

A photograph of a city street, likely in Toronto, featuring a red and white tram on a dedicated track. The street is lined with tall, modern glass skyscrapers. The sun is low in the sky, creating a bright, hazy atmosphere and long shadows. The tram is moving towards the viewer. The overall scene is a mix of urban infrastructure and modern architecture.

Greater Toronto investment review

Q4 2024

**AVISON
YOUNG**

Greater Toronto market fundamentals

\$3.8B

total commercial real estate investment volume during Q4 2024
down 17% compared with Q4 2023

120

number of Q4 2024 industrial asset sales
30% of total transactions

\$533M

total office investment volume during Q4 2024
up 78% compared with Q4 2023

1,569

acres of ICI land sold during Q4 2024 across the Greater Toronto Area (GTA)
down 18% compared with Q4 2023

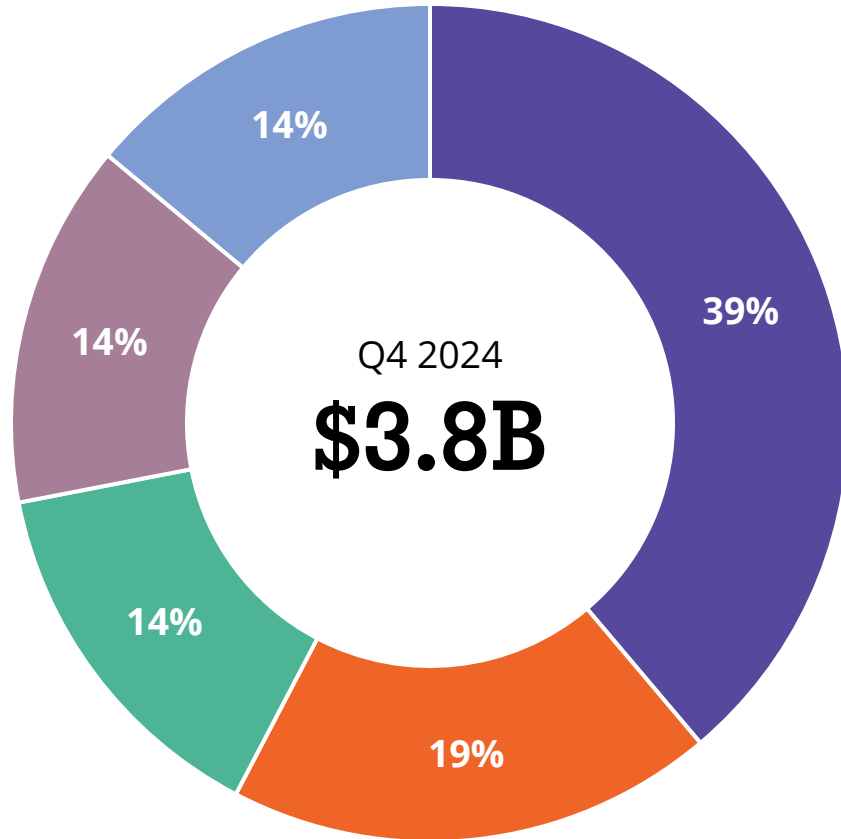
4.4%

average capitalization rate for multi-residential assets
up 30 bps year-over-year

\$362

average sale price per square foot (psf) for industrial assets across the GTA
up \$19 year-over-year

Greater Toronto investment activity



	Q4 2024	Q3 2024	Q4 2023
Industrial	\$1.5B	\$1.2B	\$2.3B
Land	\$714M	\$223M	\$598M
Retail	\$541M	\$281M	\$1.1B
Office	\$533M	\$287M	\$299M
Multi-Residential	\$529M	\$1.1B	\$230M
Total	\$3.8B	\$3.1B	\$4.6B

Investment market trends

01

GTA annual investment volume declines 34% year-over-year

Overall investment volume in the GTA was \$3.8 billion in Q4 2024 – up 23% quarter-over-quarter but down 17% compared with Q4 2023. The full-year 2024 total of \$13.6 billion represents a decline in volume of 34% compared with 2023. At \$3.4 billion, the quarterly average investment volume in 2024 was the lowest recorded since 2020 (\$3.1 billion).

Although the number of transactions increased quarter-over-quarter, the annual total of 1,688 was down 6% year-over-year in 2024 – and represented a decrease of 32% compared with a recent peak of 2,474 transactions logged in 2021.

02

Uncertainty undermines otherwise favourable market

Although interest rates have come off their highs and the availability of debt is improving – with plenty of capital available for the right assets at the right price – there is a lot of “noise” and uncertainty in today’s global geopolitical situation which continues to render it difficult for stakeholders to make decisions on buying or selling assets.

A sense of optimism carried the market into the beginning of 2025, with tenants leasing space and capital ready to flow amid lower and more stable interest rates. All the ingredients are in place for market circumstances to improve, but the outlook for 2025 remains unclear due to the unpredictability of political and economic factors around the world which remain unresolved.

03

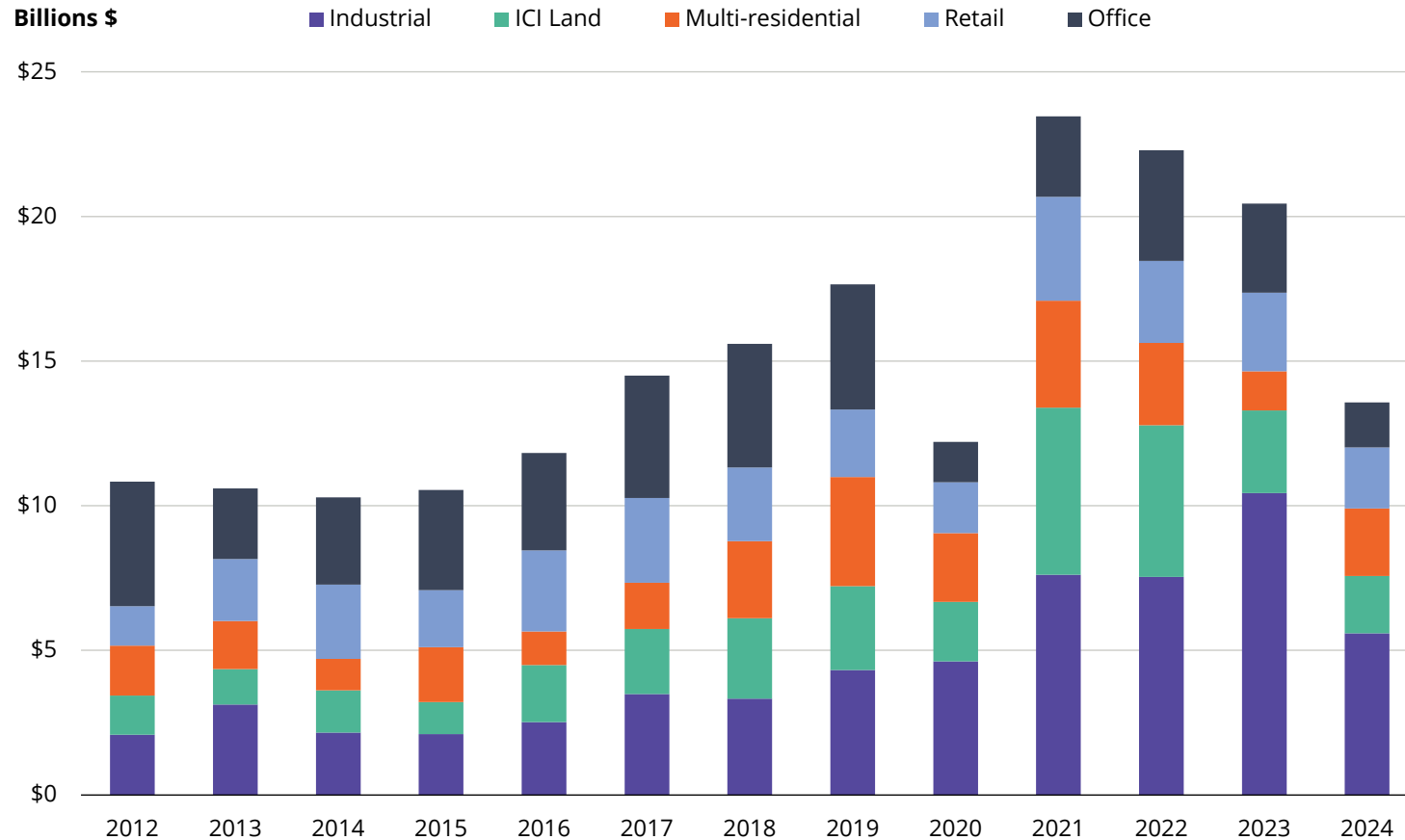
Distress sales remain rare, but continue to rise

Distressed asset sales volumes across the GTA rose again during Q4 2024, as 16 properties totalling \$179 million in value changed hands (up from \$71.6 million for 14 sales in Q3). The full-year total of 53 distress sales represents a 60% increase compared with 2023. At \$339.8 million, dollar volume of these sales in 2024 was 33% higher year-over-year. Retail assets made up the greatest number of sales (25), while the industrial sector accounted for the largest volume (\$136 million).

Despite the uptick in distressed-asset sales volume and challenging market conditions for some owners, these situations have remained relatively scarce in the GTA market, accounting for only 3% of the number of transactions and 2.5% of investment volume during the year.

Greater Toronto investment activity

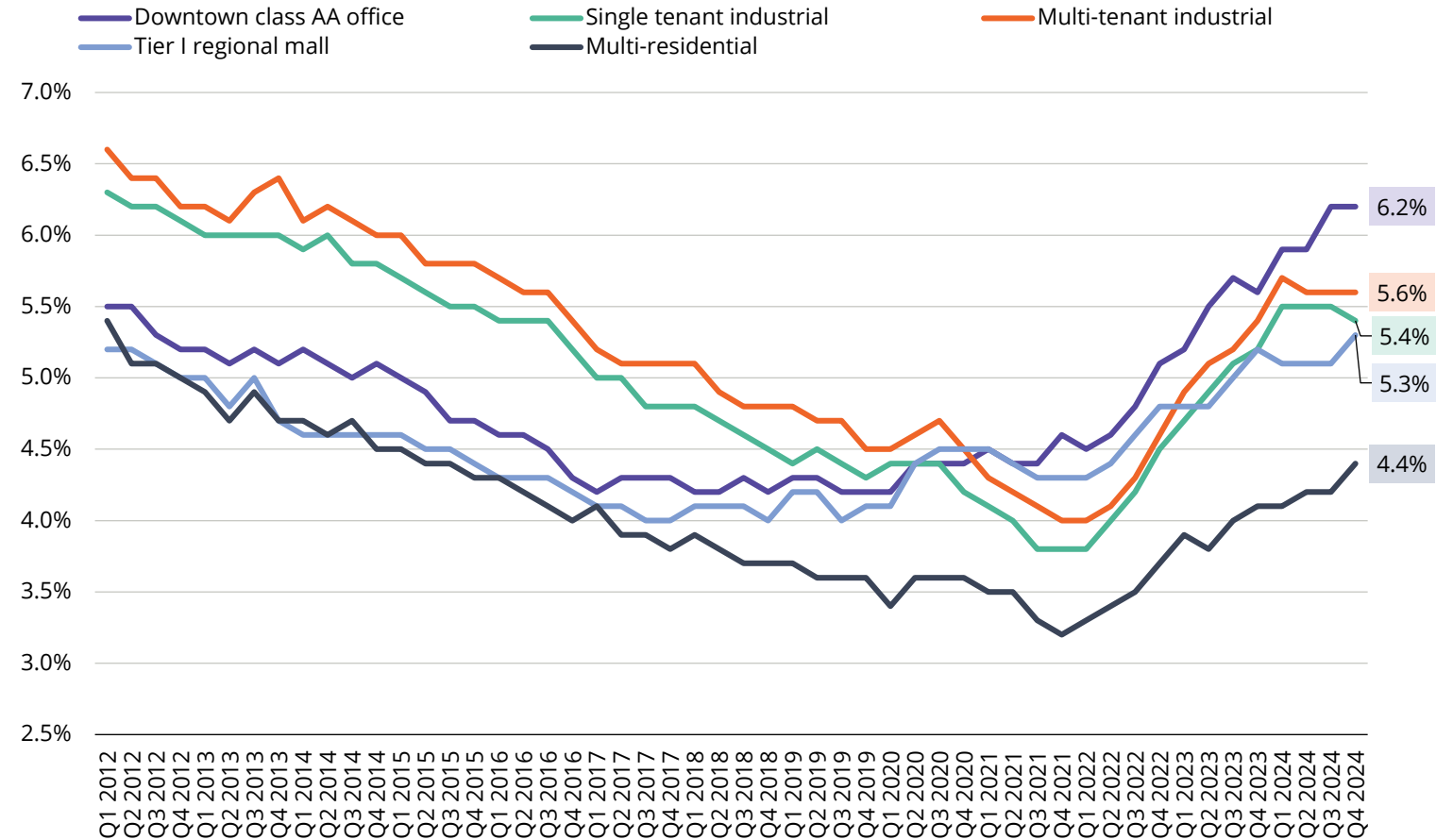
Transaction volume by asset class



Investment volume in 2024 was down 34% year-over-year.

Greater Toronto investment market indicators

GTA capitalization rate trends



Cap rates across all asset types surveyed continue to rise from recent lows in 2021 and 2022.

Industrial

Industrial remains top-of-mind, but annual volume down nearly half

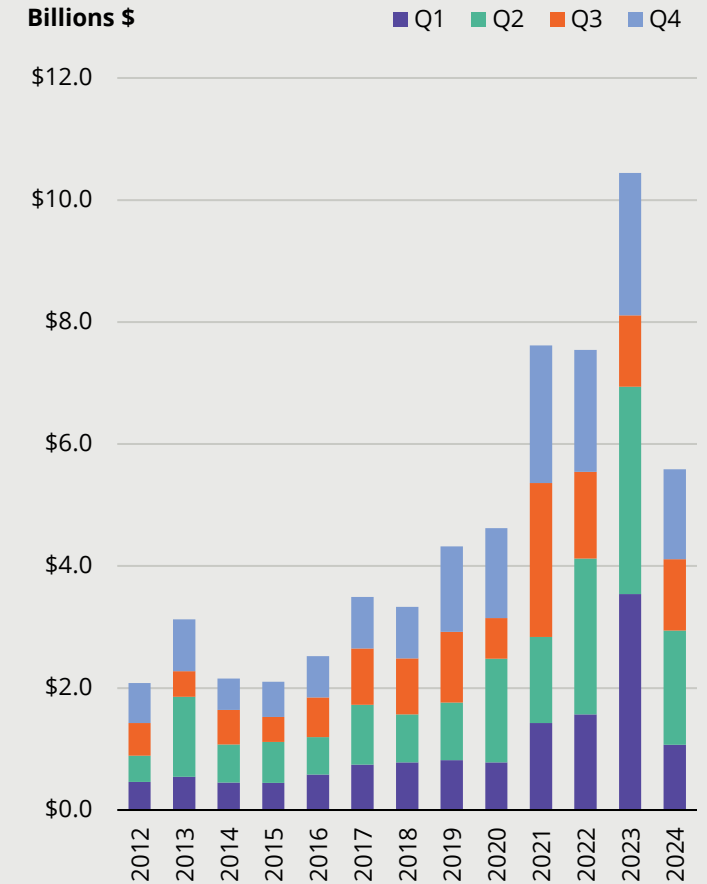
Investment in the industrial sector rose 26% quarter-over-quarter but was down 37% compared with Q4 2023, as nearly \$1.5 billion in sales took place during the fourth quarter of 2024 – representing 39% of the GTA quarterly investment total. Although this remains the GTA’s most-traded asset class, the sector’s full-year total of \$5.6 billion trailed last year’s \$10.4-billion result (which was boosted by large portfolio sales and the acquisition of Summit Industrial Income REIT by a joint venture between GIC and Dream) by 47%.

Investors retain their sense of confidence in the industrial sector, which remains a tight leasing market (with availability at 4.7% GTA-wide) even though the frenzied activity of recent years has cooled. Population growth has slowed, but does continue, bolstering demand for industrial space – in particular, for warehousing and logistics uses. In addition, the lower costs of holding vacant industrial space relative to other asset classes helps safeguard this sector’s appeal for investors.

Significant sale transactions

Address	District	Sale price / \$ psf	Buyer	Seller
1795, 2021, 2111 Steeles Ave. E., 10 & 12 Melanie Dr., Brampton	West	\$258,100,000 / \$160	Prologis	Canadian Tire Corp.
7900 Airport Rd., Brampton	West	\$121,367,855 / \$163	Unilever Canada Inc.	Airport Road (UCI) Portfolio Inc.
Millcreek Business Centre, Mississauga	West	\$104,000,000 / \$321	Soneil Millcreek Inc.	GWL Realty Advisors
1500 Birchmount Rd., Toronto	Central	\$60,500,000 / \$209	TAS	Ontario Superior Court of Justice
14 Precidio Ct., Brampton	West	\$56,000,000 / \$299	14 Precidio Ltd.	Ontari Holdings Ltd.

Industrial investment volume



ICI land

Sales volume down, but investors look to the future

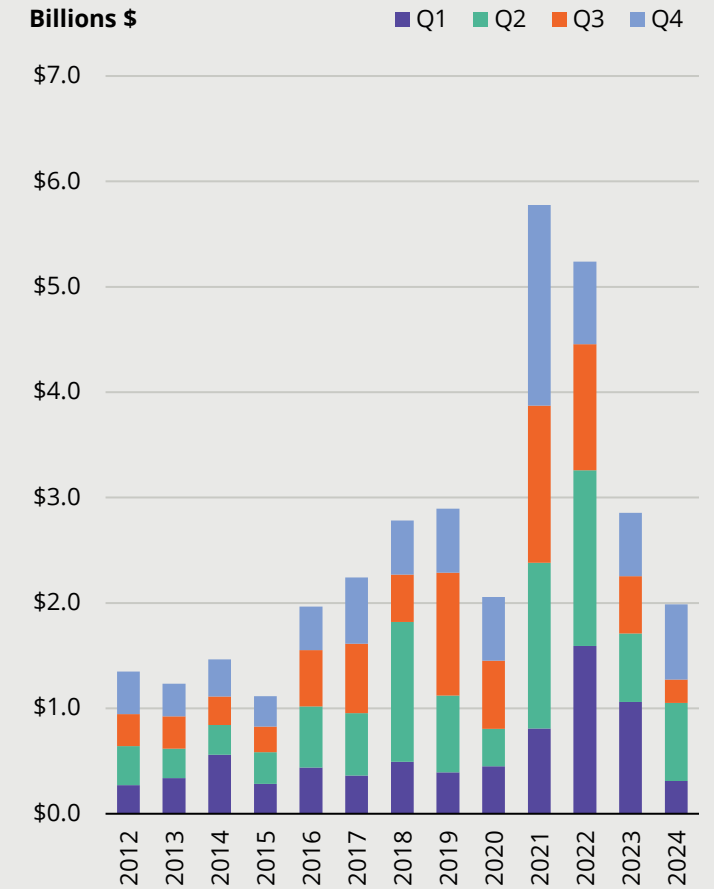
ICI land sales accounted for 19% of GTA dollar volume in Q4 2024, as \$714 million in assets changed hands – up 220% quarter-over-quarter and 19% year-over-year. For full-year 2024, the sector’s total of \$2 billion in sales volume was down 30% compared with 2023’s full-year result, and represented the lowest annual total since 2016. The quarter’s largest transactions mainly involved west-end industrial land, along with the site for an elementary school in Markham and a commercial development site in Scarborough.

Deal activity in the ICI land sector continues to be hindered by elevated carrying and development costs (including interest rates, development charges and construction costs). Nevertheless, capital is still available from both institutional and private development investors for good-quality opportunities, and owners who can afford to are content to hold their assets for the future as demand still remains – particularly when taking the long-term view.

Significant sale transactions

Address	District	Sale price / \$ per acre	Buyer	Seller
7564 Tenth Line W., Mississauga	West	\$92,000,000 / \$2,294,264	Prologis	Sylvan Oak Farm GP Inc.
2000 Williams Pkwy. E., Brampton	West	\$80,000,000 / \$2,500,000	Dream	FCA Canada
Rougeside Promenade, Markham	North	\$78,850,000 / \$23,700,030	York Region District School Board	Times Group Corp.
8386-8412 Hwy. 50 & The Gore Rd., Brampton	West	\$54,500,000 / \$2,334,047	Mobile Climate Control, Inc.	Greycan 9 Properties / 9404635 Canada Inc. / Pangreen LP / Highway 50 & 7 South Equities Inc.
5789 & 5811 Steeles Ave. E., Scarborough	East	\$50,000,000 / \$2,410,336	Carttera	Lesso Mall Development (Toronto) Ltd.

ICI land investment volume



Retail

Investment volume lowest since 2020, but investors still eyeing opportunities

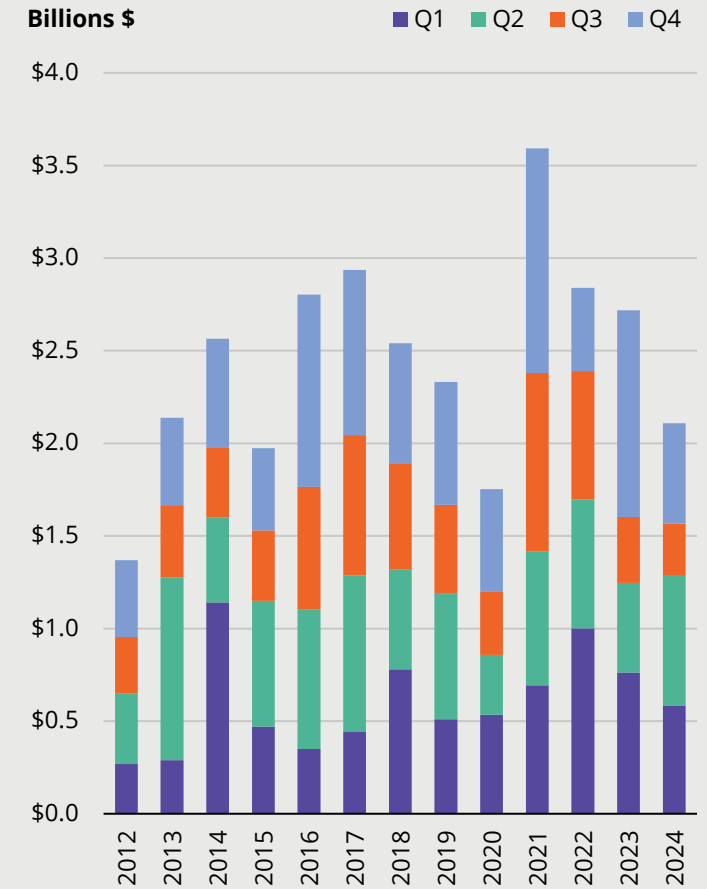
During Q4 2024, the retail sector posted \$541 million in quarterly sales – up 92% from the previous quarter but down 51% compared with the same quarter last year, and representing 14% of total GTA investment volume in Q4. The retail sector’s \$2.1-billion investment total for 2024 represents a 22% decrease year-over-year and the lowest result posted since 2020 (\$1.8 billion). The quarter’s largest transaction involved the purchase of a high school by the Toronto Catholic District School Board for its own use.

Retail assets continue to garner plenty of interest from diverse investors, both private and institutional. As always, necessity-based retail such as food-anchored strip malls or other assets offering grocery or pharmacy retailers are in high demand from investors, with very little supply available as owners prefer to hold rather than sell. Tenant demand is generally solid and leasing activity is good – location, tenant mix and covenants all have an impact on asset values.

Significant sale transactions

Address	District	Sale price / \$ psf	Buyer	Seller
15 & 35 Trehorne Dr., Toronto	Central	\$61,200,000 / n/a	Toronto Catholic District School Board	Toronto District School Board
Vaughan Square, Vaughan	North	\$45,400,000 / \$173	Salthill Capital	RioCan REIT
1910 Fowler Dr., Mississauga	West	\$34,500,000 / \$762	1900 Drive Holdings Inc.	Ontario Superior Court of Justice
1629-1633 The Queensway, Toronto	Central	\$34,300,000 / \$245	Zanchin Automotive Group	First Capital REIT
10 Neighbourhood Lane, Toronto	Central	\$14,000,000 / \$440	Supertrin Commercial Properties Inc.	Ontario Superior Court of Justice

Retail investment volume



Office

User purchases notable downtown as overall volume still well below historical average

After a slow third quarter, investment volume in the office sector rose 86% quarter-over-quarter and 78% year-over-year to \$533 million in Q4 2024 – accounting for 14% of the GTA’s overall investment volume during the quarter. With nearly \$1.6 billion in transactions through the year, investment volume in the office sector was down 50% compared with 2023, and less than half of the \$3.4-billion 10-year average.

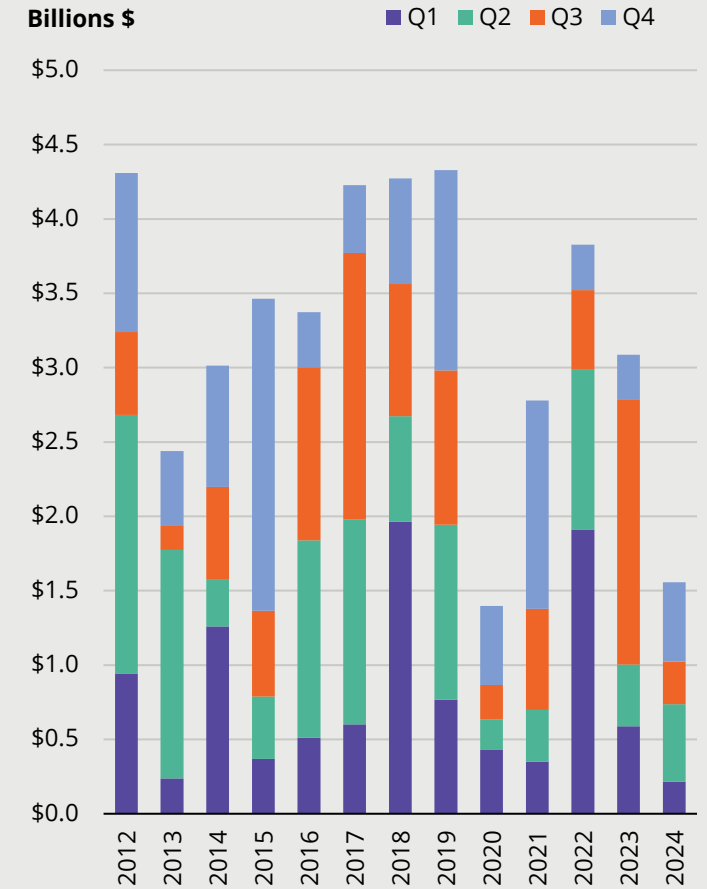
Of note in the final quarter of 2024 was the fact that two large downtown office buildings changed hands –

not many such trades have taken place in the past few years due to uncertainty in the leasing market. Interestingly, both sales had a user-purchase component, as Toronto Metropolitan University was a partial buyer of 2 Queen St. E., and University Health Network purchased 522 University Ave. Both these buyers intend to use the space for their own purposes. Meanwhile, the absence of trades among premier or trophy office towers downtown persists, but the outlook for the sector is better than it was a year ago as the return-to-office trend continues.

Significant sale transactions

Address	District	Sale price / \$ psf	Buyer	Seller
2 Queen St. E., Toronto (75% interest)	Central	\$161,250,000 / \$451	Brookfield Properties / Toronto Metropolitan University / Halmont Properties Corp.	AIMCo / CPPIB
522 University Ave., Toronto	Central	\$79,250,000 / \$377	University Health Network	Industrial Alliance
Woodbine & Steeles Corporate Centre, Markham	North	\$52,000,000 / \$144	Smart Investment Ltd.	Wafra Inc. / Slate Office REIT
90 Wynford Dr., Toronto	Central	\$40,500,000 / \$224	Access Self Storage Inc.	The Bank of Nova Scotia
Meadowvale Corporate Centre, Mississauga	West	\$40,100,000 / \$146	Aaxel Insurance	QuadReal Property Group

Office investment volume



Multi-residential

Annual investment volume beats 2023's total

At \$529 million, multi-residential investment during Q4 2024 was down 53% quarter-over-quarter but up 130% compared to the same quarter last year. The figure represents 14% of the GTA's quarterly total. For all of 2024, the sector's total of \$2.3 billion in investment is 73% above 2023's result – making this the only asset class to post an increase in annual investment volume year-over-year.

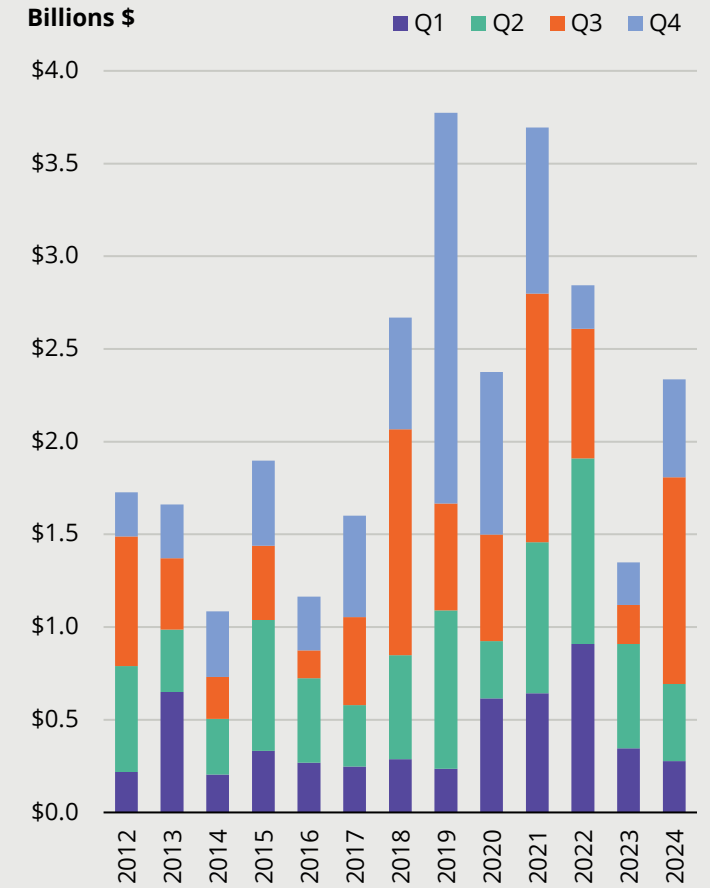
After the third quarter's total was boosted by the sale of two large, institutional-quality portfolio

transactions, the quarterly decline in volume comes as no surprise. As the population continues to rise and affordability of housing remains an issue, investor demand for rental properties remains strong, especially in desirable locations with favourable demographics. Buyers continue to demonstrate a preference for newer, larger buildings that offer economies of scale in their operation.

Significant sale transactions

Address	District	Sale price / \$ per unit	Buyer	Seller
1475 Whites Rd., Pickering	East	\$127,101,081 / \$559,917	Starlight Investments / BGO	Pine Ridge Tower Ltd.
Oben – Walter Portfolio	Central	\$68,000,000 / \$686,869	Walter Immobilien	Oben Group
200 Missinnihe Way, Mississauga	West	\$62,207,926 / \$414,720	The Regional Municipality of Peel	FRAM + Slokker
555 College St., Toronto	Central	\$48,000,000 / \$786,885	CAPREIT	RioCan REIT
27 Gamble Ave., Toronto & 70 Paisley Blvd. W., Mississauga	Central / West	\$37,750,000 / \$235,938	Gamble Westwood Ltd. / Paisley Boulevard Ltd.	Lloydbrook Investments II Inc.

Multi-residential investment volume



For more market insights and
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