



Southwestern Ontario Commercial Outlook for 2024

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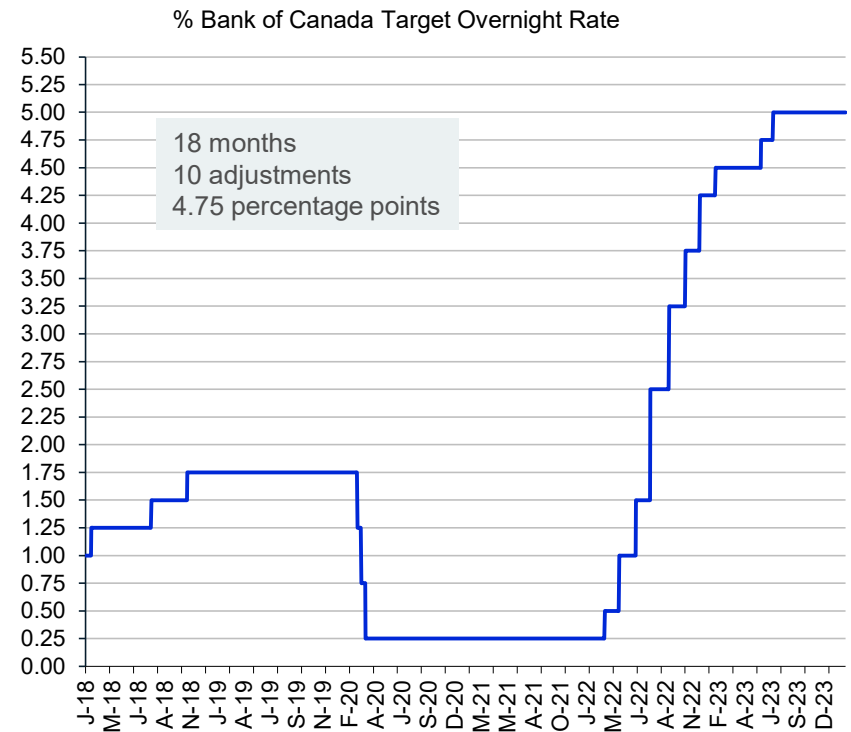
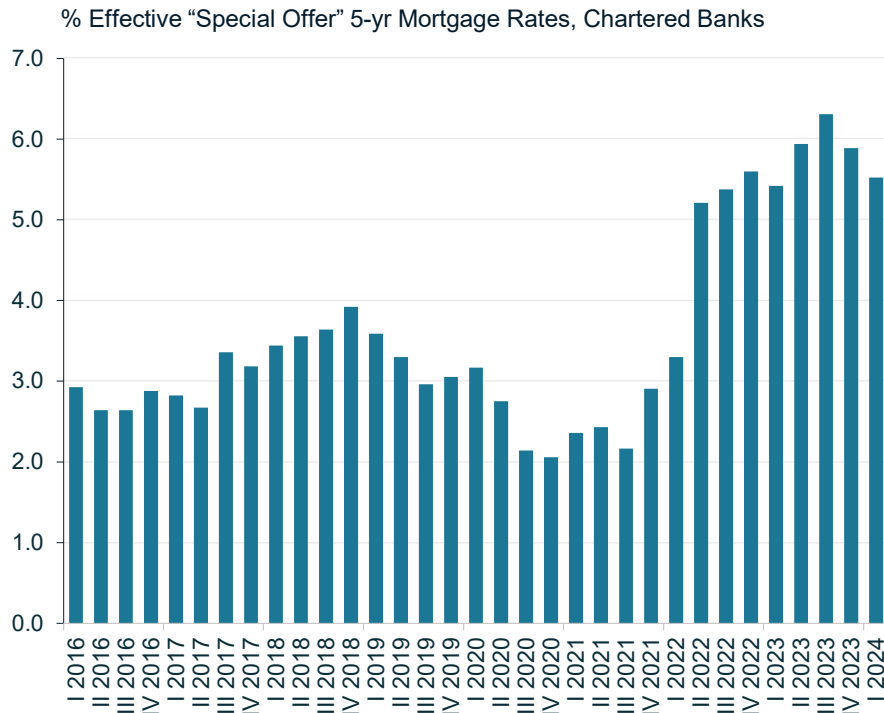
April 16th, 2024

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Interest rates peaked...

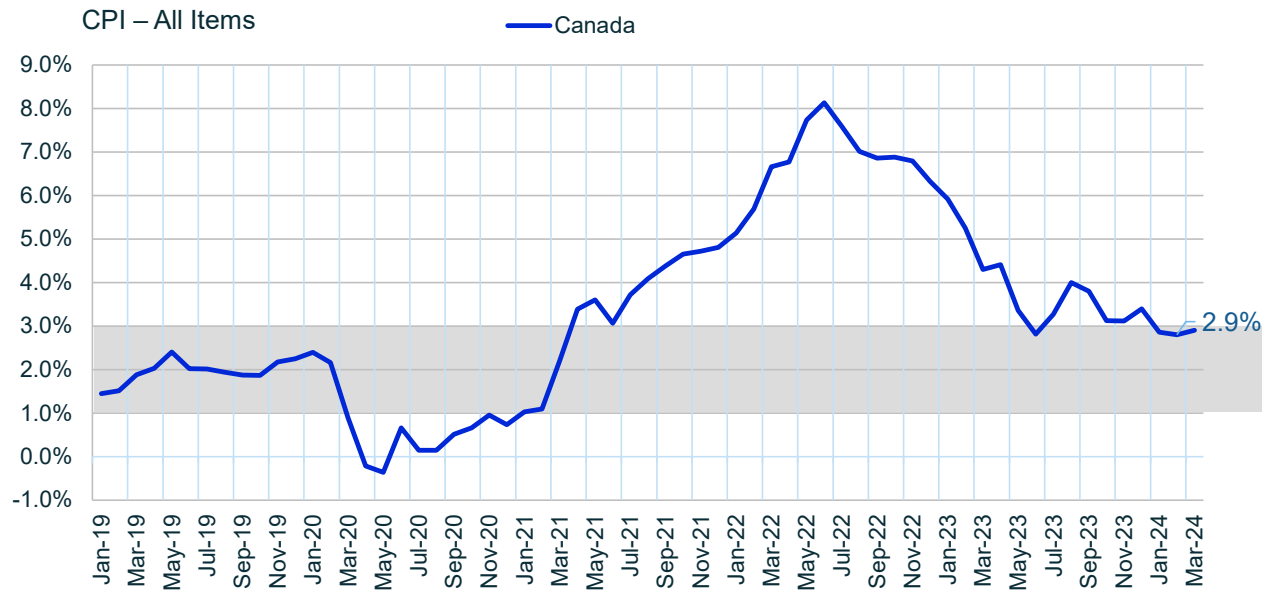
Mortgage and policy interest rates



Source: Altus Group Economic Consulting based on data from various chartered banks and Bank of Canada

Inflation has been disruptive, but is (generally) unwinding...

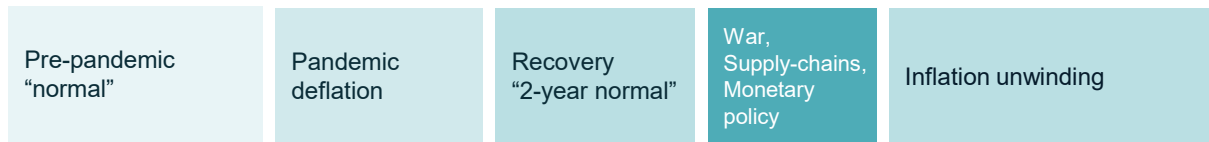
Consumer Price Inflation elevated



Category	Mar. Y/Y% Change*	Momentum
Food	3.0%	↑
Shelter	6.5%	↑
Clothing	-2.7%	↓
Transportation	3.0%	↑
Alcohol/Tobacco	3.2%	↑

Normal range

Inflation Phases

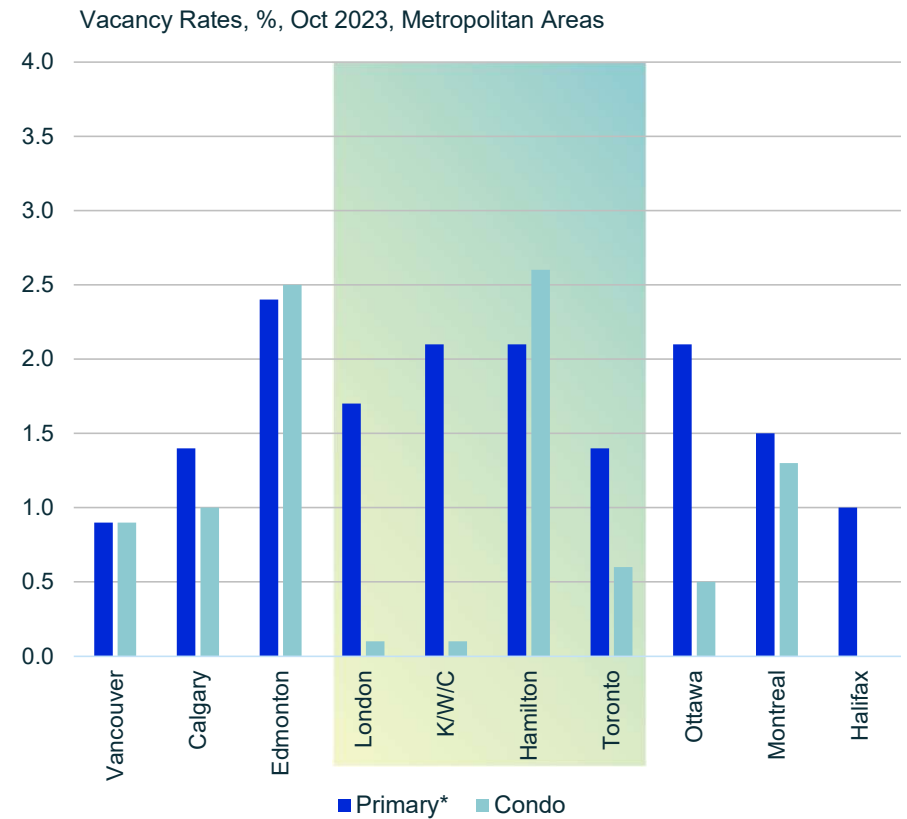
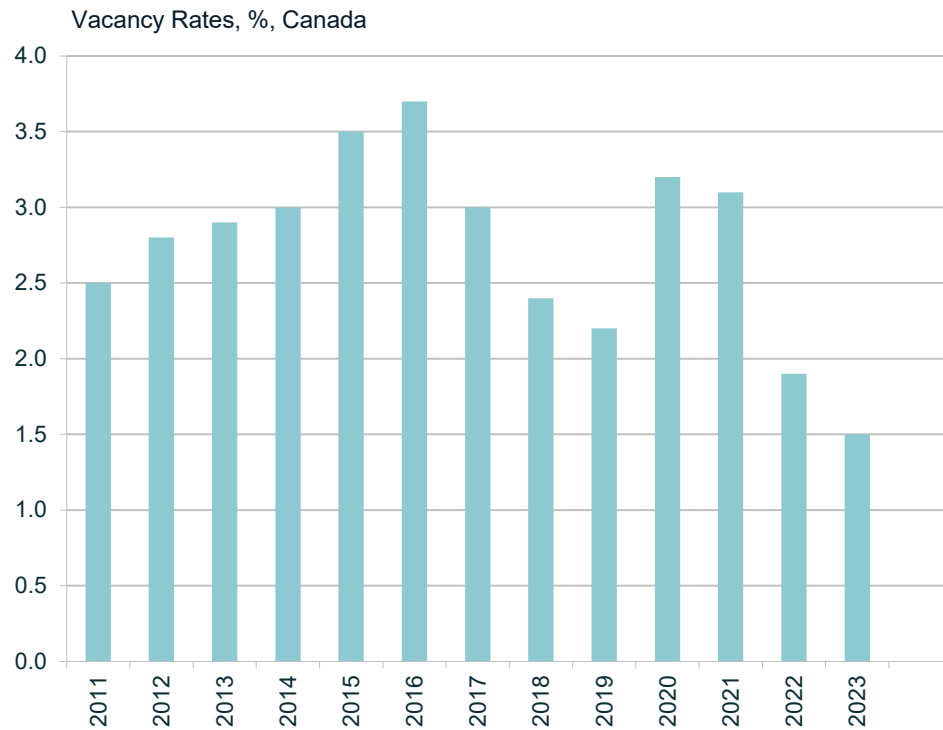


* is momentum from the previous month

Source: Altus Group based on Statistics Canada

Vacancy rates tumbling since 2016 and generally lower for condo rentals...

Rental vacancy rates, Canada and selected markets

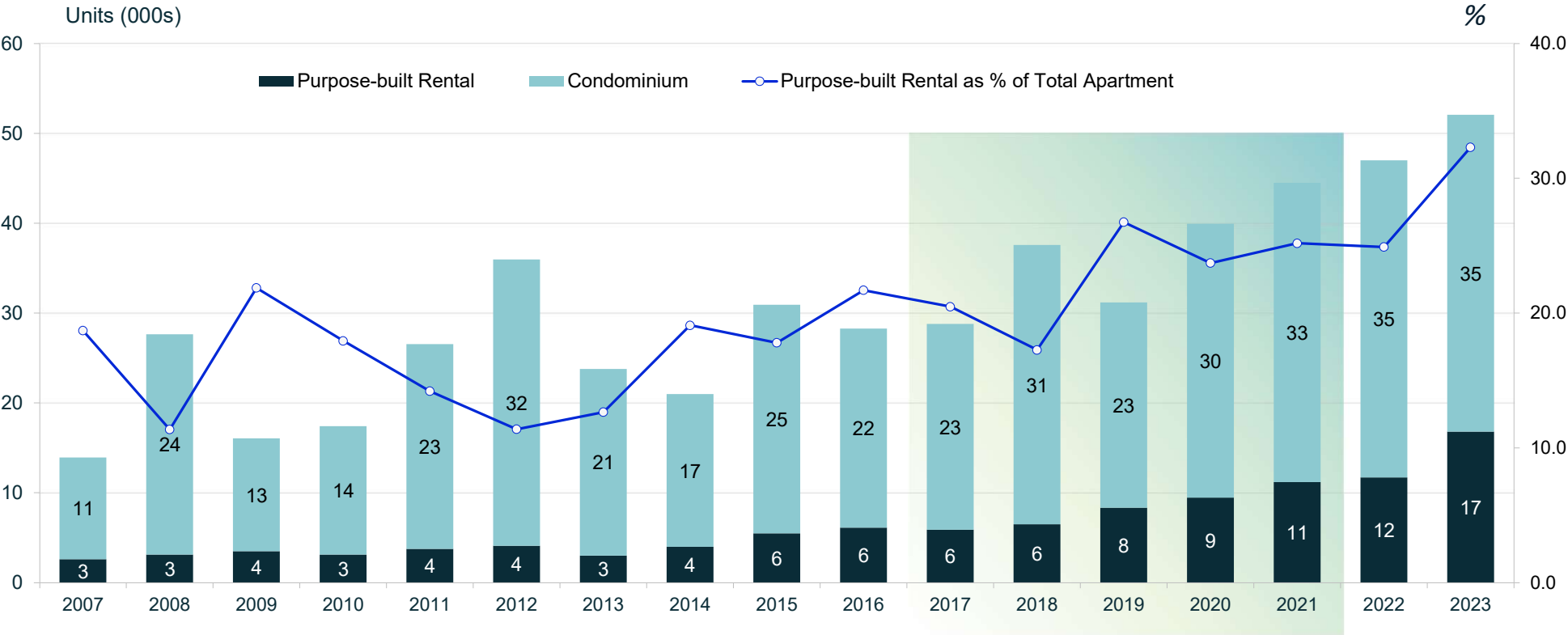


* Purpose-built rental, all ages of stock

Source: Altus Group Economic Consulting based on data from CMHC

Rental projects now account for about one-third of apartment construction...

Apartment starts by intended market segment, Ontario*



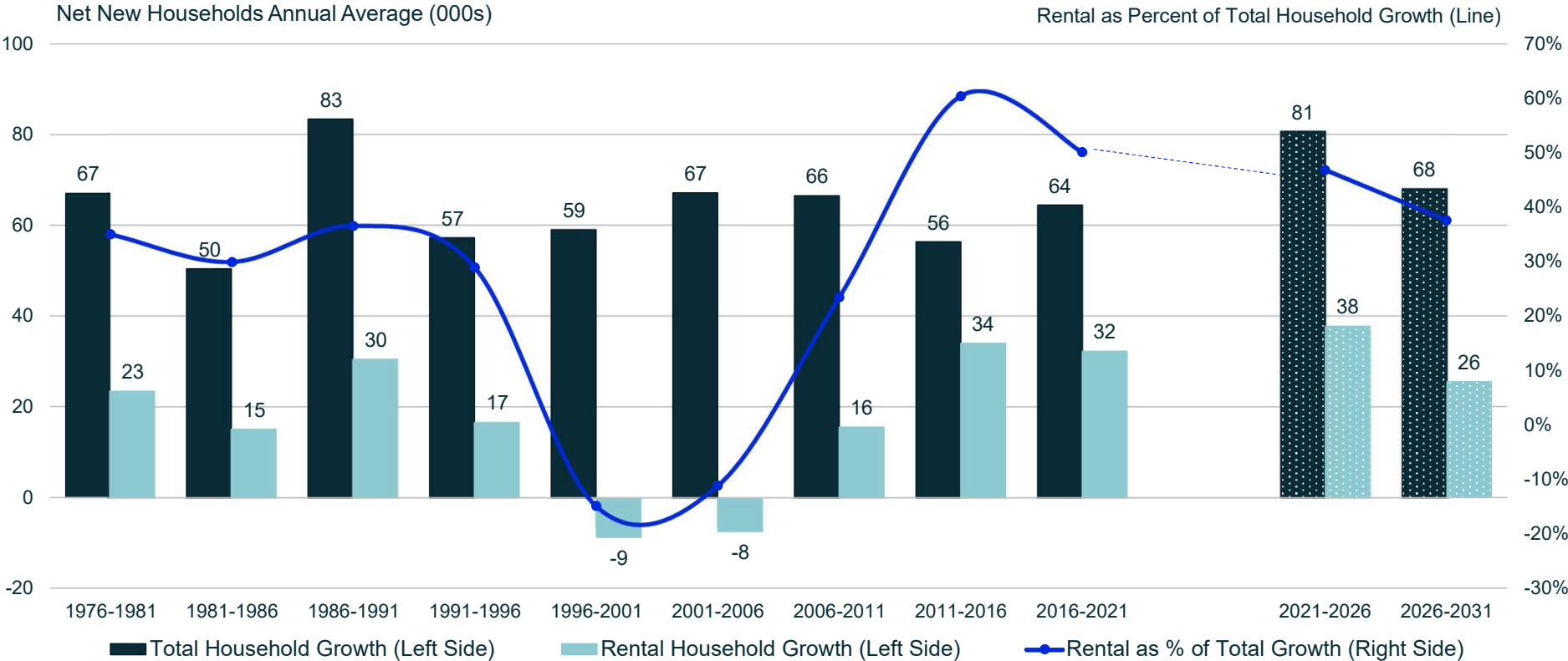
*Centres 50,000+

Source: Altus Group Economic Consulting based on CMHC data



Rental demand may be peaked, but continues to outstrip supply...

Household growth by tenure, Ontario

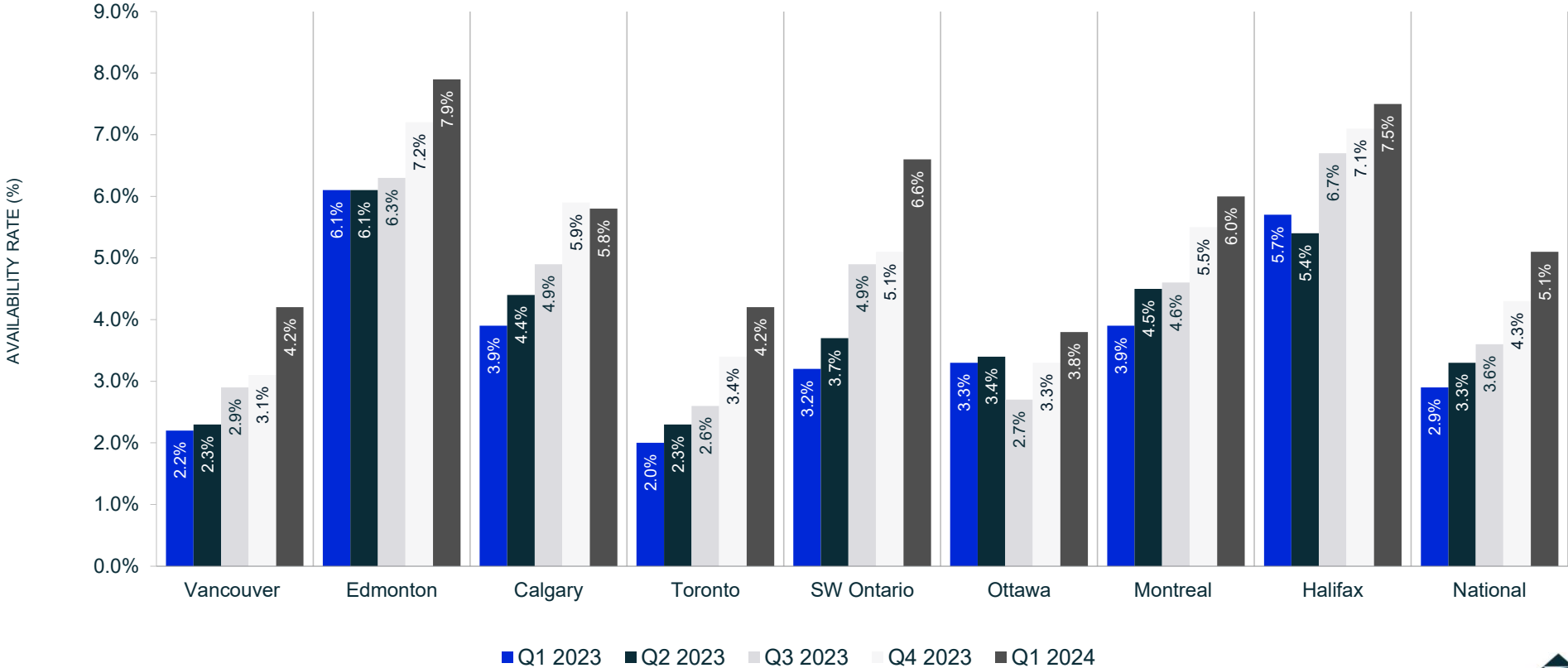


* Purpose-built rental, all ages of stock

Source: Altus Group Economic Consulting based on data from CMHC



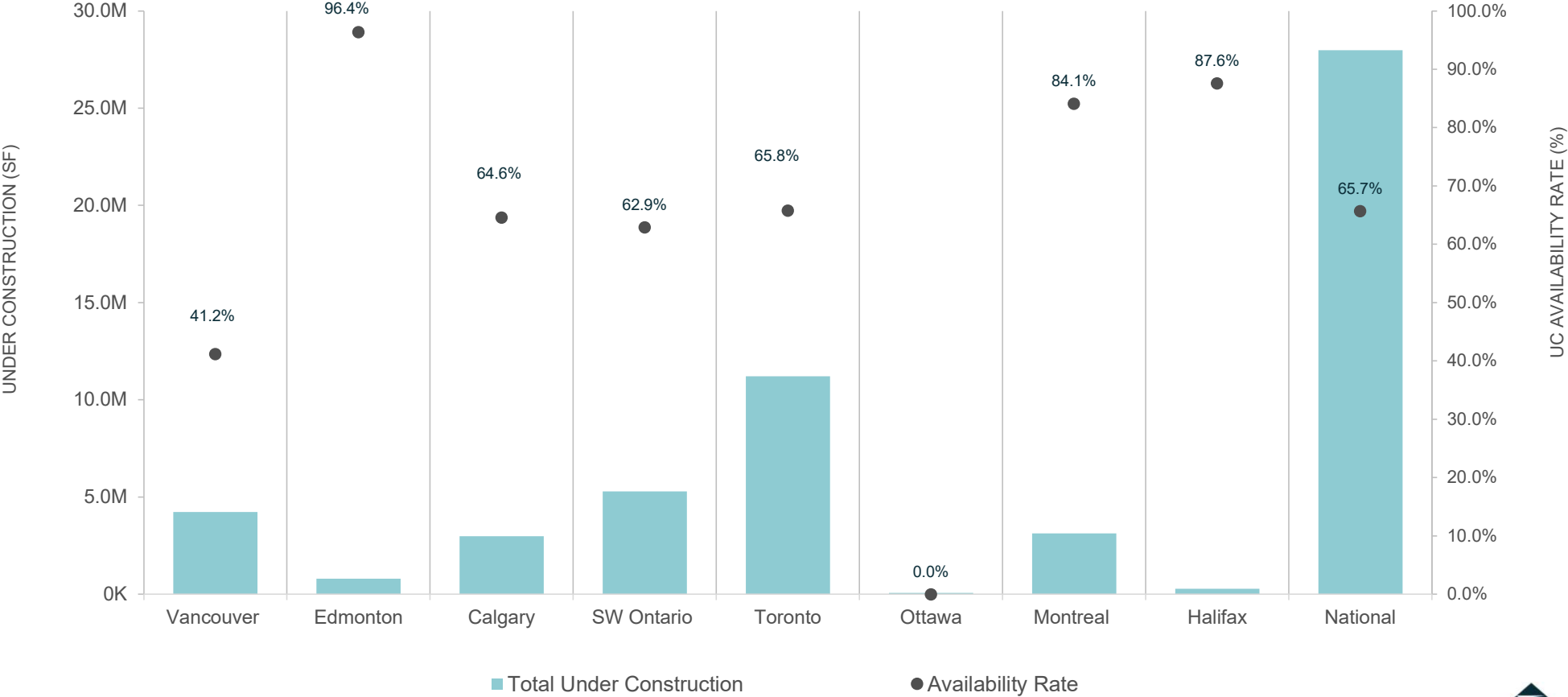
Industrial availability rates higher, but remain tight



Source: Altus Group



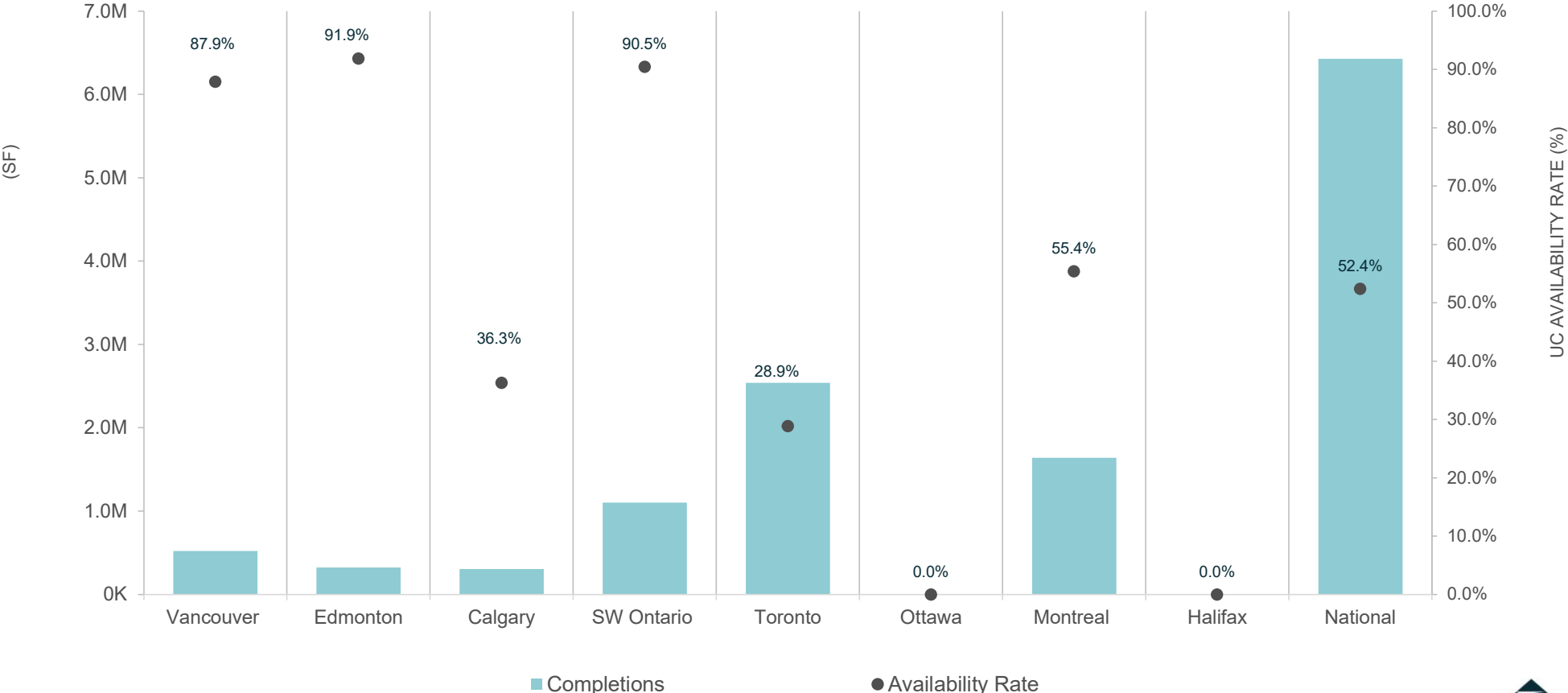
Under construction industrial remains strong (Q1 2024)



Source: Altus Group



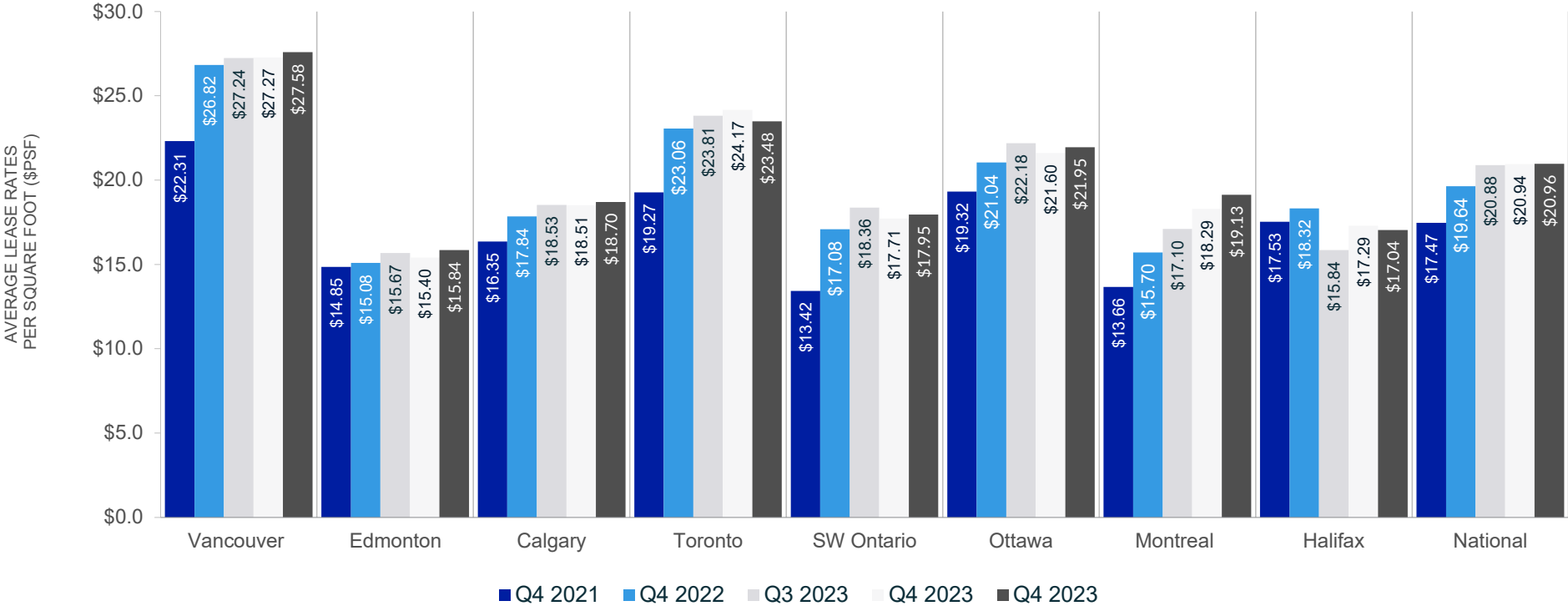
Completions industrial remains strong (1Q 2024)



Source: Altus Group



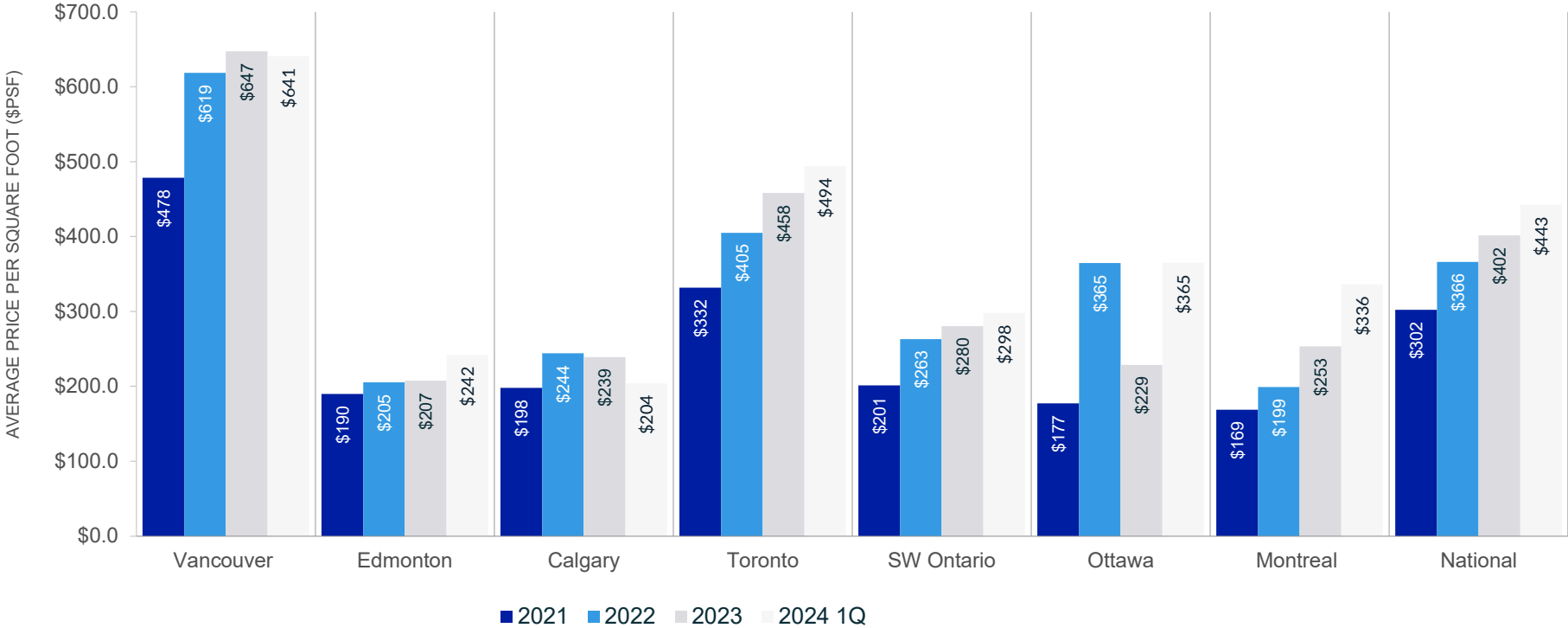
Industrial average gross lease rates continue to push up



Source: Altus Group



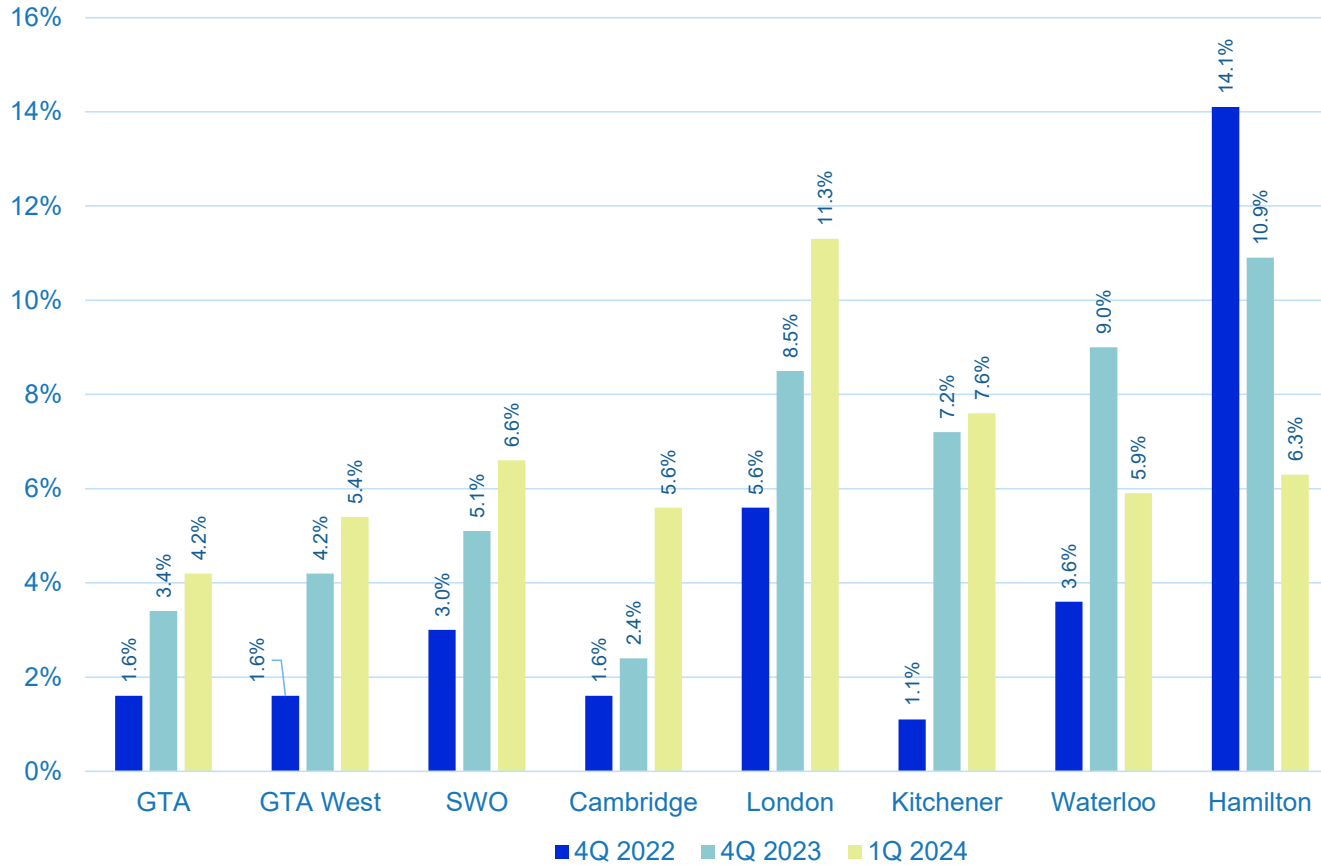
Demand for industrial buildings for sale remains strong



Source: Altus Group

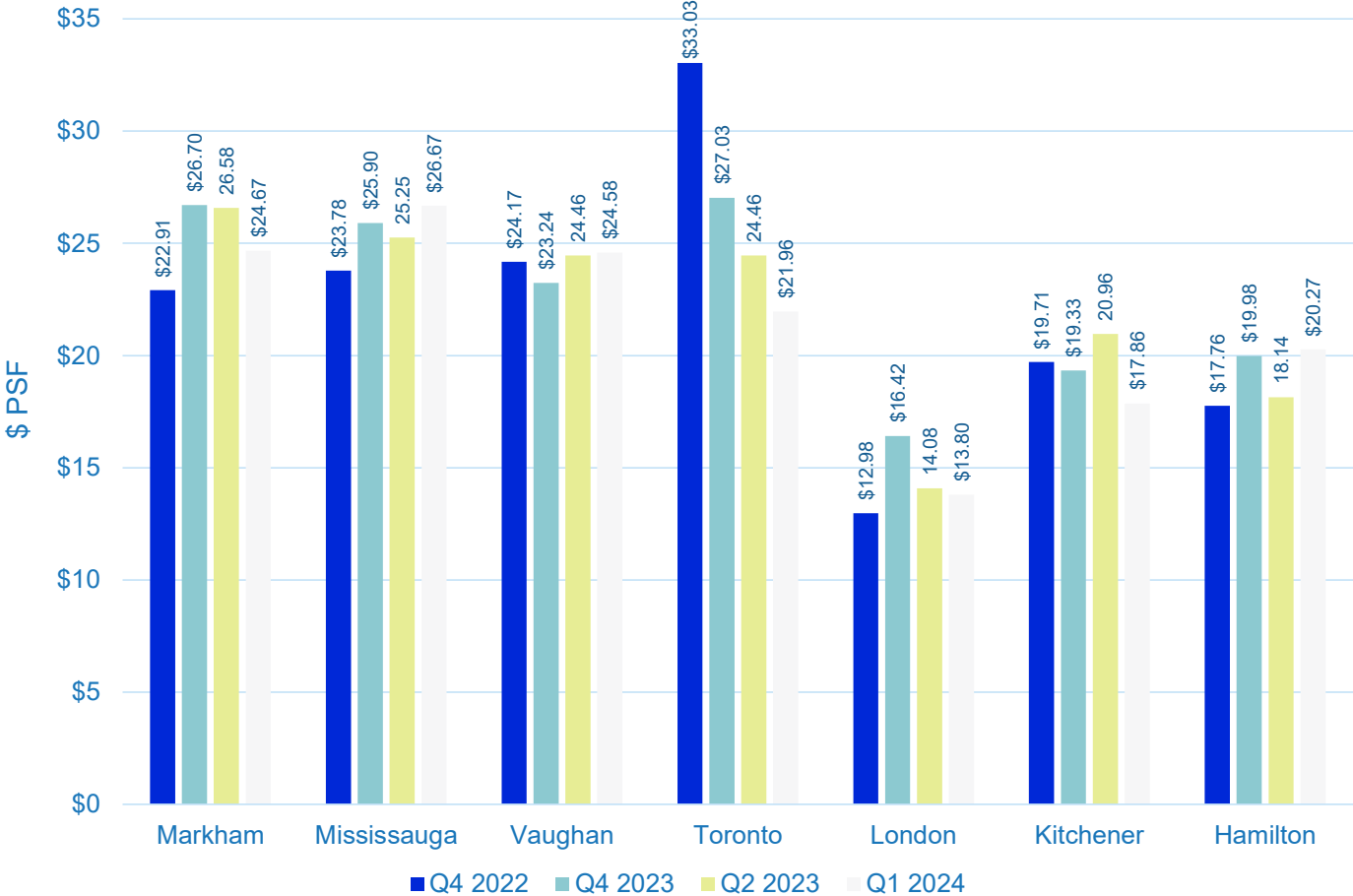


SWO advantage of having lower costs - Availability rates



Source: Altus Group

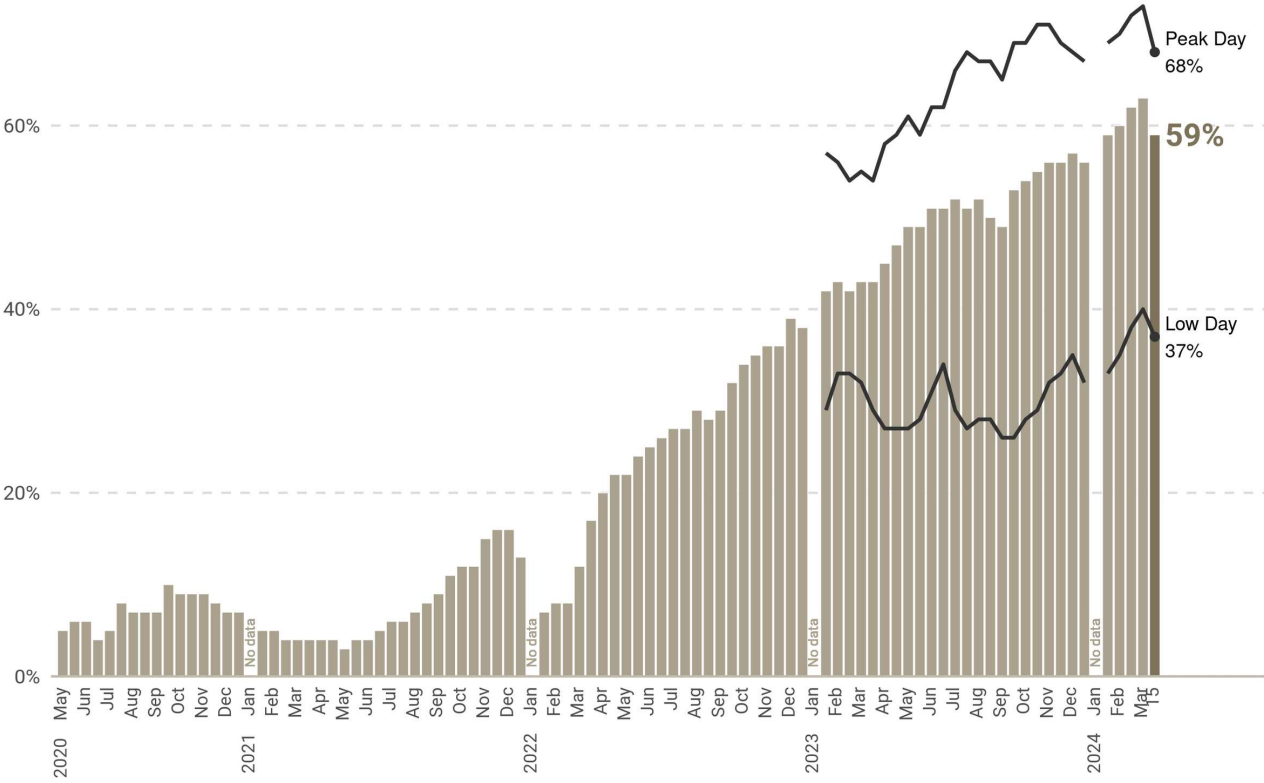
Industrial occupancy costs continue to rise.



Source: Altus Group



People are returning to the office in downtown Toronto, but slowly...

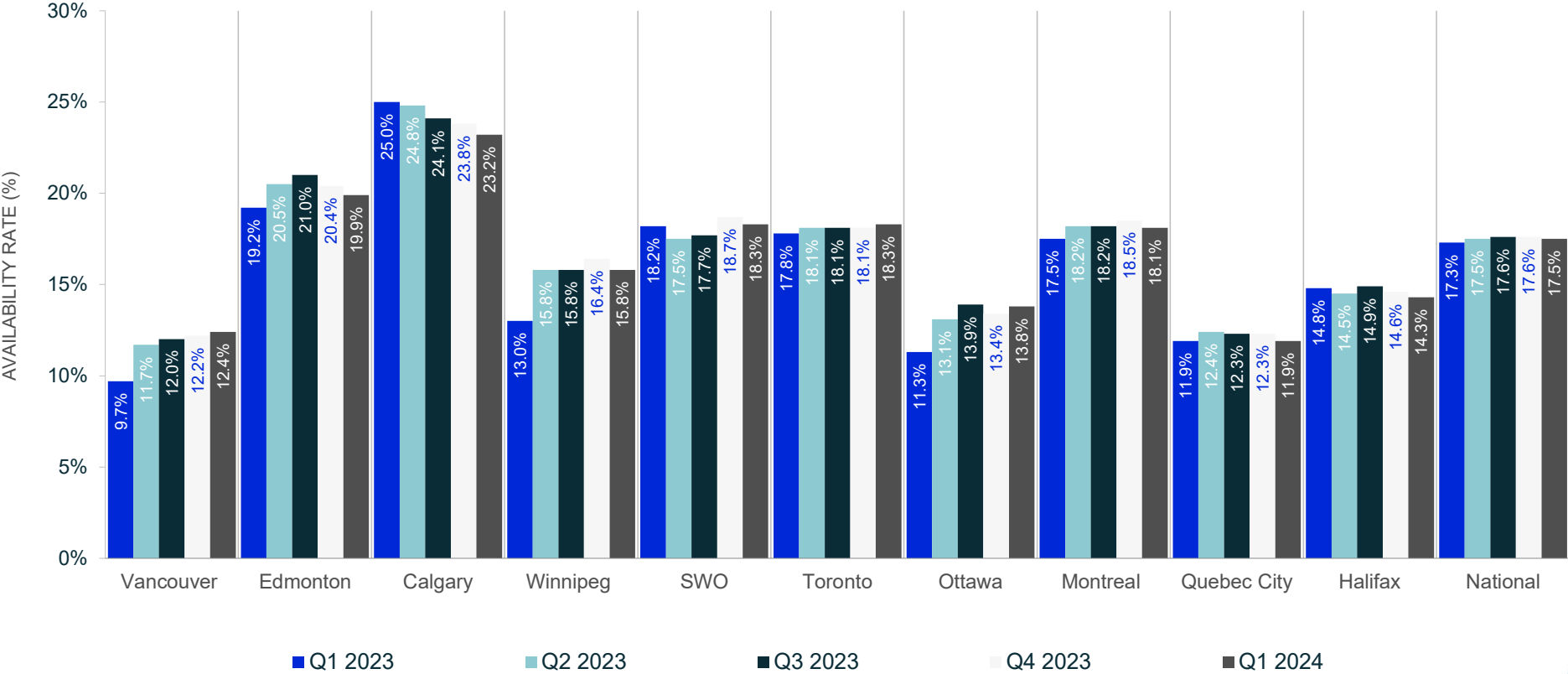


Index calculated as a percentage of pre-COVID occupancy.

Source: Strategic Regional Research Alliance



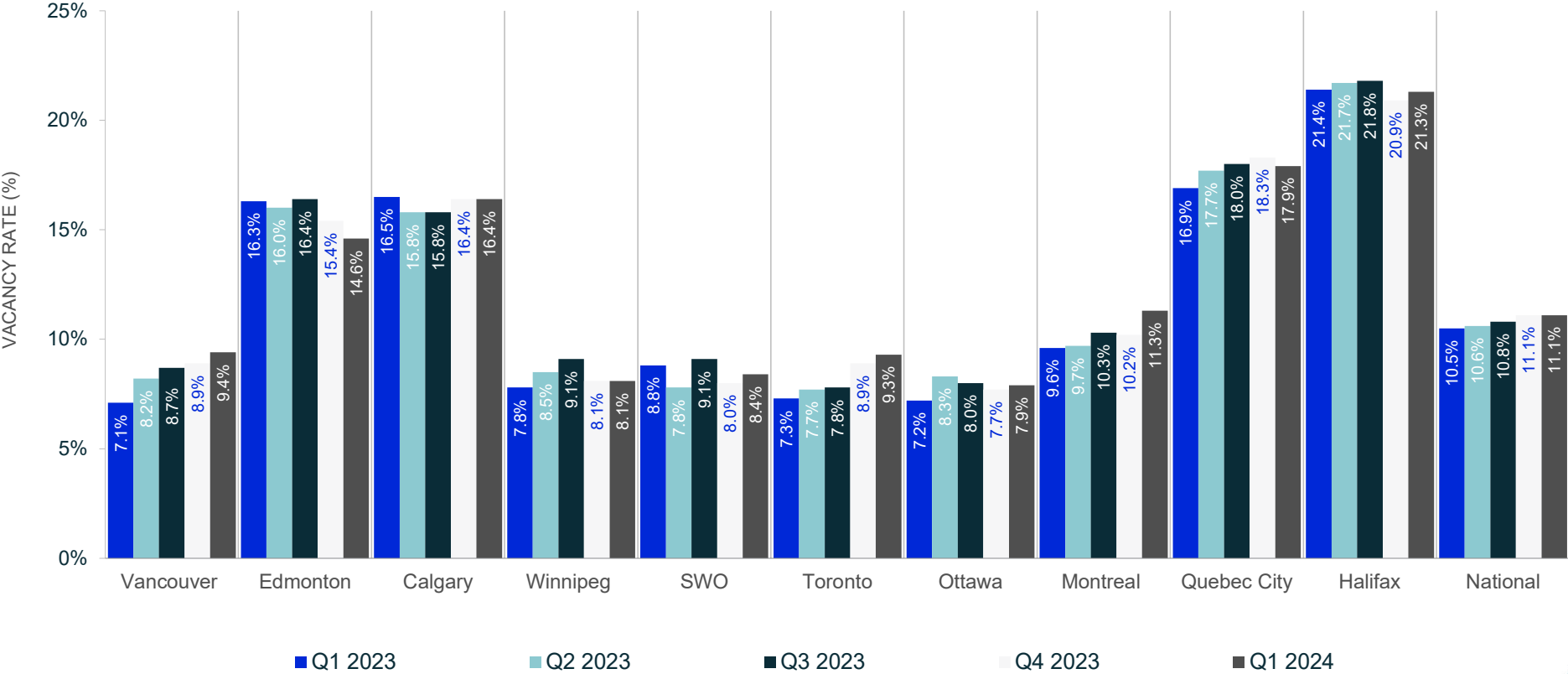
Office availability rates flattening, for now



Source: Altus Group

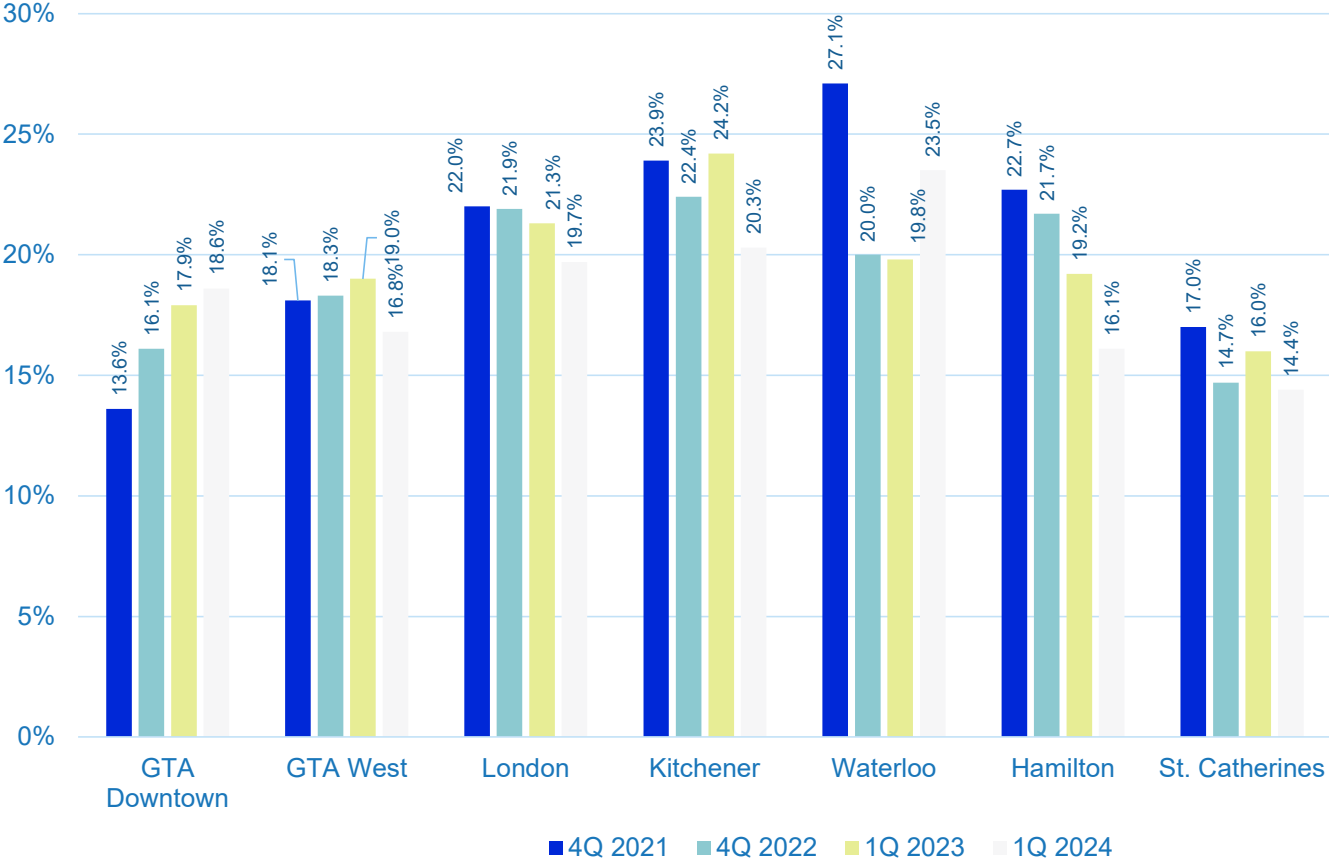


Downtown Office direct A vacancy rates, performing



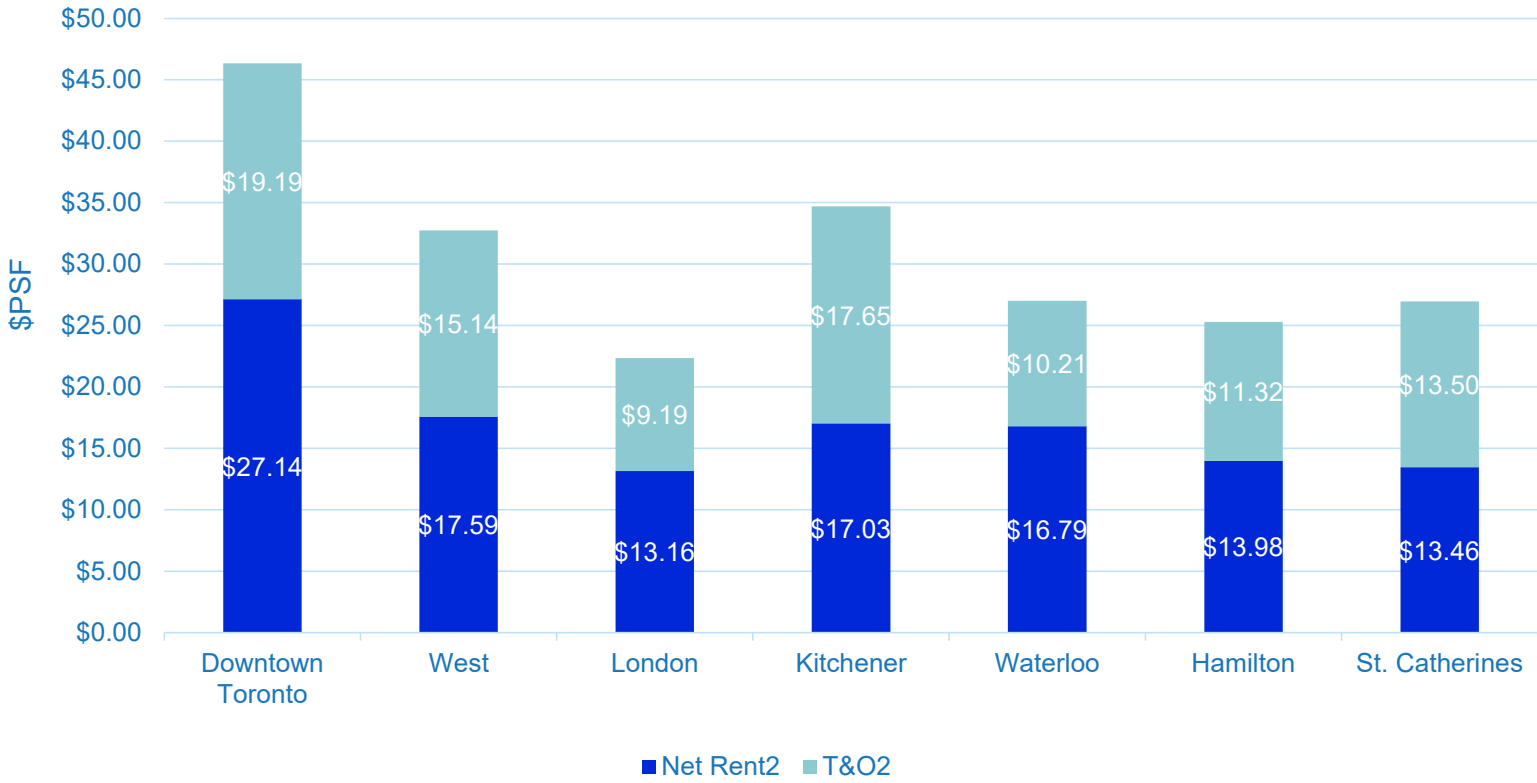
Source: Altus Group

Office availability rate remains a challenge in SWO



Source: Altus Group and CBRE Research

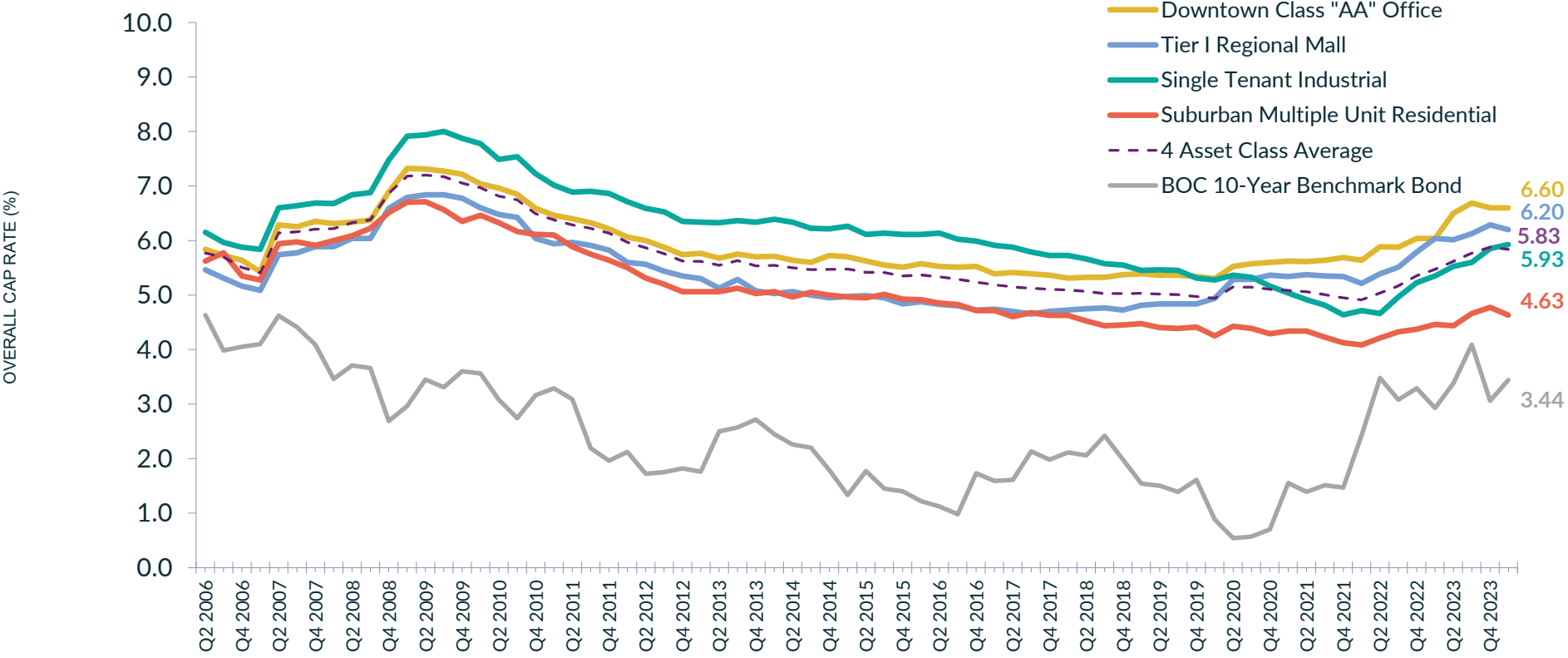
Office occupancy costs – SWO very competitive 1Q 2024



Source: Altus Group



Canada Ongoing price discovery

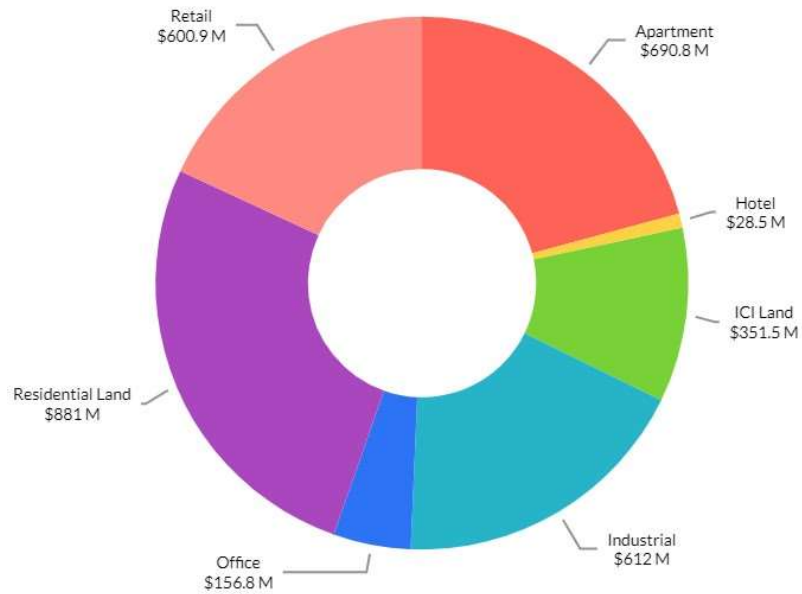


Source: Altus Group's Investment Trends Survey

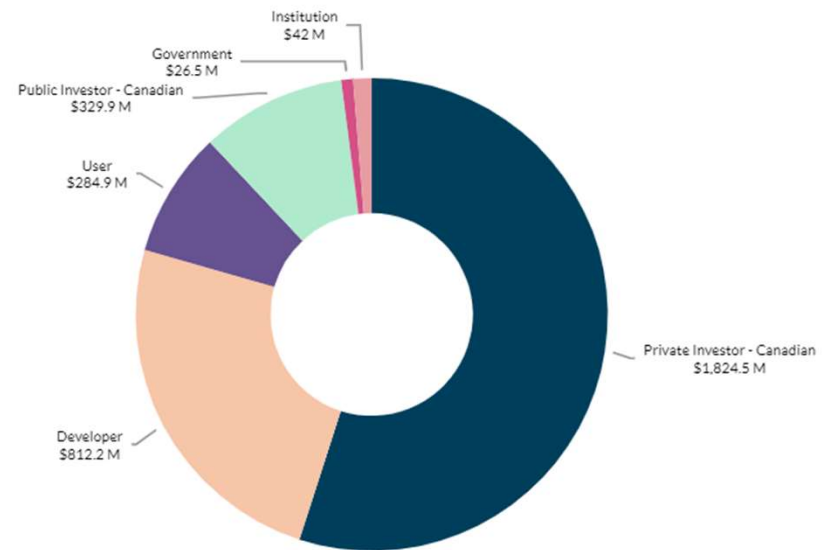


SWO 2023 \$3.3B Investment Transactions

Total \$ Volume by Sector



Purchaser Profile by \$ Volume

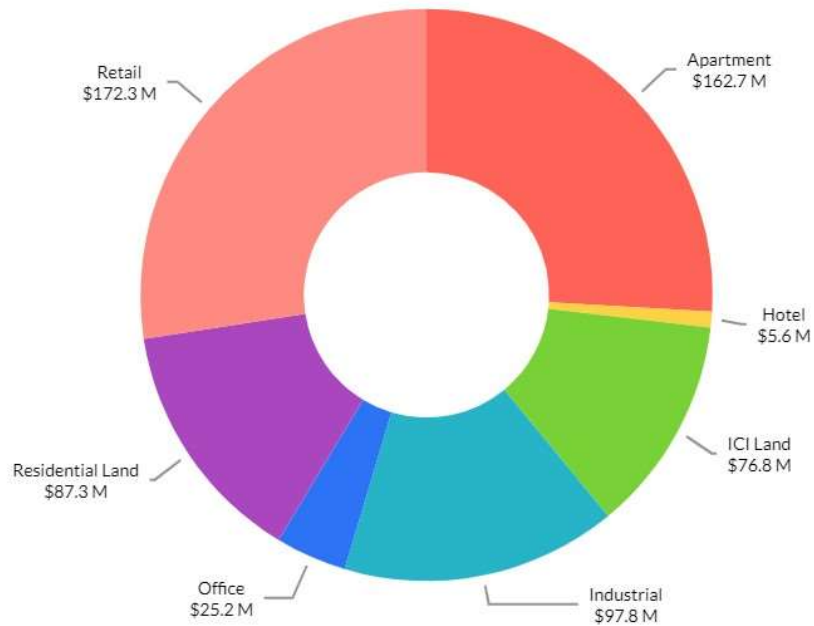


Source: Altus Group Limited

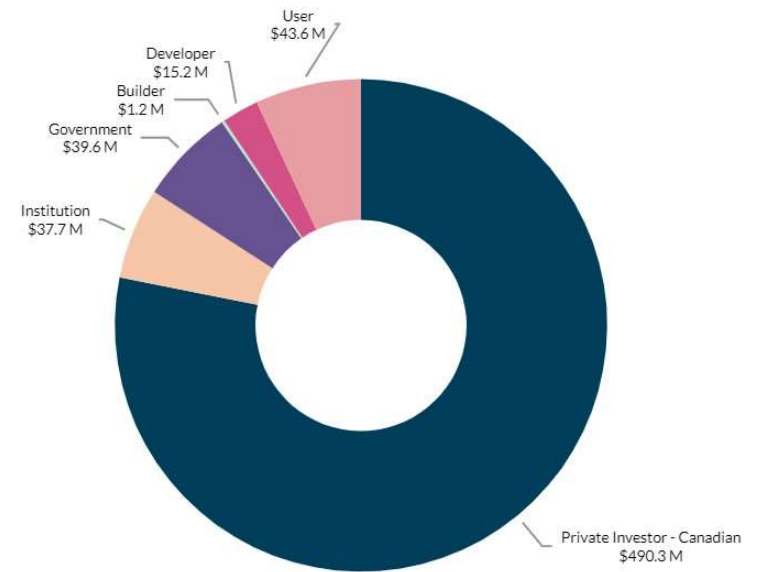
Source: Altus Group
Includes: Hamilton, Kitchener, St. Catharines, Waterloo, Guelph, Cambridge, Theroold and Welland,

SWO 2024 628 million Investment Transactions

Total \$ Volume by Sector



Purchaser Profile by \$ Volume



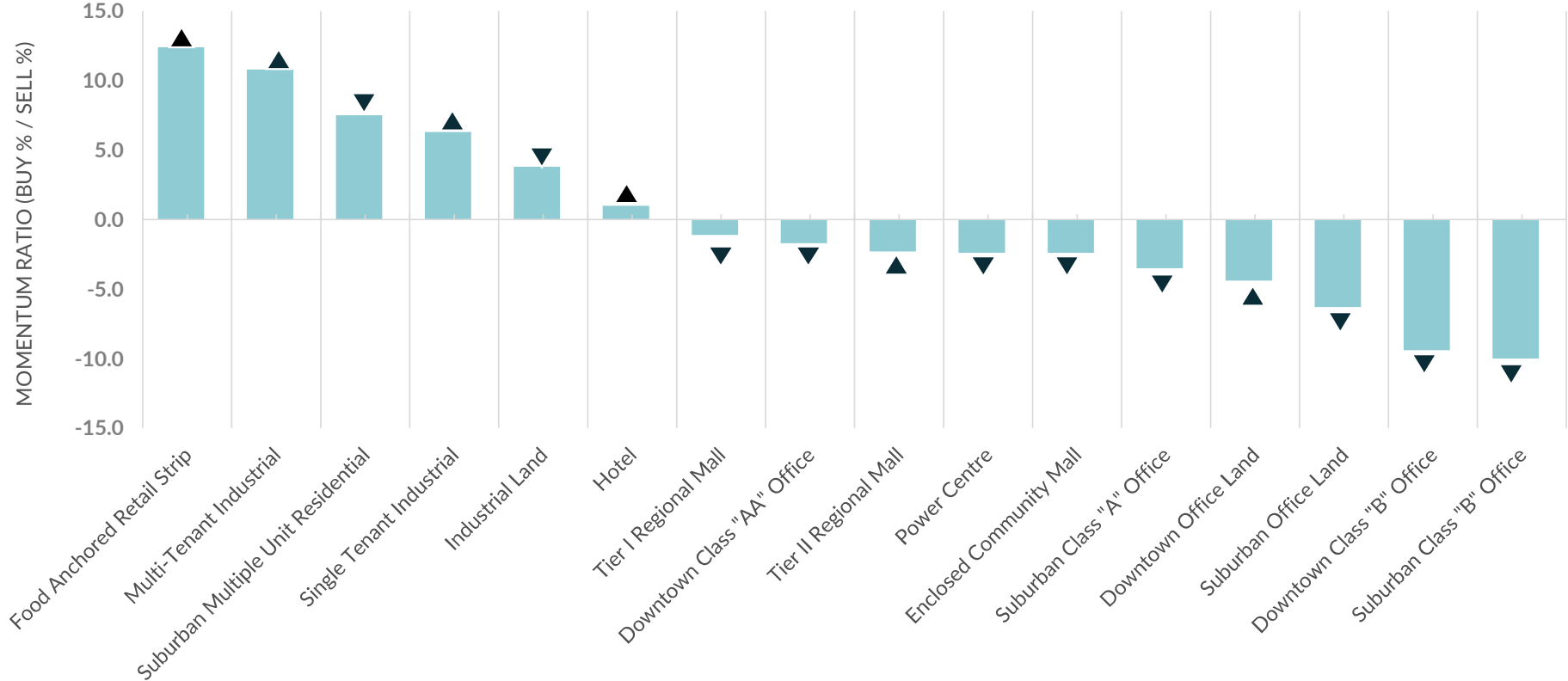
Source: Altus Group Limited

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Property Type Barometer – All Available Products (Q1 2024)

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Source: Altus Group's Investment Trends Survey

So what's next...



Source: Maxmanroe