



Q2 2024

COLLIERS CANADA

# National Market Snapshot

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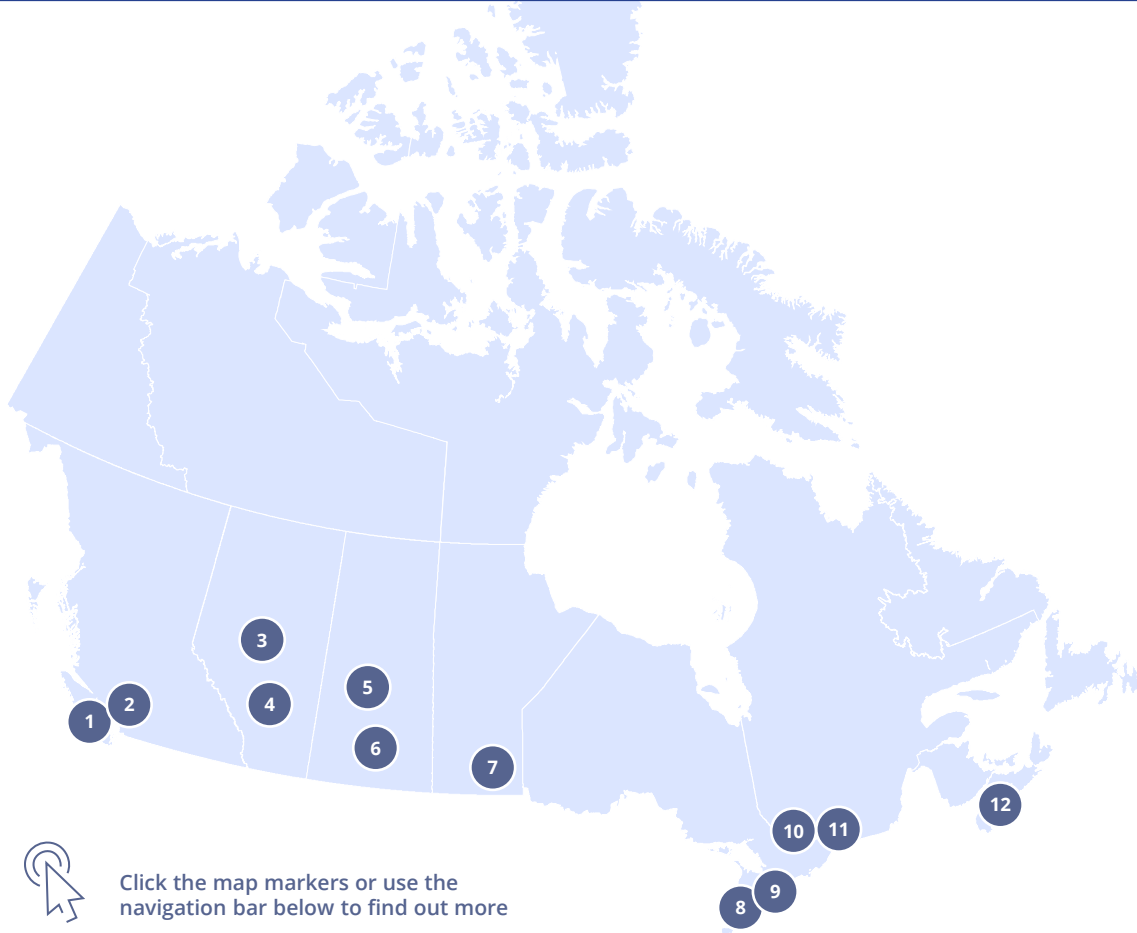


# Canada Office

Office

Industrial

Overview



	Market	Vacancy Rate	QoQ	Sublet as % of Vacancy	QoQ	Net Asking Rent (PSF)	QoQ
1	Victoria	7.9%	↑	12.5%	↑	\$23.65	↑
2	Vancouver	8.9%	↑	25.3%	↑	\$34.23	↓
3	Edmonton	18.6%	↓	10.1%	↑	\$17.26	↑
4	Calgary	24.7%	↓	12.8%	↓	\$15.60	↑
5	Saskatoon	13.7%	↑	1.3%	↓	\$19.81	↓
6	Regina	12.4%	↑	7.4%	↑	\$15.41	↑
7	Winnipeg	14.4%	↓	12.4%	↑	\$16.02	↓
8	Waterloo	13.1%	↑	23.1%	↓	\$16.30	↑
9	Toronto	12.6%	↑	20.3%	↓	\$25.89	↑
10	Ottawa	11.5%	↓	10.2%	↓	\$17.02	↓
11	Montréal	17.1%	↑	18.0%	↑	\$19.78	↑
12	Halifax	14.2%	↑	8.7%	↑	\$16.63	↑

Canada

Victoria

Vancouver

Edmonton

Calgary

Saskatoon

Regina

Winnipeg

Waterloo

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Ottawa

Montréal

Halifax

# Canada Industrial

Office

Industrial

Overview



	Market	Vacancy Rate	QoQ	Sublet as % of Vacancy	QoQ	Net Asking Rent (PSF)	QoQ
1	Victoria	3.3%	↑	2.3%	↑	\$20.85	↑
2	Vancouver	3.0%	↑	23.4%	↓	\$20.91	↓
3	Edmonton	4.3%	↔	17.3%	↑	\$10.71	↑
4	Calgary	3.3%	↓	8.6%	↑	\$12.26	↑
5	Saskatoon	1.5%	↔	7.9%	↑	\$12.48	↑
6	Regina	3.0%	↑	3.4%	↓	\$11.73	↑
7	Winnipeg	2.5%	↓	4.0%	↑	\$10.24	↓
8	Waterloo	2.0%	↑	8.2%	↓	\$14.09	↑
9	Toronto	2.1%	↑	11.5%	↑	\$18.17	↓
10	Ottawa	1.8%	↓	25.7%	↑	\$15.74	↑
11	Montréal	3.4%	↑	14.4%	↑	\$15.37	↓
12	Halifax	7.8%	↑	0.0%	↓	\$15.64	↑

Canada

Victoria

Vancouver

Edmonton

Calgary

Saskatoon

Regina

Winnipeg

Waterloo

Toronto

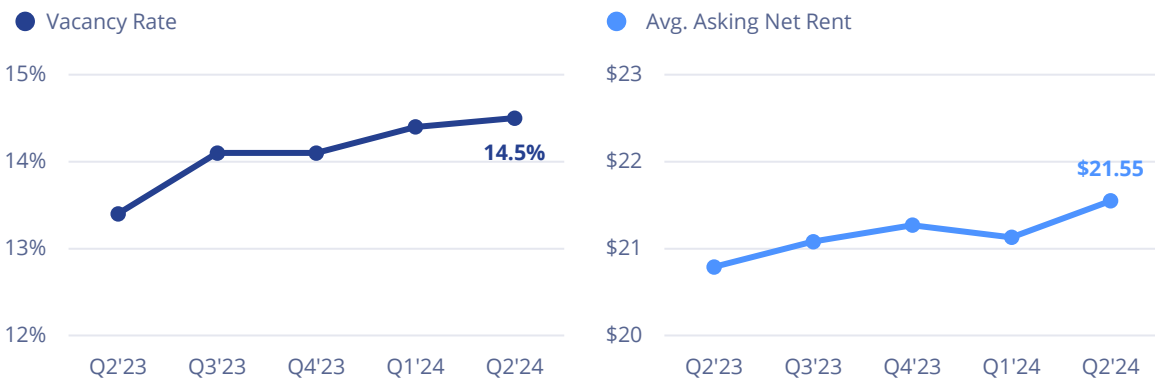
Ottawa

Montréal

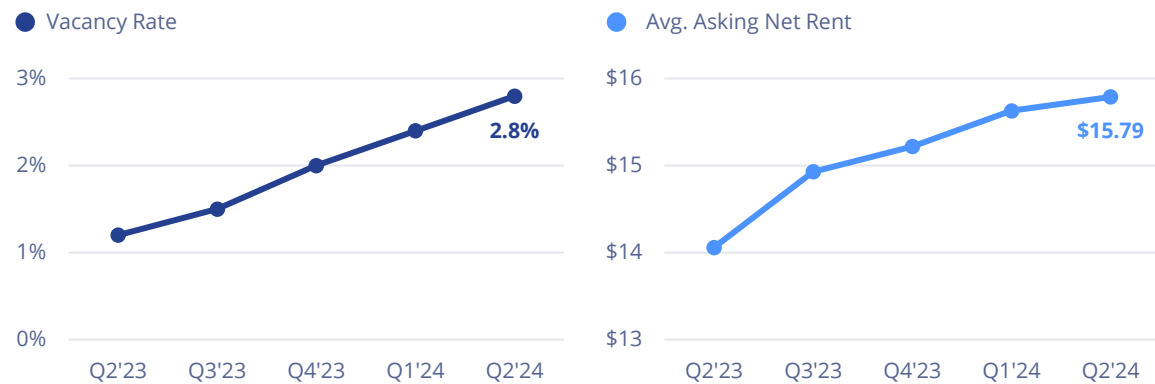
Halifax

# Canada Overview

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

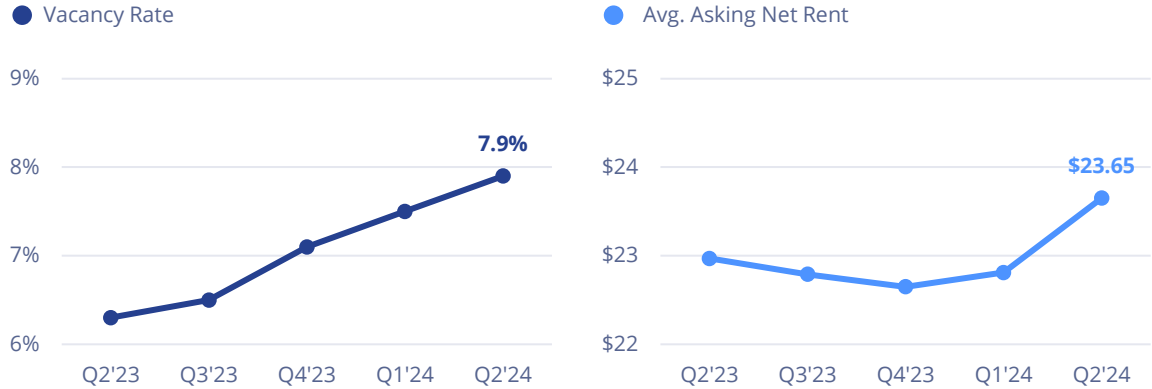
- In Q2, the Bank of Canada cut its key interest rate by 25 basis points, down to 4.75%. While this alone may not be enough to dramatically shift the tide and reduce payments on lending, the overall sentiment surrounding this move can be viewed as positive. Ripple effects from this move have not yet been felt, but it remains a key topic to monitor during the second half of the year.
- After a temporary dip in office asking net rental rates, the national average did increase quarter-over-quarter to \$21.55 per square foot. While vacancy rates at the local level can fluctuate market-by-market there is a certain steadiness now displayed nationally with the overall rate having increased by only 40 basis points since Q3 2023.
- The industrial market has seen some noteworthy shifts over the past 18 months. In Q4 2022, major markets like Montreal, Toronto, and Vancouver were all experiencing sub-1.0% vacancy rents and record rental rate growth. As of Q2 2024, smaller markets like Ottawa and Saskatoon are experiencing the lowest vacancies in the country at under 2.0%.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	16.2%	↑	12.7%	↔	14.5%	↑	2.8%	↑
Total Vacancy (SF)	54,060,128	↑	39,633,987	↑	93,694,115	↑	57,953,594	↑
Direct Vacancy (SF)	45,018,443	↑	32,898,122	↑	77,916,565	↑	50,158,746	↑
Sublet Vacancy (SF)	9,041,685	↓	6,735,865	↑	15,777,550	↓	7,794,848	↑
Industrial Availability Rate	-	-	-	-	-	-	4.4%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	85,945,899	↑
Avg. Asking Net Rent (PSF)	\$24.20	↑	\$17.74	↑	\$21.55	↑	\$15.79	↑
Net Absorption (SF)	49,652	↓	-731,572	↓	-681,920	↓	-3,515,986	↓
Net Absorption (SF) - YTD	1,342,023	-	-980,652	-	361,371	-	111,160	-
New Supply (SF)	615,292	↓	329,980	↓	945,272	↓	4,811,389	↓
New Supply (SF) - YTD	3,643,592	-	776,665	-	4,420,257	-	17,242,089	-
Under Construction (SF)	4,473,823	↑	4,150,827	↓	8,827,267	↓	35,200,413	↑

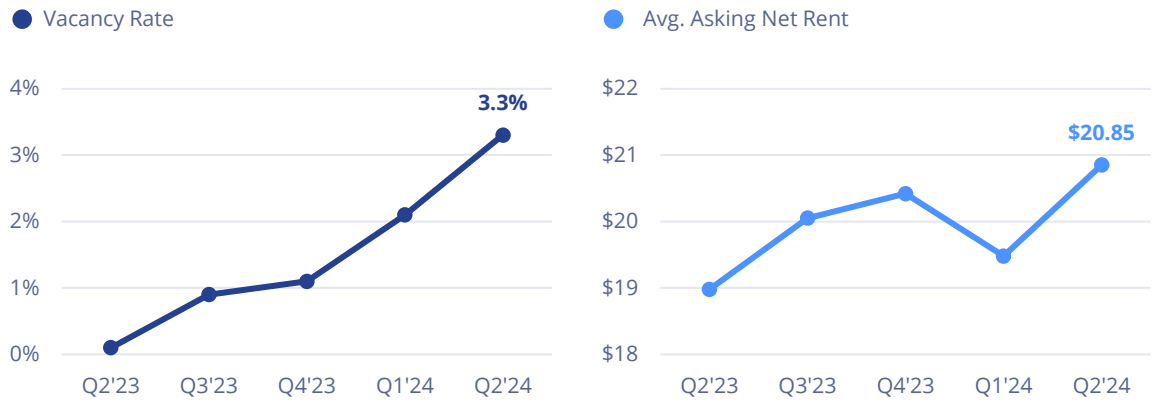
Q2 2024

# Victoria Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

- The Greater Victoria office market experienced a slight uptick in vacancy this quarter, with a vacancy rate of 7.9% and a net negative absorption of 42,000 square feet. Downtown Victoria saw a more significant change, with the vacancy rate rising to 8.6%, representing a 110-basis point increase from the previous quarter. A substantial amount of sublease space entered the market this quarter, causing sublease vacancy to account for 12.6% of the overall office vacancy.
- Demand for finished office space remained strong throughout Q2, while older, shell space units struggled to find tenants. This trend highlights the continued "flight to quality" among downtown office tenants, as lower vacancy rates were consistently observed in higher-quality office spaces.
- Like what was seen in Q1, Victoria's industrial vacancy rate climbed another 120 basis points this quarter, accompanied by a negative net absorption of 123,000 square feet. These trends are primarily due to another influx of industrial strata warehouse space being delivered to the market this quarter. However, despite the rise in vacancy, the industrial market remains competitive as the average asking net rate per square foot climbed to \$20.85 this quarter, a 6.9% increase from Q1, a 9.7% increase year-over-year, and only \$0.06 behind Vancouver for the highest in Canada.
- Wildcat Industrial, IntraUrban Phase 3, and WestShore Business Park all completed construction this quarter, contributing a combined 251,000 square feet of new inventory to the Westshore Region. While the rest of Greater Victoria saw their vacancy rates hover around 1% in Q2, the delivery of these strata warehouses to the market caused the Westshore industrial vacancy rate to surpass 12%.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	8.6%	↑	7.1%	↓	7.9%	↑	3.3%	↑
Total Vacancy (SF)	434,733	↑	287,646	↓	722,379	↑	331,860	↑
Direct Vacancy (SF)	380,329	↑	251,506	↓	631,835	↑	324,113	↑
Sublet Vacancy (SF)	54,404	↑	36,140	↑	90,544	↑	7,747	↑
Industrial Availability Rate	-		-		-		-	
Industrial Available Space (SF)	-		-		-		-	
Avg. Asking Net Rent (PSF)	\$24.25	↑	\$22.85	↓	\$23.65	↑	\$20.85	↑
Net Absorption (SF)	-52,988	↓	10,770	↑	-42,218	↑	-122,862	↓
Net Absorption (SF) - YTD	-66,658		-31,703		-98,361		-223,647	
New Supply (SF)	0	↔	0	↔	0	↔	251,523	↑
New Supply (SF) - YTD	0		0		0		451,405	
Under Construction (SF)	158,441	↔	0	↔	158,441	↔	0	↓

Canada

Victoria

Vancouver

Edmonton

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Saskatoon

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Toronto

Ottawa

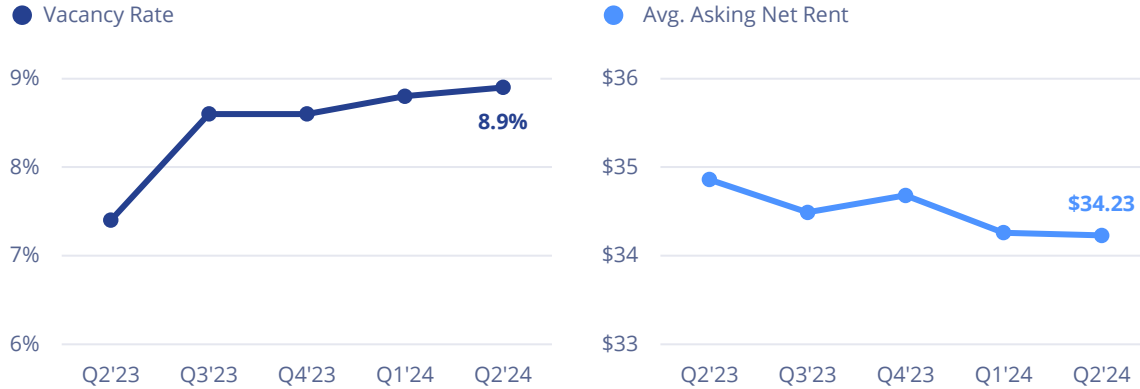
Montréal

Halifax

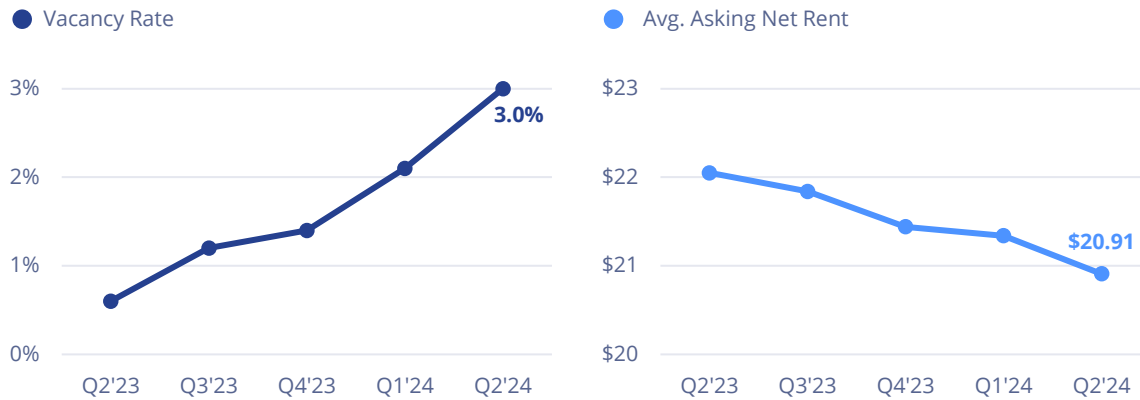
Q2 2024

# Vancouver Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

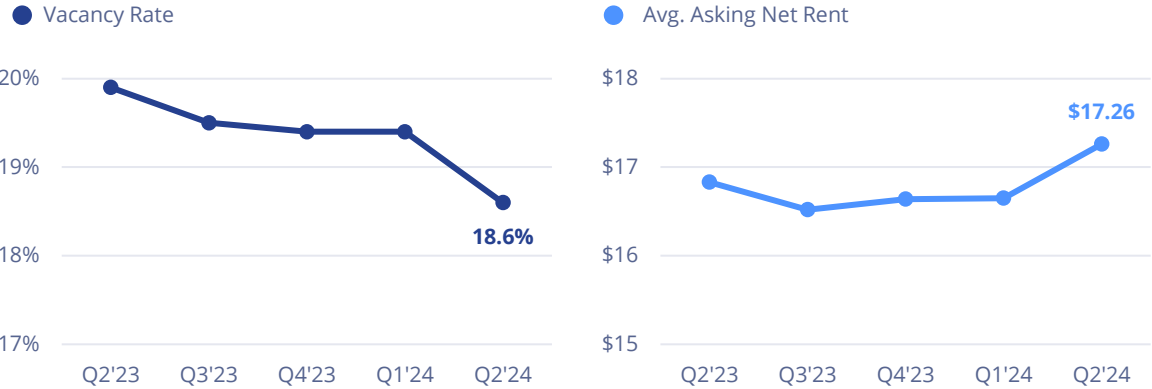
- Despite the vacancy rate of the Greater Vancouver Area's office market continuing to rise, reaching at 8.9% this quarter, the Downtown market declined by 10 basis points quarter-over-quarter. This marked the third consecutive quarter of decreasing vacancy in the Downtown market, due to the continued absorption of move-in ready sublease space.
- Of the 326,000 square feet of office supply delivered in Q2, 89% of that is available for lease. This includes the Discovery Campus at 3700 Gilmore Way in Burnaby with over 180,000 square feet, where video game publisher Electronic Arts decided to give up its expansion and place the entire new building on the sublease market.
- The Vancouver industrial market continues to experience slow movement under softening requirements for leasing. The vacancy rate jumped 90 basis points quarter-over-quarter to 3.0%, the highest it has been since 2015. The growth in availability was not as prominent, rising marginally from 3.6% in Q1 to 3.8% in Q2. It is noteworthy that most of the increase in vacancy this quarter is from listings which were previously tenanted now becoming vacant and move-in-ready.
- A record low absorption of negative 1.6 million square feet was recorded this quarter, a direct result of the increase in vacancy, which puts the year-to-date net absorption level at negative 2.2 million square feet. Downward pressure on rental rates remains as average asking net rates dropped 5% year-over-year to \$20.91 per square feet, its lowest level since Q3 2022. While this figure is still the highest in Canada, the gap is narrowing.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	11.6%	↓	6.7%	↑	8.9%	↑	3.0%	↑
Total Vacancy (SF)	3,844,852	↓	2,731,225	↑	6,576,077	↑	6,917,877	↑
Direct Vacancy (SF)	3,048,313	↑	1,861,585	↓	4,909,898	↑	5,298,775	↑
Sublet Vacancy (SF)	796,539	↓	869,640	↑	1,666,179	↑	1,619,102	↑
Industrial Availability Rate	-	-	-	-	-	-	3.8%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	8,780,259	↑
Avg. Asking Net Rent (PSF)	\$37.71	↓	\$28.37	↑	\$34.23	↓	\$20.91	↓
Net Absorption (SF)	94,713	↑	140,449	↑	235,162	↑	-1,644,587	↓
Net Absorption (SF) - YTD	108,326	-	166,854	-	275,180	-	-2,215,410	-
New Supply (SF)	51,561	↑	274,980	↑	326,541	↑	553,181	↓
New Supply (SF) - YTD	51,561	-	443,670	-	495,231	-	1,427,161	-
Under Construction (SF)	162,099	↓	3,555,394	↓	3,717,493	↓	7,602,898	↑

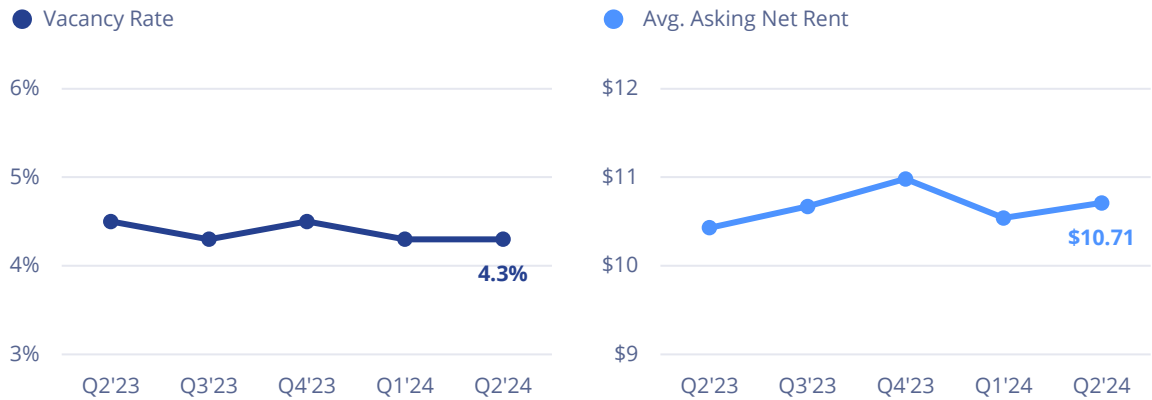
Q2 2024

# Edmonton Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

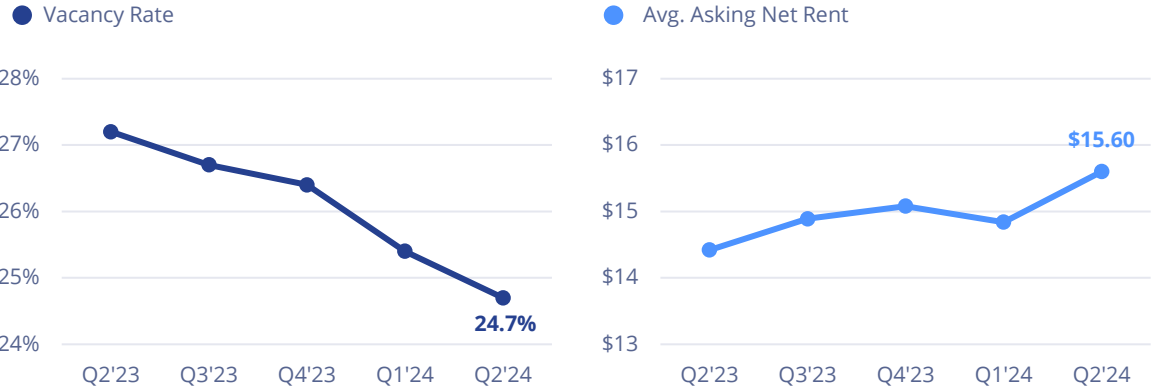
- The Edmonton office market reported over 120,000 square feet of positive absorption and a decrease in vacancy in the second quarter of 2024. Overall, Edmonton is experiencing a stronger market as the vacancy across the entire city decreased in each district from Downtown Financial, Downtown Government, and the total Suburban district.
- The building conversion trend continues in the Edmonton office market as we removed two significant buildings from office inventory. Plaza 50 is undergoing conversion into a hotel, thereby removing 85,000 square feet from the Suburban districts. Additionally, the partial residential conversion of the Phipps McKinnon building has removed 95,851 square feet from Downtown.
- Edmonton's industrial market has remained stable with the overall vacancy rate remaining at 4.3%. Availability did grow by 70 basis points to 8.8%, due in part to around 294,000 square feet of new supply that came to the market where none of it was pre-leased. No new construction started during this quarter but there is still just under 2 million square feet in the pipeline with 1.4 million square feet expected within the next six months. This will drive vacancy and availability rates up in the latter half of the year.
- Absorption remained positive this quarter despite the new supply. Notably, 132,621 square feet was leased in Sherwood Park at 8705 24 Street. The secondary markets of Leduc/Nisku, St. Albert, and Sherwood Park had high levels of absorption whereas Southeast Edmonton and Acheson recorded negative absorption.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	19.2%	↓	17.7%	↓	18.6%	↓	4.3%	↔
Total Vacancy (SF)	3,498,472	↓	2,097,680	↓	5,596,152	↓	7,012,472	↑
Direct Vacancy (SF)	3,083,932	↓	1,944,378	↓	5,028,310	↓	5,797,966	↓
Sublet Vacancy (SF)	414,540	↑	153,302	↓	567,842	↓	1,214,506	↑
Industrial Availability Rate	-	-	-	-	-	-	8.8%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	14,328,522	↑
Avg. Asking Net Rent (PSF)	\$18.25	↑	\$15.60	↓	\$17.26	↑	\$10.71	↑
Net Absorption (SF)	55,837	↓	65,914	↑	121,751	↑	254,058	↓
Net Absorption (SF) - YTD	106,217	-	7,759	-	113,976	-	796,339	-
New Supply (SF)	0	↔	0	↔	0	↔	294,738	↑
New Supply (SF) - YTD	0	-	0	-	0	-	294,738	-
Under Construction (SF)	0	↔	200,230	↑	200,230	↑	1,989,845	↓

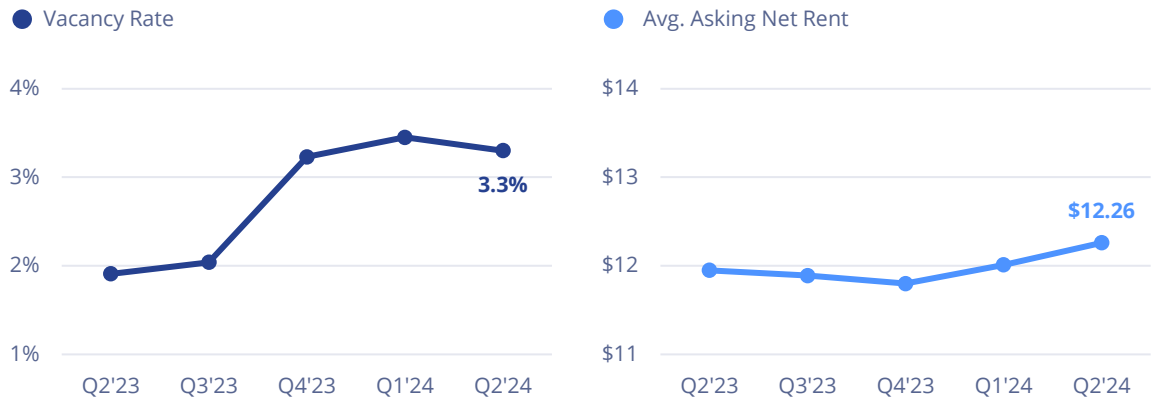
Q2 2024

# Calgary Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

- With another quarter of increased occupancy in the Downtown Calgary market, Q2 has demonstrated steady overall leasing activity, totaling approximately 111,000 square feet of positive absorption. Q2 2024 also marks the official opening of the BMO Event Centre Expansion at Stampede Park, making it the largest event centre in Western Canada. To date, more than 500 conventions and events have been booked into the expansion post-opening, with the economic impact to Calgary projected to reach more than \$100 million annually.
- Both the Suburban and Beltline markets reported flat quarters in terms of leasing activity, but inventory changes have resulted in large fluctuations in vacancy. Notably, vacancy in the Beltline market decreased by 358 basis points compared to last quarter, settling at an overall rate of 21.08%. This is due to the removal of Beltline Block from inventory, as it will be demolished and replaced by a residential tower. The removal of this large block of space will further decrease the number of contiguous spaces available for larger occupiers in the Beltline market, leaving fewer than ten spaces over 30,000 square feet currently available.
- The Greater Calgary Area industrial market experienced a strong quarter of leasing activity in Q2 2024, with vacancy from new supply being offset primarily by negative net absorption in existing buildings. Leases in buildings that completed construction with vacant space in previous quarters was certainly a driver of the 15-basis point decrease in the vacancy rate, but certain large pockets of vacant space in older buildings were also sold or leased. Availability of industrial freestanding buildings remains tight, and the scarcity of space with yard or outside storage space continues to pose a challenge for users.

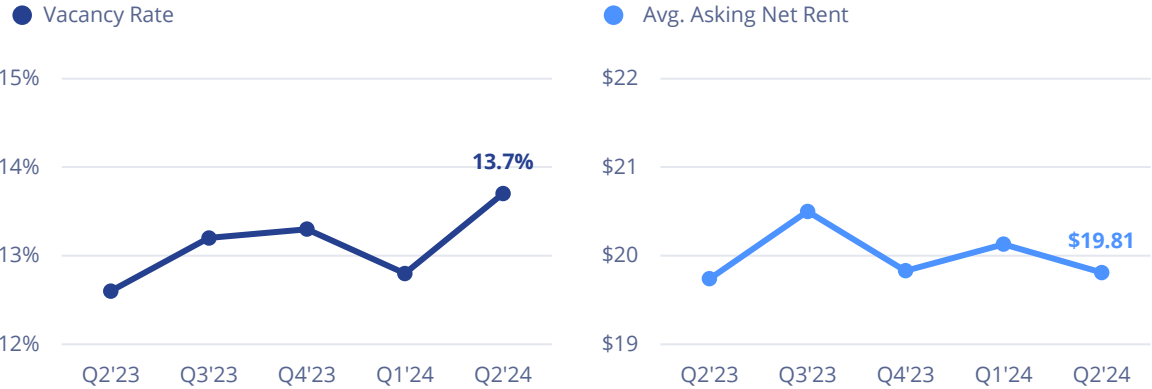
Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	27.2%	↓	20.9%	↓	24.7%	↓	3.3%	↓
Total Vacancy (SF)	11,440,885	↓	5,999,524	↓	17,440,409	↓	5,719,401	↓
Direct Vacancy (SF)	9,737,689	↓	5,469,556	↓	15,207,245	↓	5,224,992	↓
Sublet Vacancy (SF)	1,703,196	↓	529,968	↓	2,233,164	↓	494,409	↑
Industrial Availability Rate	-	-	-	-	-	-	5.7%	↓
Industrial Available Space (SF)	-	-	-	-	-	-	9,814,396	↓
Avg. Asking Net Rent (PSF)	\$14.84	↑	\$16.93	↑	\$15.60	↑	\$12.26	↑
Net Absorption (SF)	170,691	↑	102,963	↑	273,654	↑	670,875	↓
Net Absorption (SF) - YTD	215,347	-	17,042	-	232,389	-	2,536,682	-
New Supply (SF)	0	↔	55,000	↑	55,000	↑	426,829	↓
New Supply (SF) - YTD	0	-	173,000	-	173,000	-	2,741,682	-
Under Construction (SF)	0	↔	0	↓	0	↓	2,417,950	↓



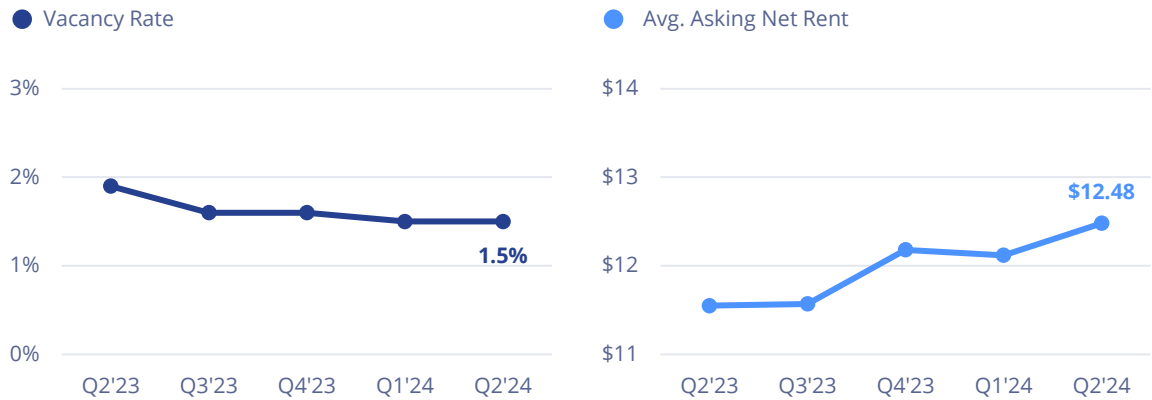
Q2 2024

# Saskatoon Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

- Saskatoon's office market saw notable negative absorption in Q2, primarily attributed to entire buildings arriving to market in both the Suburban and Downtown markets. In the Suburban market, the addition of the Cameco Operations Centre at 1131 Avenue W South brings 63,807 square feet available for purchase or lease. In the Downtown market, the Phoenix Building and Buckwold Warehouse bring an additional 67,569 square feet of Class B office space to market.
- Overall asking net rates in Saskatoon declined 1.6% over Q1 but have remained relatively stable year-over-year. Q2 saw a quarterly decline of nearly \$1.00 per square foot in net asking rental rates, driven by increased availability of Class B and C buildings offering rates below the market average. Prospective tenants continue to prefer fixtured spaces when considering their options, due to costs of construction that continue to outpace the annual rate of inflation.
- Absorption in Saskatoon's Industrial market turned negative in Q2; however, this change was not great enough to affect the total vacancy rate, which remains at 1.5% citywide. Looking forward, Saskatoon expects over 300,000 square feet of speculative industrial builds to enter the market by the end of 2024. This increase in industrial inventory has the potential to lower vacancy rates and stabilize net asking rates as tenants gain more options within the city.
- Saskatoon is in short supply of light industrial land (zoned IL1) ready for development. Light Industrial zoning allows for on-site showrooms and office spaces exceeding 25% of total floor area. Most available industrial land for purchase within the city limits is zoned heavy industrial (IH2) which prohibits these uses, thus limiting options for tenants needing these specific amenities.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	18.3%	↑	9.3%	↑	13.7%	↑	1.5%	↔
Total Vacancy (SF)	611,236	↑	324,243	↑	935,479	↑	360,289	↑
Direct Vacancy (SF)	600,923	↑	322,243	↑	923,166	↑	331,721	↑
Sublet Vacancy (SF)	10,313	↔	2,000	↓	12,313	↓	28,568	↑
Industrial Availability Rate	-		-		-		-	
Industrial Available Space (SF)	-		-		-		-	
Avg. Asking Net Rent (PSF)	\$19.34	↓	\$20.65	↑	\$19.81	↓	\$12.48	↑
Net Absorption (SF)	-14,047	↓	-48,842	↓	-62,889	↓	-5,462	↓
Net Absorption (SF) - YTD	12,882		-43,284		-30,402		41,959	
New Supply (SF)	0	↔	0	↔	0	↔	9,600	↓
New Supply (SF) - YTD	0		0		0		30,864	
Under Construction (SF)	0	↔	33,950	↑	33,950	↑	589,617	↑

Q2 2024

# Regina Market

## Office Fundamentals

● Vacancy Rate



● Avg. Asking Net Rent



## Industrial Fundamentals

● Vacancy Rate



● Avg. Asking Net Rent



## Key Findings

- The Regina office market saw a small uptick in vacancy over the course of Q2, increasing from 12.1% in Q1 to 12.4% this quarter. This can be contributed to just over 30,000 square feet coming available for sublease at Sherwood Place. Despite this, the market continues to see incremental signs of recovery.
- The Suburban market is strong with only a 2.4% vacancy rate in the second quarter, one of the lowest in all of Canada; however, it is important to remember that the Suburban market only takes up 23% of the total inventory. With the Downtown market accounting for a much larger share of inventory, its 15.3% vacancy rate brings the overall average up considerably. Regardless of this, the Regina market is faring better than many other office markets across the country with transaction volume expected to remain steady for the remainder of 2024.
- While we can say Regina's industrial sector has seen an increase in vacancy by more than 100 basis points quarter-over-quarter, little has changed in terms of climate. The majority of this vacancy increase can be attributed to the 109,000 square feet at Titan Business Park and the 79,000 square feet at 1700 Park Street. While these are substantial availabilities certain to appeal to prospective tenants, there is still a wealth of demand for industrial space in Regina with no substantial speculative builds in sight. To this point, there is less than 50,000 square feet currently under construction. However, there is still ample opportunity for this to change with an eager and interested investor.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	15.3%	↑	2.4%	↓	12.4%	↑	3.0%	↑
Total Vacancy (SF)	644,604	↑	30,415	↓	675,019	↑	749,694	↑
Direct Vacancy (SF)	605,445	↑	19,513	↓	624,958	↑	724,010	↑
Sublet Vacancy (SF)	39,159	↑	10,902	↔	50,061	↑	25,684	↓
Industrial Availability Rate	-		-		-		-	
Industrial Available Space (SF)	-		-		-		-	
Avg. Asking Net Rent (PSF)	\$15.53	↑	\$16.35	↑	\$15.41	↑	\$11.73	↑
Net Absorption (SF)	-80,940	↓	42,425	↓	-38,465	↓	-283,465	↓
Net Absorption (SF) - YTD	29,649		99,706		129,355		-336,863	
New Supply (SF)	0	↔	0	↔	0	↔	531,456	↑
New Supply (SF) - YTD	0		0		0		906,611	
Under Construction (SF)	0	↔	0	↔	0	↔	48,960	↓

Canada

Victoria

Vancouver

Edmonton

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Saskatoon

Regina

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Montréal

Halifax

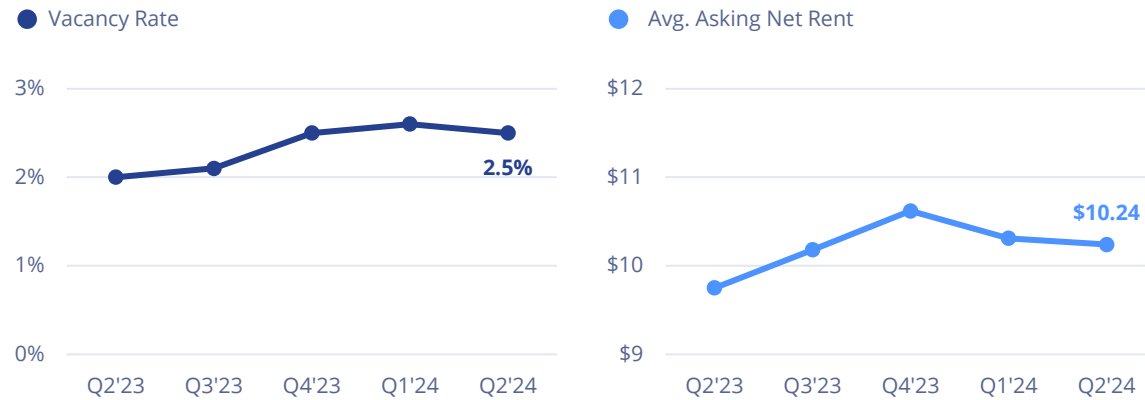
Q2 2024

# Winnipeg Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

- Winnipeg office market's average asking net rent continues to remain stable, currently sitting at \$16.02 per square foot. In fact, the stability is remarkable; over the last five quarters, the average rent figure has never fluctuated by more than a few cents quarter-over-quarter. No new supply was added to the inventory this quarter and the market appears to be slowly recuperating.
- The office market experienced a positive absorption of 13,056 square feet this quarter, which is relatively balanced across both the Downtown and Suburban markets. The overall vacancy rate has decreased by 10 basis points from the previous quarter. Both Class B and C buildings downtown appear to be experiencing an increased level of activity. Businesses are looking for more affordable spaces while also prioritizing location.
- The Winnipeg industrial market remains strong even throughout this year's second quarter. The demand continues to be robust, with a total of 107,874 square feet of space absorbed in the market. This came from previously conditionally leased spaces finalized this quarter, spaces which were heavily concentrated in the Northwest and East submarkets.
- Highlighting this quarter, Colliers has been entrusted with the listing of approximately 184 acres of prime industrial land called the Keystone Industrial Park. Situated in the heart of CentrePort, a key transportation hub, these lots offer a great opportunity for businesses that wish to settle or expand operations in one of the most sought-after industrial locations in the city. The site is located in the Rural Municipality of Rosser, with direct access to CentrePort Canada Way. There are a total of 24 lots with sizes varying from 4.84 to 9.47 acres, eight of which have already been pre-sold.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	16.7%	↑	7.7%	↓	14.4%	↓	2.5%	↓
Total Vacancy (SF)	2,106,293	↑	352,000	↓	2,458,293	↓	2,062,059	↓
Direct Vacancy (SF)	1,877,359	↑	275,448	↓	2,152,807	↓	1,978,579	↓
Sublet Vacancy (SF)	228,934	↑	76,552	↑	305,486	↑	83,480	↔
Industrial Availability Rate	-		-		-		-	
Industrial Available Space (SF)	-		-		-		-	
Avg. Asking Net Rent (PSF)	\$15.74	↓	\$18.01	↑	\$16.02	↓	\$10.24	↓
Net Absorption (SF)	7,296	↓	5,760	↑	13,056	↓	107,874	↑
Net Absorption (SF) - YTD	229,344		-1,791		227,553		107,492	
New Supply (SF)	0	↓	0	↔	0	↓	132,500	↑
New Supply (SF) - YTD	334,725		0		334,725		228,938	
Under Construction (SF)	0	↔	0	↔	0	↔	180,500	↓

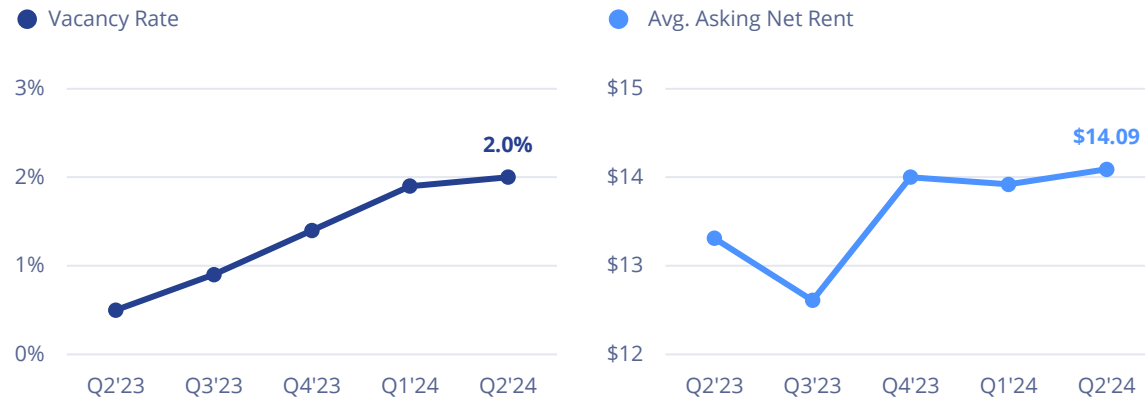
Q2 2024

# Waterloo Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

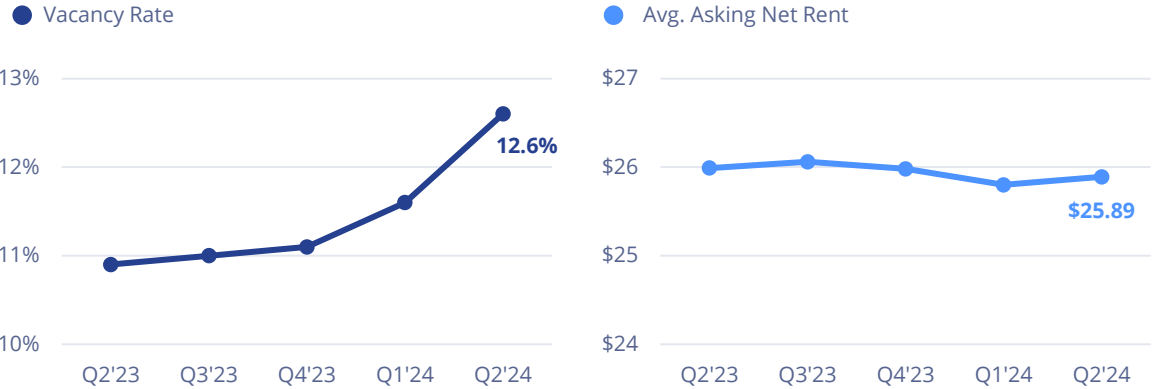
- Waterloo Region's office vacancy remains about the same at 13.1% even though there have been nine deals over 6,000 square feet while there was only one over the course of the previous quarter. This is because of the substantial increase in number of listings in the months of April and May.
- Companies are increasingly looking at Cambridge as well as areas of Suburban Kitchener such as Sportsworld and Deer Ridge Centre as they are better positioned geographically in the centre of the Region as well as its connections to Guelph and the Ontario 401 Highway that connects Toronto and London to Waterloo Region.
- On the investment side, office buildings over the past 18 months have mostly been purchased by users. However, now there are five office buildings over 50,000 square feet sitting on the markets without being sold.
- Over the past five years, there has been a significant reduction in the availability of smaller land parcels in the 2-10 acre range and geared towards owner-occupiers looking for industrial sites. As a result, land prices have surged dramatically from \$300,000 per acre in 2019 to over \$1,250,000 per acre as of writing. This increase has had a cascading effect on the value of existing properties, especially those under 50,000 square feet, as owner-occupiers can no longer buy land to build their own facilities. Consequently, there is a perpetual scarcity of options in this size range, with prices for these options remaining steady for both lease and sale. Looking ahead, this trend will continue to keep prices and demand high for industrial buildings of 50,000 square feet and below.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	18.9%	↑	9.7%	↓	13.1%	↑	2.0%	↑
Total Vacancy (SF)	996,112	↑	866,280	↓	1,862,392	↑	2,386,933	↑
Direct Vacancy (SF)	950,662	↑	481,497	↑	1,432,159	↑	2,190,640	↑
Sublet Vacancy (SF)	45,450	↓	384,783	↓	430,233	↓	196,293	↓
Industrial Availability Rate	-	-	-	-	-	-	2.6%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	3,019,975	↑
Avg. Asking Net Rent (PSF)	\$16.81	↑	\$15.52	↑	\$16.30	↑	\$14.09	↑
Net Absorption (SF)	-15,684	↓	2,066	↑	-13,618	↓	165,808	↓
Net Absorption (SF) - YTD	7,822		-15,791		-7,969		1,515,805	
New Supply (SF)	0	↔	0	↔	0	↔	427,737	↓
New Supply (SF) - YTD	0		0		0		2,384,536	
Under Construction (SF)	0	↔	0	↔	0	↔	3,599,948	↓

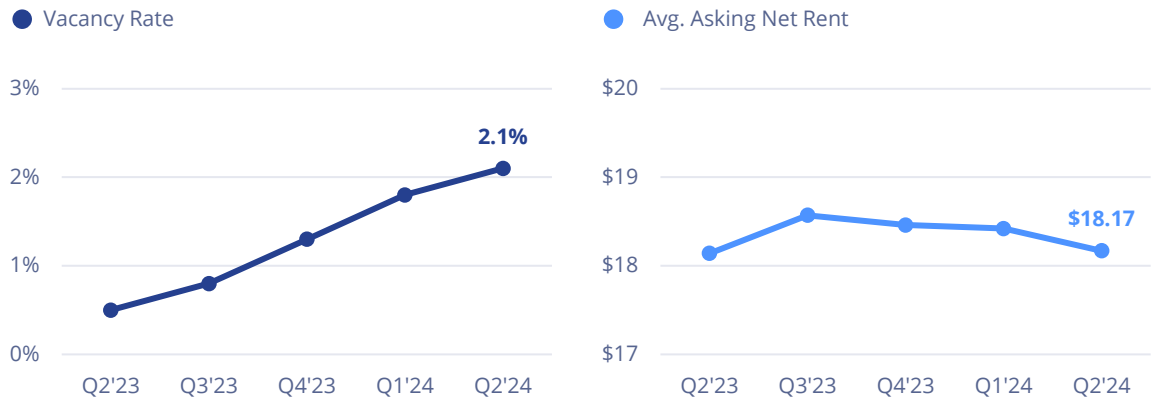
Q2 2024

# Toronto Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

- Office landlords in Toronto are providing substantial discounts through rental inducements and credits, effectively reducing tenants' overall rental obligations. Recently, discounts with upper ranges of \$100 per square foot to \$110 per square foot in Downtown areas are observed, driven by rising construction costs.
- While deal progression remains slow, activity for direct Class A and B office spaces under 5,000 square feet particularly in the Downtown market, has been driven by traditional occupiers in the professional service industries, as well as smaller businesses in the financial and administrative service industries.
- After reaching a peak of \$18.56 per square foot in Q3 2023, the Greater Toronto Area industrial asking net rental rate has seen another slight drop quarter-over-quarter and has settled at \$18.17 per square foot. Concurrent with the decline in net rents, the gap between face rates and achieved rates is widening despite the inclusion of TI allowances.
- Tenants are enjoying the luxury of choice as new product has been released across every size range – a broader selection will afford tenants and buyers greater flexibility in addressing their real estate needs as availability approaches 4%. Though speculative development projects surged during and following the pandemic, leasing has slowed, and now design-build developments spearheaded by users are on the rise.

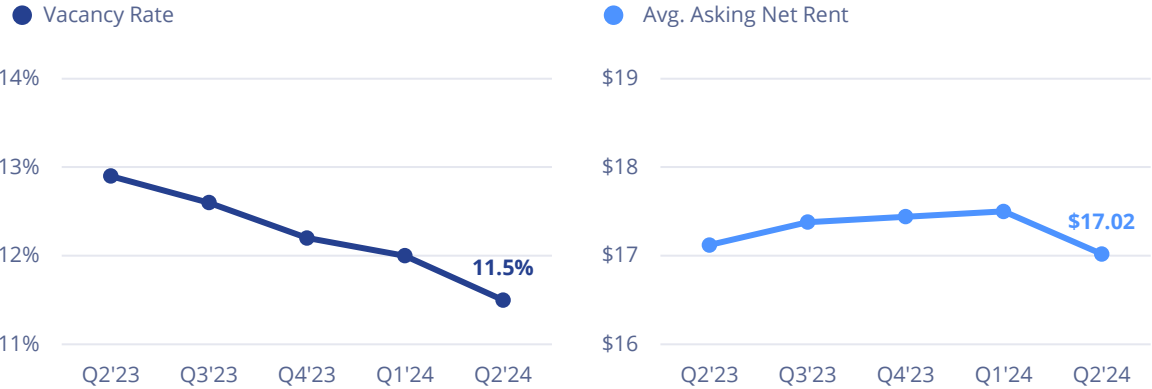
Statistics	Central* Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	14.2%	↑	11.1%	↑	12.6%	↑	2.1%	↑
Total Vacancy (SF)	17,736,124	↑	14,513,106	↑	32,249,230	↑	18,400,791	↑
Direct Vacancy (SF)	13,598,654	↑	12,093,335	↑	25,691,989	↑	16,278,668	↑
Sublet Vacancy (SF)	4,137,470	↑	2,419,771	↑	6,557,241	↑	2,122,123	↑
Industrial Availability Rate	-	-	-	-	-	-	3.7%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	32,184,711	↑
Avg. Asking Net Rent (PSF)	\$33.32	↓	\$18.03	↑	\$25.89	↑	\$18.17	↓
Net Absorption (SF)	-400,788	↓	-138,714	↓	-539,502	↓	-883,241	↓
Net Absorption (SF) - YTD	56,583		8,239		64,822		43,644	
New Supply (SF)	563,731	↓	0	↓	563,731	↓	1,911,642	↓
New Supply (SF) - YTD	2,157,306		124,000		2,281,306		7,351,188	
Under Construction (SF)	4,093,283	↑	280,298	↔	4,373,581	↑	15,682,010	↑

\*Central includes Downtown and Midtown

Q2 2024

# Ottawa Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

- In the first half of 2024, Ottawa's office market has seen increased touring and deal activity. This surge has led to declining vacancy rates for the fourth consecutive quarter, driven mainly by solid leasing in Downtown Class A and the Suburban submarkets. Kanata remains stable as firms expand, often due to new contract awards, leading to lease renewals and new deals.
- The trend of converting office buildings into multi-family residences is gaining traction across the Ottawa region. KRP Properties plans to transform a primarily vacant suburban office tower in the Kanata Research Park into residential units.
- Focus remains on the return-to-office metrics, especially with the Federal Government mandating that public servants return to the office for a minimum of three days per week starting in September 2024.
- In the first half of 2024, leasing activity in Ottawa's industrial market has improved for both small-bay and large-bay properties. This positive trend has led to a decrease in vacancy rates, and the market has experienced two consecutive quarters of positive net absorption, indicating a healthy and stable market. Most of this leasing activity has taken place in the East Ottawa submarket.
- Industrial tenants no longer remain passive observers; they actively participate in buying, selling and leasing properties. Transactions are being consummated faster than in the previous year as they make decisive moves and commitments to progress.

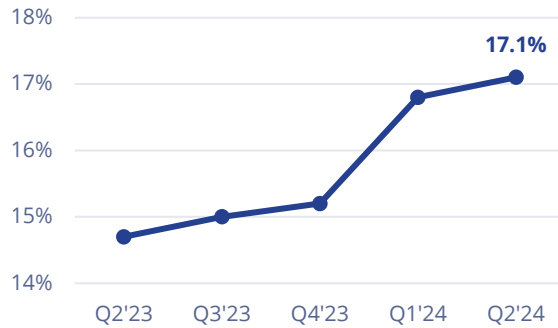
Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	10.7%	↓	11.7%	↓	11.5%	↓	1.8%	↓
Total Vacancy (SF)	1,913,535	↓	3,130,139	↓	5,043,674	↓	836,611	↓
Direct Vacancy (SF)	1,701,427	↓	2,826,535	↑	4,527,962	↑	621,873	↓
Sublet Vacancy (SF)	212,108	↓	303,604	↓	515,712	↓	214,738	↑
Industrial Availability Rate	-	-	-	-	-	-	2.3%	↓
Industrial Available Space (SF)	-	-	-	-	-	-	1,063,810	↓
Avg. Asking Net Rent (PSF)	\$20.08	↓	\$15.14	↓	\$17.02	↓	\$15.74	↑
Net Absorption (SF)	93,438	↑	117,044	↑	210,482	↑	88,559	↑
Net Absorption (SF) - YTD	110,798		200,653		311,451		86,710	
New Supply (SF)	0	↔	0	↔	0	↔	0	↔
New Supply (SF) - YTD	0		0		0		0	
Under Construction (SF)	0	↔	72,000	↔	72,000	↔	528,745	↓

Q2 2024

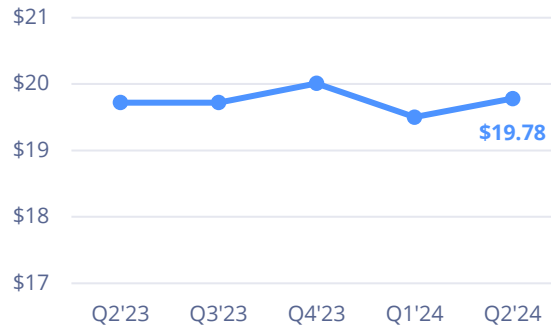
# Montréal Market

## Office Fundamentals

● Vacancy Rate

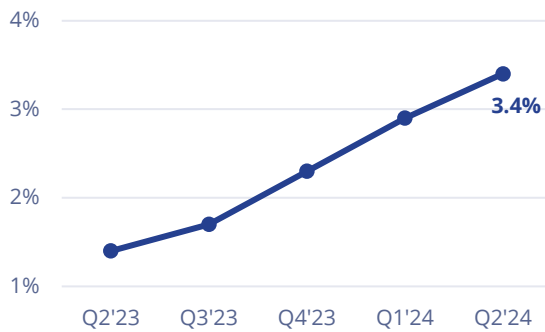


● Avg. Asking Net Rent

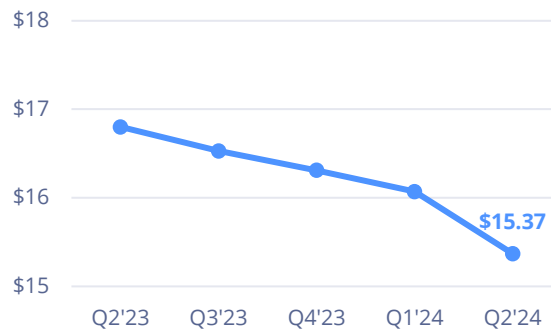


## Industrial Fundamentals

● Vacancy Rate



● Avg. Asking Net Rent



## Key Findings

- The life sciences industry in Montreal's office market is experiencing significant growth. Recently, HarveyCorp acquired four buildings in Biotech City, Laval adding a total of 200,000 square feet of office and laboratory space to the market. Additionally, HarveyCorp is planning to expand their current facilities to address the current market demand.
- CN Railway is set to relocate its headquarters to 600 de la Gauchetiere West, occupying over 440,000 square feet. Cominar is evaluating plans to redevelop CN's former headquarters into a multi-use project. This conversion will decrease the inventory by 555,000 square feet and create a dual absorption effect on both buildings, subsequently reducing the overall vacancy in Downtown.
- Montreal's industrial market continues to show signs of softening as we enter the summer. The overall asking net rental rate decreased this quarter and is now below \$16 per square foot for the first time since Q3 2022. This has been spurred by landlords pulling back on their rates across many of the industrial markets and submarkets, to fill vacancies in their current portfolio of buildings. The number of tracked listings with asking net rents above \$20 per square foot has been cut in half since last quarter.
- The industrial vacancy rate increased by 50 basis points quarter-over-quarter, to 3.4%. This is the first time the vacancy rate has been above 3.0% in over six years. However, the rate of vacancy increase this quarter is less than it has been in the last two quarters. There has been a bigger jump in overall availability rate, which is now above 4.0%. At least part of this can be attributed to a 50% increase in sublease availability square footage quarter-over-quarter.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	16.0%	↓	18.5%	↑	17.1%	↑	3.4%	↑
Total Vacancy (SF)	8,953,807	↓	8,303,452	↑	17,257,259	↑	12,417,912	↑
Direct Vacancy (SF)	7,687,511	↓	6,471,224	↑	14,158,735	↑	10,629,714	↑
Sublet Vacancy (SF)	1,266,296	↓	1,832,228	↑	3,098,524	↑	1,788,198	↑
Industrial Availability Rate	-	-	-	-	-	-	4.6%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	16,754,226	↑
Avg. Asking Net Rent (PSF)	\$20.64	↑	\$16.08	↑	\$19.78	↑	\$15.37	↓
Net Absorption (SF)	233,187	↓	-872,125	↓	-638,938	↓	-1,789,486	↓
Net Absorption (SF) - YTD	510,631	-	-1,418,515	-	-907,884	-	-2,290,396	-
New Supply (SF)	0	↓	0	↓	0	↓	221,251	↓
New Supply (SF) - YTD	1,100,000	-	35,995	-	1,135,955	-	1,124,139	-
Under Construction (SF)	118,515	↔	202,572	↔	321,087	↔	2,062,625	↑

Canada

Victoria

Vancouver

Edmonton

Calgary

Saskatoon

Regina

Winnipeg

Waterloo

Toronto

Ottawa

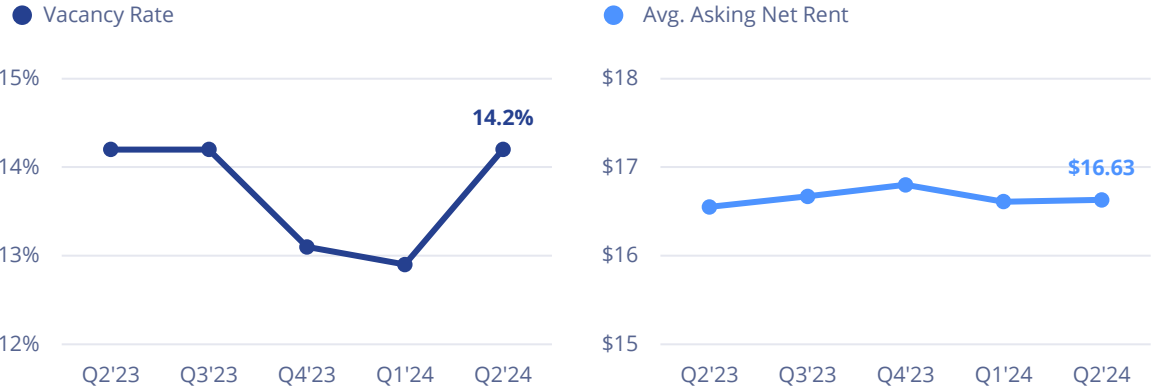
Montréal

Halifax

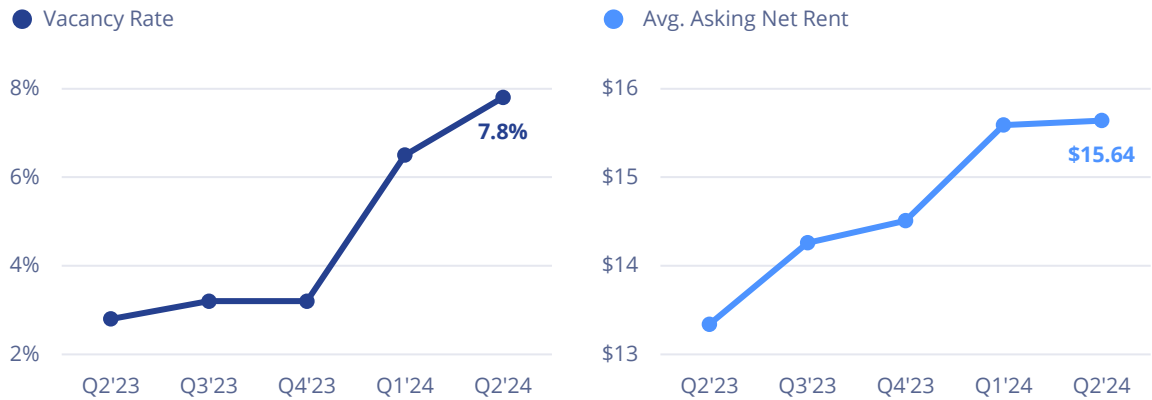
Q2 2024

# Halifax Market

## Office Fundamentals



## Industrial Fundamentals



## Key Findings

- Halifax's office vacancy rate sits at 14.2% for Q2 2024. The rate is unchanged year-over-year with some fluctuations quarter-over-quarter. Peripheral Halifax is the most sought-after submarket this quarter, with a positive absorption of just under 15,500 square feet of office space. Within the submarket, Class B is the most in demand, with 13,300 square feet being absorbed.
- Rental rates remain stable across the board this quarter, with Downtown having the highest rate, at \$17.59 per square foot. Additional rates increased quarter-over-quarter, around \$0.30 across all submarkets, at a faster rate than net rents. Average asking net rental rates, much like the vacancy rate, has experienced little change year-over-year. The rate has increased by less than one percent since Q2 2023 and figures to keep its stability over the second half of the year.
- Industrial space in Burnside remains the highest in demand, with the vacancy rate at 5.95%. While additional rents are the most attractive in Burnside, Bayers Lake remains the most costly submarket, with the average asking net rental rate of \$16.72 per square foot, due mainly to the influx of new construction. In terms of new supply coming to the market, Burnside and Bedford both have had new buildings come to market, with 44,000 and 7,000 square feet, respectively.
- Halifax's industrial average asking net rent has increased yet again. It is the only market in Canada whose rates have increased quarter-over-quarter since last Q2 2023. The year-over-year increase remains the largest in Canada at over 17 percent. Halifax is also the only market in Canada whose rate of increase is in the double digits.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	17.0%	↑	12.5%	↑	14.2%	↑	7.8%	↑
Total Vacancy (SF)	1,879,475	↑	998,277	↑	2,877,752	↑	757,655	↑
Direct Vacancy (SF)	1,746,199	↑	881,302	↑	2,627,501	↑	757,655	↑
Sublet Vacancy (SF)	133,276	↑	116,975	↑	250,251	↑	0	↓
Industrial Availability Rate	-		-		-		-	
Industrial Available Space (SF)	-		-		-		-	
Avg. Asking Net Rent (PSF)	\$17.59	↑	\$15.39	↑	\$16.63	↑	\$15.64	↑
Net Absorption (SF)	-41,063	↓	-123,913	↓	-164,976	↓	-72,987	↓
Net Absorption (SF) - YTD	21,082		30,179		51,261		96,266	
New Supply (SF)	0	↔	0	↔	0	↔	50,932	↓
New Supply (SF) - YTD	0		0		0		371,159	
Under Construction (SF)	0	↔	9,000	↔	9,000	↔	497,315	↓



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