



Colliers Canada

National Market Snapshot

Q3 2023

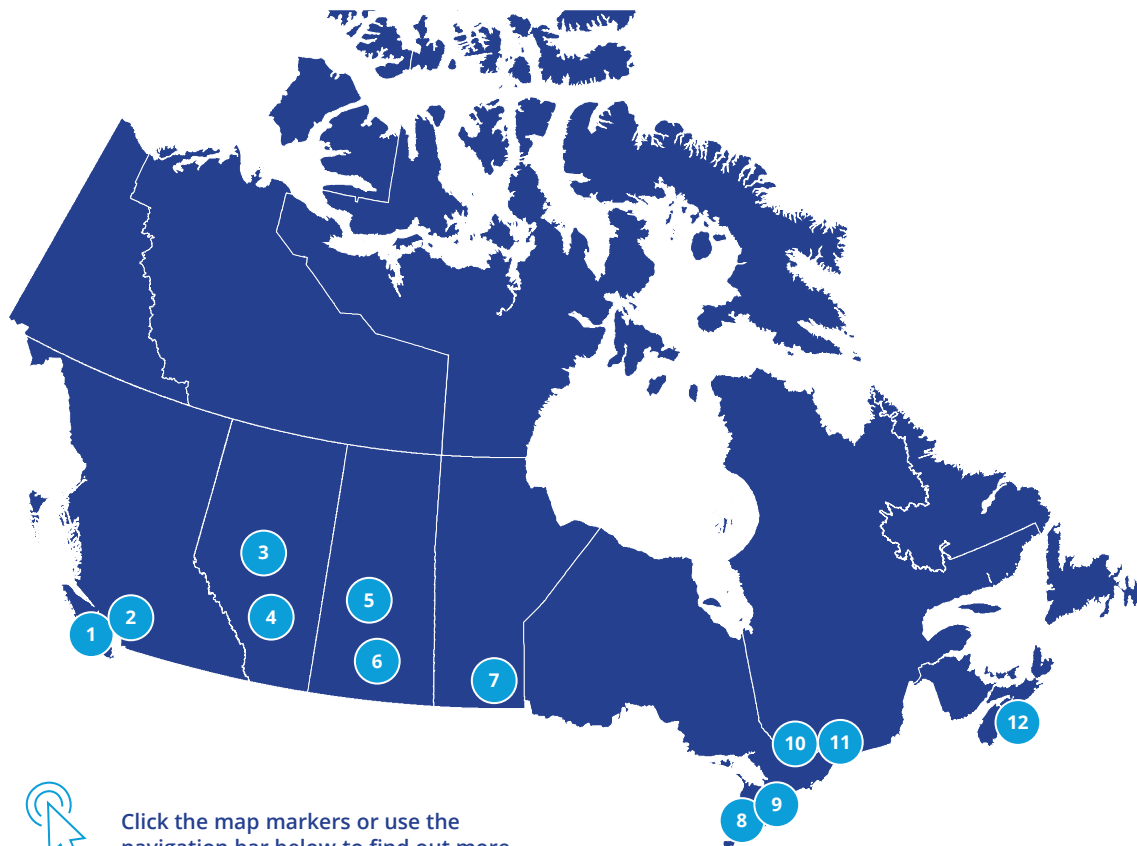
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Q3 2023

Canada Office

Office | Industrial | Overview



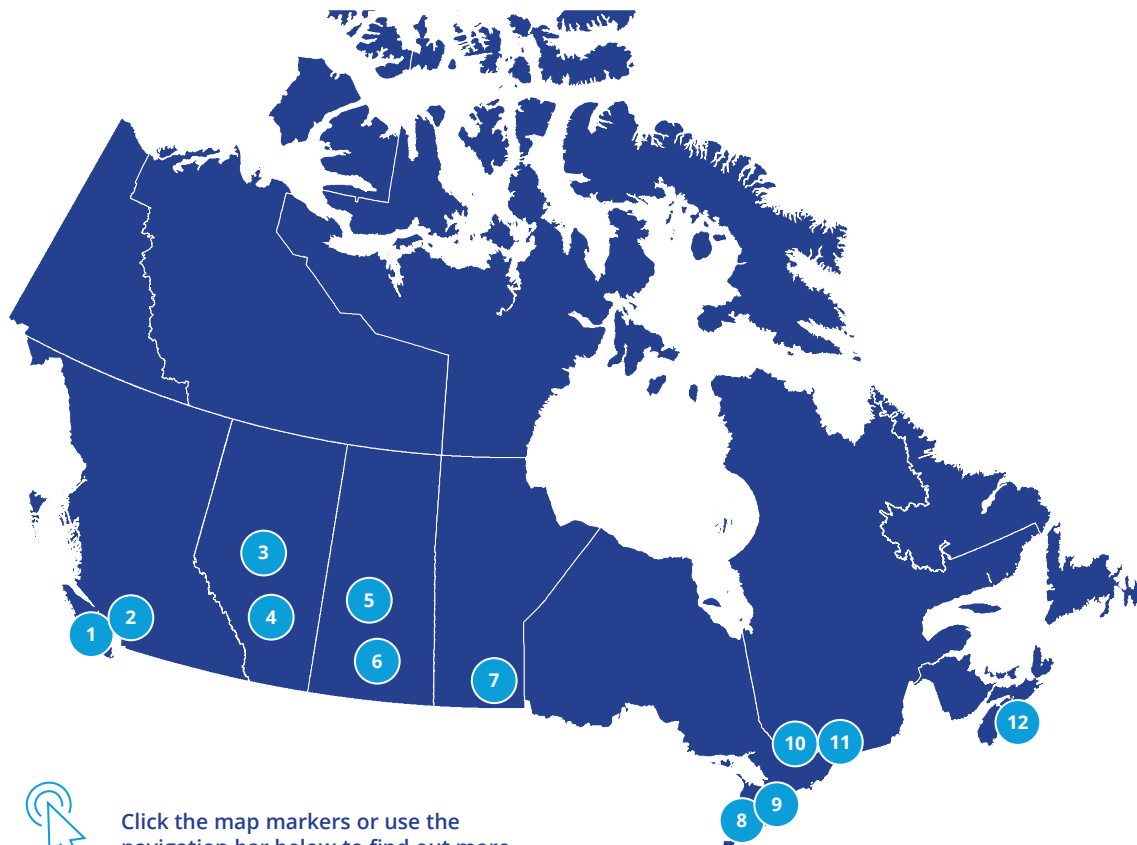
Click the map markers or use the navigation bar below to find out more

	Market	Vacancy Rate	QoQ	Sublet as % of Vacancy	QoQ	Net Asking Rent (PSF)	QoQ
1	Victoria	6.5%	↑	8.6%	↓	\$22.79	↓
2	Vancouver	8.6%	↑	29.3%	↓	\$34.49	↓
3	Edmonton	19.5%	↓	11.1%	↓	\$16.52	↓
4	Calgary	26.7%	↓	14.2%	↓	\$14.89	↓
5	Saskatoon	13.2%	↑	2.1%	↓	\$20.50	↑
6	Regina	15.7%	↓	8.9%	↑	\$14.50	↔
7	Winnipeg	13.9%	↑	4.6%	↓	\$16.08	↑
8	Waterloo	12.8%	↑	21.1%	↑	\$16.43	↓
9	Toronto	11.0%	↑	23.0%	↑	\$26.06	↑
10	Ottawa	12.6%	↓	16.2%	↑	\$17.38	↑
11	Montréal	15.0%	↑	18.3%	↓	\$19.72	↔
12	Halifax	14.2%	↑	7.1%	↓	\$16.67	↑

Q3 2023

Canada Industrial

Office | **Industrial** | Overview



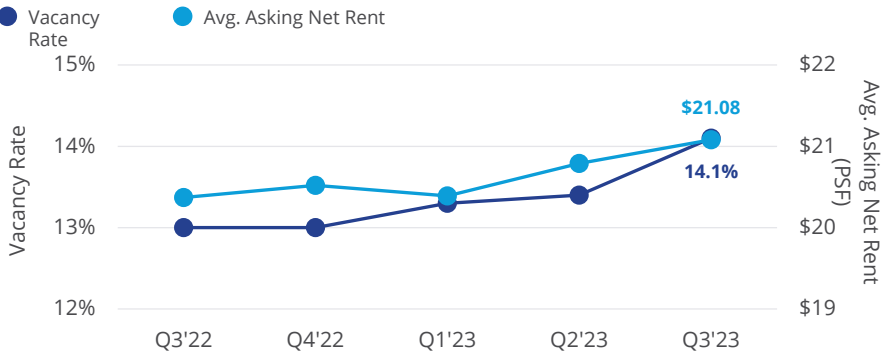
Click the map markers or use the navigation bar below to find out more

	Market	Vacancy Rate	QoQ	Sublet as % of Vacancy	QoQ	Net Asking Rent (PSF)	QoQ
1	Victoria	0.9%	↑	0.0%	↔	\$20.05	↑
2	Vancouver	1.2%	↑	33.8%	↑	\$21.84	↓
3	Edmonton	4.3%	↓	12.3%	↑	\$10.67	↑
4	Calgary	2.0%	↑	13.9%	↑	\$11.89	↓
5	Saskatoon	1.6%	↓	7.4%	↑	\$11.57	↑
6	Regina	1.6%	↑	0.0%	↓	\$11.53	↑
7	Winnipeg	2.1%	↑	4.3%	↓	\$10.18	↑
8	Waterloo	0.9%	↑	0.0%	↔	\$12.61	↓
9	Toronto	0.8%	↑	4.6%	↓	\$18.57	↑
10	Ottawa	1.2%	↓	35.4%	↑	\$15.92	↑
11	Montréal	1.7%	↓	5.7%	↑	\$16.53	↓
12	Halifax	3.2%	↑	12.0%	↑	\$14.40	↑

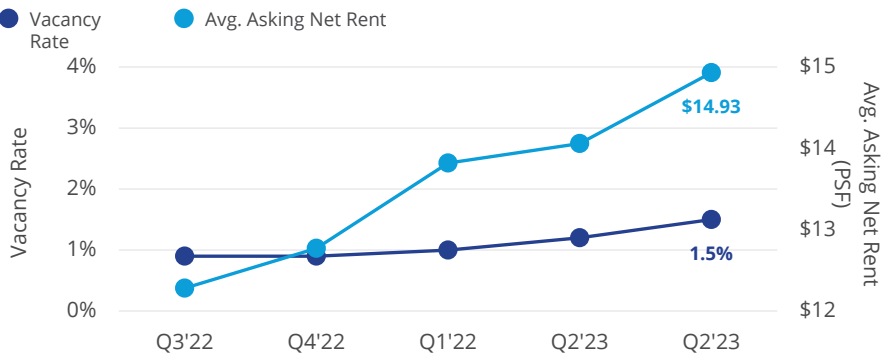
Canada Overview

Office | Industrial | Overview

Office Fundamentals



Industrial Fundamentals



Key Findings

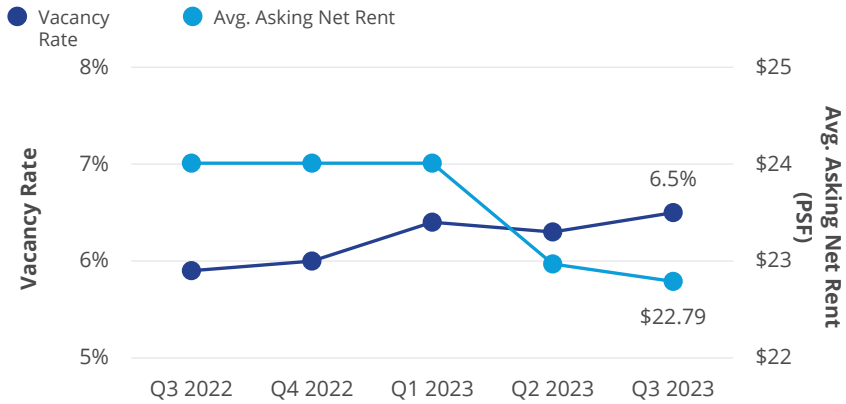
- Office vacancy rose in most markets, as the overall vacancy rate now exceeds 14%. Office vacancy has been rising for 3.5 years and seems likely to continue rising in the short term. Hybrid work persists across the professional economy, creating headwinds for office leasing and development. Recent data from the Labour Force Survey found over 30% of employees worked mostly at home in major office occupying industries including government, professional services, finance, and tech.
- Despite these obstacles, asking rents remain near record high levels in many markets. This reflects the removal of aging buildings for redevelopment, landlords' desire to negotiate other concessions beyond lower rent, and the construction of new AAA-Class offices. Unlike recent quarters, very little supply was delivered in Q3. Over 14 million square feet of office supply remain under construction across Canada, with many of the projects having broke ground prior to the pandemic.
- After a seemingly unstoppable years-long run of rising rents and declining vacancy, industrial availability has increased each quarter of 2023 so far. This is not to suggest the market is weak, as rents remain at record highs and absorption was still strongly positive in Q3, as leasing demand for scarce space remains strong in logistics and fulfillment. New supply continues to be delivered at a healthy pace, with a robust construction pipeline of over 50 million square feet to back it up.
- After many quarters of defying expectations of a recession, Canada's job market has weakened noticeably over the quarter. While unemployment at 5.5% remains well below the long-term average, job losses have been concentrated in areas tied to commercial real estate, with construction being the number one source of job losses followed by major office tenants within the government and technology sectors.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	15.5%	⬆️	12.7%	⬆️	14.1%	⬆️	1.5%	⬆️
Total Vacancy (SF)	49,310,913	⬆️	38,824,456	⬆️	88,135,369	⬆️	30,475,934	⬆️
Direct Vacancy (SF)	40,388,067	⬆️	31,722,576	⬆️	72,110,643	⬆️	27,243,748	⬆️
Sublet Vacancy (SF)	8,922,846	⬇️	7,101,880	⬆️	16,024,726	⬆️	3,232,186	⬆️
Industrial Availability Rate	-		-		-		3.1%	⬆️
Industrial Available Space (SF)	-		-		-		58,375,798	⬆️
Avg. Asking Net Rent (PSF)	\$23.68	⬆️	\$17.78	⬆️	\$21.08	⬆️	\$14.93	⬆️
Net Absorption (SF)	231,938	⬆️	-938,622	⬇️	-706,684	⬆️	2,353,174	⬇️
Net Absorption (SF) - YTD	-1,303,530		-1,630,717		-2,934,247		6,742,040	
New Supply (SF)	36,848	⬇️	183,293	⬆️	220,141	⬇️	7,817,392	⬆️
New Supply (SF) - YTD	2,389,509		358,061		2,747,570		18,082,146	
Under Construction (SF)	8,286,006	⬆️	6,352,360	⬇️	14,638,366	⬇️	51,582,566	⬆️

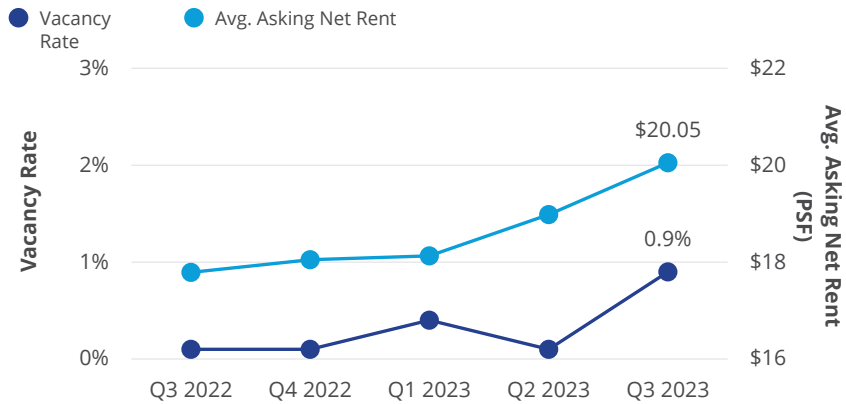
Q3 2023

Victoria Market

Office Fundamentals



Industrial Fundamentals



Key Findings

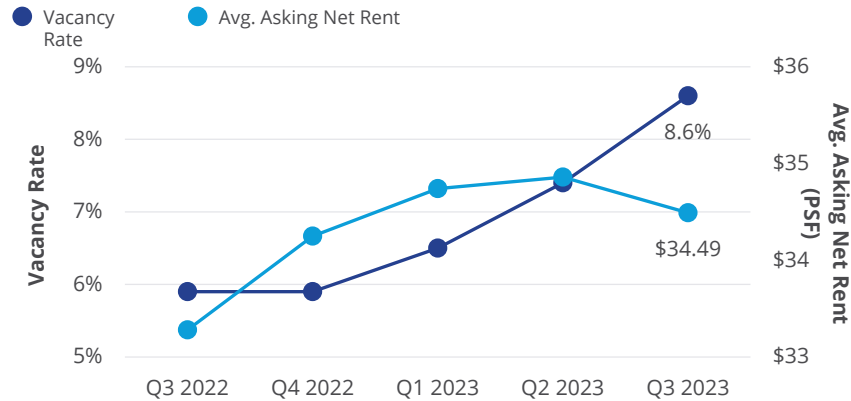
- Plexxis Tower has completed construction this quarter, with occupancy scheduled for late September. This Cass A Suburban building offers 67,074 square feet of brand-new office space and 9,075 square feet of mostly ground floor retail opportunities. The building will be partially occupied by Plexxis itself, with 33,426 square feet of vacant space still available for lease.
- Aside from the introduction of new vacant space into the market, the Victoria office scene has experienced consistent levels of leasing activity in Q3. Sublease volumes decreased by 23.9% from the previous quarter and now equal 50,414 square feet, representing 8.6% of total vacancy.
- Continued critically low vacancy in Victoria's industrial market has created increased pressure on asking net rental rates, pushing the overall average in Q3 to \$20.05 per square foot. This quarter-over-quarter jump was the largest in the country and Victoria is the second market in Canada to cross the \$20 net rate threshold.
- Limited inventory remains a challenge for those looking to lease or purchase industrial space, leading to competition among prospective tenants and buyers. There is an increase in activity for new strata development as delivery for new product approaches and is set to come this winter.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	6.1%	↔	6.8%	↑	6.5%	↑	0.9%	↑
Total Vacancy (SF)	310,921	↑	277,834	↑	588,755	↑	81,910	↑
Direct Vacancy (SF)	274,294	↑	264,047	↑	538,341	↑	81,910	↑
Sublet Vacancy (SF)	36,627	↓	13,787	↓	50,414	↓	0	↔
Industrial Availability Rate	-		-		-		-	
Industrial Available Space (SF)	-		-		-		-	
Avg. Asking Net Rent (PSF)	\$22.96	↓	\$22.62	↑	\$22.79	↓	\$20.05	↑
Net Absorption (SF)	-794	↓	50,723	↑	49,929	↑	-56,383	↓
Net Absorption (SF) - YTD	-27,011		55,134		28,123		-74,973	
New Supply (SF)	0	↔	67,074	↑	67,074	↑	57,108	↑
New Supply (SF) - YTD	0		76,102		76,102		57,108	
Under Construction (SF)	158,441	↔	0	↓	158,441	↓	578,708	↓

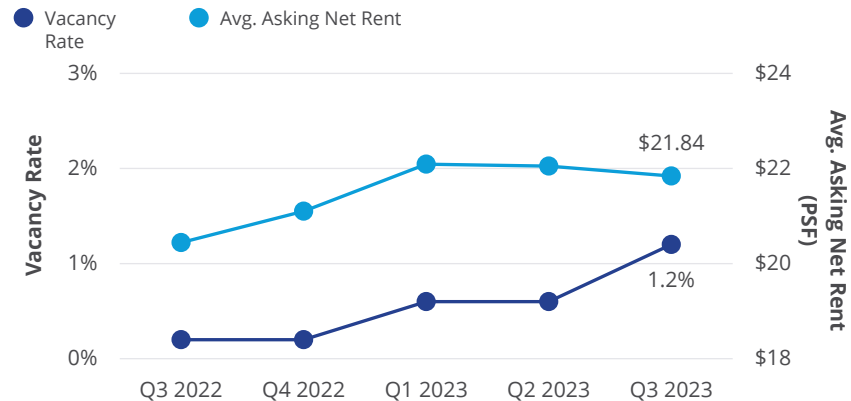
Q3 2023

Vancouver Market

Office Fundamentals



Industrial Fundamentals



Key Findings

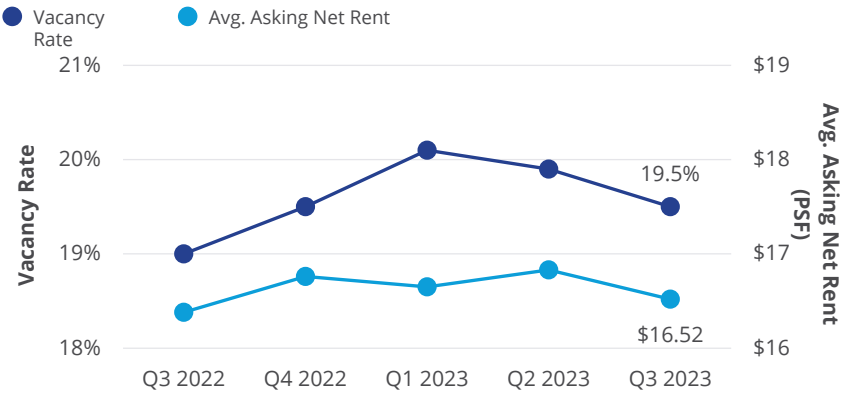
- While the Greater Vancouver Area has one of the highest return to office levels in Canada, many businesses continue to optimize their office space requirements to adapt to the growing prevalence of hybrid work arrangements and the changing nature of in-office work. As a result, the total vacancy rate reached a six-year high of 8.6%, while Downtown Vancouver also experienced its highest vacancy rate in nearly 20 years at 11.9%.
- Over the last decade, the technology sector has been leading the demand for office space. However, the healthcare sector has now overtaken tech for the very first time this quarter, currently seeking more than 560,000 square feet of office space across Metro Vancouver.
- A gradual decline in industrial leasing activity has resulted in Vancouver's vacancy rate climbing to 1.2%, the first time in three years that the vacancy rate has exceeded 1%. Of note was the rapid growth in sublease vacancy, which now makes up 34% of the total vacancy, up from just 6% last quarter.
- Net absorption remained positive this quarter, even though vacancy increased, due to the delivery of substantially pre-leased new buildings. The completion of several industrial developments including Phase 4 of The Golden Ears Business Park added 1,845,268 square feet of new inventory, indicating a continuing strong demand for newer properties with better specifications. The average asking net rental rate has decreased to \$21.84 per square foot this quarter, but has increased nearly 8% year-over-year.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	11.9%	↑	5.9%	↑	8.6%	↑	1.2%	↑
Total Vacancy (SF)	3,879,388	↑	2,361,067	↑	6,240,455	↑	2,637,683	↑
Direct Vacancy (SF)	2,755,228	↑	1,655,117	↑	4,410,345	↑	1,747,244	↑
Sublet Vacancy (SF)	1,124,160	↑	705,950	↑	1,830,110	↑	890,439	↑
Industrial Availability Rate	-	-	-	-	-	-	2.4%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	5,441,952	↑
Avg. Asking Net Rent (PSF)	\$38.56	↓	\$27.54	↓	\$34.49	↓	\$21.84	↓
Net Absorption (SF)	-334,993	↓	-293,182	↓	-628,175	↓	658,158	↓
Net Absorption (SF) - YTD	883,666	-	-408,051	-	475,615	-	1,464,839	-
New Supply (SF)	0	↓	116,219	↓	116,219	↓	1,845,268	↑
New Supply (SF) - YTD	2,169,815	-	232,744	-	2,402,559	-	3,478,975	-
Under Construction (SF)	750,981	↓	4,729,498	↓	5,480,478	↓	9,567,263	↓

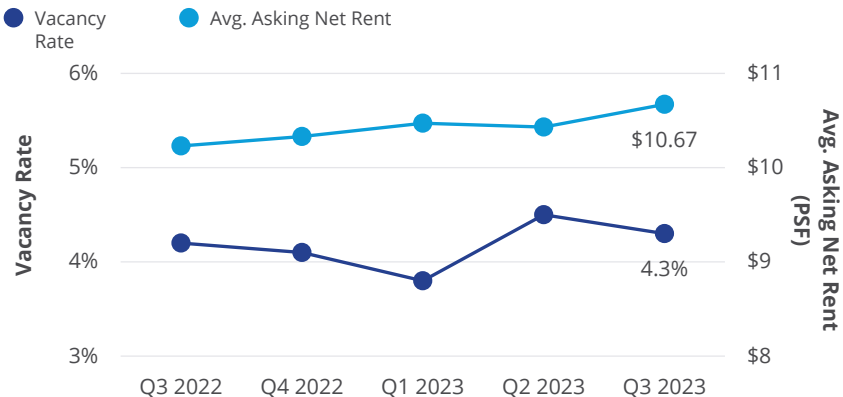
Q3 2023

Edmonton Market

Office Fundamentals



Industrial Fundamentals



Key Findings

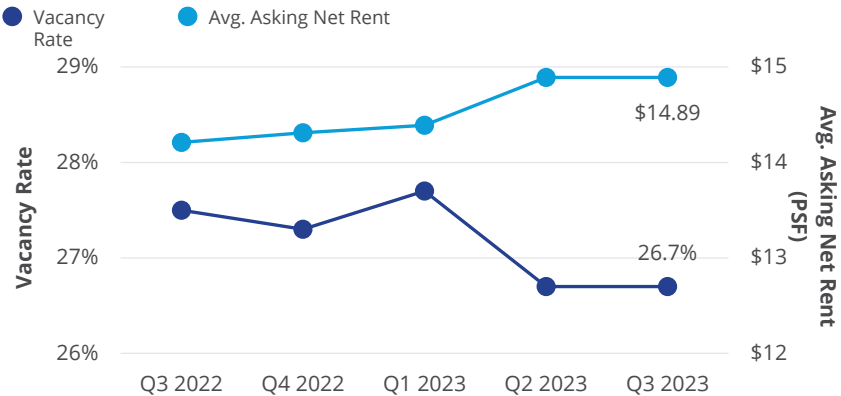
- The Edmonton office market is currently experiencing the impact of the provincial election results that occurred in May. As expected, Alberta Health Services has given up a significant amount of space totaling over 80,000 square feet in Plaza 124 in the 124th Street district submarket. Is it anticipated we will see more reduced spaces by Alberta Health Services and the provincial government in the near future.
- Contrary to the large volume of spacing coming back to the market in the Suburban sector, positive absorption was reported in the Downtown's Financial District. This can be attributed to recognizing Lloyd Saad's occupancy of 41,888 square feet in The Annex, moving from 124th Street's Guardian Building, Fluor leasing 10,000 square feet at Telus House, and MNP expanding by 14,500 square feet at MNP Tower.
- The Edmonton industrial market experienced positive absorption for the 12th consecutive quarter and a decline in its vacancy down to 4.3%. Part of the positive absorption can be attributed to the over 300,000 square feet of new supply delivered in Q3. With that said, it was originally anticipated that 1.2 million square feet would be delivered this quarter. However, four projects were pushed back to at least next quarter. As a result, we expect quarterly absorption to remain positive for at least a 13th consecutive quarter as new supply continues to arrive to the mrket.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	20.3%	↓	18.4%	↓	19.5%	↓	4.3%	↓
Total Vacancy (SF)	3,712,813	↓	2,191,565	↓	5,904,378	↓	7,101,985	↓
Direct Vacancy (SF)	3,244,222	↓	2,003,582	↑	5,247,804	↑	6,231,458	↓
Sublet Vacancy (SF)	468,591	↓	187,983	↓	656,574	↓	870,527	↑
Industrial Availability Rate	-	-	-	-	-	-	8.8%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	14,601,419	↑
Avg. Asking Net Rent (PSF)	\$17.38	↓	\$15.65	↓	\$16.52	↓	\$10.67	↑
Net Absorption (SF)	72,999	↑	32,826	↑	105,825	↑	651,330	↑
Net Absorption (SF) - YTD	-47,575		66,484		18,909		1,328,837	
New Supply (SF)	0	↔	0	↔	0	↓	364,931	↓
New Supply (SF) - YTD	35,000		9,215		44,215		1,765,935	
Under Construction (SF)	350,000	↑	78,510	↓	428,510	↑	2,670,315	↓

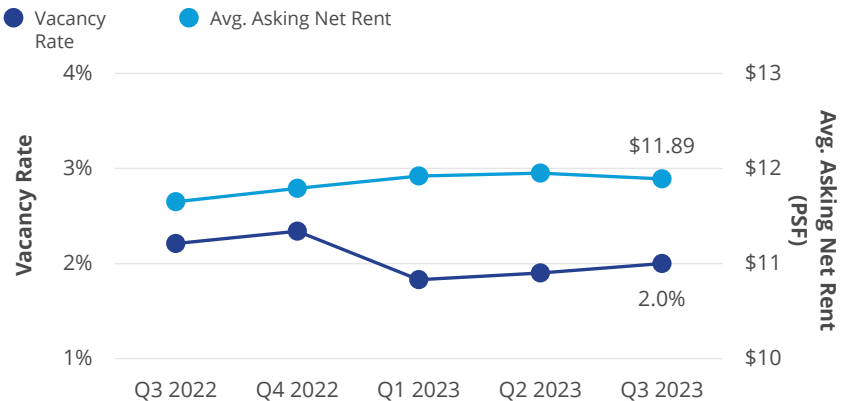
Q3 2023

Calgary Market

Office Fundamentals



Industrial Fundamentals



Key Findings

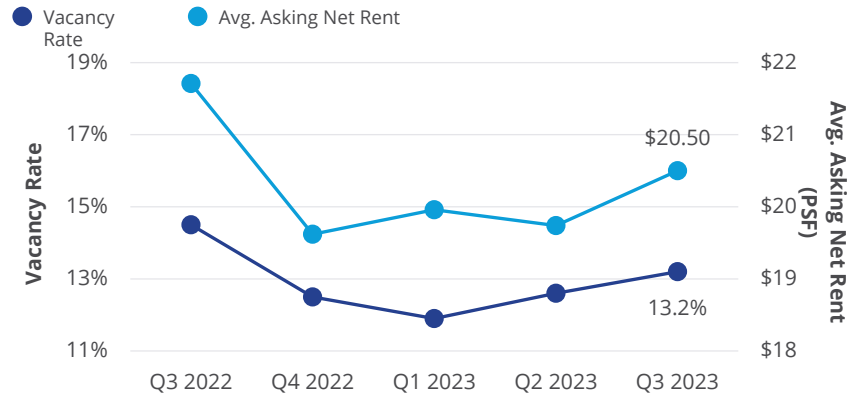
- A tightening of the availability of high quality, move-in ready office space in Calgary has led to an increase in the amount of construction work required to move into ready-to-suit office space. This, along with high construction costs, have resulted in an uptick of longer lease terms as a longer amortization period may be needed to rationalize these construction costs.
- We are starting to see the price floor rising and rates increasing across the board in all building classes in the Downtown market. The shortage of supply in the AA Class sector caused an increase in absorption earlier this year which has caused a trickledown effect in all other asset classes. Class B spaces have also performed well, posting positive absorption of over 35,000 square feet, which is the fourth consecutive quarter of positive absorption. This positive absorption in Class B buildings is evidence of the impact of C Class building conversions as the flight to quality continues.
- Calgary's industrial market did not experience any major departures from the trends of the past 12 months in Q3 2023, remaining an attractive but competitive market for tenants and investors alike. Vacancy and availability shifted very slightly, with the positive absorption largely the result of buildings completing construction with leases in place.
- There were several significant large-bay distribution and warehousing transactions in Q3 2023, the majority of which were in buildings currently under construction and therefore didn't remove vacancy from the market. These transactions will however contribute to positive net absorption when these buildings complete in the end of 2023 and through 2024.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	29.5	↔	22.5%	↑	26.7%	↔	2.0%	↑
Total Vacancy (SF)	12,842,318	↑	6,455,276	↑	19,297,594	↑	3,411,307	↑
Direct Vacancy (SF)	10,753,588	↑	5,803,260	↓	16,556,848	↓	2,937,884	↑
Sublet Vacancy (SF)	2,088,730	↔	652,016	↑	2,740,746	↑	473,423	↑
Industrial Availability Rate	-		-		-		7.4%	↓
Industrial Available Space (SF)	-		-		-		12,347,126	↓
Avg. Asking Net Rent (PSF)	\$13.50	↔	\$17.46	↔	\$14.89	↔	\$11.89	↓
Net Absorption (SF)	247,701	↑	35,101	↓	282,802	↑	238,105	↓
Net Absorption (SF) - YTD	252,573		89,722		342,295		1,824,175	
New Supply (SF)	0	↔	0	↔	0	↔	470,862	↓
New Supply (SF) - YTD	0		0		0		1,773,370	
Under Construction (SF)	0	↔	771,138	↔	771,338	↔	5,826,528	↑

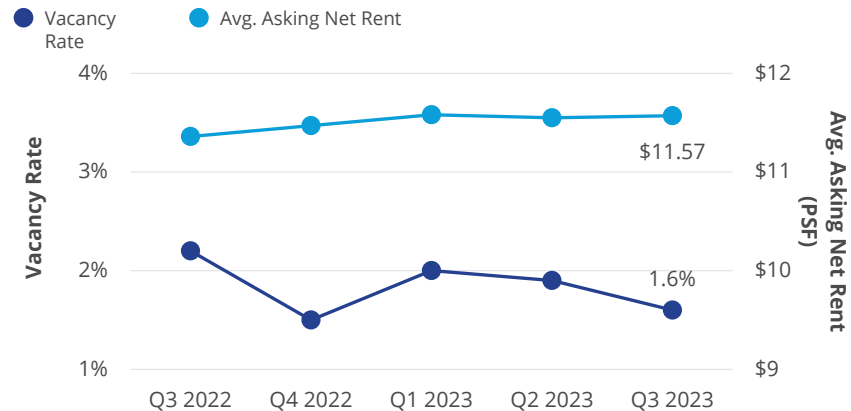
Q3 2023

Saskatoon Market

Office Fundamentals



Industrial Fundamentals



Key Findings

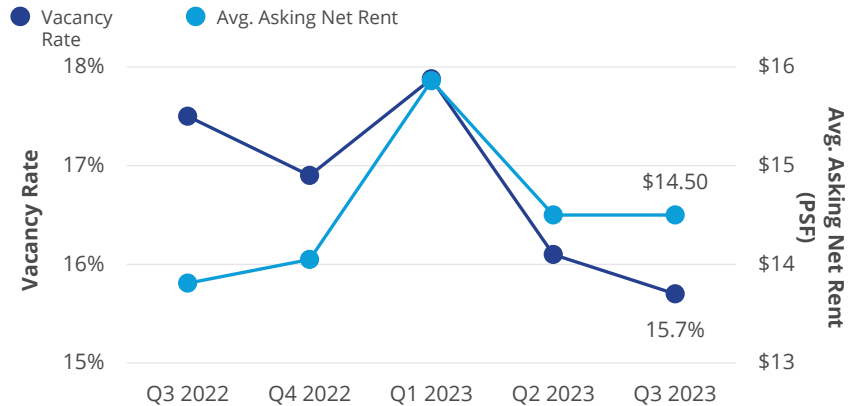
- New supply arrived to the Saskatoon office market in Q3, with the addition of 317 4th Avenue South, located in the Downtown market. This Class A office building is 36,848 square feet and offers a rare opportunity to own or lease new Class A condo office space in downtown Saskatoon. As it was not pre-leased prior to completion, its listings have increased the Downtown's average asking net rental rate. The Suburban market's asking rental rate also increased in Q3, by 5%.
- The City of Saskatoon has initiated plans to designate 211 Wheeler Street as the city's tenth and newest urban reserve. This property is under the ownership and management of the Lac La Ronge Indian Band. Urban reserve properties typically command above-average rental rates, driven by the economic advantages they offer to First Nations tenants. The demand for urban reserves has increased in recent years – a trend that is likely to continue for the foreseeable future.
- The Industrial market continues to perform well in Saskatoon, as the demand for space outpaces the supply. Notably, the market experienced substantial absorption of over 100,000 square feet, primarily attributable to the completion of projects within the Marquis Industrial Market.
- Owner-user new builds and expansions are driving most new developments. High costs of construction can be attributed to this trend, as developers transfer these heightened expenses on to prospective tenants. Net asking rents for recently developed speculative properties vary between \$13.00 to \$15.00 per square foot, higher than Q3's overall average rate.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	19.2%	↑	7.3%	↑	13.2%	↑	1.6%	↓
Total Vacancy (SF)	641,668	↑	253,359	↑	895,027	↑	373,852	↓
Direct Vacancy (SF)	637,998	↑	238,346	↑	876,344	↑	346,107	↓
Sublet Vacancy (SF)	3,670	↓	15,013	↑	18,683	↓	27,745	↑
Industrial Availability Rate	-	-	-	-	-	-	-	-
Industrial Available Space (SF)	-	-	-	-	-	-	-	-
Avg. Asking Net Rent (PSF)	\$20.77	↑	\$19.84	↑	\$20.50	↑	\$11.57	↑
Net Absorption (SF)	-40,080	↑	-13,168	↓	-53,248	↓	121,137	↓
Net Absorption (SF) - YTD	-47,514		-9,680		-57,194		263,645	
New Supply (SF)	36,848	↑	0	↔	36,848	↑	44,700	↓
New Supply (SF) - YTD	36,848		0		36,848		323,989	
Under Construction (SF)	0	↓	0	↔	0	↓	284,850	↑

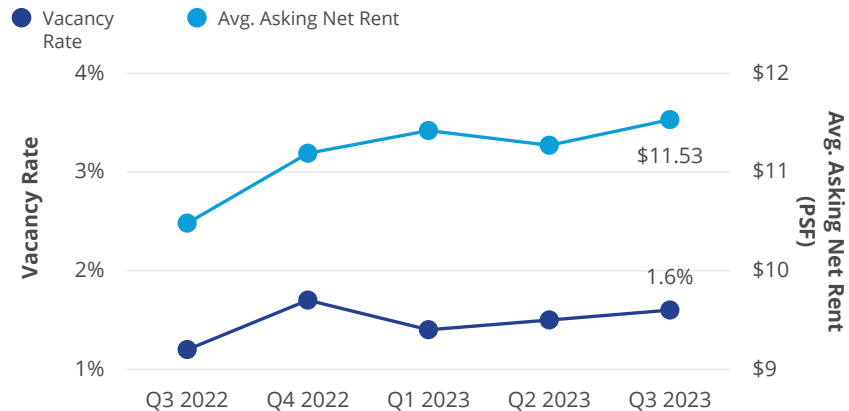
Q3 2023

Regina Market

Office Fundamentals



Industrial Fundamentals



Key Findings

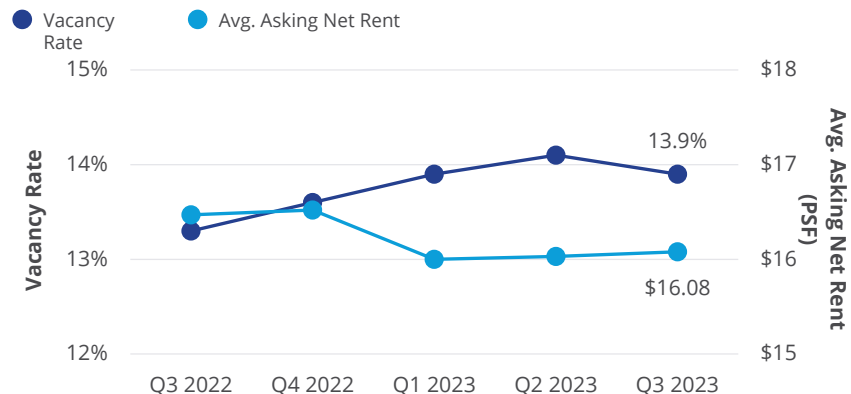
- The Regina office market remains consistent quarter-over-quarter. Landlords continue to appeal to existing and new tenants by offering compelling incentives and allowances. However, high relocation and construction costs still hinder physical movement from space to space.
- The Suburban office market noted significant change in Q3 with the Regina Catholic School Board's acquisition of the former Sasktel office near the airport removing approximately 55,000 square feet from the competitive market. While the Downtown market remained relatively unchanged, the Regina Library RFP has cited a need for 65,000 square feet of office space in the Downtown Core on a multi-year term.
- The industrial market remains strong in Q3, as vacancies remain low in Regina and the surrounding area. As a result, recent pressure on tenants has emerged with landlords looking to raise rates and offer fewer incentives due to the lack of available inventory.
- Industrial Park and owner/user construction continues at a high rate of development. Roughly over 800,000 square feet of space is currently under construction with even more projects slated to break ground in the new year. When these new developments arrive on the market, it is expected to raise industrial vacancy rates, as large-bay tenants will transition from their current sites to these newer builds.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	16.9%	↑	11.1%	↓	15.7%	↓	1.6%	↑
Total Vacancy (SF)	717,802	↑	133,841	↓	851,643	↓	400,575	↑
Direct Vacancy (SF)	657,454	↑	118,471	↓	775,925	↓	400,575	↑
Sublet Vacancy (SF)	60,348	↔	15,370	↔	75,718	↔	0	↓
Industrial Availability Rate	-		-		-		-	
Industrial Available Space (SF)	-		-		-		-	
Avg. Asking Net Rent (PSF)	\$15.44	↔	\$10.64	↔	\$14.50	↔	\$11.53	↓
Net Absorption (SF)	-2,630	↓	61,782	↑	59,152	↑	-25,036	↔
Net Absorption (SF) - YTD	-5,612		109,039		103,427		21,795	
New Supply (SF)	0	↔	0	↔	0	↔	20,000	↑
New Supply (SF) - YTD	0		0		0		20,000	
Under Construction (SF)	0	↔	10,000	↑	10,000	↑	796,318	↑

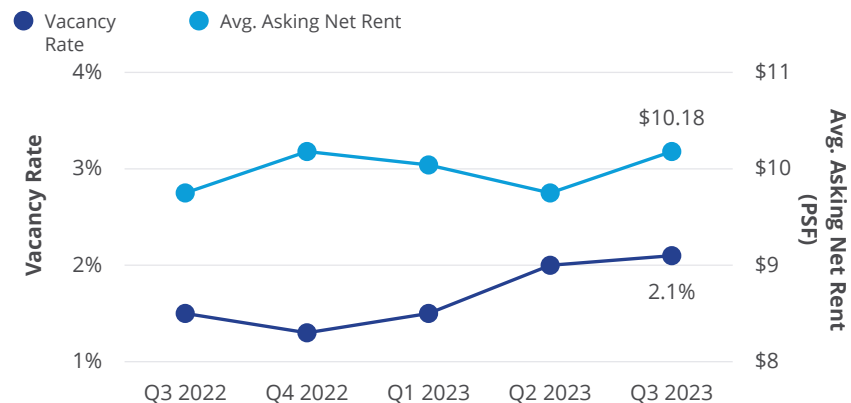
Q3 2023

Winnipeg Market

Office Fundamentals



Industrial Fundamentals



Key Findings

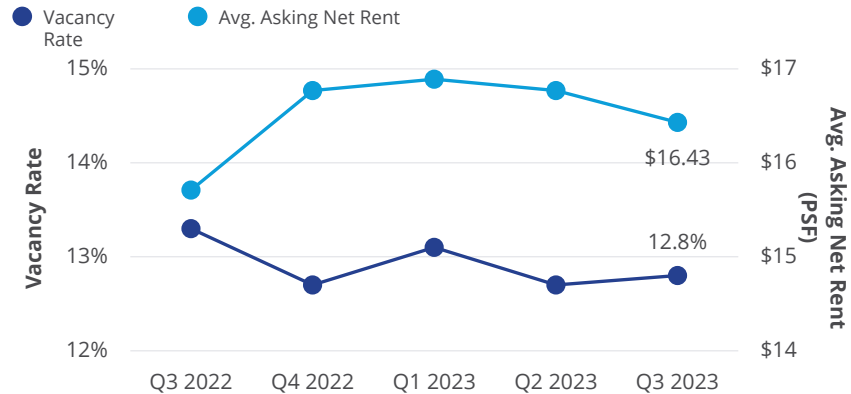
- Overall leasing activity in Winnipeg's office market did slow down over the summer months, but is expected to pick back up over the course of Q4. Conversely, office buildings 10,000 square feet and below are still in high demand for acquisition despite interest rates remaining elevated and certain values fluctuating.
- A key theme to continue monitoring is the evolution of parking facilities and their usage in the Downtown Core. Parking incentives are becoming more common as a method of attracting tenants back to the workplace. As well, changes in the structuring of payments due to hybrid work models are helping to mitigate the cost of commuting.
- Winnipeg's industrial market vacancy rate increased nominally by only 10 basis points from 2.0% to 2.1% in Q3. This was due to a few older industrial buildings coming back on the market as listings. Despite the slight increase in vacancy, net rental rates remained flat across all three industrial market segments.
- Product under construction remains high with over 700,000 square feet of industrial supply in the pipeline, with close to half of it scheduled to be completed before the end of the year. Most notably of these developments are West Creek Industrial Park Building 1 and 155 Haggart Avenue. New supply has been slower to become absorbed due to outlying economic conditions, but the need for these more contemporary facilities remains.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	15.2%	↑	10.5%	↓	13.9%	↓	2.1%	↑
Total Vacancy (SF)	1,852,167	↑	474,653	↓	2,326,820	↓	1,743,396	↑
Direct Vacancy (SF)	1,822,761	↑	398,130	↓	2,220,891	↑	1,668,033	↑
Sublet Vacancy (SF)	29,406	↓	76,523	↓	105,929	↓	75,363	↓
Industrial Availability Rate	-	-	-	-	-	-	-	-
Industrial Available Space (SF)	-	-	-	-	-	-	-	-
Avg. Asking Net Rent (PSF)	\$15.86	↑	\$17.08	↑	\$16.08	↑	\$10.18	↑
Net Absorption (SF)	-41,323	↓	76,245	↑	34,922	↑	-82,087	↑
Net Absorption (SF) - YTD	-30,197		-28,286		-58,483		-571,543	
New Supply (SF)	0	↔	0	↔	0	↔	20,000	↑
New Supply (SF) - YTD	0		0		0		122,801	
Under Construction (SF)	334,725	↔	21,000	↑	355,725	↑	722,453	↑

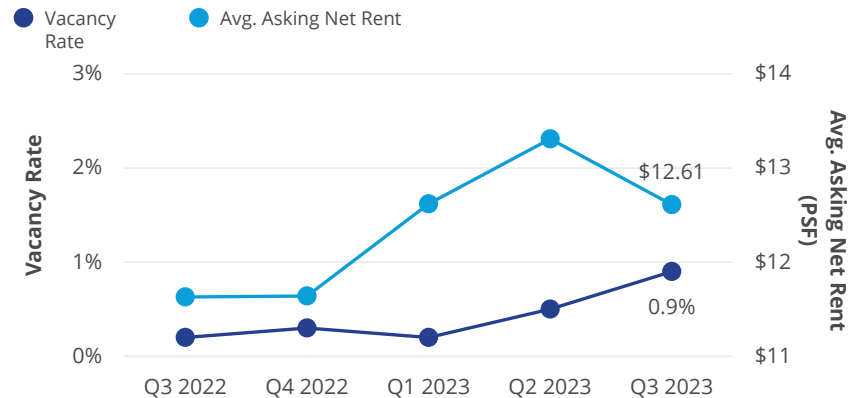
Q3 2023

Waterloo Market

Office Fundamentals



Industrial Fundamentals



Key Findings

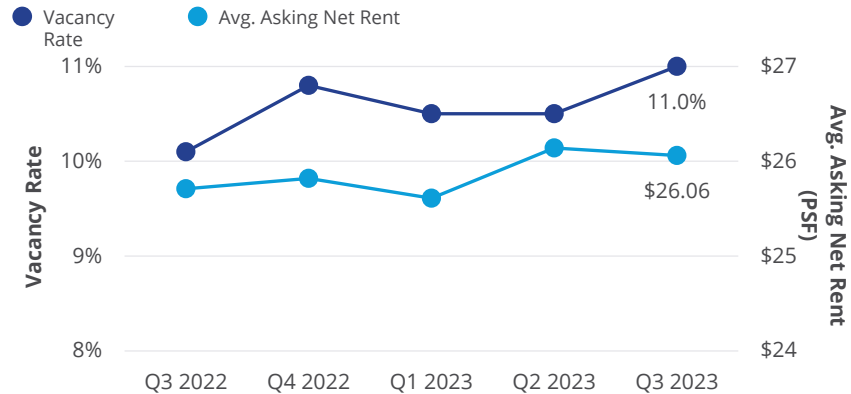
- Conestoga College continues to dramatically expand its footprint in Downtown markets across Waterloo Region, as well as in Guelph and Brantford with \$91 million invested by acquiring eight buildings. This combined with the space leased at Market Square in Downtown Kitchener and further expansion on the horizon has the potential to revitalize some of the Region's stagnant Downtown areas.
- As certain spaces in the office market continue to sit vacant, landlords will likely have to start offering further incentives such as increased amenities or even free rent as an alternative to dropping asking net rental rates. Non-traditional tenants—such as the aforementioned Conestoga College—as well as office building conversion may be a longer-term solution for consistently high vacancy rates, especially in the Downtown markets.
- While there is over 1.5 million square feet of industrial supply due to be completed before the end of the year, land development itself remains scarce. With a limited pipeline of new industrial land and virtually no small parcels expected to come to the market anytime soon, the small-to-mid bay user may have fewer options in the future.
- Interest rates have yet to impact owner-occupier prices and demand, however the time required for mortgage approval and associated hurdles are proving to be challenging. Investment activity is gaining some momentum, but there is still a gap between buyer and seller expectations.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	18.8%	↑	9.3%	↑	12.8%	↑	0.9%	↑
Total Vacancy (SF)	998,924	↑	839,850	↓	1,838,774	↑	980,475	↑
Direct Vacancy (SF)	976,355	↑	474,418	↓	1,450,773	↑	980,475	↑
Sublet Vacancy (SF)	22,569	↔	365,432	↑	388,001	↑	0	↔
Industrial Availability Rate	-	-	-	-	-	-	1.4%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	1,568,581	↑
Avg. Asking Net Rent (PSF)	\$17.04	↓	\$15.21	↓	\$16.43	↓	\$12.61	↑
Net Absorption (SF)	-38,086	↓	11,003	↑	-27,083	↓	-72,360	↓
Net Absorption (SF) - YTD	-120,325	-	-261,520	-	-381,845	-	-8,747	-
New Supply (SF)	0	↔	0	↔	0	↔	351,106	↑
New Supply (SF) - YTD	0	-	0	-	0	-	660,945	-
Under Construction (SF)	0	↔	0	↔	0	↔	6,156,164	↑

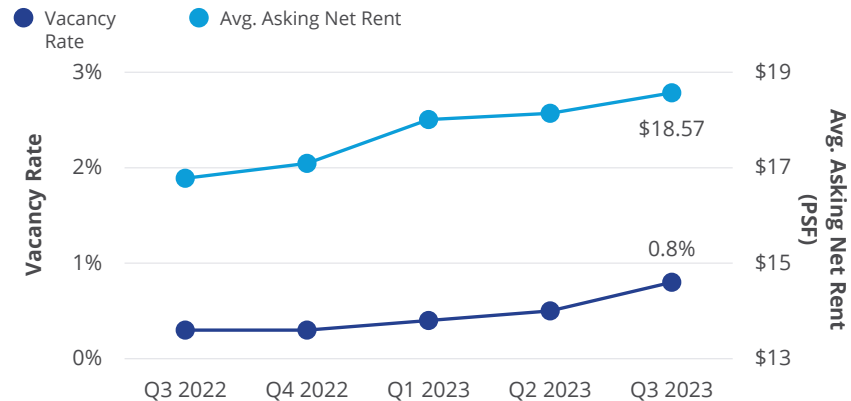
Q3 2023

Toronto Market

Office Fundamentals



Industrial Fundamentals



Key Findings

- As summer draws to a close, numerous business executives are reaffirming their commitment to the return-to-office approach. Some prominent organizations that had previously adopted more flexible hybrid work policies are now requiring their employees to spend a minimum of two or three days per week in the office, emphasizing the importance of fostering company culture and enhancing productivity.
- Downtown office occupancy continued to climb over the course of Q3, just surpassing the expectation of 50% occupancy by the end of the summer, hovering at 52% of pre-COVID as of August 1, 2023. Class AAA and A net asking rental rates rose slightly across the board, while rates for Class B spaces fell slightly across the board in response to higher vacancy.
- The Greater Toronto Area industrial sector remains strong overall, but there are signs of a slight softening in market. The combination of 3.6 million square feet of new supply, but absorption below 1 million square feet this quarter should lead to more opportunities for tenants than in the past couple years.
- With an uncertain economic outlook since the beginning of 2023, vacant space has reached its highest point since Q3 2017. While it may not be too much of a surprise to see an increase in vacancy given the historically low vacancy and availability rates over 2021 and 2022, the sublease availability doubled this quarter. This could be a temporary anomaly or perhaps a harbinger for tenants who took on too much space during the pandemic.

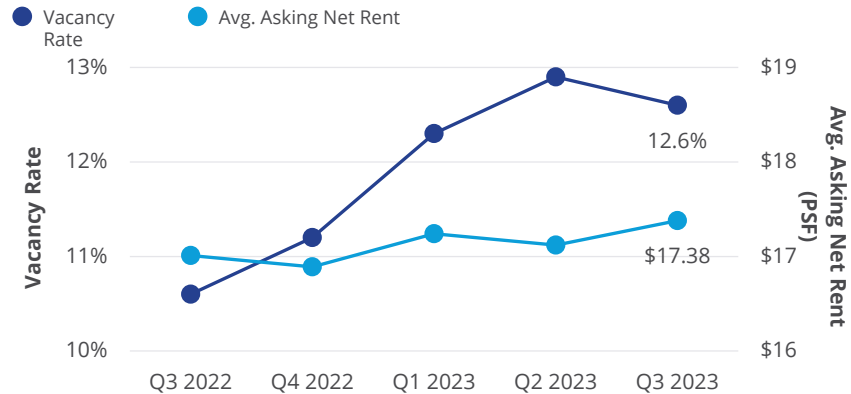
Statistics	Central* Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	11.0%	↑	10.9%	↑	11.0%	↑	0.8%	↑
Total Vacancy (SF)	13,283,690	↑	14,400,162	↑	27,683,852	↑	6,863,038	↑
Direct Vacancy (SF)	9,754,149	↑	11,550,989	↑	21,305,138	↑	6,547,315	↑
Sublet Vacancy (SF)	3,529,541	↑	2,849,173	↑	6,378,714	↑	315,723	↑
Industrial Availability Rate	-	-	-	-	-	-	1.8%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	14,929,335	↑
Avg. Asking Net Rent (PSF)	\$35.06	↑	\$18.16	↓	\$26.06	↓	\$18.57	↑
Net Absorption (SF)	231,636	↑	-484,862	↓	-253,226	↑	807,551	↓
Net Absorption (SF) - YTD	-1,357,063	-	-701,744	-	-2,058,087	-	2,578,362	-
New Supply (SF)	0	↔	0	↔	0	↔	3,610,759	↑
New Supply (SF) - YTD	147,846	-	0	-	147,846	-	7,132,384	-
Under Construction (SF)	5,270,109	↓	371,611	↓	5,641,720	↓	20,006,556	↑

*Central includes Downtown and Midtown

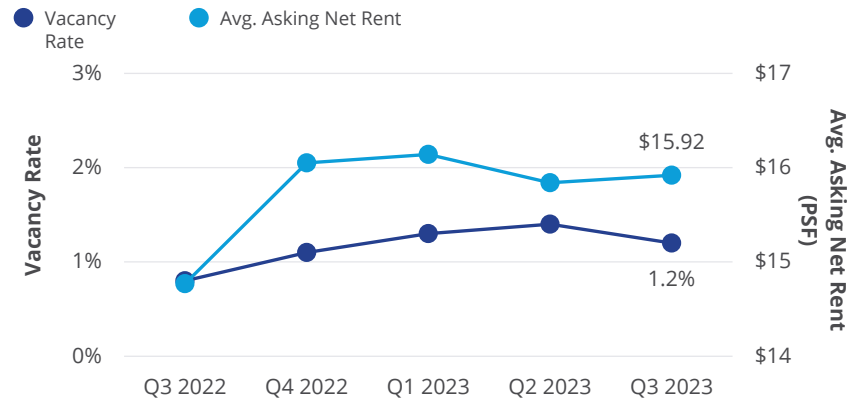
Q3 2023

Ottawa Market

Office Fundamentals



Industrial Fundamentals



Key Findings

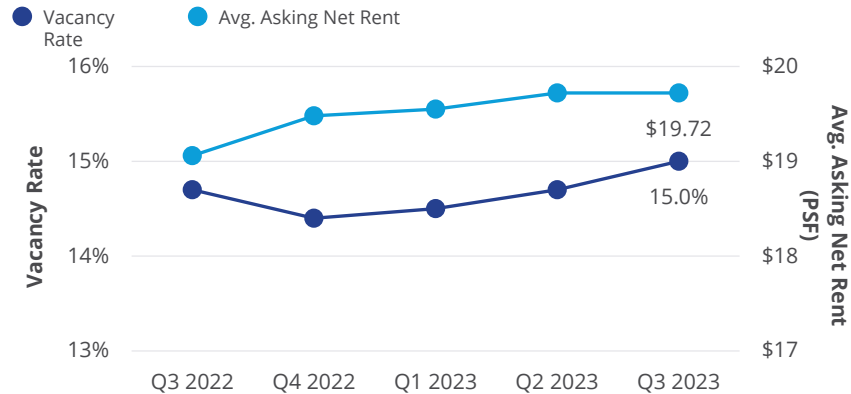
- Ottawa's office vacancy rate declined this quarter for the first time since Q1 2022. This was mainly driven because of increased leasing activity by tenants in the Suburban sector. Downtown landlords are offering more spec-suites and finished turnkey office spaces with staged furniture that also serve as model units and marketing assets.
- Two Downtown office buildings were purchased this quarter, with the new owners' intention to convert them into multi-unit residential buildings. With vacancy rates in the Downtown Class B and Class C sectors near record highs, as well as continued solid fundamentals in the rental housing market, the office-to-residential trend has begun to pick up steam in the nation's capital.
- Demand for industrial space was strong this quarter and translated into positive leasing activity. As a result, Ottawa's industrial vacancy rate declined across all submarkets in Q3, with the current rate sitting at 1.2%. Demand for small-bay spaces has stabilized, while demand for large-bay spaces is still in high demand by tenants looking to expand or upgrade the quality of their space.
- Three new industrial buildings were completed this quarter, totalling nearly 60,000 square feet of space. 77% of this new inventory was pre-leased. Construction continues for six new buildings amounting to 931,441 square feet, with over 20% of the footprint projected for completion before the end of 2023.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	12.3%	↓	12.9%	↓	12.6%	↓	1.2%	↓
Total Vacancy (SF)	2,247,490	↓	3,355,826	↓	5,603,316	↓	556,972	↓
Direct Vacancy (SF)	1,948,050	↓	2,749,911	↓	4,697,961	↓	359,977	↓
Sublet Vacancy (SF)	299,440	↑	605,915	↓	905,355	↓	196,995	↓
Industrial Availability Rate	-	-	-	-	-	-	1.4%	↓
Industrial Available Space (SF)	-	-	-	-	-	-	669,259	↓
Avg. Asking Net Rent (PSF)	\$20.36	↑	\$15.21	↑	\$17.38	↑	\$15.92	↑
Net Absorption (SF)	29,197	↑	86,648	↑	115,845	↑	164,219	↑
Net Absorption (SF) - YTD	-319,337		-301,893		-621,230		256,909	
New Supply (SF)	0	↔	0	↔	0	↔	58,629	↑
New Supply (SF) - YTD	0		0		0		221,527	
Under Construction (SF)	0	↔	204,608	↓	204,608	↓	981,441	↑

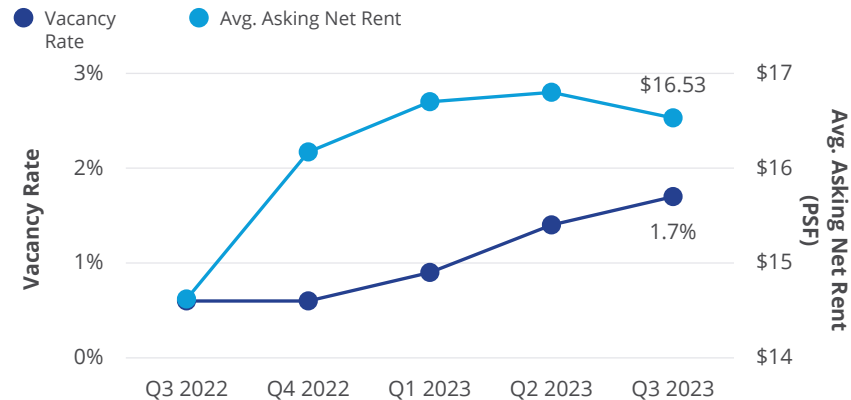
Q3 2023

Montréal Market

Office Fundamentals



Industrial Fundamentals



Key Findings

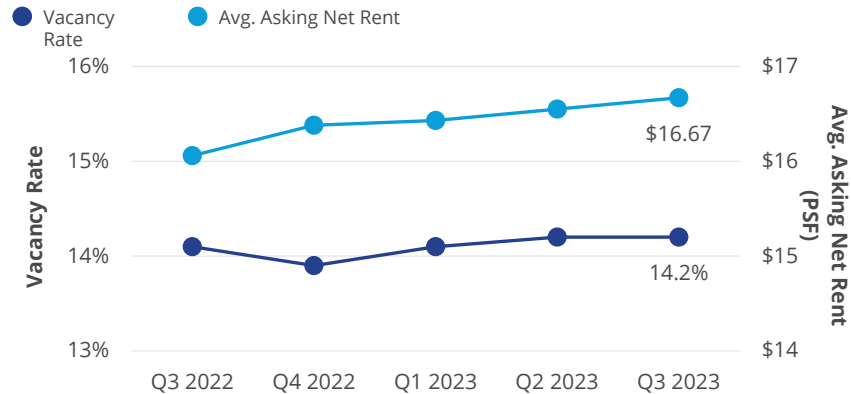
- The Downtown office availability rate continued to rise with a 40 basis point quarterly increase, largely attributed to vacancies in the Downtown Core's Class B buildings. Average asking net rental rates for Class A sites experienced a modest decline as vacancy pressure mounts on certain buildings. Conversely, properties with low vacancy have not seen their rental rates adjusted in the same manner.
- The flight-to-quality trend and hybrid work model continues to impact the Midtown market with negative -468,340 square feet of absorption. This is the highest level of negative absorption registered for Midtown, of which the amount was relatively balanced across the A and B Class segments.
- Montreal's industrial market is no longer seeing the extreme—and unsustainable—growth levels experienced at this time last year. In some metrics, the sector has shown signs of slightly softening particularly as both retail and e-commerce demand has fallen.
- Trends over the last couple of years that were once exclusive to the office sector have seeped into the industrial sector. Landlords are creating options for tenants, offering T.I. allowances while also showing flexibility with their asking net rental rates. Certain tenants with excess warehousing space are starting to downsize and sublease surplus square footage, which has caused overall subleasing activity to increase as well.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	14.3%	↓	15.9%	↑	15.0%	↑	1.7%	↑
Total Vacancy (SF)	7,816,676	↓	7,175,569	↑	14,992,245	↑	6,027,207	↑
Direct Vacancy (SF)	6,605,890	↓	5,648,603	↑	12,254,493	↑	5,680,948	↑
Sublet Vacancy (SF)	1,210,786	↓	1,526,966	↑	2,737,752	↓	346,259	↑
Industrial Availability Rate	-	-	-	-	-	-	2.4%	↑
Industrial Available Space (SF)	-	-	-	-	-	-	8,818,202	↑
Avg. Asking Net Rent (PSF)	\$22.14	↑	\$16.43	↑	\$19.72	↑	\$16.53	↓
Net Absorption (SF)	207,040	↑	-601,684	↓	-394,644	↓	-76,546	↑
Net Absorption (SF) - YTD	-391,013	-	-308,561	-	-699,574	-	-568,803	-
New Supply (SF)	0	↔	0	↓	0	↔	876,445	↑
New Supply (SF) - YTD	0	-	40,000	-	40,000	-	2,176,911	-
Under Construction (SF)	1,341,750	↔	165,995	↔	1,507,745	↔	3,062,053	↓

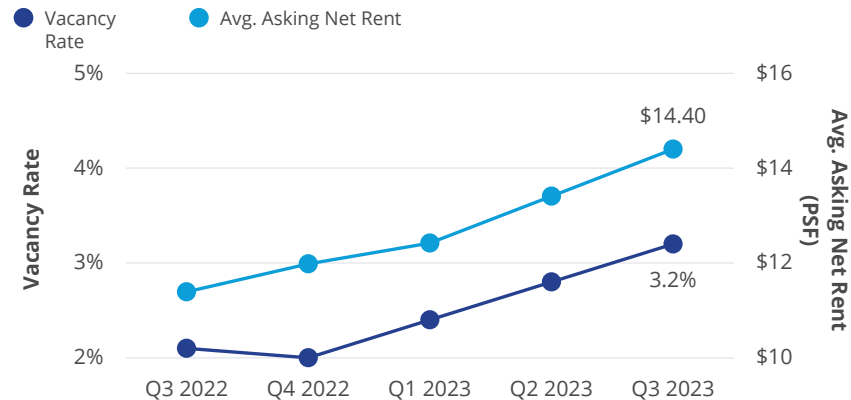
Q3 2023

Halifax Market

Office Fundamentals



Industrial Fundamentals



Key Findings

- With Downtown office vacancy rates up almost 200 basis points and the Suburban rate down 100 basis points over the last two quarters, it seems the trend of downsizing and moving out of Halifax's Downtown market to address the hybrid or work-from-home model has continued throughout much of the year. The current net rental rate gap is over \$2 per square foot, with Downtown rents approaching \$18 per square foot, while Suburban rents sit at just over \$15.50 per square foot.
- Halifax's Suburban office market recorded nearly 100,000 square feet of positive absorption this quarter, despite no new supply added. While there is 80,000 square feet of under construction inventory in the Downtown market, developers may begin to shift their focus to the Suburban market, as more companies continue to downsize and move out to those areas.
- The demand for industrial properties within Halifax has remained steady with only a nominal increase in vacancy over the last couple of quarters, currently at just over 3.0%. Average asking net rental rates have continued their steady climb throughout 2023, with a Q3 rate of \$14.40 per square foot. This represents a 20% year-over-year increase, which is the largest in Canada.
- Q3 brought just under 100,000 square feet of new industrial supply, with even more coming on the horizon. There are two more properties scheduled to complete their construction before the end of the year, bringing in an additional 218,000 square feet into the market, which is not yet released so far.

Statistics	Downtown Office	QoQ	Suburban Office	QoQ	Total Office	QoQ	Total Industrial	QoQ
Vacancy Rate	18.7%	↑	11.2%	↓	14.2%	↔	3.2%	↑
Total Vacancy (SF)	1,007,056	↑	905,454	↓	1,912,510	↑	297,534	↑
Direct Vacancy (SF)	958,078	↑	817,702	↓	1,775,780	↓	261,822	↑
Sublet Vacancy (SF)	48,978	↑	87,752	↓	136,730	↑	35,712	↑
Industrial Availability Rate	-	-	-	-	-	-	-	-
Industrial Available Space (SF)	-	-	-	-	-	-	-	-
Avg. Asking Net Rent (PSF)	\$17.64	↑	\$15.52	↑	\$16.67	↑	\$14.40	↑
Net Absorption (SF)	-98,729	↓	99,946	↑	1,217	↑	25,086	↓
Net Absorption (SF) - YTD	-94,122	-	68,639	-	-25,483	-	227,544	-
New Supply (SF)	0	↔	0	↔	0	↔	97,584	↓
New Supply (SF) - YTD	0	-	0	-	0	-	348,201	-
Under Construction (SF)	80,000	↑	0	↔	80,000	↑	929,917	↓

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