Investment Market Overview

The drought continues into 2017 if you're seeking high dollar transactions. This makes 3 quarters in a row where the results don't really impress with the number of $10 million+ deals. That's not to say that we don't have some interesting content to present but even the residential high density land section in this report didn't really knock our socks off with any huge sales, the best being $61 million then trailing off from there to $20 million and then settling in around $10 to $13 million for the remaining high dollar trades in this sector.

The office sector leads this quarter with the high dollar sale of $275,100,000. Similar to Q4, 2016 where we noted a huge lift in value from a residential land transaction over a two year period, we note this quarter's high dollar sale began the year at a value of $128 million, not bad for a 3 1/2 month hold! Yes, there is a story behind this increase. Please do not stop reading now feeling that it's futile to try to invest in this city any longer.

Looking at the results, the office sector saw a decrease in volume to 45 trades versus 60 in Q4/16. Only 6 of those deals exceeded $10 million in value, consistent with last quarter where only 7 properties traded for large dollars. As we indicated above, the high dollar trade was $275,100,000 and then we see one large 9 figure dollar sale follow thereafter while the rest, other than one, ring in close to our $10 million threshold.

We calmed down substantially in regard to retail property trades, not unsuspected given that we recorded 260 transactions last quarter, skewed by the Imperial Oil/ Couche Tard portfolio sale which accounted for 79 of those deals. At 146 closings in the past quarter, volumes are more in line with the average for retail trades in a quarter. Only 7 properties sold in excess of $10 million, half of last quarter's tally. As in Q4/16, the high dollar sale was found in the street retail sub-sector but in this case the value was a paltry $17,100,000 versus the $74 million paid at Yonge and Bloor for the Scotia Bank building in Q4/16.

Industrial volumes were similar to Q4/16 at 131 transactions recorded in this quarter. There were 136 in Q4/16. High dollar volumes were also close to the last quarter with 13 sales completed versus 17. The high dollar sale was $95 million for a 922,000 square foot facility in Brampton.

The high rise sector had consistent sales volumes quarter over quarter with 54 properties selling, against 46 properties trading in the last quarter of 2016. There were 11 high dollar trades in Q1, the same amount as in Q4/16. The honour of high dollar sale goes to Tridel who purchased 1.78 acres of land for $61 million in the Bloor and Parliament area.

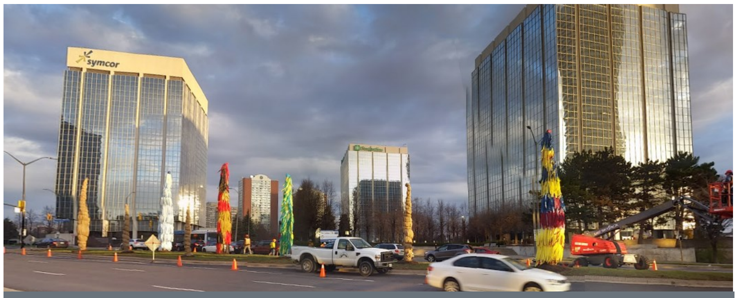
One thing that certainly is decreasing is cap rates. Industrial cap rates are dipping below 5%, a year ago that number was closer to 6 to 6.5%, maybe 7%. Office cap rates are diving below 4% in certain cases while retail is long past 4% and trending toward 3%. Anyone willing to suggest we've hit the top of the market yet?

Office Sales


1 Front Street W, Toronto

We open this sector with the overall high dollar trade of the quarter located at 1 Front Street West, the Dominion Public Building, measuring 362,886 square feet on 1.92 acres of land. The selling price was $275,100,000 or $758 per square foot. The purchaser was Larco Investments from Vancouver. The vendor was Canada Lands Corporation. The property had been transferred to Canada Lands in January for a price of $128 million from the Government of Canada in a non-arms length transaction. This historic property was 95% leased at the time of sale with a reported net income of $7,722,280, resulting in a cap rate of only 2.8%. The property is leased to the Canada Revenue Agency, Canada Border Services and the Canada School of Public Service. There is excess land on site for future development, likely residential and/or mixed use. At the time of writing, no applications have been made for future increases in density. Given the lift for a 3 ½ month hold, if the Federal Government could do a deal like this every quarter, we might be able to put a dent in our national debt.

AIMCo sold a 50% interest in the Mississauga Executive Centre on Robert Speck Parkway to Starlight Investments for $167 million or $309 per square foot on an adjusted basis equivalent to a 100% sale. The four building development



Mississauga Executive Centre, Robert Speck Parkway

offers 1,079,650 square feet of office space on 20 acres of land. The buildings were 96% leased at the time of sale.

The real interesting part to this transaction is the fact that the properties were acquired in 2014 from SunLife for $122 million. Forward to today, we see AIMCo selling a share of the holdings for $167 million, pocketing $45 million, paying off their initial investment of $122 million and retaining a 50% ownership of the assets. Although not outlined in the sale record, we do believe there is excess development capacity on site for future phases which, potentially, could be residential.

105 Gordon Baker Road, Toronto

Canada JC Investments Group sold 105 Gordon Baker Road to Antoo Limited, a private investor for $33,650,000 or $219 per square foot for 153,380 square feet of building area. The property was 95% leased at the time of sale. The vendor had only purchased the property a year earlier for $20,250,000, realizing a nice little capital gain of $13,400,000.

The Red Cross was able to siphon $13,465,000 from a private investor for its building located at 21 Randolph Avenue, a street that doesn't automatically come to mind when one thinks of major arteries in this city. This 61,050 square foot building, valued at $221 per square foot is located metres away from one of the few stops on the UP Express that runs from Union Station to Pearson Airport in the Bloor/Lansdowne neighbourhood. The building was occupied by Red Cross, who will consolidate to one floor in the building from three, while Novantis occupies one of the other floors. The vacant space will be taken to market for lease.


199 Avenue Road, Toronto

A tenant, occupying space at 199 Avenue Road acquired this 15,650 square foot building for $12 million or $767 per square foot. This three storey building is occupied, predominantly, by a number of plastic surgery companies, suggesting the buyer has implanted themselves at this location for some time to come.

Our last high dollar transaction occurred in Etobicoke at 3101 Bloor Street West, a 27,555 square foot building selling for $11,580,000 or $420 per square foot. The property was acquired by Tonlu Holdings from Torgan Group. The building was 100% leased at the time of sale to, predominantly, medical tenants. The reported net income was $580,000, indicating a return of 5.1%.

The high dollar per square foot deal this quarter goes to the purchaser of 114 Belmont Street in the Av and Dav area of the city. The property in question measures 1,500 square feet and sold for $1,575,000 or $1,050 per square foot. This was a user purchase by a small financial company.


111 Bathurst Street, Toronto

A final note on some office condominium sales. We note a number of transactions over the quarter. Most of the trades were to user groups and pricing remains strong for this offering, albeit the majority of the units purchased are small in size, generally less than 4,000 square feet. As a quick survey, in Oakville, at 209-233 Speers Road, a number of units traded in a range from $260 to $346 per square foot with units measuring from 4,000 to 9,797 square feet. Doctors Without Borders took the full second floor of 14,917 square feet at 111 Bathurst Street, paying $7,023,280 or $474 per square foot. A small unit of 1,767 square feet sold at 4789 Yonge, near Sheppard for $1 million or $566 per square foot, while further up the street at 7191 Yonge, 3,300 square feet sold for $470 per square foot. Finally, in an older building at 18 Wynford Drive, near Don Mills and Eglinton, 4,100 square feet sold for $1,149,999 or $280 per square foot. As we have noted in the past, prices for office condominium space doesn't seem to vary much in cost between downtown and uptown, a trend that continues in this quarter.

Retail Sales

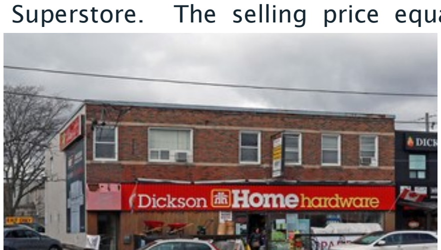

329-333 Queen Street W, Toronto

About the only excitement we can mention about the retail sector this quarter is the fact that there isn't any excitement in this sector this quarter. If you'd like to skim down to the industrial results, this writer fully understands. For those of you still with us, the top dollar deal this quarter, drum roll, was for $17,100,000 with the purchase of 329, 331, 333 Queen Street West by Crestpoint Real Estate Investments, adding yet another pension fund advisory company entering into the acquisition of street retail properties. The property measures 19,000 square feet, including basement, indicating a value of $900.00 per square foot. The buildings were occupied by American Eagle and YYoga and provided a 4.75% going in return.

Canvas Developments acquired 145 Hawkview Boulevard in Vaughan for $14,350,000 or $486 per square foot based upon a rentable are of 29,500 square feet. The centre was 95% leased at the time of sale and offered a net income of $680,000, yielding a return of 4.7%. Tenants include Hasty Market, Boom Breakfast Co., Procello Cantina and Mario Lupo Salon and Spa.


145 Hawkview Boulevard, Vaughan

Loblaws acquired 171 Guelph Street in Halton Hills from Parallax Land Corporation for $12,875,000. The property was improved with an 112,980 square foot Loblaws Superstore. The selling price equates to only $114 per square foot, a bargain in this day and age.



2028 Avenue Road, Toronto

A private investor, College Street Properties, acquired 1988 and 2028 Avenue Road for $12,500,000 or $1,048 per square foot for 11,933 square feet of building area. The site is improved with Dickson Home Hardware, Rossini Restaurant and Bistro on Avenue and included 29 parking spaces. The site area is 0.40 acres. One might wager that the acquisition might have more to do with redevelopment than clipping coupons from the rents as Avenue Road, further south, is seeing numerous midrise condo developments appearing rather regularly these days.

Auto dealers have been active purchasers over the past couple of quarters. The sale of 40 and 60 Queen's Plate Drive and 35 Vice Regent Boulevard continues that trend with Prestige Woodbine Real Estate acquiring this car dealership for $12,255,000 or $383 per square foot based upon site improvements of 32,000 square feet. At the time of sale, Woodbine Nissan was operating out of the facility. The purchaser also owns Oakville Nissan, suggesting a potential continuation of brand at this location.

2371 Yonge Street, Toronto

Just north of Yonge and Eglinton, we record a rather hefty price of $1,607 per square foot for the 6,000 square feet of ground floor retail space located in 2371 Yonge Street. The selling price was $10,125,000. Interestingly enough, the cap rate wasn't obscene, coming in at a respectable 4.68% based upon $474,000 of cash flow. This is an older building with apartments above yet the ground floor has strata title. The tenants include Tim Hortons, Pure and Simple and the rather loud Grazie Restaurant (in case you're on a first date and actually want to hear what you're saying to each other you might want to try something else in the area).


1925-1951 Sheppard Avenue W, Toronto

Realux Jane Sheppard purchased an older plaza at 1925 and 1951 Sheppard Avenue West for $10 million. The plaza measures 29,197 square feet, realizing a value of $343 per square foot. Tenants include Win Farm Supermarket, Cattolica Flowers and the Bank of Montreal.

400 Eastern Avenue, Toronto

An area to watch is Eastern Avenue. As plans fall into place for First Gulf's redevelopment of the former Unilever site, south of BMW Toronto (who have Spring tune up specials happening right now), this area is getting a lot of attention. The city is trying to establish a transit hub at this location which will be a boon for the area. As such, we are noting land assemblies going on for future condo development while Moray Tawse, through his company Tawse Realco, acquired 400 Eastern Avenue in January for $8,353,750 or $327 per square foot for this 24,900 square foot building on two floors. The land area is 0.61 acres and the CR zoning on site will permit mixed use commercial and residential uses with up to 4.8 times coverage, as of right.

As this writer scans the results in this sector, there are few transactions that have occurred outside the borders of the city of Toronto and most of the sales are street retail properties. Other than a few name brand investors, purchasers tend to be private buyers which makes sense when you're talking about the median price this quarter being closer to $3 million. So if we subtract our 7 high dollar sales from the list, only 16 properties traded over $5 million in this quarter. That's out of 146 transactions.

17 Baldwin Avenue, Toronto

As a final note, a quick scan of reported cap rates confirm the numbers are heading south of 4%. Out of 28 transactions indicating a cap rate, 9 of these deals traded at or below 4%. Examples include 17 Baldwin Avenue in Kensington Market trading for $1,388,888 for 2,030 square feet at a 3.2% cap rate. 952 Bloor Street West, a 2,700 square foot, 3 storey street retail building sold for $2 million and a 3.6% cap rate. Heading west to 476 Roncesvalles Avenue sees a three storey, street retail building with 3,125 square feet sell for $1,900,000 or a 3.7% cap rate. The high cap rate for the quarter was 5.9% representing the sale of 9,875 square feet of retail condominium units at 1675 The Chase in Mississauga for $4,080,000, occupied by secondary covenant tenants (this is not to say all sub 4 cap deals are offering up a Shopper's Drug Mart covenant, most are also being sold with questionable tenant covenants but on main streets).

Industrial Sales

Industrial sales volumes were on par with Q4/16 with 131 transactions, just 5 shy of the last quarter. As was seen in the last quarter, the volume of high dollar trades is high at 13 in Q1 versus 17 in Q4/16. This sector is stealing thunder from retail. Our high dollar sale was a very decent $95 million, occurring in Brampton at 100 Alfred Kuehne Boulevard. It should be noted that 107 Alfred Kuehne Boulevard also traded on the same day between the same parties as part of a portfolio sale. With respect to 100 Alfred Kuehne, KingSett sold this 922,804 square foot distribution facility to HOOPP Realty. The selling price equates to a value of $103 per square foot. The property was fully leased to Kuehne and Nagel, Chapters Indigo and Delphi Automotive, providing an income of $4,275,000 and a yield of $4.5%. Ceiling heights are 32' in this 1981 vintage building. 107 Alfred Kuehne Boulevard sold for $18 million or $93.35 per square foot for this 192,829 square foot building with a net income of $810,000 per annum. The cap rate was also 4.5%.

100 Alfred Kuehne Boulevard, Brampton

The building contains ceiling heights of 22', constructed in 1987.

Blackwood Partners acquired 400 Nugget Avenue in Scarborough from Cominar REIT for $49,500,000 or $78 per square foot. This 2006 vintage industrial building measures 635,124 square feet and was leased to Technicolor with a lease expiring in May, 2018. They are paying $3,500,000 in rent, providing a 7.1% return to Blackwood.

8495 Goreway Drive, Brampton

Costco sold their former distribution centre at 8495 Goreway Drive in Brampton to Rice Construction and Greystone for $35 million.

The selling price equates to $97 per square foot for this vacant building. The building was constructed in 1995 and offered 28.5' ceiling heights.

Monarch Plastics, located at 2335 Speers Road in Oakville, entered into a 10 year sale/leaseback of their 260,830 square foot building to Summit REIT. The selling price was $28,200,000 or $108 per square foot. Monarch will initially pay an annual rent of $1,536,900, providing a 5.45% return to Summit. Monarch had purchased the property for $19,550,000 in 2015, realizing a nice little $9 million lift for an 18 month hold.


1635 Tricont Avenue, Whitby

KingSett sold 1601 and 1635 Tricont Avenue in Whitby to LaSalle Investment Management for $21,100,000 or $81 per square foot for this site improved with two buildings measuring 259,181 square feet. The buildings had been acquired by KingSett in 2015 for $13 million when they were partially leased. The sale in this quarter sees the buildings fully leased with KingSett pocketing $8 million on an 18 month hold.

Summit REIT was also active buying 2000 Kipling Avenue and 10 Bethridge Road in Rexdale for $15,722,000. This 195,302 square foot building was fully occupied by KIK Custom Products. The selling price was equivalent to $81 per square foot. The building was constructed in 1954 and offered ceiling heights from 18' to 30'. This property was part of a two building portfolio that also contained 13 Bethridge Road, a 103,318 square foot building also occupied by KIK. The selling price for this 1954 structure was $6,738,000 or $66 per square foot. The income in place at the time of sale for the two properties was $1,403,750, providing a return of 6.25%.

4900 Dixie Road, Mississauga

Greystone, who took a 95% interest and Panattoni, who took a 5% interest, acquired 4700-4900 Dixie Road in Mississauga for $15,317,282 or $110 per square foot. The site consisted of three buildings with 4900 Dixie occupied for use as a retail branch for Scotiabank, 4800 Dixie being a single tenant building occupied by Décor Floors while 4700 Dixie was vacant.

Laurier Homes acquired 375 Kennedy Road from Elizabeth Grant International, an owner/user. The selling price was $12,400,000 or $61 per square foot given a building area of 203,850 square feet. This is a building constructed in 1967, offering 28' ceiling heights. Other than the vendor, the building was also occupied by Swiss Pharme.


35 Ironside Crescent, Toronto

Annapolis Financial Corporation acquired 124 and 126 Milner and 35 Ironside Crescent from Investors Group for $11,500,000. This development contained 129,608 square feet in three buildings, resulting in a price of $89 per square foot. The Milner buildings were single tenant buildings with a combined area of 83,651 square feet and occupied by Armour Valve. 35 Ironside was occupied by Berendson Fluid Power in a building measuring 45,957 square feet.

Acquired by a private investor, 2281 North Sheridan Way, improved with a 61,426 square foot building, sold for $10,625,000 or $173 per square foot. The building was partially occupied by UR-Channel while the purchaser was intending to occupy part of the building for its own purposes. The building was constructed in 1995 and offered ceiling heights ranging from 14' to 24'.


830 Edgeley Boulevard, Vaughan

The next two buildings sold for $10,500,000 each and were both relatively high dollar cost per square foot sales at $159 and $410 per square foot, respectively. 830 and 840 Edgeley Boulevard was purchased by Credible Upholstery from Deeley Harley Davidson who were put in the unfortunate position of having to sell given that the Harley head office in the United States has taken over the Canadian distributorship for Harley Davidson. Unfortunate for Deeley as 2017 is the year they celebrate their 100th year in business (yes this writer is a biker, although not of the cruiser variety that makes up the Harley line). The building, constructed in 1996, measures 66,166 square feet, resulting in a value of $159 per square


1625 Shawson Road, Mississauga

foot. The purchaser will utilize the building for its own business.

The second $10,500,000 deal pertains to 1625 Shawson Drive in Mississauga, an acquisition by the tenant, Trillium Roadways. The building measures 25,583 square feet, providing for a value of $410 per square foot. It is noted in the sales report that 3.943 acres of excess land ran with the property. Assuming a cost of $1.5 million per acre for the land, the value of the building would drop down to an equivalent price of $179 per square foot.


2457 Lakeshore Road W, Mississauga

Our last sale clocks in at $10,250,000 for the building located at 2457 Lakeshore Road West in Mississauga. This was another user acquisition with Holcim Canada buying the building from MJ Manufacturing at a price equivalent to $96 per square foot given a building area of 106,630 square feet. This is an older building constructed in 1967 with typical ceiling heights for that era of 19'.

Just a quick word on cap rates in this sector, the reported high cap rate pertained to 400 Nugget at 7.1% but that comes with an asterisk as the tenant has a lease expiring in one year. As we peruse the results, you'd think we were looking at retail transactions with 4 of the 14 properties trading at sub 5% cap rates. Nothing else traded for more than 6.3% while the median number was in the low 5% range.


400 Nugget Avenue, Toronto

High Density Residential Land Sales

Last quarter we remarked at the dollar value of the high trades with 6 sites trading hands in excess of $40 million. Other than a deal at $61 million and a deal at $20 million, the numbers drop down to the $10 to $13 million range in this quarter. Sales of 54 properties is a healthy amount of transactions for the quarter and 11 of those properties exceeded $10 million.


Via Bloor Rendering (Tridel), Toronto

The winner this quarter was Tridel's acquisition of 58, 60, 62, 64, 76 and 100 Howard Street from Lanterra Developments. The site measures 1.78 acres and sold for $61 million. Lanterra had assembled this site along with properties on Glen Road and 609 Sherbourne Street in 2009, paying a total of $3 million for the 3.655 acre site. Since acquisition, Lanterra rezoned the total site resulting in three blocks of land available for development. This sale pertains to Block 3 which has been zoned to permit 664,559 square feet of development with 8.58 times coverage. The site permits two towers, one of 38 storeys and the other 46 storeys, allowing for 838 units. The selling price provides for a value of $92 per square foot buildable.


37 Parliament Street, Toronto

Graywood Developments acquired two properties on Parliament Street which include numbers 33 and 37. The higher dollar site was 33 Parliament, measuring 0.474 acres and sold for $20 million. 37 Parliament, the bargain of the two, sold for $12 million and measures 0.488 acres for a combined selling price of $32 million for 0.962 acres of land. No application for redevelopment had been submitted at the time of writing.

Daniels Corporation acquired 1.064 acres from Toronto Community Housing just east of Dundas and Sumach Street, in the Regent Park Revitalization area, for $13,916,230. This parcel is identified as Phase 3, Block 26 to be developed with a market condominium with a height of 77 metres. Daniels are the developer of choice for the total revitalization of Regent Park. This sale continues on with the redevelopment of this formerly neglected area of the city.


39 Roehampton Avenue, Toronto

Metropia acquired 39 Roehampton Avenue in a very interesting transaction. The site is already improved with a three storey condominium building. The selling price of the building was $13,500,000. Metropia also acquired 41 Roehampton Avenue last quarter, with a site area of 0.181 acres, for $4,025,000.00. Metropia intends to demolish the existing condo building and the adjacent property to develop a 48 storey condominium with 617 units having a gross area of 404,874 square feet and a site density of 17.98 times coverage. If approved, this would result in a value equivalent to $43 per square foot buildable.


110 Mailtland Street, Toronto

Minto acquired 110 Maitland Street for $13,040,219.93 from Linwood Management Group. The site measures 0.274 acres and is improved with a three storey apartment building. This should be an interesting property to watch as any development will require the developer to offer units to existing tenants in the current building at rents equivalent to what they are currently paying as part of recently enacted city of Toronto by-laws. At the time of writing, no site plan application had been tendered.


456 Wellington Street W, Toronto

Allied REIT purchased 456 Wellington Street West from Craft Developments for $13 million. The site measures 0.241 acres and was improved with a single storey nightclub. Although Allied had not applied for redevelopment of the property at the time of writing. In 2009 a plan was put forward by the then owner to develop two buildings with 8 and 9 storeys with a gross area of 63,594 square feet. It is likely that this site will be tied in with other Allied owned properties in the area and will be part of a bigger picture in the future.


189 Dundas Street W, Mississauga

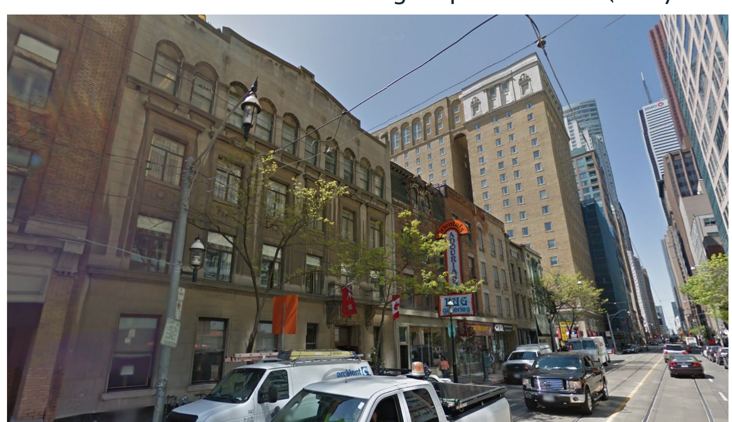
Our first and only high dollar sale in the 905 area code occurs at 189 Dundas Street West in Mississauga. The property was sold by West End Motors and Trailer Park Limited to Solotex Corporation for $12,100,000 for 3.480 acres of land. At the time of writing, no site plan application had been made.

Heading back to the city, 307 Lake Shore Boulevard East was acquired by Pure Plaza for $11,550,000. The property


307 Lake Shore Boulevard East, Toronto

measures 0.382 acres and is improved with a small, two storey office building. No site plan application had been made at the time of writing.

Carttera add to their holdings at King and Church with the acquisition of 83 King Street East. They paid $11,100,000 for 0.105 acres of land. This property and 79, 85, 91, 93 and 93A King Street East is subject to a rezoning to permit a 25 storey mixed use development with 169 residential condominium units on floors 5 to 25 while floors one to four would be commercial containing a private club (likely the


79-93 King Street E, Toronto

Albany Club that vended into the deal) and retail space. The property would see a site density of 16.4 times coverage based on 192,513 square feet of development.
Our final deal sees Pure Plaza acquire 338 Dupont Street for $10,700,000. The property measures 0.488 acres. This area of Dupont is seeing substantial redevelopment with the city allowing up to 9 storeys of development along this

stretch of Dupont. At the time of writing, Pure Plaza had not submitted a site plan for redevelopment.

We note two assemblies in the results, other than the ones outlined above. The first is taking place on Soudan Avenue by Times Group. They acquired 72 Soudan for $1,175,000 which measures 0.051 acres and 70 Soudan for $1,175,000 for 0.038 acres of land. No site plan application had been submitted at the time of writing.

Elsewhere, Broccolini acquired four properties on River Street which includes 83, 87, 91 and 95-97 River Street. The total site area of the assembly is 0.215 acres and they have paid $6,750,000 so far to purchase the four properties. No site plan has been tendered at the time of writing.

83-97 River Street, Toronto

Closing Observations

Well time to address the elephant in the room – the residential market. House prices are heading to the sky, condos can't get built fast enough and apartment construction is now part of most pension fund's portfolio. The three levels of government aren't really taking a shine to it. First were new mortgage rules for first time buyers. They now have to pass a stress test to get approved for a mortgage. A neighbour of this writer works for a group that lends predominantly to this segment of the market, he says approvals are way down with very few meeting the test. Next up, you have the provincial government fighting for rent controls on buildings completed after 1991, just as thousands of new units are being planned for construction. The receiver for Urbancorp didn't help the cause when they decided to double the rents of tenants in their Sudbury Street buildings in an effort to push them out so the units could be sold to wind up the company. Perfect timing! The provincial government now had its poster child for the reason we need rent controls. This writer agrees with Benjamin Tal from CIBC on this matter, if you create a supply, the rents will regulate themselves. If you cut development off at the throat, renters will never catch a break. Let's also add in the new levies that will be assessed to apartment owners of just over $10 per unit being instigated by the city of Toronto in an effort to enforce landlords to keep up with capital repairs on their units. The levy will apply to apartment buildings greater than 3 storeys high with 10 or more units. Finally, for condominium developers, the city is pushing for more 3 bedroom units to be part of the suite mix, the city is also fighting for reform to the OMB and are looking at increased development charges. So despite an image of making units more affordable, the city is adding more costs to the development, hoping to cut back on the density of projects and are asking developers to create larger units that the general public can't afford. Is that a clock ticking in the background? Sounds like the answer to the question "when will all this development come to an end?" might be closer than we think. Have we reached the tipping point?

Moving along, this writer mentioned in his last report that he had been keeping a file on broker listings that are sent into the office. That pile, three months ago, was able to fill one file and was 5 inches thick. That pile now has been separated into building or land type and fills four files and is over a foot thick when laid on top of each other. So an explosion of listings of properties that are just not moving. Yes the pricing is out of whack, in many cases, but these are properties that Joe Investor can afford but they are not moving. Is this an indication that we have reached the top of the market? Yet look at the results this quarter, there isn't any shortage of deals, just this dichotomy of too many stale listings, on one hand, and a plethora of sales on the other.

So where are we in the cycle? Cadillac Fairview boldly announced last month they're building an office building on spec in the South Core that was followed by pundits predicting they wouldn't be the only ones. Condos and apartment buildings continue to be built while no one is trading large scale retail so the market is hedging on micro, street retail for expansion. Meanwhile, the industrial market suffers from low vacancies and not enough new product. Life couldn't be better. Let's see if that's the same response in our next report.

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