



# **Q3 2020** **Canadian** **Cap Rates &** **Investment** **Insights**

---

**A quarterly snapshot of  
Canadian commercial  
real estate cap rates and  
investment trends.**

**CBRE RESEARCH**

**CBRE**

# Q3 2020

## Canadian Cap Rates & Investment Insights

### CANADIAN INVESTMENT TRENDS

Investment	3
Debt Market	4
Office	5
Industrial	6
Retail	7
Multifamily	8
Seniors Housing	9
Hotel	10

### CITY-BY-CITY ANALYSIS

Victoria	11
Vancouver	12
Calgary	13
Edmonton	14
Saskatoon	15
Winnipeg	16
London	17
Kitchener-Waterloo	18
Toronto	19
Ottawa	20
Montreal	21
Quebec City	22
Halifax	23

### CAP RATE SUMMARY SHEET

24-25

### GLOSSARY OF TERMS

26

# Investment Summary

- With new coronavirus cases trending in the wrong direction in many parts of the world and trust in new vaccines still mixed, it is becoming increasingly clear that we will be in a world of masks and physical distancing until well into 2021. Now seven months into the pandemic and facing this extended recovery timeline, investors have been forced to adapt to the new normal and have slowly become more comfortable operating within the current environment.
- Nevertheless, the heightened uncertainty has manifested in a cap rate spread that is the widest that CBRE has ever tracked. Cap rates ticked up in Q3 2020 albeit not dramatically and not across the board. Capital is chasing security, term and safety which explains the downward movement for cap rates of good quality industrial and multifamily product.

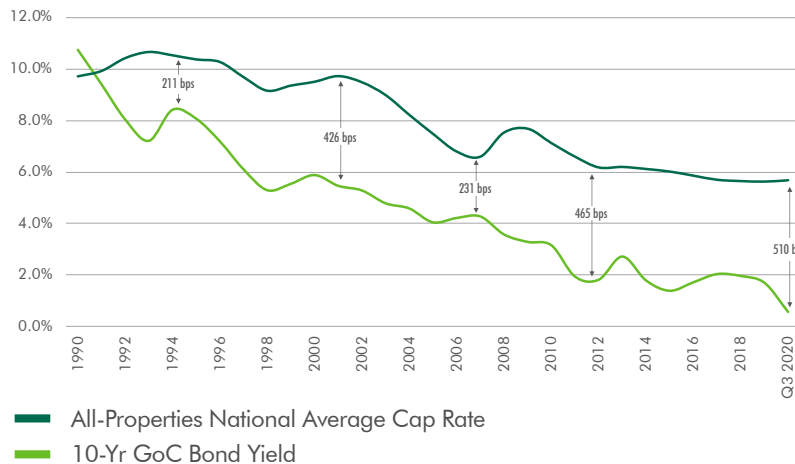


**Paul Morassutti**

Vice Chairman,  
Valuation & Advisory  
Services

[www.cbre.ca/paul.morassutti](http://www.cbre.ca/paul.morassutti)

## National Average Cap Rate



Source: CBRE Research, Thomson Reuters, Q3 2020.

## Q3 2020 CAP RATES

Category	Cap Rate	ΔQ/Q
<b>DOWNTOWN OFFICE</b>		
AA	4.90%	▲
A	5.67%	▲
B	6.63%	▲
<b>SUBURBAN OFFICE</b>		
A	6.45%	▲
B	7.30%	▲
<b>INDUSTRIAL</b>		
A	5.03%	▼
B	6.13%	▲
<b>RETAIL</b>		
Regional	5.41%	▲
Power	6.42%	▲
Neighbourhood	6.38%	▲
Strip	5.86%	▲
Strip (non-anchored)	6.78%	▲
Urban Streetfront	5.44%	▲
High Street	3.81%	◀▶
<b>MULTIFAMILY</b>		
High Rise A	3.75%	▼
High Rise B	4.33%	▼
Low Rise A	4.42%	◀▶
Low Rise B	4.88%	◀▶
<b>SENIORS HOUSING</b>		
Independent/Assisted Living A	6.20%	◀▶
Independent/Assisted Living B	7.64%	◀▶
Long Term Care A	7.54%	◀▶
<b>HOTEL</b>		
Downtown Full Service	7.08%	◀▶
Suburban Limited Service	8.20%	◀▶
Focused Service	7.92%	◀▶

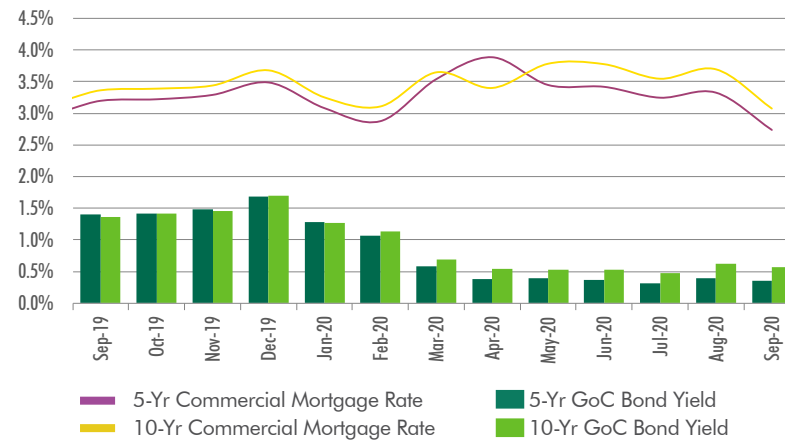
# Debt Market Summary

- Q3 2020 provided warm summer weather and a steady diet of alphabet soup, neither of which are a long term cure for an economy besieged by Covid-19.
- With no desire to drive yields into negative territory, the Bank of Canada relied on QE and the Federal Government doled out funding via CECRA (real estate), CEBA (business) and CEWS (personal) benefits to support impacted cashflows.
- The alphabet theme also carried over to economic analysis, where the recovery in equity markets resembled a V shape, bonds an L shape and GDP growth somewhere between a U, W, and now a K shape due to bifurcation between sectors.
- Debt liquidity is now being dictated by asset class outlooks and the ability of sponsorship to operate under current economic conditions.
- While credit spreads have come in during the last quarter, the range in cost of debt between best- and worst-in-class has widened materially.



**Carmin Di Fiore**  
Executive Vice President, Debt & Structured Finance  
[www.cbre.ca/carmin.difiore](http://www.cbre.ca/carmin.difiore)

## Mortgage Rates to Government of Canada Bonds



Source: CBRE Research, Thomson Reuters, Q3 2020.

## MARKET MOVERS

### CAD/USD

Q2 2020	Q3 2020	Change QoQ (%)
\$0.74	\$0.75	▲ 1.96%

### CANADA PRIME RATE

Q2 2020	Q3 2020	Change QoQ (%)
2.45%	2.45%	◀▶ 0.00%

### 30-DAY CDOR

Q2 2020	Q3 2020	Change QoQ (%)
0.52%	0.48%	▼ -6.55%

### WESTERN CANADIAN SELECT (USD)

Q2 2020	Q3 2020	Change QoQ (%)
\$29.84	\$31.66	▲ 6.10%

### 5-YEAR MORTGAGE SPREAD RANGE

Q2 2020	Q3 2020	Change QoQ (%)
2.25% - 3.60%	1.50% - 3.25%	▼ -18.80%

### 10-YEAR MORTGAGE SPREAD RANGE

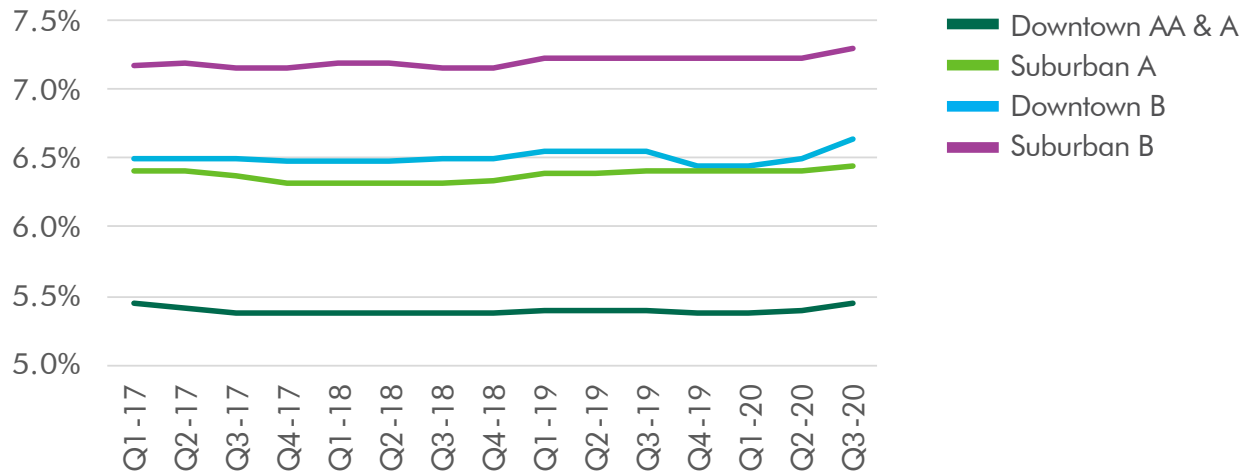
Q2 2020	Q3 2020	Change QoQ (%)
2.35% - 3.80%	1.60% - 3.40%	▼ -18.70%

Source: CBRE Limited, Thomson Reuters Eikon.

# National Office Summary

- Amidst growing uncertainty surrounding the occupier landscape, office cap rates expanded across each of the sector sub-categories in Q3 2020. The national average cap rate figure for each of the Downtown Class AA & A, Downtown Class B, Suburban Class A and Suburban Class B categories rose by 4 basis points, 13 bps, 4 bps and 7 bps, respectively, over the quarter.
- This increase in national yields was the result of movements in three markets. Edmonton recorded an increase of 50 bps in Downtown Class B yields, Quebec City recorded an increase Downtown and Suburban Class B yields, and Calgary saw cap rate increases between 37 and 50 bps across each of its office sub-categories.
- With the long-term implications of the pandemic still reasonably uncertain, most Canadian markets have yet to see any evidence that would suggest office pricing has changed materially from pre-COVID levels.

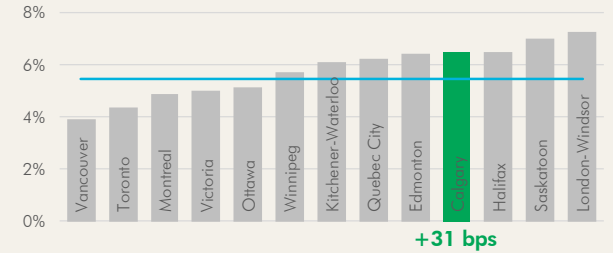
## Historical Office Cap Rates



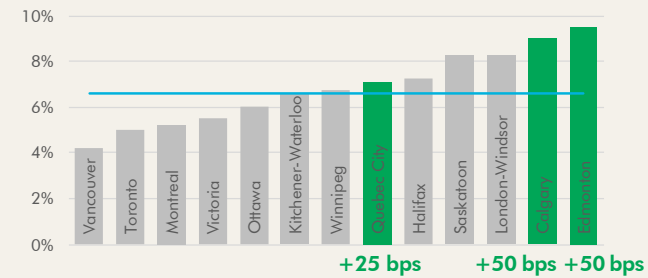
## REGIONAL RANKINGS

Cap Rate National Average ΔQ/Q

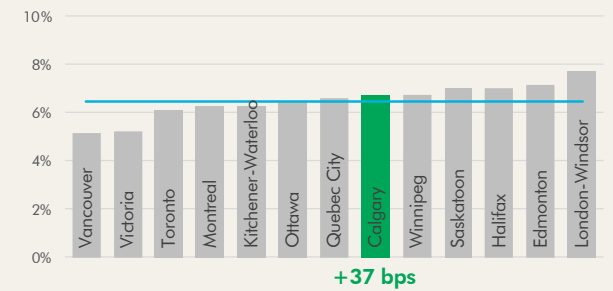
### DOWNTOWN AA & A



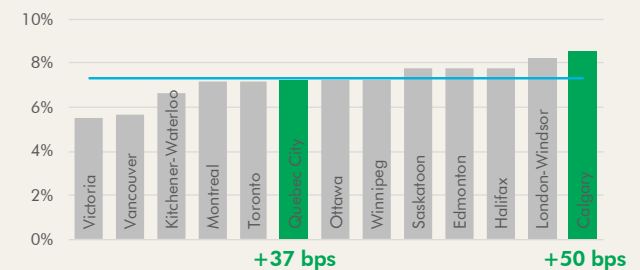
### DOWNTOWN B



### SUBURBAN A



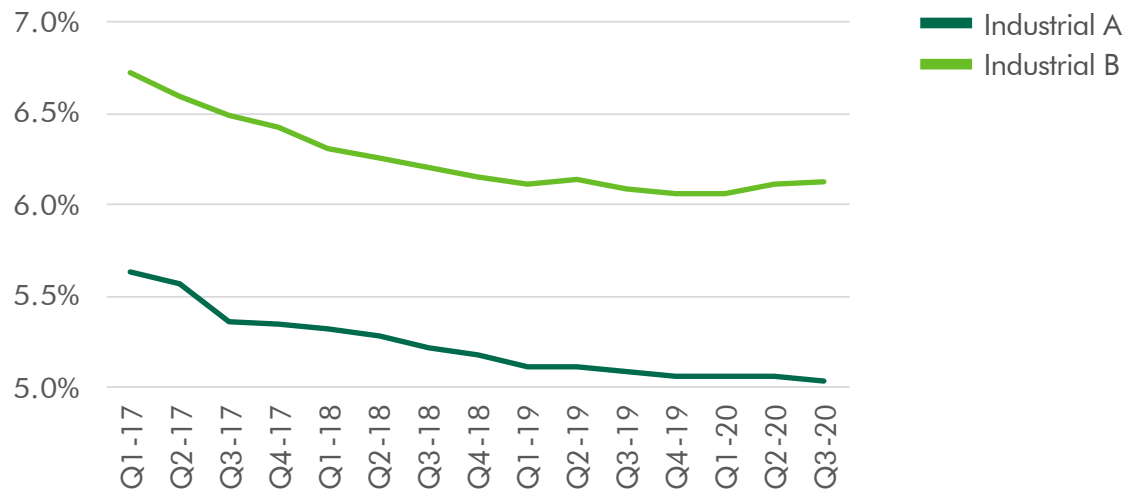
### SUBURBAN B



# National Industrial Summary

- The Canadian industrial asset class has demonstrated a remarkable resilience through the course of the pandemic, with investment appetite being fueled by strong market fundamentals and favourable long-term tailwinds. Given heightened uncertainty across the economic and business landscape, industrial assets have garnered especially robust interest from investors due to the stability of their cashflows and the strong demand from occupiers.
- Against this backdrop, the national average cap rate figure for Class A assets compressed by 3 basis points in Q3 2020. While the national average cap rate figure for Class B industrial properties rose by 2 bps over the quarter, this was due to upwards movements in only one market, Calgary, which saw Class B industrial cap rates rise by 37 bps.
- Outside of Calgary, the only market to see movements in industrial yields over the quarter was Montreal, where both Class A and Class B rates compressed by 25 bps.

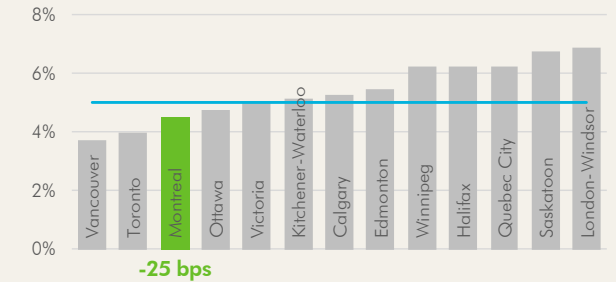
## Historical Industrial Cap Rates



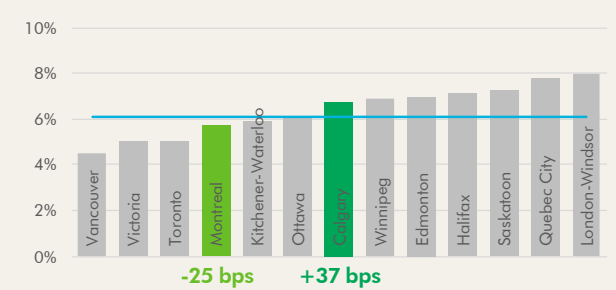
## REGIONAL RANKINGS

Cap Rate National Average  $\Delta$ Q/Q

### INDUSTRIAL A



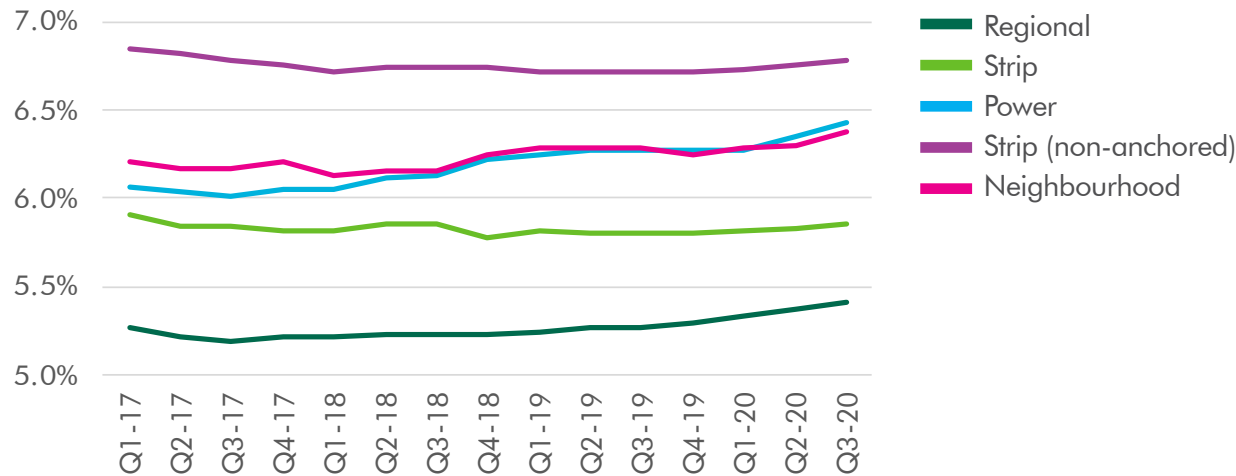
### INDUSTRIAL B



# National Retail Summary

- On the heels of nation-wide lockdowns and struggling occupiers, the retail sector began to see cap rate expansion in Q3 2020. The national average cap rate figure for every retail format increased over the period with the greatest changes seen in the neighbourhood and power centre categories.
- Four markets reported retail cap rate movements in Q3 2020. Victoria saw urban streetfront yields rise by 25 basis points, Saskatoon saw increases of 25 bps across their regional, power, anchored strip and non-anchored strip categories, and Calgary saw increases between 25 bps and 62 bps across each retail property type. The only market to see retail cap rates compress in Q3 2020, was London where yields for anchored and unanchored strip assets each compressed by 25 bps.
- While a second wave of COVID-19 cases looms over several provinces, optimism does remain that the retail sector will rebound as economies continue to re-open and mall footfall grows where permitted.

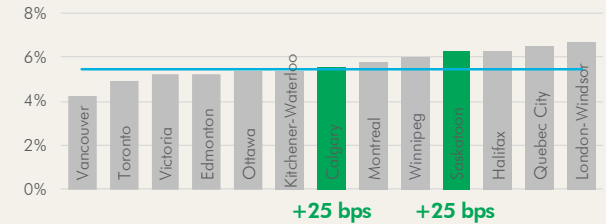
## Historical Retail Cap Rates



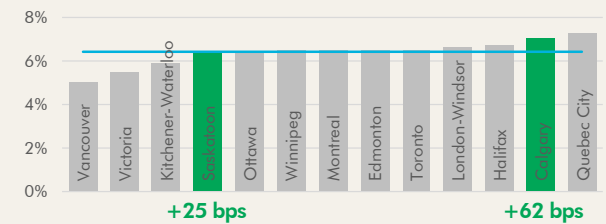
## REGIONAL RANKINGS

Cap Rate National Average  $\Delta$ Q/Q

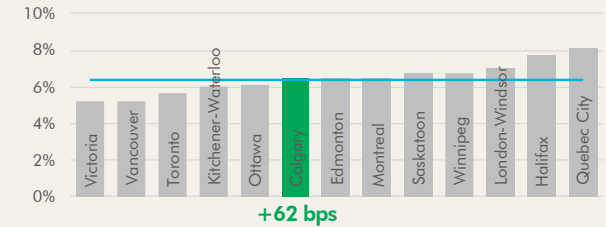
### REGIONAL



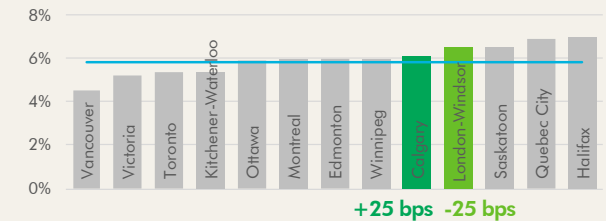
### POWER



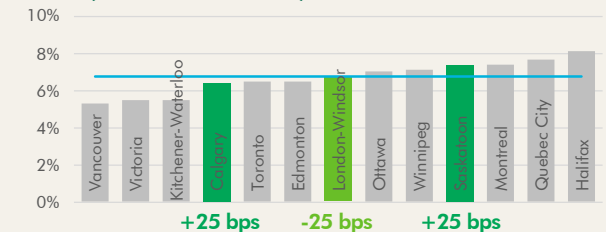
### NEIGHBOURHOOD



### STRIP



### STRIP (NON-ANCHORED)



# National Multifamily Summary

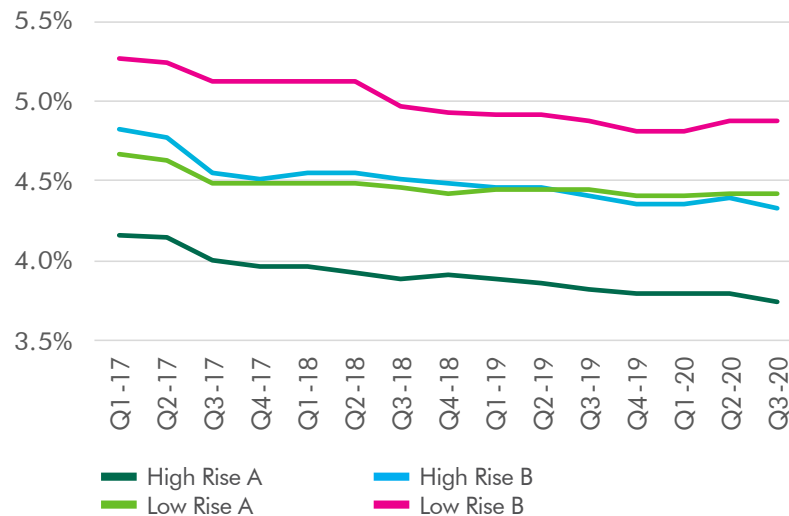
- Despite concerns regarding rent collection rates and new government regulations early in the pandemic, multifamily cash flows have remained resilient and cap rates for the sector continued to compress in the third quarter. The national average multifamily cap rate figure for High Rise Class A and High Rise Class B assets compressed by 4 basis points and 6 bps, respectively, in Q3 2020.
- Four markets reported changes in multifamily yields in Q3 2020. Victoria saw Low Rise Class B cap rates compress by 25 bps, Vancouver's High Rise Class A and High Rise Class B yields compressed by 25 bps and 50 bps, London recorded compressions between 13 and 25 bps across three sub-categories, and Waterloo saw Low Rise Class A and Low Rise Class B yields compress by 38 bps and 25 bps.
- Pricing for rental properties has now largely returned to pre-COVID levels and with insulated fundamentals and cheap debt, the sector is very strongly positioned going into the end of 2020.



**David Montessor**

Executive Vice President, National Apartment Group  
[www.cbre.ca/david.montessor](http://www.cbre.ca/david.montessor)

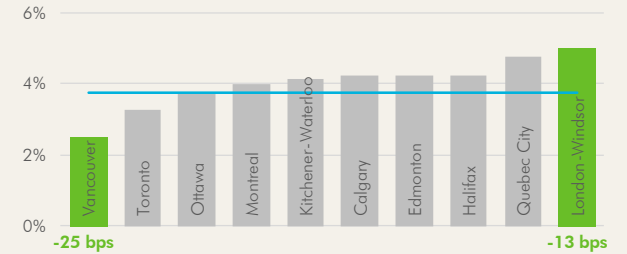
## Historical Multifamily Cap Rates



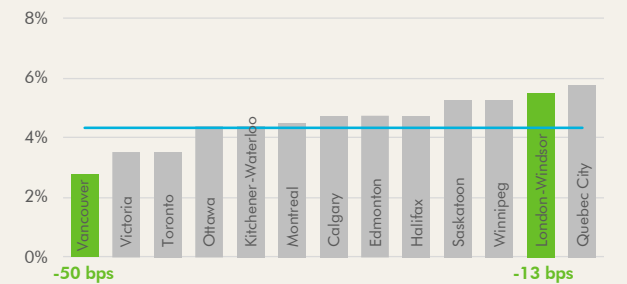
## REGIONAL RANKINGS

Cap Rate National Average  $\Delta$ Q/Q

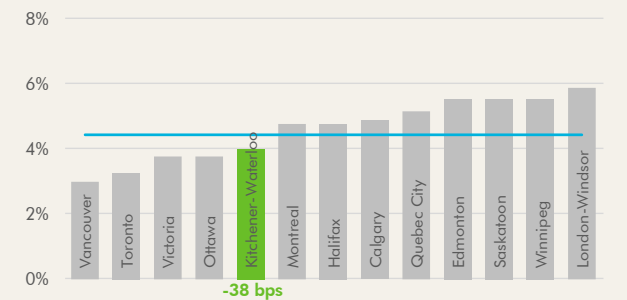
### HIGH RISE A



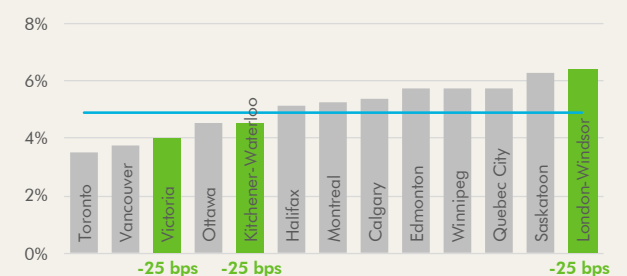
### HIGH RISE B



### LOW RISE A



### LOW RISE B





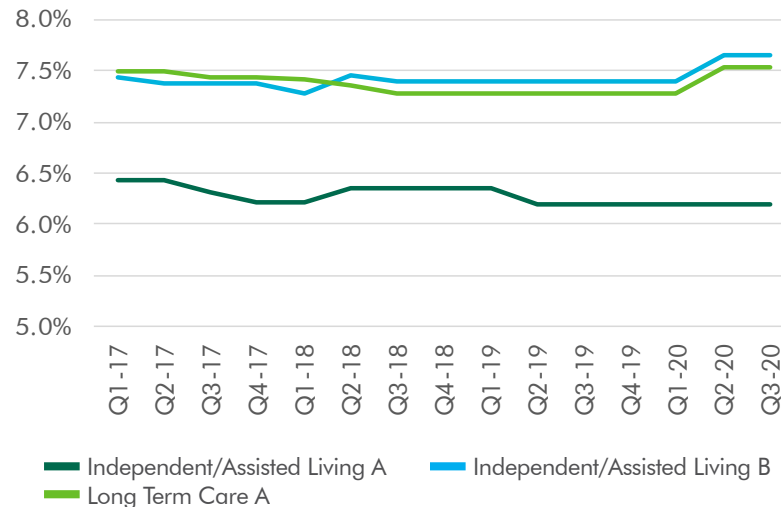
# National Seniors Housing Summary

- Despite ongoing concerns surrounding the long-term impacts of the pandemic on the sector, cap rates for seniors housing assets remained unchanged across all sub-categories and markets in Q3 2020.
- Investment activity for the sector is expected to remain in a holding pattern through Q4 2020 as operators continue to focus on containment measures in anticipation of a second wave of COVID-19 infections.
- Fundamentals within the sector have remained resilient and there are no signs of distressed properties being brought to market at this time.
- The development pipeline is expected to continue apace as underlying demographic trends continue to support future demand for seniors housing assets.



**Steve Hiscox**  
 Senior Director,  
 Seniors Housing &  
 Healthcare  
[www.cbre.ca/steve.hiscox](http://www.cbre.ca/steve.hiscox)

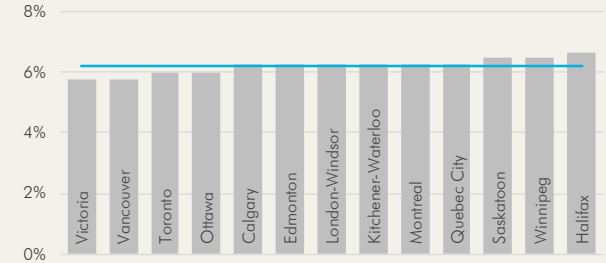
## Historical Seniors Housing Cap Rates



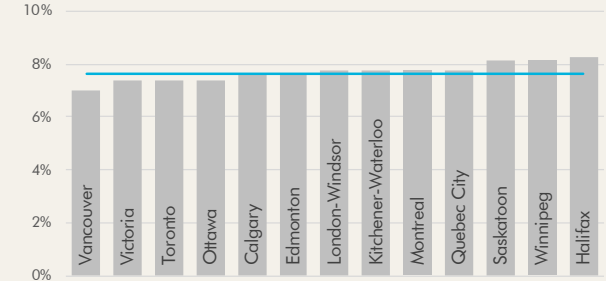
## REGIONAL RANKINGS

Cap Rate National Average  $\Delta$ Q/Q

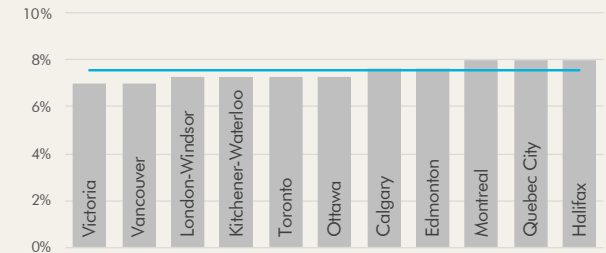
### INDEPENDENT/ASSISTED LIVING A



### INDEPENDENT/ASSISTED LIVING B



### LONG TERM CARE A



# National Hotel Summary

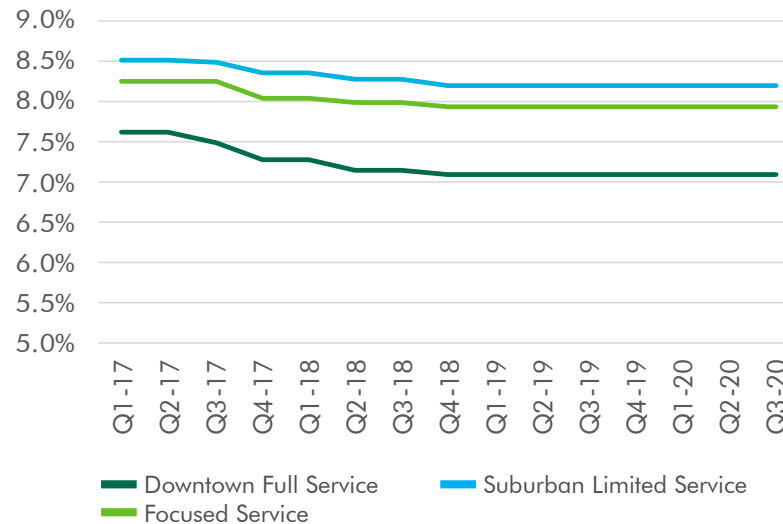
- Investment activity within the hotels sector remained exceedingly muted in Q3 2020 with only six transactions closing in the quarter for a total volume of \$61.4 million.
- As of the end of the quarter, it appears as though meeting conferences and business travel levels through the end of the year will remain suppressed as rising case counts are occurring in many areas of the country and the continued Canada-US border closure limits travel.
- Current expectations are for 2020 RevPAR to be off in excess of the 50% contraction originally forecasted as summer occupancy and ADR levels fell short of predictions. Optimism remains that RevPAR should recover to 2019 levels by 2023.



**Mark Sparrow**

Executive Vice President, CBRE Hotels

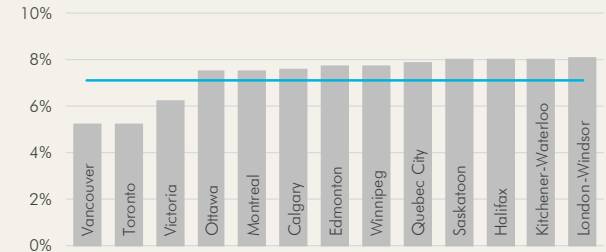
## Historical Hotel Cap Rates



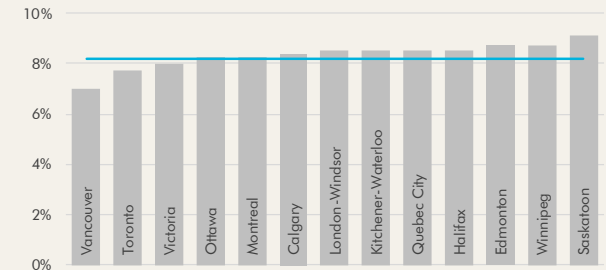
## REGIONAL RANKINGS

Cap Rate National Average  $\Delta$ Q/Q

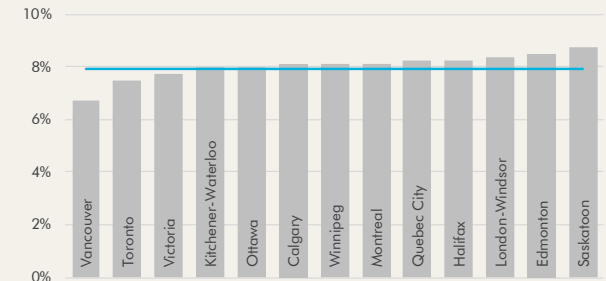
### DOWNTOWN FULL SERVICE



### SUBURBAN LIMITED SERVICE



### FOCUSED SERVICE



# Victoria

- Cautious optimism among private investors has held true within the Greater Victoria investment and development markets. Long-term investment demand remains robust and continues to be supported by the perception that Victoria may prove to be insulated from substantial price corrections due to the pandemic.
- Most transactions that were temporarily delayed due to uncertainty caused by COVID-19 have now gone firm or closed without any price correction.
- Multifamily assets and development sites continue to lead investment activity with no signs of pull back. This even with a significant number of projects currently under construction or in the pipeline.

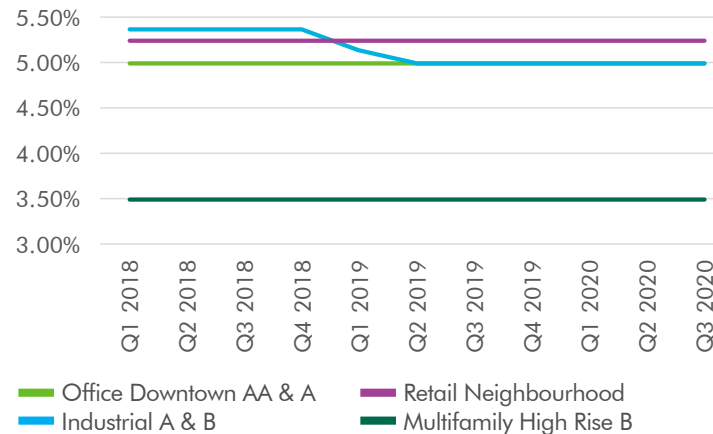


**Ross Marshall**

Senior Vice President

[www.cbre.ca/ross.marshall](http://www.cbre.ca/ross.marshall)

## Historical Victoria Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	N/A	
A	4.75% - 5.25%	◀▶
B	5.25% - 5.75%	◀▶
<b>SUBURBAN OFFICE</b>		
A	5.00% - 5.50%	◀▶
B	5.25% - 5.75%	◀▶
<b>INDUSTRIAL</b>		
A	4.75% - 5.25%	◀▶
B	4.75% - 5.25%	◀▶
<b>RETAIL</b>		
Regional	4.75% - 5.75%	◀▶
Power	5.00% - 6.00%	◀▶
Neighbourhood	5.00% - 5.50%	◀▶
Strip	5.00% - 5.50%	◀▶
Strip (non-anchored)	5.25% - 5.75%	◀▶
<b>Urban Streetfront</b>	<b>5.00% - 5.50%</b>	<b>▲</b>
High Street	5.00% - 5.50%	◀▶
<b>MULTIFAMILY</b>		
High Rise A	N/A	
High Rise B	3.25% - 3.75%	◀▶
Low Rise A	3.50% - 4.00%	◀▶
<b>Low Rise B</b>	<b>3.75% - 4.25%</b>	<b>▼</b>
<b>SENIORS HOUSING</b>		
Independent/Assisted Living A	5.50% - 6.00%	◀▶
Independent/Assisted Living B	7.00% - 7.75%	◀▶
Long Term Care A	6.75% - 7.25%	◀▶
<b>HOTEL</b>		
Downtown Full Service	5.50% - 7.00%	◀▶
Suburban Limited Service	7.50% - 8.50%	◀▶
Focused Service	7.00% - 8.50%	◀▶

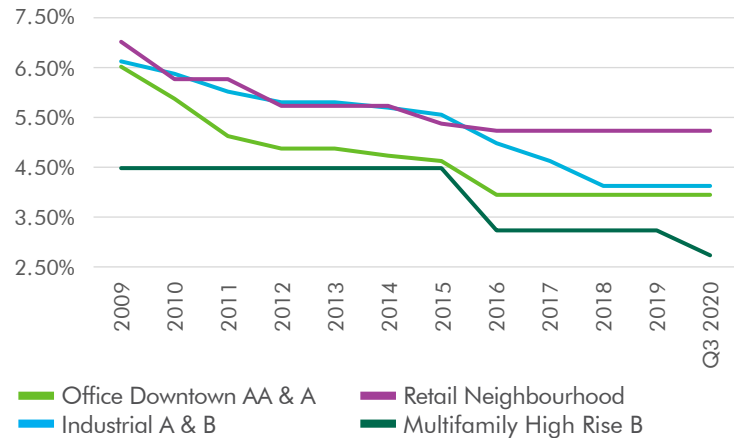
# Vancouver

- Vancouver has continued to lead most markets in terms of sustained activity through the pandemic and the majority of transactions initiated pre-COVID have now closed. Conditions for these deals were waived with only minor restructuring including minimal, if any, non-traditional price adjustments.
- Lenders continue to seek confirmation on underlying land values for a variety of residential condominium sites. For the time being, borrowers and developers have been able to find refinancing alternatives and capital partners.
- Investment interest remains strong in both the industrial and multifamily sectors with retail continuing to struggle outside of urban centres. While office fundamentals have remained strong despite increased sublease activity, investors and sellers have remained largely on the sidelines.



**Tony Quattrin**  
 Vice Chairman,  
 National Investment Team  
[www.cbre.ca/tony.quattrin](http://www.cbre.ca/tony.quattrin)

## Historical Vancouver Cap Rates



## Q3 2020 CAP RATES

Category	Cap Rate Range	ΔQ/Q
<b>DOWNTOWN OFFICE</b>		
AA	3.75% - 4.00%	◀▶
A	3.75% - 4.25%	◀▶
B	4.00% - 4.50%	◀▶
<b>SUBURBAN OFFICE</b>		
A	4.75% - 5.50%	◀▶
B	5.25% - 6.00%	◀▶
<b>INDUSTRIAL</b>		
A	3.50% - 4.00%	◀▶
B	4.25% - 4.75%	◀▶
<b>RETAIL</b>		
Regional	4.00% - 4.50%	◀▶
Power	5.00% - 5.50%	◀▶
Neighbourhood	5.00% - 5.50%	◀▶
Strip	4.00% - 5.00%	◀▶
Strip (non-anchored)	5.00% - 5.50%	◀▶
Urban Streetfront	3.75% - 4.25%	◀▶
High Street	3.50% - 4.00%	◀▶
<b>MULTIFAMILY</b>		
High Rise A	2.25% - 2.75%	▼
High Rise B	2.50% - 3.00%	▼
Low Rise A	2.75% - 3.25%	◀▶
Low Rise B	3.25% - 4.25%	◀▶
<b>SENIORS HOUSING</b>		
Independent/Assisted Living A	5.50% - 6.00%	◀▶
Independent/Assisted Living B	6.75% - 7.25%	◀▶
Long Term Care A	6.75% - 7.25%	◀▶
<b>HOTEL</b>		
Downtown Full Service	4.50% - 6.00%	◀▶
Suburban Limited Service	6.50% - 7.50%	◀▶
Focused Service	6.00% - 7.50%	◀▶

# Calgary

- Outside of the core industrial and multifamily sectors, there is upward pressure on cap rates in Calgary as investors are requiring higher yields to offset the dual impact of COVID-19 related shutdowns and the commodity shock that was brought along with it.
- Questions surrounding the future of office and retail leasing markets has created underwriting challenges for these assets. This uncertainty has in turn further widened spreads between bid and ask prices.
- Lenders are becoming more stringent with their approach to underwriting Alberta-based assets. For most transactions this has translated to increased equity requirements and not the increased levered returns one would expect given lowered interest rates.



## Duncan MacLean

Senior Vice President,  
National Investment Team

[www.cbre.ca/duncan.maclea](http://www.cbre.ca/duncan.maclea)

### Historical Calgary Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	5.50% - 6.00%	▲
A	6.75% - 7.75%	▲
B	8.50% - 9.50%	▲
SUBURBAN OFFICE		
A	6.25% - 7.25%	▲
B	8.00% - 9.00%	▲
INDUSTRIAL		
A	5.00% - 5.50%	◀▶
B	6.25% - 7.25%	▲
RETAIL		
Regional	5.00% - 6.00%	▲
Power	6.50% - 7.50%	▲
Neighbourhood	6.00% - 7.00%	▲
Strip	5.75% - 6.50%	▲
Strip (non-anchored)	6.00% - 6.75%	▲
Urban Streetfront	6.00% - 6.75%	▲
High Street	N/A	
MULTIFAMILY		
High Rise A	4.00% - 4.50%	◀▶
High Rise B	4.50% - 5.00%	◀▶
Low Rise A	4.50% - 5.25%	◀▶
Low Rise B	5.00% - 5.75%	◀▶
SENIORS HOUSING		
Independent/Assisted Living A	6.00% - 6.50%	◀▶
Independent/Assisted Living B	7.25% - 8.00%	◀▶
Long Term Care A	7.25% - 8.00%	◀▶
HOTEL		
Downtown Full Service	6.75% - 8.50%	◀▶
Suburban Limited Service	7.75% - 9.00%	◀▶
Focused Service	7.25% - 9.00%	◀▶

# Edmonton

- Industrial demand remained strong in Edmonton over Q3 2020, however, investors are placing increased emphasis on quality, vintage and functionality.
- With uncertainty in the broader office sector, purchasers are focused on long-term plays with attractive price-per-foot metrics that enable them to complete future leasing.
- Demand remains strong for multifamily assets with private buyers driving market activity.
- Retail sales remain somewhat soft, but private buyer demand is increasing with investors being very conservative in their underwriting.



**Dave Young**

Executive Vice President,  
National Investment Team

[www.cbre.ca/dave.young](http://www.cbre.ca/dave.young)

## Historical Edmonton Cap Rates



## Q3 2020 CAP RATES

Category	Cap Rate Range	ΔQ/Q
<b>DOWNTOWN OFFICE</b>		
AA	5.50% - 6.00%	◀▶
A	6.75% - 7.50%	◀▶
<b>B</b>	<b>8.00% - 11.00%</b>	<b>▲</b>
<b>SUBURBAN OFFICE</b>		
A	6.75% - 7.50%	◀▶
B	7.50% - 8.00%	◀▶
<b>INDUSTRIAL</b>		
A	5.25% - 5.75%	◀▶
B	6.75% - 7.25%	◀▶
<b>RETAIL</b>		
Regional	5.00% - 5.50%	◀▶
Power	6.25% - 6.75%	◀▶
Neighbourhood	6.25% - 6.75%	◀▶
Strip	5.75% - 6.25%	◀▶
Strip (non-anchored)	6.25% - 6.75%	◀▶
Urban Streetfront	6.00% - 6.50%	◀▶
High Street	N/A	
<b>MULTIFAMILY</b>		
High Rise A	4.00% - 4.50%	◀▶
High Rise B	4.50% - 5.00%	◀▶
Low Rise A	5.25% - 5.75%	◀▶
Low Rise B	5.50% - 6.00%	◀▶
<b>SENIORS HOUSING</b>		
Independent/Assisted Living A	6.00% - 6.50%	◀▶
Independent/Assisted Living B	7.25% - 8.00%	◀▶
Long Term Care A	7.25% - 8.00%	◀▶
<b>HOTEL</b>		
Downtown Full Service	7.00% - 8.50%	◀▶
Suburban Limited Service	8.25% - 9.25%	◀▶
Focused Service	7.75% - 9.25%	◀▶

# Saskatoon

- While investment demand remains stable, continued uncertainty surrounding COVID-19 and the impact of a potential second-wave has limited investment transaction volume in Saskatoon and across the province. Limited transaction activity suggests that cap rates have remained stable with slight upward pressure on retail cap rates.
- Strong multifamily sector performance has increased investment demand for rental properties. Institutional and private capital have kept cap rates low and continue to account for much of the liquidity for multifamily rental assets.
- The delivery of new office product brought on by the River Landing development continues to create uncertainty for investors and users in Saskatoon’s downtown office market.



**Michael Bratvold**

Vice President,  
Managing Director

[www.cbre.ca/michael.bratvold](http://www.cbre.ca/michael.bratvold)

## Historical Saskatoon Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	N/A	
A	6.75% - 7.25%	◀▶
B	7.75% - 8.75%	◀▶
SUBURBAN OFFICE		
A	6.75% - 7.25%	◀▶
B	7.50% - 8.00%	◀▶
INDUSTRIAL		
A	6.50% - 7.00%	◀▶
B	7.00% - 7.50%	◀▶
RETAIL		
Regional	6.00% - 6.50%	▲
Power	6.25% - 6.50%	▲
Neighbourhood	6.50% - 7.00%	◀▶
Strip	6.25% - 6.75%	◀▶
Strip (non-anchored)	7.25% - 7.50%	▲
Urban Streetfront	6.75% - 7.25%	▲
High Street	N/A	
MULTIFAMILY		
High Rise A	N/A	
High Rise B	5.00% - 5.50%	◀▶
Low Rise A	5.25% - 5.75%	◀▶
Low Rise B	6.00% - 6.50%	◀▶
SENIORS HOUSING		
Independent/Assisted Living A	6.25% - 6.75%	◀▶
Independent/Assisted Living B	7.75% - 8.50%	◀▶
Long Term Care A	N/A	
HOTEL		
Downtown Full Service	7.25% - 8.75%	◀▶
Suburban Limited Service	8.50% - 9.75%	◀▶
Focused Service	8.00% - 9.50%	◀▶

# Winnipeg

- Potential sellers of larger assets have mostly postponed taking these assets to market. Private capital and smaller transactions have defined active discussions.
- Industrial market performance was strong in Q3 2020 as absorption totaled over 540,000 sq. ft.. This made up for six consecutive quarters of market contraction.
- The office sector remained stable through the third quarter, while the retail market has remained more buoyant than anticipated with retailers remaining in business largely due to the efforts of government. Although there have been closures, some new transactions are occurring at pre-COVID financial terms.
- Investment demand remains strongest amongst private buyers looking to capitalize on opportunities within the industrial, retail and multifamily sector.



**Ryan Behie**

Vice President,  
Managing Director

[www.cbre.ca/ryan.behie](http://www.cbre.ca/ryan.behie)

## Historical Winnipeg Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	N/A	
A	5.50% - 6.00%	◀▶
B	6.50% - 7.00%	◀▶
SUBURBAN OFFICE		
A	6.50% - 7.00%	◀▶
B	7.00% - 7.50%	◀▶
INDUSTRIAL		
A	6.00% - 6.50%	◀▶
B	6.50% - 7.25%	◀▶
RETAIL		
Regional	5.75% - 6.25%	◀▶
Power	6.25% - 6.75%	◀▶
Neighbourhood	6.50% - 7.00%	◀▶
Strip	5.75% - 6.25%	◀▶
Strip (non-anchored)	6.75% - 7.50%	◀▶
Urban Streetfront	6.00% - 6.75%	◀▶
High Street	N/A	
MULTIFAMILY		
High Rise A	N/A	
High Rise B	5.00% - 5.50%	◀▶
Low Rise A	5.25% - 5.75%	◀▶
Low Rise B	5.50% - 6.00%	◀▶
SENIORS HOUSING		
Independent/Assisted Living A	6.25% - 6.75%	◀▶
Independent/Assisted Living B	7.75% - 8.50%	◀▶
Long Term Care A	N/A	
HOTEL		
Downtown Full Service	7.00% - 8.50%	◀▶
Suburban Limited Service	8.00% - 9.50%	◀▶
Focused Service	7.50% - 8.75%	◀▶

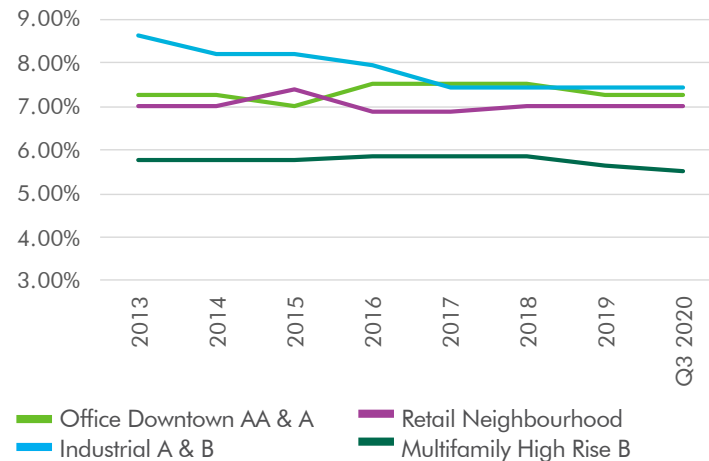


# London

- While retail cap rates in the London-Windsor region compressed over the third quarter, it remains to be seen whether this will remain a long-term trend.
- Multifamily assets have been in high demand and yields for this property type compressed over the third quarter. The industrial asset class has also continued to be resilient while supported by strong fundamentals.
- Investment momentum built through Q3 2020 and it's expected that activity will be stable through the remainder of the year.



## Historical London Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	N/A	
A	6.25% - 8.25%	◀▶
B	7.75% - 8.75%	◀▶
SUBURBAN OFFICE		
A	7.50% - 8.00%	◀▶
B	8.00% - 8.50%	◀▶
INDUSTRIAL		
A	6.30% - 7.50%	◀▶
B	7.50% - 8.50%	◀▶
RETAIL		
Regional	6.25% - 7.00%	◀▶
Power	6.25% - 7.00%	◀▶
Neighbourhood	6.25% - 7.75%	◀▶
Strip	6.00% - 7.00%	▼
Strip (non-anchored)	6.00% - 7.50%	▼
Urban Streetfront	7.00% - 8.50%	◀▶
High Street	N/A	
MULTIFAMILY		
High Rise A	4.50% - 5.50%	▼
High Rise B	4.75% - 6.25%	▼
Low Rise A	5.00% - 6.75%	◀▶
Low Rise B	5.50% - 7.25%	▼
SENIORS HOUSING		
Independent/Assisted Living A	6.00% - 6.50%	◀▶
Independent/Assisted Living B	7.25% - 8.25%	◀▶
Long Term Care A	7.00% - 7.50%	◀▶
HOTEL		
Downtown Full Service	7.50% - 8.75%	◀▶
Suburban Limited Service	8.00% - 9.00%	◀▶
Focused Service	7.75% - 9.00%	◀▶

# Kitchener-Waterloo

- The Kitchener-Waterloo region saw the resurrection of transaction activity in Q3 2020 following the slowdown brought on by COVID-19. While initial signs point to pricing holding to pre-pandemic levels, not all asset classes have been fully tested at this time.
- Private capital groups continue to be the most active buyers in the market as they benefit from a less competitive buyer pool and cheaper debt options.
- The industrial and multifamily asset classes continue to lead the way as investors remain confident in their ability to forecast and underwrite these sectors.
- There has been no interruption in activity for residential land transactions and values for these sites continue to rise.



**Joe Benninger**  
Vice President  
[www.cbre.ca/joe.benninger](http://www.cbre.ca/joe.benninger)

## Historical Kitchener-Waterloo Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	N/A	
A	5.75% - 6.50%	◀▶
B	6.25% - 7.00%	◀▶
SUBURBAN OFFICE		
A	5.75% - 6.75%	◀▶
B	6.25% - 7.00%	◀▶
INDUSTRIAL		
A	4.75% - 5.50%	◀▶
B	5.50% - 6.25%	◀▶
RETAIL		
Regional	5.25% - 6.00%	◀▶
Power	6.00% - 6.75%	◀▶
Neighbourhood	5.50% - 6.50%	◀▶
Strip	5.25% - 6.50%	◀▶
Strip (non-anchored)	4.75% - 6.25%	◀▶
Urban Streetfront	5.75% - 7.00%	◀▶
High Street	N/A	
MULTIFAMILY		
High Rise A	4.00% - 4.25%	◀▶
High Rise B	4.00% - 4.75%	◀▶
Low Rise A	3.75% - 4.25%	▼
Low Rise B	4.25% - 4.75%	▼
SENIORS HOUSING		
Independent/Assisted Living A	6.00% - 6.50%	◀▶
Independent/Assisted Living B	7.25% - 8.25%	◀▶
Long Term Care A	7.00% - 7.50%	◀▶
HOTEL		
Downtown Full Service	7.50% - 8.50%	◀▶
Suburban Limited Service	8.00% - 9.00%	◀▶
Focused Service	7.50% - 8.50%	◀▶

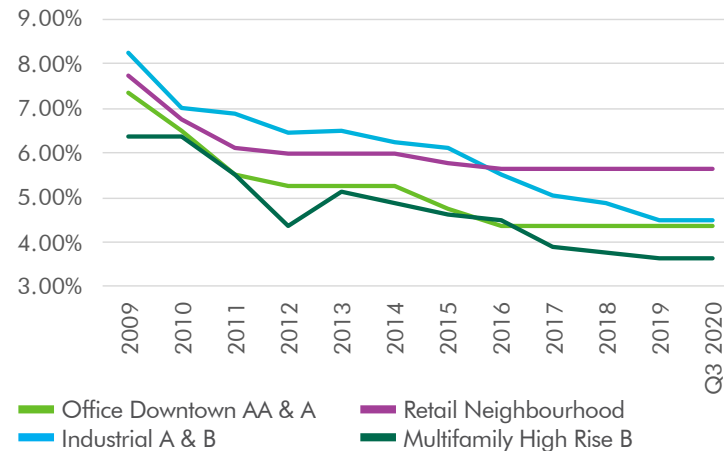
# Toronto

- With investment activity accelerating, there’s been increased focus placed on the quality of income streams for assets brought to market. Irrespective of asset class, the greatest liquidity exists for properties with strong tenant covenant and long lease terms.
- Given the heightened uncertainty in the market, investors are still gauging their appetite for risk and what constitutes appropriate yields today. Despite the cautious outlook adopted by many, sentiment towards both real estate as an asset class and Canada as a country remains favourable.
- The key concern for owners and investors going forward will be when occupier trends will begin to normalize and how long it will be until we reach a more stable and predictable environment.



**Peter Senst**  
 President, Canadian  
 Capital Markets  
 National Investment Team  
[www.cbre.ca/peter.senst](http://www.cbre.ca/peter.senst)

## Historical Toronto Cap Rates



## Q3 2020 CAP RATES

Category	Cap Rate Range	ΔQ/Q
<b>DOWNTOWN OFFICE</b>		
AA	4.00% - 4.50%	◀▶
A	4.25% - 4.75%	◀▶
B	4.75% - 5.25%	◀▶
<b>SUBURBAN OFFICE</b>		
A	5.75% - 6.50%	◀▶
B	6.75% - 7.50%	◀▶
<b>INDUSTRIAL</b>		
A	3.75% - 4.25%	◀▶
B	4.50% - 5.50%	◀▶
<b>RETAIL</b>		
Regional	4.25% - 5.50%	◀▶
Power	6.00% - 7.00%	◀▶
Neighbourhood	5.00% - 6.25%	◀▶
Strip	4.75% - 6.00%	◀▶
Strip (non-anchored)	6.00% - 7.00%	◀▶
Urban Streetfront	3.75% - 4.50%	◀▶
High Street	3.50% - 4.25%	◀▶
<b>MULTIFAMILY</b>		
High Rise A	2.75% - 3.75%	◀▶
High Rise B	3.00% - 4.00%	◀▶
Low Rise A	2.75% - 3.75%	◀▶
Low Rise B	3.00% - 4.00%	◀▶
<b>SENIORS HOUSING</b>		
Independent/Assisted Living A	5.75% - 6.25%	◀▶
Independent/Assisted Living B	7.00% - 7.75%	◀▶
Long Term Care A	7.00% - 7.50%	◀▶
<b>HOTEL</b>		
Downtown Full Service	4.50% - 6.00%	◀▶
Suburban Limited Service	7.00% - 8.50%	◀▶
Focused Service	7.00% - 8.00%	◀▶

# Ottawa

- Ottawa has fared well throughout the global pandemic and while investment volumes are down year-over-year, sentiment in the Nation’s capital remains optimistic given the stability the city offers to investors.
- There is currently a scarcity in high quality investment product being brought to market despite some capital still waiting on the sidelines. Now more than ever before, it’s crucial that investors have the ability to underwrite with confidence using assumptions that reflect reality including appropriate pricing and yield guidance.
- Industrial and multifamily assets are proving to be continued standouts during these uncertain economic times. The active buyer universe has shrunk for certain asset classes, but capital is still available for the right product.



**Nico Zentil**  
 Senior Vice President,  
 National Investment Team  
[www.cbre.ca/nico.zentil](http://www.cbre.ca/nico.zentil)

## Historical Ottawa Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	4.75% - 5.25%	◀▶
A	5.00% - 5.50%	◀▶
B	5.75% - 6.25%	◀▶
SUBURBAN OFFICE		
A	6.25% - 6.75%	◀▶
B	7.00% - 7.50%	◀▶
INDUSTRIAL		
A	4.50% - 5.00%	◀▶
B	5.50% - 6.50%	◀▶
RETAIL		
Regional	5.00% - 5.75%	◀▶
Power	6.00% - 6.75%	◀▶
Neighbourhood	5.75% - 6.50%	◀▶
Strip	5.50% - 6.25%	◀▶
Strip (non-anchored)	6.50% - 7.50%	◀▶
Urban Streetfront	4.75% - 5.50%	◀▶
High Street	N/A	
MULTIFAMILY		
High Rise A	3.50% - 4.00%	◀▶
High Rise B	4.00% - 4.75%	◀▶
Low Rise A	3.50% - 4.00%	◀▶
Low Rise B	4.25% - 4.75%	◀▶
SENIORS HOUSING		
Independent/Assisted Living A	5.75% - 6.25%	◀▶
Independent/Assisted Living B	7.00% - 7.75%	◀▶
Long Term Care A	7.00% - 7.50%	◀▶
HOTEL		
Downtown Full Service	7.00% - 8.00%	◀▶
Suburban Limited Service	7.75% - 8.75%	◀▶
Focused Service	7.50% - 8.50%	◀▶

# Montreal

- Montreal experienced increased investment activity as Q3 2020 progressed, signaling that the pandemic recovery was well underway. While additional lockdown measures were announced by the Government late in the quarter, investment confidence has returned to the market as firms have become more comfortable operating in the current environment.
- Industrial continues to be the most coveted asset class and cap rates for both Class A and B assets compressed over the quarter. With surging demand and robust occupier fundamentals, investors are once again targeting industrial assets with shorter term leases to capture future growth.
- Investors remain open to considering office and retail offering, although caution remains for these property types.



**Scott Speirs**

Executive Vice President,  
National Investment Team

## Historical Montreal Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	4.50% - 5.00%	◀▶
A	4.75% - 5.25%	◀▶
B	5.00% - 5.50%	◀▶
SUBURBAN OFFICE		
A	6.00% - 6.50%	◀▶
B	6.75% - 7.50%	◀▶
INDUSTRIAL		
A	4.25% - 4.75%	▼
B	5.25% - 6.25%	▼
RETAIL		
Regional	5.50% - 6.00%	◀▶
Power	6.25% - 6.75%	◀▶
Neighbourhood	6.25% - 6.75%	◀▶
Strip	5.75% - 6.25%	◀▶
Strip (non-anchored)	7.00% - 7.75%	◀▶
Urban Streetfront	4.00% - 4.50%	◀▶
High Street	N/A	
MULTIFAMILY		
High Rise A	3.75% - 4.25%	◀▶
High Rise B	4.25% - 4.75%	◀▶
Low Rise A	4.50% - 5.00%	◀▶
Low Rise B	5.00% - 5.50%	◀▶
SENIORS HOUSING		
Independent/Assisted Living A	6.00% - 6.50%	◀▶
Independent/Assisted Living B	7.25% - 8.25%	◀▶
Long Term Care A	7.75% - 8.25%	◀▶
HOTEL		
Downtown Full Service	7.00% - 8.00%	◀▶
Suburban Limited Service	7.75% - 8.75%	◀▶
Focused Service	7.50% - 8.75%	◀▶

# Quebec City

- With the exception of a small change for office Class B assets, cap rates in Quebec City remained unchanged across all major asset classes in Q3 2020.
- Investors are currently focused on single- or multi-tenant industrial assets with secure in-place income and long lease terms.
- Multifamily assets continue to demonstrate strong fundamentals. Investor appetite for multiple projects that are currently under construction has remained exceptionally high.
- Development sites, primarily urban residential and industrial, continue to witness strong interest from investors.

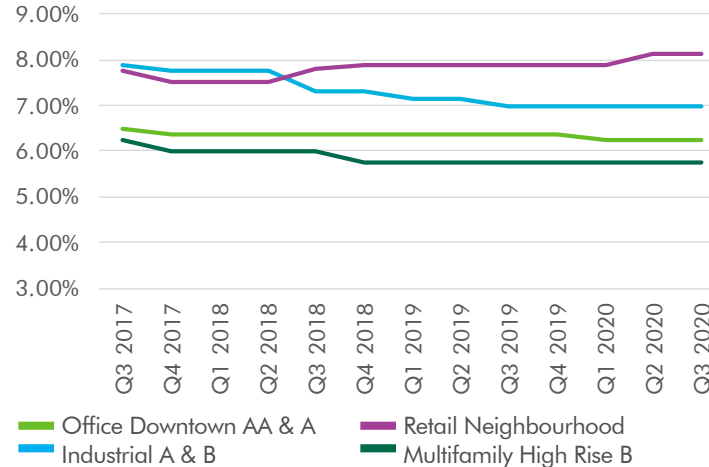


**Philippe Lambert**

Associate

[www.cbre.ca/philippe.lambert](http://www.cbre.ca/philippe.lambert)

## Historical Quebec City Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	N/A	
A	5.75% - 6.75%	◀▶
<b>B</b>	<b>6.50% - 7.75%</b>	▲
<b>SUBURBAN OFFICE</b>		
A	6.25% - 7.00%	◀▶
<b>B</b>	<b>6.75% - 7.75%</b>	▲
<b>INDUSTRIAL</b>		
A	5.75% - 6.75%	◀▶
B	7.00% - 8.50%	◀▶
<b>RETAIL</b>		
Regional	6.00% - 7.00%	◀▶
Power	6.75% - 7.75%	◀▶
Neighbourhood	7.50% - 8.75%	◀▶
Strip	6.25% - 7.50%	◀▶
Strip (non-anchored)	7.25% - 8.00%	◀▶
Urban Streetfront	N/A	
High Street	N/A	
<b>MULTIFAMILY</b>		
High Rise A	4.25% - 5.25%	◀▶
High Rise B	5.25% - 6.25%	◀▶
Low Rise A	4.75% - 5.50%	◀▶
Low Rise B	5.25% - 6.25%	◀▶
<b>SENIORS HOUSING</b>		
Independent/Assisted Living A	6.00% - 6.50%	◀▶
Independent/Assisted Living B	7.25% - 8.25%	◀▶
Long Term Care A	7.75% - 8.25%	◀▶
<b>HOTEL</b>		
Downtown Full Service	7.25% - 8.50%	◀▶
Suburban Limited Service	8.00% - 9.00%	◀▶
Focused Service	7.50% - 9.00%	◀▶

# Halifax

- Halifax continues to see significant activity in the apartments and development land sectors with volumes totaling over \$575.0 million and \$94.0 million, respectively, in 2020. Combined these totals account for over 85% of the market’s investment activity on the year.
- Atlantic Canada has continued to open cautiously, although the “Atlantic Bubble” is still in place. The region has fared very well in dealing with COVID-19 compared with rest of the country.
- The industrial market is seeing demand from large distributors looking for new format logistic facilities. With few existing options, Halifax could see new large format warehouse builds, however, there are constraints on availability of industrial development land.



**Bob Mussett**

Senior Vice President,  
National Investment Team

[www.cbre.ca/bob.mussett](http://www.cbre.ca/bob.mussett)

## Historical Halifax Cap Rates



## Q3 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	N/A	
A	6.25% - 6.75%	◀▶
B	7.00% - 7.50%	◀▶
SUBURBAN OFFICE		
A	6.50% - 7.50%	◀▶
B	7.50% - 8.00%	◀▶
INDUSTRIAL		
A	6.00% - 6.50%	◀▶
B	6.75% - 7.50%	◀▶
RETAIL		
Regional	6.00% - 6.50%	◀▶
Power	6.25% - 7.25%	◀▶
Neighbourhood	7.25% - 8.25%	◀▶
Strip	6.50% - 7.50%	◀▶
Strip (non-anchored)	7.50% - 8.75%	◀▶
Urban Streetfront	6.50% - 7.50%	◀▶
High Street	N/A	
MULTIFAMILY		
High Rise A	4.00% - 4.50%	◀▶
High Rise B	4.50% - 5.00%	◀▶
Low Rise A	4.50% - 5.00%	◀▶
Low Rise B	4.75% - 5.50%	◀▶
SENIORS HOUSING		
Independent/Assisted Living A	6.25% - 7.00%	◀▶
Independent/Assisted Living B	7.75% - 8.75%	◀▶
Long Term Care A	7.75% - 8.25%	◀▶
HOTEL		
Downtown Full Service	7.25% - 8.75%	◀▶
Suburban Limited Service	8.00% - 9.00%	◀▶
Focused Service	7.50% - 9.00%	◀▶

# Q3 2020 Canadian Cap Rates $\Delta$ Q/Q

DOWNTOWN OFFICE	VICTORIA	VANCOUVER	CALGARY	EDMONTON	SASKATOON	WINNIPEG	LONDON-WINDSOR
AA	N/A	3.75% - 4.00% $\triangleleft$	5.50% - 6.00% $\blacktriangle$	5.50% - 6.00% $\triangleleft$	N/A	N/A	N/A
A	4.75% - 5.25% $\triangleleft$	3.75% - 4.25% $\triangleleft$	6.75% - 7.75% $\blacktriangle$	6.75% - 7.50% $\triangleleft$	6.75% - 7.25% $\triangleleft$	5.50% - 6.00% $\triangleleft$	6.25% - 8.25% $\triangleleft$
B	5.25% - 5.75% $\triangleleft$	4.00% - 4.50% $\triangleleft$	8.50% - 9.50% $\blacktriangle$	8.00% - 11.00% $\blacktriangle$	7.75% - 8.75% $\triangleleft$	6.50% - 7.00% $\triangleleft$	7.75% - 8.75% $\triangleleft$
<b>SUBURBAN OFFICE</b>							
A	5.00% - 5.50% $\triangleleft$	4.75% - 5.50% $\triangleleft$	6.25% - 7.25% $\blacktriangle$	6.75% - 7.50% $\triangleleft$	6.75% - 7.25% $\triangleleft$	6.50% - 7.00% $\triangleleft$	7.50% - 8.00% $\triangleleft$
B	5.25% - 5.75% $\triangleleft$	5.25% - 6.00% $\triangleleft$	8.00% - 9.00% $\blacktriangle$	7.50% - 8.00% $\triangleleft$	7.50% - 8.00% $\triangleleft$	7.00% - 7.50% $\triangleleft$	8.00% - 8.50% $\triangleleft$
<b>INDUSTRIAL</b>							
A	4.75% - 5.25% $\triangleleft$	3.50% - 4.00% $\triangleleft$	5.00% - 5.50% $\triangleleft$	5.25% - 5.75% $\triangleleft$	6.50% - 7.00% $\triangleleft$	6.00% - 6.50% $\triangleleft$	6.30% - 7.50% $\triangleleft$
B	4.75% - 5.25% $\triangleleft$	4.25% - 4.75% $\triangleleft$	6.25% - 7.25% $\blacktriangle$	6.75% - 7.25% $\triangleleft$	7.00% - 7.50% $\triangleleft$	6.50% - 7.25% $\triangleleft$	7.50% - 8.50% $\triangleleft$
<b>RETAIL</b>							
Regional	4.75% - 5.75% $\triangleleft$	4.00% - 4.50% $\triangleleft$	5.00% - 6.00% $\blacktriangle$	5.00% - 5.50% $\triangleleft$	6.00% - 6.50% $\blacktriangle$	5.75% - 6.25% $\triangleleft$	6.25% - 7.00% $\triangleleft$
Power	5.00% - 6.00% $\triangleleft$	5.00% - 5.50% $\triangleleft$	6.50% - 7.50% $\blacktriangle$	6.25% - 6.75% $\triangleleft$	6.25% - 6.50% $\blacktriangle$	6.25% - 6.75% $\triangleleft$	6.25% - 7.00% $\triangleleft$
Neighbourhood	5.00% - 5.50% $\triangleleft$	5.00% - 5.50% $\triangleleft$	6.00% - 7.00% $\blacktriangle$	6.25% - 6.75% $\triangleleft$	6.50% - 7.00% $\triangleleft$	6.50% - 7.00% $\triangleleft$	6.25% - 7.75% $\triangleleft$
Strip	5.00% - 5.50% $\triangleleft$	4.00% - 5.00% $\triangleleft$	5.75% - 6.50% $\blacktriangle$	5.75% - 6.25% $\triangleleft$	6.25% - 6.75% $\triangleleft$	5.75% - 6.25% $\triangleleft$	6.00% - 7.00% $\blacktriangledown$
Non-anchored Strip Mall	5.25% - 5.75% $\triangleleft$	5.00% - 5.50% $\triangleleft$	6.00% - 6.75% $\blacktriangle$	6.25% - 6.75% $\triangleleft$	7.25% - 7.50% $\blacktriangle$	6.75% - 7.50% $\triangleleft$	6.00% - 7.50% $\blacktriangledown$
Urban Streetfront	5.00% - 5.50% $\blacktriangle$	3.75% - 4.25% $\triangleleft$	6.00% - 6.75% $\blacktriangle$	6.00% - 6.50% $\triangleleft$	6.75% - 7.25% $\blacktriangle$	6.00% - 6.75% $\triangleleft$	7.00% - 8.50% $\triangleleft$
High Street	5.00% - 5.50% $\triangleleft$	3.50% - 4.00% $\triangleleft$	N/A	N/A	N/A	N/A	N/A
<b>MULTIFAMILY</b>							
High Rise A	N/A	2.25% - 2.75% $\blacktriangledown$	4.00% - 4.50% $\triangleleft$	4.00% - 4.50% $\triangleleft$	N/A	N/A	4.50% - 5.50% $\blacktriangledown$
High Rise B	3.25% - 3.75% $\triangleleft$	2.50% - 3.00% $\blacktriangledown$	4.50% - 5.00% $\triangleleft$	4.50% - 5.00% $\triangleleft$	5.00% - 5.50% $\triangleleft$	5.00% - 5.50% $\triangleleft$	4.75% - 6.25% $\blacktriangledown$
Low Rise A	3.50% - 4.00% $\triangleleft$	2.75% - 3.25% $\triangleleft$	4.50% - 5.25% $\triangleleft$	5.25% - 5.75% $\triangleleft$	5.25% - 5.75% $\triangleleft$	5.25% - 5.75% $\triangleleft$	5.00% - 6.75% $\triangleleft$
Low Rise B	3.75% - 4.25% $\blacktriangledown$	3.25% - 4.25% $\triangleleft$	5.00% - 5.75% $\triangleleft$	5.50% - 6.00% $\triangleleft$	6.00% - 6.50% $\triangleleft$	5.50% - 6.00% $\triangleleft$	5.50% - 7.25% $\blacktriangledown$
<b>SENIORS HOUSING</b>							
Independent/Assisted Living A	5.50% - 6.00% $\triangleleft$	5.50% - 6.00% $\triangleleft$	6.00% - 6.50% $\triangleleft$	6.00% - 6.50% $\triangleleft$	6.25% - 6.75% $\triangleleft$	6.25% - 6.75% $\triangleleft$	6.00% - 6.50% $\triangleleft$
Independent/Assisted Living B	7.00% - 7.75% $\triangleleft$	6.75% - 7.25% $\triangleleft$	7.25% - 8.00% $\triangleleft$	7.25% - 8.00% $\triangleleft$	7.75% - 8.50% $\triangleleft$	7.75% - 8.50% $\triangleleft$	7.25% - 8.25% $\triangleleft$
Long Term Care A	6.75% - 7.25% $\triangleleft$	6.75% - 7.25% $\triangleleft$	7.25% - 8.00% $\triangleleft$	7.25% - 8.00% $\triangleleft$	N/A	N/A	7.00% - 7.50% $\triangleleft$
<b>HOTEL</b>							
Downtown Full Service	5.50% - 7.00% $\triangleleft$	4.50% - 6.00% $\triangleleft$	6.75% - 8.50% $\triangleleft$	7.00% - 8.50% $\triangleleft$	7.25% - 8.75% $\triangleleft$	7.00% - 8.50% $\triangleleft$	7.50% - 8.75% $\triangleleft$
Suburban Limited Service	7.50% - 8.50% $\triangleleft$	6.50% - 7.50% $\triangleleft$	7.75% - 9.00% $\triangleleft$	8.25% - 9.25% $\triangleleft$	8.50% - 9.75% $\triangleleft$	8.00% - 9.50% $\triangleleft$	8.00% - 9.00% $\triangleleft$
Focused Service	7.00% - 8.50% $\triangleleft$	6.00% - 7.50% $\triangleleft$	7.25% - 9.00% $\triangleleft$	7.75% - 9.25% $\triangleleft$	8.00% - 9.50% $\triangleleft$	7.50% - 8.75% $\triangleleft$	7.75% - 9.00% $\triangleleft$



# Q3 2020 Canadian Cap Rates $\Delta$ Q/Q

	KITCHENER-WATERLOO	TORONTO	OTTAWA	MONTREAL	QUEBEC CITY	HALIFAX
<b>DOWNTOWN OFFICE</b>						
AA	N/A	4.00% - 4.50% $\triangleleft\triangleright$	4.75% - 5.25% $\triangleleft\triangleright$	4.50% - 5.00% $\triangleleft\triangleright$	N/A	N/A
A	5.75% - 6.50% $\triangleleft\triangleright$	4.25% - 4.75% $\triangleleft\triangleright$	5.00% - 5.50% $\triangleleft\triangleright$	4.75% - 5.25% $\triangleleft\triangleright$	5.75% - 6.75% $\triangleleft\triangleright$	6.25% - 6.75% $\triangleleft\triangleright$
B	6.25% - 7.00% $\triangleleft\triangleright$	4.75% - 5.25% $\triangleleft\triangleright$	5.75% - 6.25% $\triangleleft\triangleright$	5.00% - 5.50% $\triangleleft\triangleright$	6.50% - 7.75% $\blacktriangle$	7.00% - 7.50% $\triangleleft\triangleright$
<b>SUBURBAN OFFICE</b>						
A	5.75% - 6.75% $\triangleleft\triangleright$	5.75% - 6.50% $\triangleleft\triangleright$	6.25% - 6.75% $\triangleleft\triangleright$	6.00% - 6.50% $\triangleleft\triangleright$	6.25% - 7.00% $\triangleleft\triangleright$	6.50% - 7.50% $\triangleleft\triangleright$
B	6.25% - 7.00% $\triangleleft\triangleright$	6.75% - 7.50% $\triangleleft\triangleright$	7.00% - 7.50% $\triangleleft\triangleright$	6.75% - 7.50% $\triangleleft\triangleright$	6.75% - 7.75% $\blacktriangle$	7.50% - 8.00% $\triangleleft\triangleright$
<b>INDUSTRIAL</b>						
A	4.75% - 5.50% $\triangleleft\triangleright$	3.75% - 4.25% $\triangleleft\triangleright$	4.50% - 5.00% $\triangleleft\triangleright$	4.25% - 4.75% $\blacktriangledown$	5.75% - 6.75% $\triangleleft\triangleright$	6.00% - 6.50% $\triangleleft\triangleright$
B	5.50% - 6.25% $\triangleleft\triangleright$	4.50% - 5.50% $\triangleleft\triangleright$	5.50% - 6.50% $\triangleleft\triangleright$	5.25% - 6.25% $\blacktriangledown$	7.00% - 8.50% $\triangleleft\triangleright$	6.75% - 7.50% $\triangleleft\triangleright$
<b>RETAIL</b>						
Regional	5.25% - 6.00% $\triangleleft\triangleright$	4.25% - 5.50% $\triangleleft\triangleright$	5.00% - 5.75% $\triangleleft\triangleright$	5.50% - 6.00% $\triangleleft\triangleright$	6.00% - 7.00% $\triangleleft\triangleright$	6.00% - 6.50% $\triangleleft\triangleright$
Power	6.00% - 6.75% $\triangleleft\triangleright$	6.00% - 7.00% $\triangleleft\triangleright$	6.00% - 6.75% $\triangleleft\triangleright$	6.25% - 6.75% $\triangleleft\triangleright$	6.75% - 7.75% $\triangleleft\triangleright$	6.25% - 7.25% $\triangleleft\triangleright$
Neighbourhood	5.50% - 6.50% $\triangleleft\triangleright$	5.00% - 6.25% $\triangleleft\triangleright$	5.75% - 6.50% $\triangleleft\triangleright$	6.25% - 6.75% $\triangleleft\triangleright$	7.50% - 8.75% $\triangleleft\triangleright$	7.25% - 8.25% $\triangleleft\triangleright$
Strip	5.25% - 6.50% $\triangleleft\triangleright$	4.75% - 6.00% $\triangleleft\triangleright$	5.50% - 6.25% $\triangleleft\triangleright$	5.75% - 6.25% $\triangleleft\triangleright$	6.25% - 7.50% $\triangleleft\triangleright$	6.50% - 7.50% $\triangleleft\triangleright$
Non-anchored Strip Mall	4.75% - 6.25% $\triangleleft\triangleright$	6.00% - 7.00% $\triangleleft\triangleright$	6.50% - 7.50% $\triangleleft\triangleright$	7.00% - 7.75% $\triangleleft\triangleright$	7.25% - 8.00% $\triangleleft\triangleright$	7.50% - 8.75% $\triangleleft\triangleright$
Urban Streetfront	5.75% - 7.00% $\triangleleft\triangleright$	3.75% - 4.50% $\triangleleft\triangleright$	4.75% - 5.50% $\triangleleft\triangleright$	4.00% - 4.50% $\triangleleft\triangleright$	N/A	6.50% - 7.50% $\triangleleft\triangleright$
High Street	N/A	3.50% - 4.25% $\triangleleft\triangleright$	N/A	N/A	N/A	N/A
<b>MULTIFAMILY</b>						
High Rise A	4.00% - 4.25% $\triangleleft\triangleright$	2.75% - 3.75% $\triangleleft\triangleright$	3.50% - 4.00% $\triangleleft\triangleright$	3.75% - 4.25% $\triangleleft\triangleright$	4.25% - 5.25% $\triangleleft\triangleright$	4.00% - 4.50% $\triangleleft\triangleright$
High Rise B	4.00% - 4.75% $\triangleleft\triangleright$	3.00% - 4.00% $\triangleleft\triangleright$	4.00% - 4.75% $\triangleleft\triangleright$	4.25% - 4.75% $\triangleleft\triangleright$	5.25% - 6.25% $\triangleleft\triangleright$	4.50% - 5.00% $\triangleleft\triangleright$
Low Rise A	3.75% - 4.25% $\blacktriangledown$	2.75% - 3.75% $\triangleleft\triangleright$	3.50% - 4.00% $\triangleleft\triangleright$	4.50% - 5.00% $\triangleleft\triangleright$	4.75% - 5.50% $\triangleleft\triangleright$	4.50% - 5.00% $\triangleleft\triangleright$
Low Rise B	4.25% - 4.75% $\blacktriangledown$	3.00% - 4.00% $\triangleleft\triangleright$	4.25% - 4.75% $\triangleleft\triangleright$	5.00% - 5.50% $\triangleleft\triangleright$	5.25% - 6.25% $\triangleleft\triangleright$	4.75% - 5.50% $\triangleleft\triangleright$
<b>SENIORS HOUSING</b>						
Independent/Assisted Living A	6.00% - 6.50% $\triangleleft\triangleright$	5.75% - 6.25% $\triangleleft\triangleright$	5.75% - 6.25% $\triangleleft\triangleright$	6.00% - 6.50% $\triangleleft\triangleright$	6.00% - 6.50% $\triangleleft\triangleright$	6.25% - 7.00% $\triangleleft\triangleright$
Independent/Assisted Living B	7.25% - 8.25% $\triangleleft\triangleright$	7.00% - 7.75% $\triangleleft\triangleright$	7.00% - 7.75% $\triangleleft\triangleright$	7.25% - 8.25% $\triangleleft\triangleright$	7.25% - 8.25% $\triangleleft\triangleright$	7.75% - 8.75% $\triangleleft\triangleright$
Long Term Care A	7.00% - 7.50% $\triangleleft\triangleright$	7.00% - 7.50% $\triangleleft\triangleright$	7.00% - 7.50% $\triangleleft\triangleright$	7.75% - 8.25% $\triangleleft\triangleright$	7.75% - 8.25% $\triangleleft\triangleright$	7.75% - 8.25% $\triangleleft\triangleright$
<b>HOTEL</b>						
Downtown Full Service	7.50% - 8.50% $\triangleleft\triangleright$	4.50% - 6.00% $\triangleleft\triangleright$	7.00% - 8.00% $\triangleleft\triangleright$	7.00% - 8.00% $\triangleleft\triangleright$	7.25% - 8.50% $\triangleleft\triangleright$	7.25% - 8.75% $\triangleleft\triangleright$
Suburban Limited Service	8.00% - 9.00% $\triangleleft\triangleright$	7.00% - 8.50% $\triangleleft\triangleright$	7.75% - 8.75% $\triangleleft\triangleright$	7.75% - 8.75% $\triangleleft\triangleright$	8.00% - 9.00% $\triangleleft\triangleright$	8.00% - 9.00% $\triangleleft\triangleright$
Focused Service	7.50% - 8.50% $\triangleleft\triangleright$	7.00% - 8.00% $\triangleleft\triangleright$	7.50% - 8.50% $\triangleleft\triangleright$	7.50% - 8.75% $\triangleleft\triangleright$	7.50% - 9.00% $\triangleleft\triangleright$	7.50% - 9.00% $\triangleleft\triangleright$

# GLOSSARY OF TERMS:

**CAP RATE:** Estimates are provided by NIT members in respective markets based on market transactions and/or feedback from investors on their current yield expectations.

## Office/Industrial

**DOWNTOWN:** The neighborhoods in a metropolitan area which are the most densely populated, contain the highest concentration of businesses, offer access to a variety of urban amenities, and are typically well serviced by public transit.

**SUBURBAN:** The portion of a metropolitan area that is outside the city centre with a less concentrated population and typically lower density land use than is typically found in the metro's urban areas.

**CLASS AA (OFFICE ONLY):** The best quality office assets in a metropolitan area's downtown submarket. Typically, these properties are newer, larger than 800,000 sq. ft. with large floor plates, fully or near fully leased at or above market rents to top quality tenants.

**CLASS A:** Properties competing for higher-quality tenants with above average rental rates for the area. Buildings are in good physical shape, are well situated and contain high-quality finishes, top class building systems and exceptional accessibility features.

**CLASS B:** Properties competing for a wide range of tenants with average or below average rents for the area. Buildings are in good to fair shape and suitable for tenants seeking functional space at discounted rates.

## Retail

**REGIONAL:** Enclosed malls which have strong anchors with a high percentage of National tenants in CRU space. Occupiers focus on general merchandise or fashion-oriented offerings. Properties are typically anchored by at least two large format tenants, including most often a department store.

**POWER CENTRES:** Unenclosed retail centres comprised of freestanding and mostly unconnected single storey properties or "big boxes", often including at least one large format brand name anchor tenant. Typically situated in a larger retail node but contain limited CRU space.

**COMMUNITY/NEIGHBOURHOOD:** Enclosed or unenclosed shopping centres that serve a community and are generally anchored by some combination of a junior department store, supermarket, drug or sport store. Typically supply a wide range of apparel and soft goods.

**STRIP (ANCHORED):** Open-air centres anchored by either a grocery or major drugstore tenant. Designed to provide convenience shopping for the daily needs of consumers in the surrounding neighbourhood. Off-street parking typically offered on site.

**STRIP (NON-ANCHORED):** Open-air centre typically not anchored by either a grocery or drugstore tenant. Centres offer a narrow mix of goods and personal services to a limited trade area. Off-street parking typically offered on site.

**HIGH STREET RETAIL:** Self-contained streetfront properties centrally located along high-profile retail corridors. Properties are occupied by well-known brands at well above average rental rates. Parking is typically available on street or within a public parking structure.

**URBAN STREETFRONT:** Streetfront properties located side by side along major urban thoroughfares in close proximity to public transit. Properties may be occupied by a wide range of tenants at above average rental rates. Parking is typically available on street or within a public parking structure.

## Multifamily

**HIGH RISE:** Multi-unit high density properties typically 5 storeys and above in height.

**LOW RISE:** Multi-unit properties typically 4 storeys and below in height.

**CLASS A:** Newer properties which are situated in desirable neighbourhoods, well-serviced by public transit, demand above average rents, and are furnished with top of the line finishes and amenities.

**CLASS B:** Older properties which offer functional space with rental rates near to or below the market average.

## Seniors Housing

**IND./ASSIST. LIVING:** Multifamily rental properties with central dining facilities and other amenity spaces that provide residents with meals and other services such as housekeeping, transportation, and social and recreational activities to seniors 75+ years of age. Many have trained staff providing assistance with activities of daily living ("ADL"), either throughout the building or on a separate floor/wing. There are no funded Long Term Care (nursing) beds.

**LONG TERM CARE:** Provincially licensed, government funded Long Term Care homes providing health and medical services and accommodation to residents who require 24-hour nursing care and supervision within a secure setting.

**CLASS A:** Properties with 120+ units, within 15 years of age and in good to fair shape. Typically situated in primary or large secondary markets, with a good suite mix, amenity space and other desirable features.

## Hotel

**CAP RATES (HOTEL SPECIFIC):** Rates indicated are based on adjusted results after deduction of management fees and reserves for replacement

**FULL SERVICE:** Hotel properties offering an abundant provision of food and beverage services (meeting rooms and dining venues). Full service hotels also typically offer additional amenities such as room service, valet parking and concierge service. Examples of core brands would be Marriott, Hilton, Four Seasons.

**LIMITED SERVICE:** Hotel properties that are rooms focused and don't offer a wide variety of additional amenities or services. This category would include "budget" limited service assets that offer no-frills rooms at modest prices, as well as more robust limited service properties that might offer a fitness room, a guest laundry facility, a market pantry, an indoor and/or outdoor pool, and/or a small meeting room. Examples would include Comfort Inn, Days Inn, Super 8.

**FOCUSED SERVICE:** Focused service hotels (also referred to as select service hotels) offer the fundamentals of limited-service properties together with a selection of the services and amenities characteristic of full-service properties. They may offer food and beverage facilities but on a less elaborate scale than one would find at full-service hotels. Extended Stay/All-Suite hotels are included in this sample. Examples would include Hampton Inn, Holiday Inn Express, Residence Inn.