CBRE

Office market strengthens amid downtown recovery and record office building conversions

▼ 17.4%
Vacancy Rate

▲ 2.1M
SF Net Absorption

▼ 1.6M
SF Under Construction

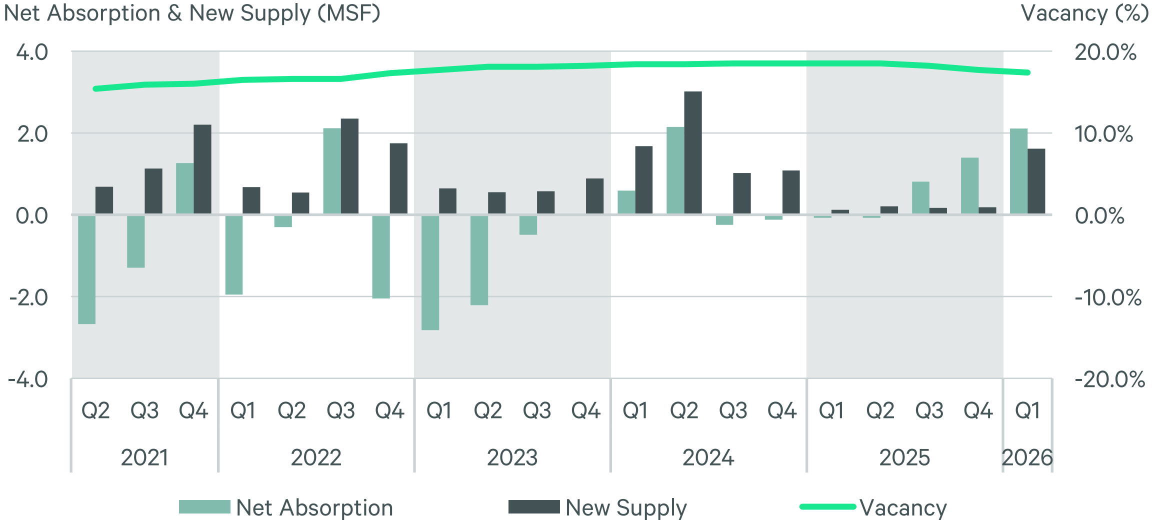
▲ $26.26
PSF Average Class A Net Rent

Note: Arrows indicate change from previous quarter.

Executive Summary

- Net absorption was positive for a third consecutive quarter and led by Toronto once again. Overall, six of 11 markets reported positive net absorption at the start of 2026.
- Vacancy has continued to improve, particularly downtown where optimism has been building. Downtown vacancy declined once again across all segments in Q1, although most sharply among Class A product which is currently at its lowest level since Q3 2022.
- National sublease space has declined for an 11th consecutive quarter, reducing from its peak by a cumulative 6.5 million sq. ft. Given current trajectory, sublet space could soon fall to a level on par with averages leading into the pandemic.
- New supply this quarter includes the fully pre-leased CIBC Square II. Paired alongside record low starts, total construction has dropped to a 22-year low.
- Over 1.5 million sq. ft. of office product was removed from inventory for conversion in Q1, which is a record quarterly high. Since 2021, conversions and demolitions have helped reduce inventory by 2.5% and could outpace new supply in the year ahead.

FIGURE 1: National Office Supply & Demand



Inclusive of Victoria starting in Q1 2023.
Source: CBRE Research, Q1 2026.

National trend dictated by Toronto momentum

- 2026 started off on a strong note with 2.1 million sq. ft. of positive net absorption. Returning to pre-pandemic norms, this is the third consecutive quarter of positive office fundamentals and is the largest quarter of activity in Canada since Q2 2024.
- In Q1 2026, six of 11 markets saw positive net absorption; four of those markets recording over 100,000 sq. ft.
- This recent momentum has been led by Toronto, which has reported net absorption exceeding 1.0 million sq. ft. in each of the last three quarters. It is clear that Toronto has and will continue to dictate national trends.
- Performance elsewhere has varied but has remained much more muted by comparison, indicating indicating that markets across the country are in different stages of recovery.
- Vancouver has seen net absorption build over the last two quarters, meanwhile Halifax has continued its impressive 16-quarter streak of positive net absorption.
- Ottawa in particular is the only market to be moving in the opposite direction, noting a marked slowing over the last three quarters.

FIGURE 2: Historical National Net Absorption (MSF)

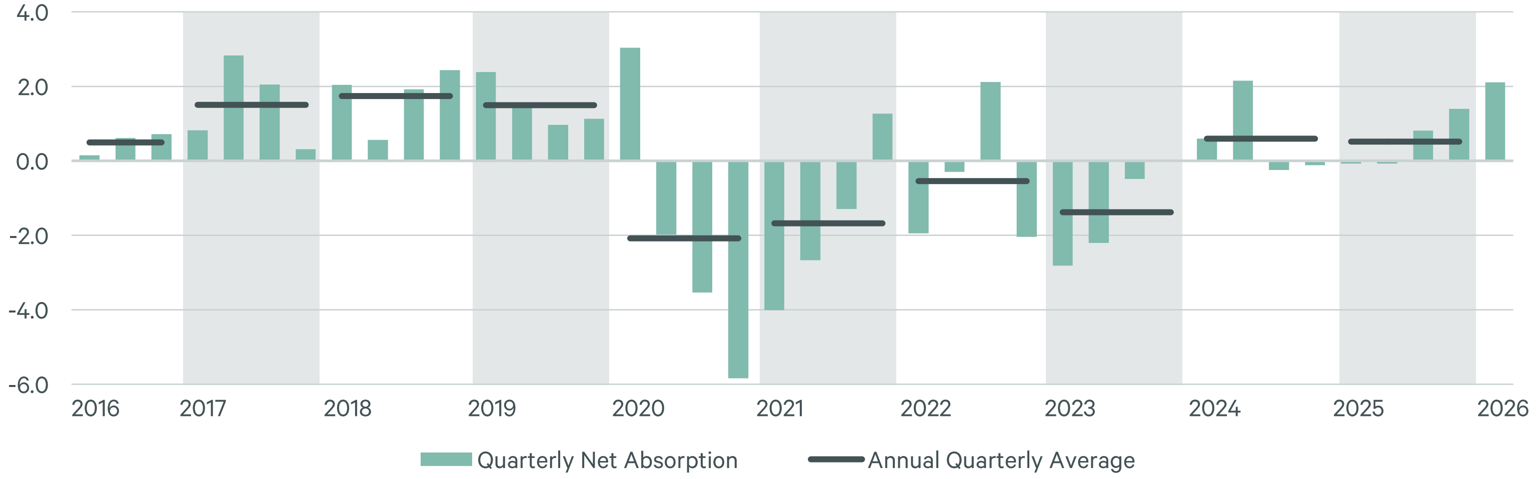
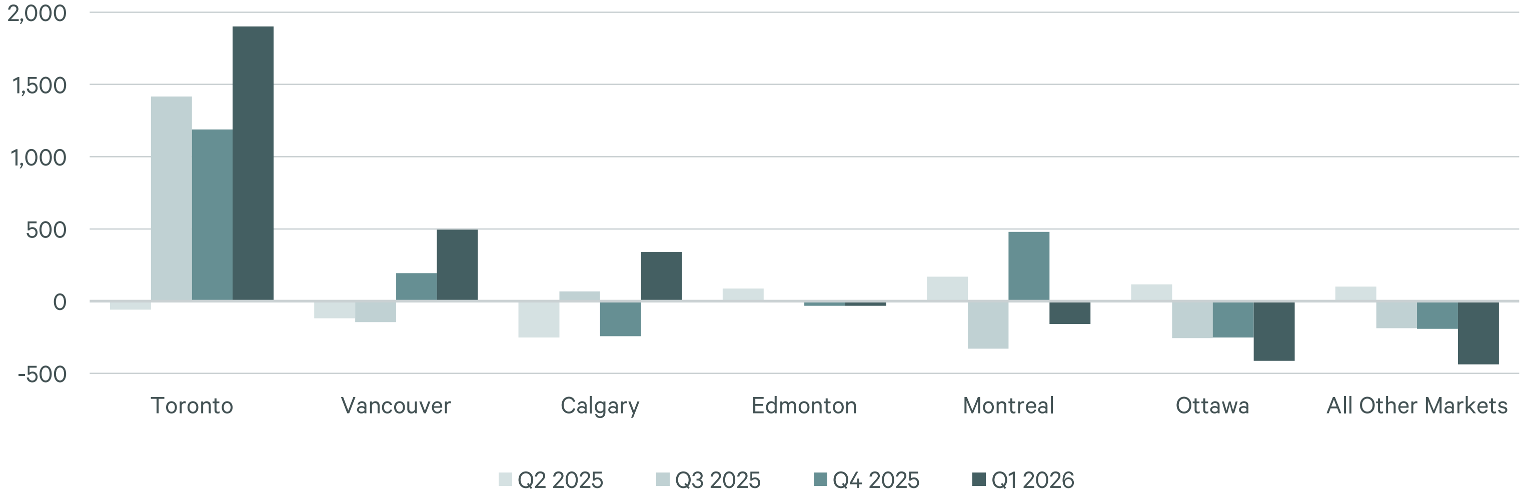


FIGURE 3: Quarterly Net Absorption, Major Markets (000's SF)



Source: CBRE Research, Q1 2026.

Best-in-class demand propelling downtown leasing conditions

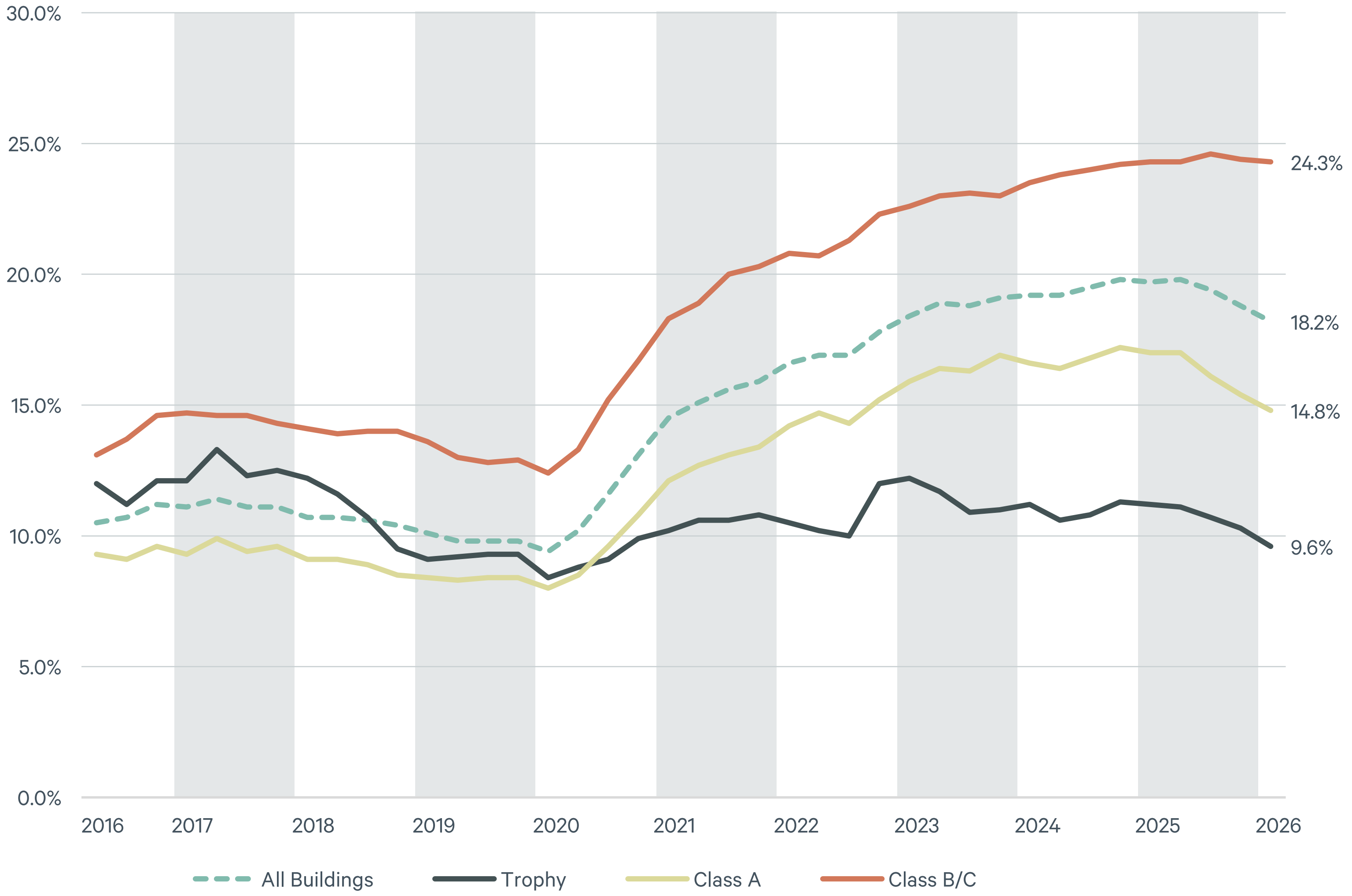
- Office vacancy declined downtown across all segments once again this quarter, albeit only marginally within the Class B/C category.

- Class A properties have seen a marked improvement to vacancy over the last three quarters and vacancy in the segment is currently at its lowest level since Q3 2022. Decreasing vacancy was reported in six of 11 markets in Q1 2026 and was led by Edmonton (-250 bps) and Toronto (-120 bps).

- Trophy assets, the top-tier within Class A, has seen vacancy lower over the last five quarters and is currently under 10.0% for the first time since 2020. Increasingly fewer large-block vacancies remain within these in-demand assets.

- The prioritization of best-in-class product has long been emphasised. However, with continued vacancy declines and an increasingly competitive environment for premium space, demand is expected to soon spillover to the next-best spaces.

FIGURE 4: National Downtown Vacancy by Segment



Trophy series includes top-tier properties in Vancouver, Calgary, Toronto and Montreal. Class A is inclusive of trophy segment.
Source: CBRE Research, Q1 2026.

Return-to-office push driving renewed optimism downtown

- Building on momentum from last year, national downtown vacancy declined by 60 bps in Q1. The suburban market meanwhile saw vacancy hold from Q4 2025.
- Continued improvement downtown has seen the delta between downtown/suburban inventory narrow to 180 bps, which is currently at a two-year low.
- Initially led by Toronto, rising return-to-office expectations are starting to result in renewed sense of optimism downtown for year ahead.
- Declining vacancy downtown was seen in seven of 11 markets. Halifax (-220 bps), Toronto (-110 bps) and Winnipeg (-100 bps) noted the largest changes, with Halifax benefiting from two vacant properties removed for conversion.
- Ottawa, meanwhile, has experienced a noted slowing as total vacancy increased 100 bps, primarily due to large blocks of federal vacancies coming to market.

FIGURE 5: National Downtown vs Suburban Vacancy Rate

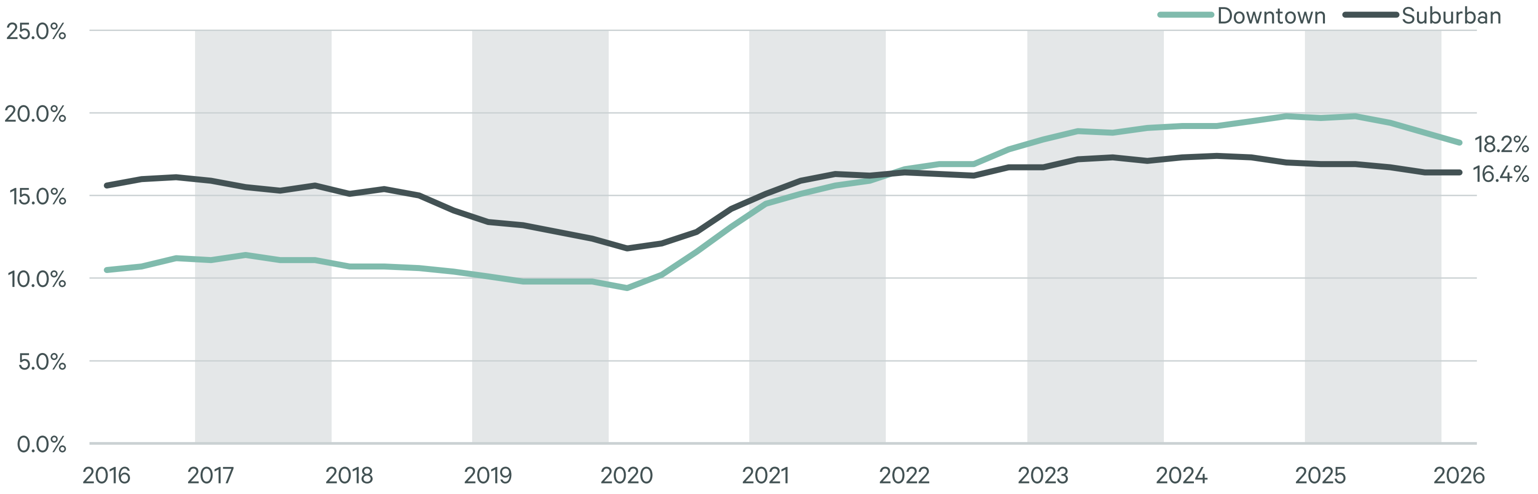


FIGURE 6a: Downtown Vacancy Rate by Market

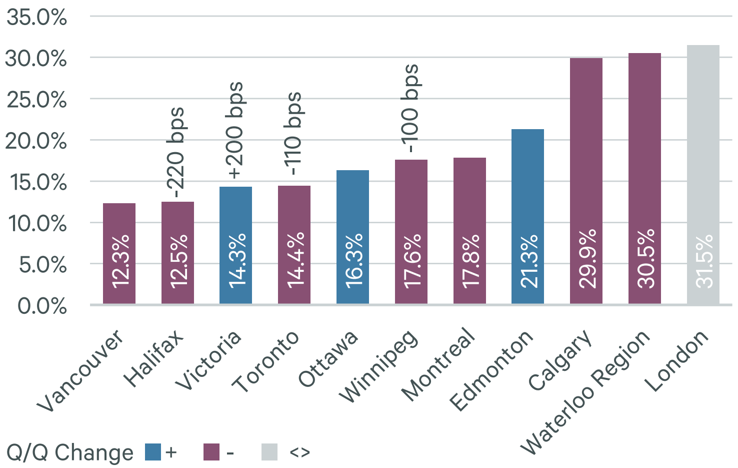
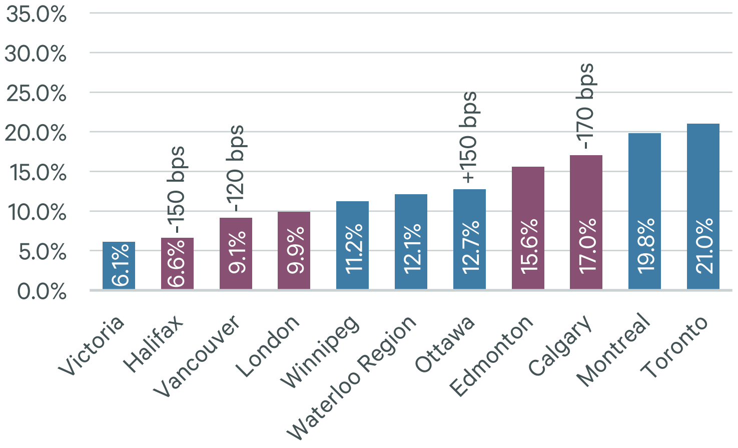


FIGURE 6b: Suburban Vacancy Rate by Market



Source: CBRE Research, Q1 2026.

Sublease space closing in on pre-pandemic average

- National sublease space has declined for an 11th consecutive quarter, down 774,000 sq. ft. in Q1 2026, for a cumulative total reduction of 6.5 million sq. ft. from its peak.
- 10.7 million sq. ft. of sublet space remains available for lease nationally, which is on par with early 2018. Given current trajectory, sublet space could fall later this year to a level that is aligned with the three-year average leading into the pandemic.
- Toronto led the decrease once again this quarter on a square footage basis, followed by Vancouver.
- Outside of Calgary, Toronto and Montreal, sublet space has been largely stable with all remaining markets reporting current totals that are within +/- 75,000 sq. ft. of their respective prior four-quarter rolling averages.
- Calgary is the only notable outlier, having now seen sublease space rise for a full year, related to M&A activity and rightsizing efforts within the energy sector.

FIGURE 7: National Vacant Sublet Space – Downtown vs Suburban (MSF)

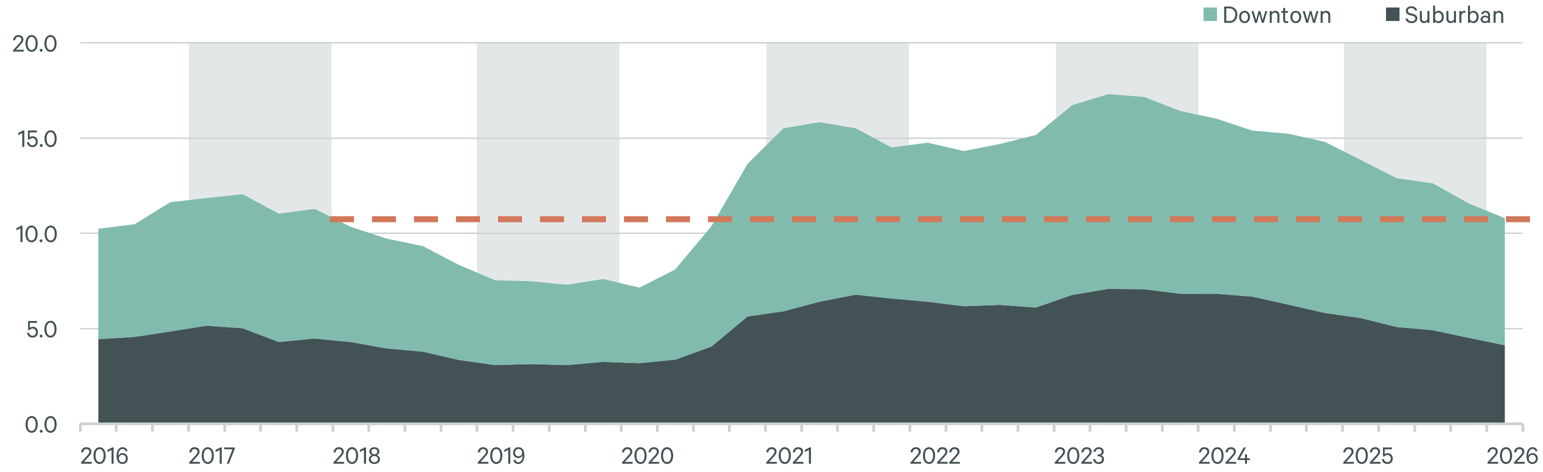
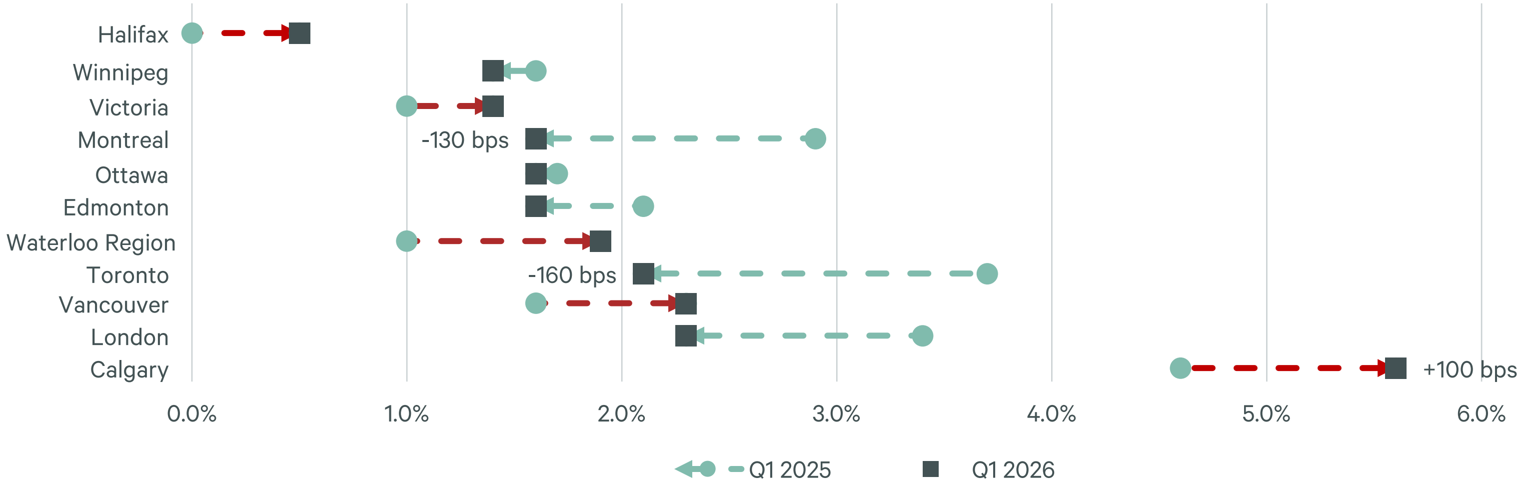


FIGURE 8: Year-over-Year Change in Sublet Space as a % of Inventory by Market



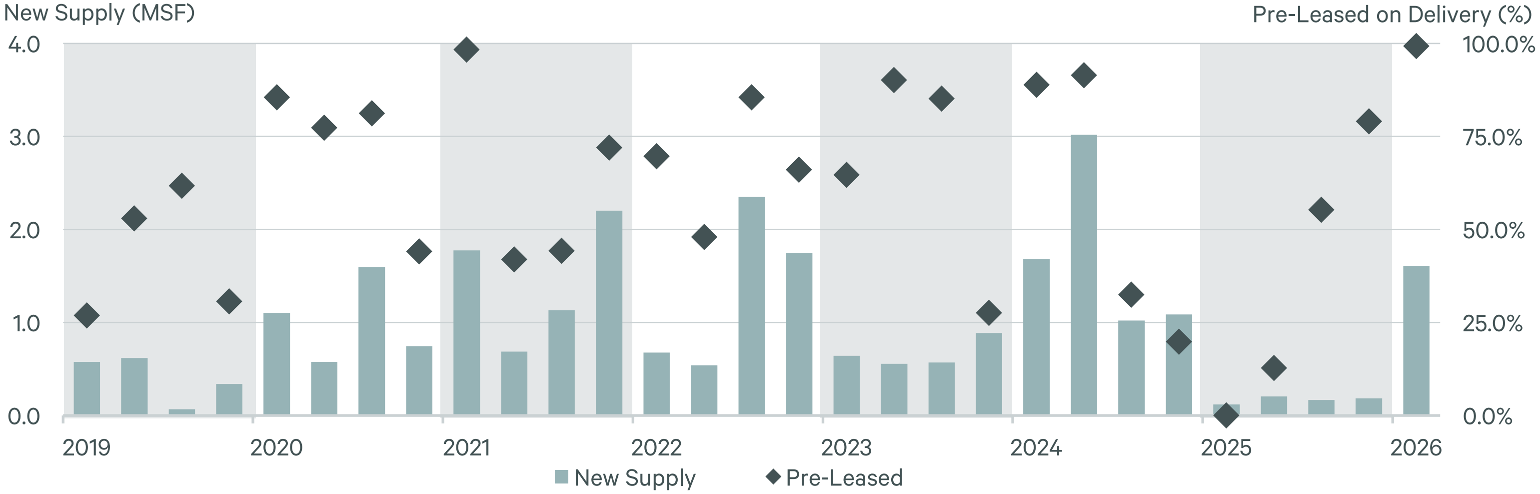
Source: CBRE Research, Q1 2026.

New supply boom in Q1 to slow beyond 2026

- No new office projects commenced construction this quarter, following recent trend of increasingly limited starts.
- 1.6 million sq. ft. of new supply was delivered to the market in Q1 2026, well exceeding the total over 2025. CIBC Square II in Toronto accounted for the bulk of this inventory. Fully pre-leased, tenants will take initial occupancy across low and mid-rise floors in the coming weeks.
- An additional 911,000 sq. ft. of office inventory is anticipated for delivery over the remainder of 2026 for an annual total of 2.5 million sq. ft.
- Due to limited starts, the thinning pipeline of new supply is expected to remain constrained. With no meaningful new supply deliveries on the horizon beyond 2026, demand is soon expected to trickle down to the next-best product tiers.

FIGURE 9: National Office Construction Starts (MSF)

FIGURE 10: National Office New Supply Deliveries



Source: CBRE Research, Q1 2026.

Office construction thins to new 22-year low

- The national office construction pipeline has fallen to 1.6 million sq. ft. following the completion of CIBC Square II and is equal to only 0.3% of existing inventory. This is a historic low for Canada that has been unmatched for 22-years.
- Despite the lean level of construction, the total national pipeline is presently only 29.6% pre-leased. Halifax currently has the highest level of pre-leasing, amounting to 62.5%, followed by Victoria with 46.1%.
- Outside of Toronto, no meaningful product is being built downtown and is the first time since 2012 in which the supply pipeline is primarily suburban. Very conservative levels of suburban product are underway with no more than four active projects in a single city.
- Record low levels of construction will see conversions and demolitions outpace new supply once again this year and were roughly on par with one another in Q1 2026.

FIGURE 11: National Office Inventory Under Construction (MSF)

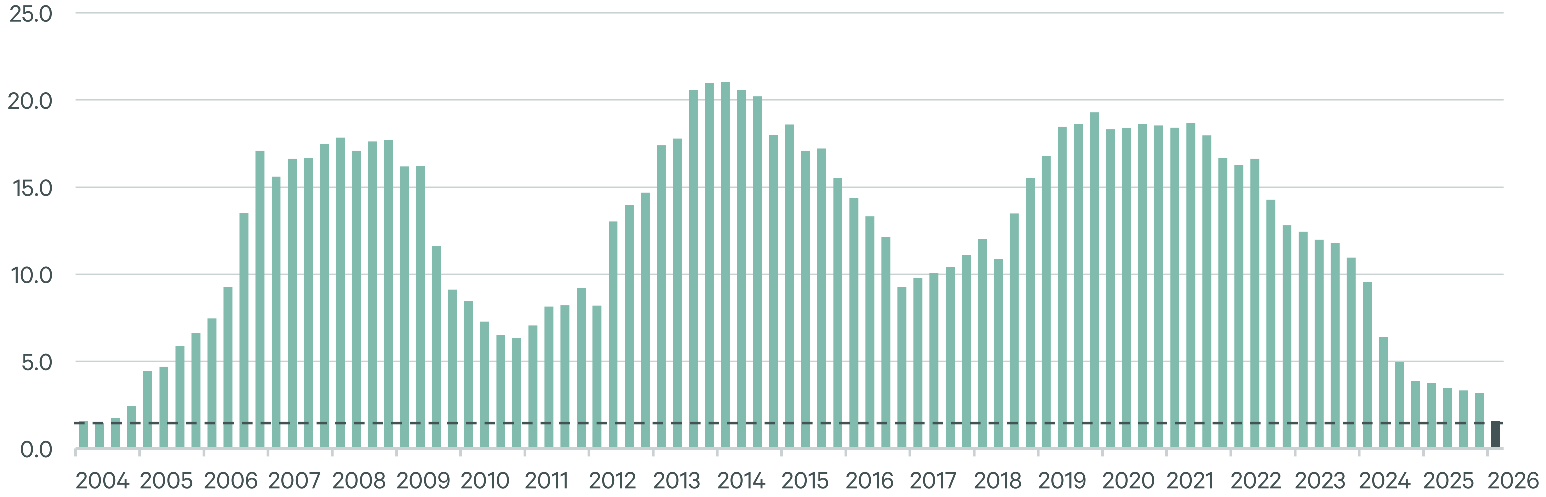
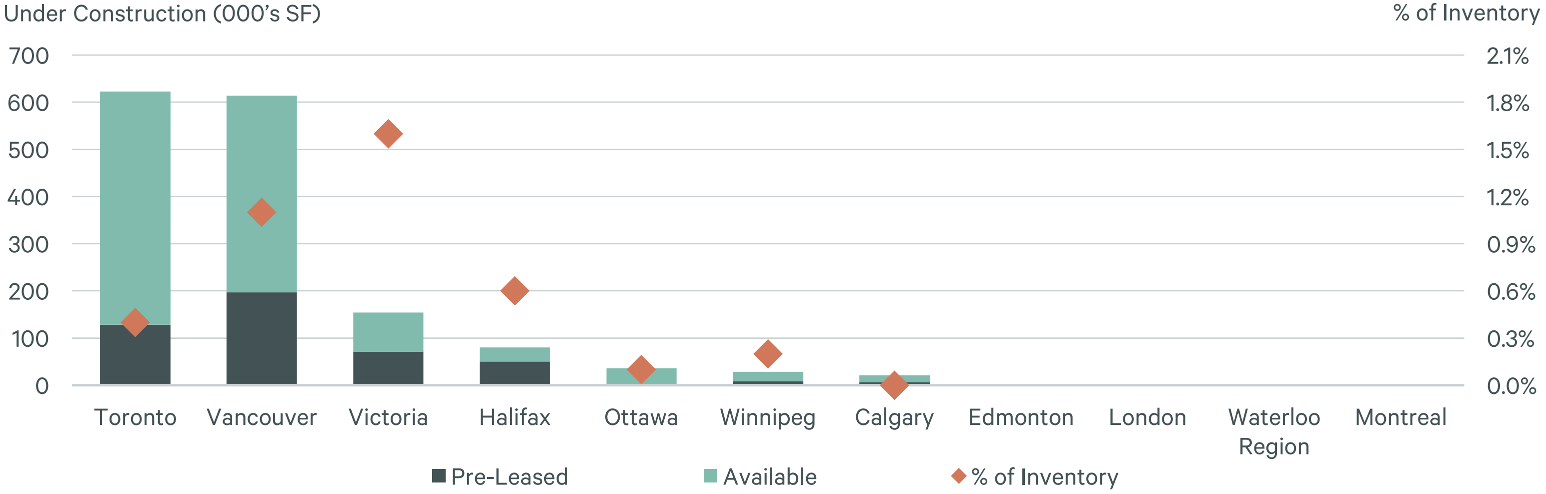


FIGURE 12: Under Construction by Market



Source: CBRE Research, Q1 2026.

Conversions reach record high, with hotel repurposing on the rise

- Seven office conversion projects moved forward at the start of 2026 removing nearly 1.5 million sq. ft. from competitive inventory. This is the highest quarter on record for conversion activity based on square footage.

- Activity was quite widespread with Calgary and Halifax each seeing two properties removed this quarter, along with single projects in Vancouver, London and Toronto.

- Hotels are gaining traction and are now the second most prevalent new property type for conversion projects. Planned hotel conversions removed from inventory in Q1 2026 include 1111 W Hastings Street in Vancouver and 1 Yonge Street (former Toronto Star building) in Toronto which was initially slated for demolition.

- Since 2021, conversions have removed a cumulative 9.3 million sq. ft. of office space from inventory. An additional 2.7 million sq. ft. has been demolished over the same period. Together, they have reduced national inventory by 2.5%, removing properties otherwise facing potential obsolescence.

FIGURE 13: Office Conversions and Demolitions by Quarter Removed

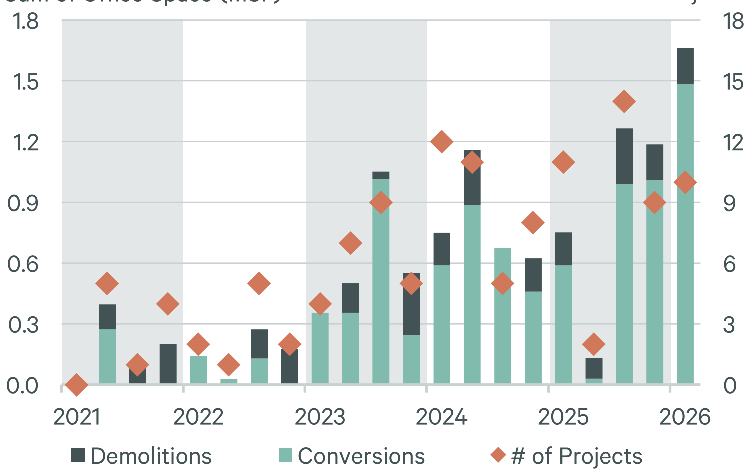


FIGURE 14: Cumulative Sum of Converted or Demolished Office Product (MSF)

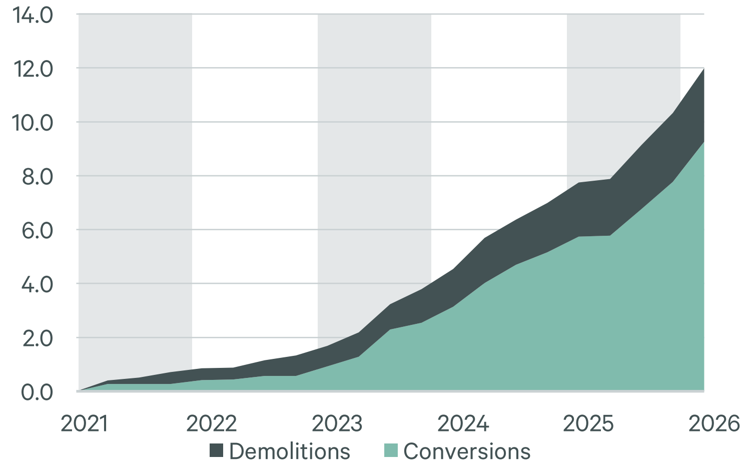


FIGURE 15: Share of Office Conversions by Market (2021 – Q1 2026)

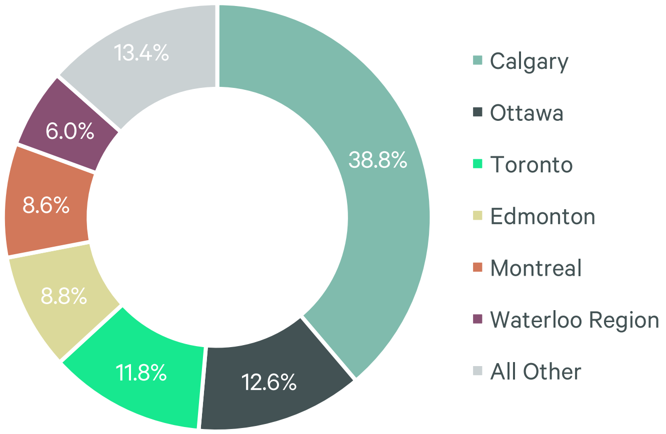
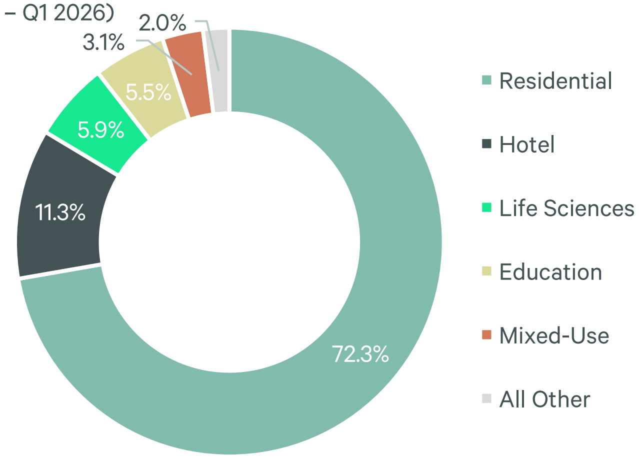
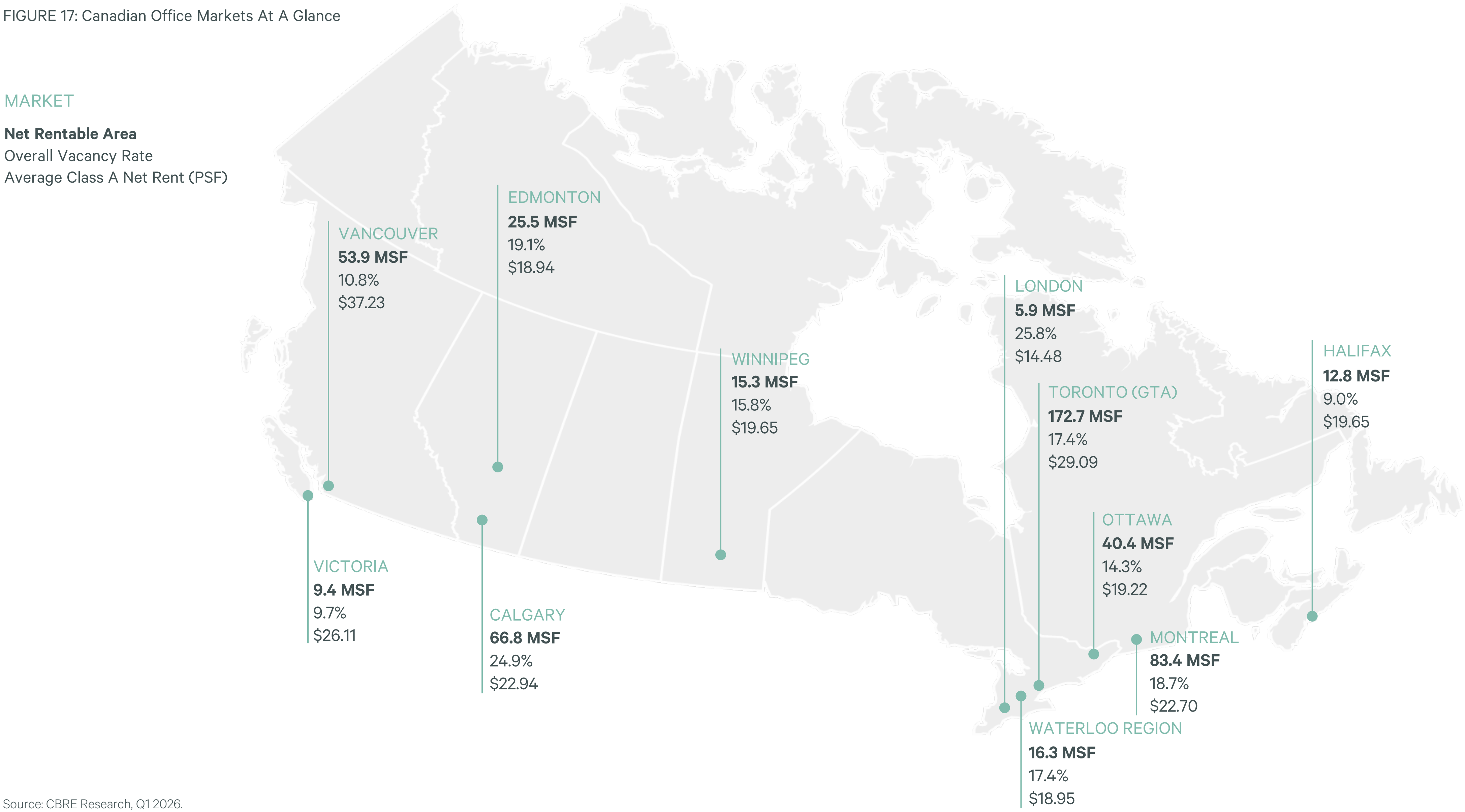


FIGURE 16: Share of Office Conversions by New Property Type (2021 – Q1 2026)



Figures 15 & 16 exclude demolitions.
Source: CBRE Research, Q1 2026.

FIGURE 17: Canadian Office Markets At A Glance



Source: CBRE Research, Q1 2026.

FIGURE 18: Canadian Office Markets Statistics, Q1 2026

DOWNTOWN	VICTORIA	VANCOUVER	CALGARY	EDMONTON	WINNIPEG	LONDON	WATERLOO	TORONTO	OTTAWA	MONTREAL	HALIFAX	NATIONAL
Net Rentable Area	4,132,581	27,759,947	41,091,269	15,763,512	10,902,178	4,350,625	4,717,364	95,632,544	18,034,820	47,402,377	5,135,618	274,922,835
Overall Vacancy Rate	14.3%	12.3%	29.9%	21.3%	17.6%	31.5%	30.5%	14.4%	16.3%	17.8%	12.5%	18.2%
Direct Space	531,149	2,788,950	9,956,070	3,093,191	1,766,312	1,273,988	1,348,773	11,793,654	2,640,325	7,687,025	614,469	43,493,906
Sublet Space	57,858	626,333	2,313,522	259,848	155,567	98,148	88,267	1,993,698	291,380	759,461	25,937	6,670,019
Sublet % of Vacant Space	9.8%	18.3%	18.9%	7.7%	8.1%	7.2%	6.1%	14.5%	9.9%	9.0%	4.1%	13.3%
Class A Vacancy Rate	8.8%	8.4%	25.8%	19.4%	12.9%	24.3%	22.4%	10.9%	13.7%	14.4%	12.7%	14.8%
Average Class A Net Rent (PSF)	$20.02	$43.52	$23.90	$19.10	$19.65	$14.48	$25.83	$35.39	$23.68	$25.91	$20.49	$30.04
Quarter Net Absorption	-79,362	48,374	-83,262	-61,728	110,863	-124,235	29,463	2,131,905	-68,527	140,768	834	2,045,093
Year-to-Date Net Absorption	-79,362	48,374	-83,262	-61,728	110,863	-124,235	29,463	2,131,905	-68,527	140,768	834	2,045,093
Quarter New Supply	0	0	0	0	0	0	0	1,430,000	0	0	0	1,430,000
Year-to-Date New Supply	0	0	0	0	0	0	0	1,430,000	0	0	0	1,430,000
Under Construction	154,000	29,386	0	0	0	0	0	420,277	0	0	0	603,663
SUBURBAN												
Net Rentable Area	5,312,479	26,136,806	25,688,797	9,770,687	4,353,250	1,559,529	11,620,178	77,051,807	22,380,837	35,962,169	7,651,425	227,487,964
Overall Vacancy Rate	6.1%	9.1%	17.0%	15.6%	11.2%	9.9%	12.1%	21.0%	12.7%	19.8%	6.6%	16.4%
Direct Space	315,871	1,879,304	3,827,824	1,442,101	450,167	152,393	1,190,147	14,666,533	2,560,546	6,273,906	467,024	33,225,816
Sublet Space	8,417	507,337	546,957	78,954	35,949	2,695	219,052	1,546,777	282,012	861,525	38,008	4,127,683
Sublet % of Vacant Space	2.6%	21.3%	12.5%	5.2%	7.4%	1.7%	15.5%	9.5%	9.9%	12.1%	7.5%	11.1%
Class A Vacancy Rate	12.0%	10.2%	16.2%	13.1%	N/A	N/A	17.1%	23.4%	12.3%	16.9%	7.7%	17.5%
Average Class A Net Rent (PSF)	$27.70	$32.99	$20.12	$18.38	N/A	N/A	$16.61	$19.56	$15.75	$17.97	$18.31	$20.71
Quarter Net Absorption	-12,736	446,278	423,676	29,645	-7,510	12,910	-19,578	-229,513	-344,229	-298,325	64,314	64,932
Year-to-Date Net Absorption	-12,736	446,278	423,676	29,645	-7,510	12,910	-19,578	-229,513	-344,229	-298,325	64,314	64,932
Quarter New Supply	0	164,255	0	0	0	0	17,000	0	0	0	0	181,255
Year-to-Date New Supply	0	164,255	0	0	0	0	17,000	0	0	0	0	181,255
Under Construction	0	584,617	20,688	0	28,320	0	0	202,662	36,000	0	80,000	952,287
TOTAL												
Net Rentable Area	9,445,060	53,896,753	66,780,066	25,534,199	15,255,428	5,910,154	16,337,542	172,684,351	40,415,657	83,364,546	12,787,043	502,410,799
Overall Vacancy Rate	9.7%	10.8%	24.9%	19.1%	15.8%	25.8%	17.4%	17.4%	14.3%	18.7%	9.0%	17.4%
Direct Space	847,020	4,668,254	13,783,894	4,535,292	2,216,479	1,426,381	2,538,920	26,460,187	5,200,871	13,960,931	1,081,493	76,719,722
Sublet Space	66,275	1,133,670	2,860,479	338,802	191,516	100,843	307,319	3,540,475	573,392	1,620,986	63,945	10,797,702
Sublet % of Vacant Space	7.3%	19.5%	17.2%	7.0%	8.0%	6.6%	10.8%	11.8%	9.9%	10.4%	5.6%	12.3%
Class A Vacancy Rate	10.9%	9.3%	22.8%	17.7%	12.9%	24.3%	18.4%	15.9%	12.9%	15.4%	10.2%	15.9%
Average Class A Net Rent (PSF)	$26.11	$37.23	$22.94	$18.94	$19.65	$14.48	$18.95	$29.09	$19.22	$22.70	$19.65	$26.26
Quarter Net Absorption	-92,098	494,652	340,414	-32,083	103,353	-111,325	9,885	1,902,392	-412,756	-157,557	65,148	2,110,025
Year-to-Date Net Absorption	-92,098	494,652	340,414	-32,083	103,353	-111,325	9,885	1,902,392	-412,756	-157,557	65,148	2,110,025
Quarter New Supply	0	164,255	0	0	0	0	17,000	1,430,000	0	0	0	1,611,255
Year-to-Date New Supply	0	164,255	0	0	0	0	17,000	1,430,000	0	0	0	1,611,255
Under Construction	154,000	614,003	20,688	0	28,320	0	0	622,939	36,000	0	80,000	1,555,950

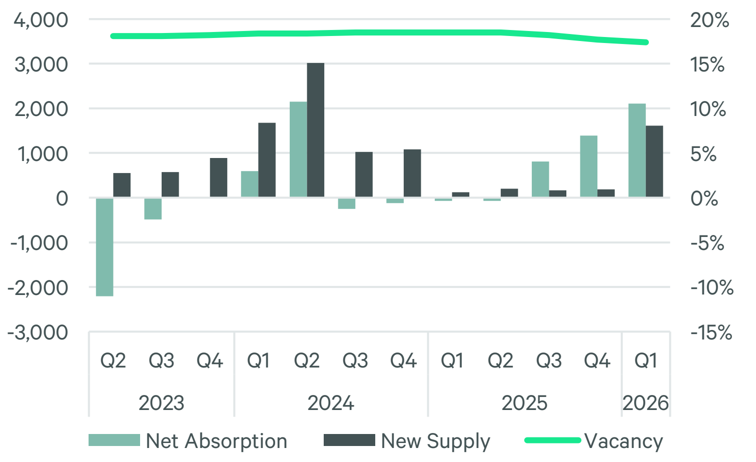
Source: CBRE Research, Q1 2026.

Canada

The Canadian office market has seen a marked improvement over the last three quarters and has been led by a rebound in Toronto. Demand for best-in-class product has continued to push Class A vacancy downward. Paired with an increasingly limited development pipeline, fundamentals should continue lead to a more broad-based strengthening in the year ahead.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	274,922,835	227,487,964	502,410,799	▲
Overall Vacancy Rate	18.2%	16.4%	17.4%	▼
Direct Space	43,493,906	33,225,816	76,719,722	▼
Sublet Space	6,670,019	4,127,683	10,797,702	▼
Sublet % of Vacant	13.3%	11.1%	12.3%	▼
Class A Vacancy Rate	14.8%	17.5%	15.9%	▼
Avg. Class A Net Rent (PSF)	$30.04	$20.71	$26.26	▲
Quarter Net Absorption	2,045,093	64,932	2,110,025	▲
Quarter New Supply	1,430,000	181,255	1,611,255	▲
Under Construction	603,663	952,287	1,555,950	▼

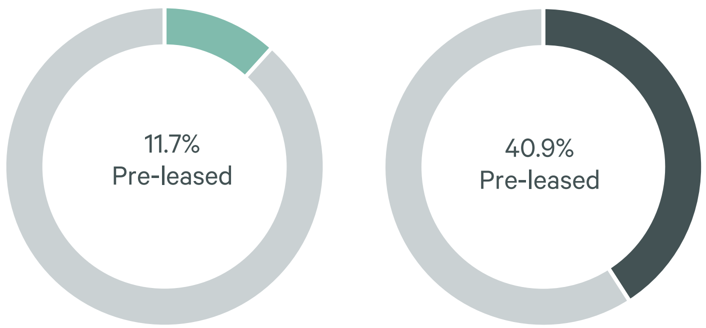
METRO SUPPLY & DEMAND



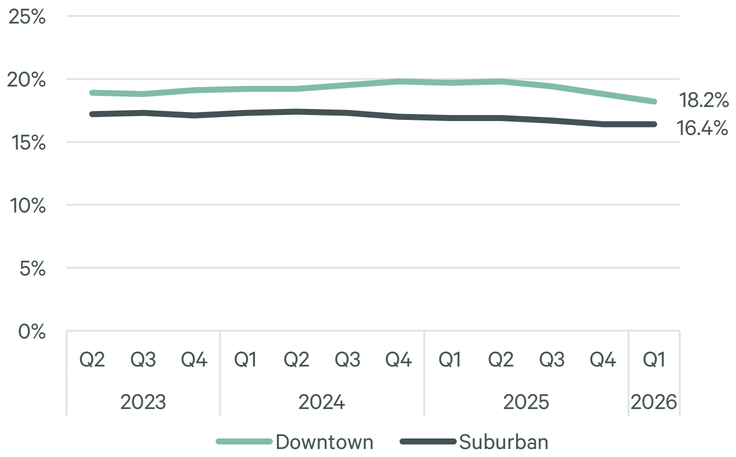
UNDER CONSTRUCTION

Downtown
0.6 MSF
0.2% of Inventory

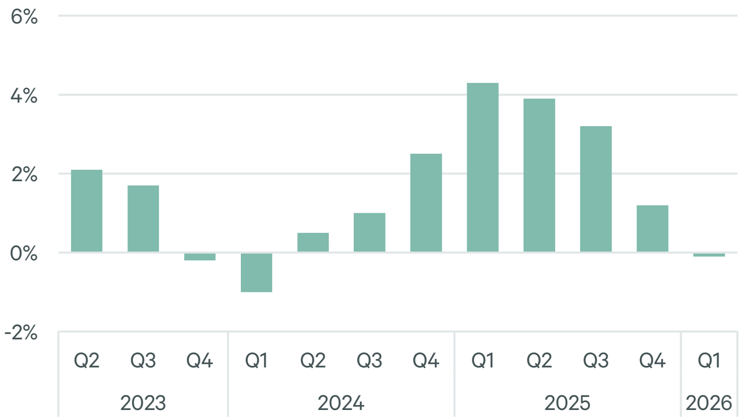
Suburban
1.0 MSF
0.4% of Inventory



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH



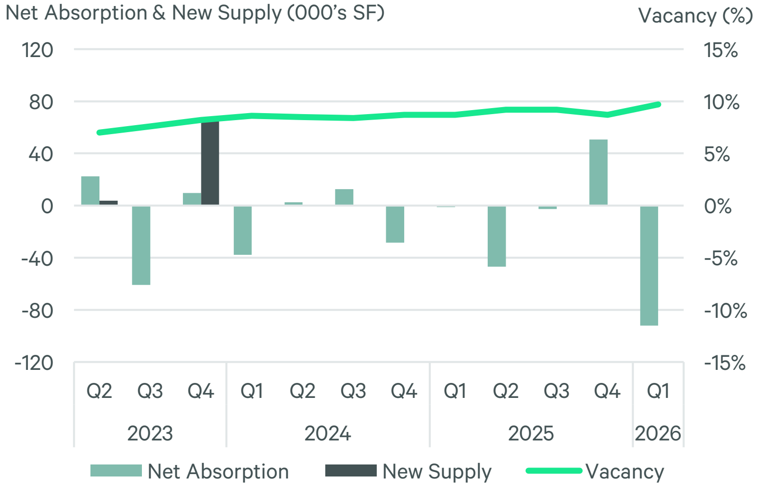
Victoria

The Greater Victoria office market experienced a 100 bps increase in vacancy to 9.7% this quarter, driven by an uptick in larger floorplates being listed on the market. This shift is concentrated downtown as vacancy climbed 200 bps. This new vacancy is largely comprised of built-out Class A/AA space that is well-positioned to lease quickly amid strong tenant preference for turnkey space.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	4,132,581	5,312,479	9,445,060	◀▶
Overall Vacancy Rate	14.3%	6.1%	9.7%	▲
Direct Space	531,149	315,871	847,020	▲
Sublet Space	57,858	8,417	66,275	▲
Sublet % of Vacant	9.8%	2.6%	7.3%	▼
Class A Vacancy Rate	8.8%	12.0%	10.9%	▲
Avg. Class A Net Rent (PSF)	$20.02	$27.70	$26.11	▼
Quarter Net Absorption	-79,362	-12,736	-92,098	▼
Quarter New Supply	0	0	0	◀▶
Under Construction	154,000	0	154,000	◀▶

*Victoria added to national series starting in Q1 2023.

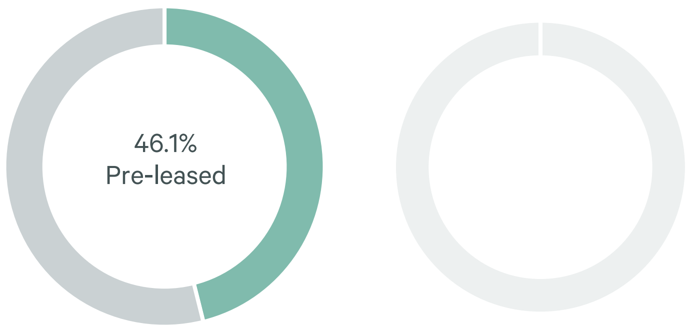
METRO SUPPLY & DEMAND



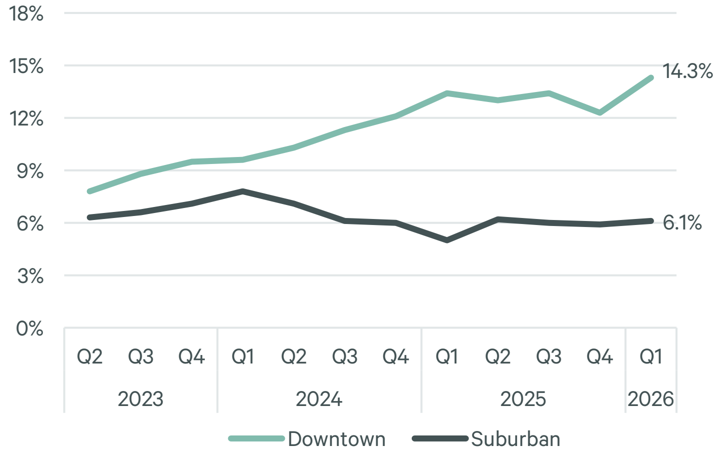
UNDER CONSTRUCTION

Downtown
0.2 MSF
3.7% of Inventory

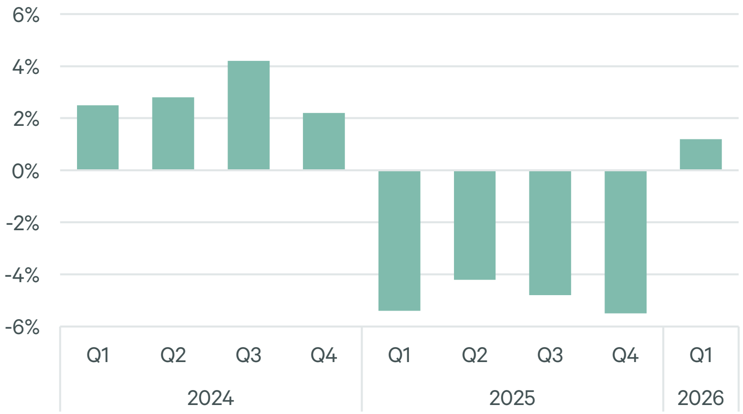
Suburban
0 SF
0% of Inventory



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

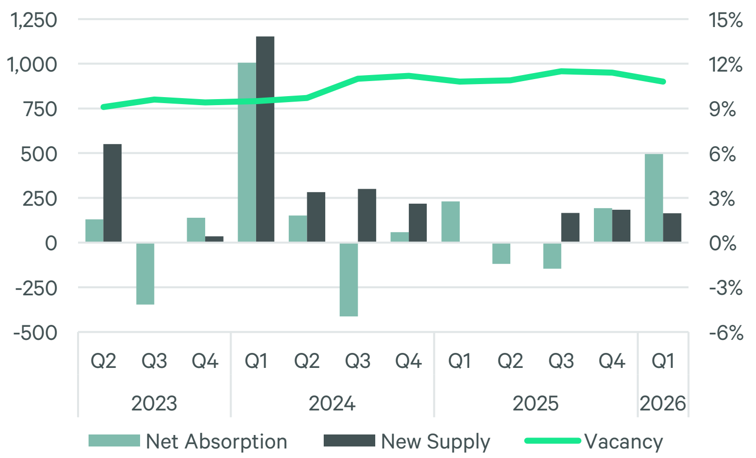


Vancouver

The suburban market continues to outperform the downtown core, with Q1 2026 marking the fourth consecutive quarter where suburban vacancy was below that of the downtown rate. A notable leasing transaction during the quarter contributed to the decline in suburban vacancy, pushing it to its lowest level since Q2 2024.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	27,759,947	26,136,806	53,896,753	▲
Overall Vacancy Rate	12.3%	9.1%	10.8%	▼
Direct Space	2,788,950	1,879,304	4,668,254	▼
Sublet Space	626,333	507,337	1,133,670	▼
Sublet % of Vacant	18.3%	21.3%	19.5%	▼
Class A Vacancy Rate	8.4%	10.2%	9.3%	▼
Avg. Class A Net Rent (PSF)	$43.52	$32.99	$37.23	▼
Quarter Net Absorption	48,374	446,278	494,652	▲
Quarter New Supply	0	164,255	164,255	▼
Under Construction	29,386	584,617	614,003	▼

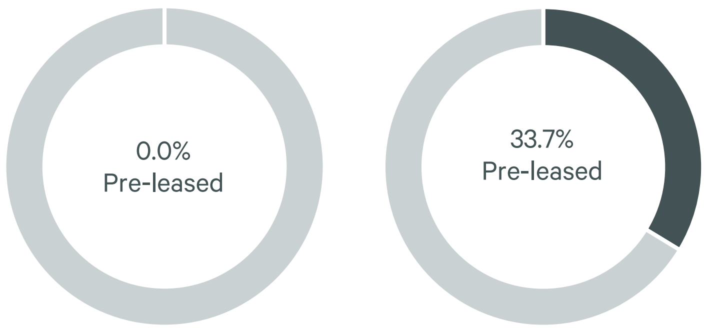
METRO SUPPLY & DEMAND



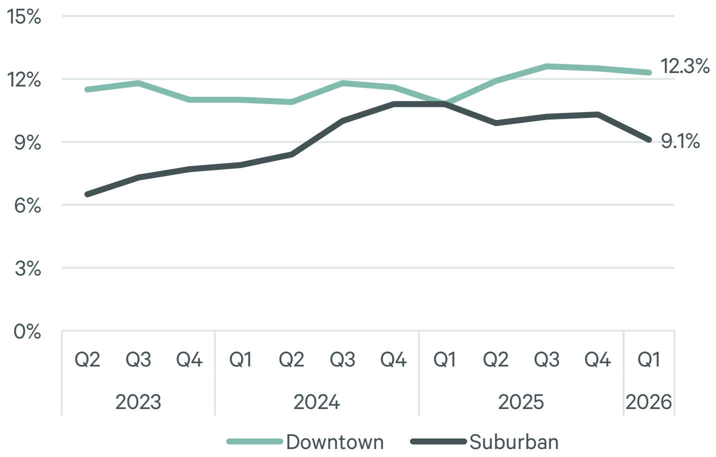
UNDER CONSTRUCTION

Downtown
29,000 SF
0.1% of Inventory

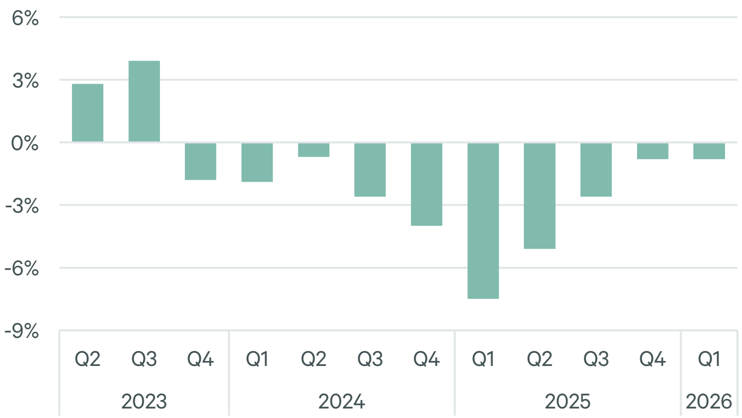
Suburban
0.6 MSF
2.2% of Inventory



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

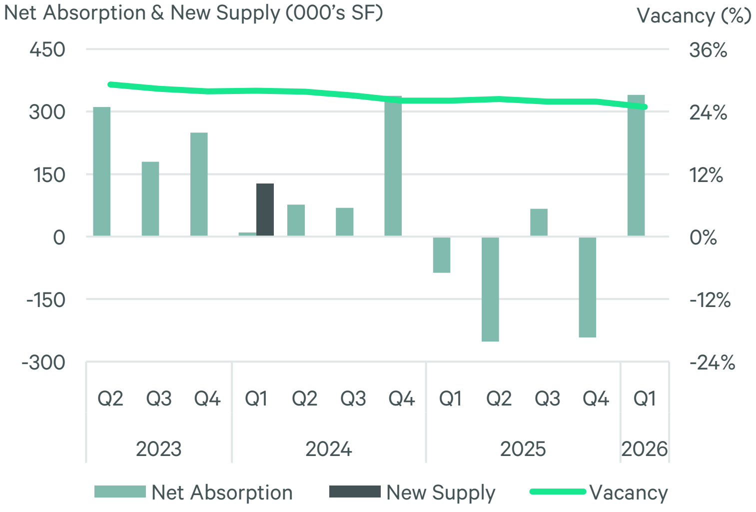


Calgary

Overall office vacancy fell to 24.9%, its lowest point since Q2 2020, driven by the removal of office inventory for conversion and the continued strength of the suburban market. The suburbs are being driven by industries including education, construction, government, and social services that have benefited from Alberta's strong population growth.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	41,091,269	25,688,797	66,780,066	▼
Overall Vacancy Rate	29.9%	17.0%	24.9%	▼
Direct Space	9,956,070	3,827,824	13,783,894	▼
Sublet Space	2,313,522	546,957	2,860,479	▲
Sublet % of Vacant	18.9%	12.5%	17.2%	▲
Class A Vacancy Rate	25.8%	16.2%	22.8%	▼
Avg. Class A Net Rent (PSF)	$23.90	$20.12	$22.94	▲
Quarter Net Absorption	-83,262	423,676	340,414	▲
Quarter New Supply	0	0	0	◀▶
Under Construction	0	20,688	20,688	◀▶

METRO SUPPLY & DEMAND

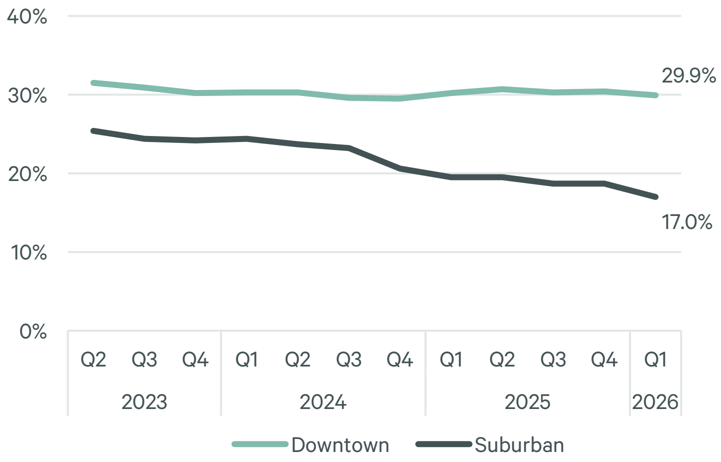


UNDER CONSTRUCTION

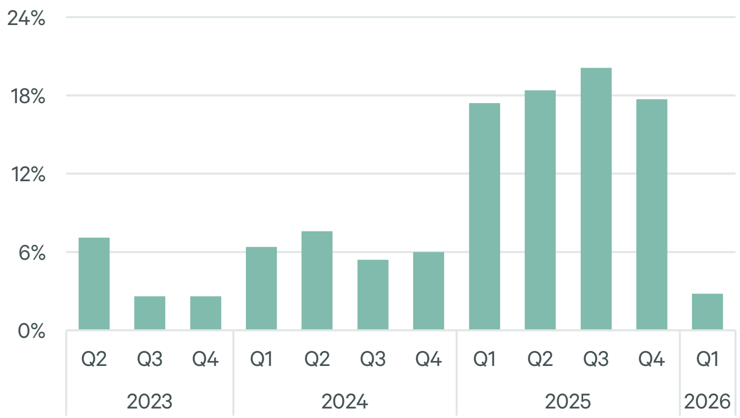
Downtown
0 SF
0% of Inventory

Suburban
21,000 SF
0.1% of Inventory

DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH



Edmonton

The current quarter's net absorption and vacancy rate uptick downtown mask the renewed sense of optimism that has taken over in the core. Q1 2026 marked a turning point in the market with many large tenants returning to the office full time, resulting in increased foot traffic and rebounding market sentiment.

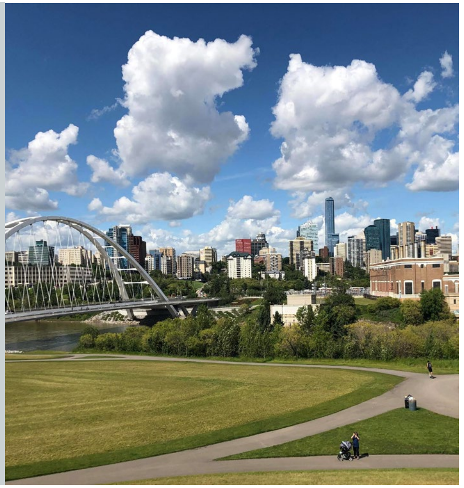
MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	15,763,512	9,770,687	25,534,199	◀▶
Overall Vacancy Rate	21.3%	15.6%	19.1%	▲
Direct Space	3,093,191	1,442,101	4,535,292	▲
Sublet Space	259,848	78,954	338,802	▼
Sublet % of Vacant	7.7%	5.2%	7.0%	▼
Class A Vacancy Rate	19.4%	13.1%	17.7%	▼
Avg. Class A Net Rent (PSF)	$19.10	$18.38	$18.94	▲
Quarter Net Absorption	-61,728	29,645	-32,083	▲
Quarter New Supply	0	0	0	◀▶
Under Construction	0	0	0	◀▶

METRO SUPPLY & DEMAND

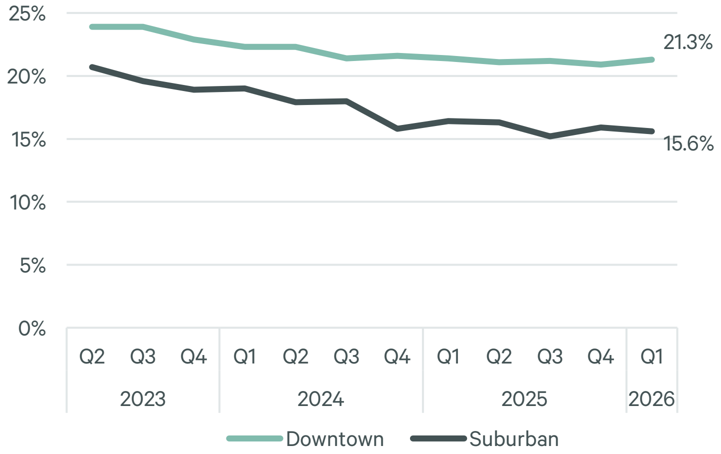
UNDER CONSTRUCTION

Downtown
0 SF
0% of Inventory

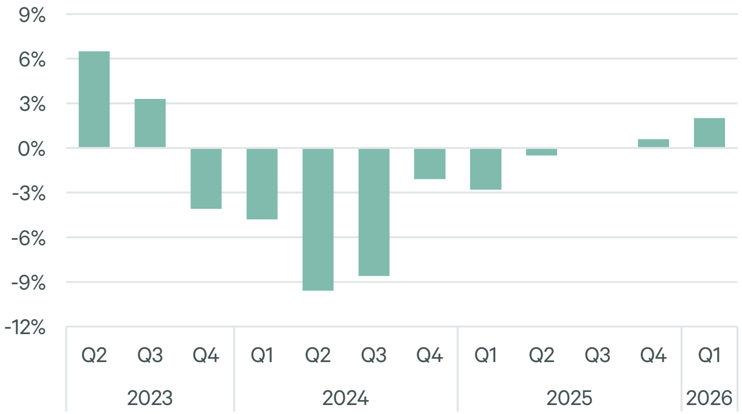
Suburban
0 SF
0% of Inventory



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

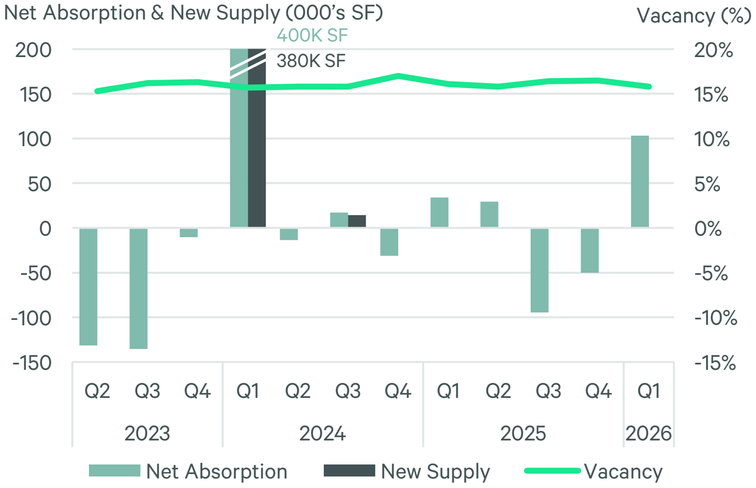


Winnipeg

Winnipeg's office market posted a strong performance in Q1 2026 as many organizations adjusted hybrid policies to require more in-office time for staff. The market saw positive net absorption of 103,000 sq. ft., which contributed to a decrease in vacancy from 16.5% to 15.8%. Downtown was the main benefactor of these policy changes and experienced significant improvement over the quarter.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	10,902,178	4,353,250	15,255,428	▲
Overall Vacancy Rate	17.6%	11.2%	15.8%	▼
Direct Space	1,766,312	450,167	2,216,479	▼
Sublet Space	155,567	35,949	191,516	▼
Sublet % of Vacant	8.1%	7.4%	8.0%	▼
Class A Vacancy Rate	12.9%	N/A	12.9%	▼
Avg. Class A Net Rent (PSF)	$19.65	N/A	$19.65	▲
Quarter Net Absorption	110,863	-7,510	103,353	▲
Quarter New Supply	0	0	0	◀▶
Under Construction	0	28,320	28,320	◀▶

METRO SUPPLY & DEMAND

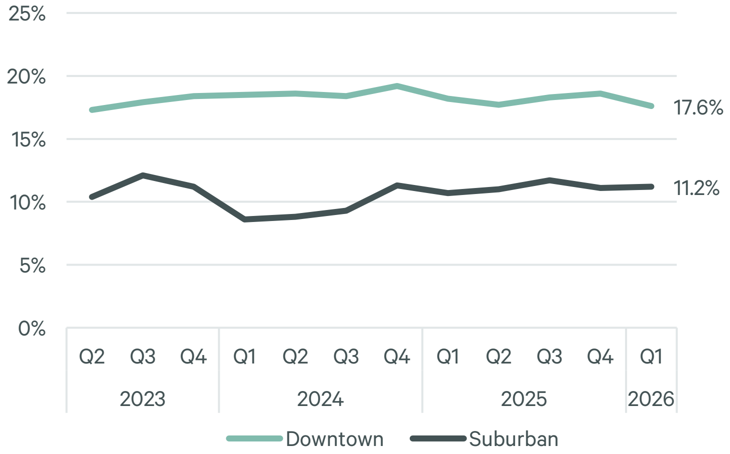


UNDER CONSTRUCTION

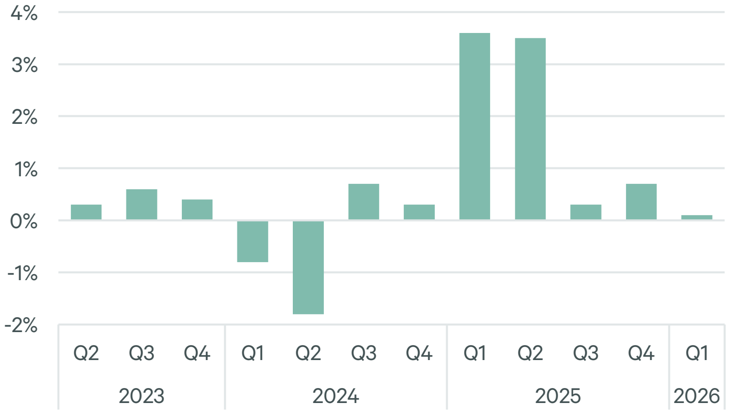
Downtown
0 SF
0% of Inventory

Suburban
28,000 SF
0.7% of Inventory

DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

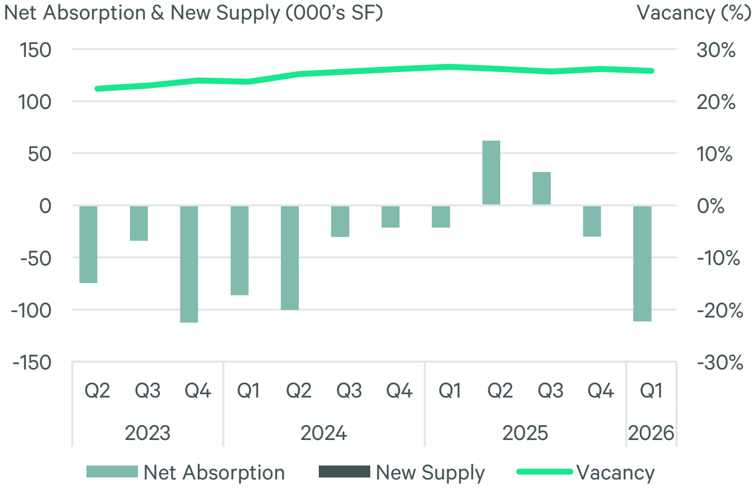


London

London's office market recorded a second consecutive quarter of negative net absorption due to continued slowing in the Core. Vacancy held stable in the submarket, however, as 383-391 Richmond Street was removed from inventory due to planned conversion. This trend is expected improve vacancy in the coming years, with many likely candidates for office-to-residential conversion in the Core.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	4,350,625	1,559,529	5,910,154	▼
Overall Vacancy Rate	31.5%	9.9%	25.8%	▼
Direct Space	1,273,988	152,393	1,426,381	▼
Sublet Space	98,148	2,695	100,843	▼
Sublet % of Vacant	7.2%	1.7%	6.6%	▼
Class A Vacancy Rate	24.3%	N/A	24.3%	▲
Avg. Class A Net Rent (PSF)	$14.48	N/A	$14.48	▼
Quarter Net Absorption	-124,235	12,910	-111,325	▼
Quarter New Supply	0	0	0	◀▶
Under Construction	0	0	0	◀▶

METRO SUPPLY & DEMAND

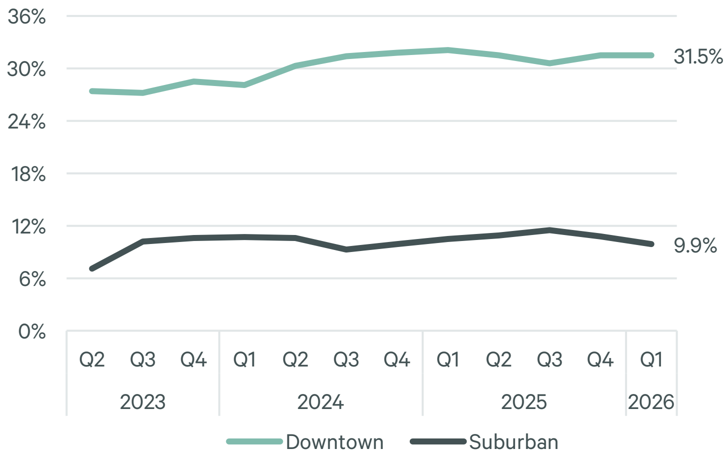


UNDER CONSTRUCTION

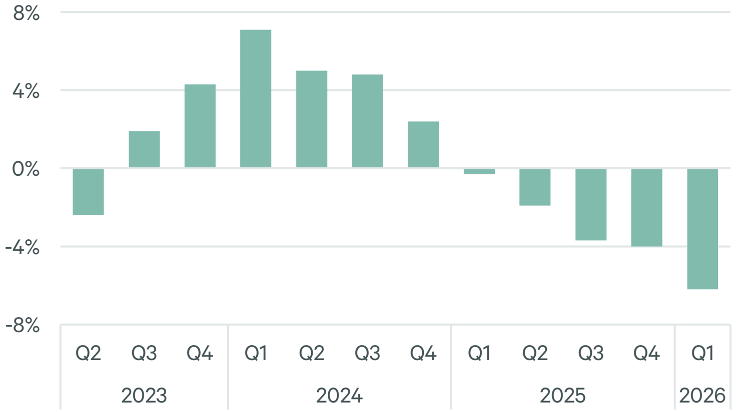
Downtown
0 SF
0% of Inventory

Suburban
0 SF
0% of Inventory

DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH



Waterloo Region

Waterloo Region's downtown office market saw a moderate 60 bps decline in vacancy to 30.5% to start off the year. This notably marks the second consecutive quarter of declining vacancy downtown. Conversely, the suburban market reversed recent trend and began 2026 with 20,000 sq. ft. of negative net absorption, primarily attributed to an uptick in Class A vacancies.

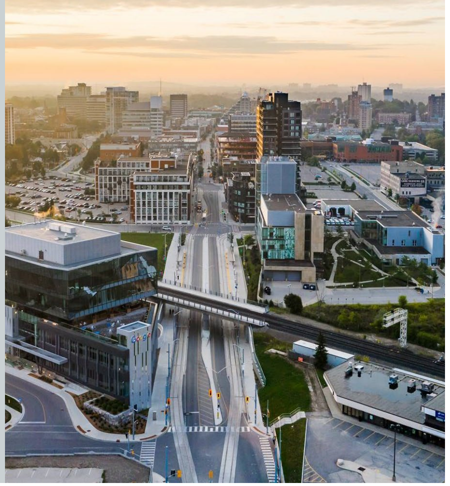
MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	4,717,364	11,620,178	16,337,542	▲
Overall Vacancy Rate	30.5%	12.1%	17.4%	◀▶
Direct Space	1,348,773	1,190,147	2,538,920	▼
Sublet Space	88,267	219,052	307,319	▲
Sublet % of Vacant	6.1%	15.5%	10.8%	▲
Class A Vacancy Rate	22.4%	17.1%	18.4%	▲
Avg. Class A Net Rent (PSF)	$25.83	$16.61	$18.95	◀▶
Quarter Net Absorption	29,463	-19,578	9,885	▼
Quarter New Supply	0	17,000	17,000	▲
Under Construction	0	0	0	▼

METRO SUPPLY & DEMAND

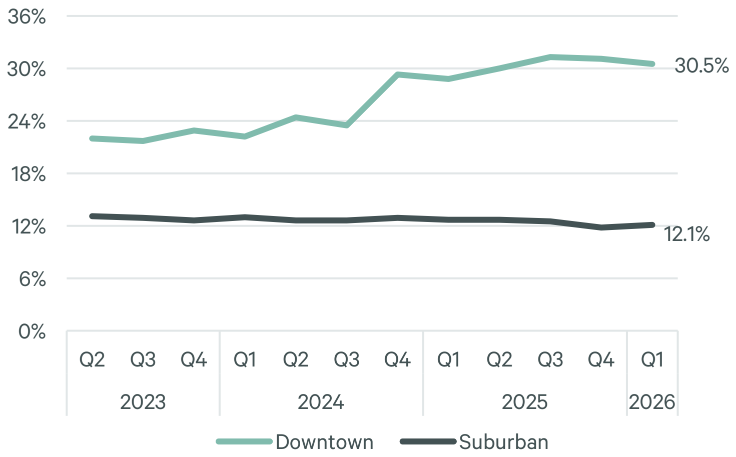
UNDER CONSTRUCTION

Downtown
0 SF
0% of Inventory

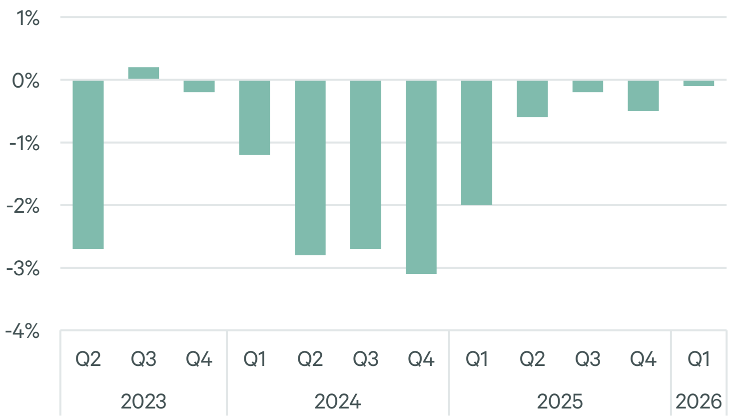
Suburban
0 SF
0% of Inventory



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH



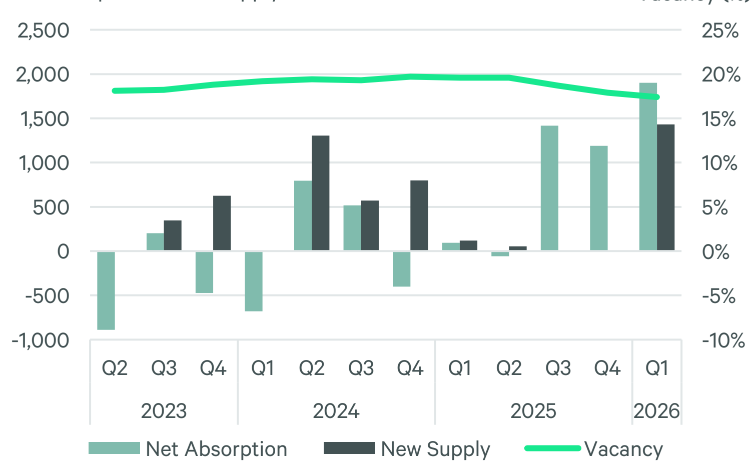
Toronto

Toronto's downtown office market saw continued rejuvenation as vacancy dropped to 14.4%; this is the third consecutive quarter in which vacancy has declined by over 100 bps. Strong leasing activity, particularly in new builds, has continued and resulted in the highest quarterly net absorption figure on record. CIBC Square II played a key role in reaching this milestone, having now delivered 1.4 million sq. ft. of fully pre-leased inventory to the market.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	95,632,544	77,051,807	172,684,351	▲
Overall Vacancy Rate	14.4%	21.0%	17.4%	▼
Direct Space	11,793,654	14,666,533	26,460,187	▲
Sublet Space	1,993,698	1,546,777	3,540,475	▼
Sublet % of Vacant	14.5%	9.5%	11.8%	▼
Class A Vacancy Rate	10.9%	23.4%	15.9%	▼
Avg. Class A Net Rent (PSF)	$35.39	$19.56	$29.09	▲
Quarter Net Absorption	2,131,905	-229,513	1,902,392	▲
Quarter New Supply	1,430,000	0	1,430,000	▲
Under Construction	420,277	202,662	622,939	▼

*Downtown is reflective of Central submarkets, inclusive of Midtown.

METRO SUPPLY & DEMAND

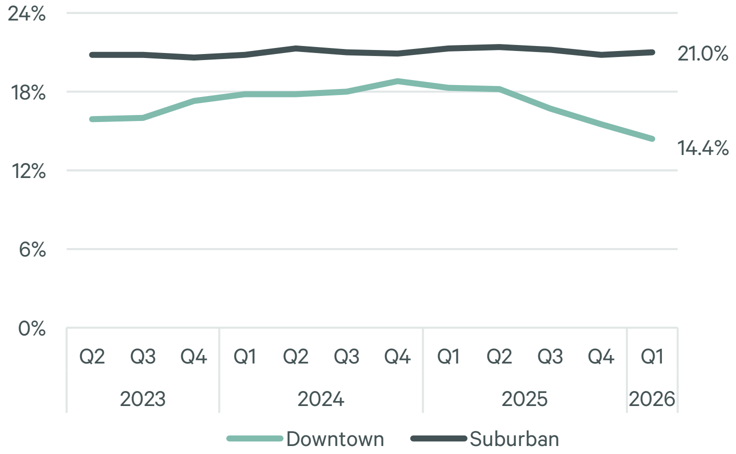


UNDER CONSTRUCTION

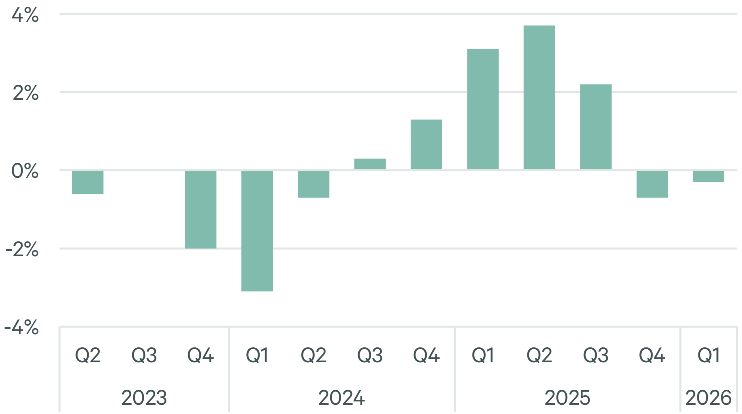
Downtown
0.4 MSF
0.4% of Inventory

Suburban
0.2 MSF
0.3% of Inventory

DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH



Ottawa

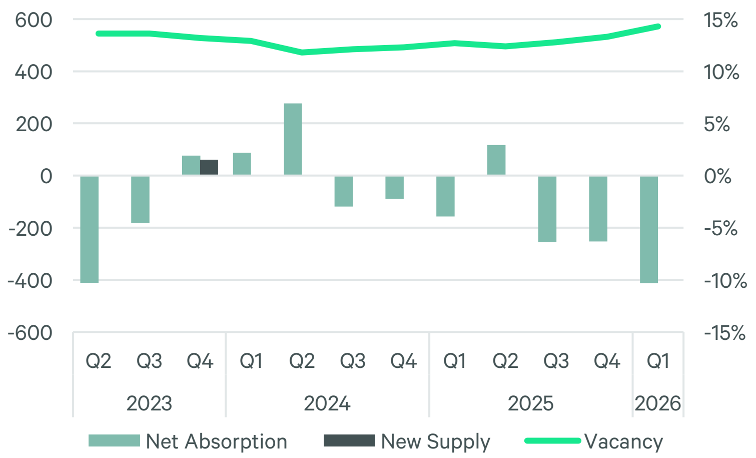
Ottawa recorded a quarterly uptick in its vacancy rate to 14.3% at the start of the year, primarily attributed to large blocks of federal vacancy coming to market. Nevertheless, the recent federal return-to-office mandate has provided some renewed optimism for the real estate community that the increased in-office presence will translate to burgeoning office demand in mid-late 2026.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	18,034,820	22,380,837	40,415,657	◀▶
Overall Vacancy Rate	16.3%	12.7%	14.3%	▲
Direct Space	2,640,325	2,560,546	5,200,871	▲
Sublet Space	291,380	282,012	573,392	▲
Sublet % of Vacant	9.9%	9.9%	9.9%	▲
Class A Vacancy Rate	13.7%	12.3%	12.9%	▲
Avg. Class A Net Rent (PSF)	$23.68	$15.75	$19.22	▲
Quarter Net Absorption	-68,527	-344,229	-412,756	▼
Quarter New Supply	0	0	0	◀▶
Under Construction	0	36,000	36,000	◀▶

*Downtown is reflective of Central submarkets, inclusive of CBD and surrounding region.

METRO SUPPLY & DEMAND

Net Absorption & New Supply (000's SF)

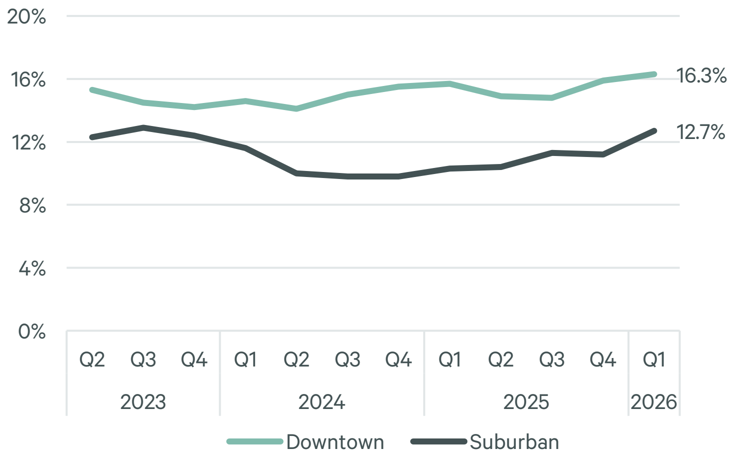


UNDER CONSTRUCTION

Downtown
0 SF
0% of Inventory

Suburban
36,000 SF
0.2% of Inventory

DOWNTOWN VS SUBURBAN VACANCY



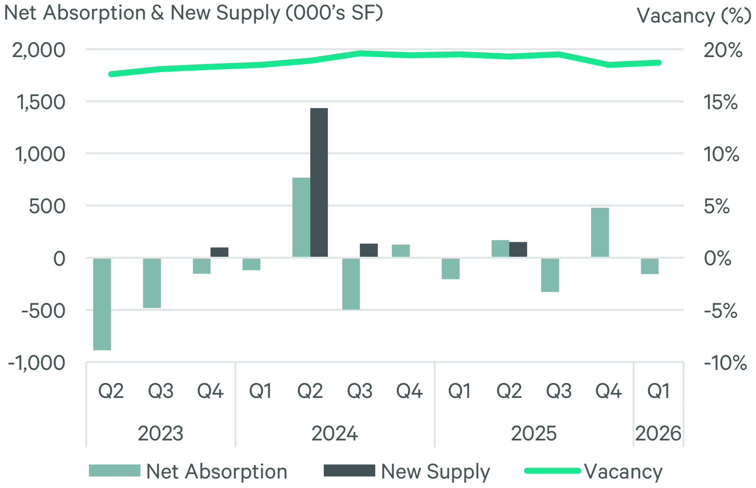
METRO CLASS A RENT, Y-o-Y GROWTH

Montreal

Downtown continues to outperform as net absorption totaled to nearly 141,000 sq. ft., with 111,000 sq. ft. deriving from Class A. Overall vacancy dropped under 18.0% for the first time in six quarters. Class B properties connected to the underground network meanwhile are gaining traction as well, underscoring transit accessibility as a highly valued tenant amenity.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	47,402,377	35,962,169	83,364,546	◀▶
Overall Vacancy Rate	17.8%	19.8%	18.7%	▲
Direct Space	7,687,025	6,273,906	13,960,931	▲
Sublet Space	759,461	861,525	1,620,986	▼
Sublet % of Vacant	9.0%	12.1%	10.4%	▼
Class A Vacancy Rate	14.4%	16.9%	15.4%	▼
Avg. Class A Net Rent (PSF)	$25.91	$17.97	$22.70	▼
Quarter Net Absorption	140,768	-298,325	-157,557	▼
Quarter New Supply	0	0	0	◀▶
Under Construction	0	0	0	◀▶

METRO SUPPLY & DEMAND

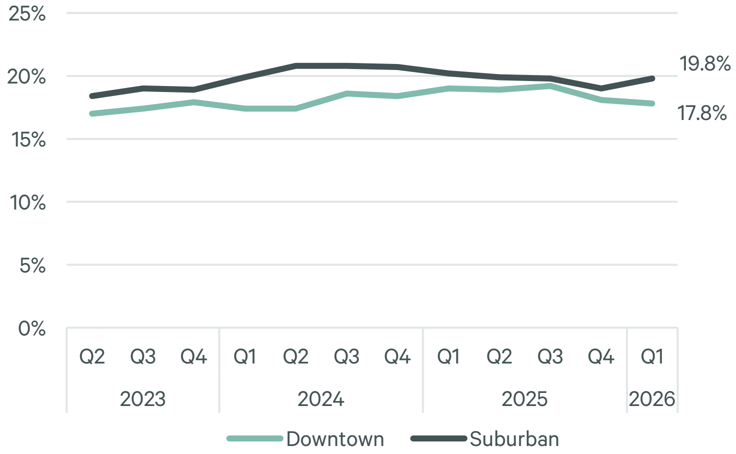


UNDER CONSTRUCTION

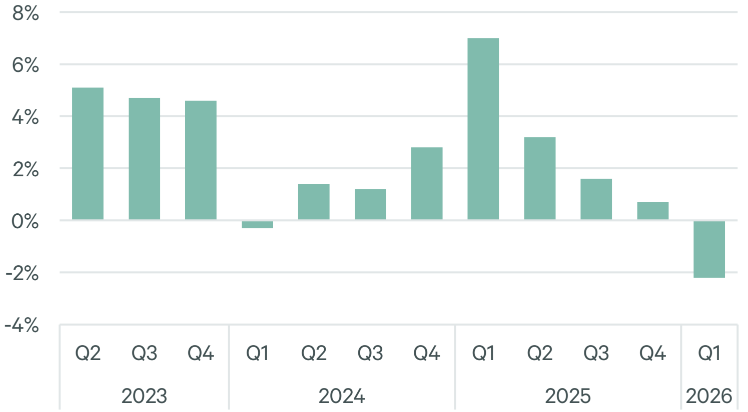
Downtown
0 SF
0% of Inventory

Suburban
0 SF
0% of Inventory

DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

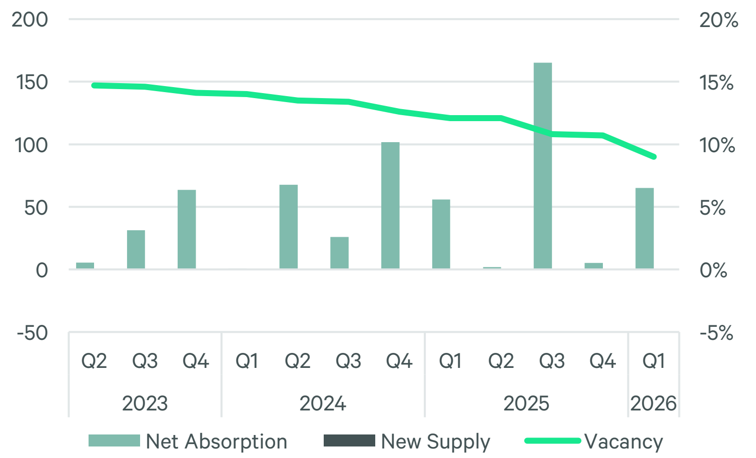


Halifax

The Halifax office market experienced a strong start to 2026 recording 65,000 sq. ft. of positive net absorption. Persistent leasing activity in the office market has led to four-year run of market tightening as overall vacancy dropped by 170 bps this quarter to 9.0%. This represents the lowest vacancy rate Halifax has seen since 2013.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	5,135,618	7,651,425	12,787,043	▼
Overall Vacancy Rate	12.5%	6.6%	9.0%	▼
Direct Space	614,469	467,024	1,081,493	▼
Sublet Space	25,937	38,008	63,945	▲
Sublet % of Vacant	4.1%	7.5%	5.6%	▲
Class A Vacancy Rate	12.7%	7.7%	10.2%	▼
Avg. Class A Net Rent (PSF)	$20.49	$18.31	$19.65	▲
Quarter Net Absorption	834	64,314	65,148	▲
Quarter New Supply	0	0	0	◀▶
Under Construction	0	80,000	80,000	◀▶

METRO SUPPLY & DEMAND

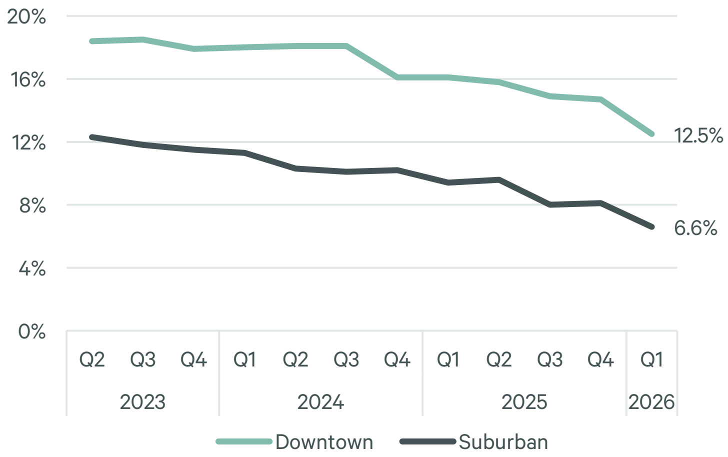


UNDER CONSTRUCTION

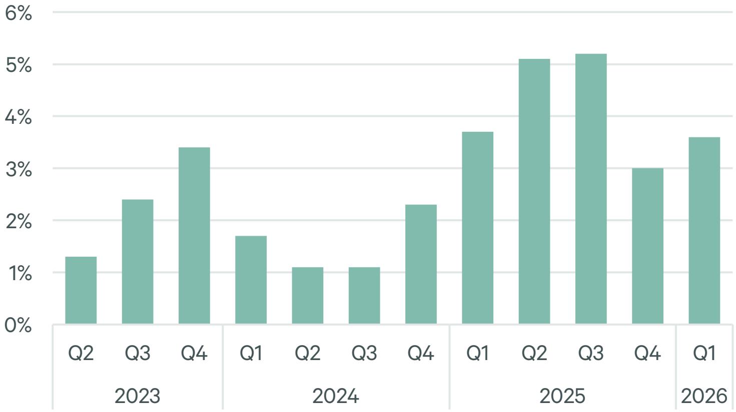
Downtown
0 SF
0% of Inventory

Suburban
80,000 SF
1.0% of Inventory

DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH



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Definitions

Net Rentable Area (NRA): The total office area (sq. ft.) of competitive building(s) in the market.
Overall Vacancy Rate: Total Vacant Space divided by the NRA. Calculated as a percent.
Total Vacant Space: The sum of Direct and Sublet Space that can be immediately occupied, typically including up to 90 days following quarter close.
Direct Space: Space offered for lease directly by the building owner or landlord.
Sublet Space: Space offered for lease indirectly by a tenant.
Sublet % of Vacant Space: Total Sublet Space divided by the Total Vacant Space. Calculated as a percent.
Class A Vacancy Rate: Total Vacant Space divided by the NRA in Class A properties. Considered the best-quality space that competes for the market's premier office users and commands the highest relative rents. Calculated as a percent.
Class A Average Asking Net Rent: A calculated average of marketed Class A rents that excludes additional costs (real property taxes and other building operating costs), weighted by corresponding vacant space. National average is weighted by NRA.
Net Absorption: The change in Occupied Space from one quarter to the next as a measure of market activity. Includes Pre-leased space upon delivery as New Supply.
Occupied Space: Total inventory of the building(s) not considered vacant.
New Supply: Space delivered to the market from the completion of newly constructed competitive building(s).
Under Construction: The expected total office area of new competitive buildings(s) actively undergoing development.
Pre-leased: Space that has been leased in a building that is Under Construction.
Conversion: A building that changes its primary use to another, i.e. office to residential. The overall building structure is retained while extensive renovation/retrofitting work is carried out on the interior in the process.
Demolition: A building that has reached the end of its lifecycle and is torn down to make way for other development opportunities.