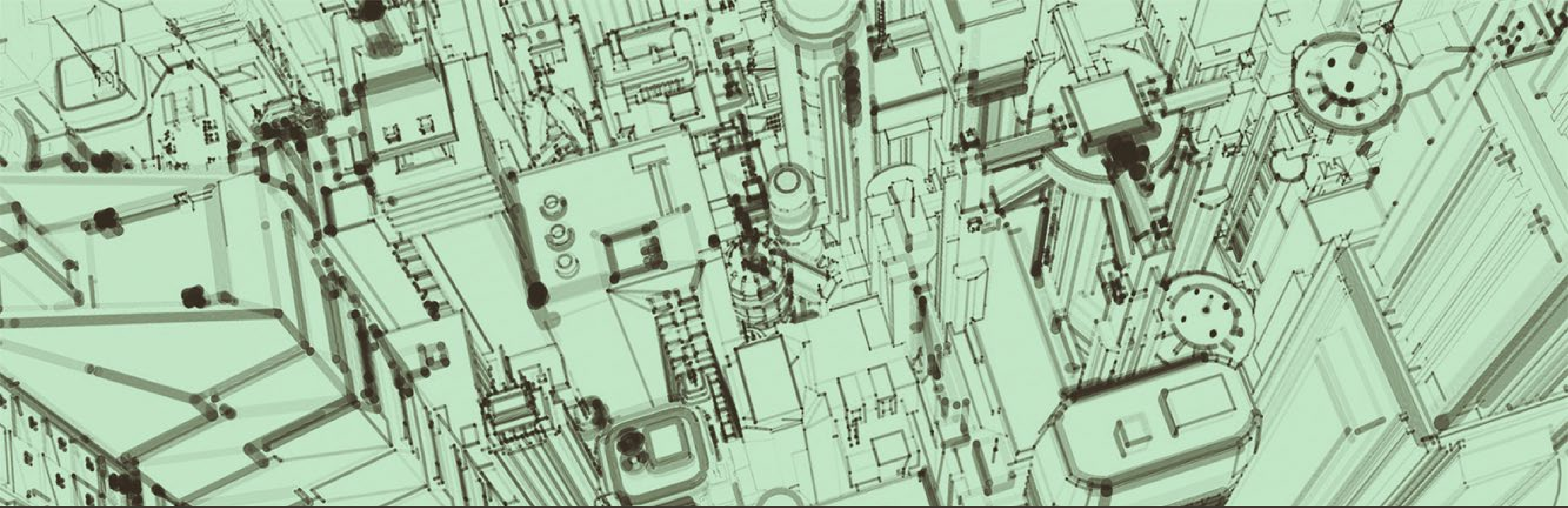


London & Southwestern Ontario Market Overview

Metrix Southwest Inc.

Personal Information

- Sam Van Houtte, AACI, P.App- Accredited Appraiser Canadian Institute

  Email - samvanhoutte@metrixrealty.com

- Education:
  - Fanshawe College (2009-2011)
  - Western University (2012-2016)
  - University of British Columbia (2018)
  - AACI, P.App (2019)

- Areas of expertise/ specializations:
  - Land
  - Multi-family
  - Industrial
  - Retail/ Commercial
  - Office
  - Subdivision development analysis
  - Discounted Cash Flow analysis
  - Market feasibility reports

Company Background

- Metrix Southwest Inc. is a real estate valuation and consulting firm based out of London Ontario
- Established for over 30 years
- Our firm has fifteen trained and skilled appraisers with six commercially designated (AACI) appraisers and one residential designation (CRA)
- Primarily service the Western Ontario market extending west of the GTA
- Approved by all the major Canadian banks

Multi-Family

- Limited transactions of larger developments/ newly constructed multi-family properties

- Multi-family cap rates experienced historic lows in 2021-2022, and have since increased between 25 – 75 basis points

- New construction is typically ranging between 4.25% - 5.00% within London and SWO.

- Mature multi-family properties are transacting at lower cap rates

- Rental rates for apartment units within the City of London increased between 2021 – 2023.

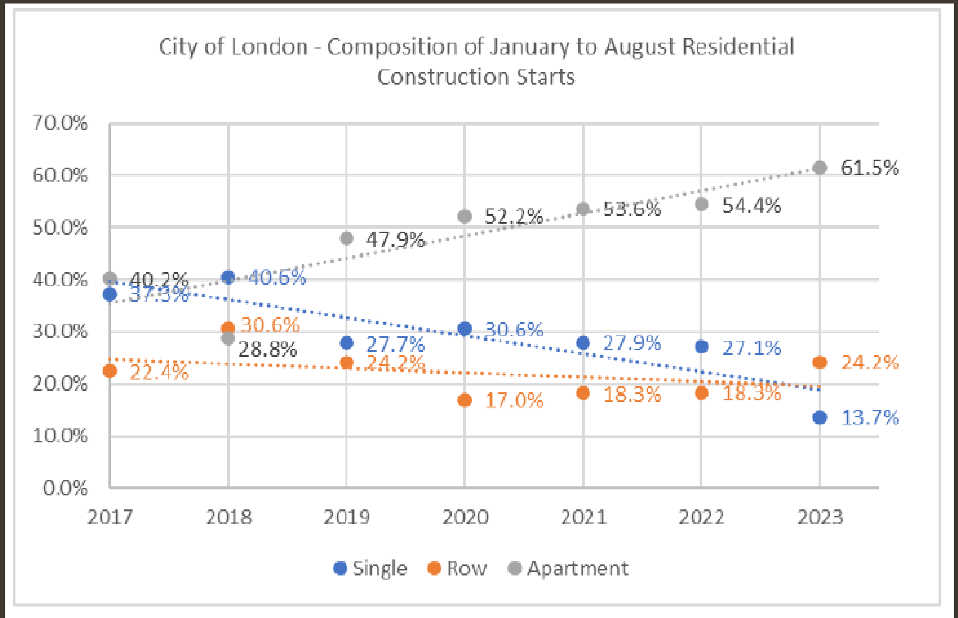
- Notable transaction: ALTO I & ALTO II Towers at 545 & 549 Fanshawe Park Road West

Average Apartment Rents
City of London- 2020 - YTD 2024
London-St. Thomas Real Estate Board

Year	Avg. Rent	% Change
2020	$1,817	
2021	$1,865	2.64%
2022	$2,056	10.24%
2023	$2,244	9.14%
YTD 2024	$2,230	-0.62%

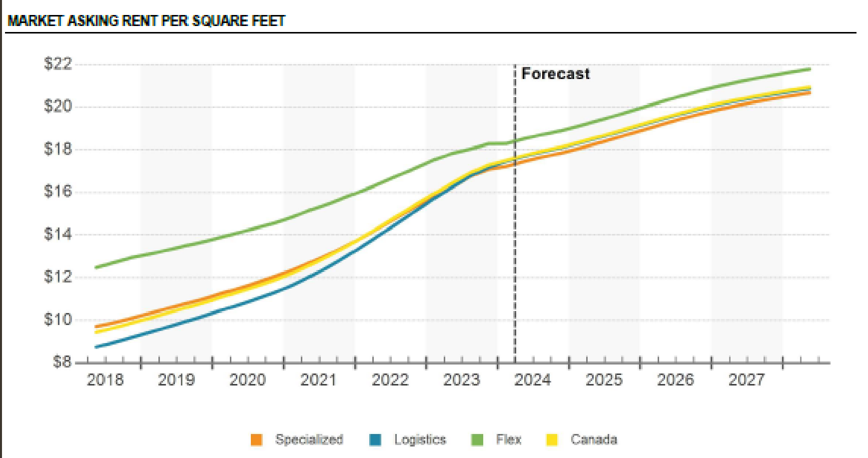
Residential Land

- Overall demand for residential land remains strong
- Historic lows in permits for single-family property types
- More recent subdivision development land transactions range between $750,000 - $1,325,000 per developable acre
- Residential lot values within London appear to range between $7,000 - $10,000 per linear front foot.
- Medium density development land (20 – 70 units per acre) appear to range from $1,200,000 - $3,000,000 per developable acre.
- High density residential land (75 units per acre+), appear to range between $30,000 - $40,000 per developable unit.



Improved Industrial

- Demand for industrial appears to be leading all asset classes due to increased demand for logistics, warehouse and speculation as a result of EV projects
- Demand for industrial property types are split between investors and owner occupiers
- Capitalization rates decreased significantly between 2020 and 2021
- Net asking rent has doubled since the beginning of the Covid-19 pandemic
- Historically low vacancy rates in recent years
- Sale prices on a rate per sq.ft. basis increased significantly between 2019 – 2023



OVERALL SALES

	Completed Transactions (1)					
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate
YTD	439	$1.8B	0.4%	$4,747,988	$285.09	5.1%
2023	2,302	$16.8B	3.6%	$8,718,634	$274.33	5.3%
2022	2,561	$14.2B	3.4%	$6,513,162	$245.34	4.6%
2021	2,507	$13.6B	3.8%	$6,516,894	$223.75	4.5%
2020	1,477	$6B	1.9%	$4,815,364	$186.24	5.3%
2019	1,752	$8.6B	3.0%	$6,034,913	$173.76	5.1%
2018	1,706	$6.4B	3.6%	$4,760,219	$127.99	5.2%
2017	1,691	$6.4B	3.1%	$4,419,638	$132.80	5.5%
2016	1,561	$5B	2.7%	$3,872,888	$119.29	5.7%

Source: National Trends-CoStar

Industrial Land

- The City of London has raised prices for their city-owned industrial land to keep up with continued demand
- Privately sold vacant industrial land increased significantly between 2018 – 2023 on an average sale price per acre basis
- The announcement of the construction of the Volkswagon EV plant is instilling confidence within the London-St. Thomas region

Industrial Land Sale Price Trends
Sale Price Per Acre ($)

Year	Range	Median	Average
2018	54,745 - 210,744	143,182	137,457
2019	58,309 - 443,434	108,018	164,124
2020	32,567 - 303,571	69,769	123,773
2021	34,746 - 903,614	292,558	287,099
2022 /2023	64,697 - 1,011,236	296,356	363,739

Office

- As of Q1 2024, the average vacancy rate within core area buildings available to lease is averaging around 30%
- Approximately 967,251 sq.ft. of space is available for lease
- Net asking lease rates for office appear to remain relatively unchanged
- Downtown office landlords are considering with repositioning their assets to meet the increased residential demand, however feasibility is an issue unless subsidies are available
- Notable transactions (both public sector acquisitions):
  - 371 King Street, London
  - 300 Tartan Drive

Retail

- Cap rates for retail assets have remained the most consistent of all ICI asset classes over the previous 10 years.
- Average retail/ lease rates peaked in 2019, and then declined in 2020.
- Average lease rates have since stabilized, however appear below their 2019 peak.
- Lease demand appears strongest for QSR Units within well-located, grocery anchored shopping centres
- Intensification is occurring within underutilized shopping centres throughout the City
- Notable transaction:
  - 1105 Wellington Road (White Oaks Mall)-

Retail Lease Rental Study –
City of London – Average Lease Rate Trend

Year	Average Lease Rate/Sq.Ft.	Increase / Decrease
2018	$20.38	
2019	$23.16	+13.64%
2020	$17.86	-22.88%
2021	$18.58	+4.03%
2022	$17.20	-7.43%
2023	$19.00	+10.47%

Trend Summary

- More unconventional financing through private & secondary lenders
- Vendor Take Back mortgages/ private mortgages are being issued to assist buyers for financing
- A significant amount of multi-family investors pursuing CMHC financing
- Lenders are less concerned with cap rates and more focused on debt servicing
- A shift towards multi-family development
- Intensification of underutilized retail properties with high density development and QSR pad sites
- Cap rate spreads relative to long-term bond yields remain tight by historical standards

Thanks for Listening!