

Canada's office market posts four consecutive positive quarters, a six-year first

▼ 17.1%

Vacancy Rate

▼ 1.2M

SF Net Absorption

▼ 1.2M

SF Under Construction

▲ \$26.57

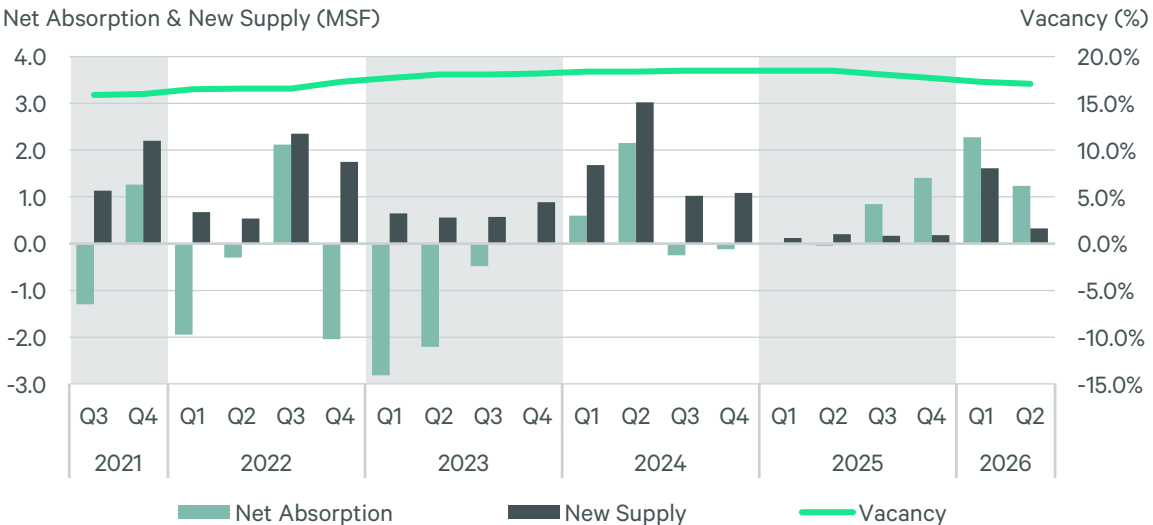
PSF Average Class A Net Rent

Note: Arrows indicate change from previous quarter.

Executive Summary

- In a six-year first, the national office market momentum remained positive for a fourth consecutive quarter in Q2 2026, totalling to 1.2 million sq. ft. Overall, seven of 11 markets reported positive net absorption and was led by Toronto, Calgary and Montreal.
- Downtown fundamentals are improving with all but one market reporting tightening in Q2. All product tiers experienced declining vacancy, each improving by 20 bps or more.
- National sublease space declined for a 12th consecutive quarter, falling below 10.0 million sq. ft. for the first time since Q2 2020. The steady pace of decline has continued with five markets reporting reductions in excess of 100,000 sq. ft. in Q2 2026.
- Construction activity is at a two-decade historic low, with 1.2 million sq. ft. of predominantly suburban active construction. No significant deliveries are on the horizon beyond 2027, and leasing intentions remain focused on existing inventory.
- Conversions/demolitions were quiet over the quarter with just two projects moving forward in Q2 2026. Since 2021, conversions and demolitions have helped reduce inventory by 2.6% 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, Q2 2026.

Momentum holds for four consecutive quarters: a first in over six years

- In a first since before the pandemic, national office market momentum was positive for a fourth consecutive quarter in Q2 2026 with 1.2 million sq. ft. of net absorption.
- Seven of 11 markets saw positive net absorption this quarter, with over 300,000 sq. ft. being recorded in each Toronto, Calgary and Montreal.
- While activity levels moderated in Toronto, Q2 absorption totals are nearly on par with Q1's record-setting quarter if pre-leased new supply was excluded. There was a marked shift this quarter, however, with the majority of activity stemming from suburban GTA.
- Performance elsewhere has continued to vary quarter-over-quarter, with markets like Montreal and Vancouver alternating between positive and negative quarters, a sign that these markets are still in earlier stages of recovery.
- Ottawa meanwhile has continued to trail, noting a marked slowing over the last four quarters with several large-block vacancies coming back to market.

FIGURE 2: Historical National Net Absorption (MSF)

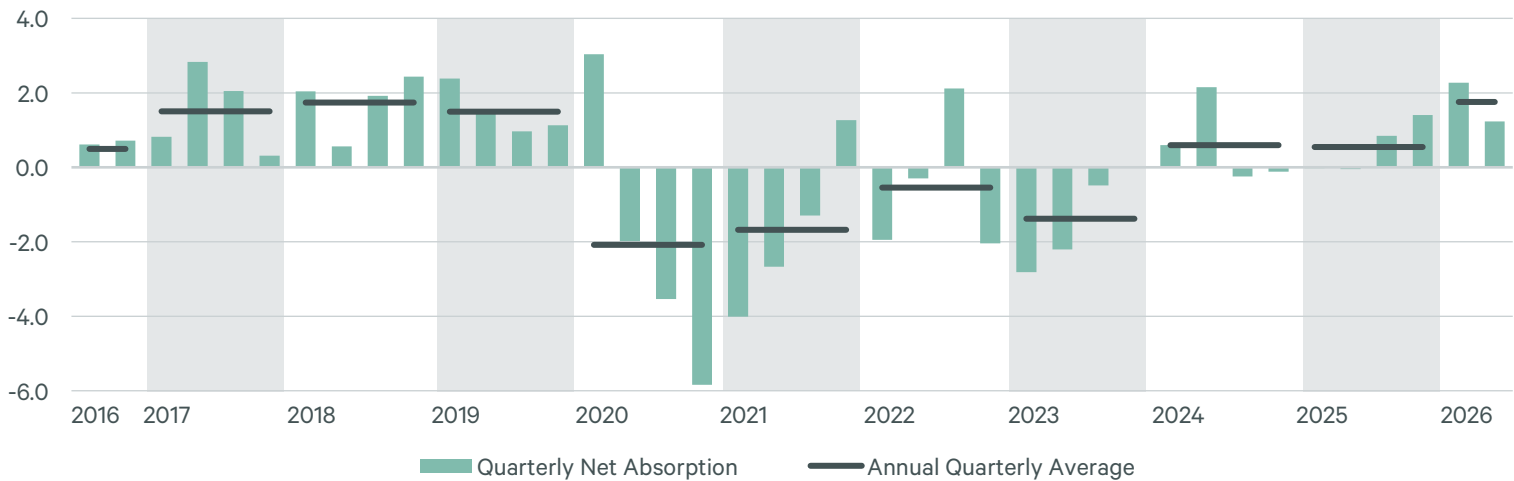
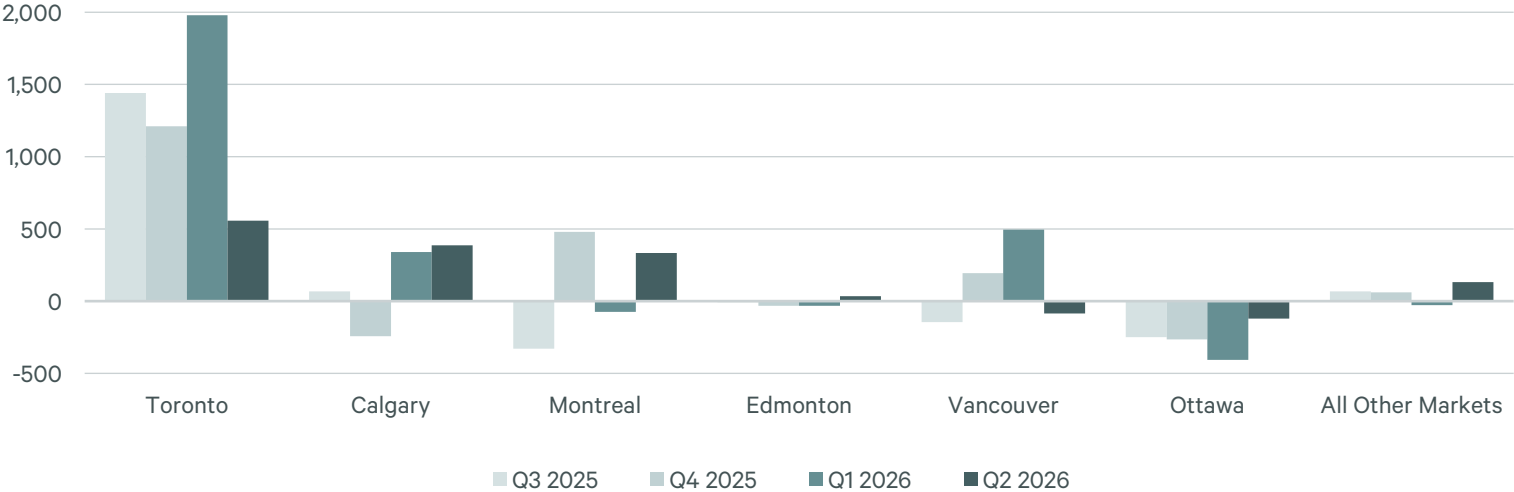


FIGURE 3: Quarterly Net Absorption, Major Markets (000's SF)

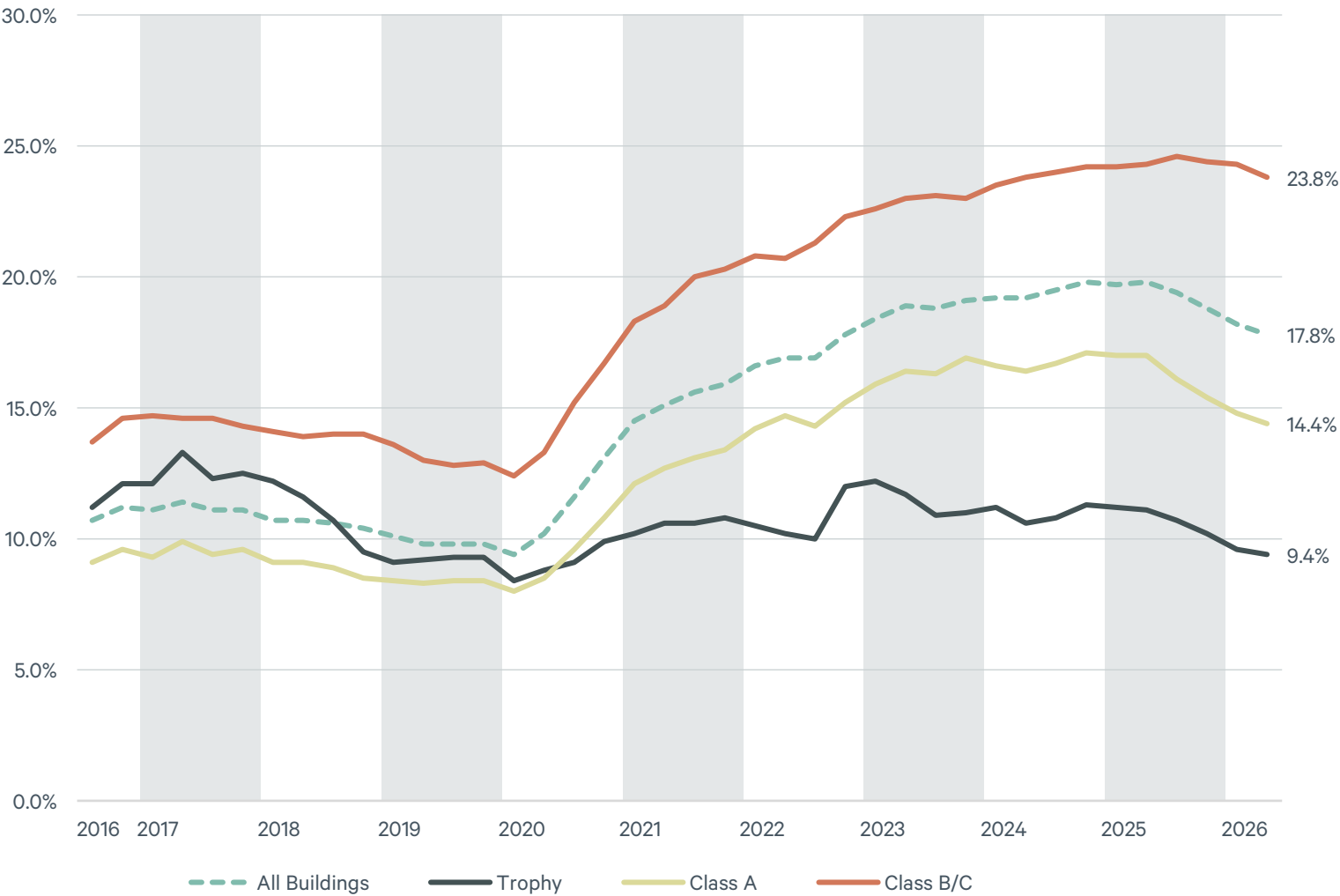


Source: CBRE Research, Q2 2026.

Tightening vacancy across all segments pointing to downtown recovery

- Office vacancy declined downtown across all segments for a third consecutive quarter, with each tightening by 20 bps or more.
- Downtown Class A properties in particular have seen a marked improvement to vacancy over the last year. Decreasing downtown Class A vacancy was reported in nine of 11 markets in Q2 2026 and across major markets was led by Edmonton (-120 bps).
- Trophy assets, the top-tier within Class A, has seen continued tightening over the last six quarters with vacancy currently just 1.0% higher than the 8.4% reported downtown in Q1 2020. Increasingly few large-block vacancies remain within these in-demand assets and is tightest in downtown Toronto at a 2.6% vacancy rate.
- An increasingly competitive environment for premium space should see demand soon spill over to the next-best spaces. On the lower end of the spectrum, Class B/C product noted a vacancy improvement, however the removal of underperforming assets from inventory played a larger role than transactional activity.

FIGURE 4: National Downtown Vacancy by Segment



Trophy represents top-tier properties in Vancouver, Calgary, Toronto and Montreal. Class A is inclusive of trophy segment.
Source: CBRE Research, Q2 2026.

Widespread shift toward improved downtown fundamentals

- Building on momentum from last year, national downtown vacancy declined by 40 bps in the second quarter. The suburban market meanwhile saw vacancy hold for a third quarter.
- Continued downtown improvement has seen the delta between downtown and suburban vacancy narrow over the last four quarters to 150 bps, nearing in on a three-year low.
- Initially led by Toronto, rising return-to-office expectations are resulting in a positive shift in leasing fundamentals with all markets save one reporting declining downtown vacancy in Q2 2026. London (-190 bps) and Montreal (-90 bps) noted the largest changes, followed by Edmonton and Waterloo Region (-50 bps, each).
- Suburban market performance remains more mixed, with seven of 11 markets reporting increasing vacancy. This was once again led by London (+210 bps) and Vancouver (+190 bps).

FIGURE 5: National Downtown vs Suburban Vacancy Rate

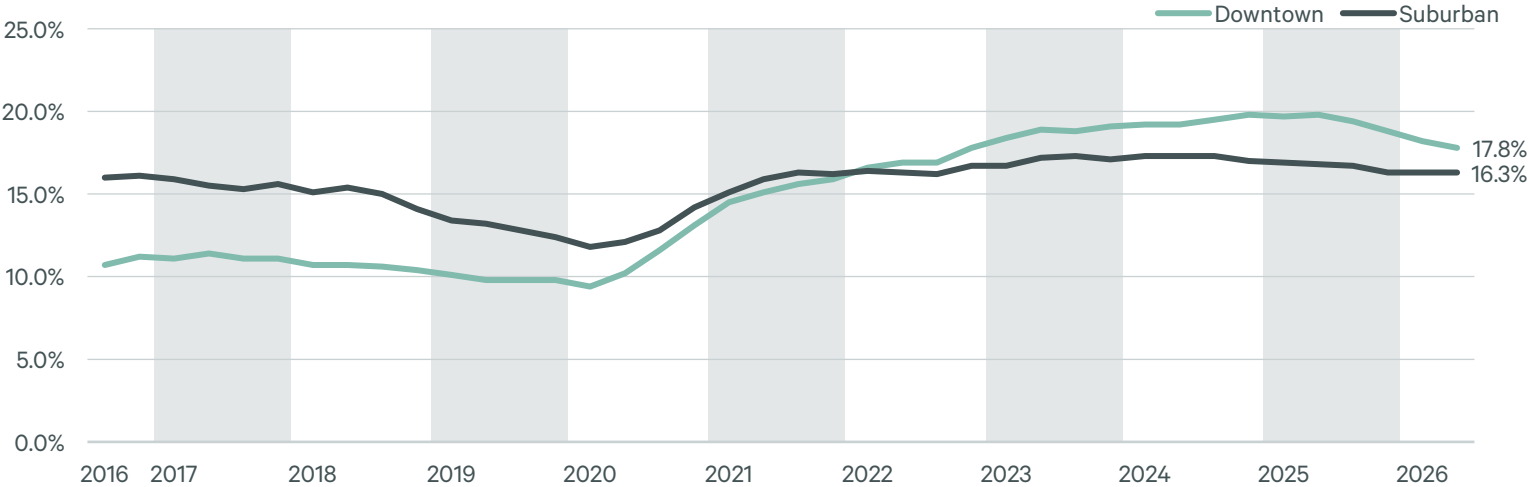


FIGURE 6a: Downtown Vacancy Rate by Market

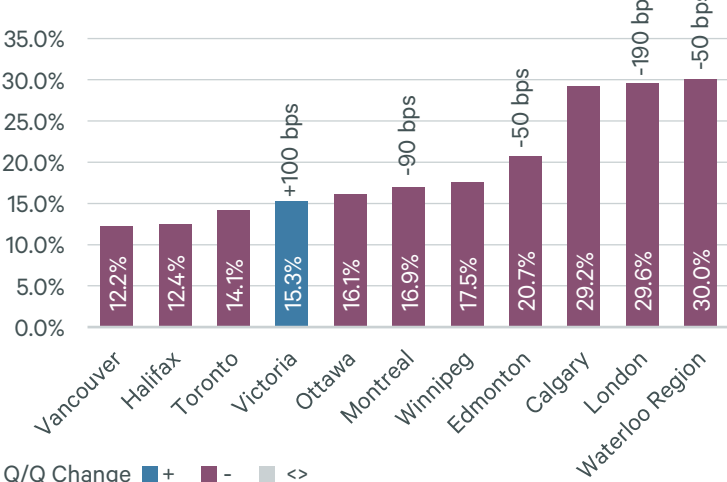
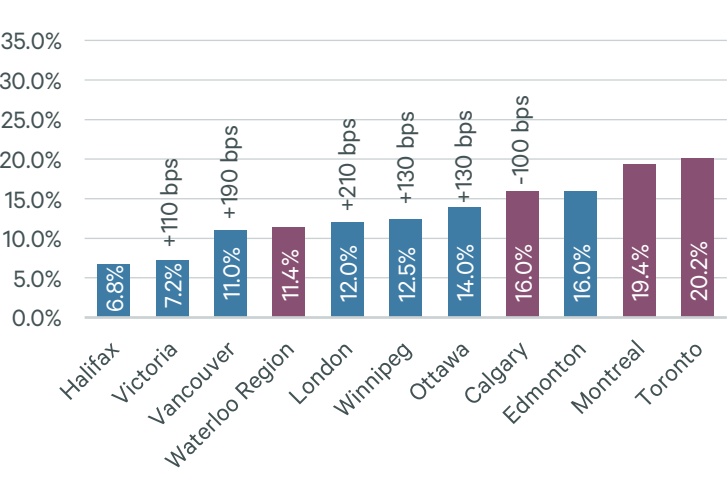


FIGURE 6b: Suburban Vacancy Rate by Market



Source: CBRE Research, Q2 2026.

Sublease space marks three years of continual declines

- National sublease space has declined for an 12th consecutive quarter, down 836,000 sq. ft. in Q2 2026, for a cumulative total reduction of 7.4 million sq. ft. from its peak three years ago.
- National sublet space remains on par with 2018 levels and has now dropped below 10.0 million sq. ft. for the first time since Q2 2020.
- Unlike previous quarters where the decline could be mainly attributed to select markets, more widespread large improvements were noted this quarter. Five markets reported decreases of over 100,000 sq. ft. in Q2 2026, led by Montreal (-201,000 sq. ft.) and Waterloo Region (-190,000 sq. ft.).
- On a year-over-year basis, all but four markets are reporting lower sublease space as a percent of inventory with Calgary maintaining its position as the market with the highest share of inventory.

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

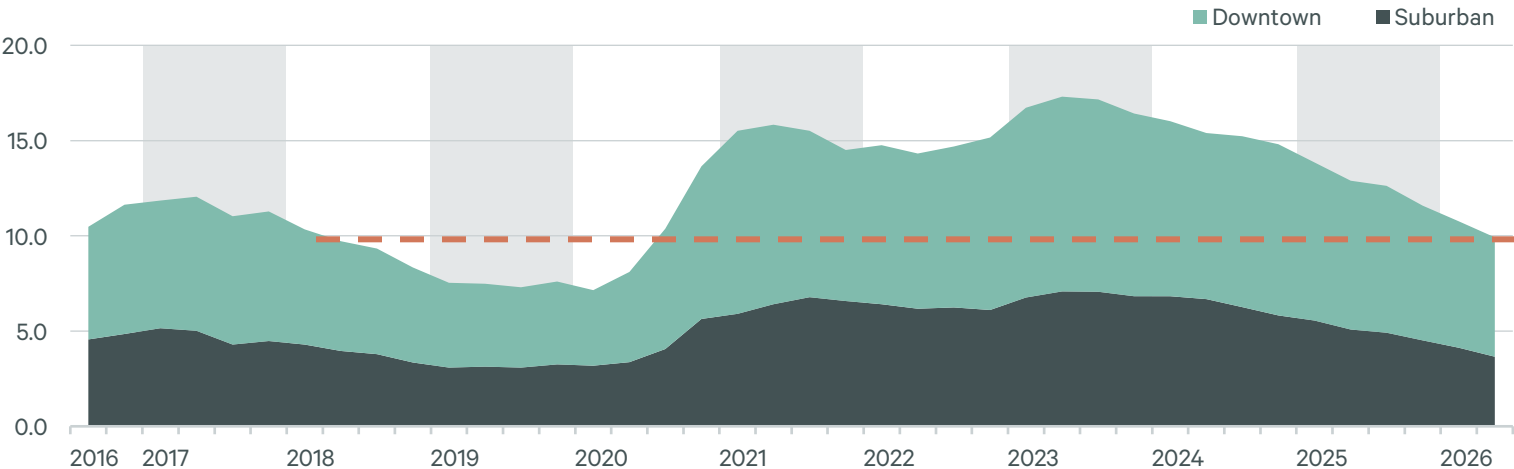
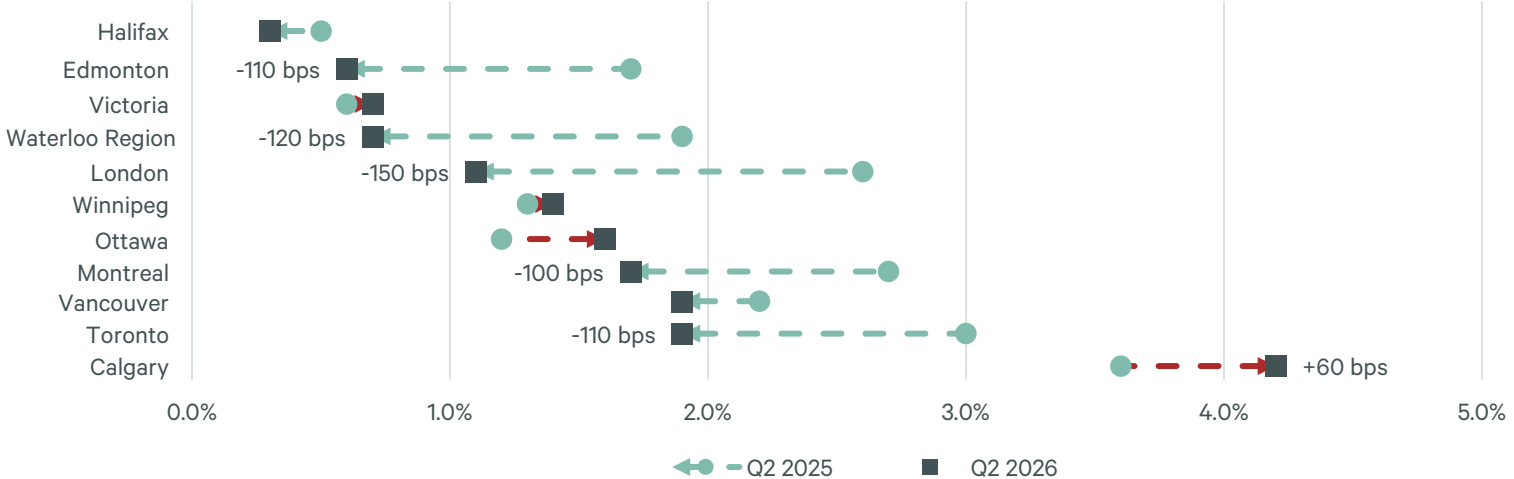


FIGURE 8: Year-over-Year Change in Sublet Space as a % of Inventory by Market



Source: CBRE Research, Q2 2026.

New office construction starts remain few and far between

- One new office project started construction in Vancouver this quarter in the form of a mixed-use development. This is only the third project to kick off across Canada in the last 12 months and is the first in this city since 2024. The average office component size for these developments is 40,100 sq. ft.
- 322,600 sq. ft. of new supply was delivered to the market in Q2 2026 across three projects in Vancouver and Victoria. This included TELUS Ocean in Victoria and the Commons Creative Space at Oakridge Shopping Centre in Vancouver. Both delivered with partial pre-leasing.
- An additional 557,000 sq. ft. of office inventory is anticipated for delivery over the remainder of 2026 resulting in 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 significant deliveries on the horizon beyond 2027.

FIGURE 9: National Office Construction Starts (MSF)

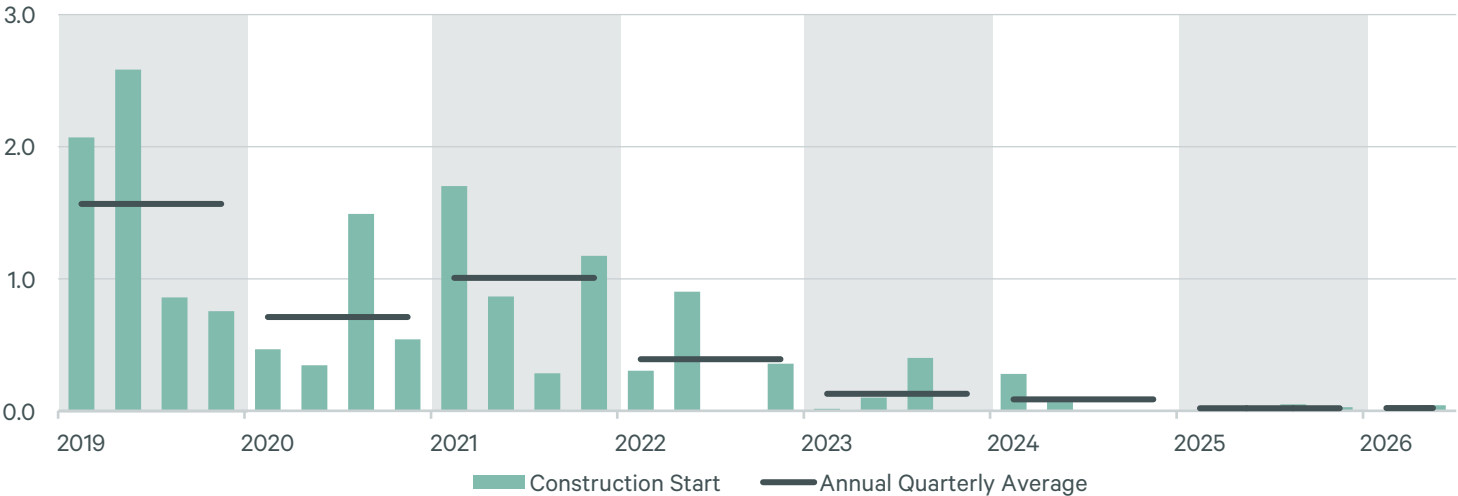
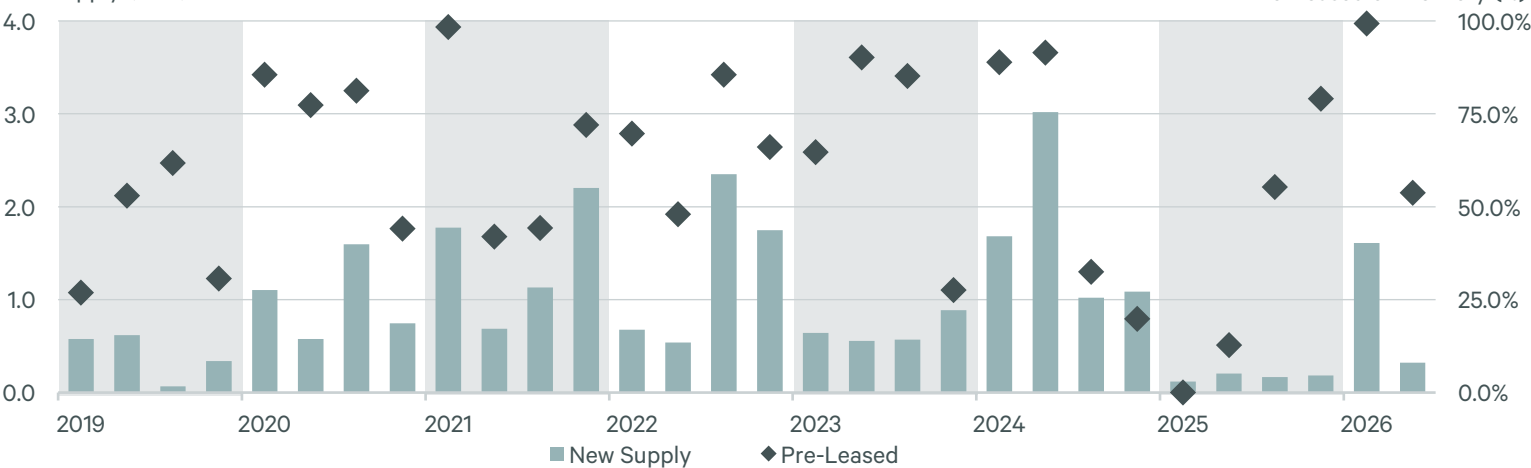


FIGURE 10: National Office New Supply Deliveries
New Supply (MSF)



Source: CBRE Research, Q2 2026.

Office construction pipeline at two-decade historic low

- Following the latest round of deliveries, the national office construction pipeline has thinned to 1.2 million sq. ft. This is a new historic low for Canada that has been unmatched since before 2000.
- Despite the lean level of construction, the total national pipeline is presently only 24.3% pre-leased, with the market instead focused on existing product. Halifax has maintained its position as the market with the highest percentage of pre-leasing across the country at 37.5%.
- The supply pipeline is primarily suburban, with only Toronto building downtown product as of Q2 2026. Very conservative levels of suburban development are underway with no more than four active projects in a single city.
- Record low levels of construction will see conversions and demolitions remain roughly on par with new supply once again this year and remain roughly on par with one another year-to-date in 2026.

FIGURE 11: National Office Inventory Under Construction (MSF)

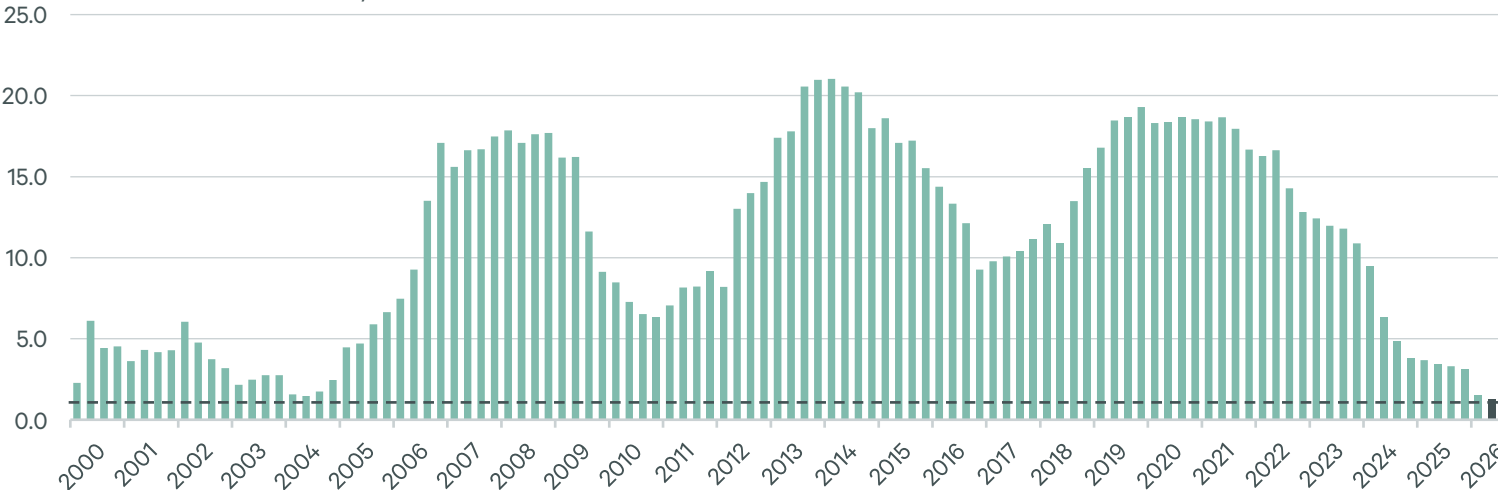
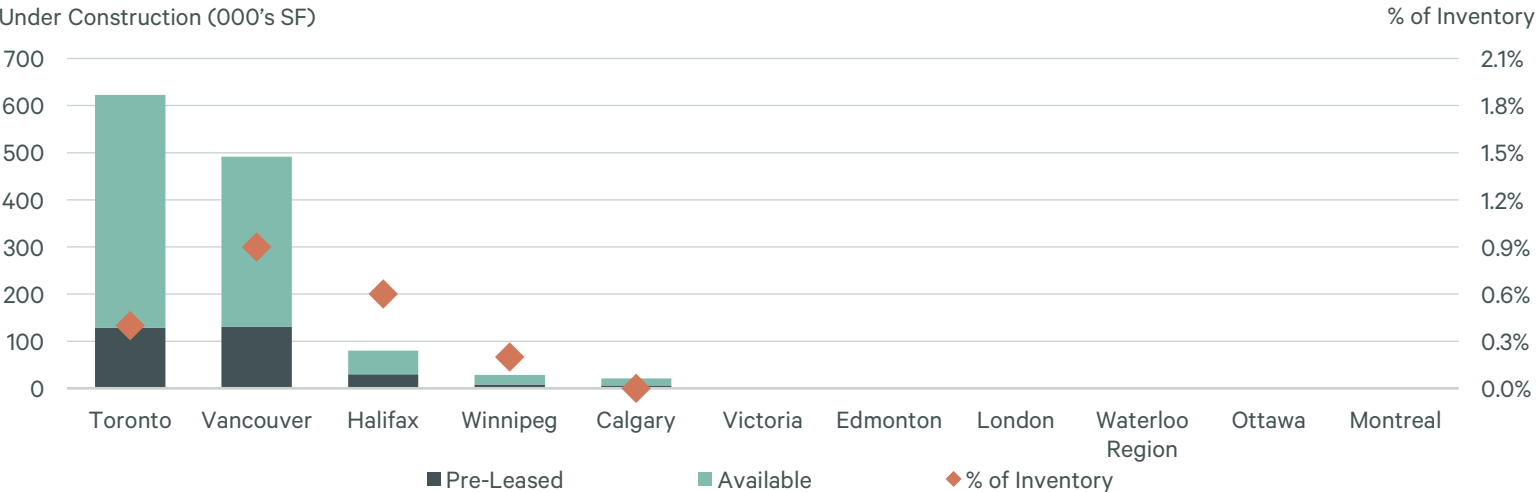


FIGURE 12: Under Construction by Market Under Construction (000's SF)



Source: CBRE Research, Q2 2026.

Conversion activity pulls back after record-setting start to 2026

- Conversion and demolition activity slowed in Q2 2026 with just two projects moving forward this quarter. This comes off the heels of a record high amount of activity and is one the lowest quarter on record since this trend took hold.
- A previously noted office conversion project in Ottawa is being marketed for lease once again, 1601 Telesat Court, underscoring the challenging nature of these projects. Its re-addition to inventory has moved Ottawa to third among tracked markets by share of office conversions.
- Since 2021, conversions have removed a cumulative 9.1 million sq. ft. of office space from inventory nationally. An additional 3.0 million sq. ft. has been demolished over the same period. Together, they have reduced national inventory by 2.6%, removing properties otherwise facing potential obsolescence.
- Calgary's Downtown Office Conversion Program has reopened for a third phase of applications. A total of \$25 million in funding is available through this phase, with higher incentives being offered for hotel developments.

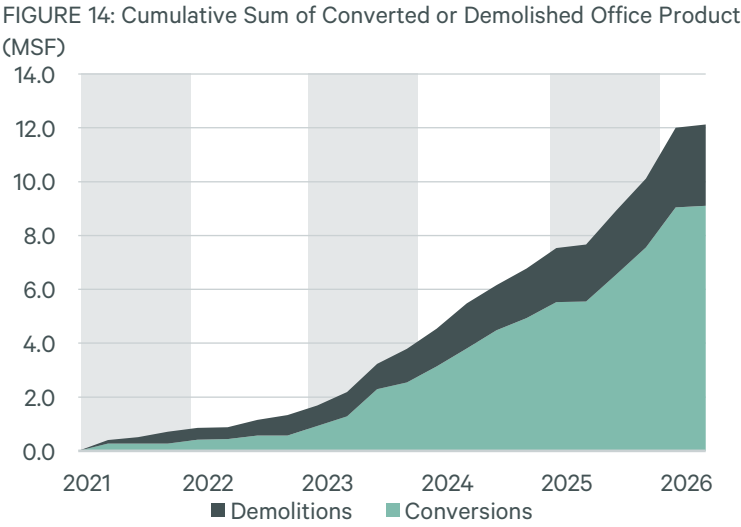
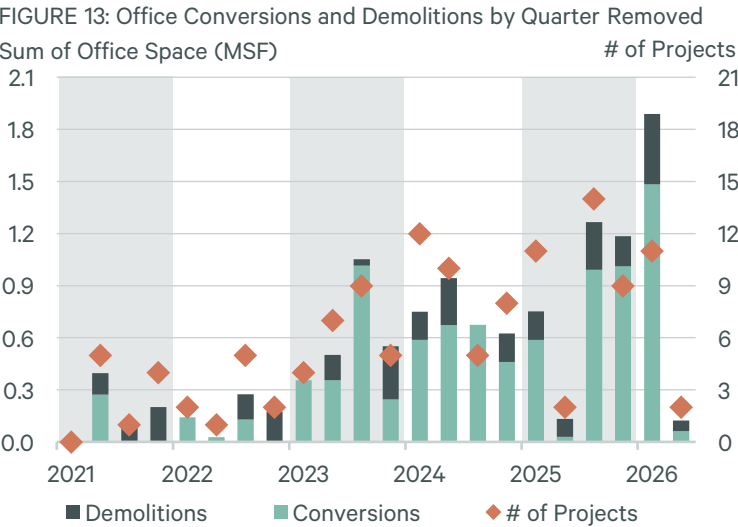


FIGURE 15: Share of Office Conversions by Market (2021 – Q2 2026)

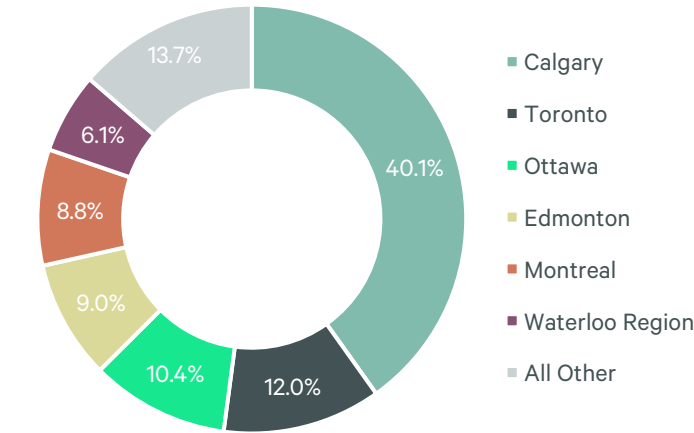
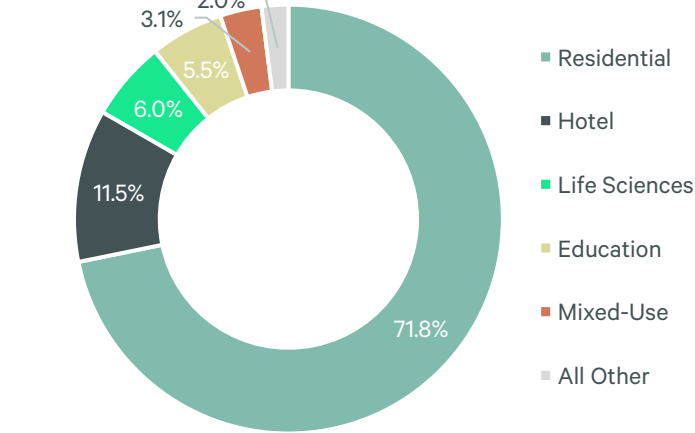


FIGURE 16: Share of Office Conversions by New Property Type (2021 – Q2 2026)

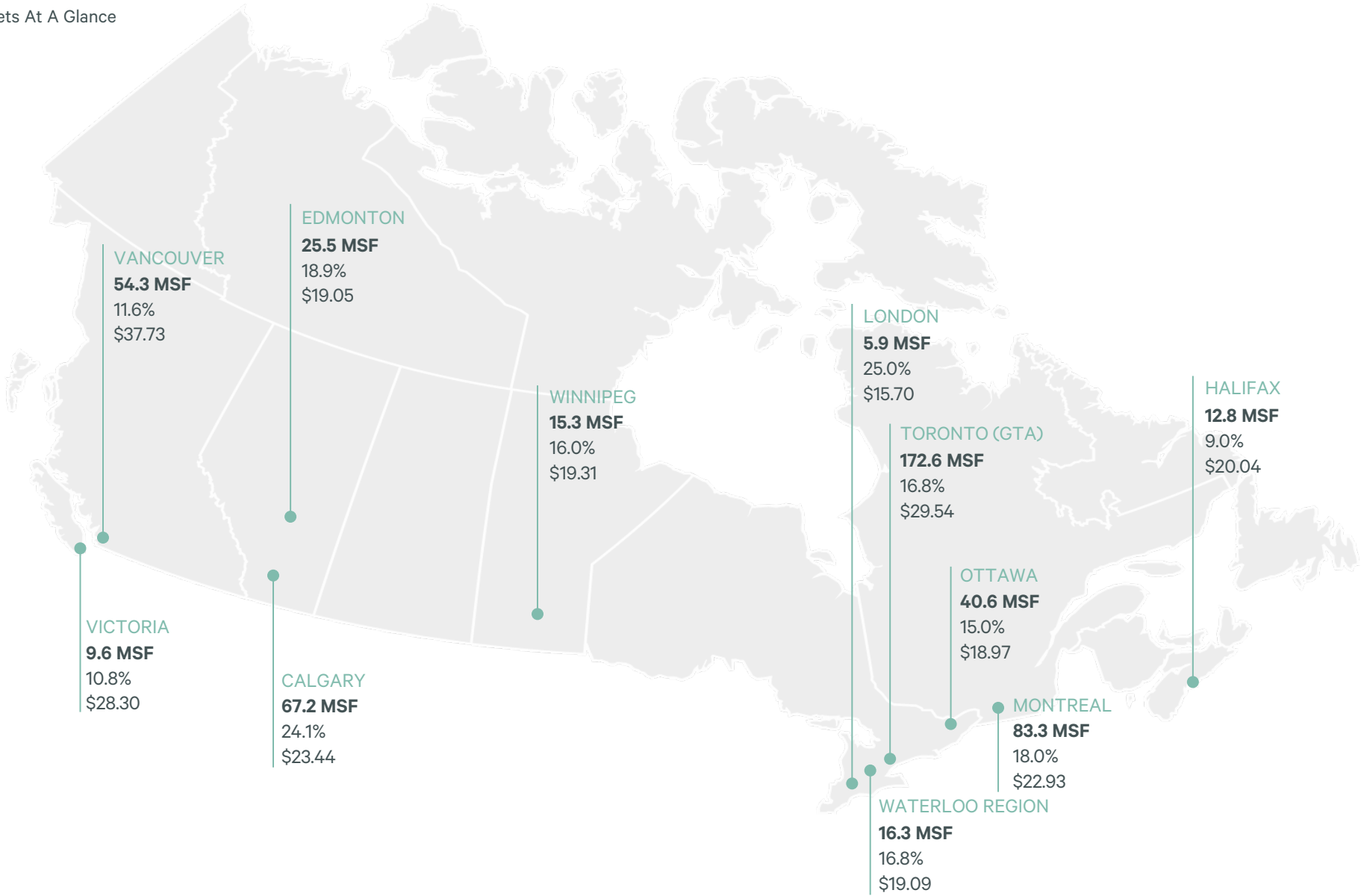


Figures 15 & 16 exclude demolitions.
Source: CBRE Research, Q2 2026.

FIGURE 17: Canadian Office Markets At A Glance

MARKET

Net Rentable Area
Overall Vacancy Rate
Average Class A Net Rent (PSF)



Source: CBRE Research, Q2 2026.

FIGURE 18: Canadian Office Markets Statistics, Q2 2026

DOWNTOWN	VICTORIA	VANCOUVER	CALGARY	EDMONTON	WINNIPEG	LONDON	WATERLOO	TORONTO	OTTAWA	MONTREAL	HALIFAX	NATIONAL
Net Rentable Area	4,286,581	27,789,547	41,468,423	15,749,962	10,911,231	4,380,809	4,717,364	95,434,786	18,034,820	47,402,377	5,135,618	275,311,518
Overall Vacancy Rate	15.3%	12.2%	29.2%	20.7%	17.5%	29.6%	30.0%	14.1%	16.1%	16.9%	12.4%	17.8%
Trophy Vacancy Rate	12.3%	7.6%	18.5%	12.6%	-	-	-	2.6%	-	6.3%	-	9.4%
Class A Vacancy Rate	12.7%	8.3%	25.2%	18.1%	12.7%	21.7%	20.4%	10.8%	13.8%	13.7%	11.8%	14.4%
Class B/C Vacancy Rate	16.1%	17.9%	39.8%	28.1%	19.9%	35.6%	35.6%	23.0%	19.8%	20.8%	12.8%	23.8%
Sublet % of Vacant Space	8.2%	17.0%	18.9%	3.0%	8.3%	4.9%	5.7%	14.8%	11.2%	8.0%	1.1%	12.8%
Avg. Class A Net Rent (PSF)	\$28.35	\$42.73	\$24.39	\$19.04	\$19.31	\$15.70	\$26.29	\$36.12	\$23.60	\$26.26	\$20.91	\$30.42
Quarter Net Absorption	86,455	54,688	114,874	80,569	15,552	82,380	20,724	97,965	21,661	246,353	5,666	826,887
Year-to-Date Net Absorption	7,093	103,062	31,612	18,841	126,415	-24,374	50,187	2,205,908	-40,866	404,516	6,500	2,888,894
Quarter New Supply	154,000	29,600	0	0	0	0	0	0	0	0	0	183,600
Year-to-Date New Supply	154,000	29,600	0	0	0	0	0	1,430,000	0	0	0	1,613,600
Under Construction	0	0	0	0	0	0	0	420,277	0	0	0	420,277
SUBURBAN												
Net Rentable Area	5,312,479	26,519,475	25,688,797	9,770,687	4,400,268	1,559,529	11,564,212	77,165,651	22,595,758	35,946,598	7,651,425	228,174,879
Overall Vacancy Rate	7.2%	11.0%	16.0%	16.0%	12.5%	12.0%	11.4%	20.2%	14.0%	19.4%	6.8%	16.3%
Class A Vacancy Rate	12.1%	10.2%	15.5%	14.2%	-	-	15.2%	22.5%	13.4%	16.0%	8.1%	17.0%
Class B/C Vacancy Rate	5.2%	12.1%	16.5%	17.6%	-	-	7.7%	16.9%	15.2%	22.2%	6.3%	15.6%
Sublet % of Vacant Space	4.4%	15.2%	13.2%	4.3%	9.5%	2.2%	2.8%	8.8%	9.6%	11.1%	5.4%	9.8%
Avg. Class A Net Rent (PSF)	\$28.27	\$33.83	\$20.37	\$19.09	-	-	\$16.59	\$19.61	\$15.79	\$17.96	\$18.75	\$20.92
Quarter Net Absorption	-56,211	-139,002	270,643	-45,180	-61,912	-32,041	86,386	458,284	-141,915	86,144	-16,310	408,886
Year-to-Date Net Absorption	-68,947	307,276	694,319	-15,535	-69,422	-19,131	46,808	330,117	-486,144	-146,556	48,004	620,789
Quarter New Supply	0	139,000	0	0	0	0	0	0	0	0	0	139,000
Year-to-Date New Supply	0	303,255	0	0	0	0	17,000	0	0	0	0	320,255
Under Construction	0	491,617	20,688	0	28,320	0	0	202,662	0	0	80,000	823,287
TOTAL												
Net Rentable Area	9,599,060	54,309,022	67,157,220	25,520,649	15,311,499	5,940,338	16,281,576	172,600,437	40,630,578	83,348,975	12,787,043	503,486,397
Overall Vacancy Rate	10.8%	11.6%	24.1%	18.9%	16.0%	25.0%	16.8%	16.8%	15.0%	18.0%	9.0%	17.1%
Class A Vacancy Rate	12.3%	9.3%	22.2%	17.0%	12.7%	21.7%	16.4%	15.5%	13.5%	14.5%	10.0%	15.5%
Class B/C Vacancy Rate	10.3%	15.1%	27.7%	22.1%	17.1%	26.5%	16.2%	19.2%	17.4%	21.5%	8.5%	19.4%
Sublet % of Vacant Space	6.8%	16.2%	17.4%	3.4%	8.5%	4.5%	4.3%	11.6%	10.4%	9.5%	3.0%	11.5%
Avg. Class A Net Rent (PSF)	\$28.30	\$37.73	\$23.44	\$19.05	\$19.31	\$15.70	\$19.09	\$29.54	\$18.97	\$22.93	\$20.04	\$26.57
Quarter Net Absorption	30,244	-84,314	385,517	35,389	-46,360	50,339	107,110	556,249	-120,254	332,497	-10,644	1,235,773
Year-to-Date Net Absorption	-61,854	410,338	725,931	3,306	56,993	-43,505	96,995	2,536,025	-527,010	257,960	54,504	3,509,683
Quarter New Supply	154,000	168,600	0	0	0	0	0	0	0	0	0	322,600
Year-to-Date New Supply	154,000	332,855	0	0	0	0	17,000	1,430,000	0	0	0	1,933,855
Under Construction	0	491,617	20,688	0	28,320	0	0	622,939	0	0	80,000	1,243,564

Source: CBRE Research, Q2 2026.

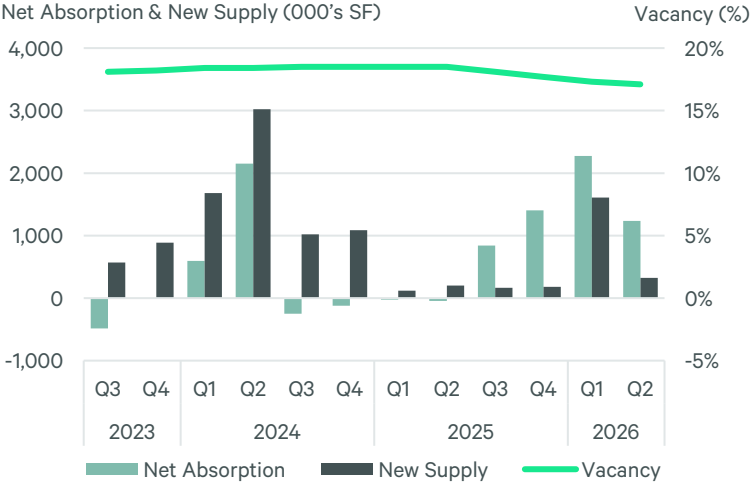
Canada

The Canadian office market recorded its fourth consecutive quarter of positive net absorption in Q2 2026, with downtown vacancy tightening broadly across all product tiers and 10 of 11 markets. With new construction at historic lows attention remains firmly on existing product as the market continues its gradual recovery.

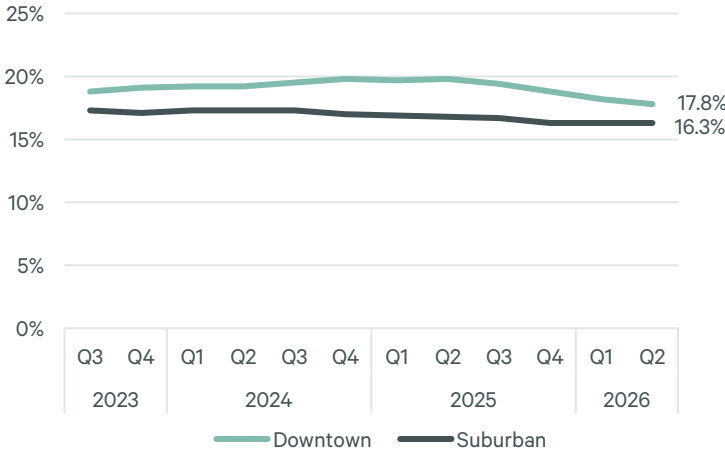
MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	275,311,518	228,174,879	503,486,397	▲
Overall Vacancy Rate	17.8%	16.3%	17.1%	▼
Trophy Vacancy Rate	9.4%	-	-	▼
Class A Vacancy Rate	14.4%	17.0%	15.5%	▼
Class B/C Vacancy Rate	23.8%	15.6%	19.4%	◄►
Sublet % of Vacant	12.8%	9.8%	11.5%	▼
Avg. Class A Net Rent (PSF)	\$30.42	\$20.92	\$26.57	▲
Quarter Net Absorption	826,887	408,886	1,235,773	▼
Quarter New Supply	183,600	139,000	322,600	▼
Under Construction	420,277	823,287	1,243,564	▼

*National trophy series includes Vancouver, Calgary, Toronto, and Montreal only.

METRO SUPPLY & DEMAND



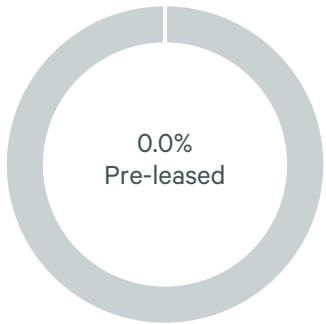
DOWNTOWN VS SUBURBAN VACANCY



UNDER CONSTRUCTION

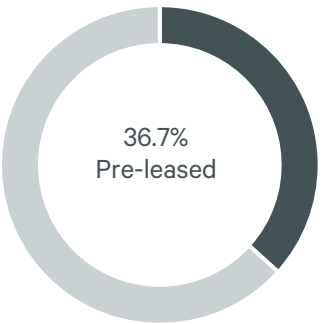
Downtown

0.4 MSF
0.2% of Inventory

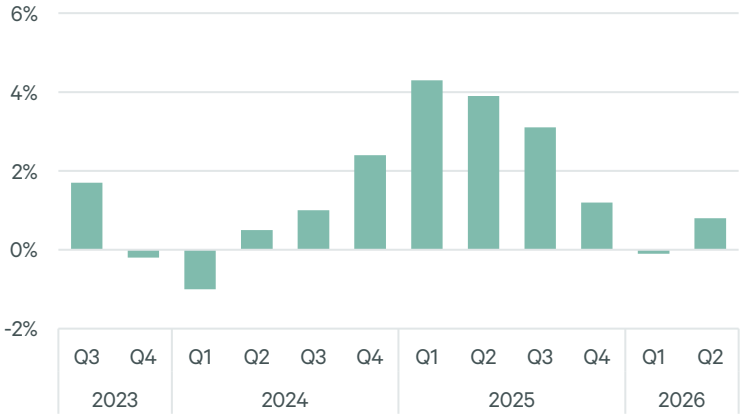


Suburban

0.8 MSF
0.4% of Inventory



METRO CLASS A RENT, Y-o-Y GROWTH



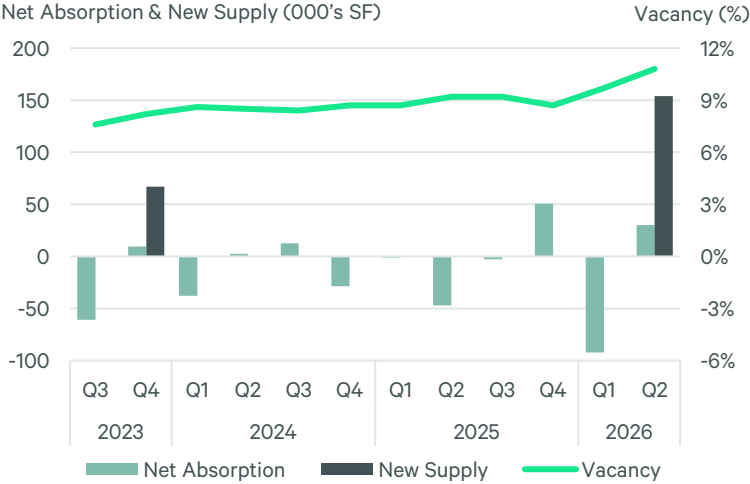
Victoria

This quarter marked the notable completion of TELUS Ocean, injecting over 154,000 sq. ft. of new Class AA inventory into downtown Victoria. Against an otherwise flat development pipeline and continued flight-to-quality trend, this new supply is expected to experience strong leasing momentum, with a significant portion already absorbed through pre-leasing.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	4,286,581	5,312,479	9,599,060	▲
Overall Vacancy Rate	15.3%	7.2%	10.8%	▲
Trophy Vacancy Rate	12.3%	-	-	▲
Class A Vacancy Rate	12.7%	12.1%	12.3%	▲
Class B/C Vacancy Rate	16.1%	5.2%	10.3%	▲
Sublet % of Vacant	8.2%	4.4%	6.8%	▼
Avg. Class A Net Rent (PSF)	\$28.35	\$28.27	\$28.30	▲
Quarter Net Absorption	86,455	-56,211	30,244	▲
Quarter New Supply	154,000	0	154,000	▲
Under Construction	0	0	0	▼

*Victoria added to national series starting in Q1 2023.

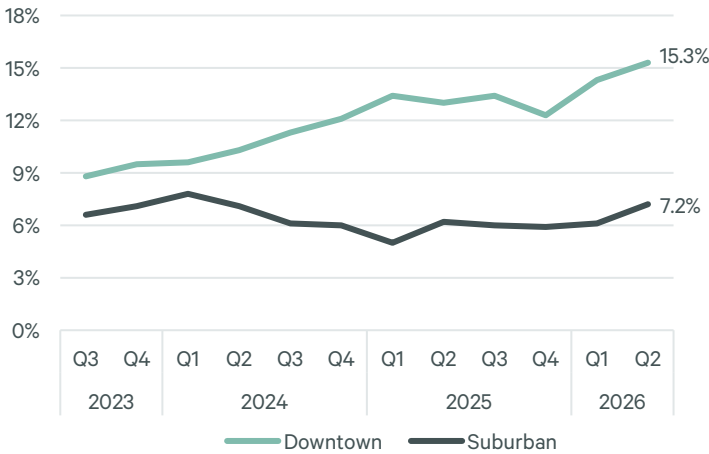
METRO SUPPLY & DEMAND



UNDER CONSTRUCTION



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

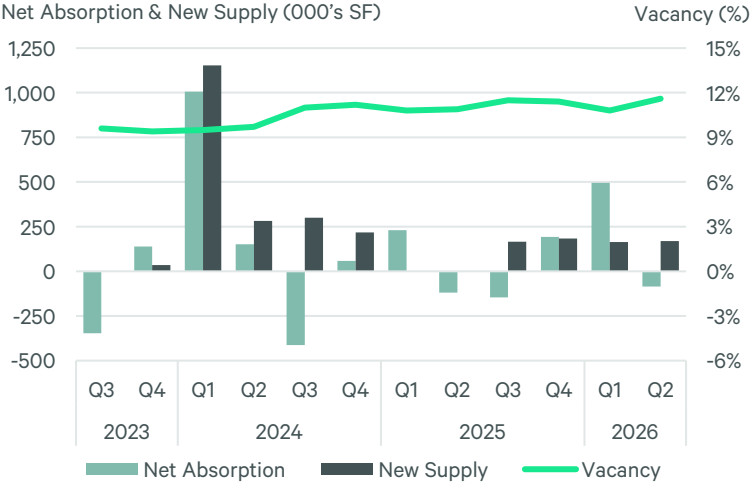


Vancouver

Several large-block vacancies propelled the suburban market to vacancy of 11.0% as of Q2 2026, its highest level in nearly 10 years, with the rise stemming from new supply, a renovated property, and a major sublease expiry. Collectively, these three properties account for nearly one quarter of total suburban vacancy.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	27,789,547	26,519,475	54,309,022	▲
Overall Vacancy Rate	12.2%	11.0%	11.6%	▲
Trophy Vacancy Rate	7.6%	-	-	▼
Class A Vacancy Rate	8.3%	10.2%	9.3%	◄►
Class B/C Vacancy Rate	17.9%	12.1%	15.1%	▲
Sublet % of Vacant	17.0%	15.2%	16.2%	▼
Avg. Class A Net Rent (PSF)	\$42.73	\$33.83	\$37.73	▲
Quarter Net Absorption	54,688	-139,002	-84,314	▼
Quarter New Supply	29,600	139,000	168,600	▲
Under Construction	0	491,617	491,617	▼

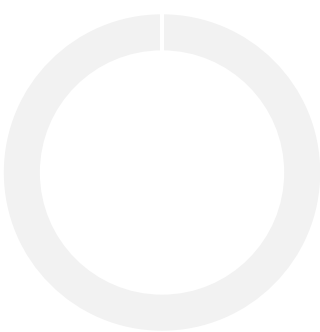
METRO SUPPLY & DEMAND



UNDER CONSTRUCTION

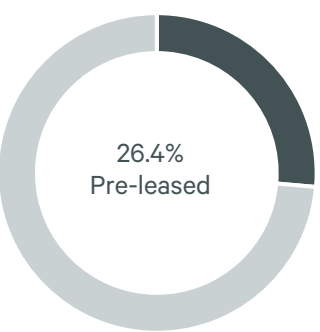
Downtown

0 SF
0% of Inventory

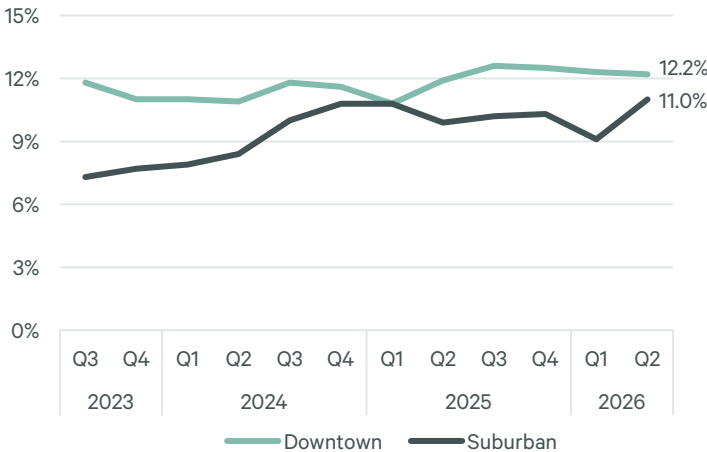


Suburban

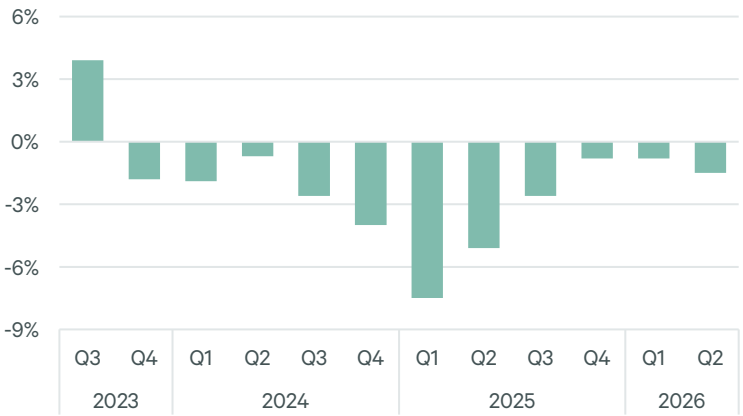
0.5 MSF
1.9% of Inventory



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

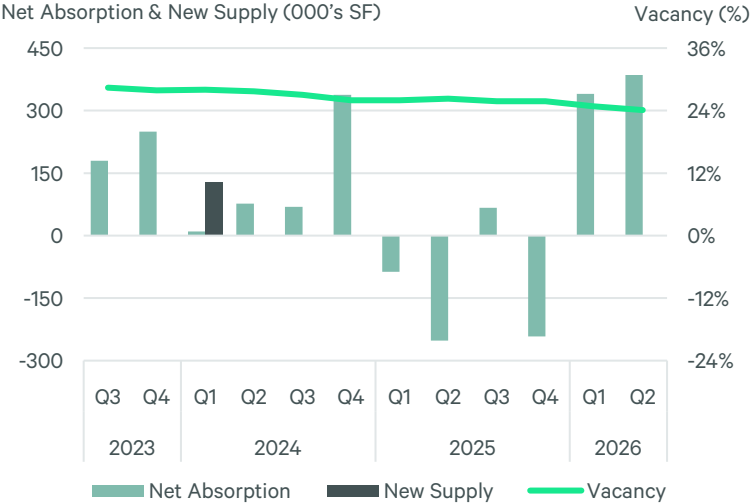


Calgary

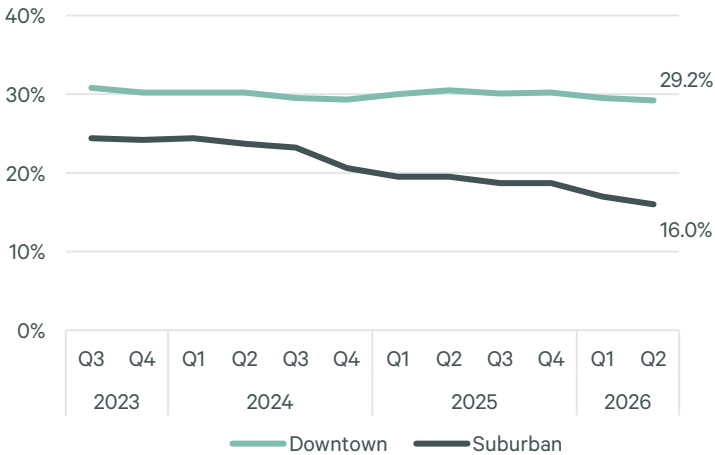
The suburban office market remains highly active, recording 1.1 million sq. ft. of net absorption since the beginning of 2025, with growth being led by engineering, construction, and public sector tenants. Q2 2026 was highlighted by a new 160,000 sq. ft. lease at Imperial Oil Campus, the largest suburban office deal in the Calgary market since 2018.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	41,468,423	25,688,797	67,157,220	▼
Overall Vacancy Rate	29.2%	16.0%	24.1%	▼
Trophy Vacancy Rate	18.5%	-	-	▼
Class A Vacancy Rate	25.2%	15.5%	22.2%	▼
Class B/C Vacancy Rate	39.8%	16.5%	27.7%	▼
Sublet % of Vacant	18.9%	13.2%	17.4%	▲
Avg. Class A Net Rent (PSF)	\$24.39	\$20.37	\$23.44	▲
Quarter Net Absorption	114,874	270,643	385,517	▲
Quarter New Supply	0	0	0	◄►
Under Construction	0	20,688	20,688	◄►

METRO SUPPLY & DEMAND



DOWNTOWN VS SUBURBAN VACANCY



UNDER CONSTRUCTION

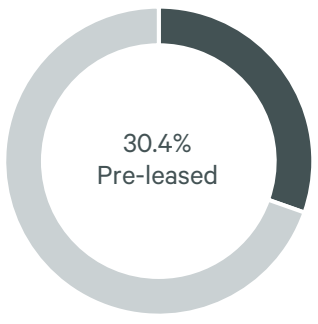
Downtown

0 SF
0% of Inventory

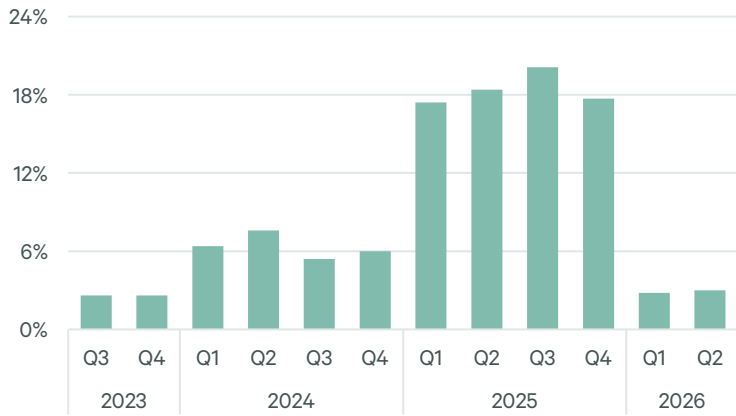


Suburban

21,000 SF
0.1% of Inventory



METRO CLASS A RENT, Y-o-Y GROWTH

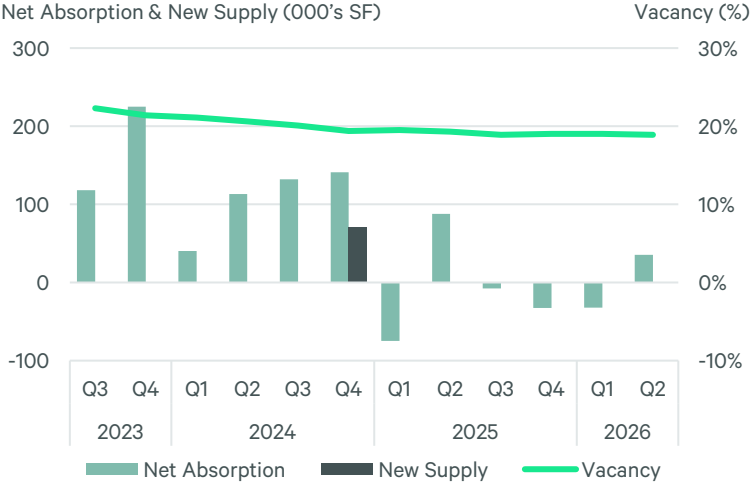


Edmonton

Tenants continue to migrate toward higher-quality space, reinforcing the flight-to-quality trend. This is most evident among downtown sublet vacancy, which has declined for five consecutive quarters and decreased by 55.7% in Q2 alone. With just 97,000 sq. ft. currently available, this marks the first time since Q4 2012 that the downtown sublet total has dropped below 100,000 sq. ft.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	15,749,962	9,770,687	25,520,649	◄►
Overall Vacancy Rate	20.7%	16.0%	18.9%	▼
Trophy Vacancy Rate	12.6%	-	-	▼
Class A Vacancy Rate	18.1%	14.2%	17.0%	▼
Class B/C Vacancy Rate	28.1%	17.6%	22.1%	▲
Sublet % of Vacant	3.0%	4.3%	3.4%	▼
Avg. Class A Net Rent (PSF)	\$19.04	\$19.09	\$19.05	▲
Quarter Net Absorption	80,569	-45,180	35,389	▲
Quarter New Supply	0	0	0	◄►
Under Construction	0	0	0	◄►

METRO SUPPLY & DEMAND

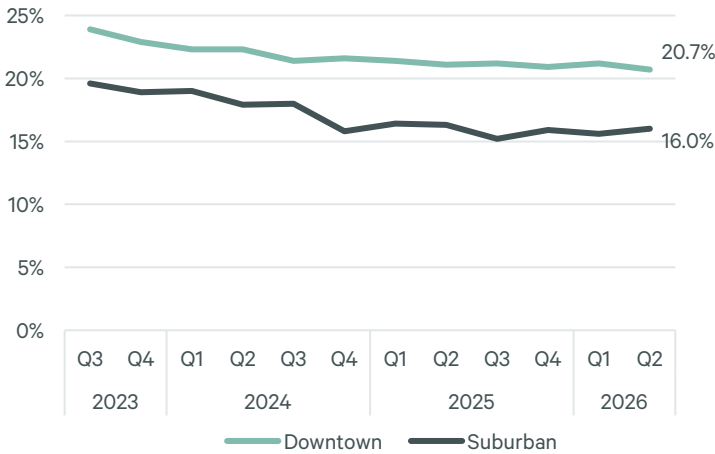


UNDER CONSTRUCTION

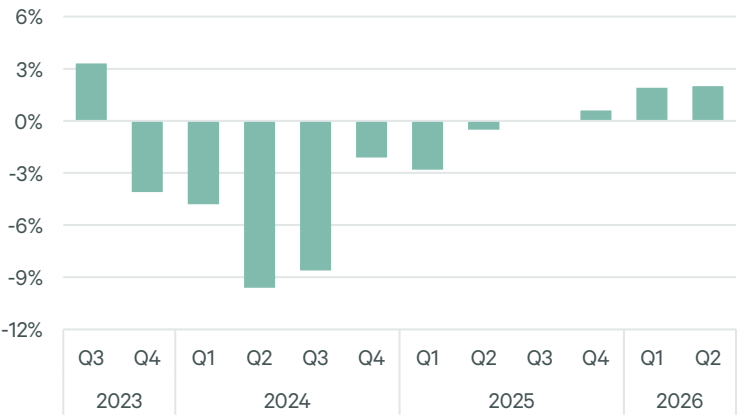
Downtown
0 SF
0% of Inventory

Suburban
0 SF
0% of Inventory

DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

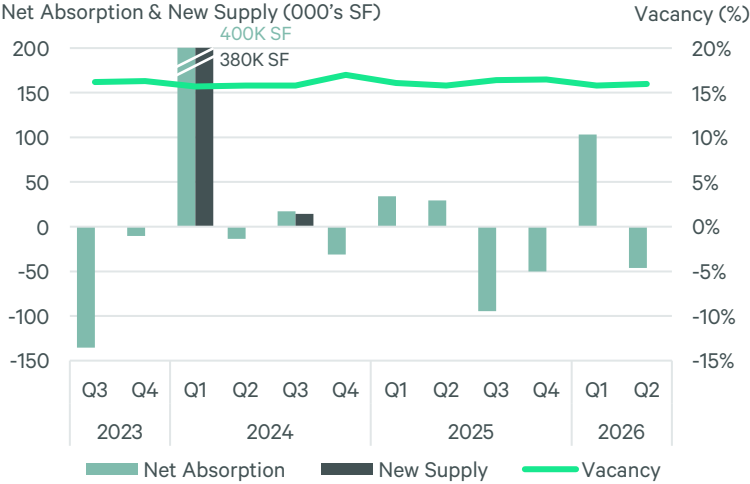


Winnipeg

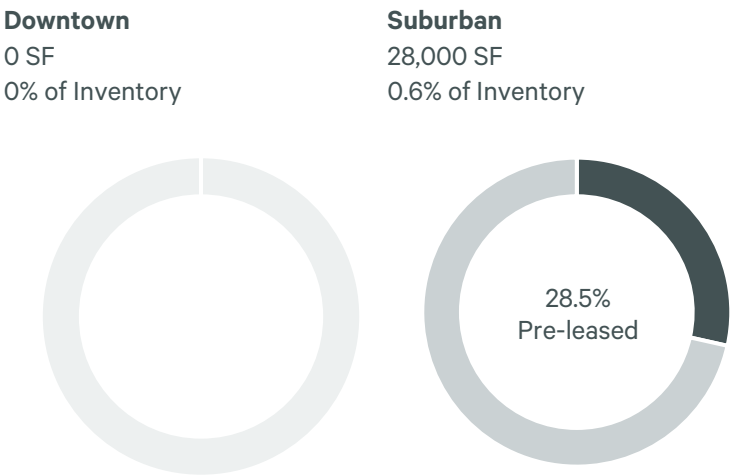
Winnipeg’s office market remained divided in Q2 2026. Downtown is seeing demand concentrate among the best Class A and B spaces, though rental rate growth continues to lag. The suburban picture is more complex, however; while newer, high-end suburban buildings are commanding higher rents, it is masking a broader softness across most suburban properties.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	10,911,231	4,400,268	15,311,499	▲
Overall Vacancy Rate	17.5%	12.5%	16.0%	▲
Trophy Vacancy Rate	-	-	-	
Class A Vacancy Rate	12.7%	-	12.7%	▼
Class B/C Vacancy Rate	19.9%	12.5%	17.1%	▲
Sublet % of Vacant	8.3%	9.5%	8.5%	▲
Avg. Class A Net Rent (PSF)	\$19.31	-	\$19.31	▼
Quarter Net Absorption	15,552	-61,912	-46,360	▼
Quarter New Supply	0	0	0	◀▶
Under Construction	0	28,320	28,320	◀▶

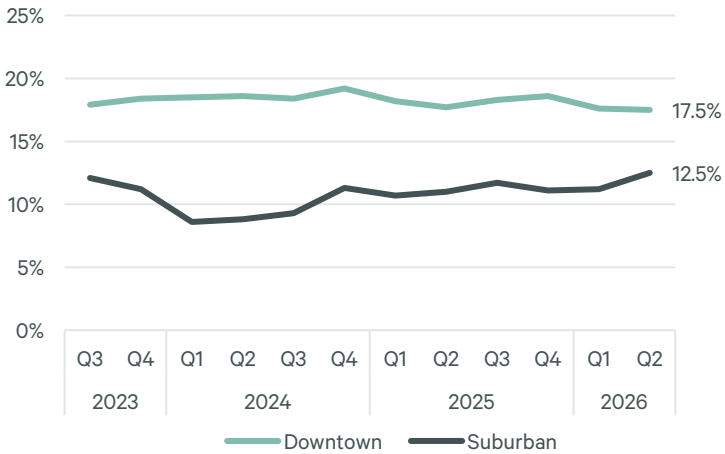
METRO SUPPLY & DEMAND



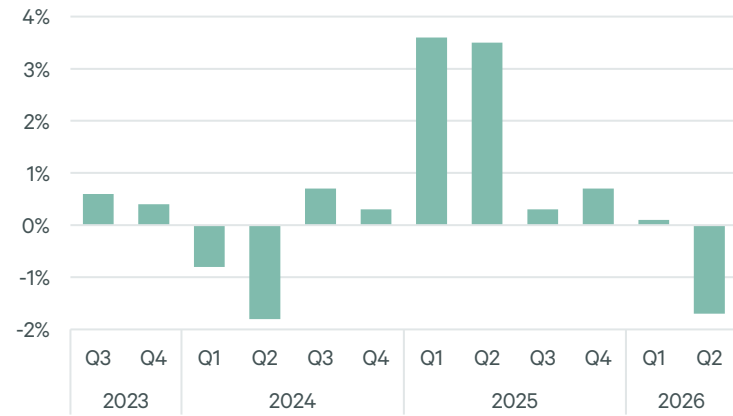
UNDER CONSTRUCTION



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

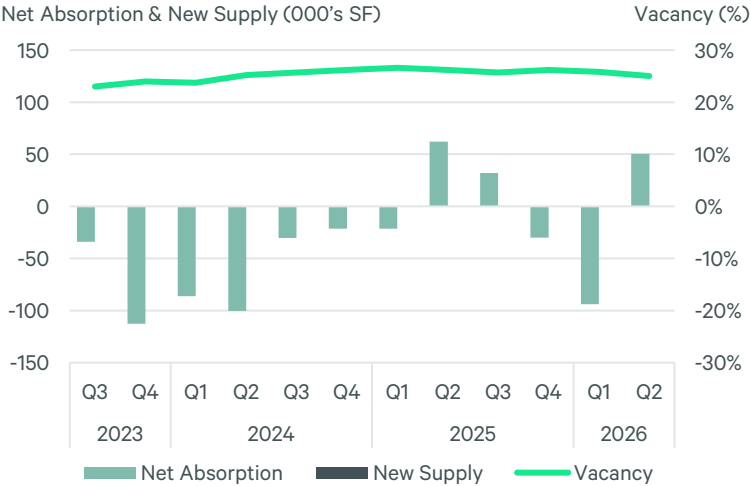


London

The overall vacancy rate dropped 80 bps to 25.0% this quarter due to activity in the Core. 380 Wellington Street in particular saw a significant reduction in vacant space due to new leasing and the addition of a new shared space. This gradual recovery of downtown was concentrated in Class A and B space, reflecting flight-to-quality.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	4,380,809	1,559,529	5,940,338	◀▶
Overall Vacancy Rate	29.6%	12.0%	25.0%	▼
Trophy Vacancy Rate	-	-	-	
Class A Vacancy Rate	21.7%	-	21.7%	▼
Class B/C Vacancy Rate	35.6%	12.0%	26.5%	▼
Sublet % of Vacant	4.9%	2.2%	4.5%	▼
Avg. Class A Net Rent (PSF)	\$15.70	-	\$15.70	▲
Quarter Net Absorption	82,380	-32,041	50,339	▲
Quarter New Supply	0	0	0	◀▶
Under Construction	0	0	0	◀▶

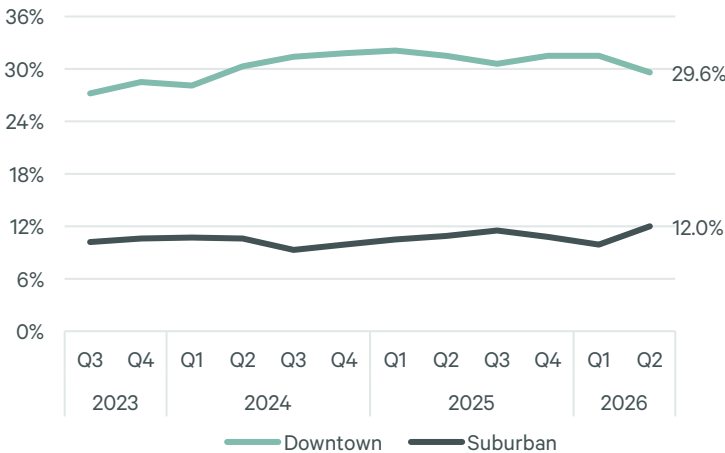
METRO SUPPLY & DEMAND



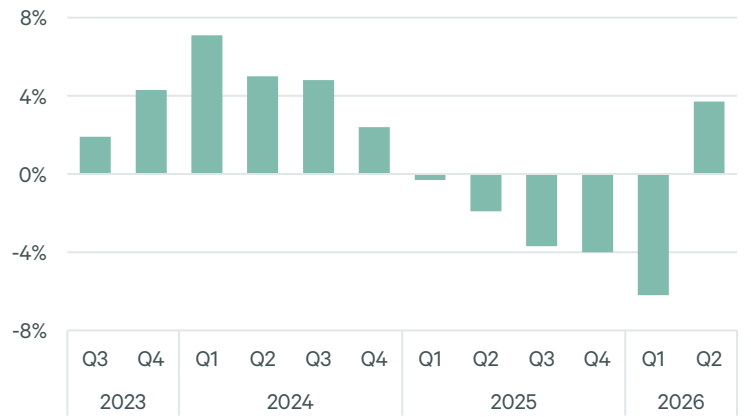
UNDER CONSTRUCTION



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

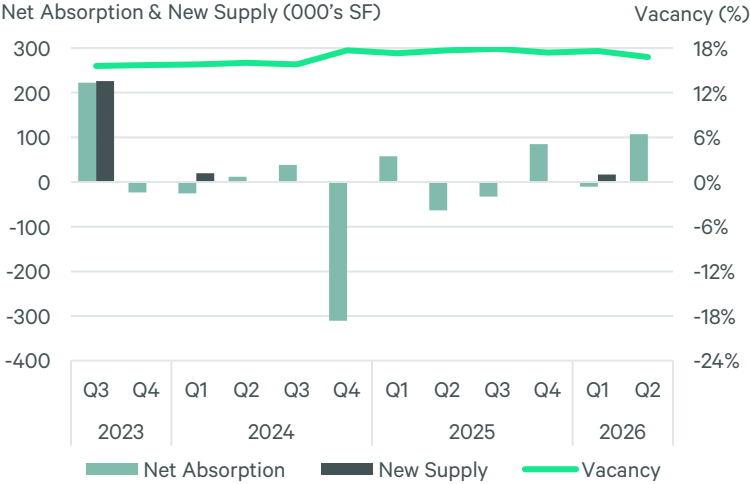


Waterloo Region

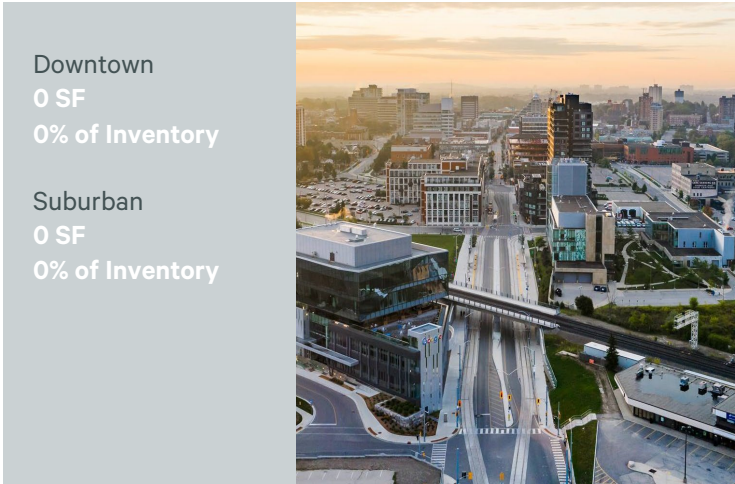
Leasing activity continues to be driven by smaller tenants, typically in the 5,000 to 10,000 sq. ft. range, with demand from sectors such as artificial intelligence, cybersecurity, and medical technology. Activity is largely tied to companies relocating or adjusting space, rather than expansions.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	4,717,364	11,564,212	16,281,576	▼
Overall Vacancy Rate	30.0%	11.4%	16.8%	▼
Trophy Vacancy Rate	-	-	-	
Class A Vacancy Rate	20.4%	15.2%	16.4%	▼
Class B/C Vacancy Rate	35.6%	7.7%	16.2%	▼
Sublet % of Vacant	5.7%	2.8%	4.3%	▼
Avg. Class A Net Rent (PSF)	\$26.29	\$16.59	\$19.09	▲
Quarter Net Absorption	20,724	86,386	107,110	▲
Quarter New Supply	0	0	0	▼
Under Construction	0	0	0	◄►

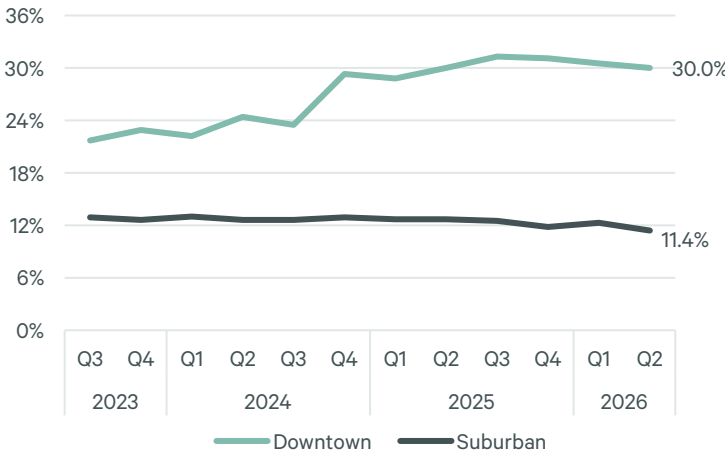
METRO SUPPLY & DEMAND



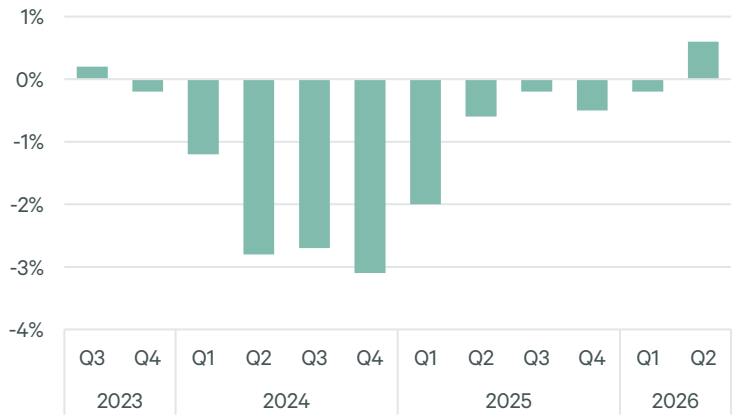
UNDER CONSTRUCTION



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH



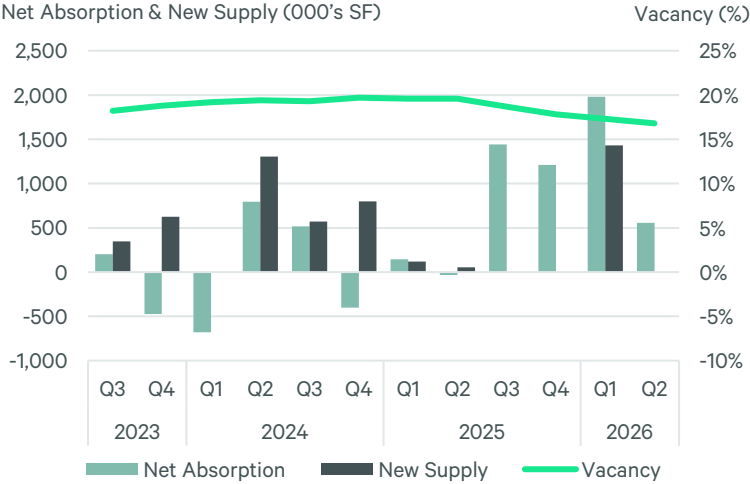
Toronto

After a record-setting nine-month period, downtown activity has moderated, leading to a 30 bps decline in vacancy to 14.1%. Demand remains concentrated on best-in-class space, however, has spread with Class AAA and brick-and-bream spaces accounting for the majority of downtown net absorption this quarter. Suburban trends are following suit, with Class A recording their largest quarterly net absorption figure since Q1 2020.

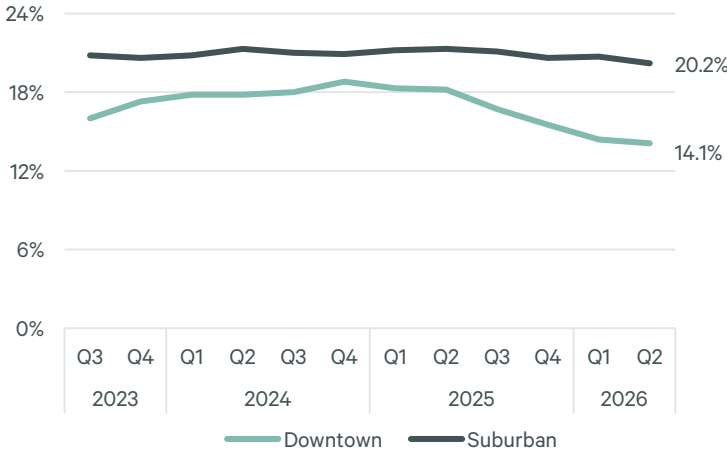
MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	95,434,786	77,165,651	172,600,437	▼
Overall Vacancy Rate	14.1%	20.2%	16.8%	▼
Trophy Vacancy Rate	2.6%	-	-	▼
Class A Vacancy Rate	10.8%	22.5%	15.5%	▼
Class B/C Vacancy Rate	23.0%	16.9%	19.2%	▼
Sublet % of Vacant	14.8%	8.8%	11.6%	▼
Avg. Class A Net Rent (PSF)	\$36.12	\$19.61	\$29.54	▲
Quarter Net Absorption	97,965	458,284	556,249	▼
Quarter New Supply	0	0	0	▼
Under Construction	420,277	202,662	622,939	◄►

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

METRO SUPPLY & DEMAND



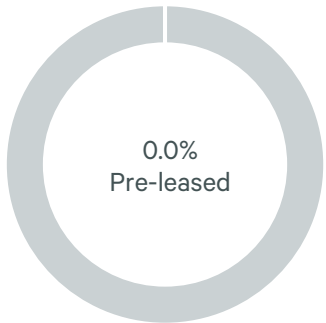
DOWNTOWN VS SUBURBAN VACANCY



UNDER CONSTRUCTION

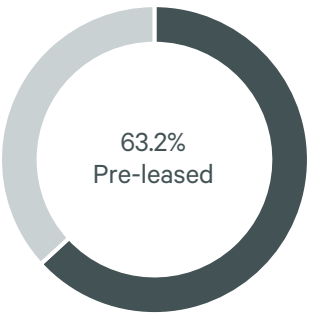
Downtown

0.4 MSF
0.4% of Inventory

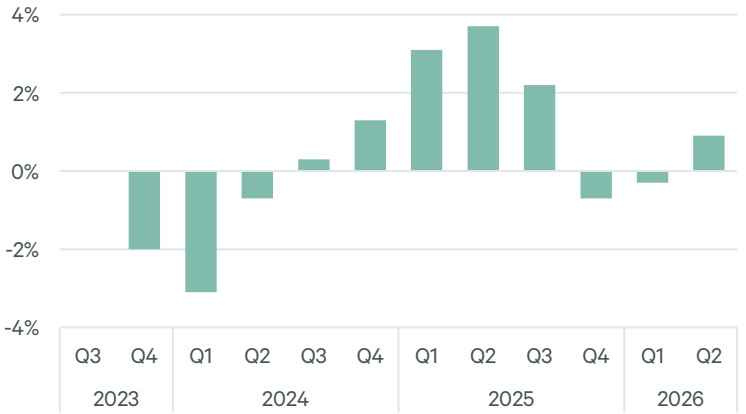


Suburban

0.2 MSF
0.3% of Inventory



METRO CLASS A RENT, Y-o-Y GROWTH



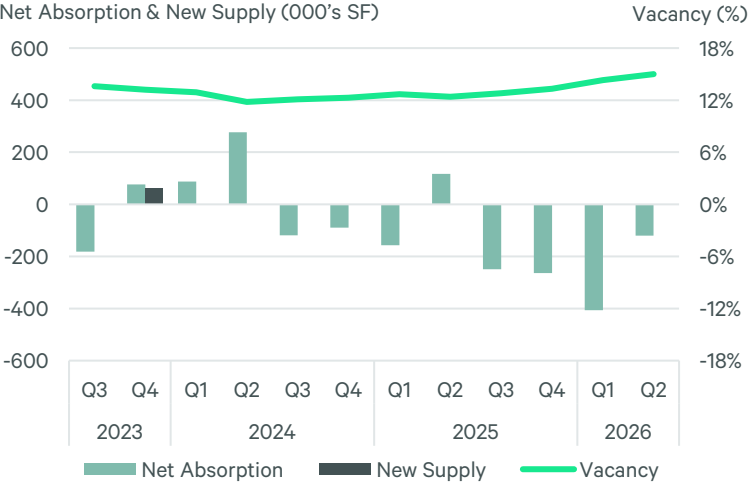
Ottawa

Ottawa has maintained its trend of large-block vacancies coming to market, contributing to a continued rise in vacancy. As the federal government’s four-day return-to-office mandate nears, their anticipated demand has supported improving leasing sentiment. Meanwhile, ongoing flight-to-quality trends have continued to push office occupiers towards higher value assets.

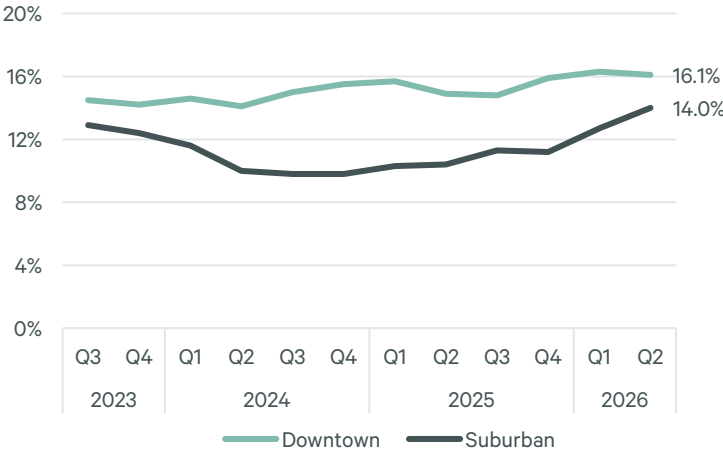
MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	18,034,820	22,595,758	40,630,578	▲
Overall Vacancy Rate	16.1%	14.0%	15.0%	▲
Trophy Vacancy Rate	-	-	-	
Class A Vacancy Rate	13.8%	13.4%	13.5%	▲
Class B/C Vacancy Rate	19.8%	15.2%	17.4%	▲
Sublet % of Vacant	11.2%	9.6%	10.4%	▲
Avg. Class A Net Rent (PSF)	\$23.60	\$15.79	\$18.97	▼
Quarter Net Absorption	21,661	-141,915	-120,254	▲
Quarter New Supply	0	0	0	◄►
Under Construction	0	0	0	◄►

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

METRO SUPPLY & DEMAND



DOWNTOWN VS SUBURBAN VACANCY

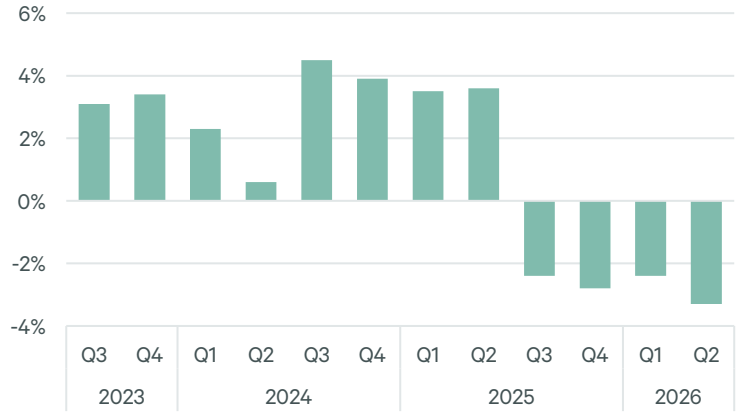


UNDER CONSTRUCTION

Downtown
0 SF
0% of Inventory

Suburban
0 SF
0% of Inventory

METRO CLASS A RENT, Y-o-Y GROWTH

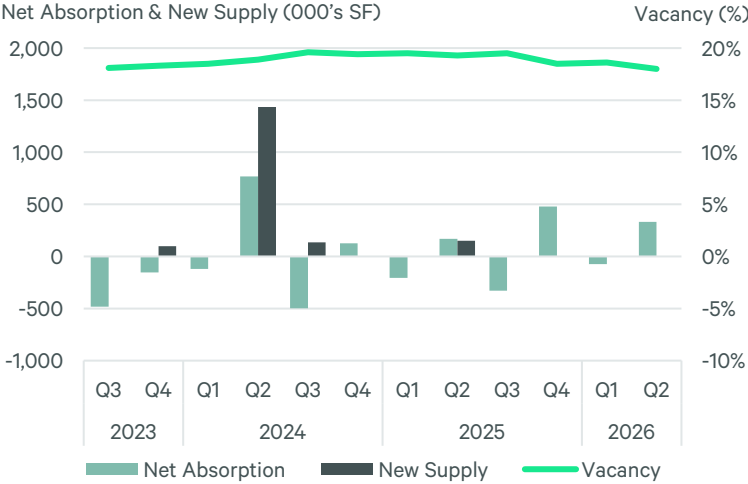


Montreal

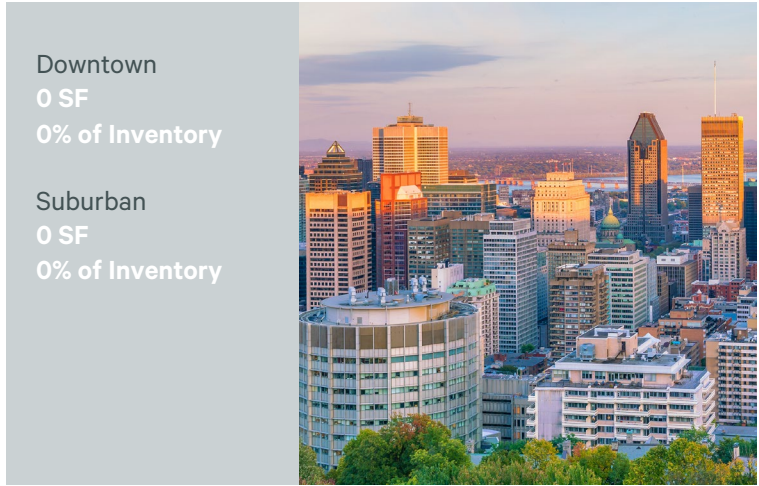
Class AAA vacancy increased by a slight 10 bps to 6.3% this quarter due to sublet additions. Direct vacancy, meanwhile, has continued to decrease and currently stands at 4.8%. Net asking rents are widening within this in-demand product tier, with the tightest properties now commanding as high as \$43.00 per sq. ft.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	47,402,377	35,946,598	83,348,975	◀▶
Overall Vacancy Rate	16.9%	19.4%	18.0%	▼
Trophy Vacancy Rate	6.3%	-	-	▲
Class A Vacancy Rate	13.7%	16.0%	14.5%	▼
Class B Vacancy Rate	20.8%	22.2%	21.5%	▼
Sublet % of Vacant	8.0%	11.1%	9.5%	▼
Avg. Class A Net Rent (PSF)	\$26.26	\$17.96	\$22.93	▲
Quarter Net Absorption	246,353	86,144	332,497	▲
Quarter New Supply	0	0	0	◀▶
Under Construction	0	0	0	◀▶

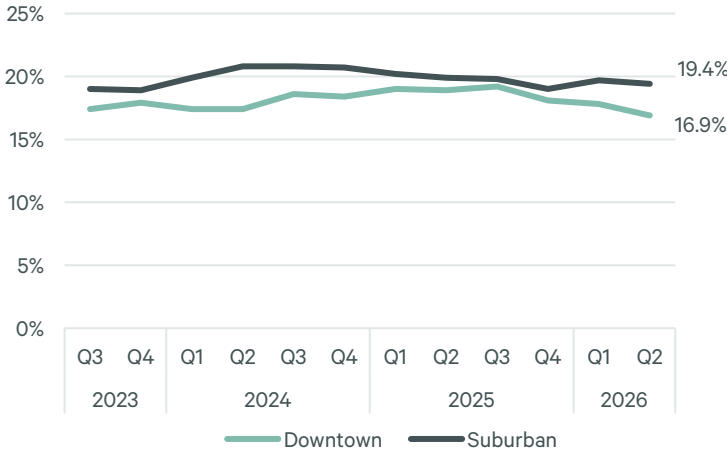
METRO SUPPLY & DEMAND



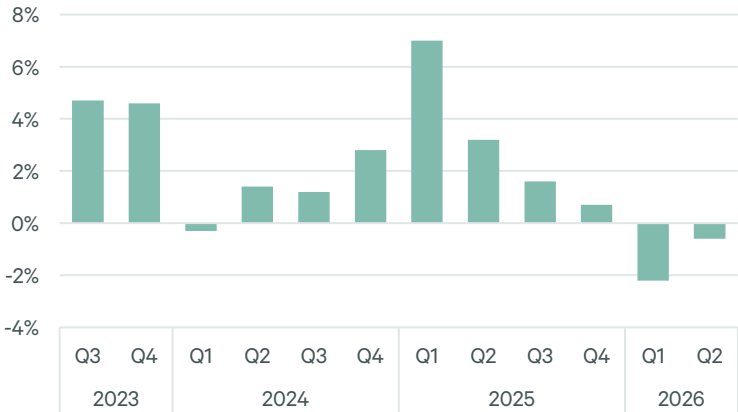
UNDER CONSTRUCTION



DOWNTOWN VS SUBURBAN VACANCY



METRO CLASS A RENT, Y-o-Y GROWTH

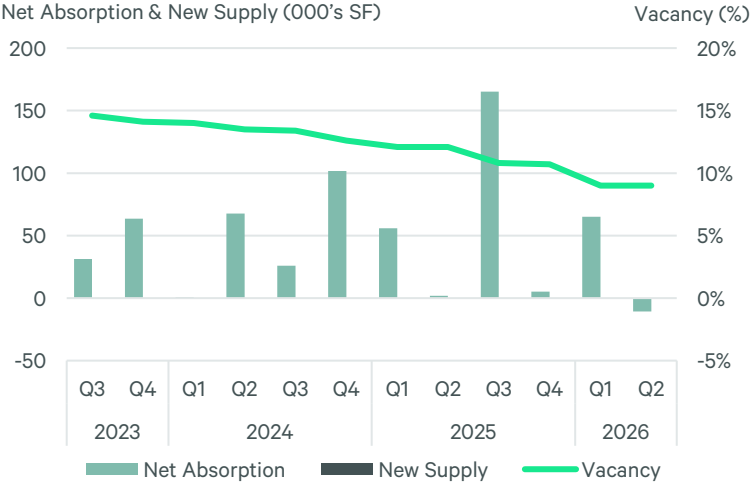


Halifax

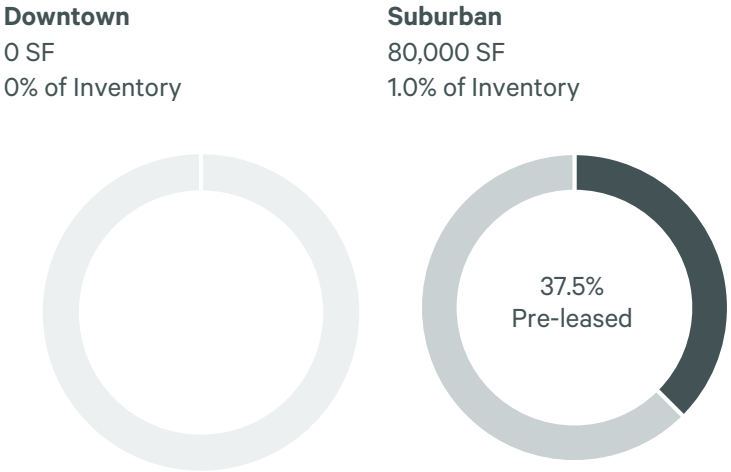
Halifax’s office market remains constrained, with vacancy holding at 9.0%, limiting the range of viable options for tenants. Despite a modest pullback in absorption this quarter, the availability of suitable space, particularly larger contiguous blocks, remains restricted, requiring many occupiers to extend search timelines or adjust requirements as they navigate an increasingly competitive leasing environment.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	5,135,618	7,651,425	12,787,043	◀▶
Overall Vacancy Rate	12.4%	6.8%	9.0%	◀▶
Trophy Vacancy Rate	-	-	-	
Class A Vacancy Rate	11.8%	8.1%	10.0%	▼
Class B/C Vacancy Rate	12.8%	6.3%	8.5%	▲
Sublet % of Vacant	1.1%	5.4%	3.0%	▼
Avg. Class A Net Rent (PSF)	\$20.91	\$18.75	\$20.04	▲
Quarter Net Absorption	5,666	-16,310	-10,644	▼
Quarter New Supply	0	0	0	◀▶
Under Construction	0	80,000	80,000	◀▶

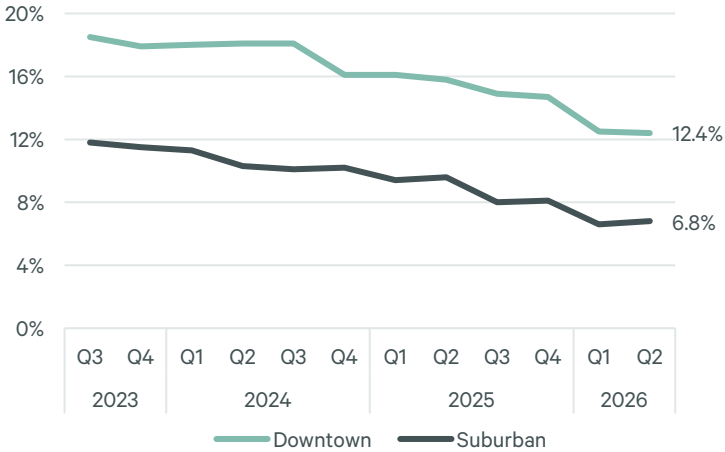
METRO SUPPLY & DEMAND



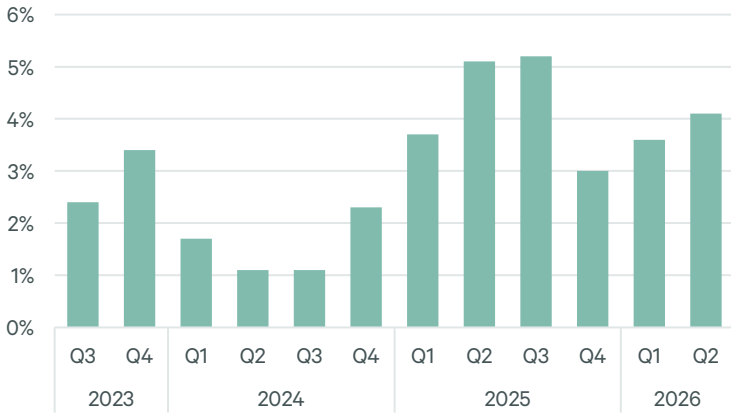
UNDER CONSTRUCTION



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 in sq. ft. of competitive buildings in the market.

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 is that which is offered for lease directly by the building owner or landlord, and Sublet which is offered for lease indirectly by a tenant.

Vacancy Rate: Total Vacant Space divided by the NRA, expressed as a percent. Vacancy is often reported by Class, which is a classification system that segments properties relative to the quality and characteristics found in each individual market.

- **Trophy:** The top tier of office product, also referred to as Class AAA. These landmark, best-in-class properties occupy premier locations and offer the highest-quality finishes, amenities and building systems. Trophy assets command top-of-market rents and often are the most sought-after space in their markets. Not all markets contain properties of this tier.
- **Class A:** High-quality properties that are well-located and competitive for a broad range of tenants and are distinguished by their finishes, amenities and rent levels. Class A is inclusive of Trophy for reporting purposes.
- **Class B/C:** Composite of older vintage B and C properties with dated finishes and in secondary locations, offering the most affordable pricing.

Sublet % of Vacant Space: Total Sublet Space divided by the Total Vacant Space. Calculated as a percent.

Average Class A Net Asking Rent: A calculated average of marketed Class A rents that excludes additional costs (real estate 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 buildings 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.