

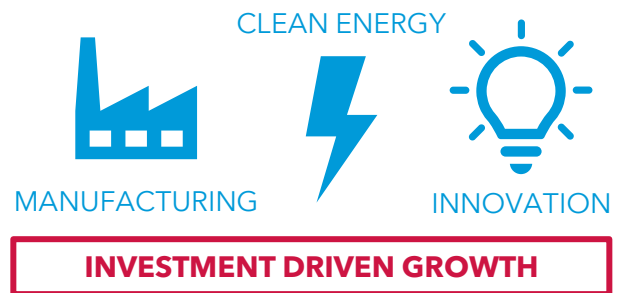
CANADA FEDERAL BUDGET 2025

UNLOCKING OPPORTUNITY IN INDUSTRIAL REAL ESTATE

A BUDGET BUILT ON INVESTMENT

Canada's 2025 Federal Budget sends a clear message: growth through investment. With a \$78 billion deficit and no new tax increases, the government is placing its confidence in private enterprise to drive the next phase of economic expansion, **focusing on manufacturing, clean energy, and innovation.**

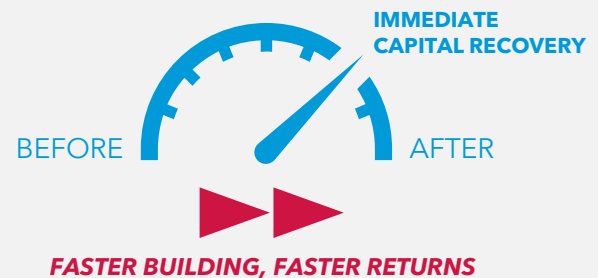
For executives, occupiers, and corporate decision makers, this is a strategic window to evaluate lease renewals, reposition operations, and plan for long term growth.



IMMEDIATE EXPENSING DRIVES FACILITY EXPANSION

A key feature of the 2025 Budget is the introduction of **100% first year expensing for new buildings used in manufacturing and processing.** This allows companies to deduct construction costs immediately, improving cash flow and returns on investment while reducing long term tax exposure.

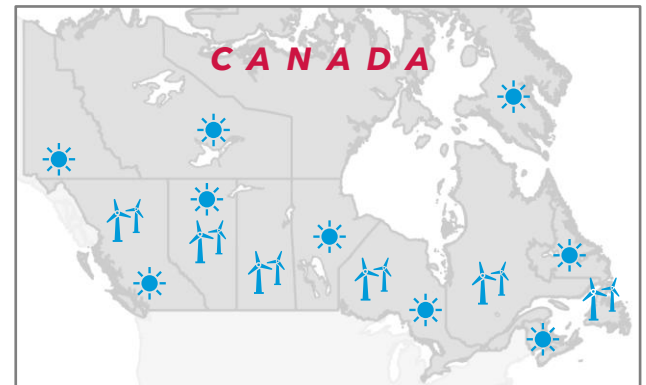
The measure is expected to accelerate demand for purpose built industrial facilities and build-to-suit projects, creating opportunities across Canada's industrial markets. This change will influence lease renewals, project timing, and capital planning for occupiers in manufacturing and logistics sectors.



CLEAN ECONOMY INCENTIVES STRENGTHEN GREEN REAL ESTATE

Expanded clean energy tax credits now support investments in hydrogen, carbon capture, clean power, and green manufacturing.

These incentives will shape where companies choose to locate and how they invest, **rewarding properties with access to renewable energy, hydrogen infrastructure, and grid connections.** As clean industries scale, industrial parks, brownfield sites, and logistics corridors with sustainability advantages will gain significant value. Occupiers seeking renewable powered facilities and lower operating costs will benefit most from these incentives.



CRITICAL MINERALS AND ADVANCED MANUFACTURING CREATE NEW GROWTH CLUSTERS

Canada has broadened its list of critical minerals, adding materials used in batteries, electric vehicles, and advanced electronics. This expansion will fuel new investment in mining, processing, and manufacturing, forming connected industrial corridors from resource regions to production hubs.

Growth will be strongest in **Ontario, Québec, and Western Canada**, where proximity to both raw materials and infrastructure supports efficient supply chains. For multi-site occupiers, locating near these corridors can reduce supply chain risk and improve delivery performance.



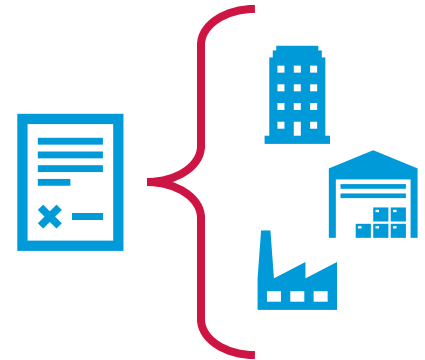
CANADA FEDERAL BUDGET 2025

UNLOCKING OPPORTUNITY IN INDUSTRIAL REAL ESTATE

TRANSFER PRICING AND TAX INTEGRITY

The 2025 Budget strengthens transfer pricing and compliance rules for multinational companies, requiring greater transparency and market-based documentation.

Organizations with real estate across subsidiaries should **review lease structures and ensure rents reflect fair market value to minimize Canada Revenue Agency exposure**. Properly structured leases are now an essential element of risk management and corporate governance. For occupiers managing multiple leaseholds, accurate documentation of market lease rates will be essential to ensure compliance and reduce audit risk.



INFRASTRUCTURE AND INDUSTRIAL GROWTH MOMENTUM

The government's direction is clear: **build capacity through infrastructure**. Significant investments in transportation networks, grid modernization, and regional development are opening new industrial zones and enhancing overall productivity.

Improved corridors will shorten delivery times and support network optimization for multi facility occupiers.



POSITION YOUR PORTFOLIO FOR THE NEXT CYCLE

The Budget's incentives are **time sensitive and will begin to phase out after 2030**, making the next five years crucial for strategic planning.

Focus on actions that optimize lease costs, reduce operational risk, and align facility upgrades with available incentives.



LET'S TALK STRATEGY

At **Lee and Associates Toronto**, we help occupiers turn policy into opportunity. From renewal strategy and relocation planning to build to suit and sale leaseback analysis, our advisors help align corporate real estate with new federal incentives. For occupiers, we can map renewal and relocation options that take advantage of Budget 2025 incentives.

Connect with our team to explore how the 2025 Federal Budget can support your growth and investment strategy.

