COMMERCIAL INVESTOR REPORT 2014

RE/MAX COMMERCIAL

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RE/MAX COMMERCIAL

NATIONAL SUMMARY

Tighter lending criteria have impacted the commercial real estate market across Canada. While few deals are lost as a result, there is an increased burden to buyers, who must now be prepared to make a larger down payment.

Demand varies across the markets by building class and subcategory of real estate. The majority of the major markets are showing a trend in high demand, many of which do not have enough supply to support the rise in desire for commercial real estate.

In Greater Vancouver, momentum has remained in an upswing throughout the years, countered by a low inventory. The rise in commercial real estate activity has paralleled a strong economic growth of the area, with foreign investment driving the current sector.

In a heavily resource-driven Alberta, a high growth rate of the economy has contributed to the current market. Real GDP could grow to 3.6 per cent in 2014, significantly exceeding the national average of 2.7 per cent. The recent drop in oil prices may influence the market in months to come.

Calgary's lack of inventory can be attributed to rising values, thereby increasing the demand for commercial real estate. In Edmonton, however, the market has seen a sustained period of exceptionally low vacancy rates, creating a hospitable environment for real estate investment.

In a rare situation, Regina's commercial lease and sale markets are sitting at opposite ends of the spectrum. To date, 2014 has shown a limited supply across the purchasing market, while there is a high demand for rental property. The construction of more than 1,000 new doors between 2013 and 2015 will also increase vacancy.

With one of the highest employment rates in the country, Saskatoon is experiencing a period of unprecedented growth. Office vacancies have risen slightly in Class B buildings at 6.2 per cent, while Class A buildings are still showing the lowest vacancy at 3.8 per cent. The city's growing population is driving an increase in business investment, where local and national investors are acquiring investments in the $2 million - $5 million range.

Moving east, Winnipeg's demand for commercial real estate remains stable, with a limited supply of products in all segments. For intention of holding, rehabilitation or conversion to condominiums, the market for multi-unit residential is extremely competitive. Many of these properties have been in the 10,000-square-foot range, and have been purchased for around $100 per square foot.

Higher commercial lease and sale prices across the Greater Toronto Area are a result of attractive interest rates. Driven by a combination of low interest rates and a low Canadian dollar, there is a strong demand for commercial properties. Commercial lease rates have reached $19.01 per square foot net in Q3 of this year, up from $16.79 in 2013's third quarter.

GREATER VANCOUVER

Commercial real estate activity continued to rise throughout 2014, trending to a stronger market as economic growth continues

Momentum has remained constant year-over-year as low interest rates prevail but market supply has decreased

Greater Vancouver is trending to a stronger market as the economy grows from increased job creation and housing. Investor demand for commercial real estate remains strong in 2014, while a lack of overall supply is creating tight competition for well-located real estate. Land sales helped boost the commercial sector for most of the first half of the year.

During the first two quarters of 2014 there were nearly 900 commercial real estate sales in the region, marking a 4.5 per cent increase over the same period in 2013. Just under half of these commercial transactions took place in Q2, which is a 7.3 per cent decline over the second quarter last year. In the second quarter of 2014, the total dollar value of commercial sales in the region was $1.1 billion: A 15.1 per cent decline over the second quarter of 2013. The Real Estate Board of Greater Vancouver notes this as the lowest quarterly dollar value for the region since the beginning of 2013.

Momentum has remained constant year-over-year as low interest rates prevail but market supply has decreased, with 146 office and retail sales in the region in Q2 2014, a 10.4 per cent decline from the 163 office and retail sales in Q2 2013. The dollar value of these sales in Q2 of 2014 was $287 million, down by 23.3 per cent over same period last year.

Population growth, immigration, the availability of capital from institutional, foreign and local investors, and the low cost of borrowing is contributing to demand for commercial real estate that is significantly exceeding supply and driving property values up generally over all market segments. High housing demand is driving land sales, keeping town home and single family land at a premium price.

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Tighter lending criteria from banks has had minimal impact on the commercial market and foreign investment is increasingly driving the sector, both in Downtown Vancouver and in the suburban areas. Foreigners are increasingly choosing Canada as a safe place to invest money and placing high value in the Lower Mainland's real estate.

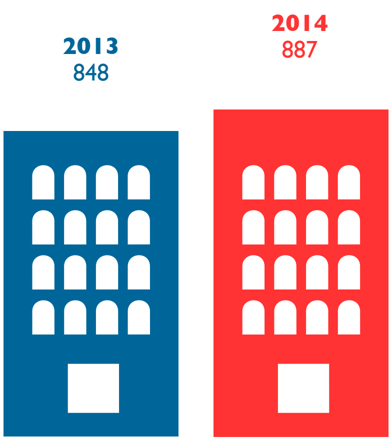
There is little opportunity in Greater Vancouver for user-owned retail space. Demand for storefront retail, mostly controlled by landlords, has been weak as small business looks to anchored shopping centres to generate traffic. Consequently, vacancy rates are up and lease rates are down for street front retail in B and C class locations.

Vacancy rates for offices in Downtown Vancouver will continue to rise with new product in the market and limited absorption from new tenants entering the market.

The greatest demand for any property type is that with re-development potential. Increasingly, investors are turning to smaller commercial real estate to be accumulated for future residential mixed-use development as city planners try to integrate living and working environments and maximize density. Downtown South continues to gentrify, as does False Creek in Vancouver, with municipalities of Surrey, Langley, Richmond and Coquitlam seeing the busiest commercial re-development.

Baby boomers will have an impact on the commercial market in the coming years as they near retirement and consider selling their businesses and properties. Demand for quality commercial real estate is so strong that pricing is anticipated to keep increasing for apartments, land and quality investment grade properties. Increasing development costs and municipal requirements could, however, impact the price of land as developers face pressure to meet increasing municipal development charges and requirements affecting development yield.

TOTAL SALES (Q1-Q2)



Source: Real Estate Board of Greater Vancouver

EDMONTON

A sustained period of exceptionally low vacancy rates across the Edmonton commercial market has created a hospitable environment for real estate investment

There is a high level of confidence in the commercial marketplace, given the availability of capital available to buyers in this market

A higher-than-average growth rate of the Albertan economy has contributed to the current market, where real GDP is expected to grow 3.6 per cent in 2014, significantly exceeding the national average of 2.7 per cent. The Bank of Canada's decision to keep interest rates low has also been a factor.

Edmonton's downtown activity is the major contributing factor for 2014, and the arena development has been a catalyst for brand new residential and office inventory.

Between January and June of 2014, Greater Edmonton's industrial vacancy continued to decrease, while competition for available space increased. As a result of the limited new inventory, Edmonton's vacancy rate dropped below 3.0 per cent, finishing the second quarter at 2.84 per cent.

In May 2014, total commercial building permits in the city reached $83 million: An impressive total after nearly three years of solid growth in the economy and burgeoning competition in other districts. Nearby, in "Alberta's Industrial Heartland," over $27 billion in primary industrial and energy projects are underway, excluding projects that are still finalizing costs.

There is also an influx of people with a net migration upwards of 12,000 into Edmonton from other provinces. This has increased the demand for housing, rentals, and other services, causing the demand to spill over into the commercial marketplace.

There is currently a shortage of industrial buildings under 10,000 square feet with smaller acres (under 5) for both sale and lease. Demand for multi-family land within the city remains high, as does retail investment product in the $1 million to $3 million range.

There is a high level of confidence in the commercial marketplace, given the availability of capital available to buyers in this market

Edmonton's rising income per capita, coupled with its significant gains in employment and relatively low tax levels, has made it a desirable destination for many inter-provincial and international migrants.

In 2013, the Conference Board of Canada estimated that net migration to Edmonton was approximately 35,354. 12,222 net migrants are still expected to move to the city in 2014, further expanding the tenant pool and bolstering demand for rental housing.

The construction of apartment buildings had picked up significantly by the start of 2014, with 2,537 more apartment units still under construction. The new supply has generated an upward pressure on vacancy rates as the city observed a 58 basis point increase throughout H1 2014. Edmonton's vacancy rate is estimated to be 1.8 per cent. As new units are introduced and peak migration returns to its regular levels, vacancy rates are expected to rise moderately in 2015.

New development in Edmonton will continue to lag until early 2015, as tenants compete for the small pool of useable, available buildings. While several major projects that will alter Edmonton's industrial inventory have been announced, Edmonton will remain a very steady market until that product is introduced.

A growth trend will dominate the downtown office market over the next 15 years, as up to 39 different projects are set to inject over $6 billion into the core. The possibility of up to 60,000 new residents in Blatchford and East Downtown indicates an exceptionally positive outlook for the long-term.

The Edmonton market is seeing a significant demand for purchase of commercial condominium units in the 1,500- to

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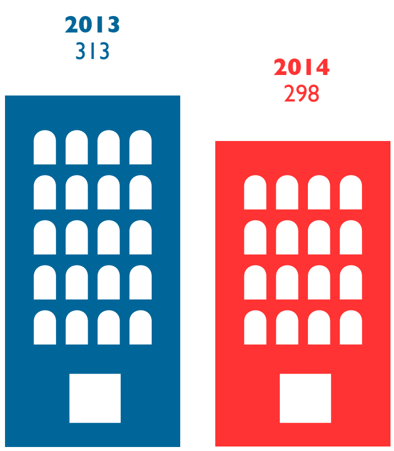
3,000-square-foot range by owner users and professionals. There is a growing appetite for ownership rather than leasing, given the low interest lending environment.

While tighter lending criteria often has an impact on the commercial market, the opposite is true for Edmonton. There is a high level of confidence in the commercial marketplace, given the availability of capital available to buyers in this market. In some cases, lenders will fund upwards of 80 per cent on solid owner-user or fully leased product. This market is seeing 80 per cent financing in some construction projects as well.

Following the Bank of Canada's December 2013 announcement to keep the overnight rate at 1.0 per cent, the cost of debt will remain low for the first six months of the year, likely continuing well into 2015. Only incremental rate hikes are expected thereafter, as the central bank will likely be unwilling to introduce unhealthy shocks to the economy. Edmonton will see cap rates reduced in various sectors, but will also continue to see double-digit office vacancy in both the downtown and the suburban markets for quite some time.

There is heavy investor confidence in the marketplace, but there are also calls for cautious optimism, particularly as it relates to the activity in downtown Edmonton. There is a sudden desire for everybody to be downtown, which is good news for the re-vitalization of the core. Even still, it is advised that a thorough analysis of risk be conducted as one embarks into this red hot cauldron of activity.

TOTAL SALES (Q1-Q2)



Source: Edmonton Real Estate Board

CALGARY

A lack of inventory drives a high demand for commercial real estate in Calgary

While the degree of growth varies from steady to ascending depending on business segment, there is no question that overall commercial prices are on the rise

The Calgary real estate market has seen significant demand for commercial, industrial and office buildings throughout the city in 2014. The high demand is driven by sector-dependent factors: For example, e-commerce requires warehousing, as does the retail industry. Given that Calgary is considered a hub for warehousing, this further increases the local desire for such property.

While the degree of growth varies from steady to ascending depending on business segment, there is no question that overall commercial prices are on the rise. This is primarily a result of high demand and a lag between need and availability of space under construction expected to come online in the near future. The desire for Calgary's commercial real estate has pushed cap rates lower, which in turn, shifts prices upward as buyers get competitive.

In certain cases, the rising values can be attributed to a lack of inventory. In multi-family residential—midrise apartments, for example—there hasn't been a lot of activity. This isn't to say that there is low demand for apartments, but rather, that there's no inventory for sale. When building owners who have held property for 20 years are approached, they feel that there is nothing attractive enough on the market that would prompt them to let go of their building. This results in low returns and a lack of supply.

Calgary is demonstrating a positive absorption, as square footage in the downtown core continues to be added, with approximately 841,000 square feet of Downtown Class AA space being added in the second quarter of 2014 and a further 3.8 million square feet under construction. The increase in space is affecting the city's Beltline: An area south of the core with strong commerce. Downtown core vacancy rates are low at 6.3 per cent. Low vacancy rates of 10.1 per cent and constrained supply is also impacting suburban Class A offices, which are also expecting to see an increase in new inventory of as much as 1.6

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million square feet in the coming months. In total, Calgary currently has 39.3 million square feet of downtown office space and 22.4 million square feet of suburban office space across all classes.

Smaller commercial real estate is also being accumulated for future residential condominium development, seen primarily in Calgary's east village neighbourhood. This is the next phase for residential that's entering the community, stemming from the mayor's desire for increased core density while avoiding the urban sprawl.

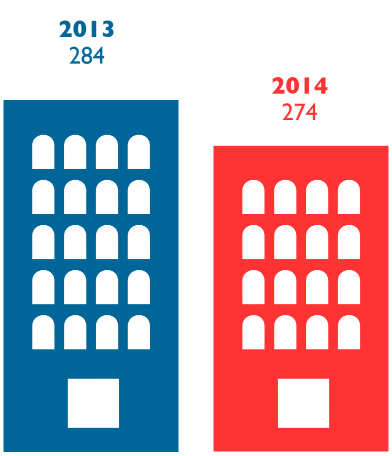
Furthermore, the city has also seen an excellent demand for retail storefront, with vacancy rates currently running at 2.8 per cent.

As for the buyer demographic, Calgary is experiencing a huge upswing in foreign investment. There is also an increase in those who are assembling and raising capital: Buyers who will take small capital and assemble it with others', allowing them to enter the higher markets.

The teaming up of investors is a by-product of tighter lending criteria, which has had a more significant impact on the lower side of the commercial market, affecting the smaller investors with access to less capital than the main players.

In the coming months, the energy industry will continue to characterize the market. Alberta relies heavily on its resources for income, and these resources also play a large role in the real estate market. As long as demand for oil remains high, the market is expected to follow suit.

TOTAL SALES (Q1-Q2)



Source: RE/MAX Complete Commercial

SASKATOON

With one of the highest employment rates in the country, growing population and increased business investment, the city of Saskatoon continues to be one of the fastest growing communities is the country

Saskatoon's retail market remains strong and is positioned for healthy growth for many years to come

Saskatoon is experiencing a period of unprecedented growth. As a storehouse of natural resources and a powerhouse of value-added industries, demand for commercial products for development and investment is significant.

The downtown office market has experienced an increase in vacancy rates in all classes. The most significant increase is in the Class B at 6.2 per cent and Class C buildings at 18.6 per cent. Class A buildings are still showing the lowest vacancy at 3.8 per cent, primarily due to tenants relocating to their own buildings or taking space in the suburban locations.

There has also been an increase in Saskatoon's office construction in the suburban markets with absorption exceeding 165,000 square feet. Back-fill space and sub-lease opportunities will slow down demand for new office construction in the downtown market.

Class A rates for existing facilities range from $20.00 - $25.00 net per square foot and for new construction the range is $32.00 - $35.00 net per square foot. Class B space rates range from $18.00 - $22.00 net per square foot. With the rates still at historically high levels and high relocation costs, the trend shows tenants renewing their current space and only relocating if the space will no longer meet their needs. Suburban rental rates range from $24.00 - $28.00 net per square foot. The majority of suburban absorption was in the Stonegate area. Land prices zoned for office development in the industrial and suburban areas range from $20.00 - $22.00 per square foot with downtown sites as high as $65.00 per square foot.

Saskatoon's retail market remains strong and is positioned for healthy growth for many years to come.

Even with the increase in vacancy levels, the office market is still in good shape. It is expected that Saskatoon's rental rates will remain stable, but with landlords considering incentives to attract potential tenants.

Saskatoon's retail market remains strong and is positioned for healthy growth for many years to come. According to Statistics Canada, the average Saskatoon household income has increased substantially over the Canadian average. This has translated to the second highest disposable income increase in Canada, meaning more money is in the hands of residents to be spent on goods and services.

International companies are taking note and U.S. retailers are setting up shop in Saskatoon. Saskatoon is now included in major expansion plans that include some of Canada's largest cities, such as Vancouver and Toronto.

A vacancy rate of 3.3 per cent shows stability in the market. Future developments in Saskatoon indicate there will be room for these retailers, with completion dates ranging from 1 - 8 years.

Rental rates are remaining stable with prime downtown space ranging from $24.00 - $32.00 net per square foot, and neighbourhood and district centres ranging from $25.00 to $30.00 net per square foot.

The multi-family market continues to have virtually no product for sale. With high demand and no product, those properties that eventually sell show high cap rates ranging from 5 per cent to 6.5 per cent. Monthly rental rates are slowly increasing, which has tempered any significant development of rental units.

The provincial government has also provided tax incentives to encourage rental development. Condo developments have been the favourite product for developers,

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leading to a large supply on the market, without significantly affecting the price. Multi-family sites tendered for sale by the City have seen sales as high as $1.2 million per acre for row-townhouse condo projects.

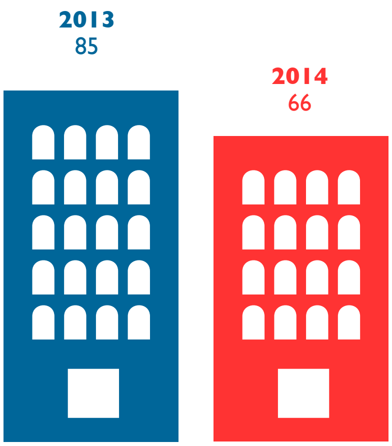
Land sales for future development continue to show strong demand from local, national and offshore investors, with offshore investors typically looking at long-term hold positions. Land designated for future industrial or commercial zoning achieves a higher price.

2014 has also seen unprecedented growth in hotel development, with 5 hotels currently under construction and another 5 in the planning stage.

The long-term outlook for Saskatoon's economy and future growth has provided the stimulus for major investors to expand their acquisitions in Saskatoon. Offshore investors are increasing their acquisition of retail and land for development, (both commercial and residential). Local and national investors are acquiring investments in the $2 million - $5 million range.

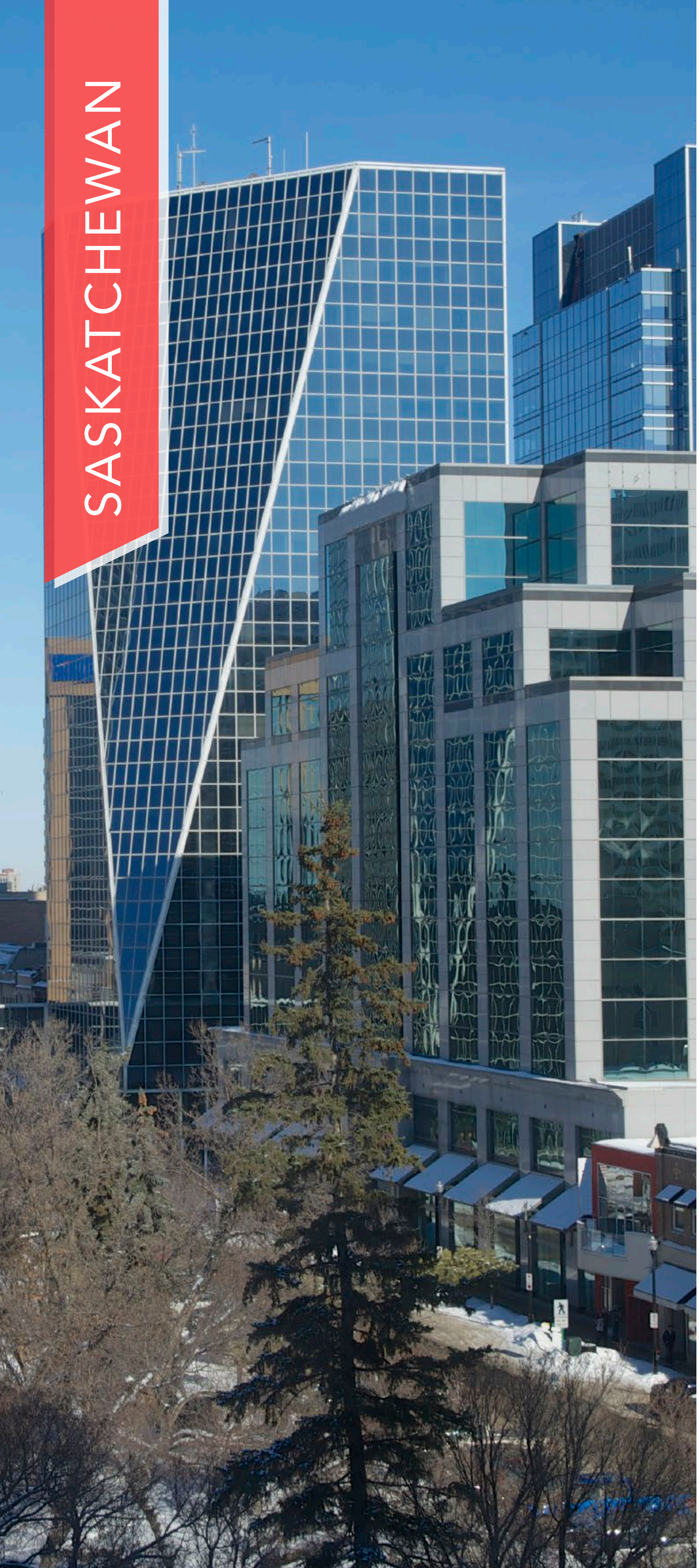
It is forecasted that Saskatoon will see this trend continue; only tempered by the availability of properties for sale. Industrial and retail investments will continue to show the greatest demand. Many investors are banking on the strength of the province's diversified economy, resource sectors (oil and gas, potash, and uranium), agricultural, manufacturing, biotech industries and stable government to guide their future investment strategies.

TOTAL SALES (Q1-Q2)



Source: RE/MAX Guardian Commercial

SASKATCHEWAN



REGINA

For the first time in years, Regina's commercial lease and sale markets are sitting at opposite ends of the spectrum

The past year has shown a limited supply buying market and a high demand for rental property, making 2014 softer in terms of lease supply

Regina's commercial real estate is in favour of renters across every domain of the market, as the demand for leasing has slowed down due to supply. Contrasting this is the buyers—most often investors or end users—who would prefer to own the building rather than rent it. This in turn drives up the demand, and consequently, the prices. In fact, there is so much demand from investors that buildings often are in the favourable position of not requiring a need to be listed before being purchased.

The current trend for this market is a low supply and high demand for purchase on the resale end. There is, however, increasing inventory on the leasing side. Since August 2012, when office leasing stood at 1.42 per cent, the number has now jumped to 11.07 per cent. A lack of available land in the city to build new infrastructure is also leading to a higher premium for purchasing existing inventory, and the market is now facing the challenges of bringing services and infrastructure to the city to keep up with this demand.

In general, the prices are holding steady in all purchase areas. Rents have plateaued due to the increased availability, and office rent prices are getting softer. Prices for retail, industrial, and multi-family have all leveled off. The past year has shown a limited supply buying market and a high demand for rental property, making 2014 softer in terms of lease supply.

Regina's inventory levels for commercial product are very limited, if any at all, in all sale categories. For leasing property, office vacancies are 11 per cent, while industrial buildings are sitting at a 2.75 per cent vacancy rate. Retail vacancy is holding its own at a 3 per cent city-wide vacancy rate, with a relatively high demand. The biggest shortage in supply for Regina is currently commercial land, which is being quickly absorbed immediately after posting as demand is high for developers to build

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to suit.

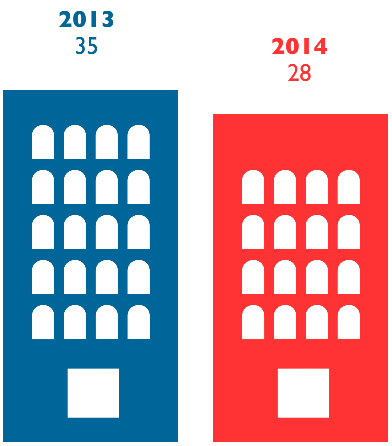
In April 2014, the vacancy rate for multi-family residential units was 2.5 per cent, and is soon anticipated to stand at 3.5 per cent while continuing to grow. This growth is a result of new residential development in the city. Between 2013 and the end of 2014 there were more than 1,000 new doors in the works, and that number is still climbing. While buyers were previously purchasing commercially zoned land and rezoning it for multi-family condominium development, the accumulation of smaller real estate for such a purpose is no longer in effect.

While the rents have plateaued and vacancies are increasing, the purchase demand is still quite strong for multi-unit residential buildings. Buyers continue to purchase multi-family housing projects at prices that are above their appraised value.

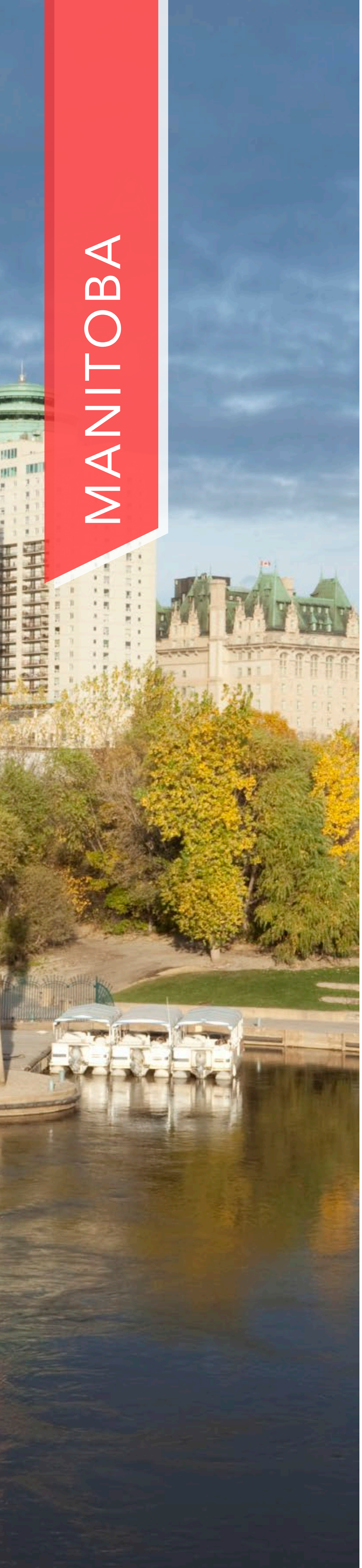
There is a strong demand from owner-operator purchasers, while investors are largely local, regional and national, with limited foreign investment in the region. Regina's commercial real estate market is showing little immigration activity. The immigration sales that do happen are primarily for the smaller properties.

The more stringent lending criteria have had an impact on the commercial market, where larger down payments and equity are required. With that said, the strong market is still warranting good activity and deals are not being lost due to financing complications, despite the growth in financial bureaucracy.

TOTAL SALES (Q1-Q2)



Source: Association of Regina Realtors



WINNIPEG

Demand for commercial real estate remains stable in Winnipeg with limited supply of products in all segments of the commercial sector slowing growth

The market for multi-unit residential is extremely competitive for purposes of holding, rehabilitation or conversion to condos

Purchasing commercial, industrial and office products has been brisk through the first six months of the year. Ninety-seven (97) sales occurred between January and June 2014 compared to 94 during the same period in 2013 demonstrating an increase of approximately 3 per cent. The bulk of sales are comprised of multiple smaller properties compared to fewer larger products sold in the previous year.

Purchasing property has seen the greatest activity across all segments while leasing has remained relatively flat with only suburban markets experiencing a decrease in overall vacancy with leasing as an alternative to fill needs due to a shortage of product.

The market for multi-unit residential is extremely competitive for purposes of holding, rehabilitation or conversion to condos.

Prices continue to rise with cautious optimism. Having weathered the 14 years of a general run-up market, prices are unlikely to continue on this trend. Single tenant industrial buildings for investment or occupation and multi-unit residential properties are highly coveted and drawing multiple bids. Although there is more interest in single tenant industrial buildings, supply of product is unable to keep up with the high demand. Multi-unit residential has experienced the sharpest gains in value with 10 to 12 per cent gains in neighbourhoods such as St. Boniface and St. Vital.

The market for multi-unit residential is extremely competitive for purposes of holding, rehabilitation or conversion to condos. However, low inventory levels cannot keep up with the demand. In these tight market conditions, buyers are looking at other markets like Alberta, Ontario and states like Arizona and North Dakota to satiate their appetites. The majority of these buyers are seasoned owners with large portfolios looking to invest their gains from existing properties.

In particular, vacant lands have captured the attention of developers looking to build residential condominiums with prices climbing with close to double-digit increases year-over-year. Acquiring infill land in Winnipeg has been easier than grouping small commercial products together. Large residential developers have accumulated enough land to present a 40-plus year land bank for mainly single family and some new multi-family construction.

In retail, demand for storefronts is the strongest where adequate parking can be provided to shoppers. New developments with large parking lots and storefronts along major corridors like Kenaston Boulevard and around the regional malls of Polo Park and St. Vital Centre see the greatest level of activity. Between the expansion of existing retailers and additions like Target, Marshall's and Lowe's about to enter the market, activity in this sector has seen vacancy rates decrease in Power Centres to around 2 per cent. Overall retail vacancy has increased slightly, particularly in older product. In 2014, Southwest Winnipeg has been the most vibrant area for retail development.

Static interest rates have contributed to cap rates remaining unchanged. Higher values are only being derived from greater income through new leasing and renewals or more motivated buyers. The majority of sales are occurring between 6 and 7 per cent cap rates; however, lower cap rates apply for multi-residential and trophy properties. At this point, there has been no significant trend indicating that interest rates will rise. In addition, momentum in sales year-over-year has been erratic as new investors to Manitoba continue to create spikes in the level of activity.

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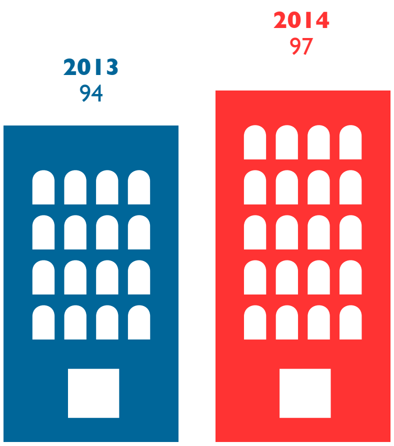
TOTAL SALES (Q1-Q2)



Source: RE/MAX Professionals

Another general trend in Winnipeg has been the redevelopment of older properties to reflect the modern designs of newer buildings. This opportunity has been seen in well-located and trendy arteries such as Pembina Hwy., Marion Street, Provencher Boulevard and St. Mary's Road. Many of these properties have been in the 10,000-square-foot range and have been purchased around the $100 per foot mark. In some cases, an additional $70 per square foot has been invested to redevelop the property prior to leasehold improvements.

There has been a notable upswing in foreign investment this year accounting for a growing percentage of all sales. The Provincial Nominee Program has spurred some of this activity, but the majority has been simply investing in commercial properties.

Tighter lending policies have also impacted the commercial market. In Winnipeg, this translates into a larger down payment which gives banks extra comfort if values turn for the worse. However, the burden shifts to the buyers. This practice, coupled by a stringent and closer evaluation of properties, has made it more difficult for novice investors to participate and has elongated approval times. While rates of return in Manitoba may be lower than investors are accustomed to, the properties historically perform to their expectations and offer a great diversification in many portfolios.

ONTARIO

GREATER TORONTO AREA

Attractive interest rates, low Canadian dollar driving higher commercial lease and sale prices across the Greater Toronto Area

Demand for commercial properties is strong, driven by a combination of low interest rates and a low Canadian dollar

Commercial real estate leasing in the Greater Toronto Area remains strong. Total industrial, commercial, retail and office space leasing activity reached more than six million square feet in Q3 2014, up 5.3 per cent from the same quarter in 2013.

Commercial retail activity grew to 680,000 square feet in Q3 2014, up from 550,000 square feet the year before. Commercial lease rates reached $19.01 per square foot net in Q3 2014, up from $16.79 in Q3 2013. Demand for retail storefront remains high in central Toronto, where densification and the influx of young people are generating demand for small storefront space. Demand is also strong in suburbs where there is increased interest for commercial and retail space from small business retailers and professional service providers as the communities grow and mature. Government investment in transportation—like the extension of Highways 404, 407 and the TTC—is also fuelling growth in the suburbs, increasing residential opportunities across the 905, which has, in turn, increased commercial real estate demand. There is a pinch on availability of commercial and retail space as developers are continuing to accumulate smaller commercial real estate for future residential condominium developments, particularly along Lake Ontario from Toronto's west end as far away as Hamilton, and north of Toronto in Vaughan, Markham, Newmarket and in other outlying areas including Milton.

Industrial properties also saw an increase in activity (4.79 million square feet leased compared with 4.61 million square feet in Q3 2013) and higher net lease rates ($5.88 per square foot in Q3 2014 compared with $4.98 the previous year). Demand for industrial units was particularly

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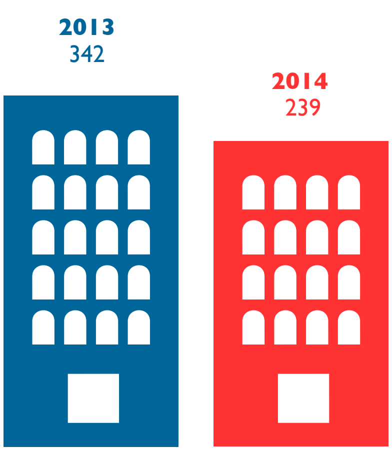
TOTAL SALES (Q1-Q2)



Source: Toronto Real Estate Board

prevalent in Mississauga and Toronto's east and west ends, where proximity to major transportation arteries is coveted.

Demand for commercial properties is strong, driven by a combination of low interest rates and a low Canadian dollar.

The office market segment is softer, but with a low vacancy rate. Lease activity has held steady year-over-year. New office space stock is putting pressure on prices for existing stock, creating a more competitive market that is benefitting renters and also tenants considering subleasing. The asset classes that are seeing short supply are smaller office and industrial space. Small office and industrial space options are in the pipeline and expected to come to market to meet this demand over the next two years.

Demand for commercial properties is strong, driven by a combination of low interest rates that are making commercial real estate an attractive opportunity for individual and group investors, and a low Canadian dollar that is generating significant interest from international investors looking for a safe, secure market to invest. Tender lending criteria is doing little to dampen demand, as investors and business owners adjust to meet the new market reality and take advantage of small business real estate loans being offered by the major banks and by credit unions' increased focus on commercial real estate. Supply, however, is low, as an increasing number of commercial property owners are holding on to properties rather than selling them. This has created a shortage of available commercial properties, particularly at the $1 million and under and over $5 million price points. There is also high demand and short supply of multi-residential properties, which have seen intense market interest as investors look to seize opportunities presented by the influx of newcomers to the GTA. A total of 254 commercial units sold in Q3 2014, down from 270 from the same period in 2013. At the same time, sale prices were up, hitting $109.04 per square foot net for industrial units (up from $91.14 in Q3 2013).

Overall, healthy market conditions are expected to continue through 2015. Low interest rates and the low Canadian dollar are expected to continue attracting buyers, while Canada's strong economic fundamentals, expected business investment and continuing population densification and growth are expected to drive demand across the GTA for commercial leasing opportunities.

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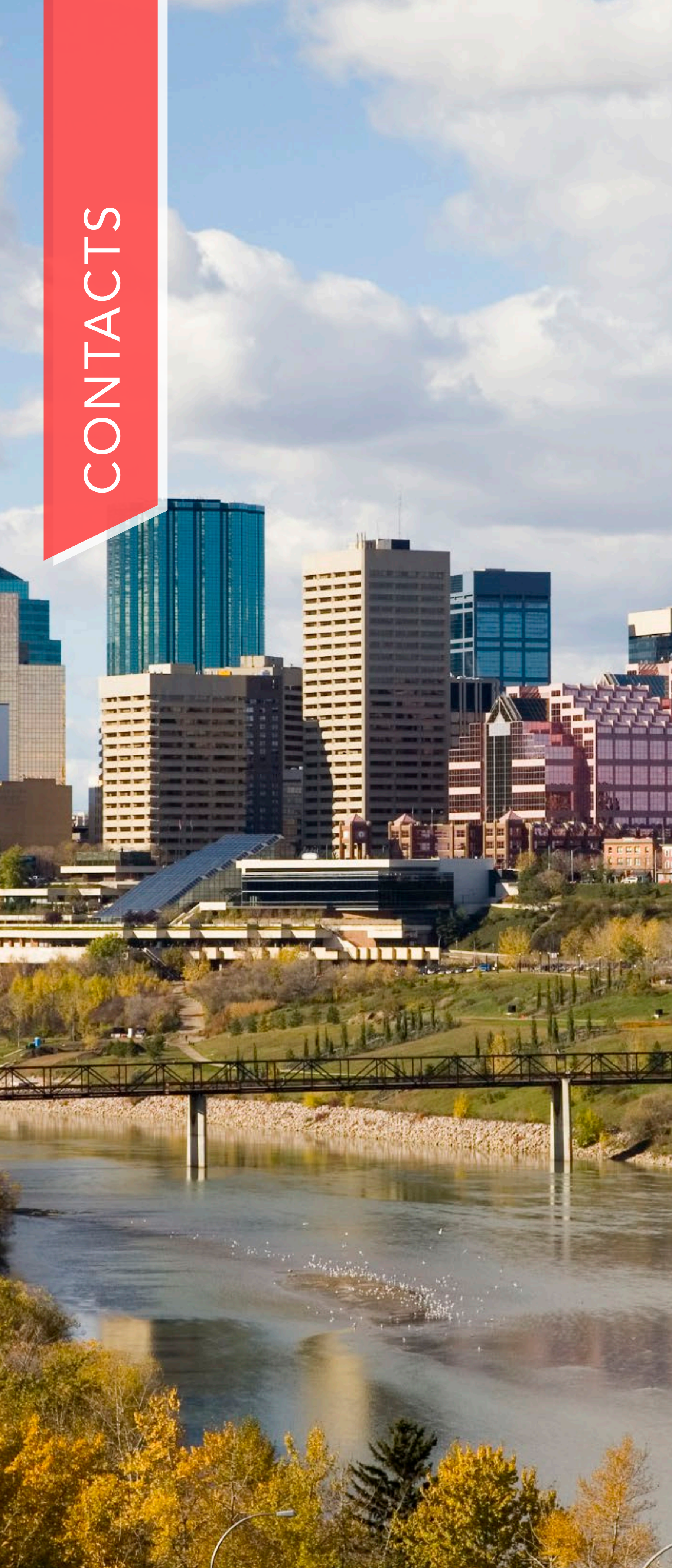

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