield	10.6%	$1.94	$151	30,000	16,298,664	10.3%
CA, East Bay	15.3%	$3.13	$261	423,446	118,878,539	7.8%
CA, Fresno	8.1%	$1.96	$162	165,226	29,171,089	10.2%
CA, Inland Empire	5.1%	$2.33	$192	128,577	78,352,009	8.9%
CA, Los Angeles	16.0%	$3.51	$321	2,377,241	445,503,522	7.7%
CA, Orange County	12.4%	$2.72	$252	307,503	157,838,525	8.0%
CA, San Diego	13.0%	$3.38	$292	1,775,180	120,881,604	8.2%
CA, San Francisco	22.9%	$4.19	$477	1,355,731	194,770,557	6.9%
CA, San Luis Obispo	3.2%	$2.42	$234	43,550	6,732,783	9.0%
CA, Santa Barbara	6.3%	$2.76	$304	0	14,009,022	7.8%
CA, Stockton	4.0%	$1.90	$160	10,020	13,079,055	9.3%
CA, Ventura	10.5%	$2.36	$199	8,500	21,836,509	9.3%
CO, Denver	17.5%	$2.51	$202	1,428,840	188,405,851	9.2%
DC, Washington	17.1%	$3.33	$284	1,743,377	522,134,550	9.4%
FL, Fort Myers	5.0%	$2.27	$191	25,900	22,250,608	8.4%
FL, Miami	8.9%	$4.40	$346	2,900,254	116,033,538	7.2%
FL, Naples	5.5%	$2.94	$251	21,800	10,578,659	8.4%
FL, Orlando	9.5%	$2.48	$183	985,618	106,838,517	9.3%
FL, Tampa Bay	9.7%	$2.51	$182	700,311	130,748,472	9.2%
GA, Atlanta	16.5%	$2.45	$184	1,277,890	339,337,531	9.1%
GA, Savannah	2.4%	$2.33	$179	27,454	12,754,073	10.1%
ID, Boise	6.0%	$1.85	$143	116,852	36,187,798	10.9%
IL, Chicago	16.2%	$2.45	$169	1,693,583	509,854,228	9.9%
IN, Indianapolis	9.8%	$1.83	$110	957,240	110,994,297	11.0%
KS, Lawrence	13.4%	$1.83	$112	0	3,334,558	11.7%
KS, Topeka	7.3%	$1.54	$108	100,000	11,707,871	11.2%
LA, Baton Rouge	5.6%	$1.67	$102	16,000	28,494,284	12.4%
LA, Lafayette	2.4%	$1.66	$85	0	12,089,098	13.0%
MA, Boston	14.2%	$3.47	$346	8,683,672	385,786,263	7.9%
MD, Baltimore	11.8%	$2.05	$148	431,541	151,055,557	10.3%
MI, Detroit	12.1%	$1.85	$108	1,488,485	201,235,221	11.5%
United States Index	14.0%	$3.00	$258	66,723,374	8,491,515,928	9.0%
Canada Index	9.7%	$2.17 CAD	$235 CAD	8,401,188	684,511,953	7.7%

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COMMERCIAL REAL ESTATE SERVICES

Q1 2025
OFFICE OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
MN, Minneapolis	11.2%	$2.12	$130	468,759	205,996,836	10.3%
MO, Kansas City *	11.0%	$1.93	$116	442,654	130,181,260	10.6%
MO, Saint Louis	9.7%	$1.85	$105	925,866	147,708,093	11.2%
NC, Charlotte	14.6%	$2.79	$224	1,327,263	137,560,772	8.6%
NC, Durham	9.8%	$2.35	$201	39,505	38,177,286	9.0%
NC, Raleigh	11.3%	$2.54	$204	246,757	81,058,233	8.9%
NE, Lincoln	6.6%	$1.69	$113	6,000	18,873,047	10.9%
NE, Omaha	7.8%	$2.05	$119	1,266,856	48,810,090	11.8%
NJ, Atlantic City	6.3%	$1.95	$126	40,000	7,644,067	11.1%
NJ, Northern New Jersey *	12.7%	$2.44	$175	309,820	150,872,342	10.0%
NJ, Trenton	9.7%	$2.48	$157	0	32,375,610	10.4%
NJ, Vineland	2.5%	$1.63	$109	0	3,573,620	10.9%
NV, Las Vegas	10.3%	$2.44	$241	652,184	68,850,997	8.7%
NV, Reno	8.2%	$2.05	$184	211,251	17,666,843	9.6%
NY, Long Island	8.5%	$2.73	$168	10,000	100,150,475	10.0%
NY, New York *	13.5%	$4.95	$503	8,893,521	971,816,164	7.2%
OH, Cincinnati	8.8%	$1.70	$100	180,300	103,522,828	11.7%
OH, Cleveland	9.2%	$1.67	$92	1,296,000	111,778,344	12.6%
OH, Columbus	9.9%	$1.79	$107	216,328	120,180,364	10.9%
ON, Toronto **	10.5%	$2.40	$260	4,879,702	286,964,651	6.6%
PA, Harrisburg	7.0%	$1.53	$105	63,374	39,190,232	12.2%
PA, Lehigh Valley *	7.0%	$1.77	$101	60,000	32,471,885	12.2%
PA, Philadelphia *	10.8%	$2.31	$152	1,590,009	335,351,574	10.4%
PA, Pittsburgh	12.2%	$1.90	$102	595,000	143,149,080	11.4%
SC, Charleston	6.4%	$2.75	$192	583,148	33,823,360	9.7%
SC, Greenville	8.0%	$1.94	$135	113,766	35,537,279	10.2%
SC, Spartanburg	2.4%	$1.86	$118	0	8,713,124	11.0%
TN, Nashville	12.6%	$2.73	$210	1,761,229	105,736,001	8.6%
TX, Austin	17.3%	$3.85	$318	3,805,670	137,197,392	7.6%
TX, Dallas-Fort Worth	17.9%	$2.68	$203	4,929,061	431,082,438	8.7%
TX, Houston	19.8%	$2.52	$188	2,565,355	357,419,164	9.9%
WA, Seattle	16.3%	$3.11	$379	5,796,633	237,027,409	7.5%
WI, Madison	6.9%	$1.94	$116	279,738	40,721,478	11.6%
United States Index	14.0%	$3.00	$258	66,723,374	8,491,515,928	9.0%
Canada Index	9.7%	$2.17 CAD	$235 CAD	8,401,188	684,511,953	7.7%

** 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

Q1 2025
TORONTO, ON

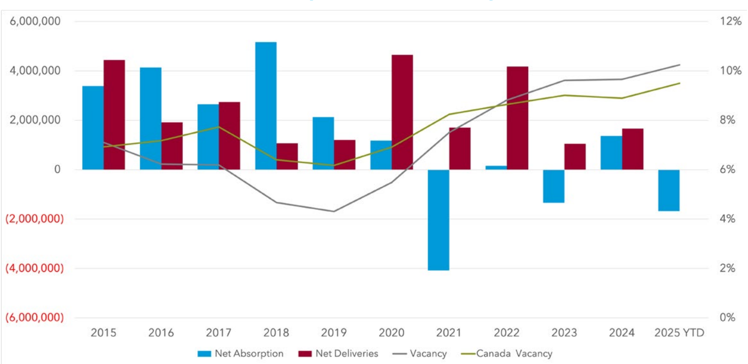
OFFICE MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

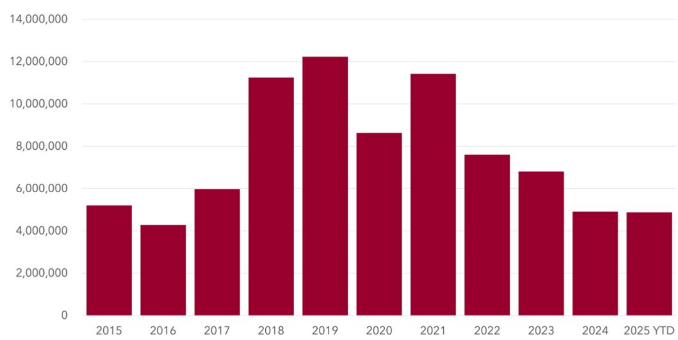
Toronto's office market continues to face headwinds, with net absorption at -1.3M SF over the past year and downtown availability reaching 16.6M SF, or 16.3%. Vacancy and availability now stand at 10.6% and 13.8%, respectively-well above pre-pandemic lows. Suburban areas like Vaughan and Brampton have been a bright spot, recording 750,000 SF of positive absorption. However, a glut of new supply, rising sublet space, and lingering hybrid work trends are weakening fundamentals. Newer buildings are not immune; properties like Portland Commons remain unleased. As pre-2020 leases expire, vacancy is expected to rise further, especially in premium assets.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▼ 12 Mo. Net Absorption SF	(202,042)	1,367,225	2,066,514	1,211,357	(476,147)
▲ Vacancy Rate	10.2%	9.7%	9.5%	9.6%	9.7%
▼ Avg NNN Asking Rate PSF	$41.21	$41.15	$41.13	$40.98	$40.78
▼ Sale Price PSF	$371	$375	$378	$382	$380
◄ ► Cap Rate	6.6%	6.6%	6.6%	6.5%	6.5%
▼ Under Construction SF	4,879,702	4,907,364	5,282,729	6,215,541	6,314,301
▲ Inventory SF	287,253,965	287,244,568	286,925,173	285,940,531	285,618,119

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
438 University Avenue Toronto, ON	322,835 SF	$105,600,000 $327.10 PSF	Ministry of Infrastructure Dream	Class A
5600 Cancross Court Mississauga, ON	99,780 SF	$32,000,000 $320.71 PSF	Jian Bang Ruan KingSett	Class B
3760 14th Avenue** Markham, ON	96,327 SF	$15,498,397 $160.89 PSF	Unger & Associates Davpart	Class B

*All numbers shown are in Canadian dollars (CAD); **Part of a 2-Property Portfolio*

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5115 Creekbank Road Mississauga, ON	83,039 SF	Oak Street Real Estate Capital	Undisclosed	Undisclosed
5650 Yonge Street Toronto, ON	25,454 SF	Manulife	Metrolinx	Mixed Mode Transit Systems
40 King Street W Toronto, ON	22,668 SF	AIMCo/KingSett	Blaney McMurtry LLP	Offices of Lawyers

RETAIL OVERVIEW: STORE CLOSURES BELIE SHORTAGES OF SPACE

Plans announced by merchants last year to shutter more than 8,700 stores produced the largest tenant contraction across North American retail markets since 2020. Nevertheless, vacancies remain at and near record lows.

United States' retailers shuttered 7,089,219 SF of space in the first quarter, which follows the net absorption of 23.1 million SF in 2024, of one of the weakest annual totals in a decade. Despite the sharp upturn in retailer bankruptcies and store closures, availability across U.S. retail space markets remains within 10 basis points of the historic low of 4.8% as new development is constrained. Deliveries for the five years prior to Covid was twice the total five years since the lockdown. In total, just 19 million square feet of retail space delivered since 2020 is available for lease across the U.S.

In Canada, negative net absorption totaled 1,767,468 SF in the first quarter, a turnaround from the 1.6 million SF of tenant growth in Q1 last year. Every retail category – malls, power centers, neighborhood centers, strip centers and general retail – was negative in the first quarter. In addition to store closings, retail store efficiency – measured by sales as a percentage of occupied floor space – is no longer outperforming the U.S. Nationwide, the vacancy rate is 1.8%.

It was a confluence of factors driving retail bankruptcies and store closures. After years of below-average closures the combination of rapidly rising costs, a challenging capital markets environment and significant competition from value and e-commerce retail forced certain retailers like Walgreens, Family Dollar and Advance Auto to close underperforming locations. It also pushed other large occupiers like Big Lots, Party City and Conn's into bankruptcy.

The uptick in merchant failures also can be traced back to persistently low home sales, reducing the sales of furnishings, appliances, etc. Five of 12 retailers to shutter in 2024 operated in housing-dependent categories. But despite the increase in closures, an overwhelming majority of tenants continue to report a lack of quality available space and available space is backfilling at the fastest pace in nearly 15 years.

The reason for the current historically tight conditions has been the limited volume of new retail space delivered in recent years. In the five years prior to the lockdown the annual average of newly completed space was 71 million SF compared to 32 million SF since 2020.

Retail sales, excluding e-commerce, gasoline and autos, have surged more than 30% on a nominal basis since the end of 2019. While inflationary pressures contributed to this growth, adjusted retail sales remain more than 10% greater than prior to the pandemic. In total, the amount of retail space occupied across the U.S. has increased by less than 2% since the end of 2019.

With the costs of development rising much faster than rents for the past 15 years, the economics of new retail development are exceedingly difficult to pencil in many locations. The net result is a market facing a significant shortage of available first-generation space at a time when dozens of large national tenants are looking to expand.

LOWEST VACANCY RATE	
BC, Vancouver	1.4%
ON, Toronto	1.7%
MA, Boston	2.5%
MN, Minneapolis	2.6%
IN, Indianapolis	2.8%
U.S. Index	4.2%
Canada Index	1.8%

HIGHEST MARKET RENT / SF ANNUAL	
FL, Miami	$48.24
NY, New York*	$47.88
CA, San Francisco	$42.84
CA, Orange County	$39.36
CA, Los Angeles	$36.60
U.S. Index	$25.56
Canada Index	$22.20 CAD

HIGHEST MARKET SALE PRICE / SF	
BC, Vancouver	$517 CAD
NY, Orange County	$449
CA, New York*	$448
FL, Miami	$429
CA, Los Angeles	$419
U.S. Index	$247
Canada Index	$314 CAD

MOST SF UNDER CONSTRUCTION SF	
TX, Dallas-Fort Worth	4,432,010
TX, Houston	3,568,185
ON, Toronto	2,622,514
TX, Austin	2,595,381
AZ, Phoenix	2,507,923
U.S. Index	44,771,314
Canada Index	6,854,002

LARGEST INVENTORY BY SF	
NY, New York*	643,285,012
IL, Chicago	596,722,024
TX, Dallas-Fort Worth	478,261,729
CA, Los Angeles	455,780,136
TX, Houston	447,575,280
U.S. Index	12,189,469,833
Canada Index	832,189,508

LOWEST MARKET CAP RATE	
BC, Vancouver	4.4%
ON, Toronto	4.8%
CA, Orange County	5.3%
CA, Los Angeles	5.6%
FL, Miami	5.6%
U.S. Index	7.1%
Canada Index	5.5%

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Q1 2025
RETAIL OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
AB, Calgary **	2.2%	$1.73	$240	1,420,285	79,733,942	6.6%
AZ, Phoenix	4.8%	$2.12	$252	2,507,923	246,810,900	6.8%
BC, Vancouver **	1.4%	$2.25	$517	668,929	132,565,994	4.4%
CA, Bakersfield	5.1%	$1.66	$220	279,353	35,709,154	6.7%
CA, East Bay	5.5%	$2.70	$340	202,308	125,411,659	5.8%
CA, Fresno	5.7%	$1.63	$203	311,793	50,021,366	7.1%
CA, Inland Empire	6.2%	$2.23	$296	500,040	203,186,469	6.1%
CA, Los Angeles	5.8%	$3.05	$419	825,012	455,780,136	5.6%
CA, Orange County	4.0%	$3.28	$449	176,564	145,771,745	5.3%
CA, San Diego	4.2%	$3.03	$400	507,635	140,631,538	5.7%
CA, San Francisco	6.5%	$3.57	$541	251,336	82,173,957	5.1%
CA, San Luis Obispo	3.3%	$2.38	$311	150,431	15,692,969	6.2%
CA, Santa Barbara	3.9%	$2.60	$342	60,500	25,441,882	6.4%
CA, Stockton	4.7%	$1.85	$206	94,090	31,888,432	7.1%
CA, Ventura	6.4%	$2.42	$312	122,231	41,172,833	6.1%
CO, Denver	4.1%	$2.21	$270	342,922	166,768,858	6.5%
DC, Washington	4.4%	$2.89	$346	1,145,387	272,724,161	6.5%
FL, Fort Myers	3.0%	$1.88	$245	239,302	50,306,580	6.7%
FL, Miami	2.9%	$4.02	$429	781,525	151,029,119	5.6%
FL, Naples	4.0%	$2.48	$349	165,193	24,426,501	5.7%
FL, Orlando	3.5%	$2.48	$274	1,383,856	159,949,084	6.5%
FL, Tampa Bay	3.2%	$2.20	$268	393,351	179,170,855	6.5%
GA, Atlanta	4.0%	$1.92	$221	612,819	378,526,546	7.1%
GA, Savannah	3.0%	$2.09	$226	58,448	29,016,087	7.7%
ID, Boise	3.5%	$1.52	$226	329,418	43,855,924	6.6%
IL, Chicago	4.7%	$1.85	$192	775,401	596,722,024	7.8%
IN, Indianapolis	2.8%	$1.58	$162	692,884	135,481,676	7.9%
KS, Lawrence	3.5%	$1.39	$182	92,886	6,847,588	7.8%
KS, Topeka	4.7%	$0.93	$145	0	13,954,828	8.7%
LA, Baton Rouge	3.1%	$1.54	$153	152,300	48,107,678	8.2%
MA, Boston	2.5%	$2.32	$270	608,905	253,915,926	6.5%
MD, Baltimore	5.4%	$2.02	$209	168,706	146,432,283	7.4%
MI, Detroit	5.7%	$1.56	$132	338,417	266,085,118	8.1%
MN, Minneapolis	2.6%	$1.72	$178	429,222	209,856,687	7.4%
United States Index	2.2%	$1.43	$156	20,950	43,390,147	7.6%
Canada Index	1.8%	$1.85 CAD	$314 CAD	6,854,002	832,189,508	5.5%

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q1 2025
RETAIL OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	SF UNDER CONSTRUCTION	INVENTORY SF	MARKET CAP RATE
MO, Kansas City*	3.9%	$1.56	$169	447,949	133,937,331	8.0%
MO, Saint Louis	4.2%	$1.44	$141	187,015	179,252,142	8.6%
NC, Charlotte	3.2%	$2.09	$235	398,590	154,322,479	6.9%
NC, Durham	3.2%	$2.09	$242	273,722	30,975,829	8.5%
NC, Raleigh	2.4%	$2.26	$262	424,715	77,001,732	6.6%
NE, Lincoln	2.7%	$1.22	$138	11,000	22,551,760	7.9%
NE, Omaha	4.5%	$1.47	$158	280,991	66,622,796	7.8%
NJ, Atlantic City	4.5%	$1.48	$155	7,018	18,875,669	7.7%
NJ, Northern New Jersey *	3.9%	$2.17	$230	294,563	138,443,211	7.1%
NJ, Trenton	3.8%	$1.90	$189	23,000	22,488,165	8.1%
NJ, Vineland	4.3%	$1.28	$159	0	8,746,405	7.6%
NV, Las Vegas	5.2%	$2.84	$321	921,864	123,825,184	6.2%
NV, Reno	3.9%	$1.88	$232	110,802	28,231,639	7.1%
NY, Long Island	4.1%	$2.96	$335	466,771	157,612,448	6.5%
NY, New York *	3.9%	$3.99	$448	1,504,581	643,285,012	6.2%
OH, Cincinnati	5.3%	$1.35	$128	617,269	136,597,974	8.3%
OH, Cleveland	4.3%	$1.33	$113	574,744	145,466,954	8.5%
OH, Columbus	3.9%	$1.66	$160	246,431	126,691,889	8.0%
ON, Toronto **	1.7%	$2.16	$369	2,622,514	305,985,582	4.8%
PA, Harrisburg	3.7%	$1.42	$140	191,834	38,785,191	8.0%
PA, Lehigh Valley *	4.4%	$1.41	$143	56,847	51,745,196	9.0%
PA, Philadelphia *	4.1%	$1.88	$188	682,789	349,986,384	7.5%
PA, Pittsburgh	4.1%	$1.30	$136	129,701	159,840,654	8.0%
SC, Charleston	3.1%	$2.17	$265	189,403	49,690,994	6.6%
SC, Greenville	3.2%	$1.56	$180	27,018	64,656,195	7.1%
SC, Spartanburg	3.9%	$1.24	$132	31,630	26,044,774	8.4%
TN, Nashville	3.2%	$2.37	$269	1,014,216	125,860,535	6.3%
TX, Austin	3.1%	$2.56	$345	2,595,381	124,830,804	6.1%
TX, Dallas-Fort Worth	4.6%	$2.05	$273	4,432,010	478,261,729	6.6%
TX, Houston	5.2%	$2.00	$246	3,568,185	447,575,280	7.1%
WA, Seattle	3.5%	$2.45	$335	460,713	181,801,393	6.1%
WI, Madison	2.2%	$1.43	$156	20,950	43,390,147	7.6%
United States Index	2.2%	$1.43	$156	20,950	43,390,147	7.6%
Canada Index	1.8%	$1.85 CAD	$314 CAD	6,854,002	832,189,508	5.5%

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LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q1 2025
TORONTO, ON

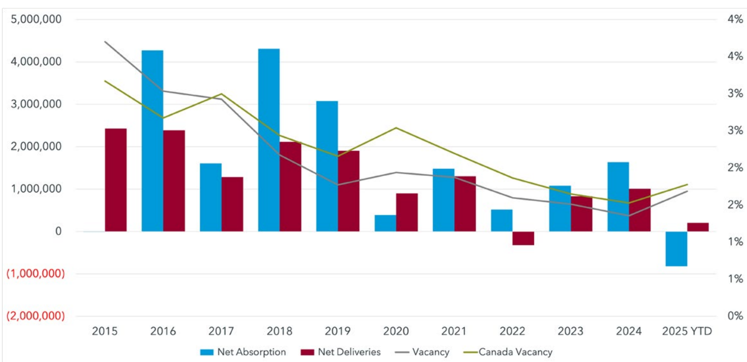
RETAIL MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

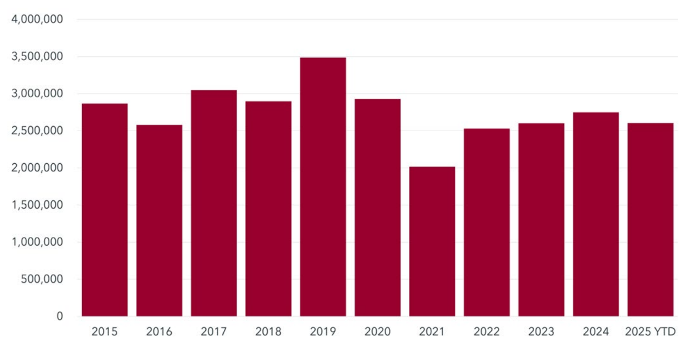
Retail space in the GTA has tightened as population growth (9%) continues to outpace retail development (3.6%) since 2016. Vacancy sits at 1.7%, led by Midtown with sub-1% and Scarborough-East slightly above 2%. Availability remains under 2% across the region. Limited space has capped net absorption at 510,000 SF over the past year, despite 830,000 SF in new deliveries, mainly in West Toronto and GTA East. Construction remains challenged by high costs, though 2.6M SF is underway. Rents average $37/SF, with North Toronto reaching $66. Recent alcohol sales policy changes benefit convenience retail but may pressure larger operators.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▼ 12 Mo. Net Absorption SF	683,799	1,636,693	2,125,801	1,920,916	1,266,104
▲ Vacancy Rate	1.7%	1.4%	1.3%	1.3%	1.5%
▲ Avg NNN Asking Rate PSF	$37.00	$36.82	$36.63	$36.38	$36.03
▲ Sale Price PSF	$527	$525	$523	$520	$517
◀ ▶ Cap Rate	4.8%	4.8%	4.8%	4.8%	4.8%
▼ Under Construction SF	2,604,514	2,748,701	2,519,737	2,752,147	2,577,665
▲ Inventory SF	306,098,370	305,896,008	305,633,744	305,168,719	304,729,585

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
419 King Street W** Oshawa, ON	1,079,254 SF	$337,125,447 $312.37 PSF	Primaris REIT Ivanhoe Cambridge	Multi-Tenant
2200-2202 Jane Street*** Toronto, ON	148,894 SF	$39,601,297 $265.97 PSF	Trinity Development Group First Capital REIT	Multi-Tenant
661-667 Queen Street E Toronto, ON	46,248 SF	$11,300,000 $244.33 PSF	SmartCentres Dream	Multi-Tenant

**All numbers shown are in Canadian dollars (CAD); **Part of a 7-Property Portfolio; ***Part of a 2-Property Portfolio*

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1300 King Street E Oshawa, ON	37,828 SF	Valiant Group	Undisclosed	Undisclosed
9625 Yonge Street Richmond Hill, ON	19,994 SF	Prombank Investment	Undisclosed	Undisclosed
55 Bloor Street W Toronto, ON	9,500 SF	Manulife	L.L. Bean	Clothing and Clothing Accessories Retailers

Q1 2025 MULTIFAMILY OVERVIEW

MULTIFAMILY OVERVIEW: STRONG Q1 DEMAND; REBOUND CONTINUES

There was continued strong demand for apartments across North America in the first quarter.

Net absorption in the United States in Q1 totaled 49,680 units, the largest quarterly volume since the pandemic gains of early 2021. Overall vacancy declined to 8.1%, snapping a 13-quarter rise. Large markets in the South and Southwest were the growth leaders.

Canada's national multifamily market continues to be extremely tight. Vacancy is still sitting near multi-year lows with the most unaffordable markets of Vancouver and Toronto continuing to have the tightest conditions in the country. The nationwide vacancy rate is 2.9%.

The strong Q1 performance in the U.S., an increase of 61% over the same period a year ago, is a continuation of a growth rebound that began last year when 556,286 units were absorbed, 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.

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.

While demand for apartments is growing at an above-average pace, the development cycle has peaked and is poised to wind down quickly over the upcoming year. Net deliveries have already declined for three consecutive quarters, falling nearly 30% to 123,000 units in the first quarter of 2025. Fewer apartments will reach completion as the year progresses, with the forecast falling below 70,000 units by the fourth quarter based on a thinning construction pipeline. Construction starts have fallen to a decade-plus low due to extended lease-up periods developers are experiencing, higher capital costs, and stricter lending.

While vacancies have surged in the South and Southwest due to oversupply, most Midwest and Northeast markets have seen only moderate supply increases, leading to more balanced fundamentals and favorable rent growth in those regions. In contrast, rents have fallen in markets across states in the South, Arizona, and Texas. Vacancy is highest in Austin and San Antonio among the 50 largest markets, with Austin's reaching over 15% in 2024 and Class A vacancies exceeding 17%.

However, vacancies in the Texas markets peaked in recent quarters, following Jacksonville, Raleigh and Atlanta in the first half of 2024. Vacancies in 30 of the top 50 markets declined in the first quarter as supply growth fell below still-strong absorption. Miami, Minneapolis, Inland Empire and San Jose led vacancy rate declines, each falling at least 50 basis points. As in 2024, Dallas led unit absorption in the first quarter, followed by Phoenix, which jumped up two spots in ranking. New York, Austin and Atlanta round out the top five.

LOWEST VACANCY RATE	
BC, Vancouver	2.3%
ON, Toronto	2.6%
NY, New York*	2.8%
CA, Orange County	4.0%
CA, Los Angeles	4.8%
U.S. Index	8.1%
Canada Index	2.9%

HIGHEST MARKET RENT / UNIT	
NY, New York*	$3,270
CA, San Francisco	$3,201
MA, Boston	$2,914
CA, Orange County	$2,719
CA, San Diego	$2,514
U.S. Index	$1,754
Canada Index	$1,463 CAD

HIGHEST 12 MO. SALES VOLUME	
NY, New York*	$8,291,671,574
CA, Los Angeles	$6,039,775,630
DC, Washington	$5,285,182,864
GA, Atlanta	$5,225,620,212
WA, Seattle	$4,363,147,496
U.S. Index	$107,621,902,194
Canada Index	$4,877,051,687 CAD

MOST UNITS UNDER CONSTRUCTION	
NY, New York*	56,759
ON, Toronto	35,108
TX, Dallas-Fort Worth	33,750
FL, Miami	32,301
AZ, Phoenix	23,047
U.S. Index	649,760
Canada Index	81,166

LARGEST INVENTORY BY UNITS	
NY, New York*	1,586,941
CA, Los Angeles	1,048,800
TX, Dallas-Fort Worth	902,279
TX, Houston	730,272
DC, Washington	582,060
U.S. Index	20,434,938
Canada Index	972,120

LOWEST MARKET CAP RATE	
BC, Vancouver	3.1%
ON, Toronto	4.1%
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.*

Q1 2025
MULTIFAMILY OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / UNIT	MARKET SALE PRICE / UNIT	UNDER CONST. UNITS	INVENTORY UNITS	MARKET CAP RATE
AB, Calgary **	5.6%	$1,312	$213,096	9,039	79,944	5.1%
AZ, Phoenix	11.7%	$1,587	$268,955	23,047	413,414	4.9%
BC, Vancouver **	2.3%	$1,661	$361,602	20,480	146,693	3.1%
CA, Bakersfield	4.9%	$1,386	$138,643	318	26,206	6.8%
CA, East Bay	6.8%	$2,452	$361,496	2,573	193,626	5.2%
CA, Fresno	4.3%	$1,438	$152,194	337	56,522	6.4%
CA, Inland Empire	6.1%	$2,102	$278,257	4,249	179,020	5.1%
CA, Los Angeles	4.8%	$2,317	$358,242	19,108	1,048,800	4.9%
CA, Orange County	4.0%	$2,719	$453,720	5,752	260,448	4.4%
CA, San Diego	5.2%	$2,514	$404,330	8,716	283,366	4.7%
CA, San Francisco	5.3%	$3,201	$521,476	2,370	187,128	4.5%
CA, San Luis Obispo	6.9%	$2,211	$288,390	36	8,324	5.4%
CA, Santa Barbara	3.3%	$2,502	$347,498	0	20,953	4.8%
CA, Stockton	3.7%	$1,685	$178,099	367	29,073	6.6%
CA, Ventura	3.7%	$2,631	$373,216	1,033	37,388	4.7%
CO, Denver	11.2%	$1,840	$309,200	15,319	313,330	5.2%
DC, Washington	7.6%	$2,267	$305,685	15,654	582,060	5.7%
FL, Fort Myers	16.7%	$1,858	$242,388	5,329	36,675	5.5%
FL, Miami	5.9%	$2,420	$319,373	32,301	201,407	5.3%
FL, Naples	13.3%	$2,311	$278,604	1,329	15,439	5.2%
FL, Orlando	9.9%	$1,800	$241,150	15,072	230,892	5.3%
FL, Tampa Bay	9.4%	$1,849	$224,280	11,480	238,131	5.5%
GA, Atlanta	12.4%	$1,656	$214,129	16,795	536,217	5.5%
GA, Savannah	12.2%	$1,734	$203,400	2,644	36,403	5.5%
ID, Boise	10.0%	$1,593	$246,746	1,566	42,231	5.1%
IL, Chicago	4.9%	$1,846	$214,144	7,957	572,656	6.8%
IN, Indianapolis	9.4%	$1,323	$135,005	3,836	174,363	6.5%
KS, Lawrence	2.8%	$1,079	$86,586	59	12,244	8.2%
KS, Topeka	7.6%	$948	$67,323	134	9,971	8.1%
LA, Baton Rouge	13.9%	$1,188	$115,229	933	44,168	7.6%
MA, Boston	5.5%	$2,914	$455,586	15,305	285,935	5.1%
MD, Baltimore	7.1%	$1,720	$186,861	1,978	215,064	6.3%
MI, Detroit	7.1%	$1,342	$109,478	2,819	233,151	7.3%
MN, Minneapolis	7.1%	$1,543	$180,277	5,295	286,107	6.5%
United States Index	8.1%	$1,754	$230,175	649,760	20,434,938	6.1%
Canada Index	2.9%	$1,463 CAD	$243,062 CAD	81,166	972,120	4.3%

Q1 2025
MULTIFAMILY OVERVIEW

MARKET	VACANCY RATE	MARKET RENT / UNIT	MARKET SALE PRICE / UNIT	UNDER CONST. UNITS	INVENTORY UNITS	MARKET CAP RATE
MO, Kansas City*	8.6%	$1,357	$152,341	5,544	180,872	6.4%
MO, Saint Louis	10.0%	$1,275	$131,730	2,136	150,815	7.2%
NC, Charlotte	12.8%	$1,644	$245,718	21,362	236,434	5.3%
NC, Durham	12.2%	$1,552	$214,701	8,056	63,917	5.5%
NC, Raleigh	12.3%	$1,561	$232,662	7,194	134,415	5.3%
NE, Lincoln	5.7%	$1,181	$124,369	928	33,204	7.3%
NE, Omaha	6.0%	$1,247	$118,008	4,200	82,343	7.0%
NJ, Atlantic City	4.4%	$1,723	$141,748	0	10,904	6.8%
NJ, Northern New Jersey *	5.5%	$2,196	$245,538	9,325	172,901	6.2%
NJ, Trenton	4.2%	$2,213	$251,429	1,701	21,139	5.9%
NJ, Vineland	5.1%	$1,398	$113,673	0	3,261	6.9%
NV, Las Vegas	9.8%	$1,499	$221,023	4,022	193,019	5.2%
NV, Reno	7.7%	$1,620	$229,077	800	46,772	5.3%
NY, Long Island	4.9%	$2,919	$348,919	1,658	58,632	5.3%
NY, New York *	2.8%	$3,270	$376,976	56,759	1,586,941	5.3%
OH, Cincinnati	7.5%	$1,312	$111,270	5,060	145,122	7.7%
OH, Cleveland	9.1%	$1,231	$80,655	2,509	137,453	9.1%
OH, Columbus	8.7%	$1,354	$139,202	10,026	221,949	6.7%
ON, Toronto **	2.6%	$1,588	$253,154	35,108	410,144	4.1%
PA, Harrisburg	7.1%	$1,395	$122,724	391	33,178	7.1%
PA, Lehigh Valley *	4.7%	$1,701	$160,762	1,540	37,409	6.9%
PA, Philadelphia *	7.5%	$1,807	$205,910	9,740	377,189	6.2%
PA, Pittsburgh	6.3%	$1,376	$128,171	2,411	106,198	8.0%
SC, Charleston	12.3%	$1,813	$224,475	2,875	74,493	5.4%
SC, Greenville	10.7%	$1,420	$169,610	1,320	56,167	6.0%
SC, Spartanburg	17.2%	$1,304	$137,407	480	17,491	6.0%
TN, Nashville	11.6%	$1,706	$237,924	14,084	180,629	5.6%
TX, Austin	14.9%	$1,588	$221,693	21,343	322,128	5.5%
TX, Dallas-Fort Worth	11.4%	$1,564	$182,476	33,750	902,279	5.8%
TX, Houston	11.5%	$1,375	$147,102	11,274	730,272	6.6%
WA, Seattle	7.3%	$2,072	$369,387	14,761	399,504	4.9%
WI, Madison	5.1%	$1,604	$170,507	2,460	76,917	6.4%
United States Index	8.1%	$1,754	$230,175	649,760	20,434,938	6.1%
Canada Index	2.9%	$1,463 CAD	$243,062 CAD	81,166	972,120	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)*

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q1 2025
TORONTO, ON

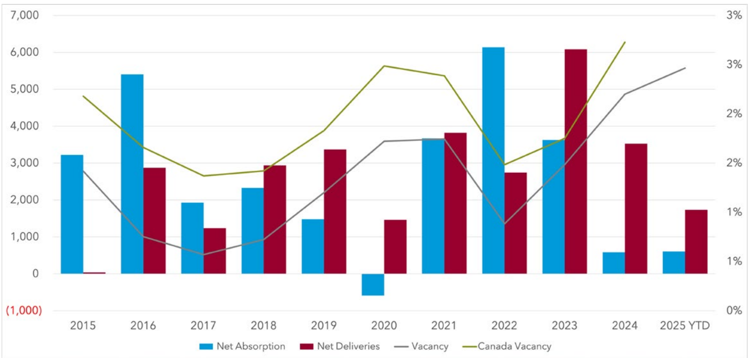
MULTIFAMILY MARKET OVERVIEW

LEE & ASSOCIATES TORONTO, *Real Estate Intelligence Department*

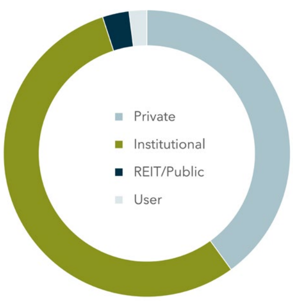
The overall GTA industrial market is adjusting to shifting demand, with vacancy rising to 3.7%, led by North GTA West surpassing 6%. Despite the increase, vacancy remains below historical and national averages, indicating continued tightness. Availability has doubled to 5.9% since 2020 due to slower absorption in key submarkets. Leasing activity slowed from late 2022 to mid-2024 but showed signs of recovery in late 2024. Vaughan led net absorption, while demand remains strongest for buildings with clear heights over 35 feet. Investor activity totaled $5.1B, and anticipated cap rate compression could support values as expansion plans resume.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▲ 12 Mo. Absorption Units	1,144	582	1,402	2,337	2,785
▲ Vacancy Rate	2.5%	2.2%	2.0%	1.8%	1.8%
▼ Asking Rent/Unit	$2,270	$2,282	$2,291	$2,288	$2,278
▼ Sale Price/Unit	$360,862	$361,221	$359,414	$356,227	$360,212
◄ ► Cap Rate	4.1%	4.1%	4.1%	4.1%	4.1%
▲ Under Construction Units	34,979	34,561	33,702	32,656	29,603
▲ Inventory Units	410,061	408,326	407,651	406,515	406,106

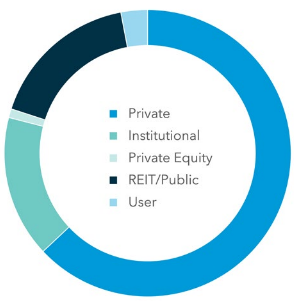
NET ABSORPTION, NET DELIVERIES, & VACANCY



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
20 O'Neill Road Toronto, ON	$13,689,530 $16,105 Per Unit	850	Cadillac Fairview Lanterra Developments
80-90 Orenda Court Brampton, ON	$55,857,217 $387,897 Per Unit	144	Lankin Investments Canadian Apartment Properties REIT
1700 Simcoe Street N* Oshawa, ON	$107,852,601 $810,922 Per Unit	133	Forum Alignvest Student Housing, Inc.

**All numbers shown are in Canadian dollars (CAD); *Part of 16-Property Portfolio*

TOP SELLERS (PAST 12 MONTHS)	SALES VOLUME
Royal Bank of Canada	$437,184,000
JLL	$348,800,000
CBRE	$278,560,000
Avison Young	$123,840,000
Cushman & Wakefield	$48,485,000

TOP BUYERS (PAST 12 MONTHS)	SALES VOLUME
Brookfield Corporation	$437,184,000
Starlight Investments Ltd.	$358,300,000
Lankin Investments	$169,391,000
AIMCo	$160,823,249
Equiton, Inc.	$130,199,999

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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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