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## BGO Buys Toronto Tower as City's Office Market Begins to Thaw

By [Paula Sambo](#)

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Real estate firm BGO is buying a downtown Toronto office property after years on the sidelines in that market, wagering that better valuations and improving leasing trends mark a turning point for the sector.

The firm has agreed to acquire 95 Wellington Street West, a renovated building close to Union Station, the city's main rail transportation hub. It marks a return to Toronto's financial core for BGO's flagship investment strategy, according to Christina Iacoucci, the firm's head of Canada.

The move is part of a bigger push to deploy capital in Canadian real estate during what BGO executives see as an attractive period. The firm invested roughly C\$1.2 billion (\$883 million) last year in Canada and expects to double that pace in 2026, Iacoucci said.

The firm sees a recovery in leasing and a tightening supply backdrop in Toronto's core. Vacancy for top-tier AAA office space has fallen to about 3%, while Class A vacancy has declined to roughly 12% from peaks near 20%, said Simon Holmes, BGO's Canadian

chief investment officer. At the same time, there's not much new supply expected before the end of the decade, and demand is on the rise, he said.

"When the data turns before the narrative catches up, that's typically when you see the best opportunities," Iacoucci said in an interview.

Pricing has also reset, creating an entry point for long-term investors. Values for many office buildings in Canadian cities are down roughly 20% to 40% from pre-pandemic peaks, depending on asset quality, said Holmes, with the steepest declines in lower-quality properties.

The Wellington Street tower should appeal to a mix of tenants including boutique financial and professional services firms seeking proximity to Union Station and downtown amenities, Holmes said.

BGO paid C\$198 million (\$145 million) to Cadillac Fairview for the building, according to people familiar with the matter. The firm, which used to go by the name BentallGreenOak, manages more than \$100 billion globally, with about C\$30 billion (\$22 billion) in Canada.

The Toronto deal may be another

signal of thawing after several years of minimal deal activity in Canadian office properties. Transactions largely stalled from 2022 through mid-2025 as buyers and sellers struggled to agree on valuations. That gap has begun to narrow as owners adjust expectations and investors gain confidence in leasing outlooks, according to Holmes.

Some liquidity-driven sales are also emerging – particularly from open-ended funds facing redemption pressure – which is adding to deal flow, Iacoucci said.

The firm said it continues to see opportunities beyond office, including in retail and logistics. Canadian pension funds are focusing more on domestic investments, while international investors, particularly from Europe, are stepping up allocations to Canada because it's viewed as a stable market with improving relative value, Iacoucci said.

After years of capital flowing out of the asset class, "we are seeing a clear shift back into real estate," Holmes said. "At current pricing levels, it looks increasingly attractive relative to other options."

– *With assistance from Natalie Wong*