



Q4 2020 Canadian Cap Rates & Investment Insights

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

CBRE RESEARCH

CBRE

Q4 2020

Canadian Cap Rates & Investment Insights

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Investment Summary

- While economic growth forecasts for Q1 2021 have been revised downward due to second wave mitigation measures in much of the country, investors are clearly looking past the next two to three quarters and making decisions based on the longer-term economic landscape.
- Year-end cap rate movement was marginal with most of the movement taking place within the industrial sector where insatiable demand fueled by secular tailwinds for logistics-related assets pulled cap rates lower and sales prices per-square-foot to record levels.
- According to the MSCI REALPAC Canada Property Index, overall institutional real estate returns dipped in 2020 (-4.1%) for the first time since 2009, although this was driven more by NOI erosion than cap rate expansion.

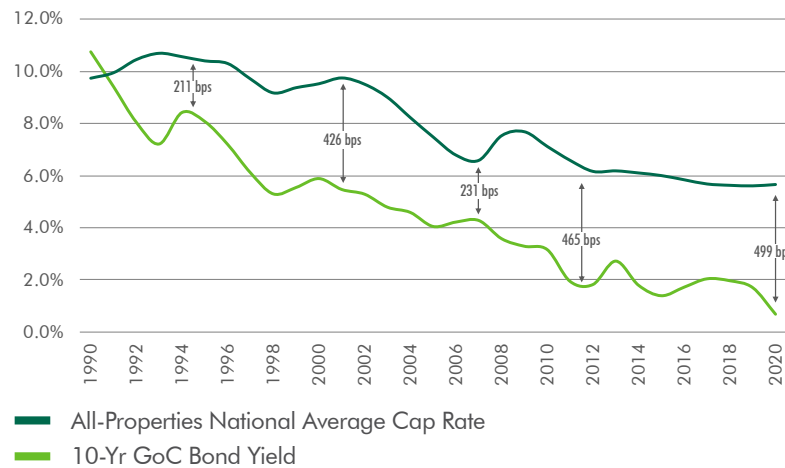


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National Average Cap Rate



Source: CBRE Research, Thomson Reuters, Q4 2020.

Q4 2020 CAP RATES

Category	Cap Rate	ΔQ/Q
DOWNTOWN OFFICE		
AA	4.90%	◀▶
A	5.70%	▲
B	6.63%	◀▶
SUBURBAN OFFICE		
A	6.45%	◀▶
B	7.30%	◀▶
INDUSTRIAL		
A	4.99%	▼
B	6.03%	▼
RETAIL		
Regional	5.44%	▲
Power	6.47%	▲
Neighbourhood	6.41%	▲
Strip	5.86%	◀▶
Strip (non-anchored)	6.81%	▲
Urban Streetfront	5.47%	▲
High Street	3.88%	▲
MULTIFAMILY		
High Rise A	3.75%	◀▶
High Rise B	4.33%	◀▶
Low Rise A	4.39%	▼
Low Rise B	4.84%	▼
SENIORS HOUSING		
Independent/Assisted Living A	6.20%	◀▶
Independent/Assisted Living B	7.64%	◀▶
Long Term Care A	7.54%	◀▶
HOTEL		
Downtown Full Service	7.13%	▲
Suburban Limited Service	8.53%	▲
Focused Service	7.94%	▲

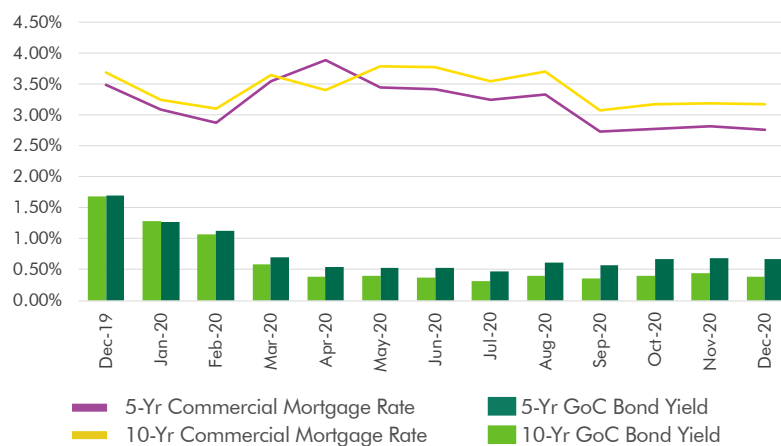
Debt Market Summary

- Substantial positive news broke midway through Q4 2020 as the approval and distribution of several COVID vaccines worldwide were finalized. This news coupled with the greatest mobilization of voters in US federal election history raised investment expectations in both equities and bonds.
- 10-year Government of Canada bond yields rose from 54 bps at the beginning of the quarter, to almost 80 bps at their peak, before ultimately ending up at 67 bps at year end as realities set in regarding a second wave of COVID and US election turmoil.
- Contextually, with \$18.0 Trillion (USD) in negative yielding bonds traded around the globe, rapid progress with global vaccinations and a stabilization of US politics will hopefully provide a much needed light at the end of the tunnel.
- Within this landscape, accommodative debt capital continues to funnel firstly to benchmark preferred asset classes with enduring cash flows while becoming more restrictive thereafter.



Carmin Di Fiore
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Mortgage Rates to Government of Canada Bonds



Source: CBRE Research, Thomson Reuters, Q4 2020.

MARKET MOVERS

CAD/USD

Q3 2020	Q4 2020	Change QoQ (%)
\$0.75	\$0.79	▲ 4.57%

CANADA PRIME RATE

Q3 2020	Q4 2020	Change QoQ (%)
2.45%	2.45%	◀▶ 0.00%

30-DAY CDOR

Q3 2020	Q4 2020	Change QoQ (%)
0.48%	0.62%	▲ 28.83%

WESTERN CANADIAN SELECT (USD)

Q3 2020	Q4 2020	Change QoQ (%)
\$31.66	\$33.46	▲ 5.69%

5-YEAR MORTGAGE SPREAD RANGE

Q3 2020	Q4 2020	Change QoQ (%)
1.50% - 3.25%	1.50% - 3.25%	◀▶ 0.00%

10-YEAR MORTGAGE SPREAD RANGE

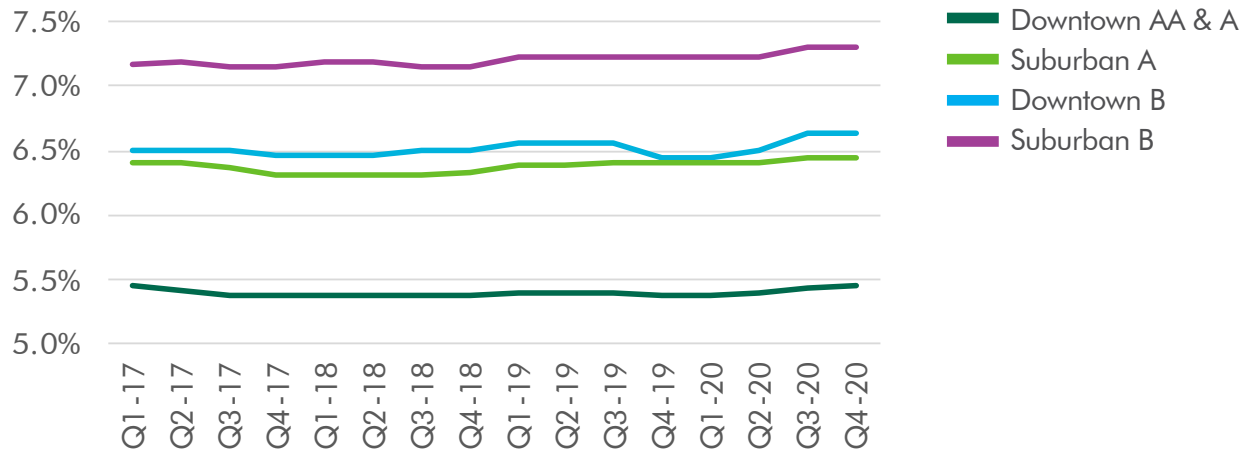
Q3 2020	Q4 2020	Change QoQ (%)
1.60% - 3.40%	1.60% - 3.40%	◀▶ 0.00%

Source: CBRE Limited, Thomson Reuters Eikon.

National Office Summary

- After a challenging year which saw cap rate expansion and rolling waves of lockdowns and work-from-home mandates, office yields held relatively stable in Q4 2020. The only office property type to see any movement in yields at the national level over the fourth quarter was the Downtown Class A category which saw cap rates rise by 3 basis points (bps).
- Only two markets reported any movements in office cap rates in Q4 2020. Edmonton saw their Downtown Class A cap rates increase by 25 bps, while Quebec City reported increases of 25 bps for each Downtown Class B and Suburban Class B.
- While there remains uncertainty surrounding the occupier landscape once employees return to in-person work, the vaccine provides some light at the end of the tunnel. Active bidding activity on recent office-development land listings serves as another promising indicator.

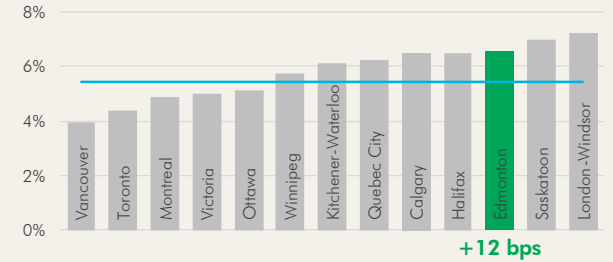
Historical Office Cap Rates



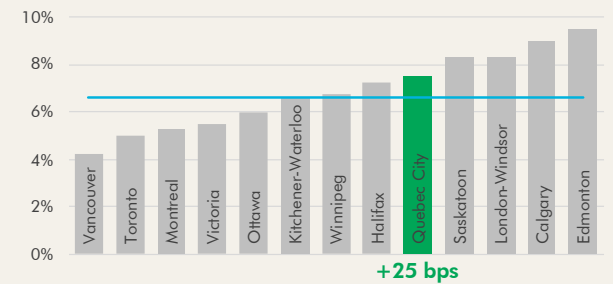
REGIONAL RANKINGS

Cap Rate National Average ΔQ/Q

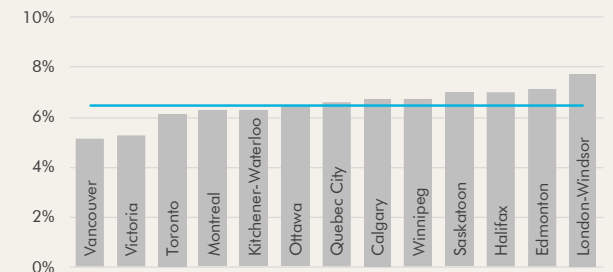
DOWNTOWN AA & A



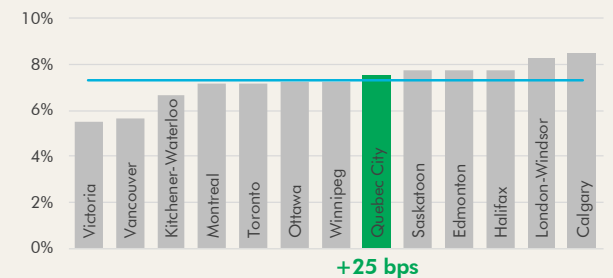
DOWNTOWN B



SUBURBAN A



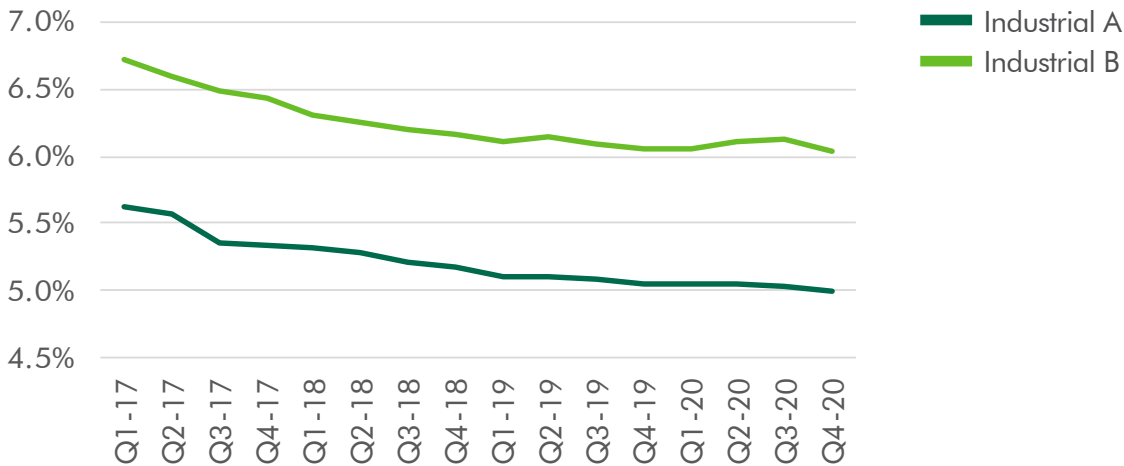
SUBURBAN B



National Industrial Summary

- The industrial sector ended its year of impressive performance by posting further cap rate compression in Q4 2020. The national average cap rate figure for each of the Class A and Class B categories declined in the fourth quarter, falling by 4 and 10 basis points, respectively.
- Four markets reported cap rate compression in Q4 2020. London-Windsor saw Class B cap rates fall by 25 bps, Toronto saw Class A yields fall by 10 bps and Class B yields fall by 25 bps, Montreal saw Class A and B cap rates each decline by 50 bps and Quebec City saw Class A yields fall 25 bps while Class B yields declined by 37 bps. The only market to record increases in industrial yields in Q4 2020 was Edmonton which continues to be impacted by energy-related softness.
- With sectoral tailwinds showing no signs of slowing and borrowing costs near all time lows, it's expected that downward pressures on industrial cap rates will persist into 2021.

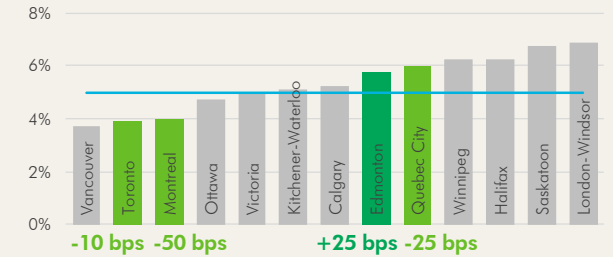
Historical Industrial Cap Rates



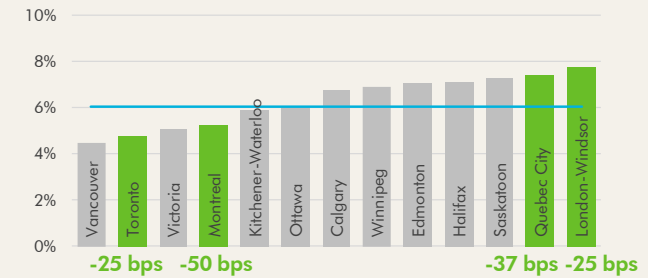
REGIONAL RANKINGS

Cap Rate National Average Δ Q/Q

INDUSTRIAL A



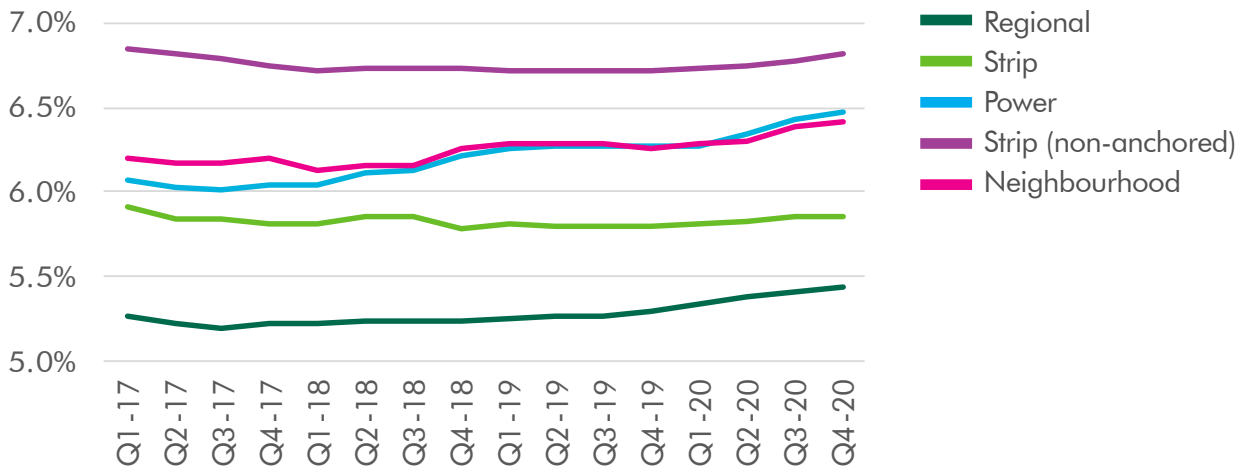
INDUSTRIAL B



National Retail Summary

- The retail sector saw cap rates expansion once again in Q4 2020 as new lockdown measures added additional stress to retailers and landlords alike. National average cap rate figures for nearly every retail format increased over the period with the greatest increases being seen in the power and high street categories.
- The anchored strip category was the only retail property type to not see any movement in the fourth quarter. Investor appetite for this category has remained elevated due to the continued performance of needs-based retailers.
- Three markets reported movements in retail cap rates in Q4 2020. Edmonton saw yields rise by 25 basis points in each of the power, neighbourhood, non-anchored strip and urban streetfront categories, Toronto saw yields increase by 25 bps for regional malls and 13 bps for each of the power and high-street categories, while Quebec City recorded increases of 25 bps for each of their regional mall, power, neighbourhood and non-anchored strip categories.

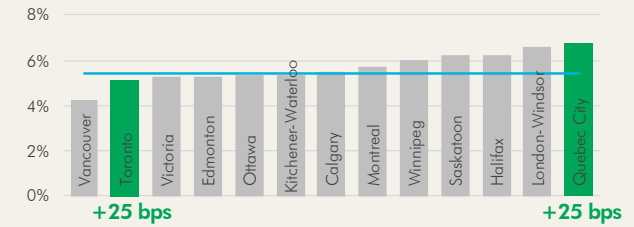
Historical Retail Cap Rates



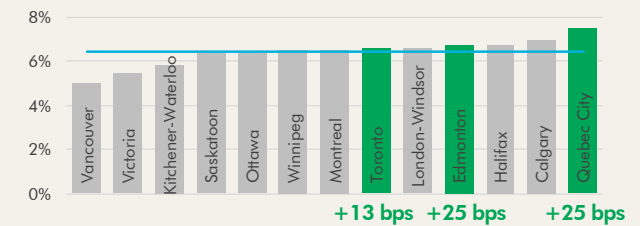
REGIONAL RANKINGS

Cap Rate National Average ΔQ/Q

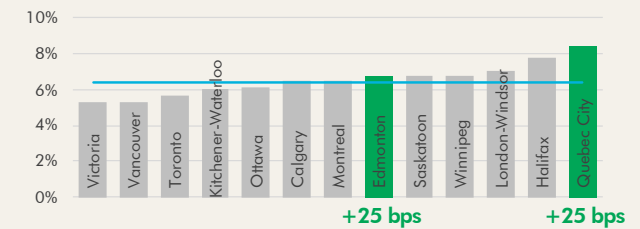
REGIONAL



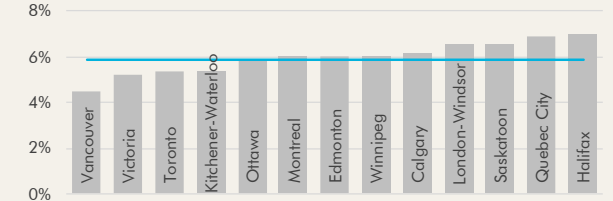
POWER



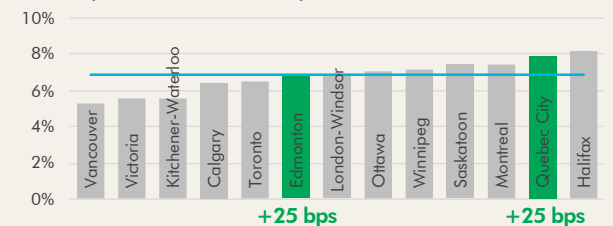
NEIGHBOURHOOD



STRIP



STRIP (NON-ANCHORED)



National Multifamily Summary

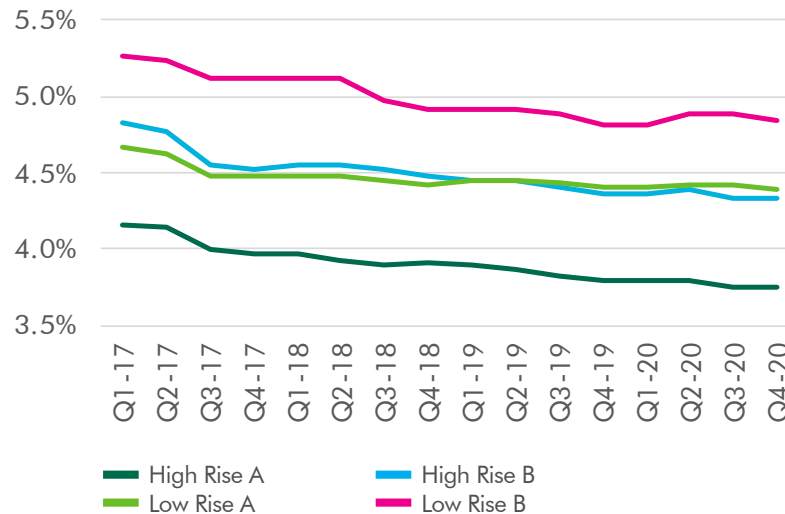
- The Canadian multifamily sector continued to perform well over the second half of 2020 following the continued resilience of sectoral tailwinds which had been fueling the asset class entering the pandemic. While newly released data from CMHC showed that vacancy rates increased in most markets over 2020, rents have continued to trend upwards and investor interest in rental properties has remained elevated.
- Multifamily pricing continued to hold steady in Q4 2020 and only a select few markets reported any changes over the quarter. As such, the national high rise average yield figures remained unchanged and the national low rise average yield figures compressed slightly over the final period of the year.
- Liquidity for the property type has remained exceptionally strong and full-year investment volumes totaled nearly \$11.0 billion in 2020. This total led all commercial real estate asset classes and was well above the \$9.9 billion seen in 2019.



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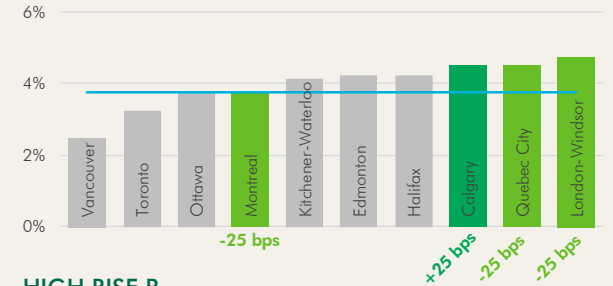
Historical Multifamily Cap Rates



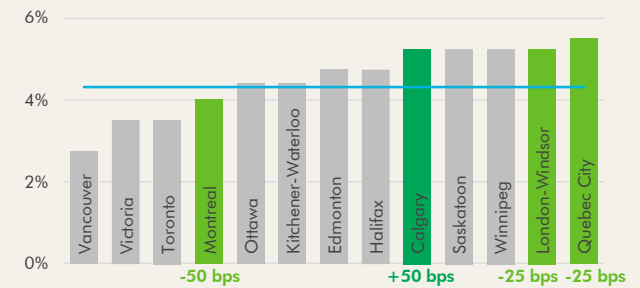
REGIONAL RANKINGS

Cap Rate National Average Δ Q/Q

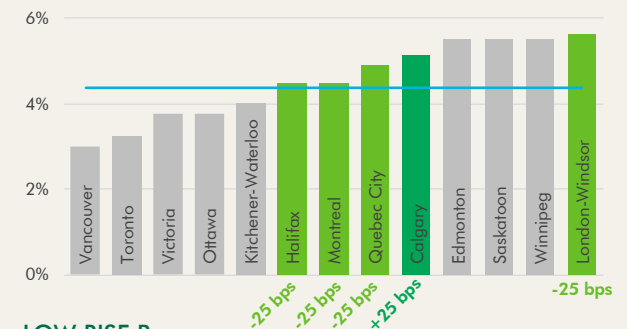
HIGH RISE A



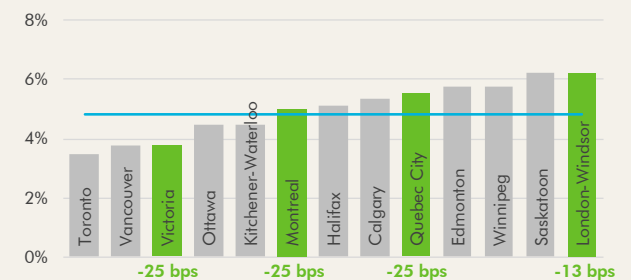
HIGH RISE B



LOW RISE A



LOW RISE B



National Seniors Housing Summary

- There continued to be limited investment activity in the seniors housing sector in Q4 2020. While activity remains especially muted for larger transactions, a few smaller Class B deals were completed with little-to-no cap rate changes from pre-COVID levels. The impact of COVID on short- and mid-term NOI underwriting does remain an open issue for active transactions.
- Construction cost escalations have reduced investment returns on new development to the point where some groups may begin to shift their attention to the acquisitions of existing assets going forward.
- The slowdown in investment activity seen globally over the course of the 2020 has led to a significant backlog of capital earmarked for allocation. It's expected that 2021 will bring significant capital flows beginning as early as Q2 2021 as groups mobilize early to not miss out on the recovery and to take advantage of all-time low interest rates. This increased demand, together with the downward pressure on development returns, suggests there may be room for cap rate compression in 2021.

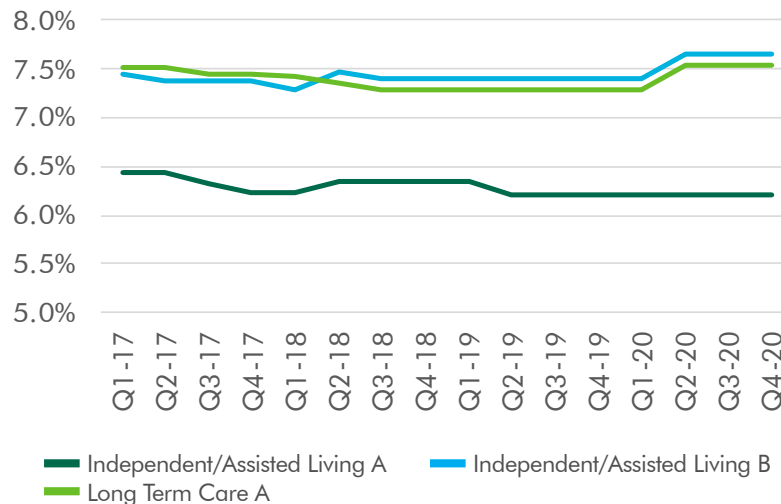


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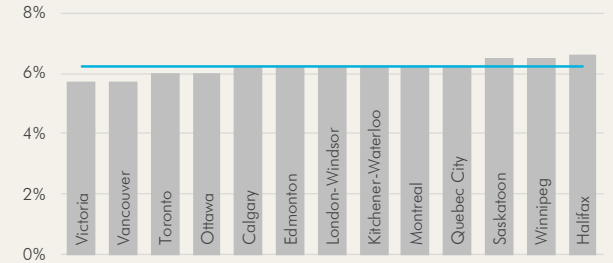
Historical Seniors Housing Cap Rates



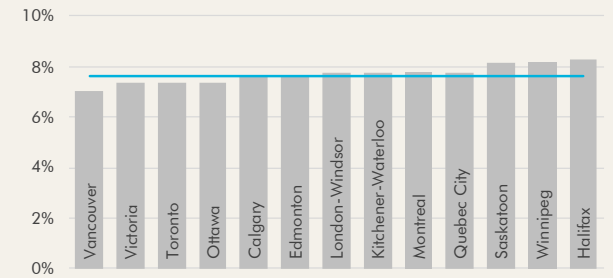
REGIONAL RANKINGS

Cap Rate National Average Δ Q/Q

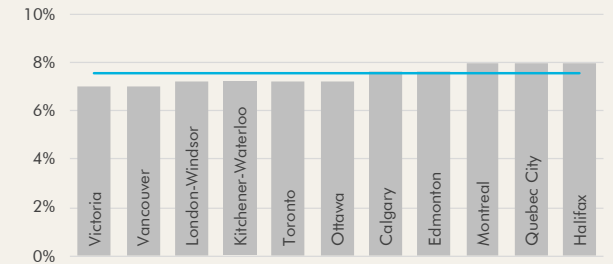
INDEPENDENT/ASSISTED LIVING A



INDEPENDENT/ASSISTED LIVING B



LONG TERM CARE A



National Hotel Summary

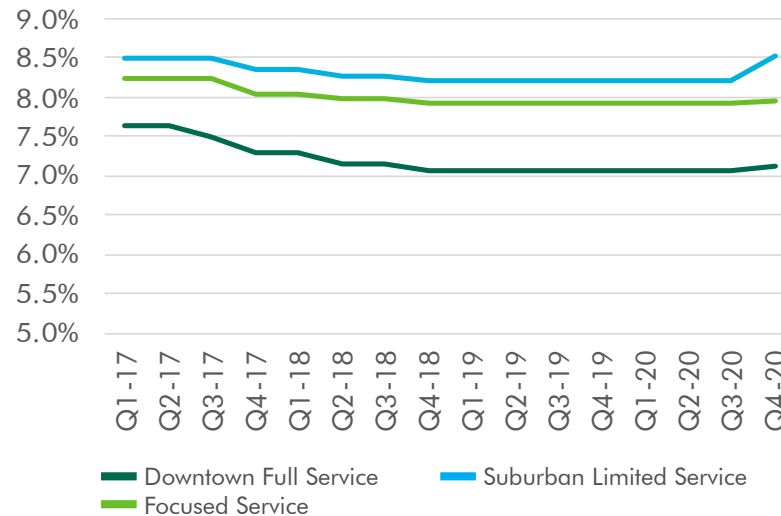
- As 2020 came to a close, investors acknowledged upward pressure on their return expectations due to the tightening in the lending market, delayed recovery expectations and challenged cash flows in the short term.
- Investment activity in the Canadian hotels sector remained soft through Q4 2020 due to the ongoing impacts of COVID. The gap between buyer and seller expectations has narrowed somewhat but remains fairly wide, with the exception of key gateway markets.
- There was an uptick in the number of acquisitions by local municipalities in the back half of 2020 with the objective of converting the hotels to alternative uses related to mitigating the social and financial impacts of COVID.
- National RevPAR finished 2020 down by more than 60.0% as a result of the pandemic. This put significant pressure on operators to make major adjustments to their operating model in order to try to achieve some level of profitability.



Mark Sparrow

Executive Vice President, CBRE Hotels

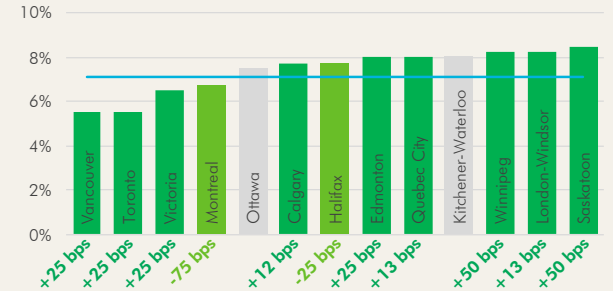
Historical Hotel Cap Rates



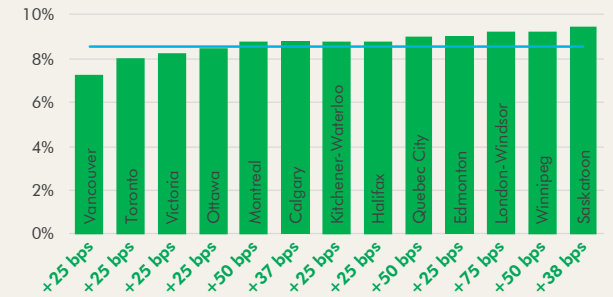
REGIONAL RANKINGS

Cap Rate National Average Δ Q/Q

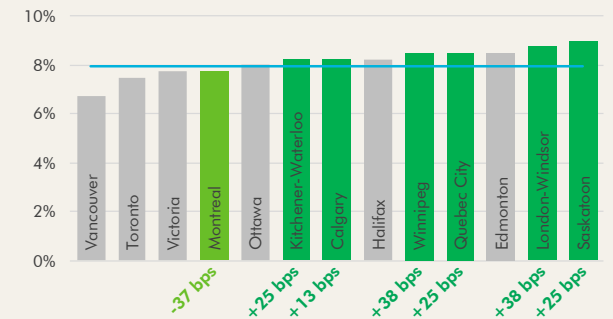
DOWNTOWN FULL SERVICE



SUBURBAN LIMITED SERVICE



FOCUSED SERVICE



Victoria

- Investment appetite for industrial assets grew in Q4 2020 as fundamentals for the sector remain exceptionally strong. While investment capital has remained active, small to medium-sized occupiers looking to own their space as an alternative to leasing have accounted for the bulk of investor interest of late.
- Investment and leasing activity within the retail and office sectors has remained muted due to continued uncertainty surrounding the recovery of these asset classes. Regardless of this pullback, there's little evidence to suggest that cap rates have moved materially at this time.
- Overall, Victoria's commercial real estate market continues to gain momentum and it's expected that yields will continue to feel downward pressure over the near term.

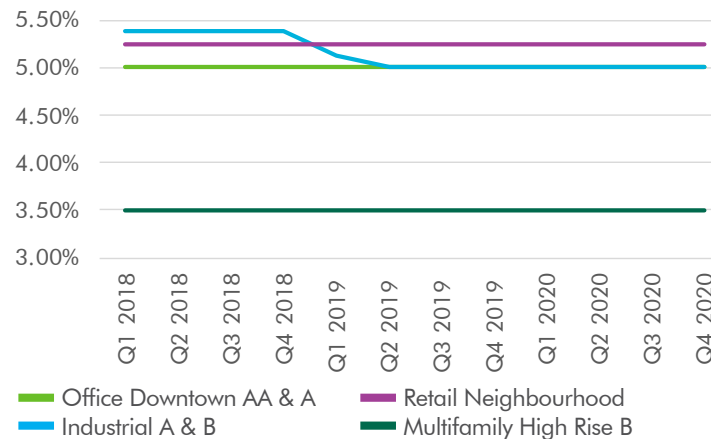


Ross Marshall

Senior Vice President

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Historical Victoria Cap Rates



Q4 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	N/A	
A	4.75% - 5.25%	◀▶
B	5.25% - 5.75%	◀▶
SUBURBAN OFFICE		
A	5.00% - 5.50%	◀▶
B	5.25% - 5.75%	◀▶
INDUSTRIAL		
A	4.75% - 5.25%	◀▶
B	4.75% - 5.25%	◀▶
RETAIL		
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%	◀▶
Urban Streetfront	5.00% - 5.50%	◀▶
High Street	5.00% - 5.50%	◀▶
MULTIFAMILY		
High Rise A	N/A	
High Rise B	3.25% - 3.75%	◀▶
Low Rise A	3.50% - 4.00%	◀▶
Low Rise B	3.50% - 4.00%	▼
SENIORS HOUSING		
Independent/Assisted Living A	5.50% - 6.00%	◀▶
Independent/Assisted Living B	7.00% - 7.75%	◀▶
Long Term Care A	6.75% - 7.25%	◀▶
HOTEL		
Downtown Full Service	5.50% - 7.50%	▲
Suburban Limited Service	7.50% - 9.00%	▲
Focused Service	7.00% - 8.50%	◀▶

Vancouver

- Vancouver performed admirably through 2020 despite the persistence of the pandemic. Essentially all deals initiated both pre- and post-COVID were navigated successfully through due diligence and closing.
- Similar to most markets, industrial and multifamily assets continue to be in high demand in Vancouver.
- CBRE was recently successful in transacting three significant office development sites, representing 1.0 million sq. ft. of new space, in the downtown and False Creek Flats neighborhoods. This was an encouraging development and signals confidence in the future of urban office demand.
- A robust sales pipeline, tremendous levels of pent up capital and a vaccine on the horizon should ensure that 2021 will be a very active year for commercial real estate investment.



Jim Szabo

Vice Chairman,
National Investment Team

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Historical Vancouver Cap Rates



Q4 2020 CAP RATES

Category	Cap Rate Range	ΔQ/Q
DOWNTOWN OFFICE		
AA	3.75% - 4.00%	◀▶
A	3.75% - 4.25%	◀▶
B	4.00% - 4.50%	◀▶
SUBURBAN OFFICE		
A	4.75% - 5.50%	◀▶
B	5.25% - 6.00%	◀▶
INDUSTRIAL		
A	3.50% - 4.00%	◀▶
B	4.25% - 4.75%	◀▶
RETAIL		
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%	◀▶
MULTIFAMILY		
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%	◀▶
SENIORS HOUSING		
Independent/Assisted Living A	5.50% - 6.00%	◀▶
Independent/Assisted Living B	6.75% - 7.25%	◀▶
Long Term Care A	6.75% - 7.25%	◀▶
HOTEL		
Downtown Full Service	4.50% - 6.50%	▲
Suburban Limited Service	6.50% - 8.00%	▲
Focused Service	6.00% - 7.50%	◀▶

Calgary

- The shrinking buyer pool brought on by the turmoil of 2020 began to grow as the year came to a close due to Calgary’s yield premium relative to other major Canadian markets.
- Industrial continues to be the most sought-after asset class, with Class A product demanding historically low cap rates.
- The multifamily sector remains appealing to investors given appropriate underwriting of net rental rates and operating expenses.
- Retail and office underwriting remains a challenge due to the continued uncertainty surrounding the future of these sectors.
- Larger deals continue to be uncommon and smaller deals with private capital will account for the bulk of the transaction activity in early 2021.



Richie Bhamra

Senior Vice President,
National Investment Team

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Historical Calgary Cap Rates



Q4 2020 CAP RATES

Category	Cap Rate Range	ΔQ/Q
DOWNTOWN OFFICE		
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	4.25% - 4.75%	▲
High Rise B	5.00% - 5.50%	▲
Low Rise A	4.75% - 5.50%	▲
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	7.00% - 8.50%	▲
Suburban Limited Service	8.00% - 9.50%	▲
Focused Service	7.50% - 9.00%	▲

Edmonton

- Investor demand for new generation industrial product remains strong, but energy sector concerns in Alberta are preventing the cap rate compression witnessed in other major markets.
- The market is beginning to see evidence of widening in the bid-ask spread for retail product. Overall, cap rates have thus far remained relatively stable, however persisting lockdowns will translate to fluctuating NOIs and tenant survival will become an issue.
- Multifamily continues to perform well with top-tier managers having success in maintaining rents and occupancy. There’s been a shift in investor underwriting to favour in-place income, versus a traditional stabilized income approach.
- Office demand remains selective with an emphasis on asset fundamentals, income security and the price-per-square foot of acquisitions.



Dave Young

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National Investment Team

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Historical Edmonton Cap Rates



Q4 2020 CAP RATES

Category	Cap Rate Range	ΔQ/Q
DOWNTOWN OFFICE		
AA	5.50% - 6.00%	◀▶
A	7.00% - 7.75%	▲
B	8.00% - 11.00%	◀▶
SUBURBAN OFFICE		
A	6.75% - 7.50%	◀▶
B	7.50% - 8.00%	◀▶
INDUSTRIAL		
A	5.50% - 6.00%	◀▶
B	6.75% - 7.25%	◀▶
RETAIL		
Regional	5.00% - 5.50%	◀▶
Power	6.50% - 7.00%	▲
Neighbourhood	6.50% - 7.00%	▲
Strip	5.75% - 6.25%	◀▶
Strip (non-anchored)	6.50% - 7.00%	▲
Urban Streetfront	6.25% - 6.75%	▲
High Street	N/A	
MULTIFAMILY		
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%	◀▶
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	7.00% - 9.00%	▲
Suburban Limited Service	8.00% - 10.00%	▲
Focused Service	7.50% - 9.50%	◀▶

Saskatoon

- Construction continues on the North Tower at River Landing and tenants are now fully operational in the East Tower. The onslaught of new office product continues to create uncertainty for investors and users in Saskatoon’s downtown office market.
- Investment demand remains stable and transaction-based evidence suggests that cap rates have remained flat across asset classes. Uncertainty surrounding a COVID recovery will continue to limit investment transaction volumes over the near term.
- Stable residential market performance continues to drive investment demand for multifamily properties, with institutional and private investment keeping cap rates low and providing much of the liquidity for this asset type.



Michael Bratvold

Vice President,
Managing Director

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Historical Saskatoon Cap Rates



Q4 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	7.50% - 9.50%	▲
Suburban Limited Service	8.50% - 10.50%	▲
Focused Service	8.00% - 10.00%	▲

Winnipeg

- While Winnipeg’s reputation for stability and resilience was on full display in 2020, the most recent lockdown measures enacted in November will be the greatest test yet for the local economy.
- Office vacancy rates rose only 65 bps in 2020, ending the year at 10.9%. The proportion of vacant space available for sublet also remained stable in 2020 only rising 35 bps.
- Industrial new supply reached a 10-year high with 465,000 sq. ft. of new product being added to the market in 2020. Impressively, the sector also posted 145,000 sq. ft. of positive net absorption despite the growth in inventory.
- Investment activity was down in Q4 2020 with the majority of transactions involving smaller industrial or multifamily assets.



Ryan Behie

Vice President,
Managing Director

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Historical Winnipeg Cap Rates



Q4 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	7.50% - 9.00%	▲
Suburban Limited Service	8.50% - 10.00%	▲
Focused Service	8.00% - 9.00%	▲

London

- Overall, London has fared well through the pandemic as fundamentals remained stable, buoyed by a strong residential market and population growth.
- There appeared to be an acceleration of investment demand at the tail end of the year despite uncertainty in the economy.
- Industrial and multifamily continued to be the darling asset classes but retail has also shown to be resilient with renewed trading activity and sustained pricing.
- There was a lack of larger scale offerings in the market throughout the year but this changed in Q4 2020 with the sale of a significant industrial portfolio.



Kevin MacDougall
Associate Vice President
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Historical London Cap Rates



Q4 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	7.25% - 8.25%	▼
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	4.25% - 5.25%	▼
High Rise B	4.50% - 6.00%	▼
Low Rise A	4.75% - 6.50%	▼
Low Rise B	5.50% - 7.00%	▼
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% - 9.00%	▲
Suburban Limited Service	8.50% - 10.00%	▲
Focused Service	8.00% - 9.50%	▲

Kitchener-Waterloo

- The Kitchener-Waterloo investment market has remained relatively muted despite favourable underlying conditions, including low interest rates and stable fundamentals. Demand from investors remains high and it's expected that activity will rebound in the new year as listing velocity accelerates.
- Industrial and multifamily continue to be the most sought-after property types and offerings within these sectors are seeing robust bid depth. Limited acquisition opportunities have kept pressure on pricing for these asset classes.
- Residential land parcels also saw elevated demand, robust volumes and rising prices in Q4 2020.
- Retail and office properties have seen less interest from investors due to continued pandemic-related uncertainty. That said, appetite remains for high quality assets within these sectors.



Joe Benninger

Vice President

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Historical Kitchener-Waterloo Cap Rates



Q4 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% - 9.50%	▲
Focused Service	7.50% - 9.00%	▲

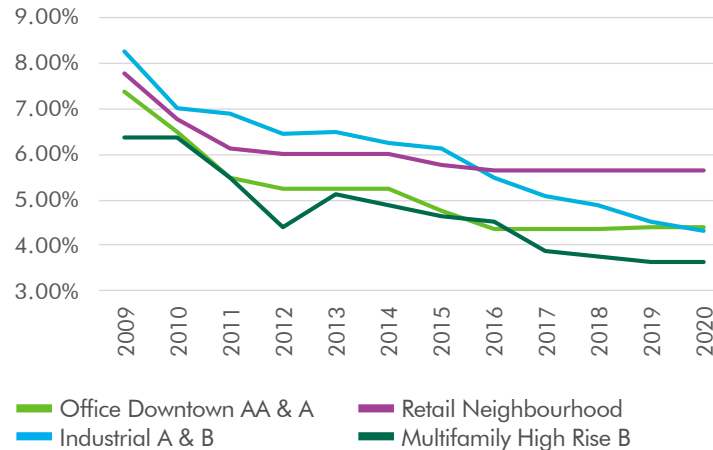
Toronto

- While major players throughout the commercial real estate industry remain cautious, optimism has been growing since the summer and deal velocity was accelerating rapidly as 2020 came to a close.
- Capital has continued to target the industrial, multifamily, land and food-anchored retail sectors. Investor appetite for office assets has also been growing with vaccine rollouts providing a light at the end of the tunnel for the lockdowns and work-from-home mandates.
- Retail repositioning is gaining momentum as returns compress in other sectors.
- High-net-worth and select Asian capital sources were leading the buy side of the market over the final months of 2020.



Peter Senst
 President, Canadian
 Capital Markets
 National Investment Team
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Historical Toronto Cap Rates



Q4 2020 CAP RATES

Category	Cap Rate Range	ΔQ/Q
DOWNTOWN OFFICE		
AA	4.00% - 4.50%	◀▶
A	4.25% - 4.75%	◀▶
B	4.75% - 5.25%	◀▶
SUBURBAN OFFICE		
A	5.75% - 6.50%	◀▶
B	6.75% - 7.50%	◀▶
INDUSTRIAL		
A	3.65% - 4.15%	▼
B	4.25% - 5.25%	▼
RETAIL		
Regional	4.25% - 6.00%	▲
Power	6.00% - 7.25%	▲
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	3.75% - 4.25%	▲
MULTIFAMILY		
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%	◀▶
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	4.50% - 6.50%	▲
Suburban Limited Service	7.50% - 8.50%	▲
Focused Service	7.00% - 8.00%	◀▶

Ottawa

- After a tumultuous period, 2020 finished on a high note with several high-profile transactions being completed in the fourth quarter. It's expected that this activity will be a bellwether for what's to come.
- Multifamily, land and industrial assets remain the most sought-after property types with office gaining steam as we reach the light at the end of the tunnel for the pandemic.
- Investors continue to be cautious going into the new year, however sentiment has improved drastically and attitudes are positive overall.
- With several notable listings across a diversified asset base set to launch in Q1 2021, we expect to see a significant increase in overall activity, investment volume and investor interest in the near term.



Nico Zentil

Senior Vice President,
National Investment Team

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Historical Ottawa Cap Rates



Q4 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	8.00% - 9.00%	▲
Focused Service	7.50% - 8.50%	◀▶

Montreal

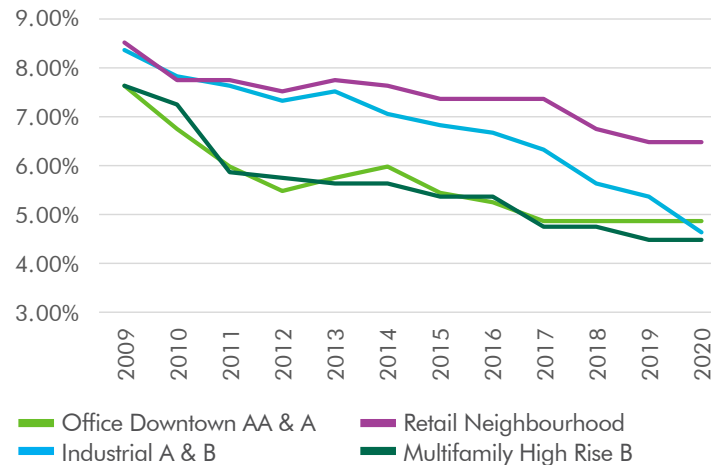
- Montreal experienced increased investment activity in Q4 2020 as investor confidence returned and firms became more comfortable operating in the current environment.
- Industrial continues to be the most coveted asset class and cap rates for both Class A and B assets compressed for a second quarter in a row. With surging demand and robust occupier fundamentals, investors are once again targeting industrial assets with shorter lease terms to capture future growth.
- Investors remain open to considering office and retail offerings, although caution remains for these property types with an increased focus on lease term and covenant.



Scott Speirs

Executive Vice President,
National Investment Team

Historical Montreal Cap Rates



Q4 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	3.75% - 4.25%	▼
B	4.75% - 5.75%	▼
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	3.50% - 4.00%	▼
High Rise B	3.75% - 4.25%	▼
Low Rise A	4.25% - 4.75%	▼
Low Rise B	4.75% - 5.25%	▼
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	6.00% - 7.50%	▼
Suburban Limited Service	8.00% - 9.50%	▲
Focused Service	7.00% - 8.50%	▼

Quebec City

- Quebec City’s investment market had a quiet end to 2020 as most investors waited for greater clarity regarding vaccine rollouts and the reopening of the economy.
- Industrial continues to be the most coveted asset class and cap rates for both Class A and B industrial assets compressed over Q4 2020. The market continues to be driven by owner/occupiers and demand for large distribution and logistics facilities remains high.
- Investors have continued to take a cautious approach to the office and retail sectors given the heightened uncertainty surrounding these asset classes. That said, it’s expected that interest will return as listing activity picks up over the coming months.

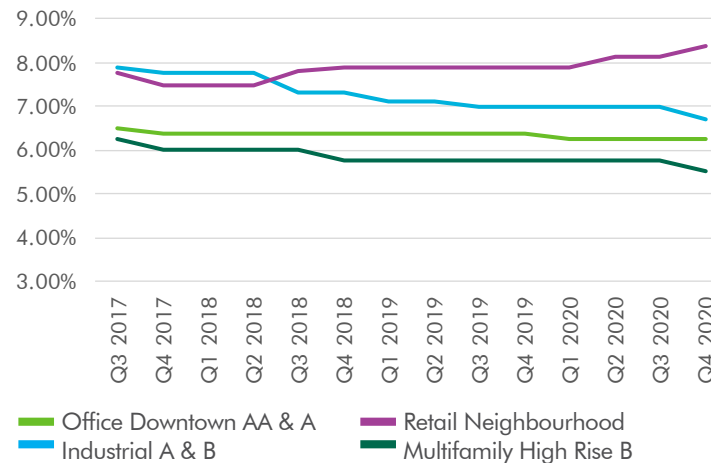


Philippe Lambert

Associate

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Historical Quebec City Cap Rates



Q4 2020 CAP RATES

DOWNTOWN OFFICE		ΔQ/Q
AA	N/A	
A	5.75% - 6.75%	◀
B	6.75% - 8.00%	▲
SUBURBAN OFFICE		
A	6.25% - 7.00%	◀
B	7.00% - 8.00%	▲
INDUSTRIAL		
A	5.50% - 6.50%	▼
B	6.75% - 8.00%	▼
RETAIL		
Regional	6.25% - 7.25%	▲
Power	7.00% - 8.00%	▲
Neighbourhood	7.75% - 9.00%	▲
Strip	6.25% - 7.50%	◀
Strip (non-anchored)	7.50% - 8.25%	▲
Urban Streetfront	N/A	
High Street	N/A	
MULTIFAMILY		
High Rise A	4.00% - 5.00%	▼
High Rise B	5.00% - 6.00%	▼
Low Rise A	4.50% - 5.25%	▼
Low Rise B	5.00% - 6.00%	▼
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	7.50% - 8.50%	▲
Suburban Limited Service	8.50% - 9.50%	▲
Focused Service	8.00% - 9.00%	▲

Halifax

- As of November 2020, Nova Scotia had one of lowest unemployment rates of any major market in Canada at 6.7%. The regional broad-based economy remains resilient and appears to be gaining momentum going into 2021.
- For 2020, the overall investment sales for the Atlantic Region were down less than 3.0% from the record-setting 2019. 2020 saw the second highest investment sales total ever recorded for the region at \$1.3 billion.
- Multifamily assets and development land were the primary drivers of investment activity in Q4 2020 accounting for 70.0% and 10.0% of total sales volume, respectively.



Bob Mussett

Senior Vice President,
National Investment Team

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Historical Halifax Cap Rates



Q4 2020 CAP RATES

DOWNTOWN OFFICE		△Q/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	4.25% - 4.75%	▼
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	7.00% - 8.50%	▼
Suburban Limited Service	8.00% - 9.50%	▲
Focused Service	7.50% - 9.00%	◀▶

Q4 2020 Canadian Cap Rates Δ Q/Q

DOWNTOWN OFFICE	VICTORIA	VANCOUVER	CALGARY	EDMONTON	SASKATOON	WINNIPEG	LONDON-WINDSOR
AA	N/A	3.75% - 4.00% ◀▶	5.50% - 6.00% ◀▶	5.50% - 6.00% ◀▶	N/A	N/A	N/A
A	4.75% - 5.25% ◀▶	3.75% - 4.25% ◀▶	6.75% - 7.75% ◀▶	7.00% - 7.75% ▲	6.75% - 7.25% ◀▶	5.50% - 6.00% ◀▶	6.25% - 8.25% ◀▶
B	5.25% - 5.75% ◀▶	4.00% - 4.50% ◀▶	8.50% - 9.50% ◀▶	8.00% - 11.00% ◀▶	7.75% - 8.75% ◀▶	6.50% - 7.00% ◀▶	7.75% - 8.75% ◀▶
SUBURBAN OFFICE							
A	5.00% - 5.50% ◀▶	4.75% - 5.50% ◀▶	6.25% - 7.25% ◀▶	6.75% - 7.50% ◀▶	6.75% - 7.25% ◀▶	6.50% - 7.00% ◀▶	7.50% - 8.00% ◀▶
B	5.25% - 5.75% ◀▶	5.25% - 6.00% ◀▶	8.00% - 9.00% ◀▶	7.50% - 8.00% ◀▶	7.50% - 8.00% ◀▶	7.00% - 7.50% ◀▶	8.00% - 8.50% ◀▶
INDUSTRIAL							
A	4.75% - 5.25% ◀▶	3.50% - 4.00% ◀▶	5.00% - 5.50% ◀▶	5.50% - 6.00% ◀▶	6.50% - 7.00% ◀▶	6.00% - 6.50% ◀▶	6.30% - 7.50% ◀▶
B	4.75% - 5.25% ◀▶	4.25% - 4.75% ◀▶	6.25% - 7.25% ◀▶	6.75% - 7.25% ◀▶	7.00% - 7.50% ◀▶	6.50% - 7.25% ◀▶	7.25% - 8.25% ▼
RETAIL							
Regional	4.75% - 5.75% ◀▶	4.00% - 4.50% ◀▶	5.00% - 6.00% ◀▶	5.00% - 5.50% ◀▶	6.00% - 6.50% ◀▶	5.75% - 6.25% ◀▶	6.25% - 7.00% ◀▶
Power	5.00% - 6.00% ◀▶	5.00% - 5.50% ◀▶	6.50% - 7.50% ◀▶	6.50% - 7.00% ▲	6.25% - 6.50% ◀▶	6.25% - 6.75% ◀▶	6.25% - 7.00% ◀▶
Neighbourhood	5.00% - 5.50% ◀▶	5.00% - 5.50% ◀▶	6.00% - 7.00% ◀▶	6.50% - 7.00% ▲	6.50% - 7.00% ◀▶	6.50% - 7.00% ◀▶	6.25% - 7.75% ◀▶
Strip	5.00% - 5.50% ◀▶	4.00% - 5.00% ◀▶	5.75% - 6.50% ◀▶	5.75% - 6.25% ◀▶	6.25% - 6.75% ◀▶	5.75% - 6.25% ◀▶	6.00% - 7.00% ◀▶
Non-anchored Strip Mall	5.25% - 5.75% ◀▶	5.00% - 5.50% ◀▶	6.00% - 6.75% ◀▶	6.50% - 7.00% ▲	7.25% - 7.50% ◀▶	6.75% - 7.50% ◀▶	6.00% - 7.50% ◀▶
Urban Streetfront	5.00% - 5.50% ◀▶	3.75% - 4.25% ◀▶	6.00% - 6.75% ◀▶	6.25% - 6.75% ▲	6.75% - 7.25% ◀▶	6.00% - 6.75% ◀▶	7.00% - 8.50% ◀▶
High Street	5.00% - 5.50% ◀▶	3.50% - 4.00% ◀▶	N/A	N/A	N/A	N/A	N/A
MULTIFAMILY							
High Rise A	N/A	2.25% - 2.75% ◀▶	4.25% - 4.75% ▲	4.00% - 4.50% ◀▶	N/A	N/A	4.25% - 5.25% ▼
High Rise B	3.25% - 3.75% ◀▶	2.50% - 3.00% ◀▶	5.00% - 5.50% ▲	4.50% - 5.00% ◀▶	5.00% - 5.50% ◀▶	5.00% - 5.50% ◀▶	4.50% - 6.00% ▼
Low Rise A	3.50% - 4.00% ◀▶	2.75% - 3.25% ◀▶	4.75% - 5.50% ▲	5.25% - 5.75% ◀▶	5.25% - 5.75% ◀▶	5.25% - 5.75% ◀▶	4.75% - 6.50% ▼
Low Rise B	3.50% - 4.00% ▼	3.25% - 4.25% ◀▶	5.00% - 5.75% ◀▶	5.50% - 6.00% ◀▶	6.00% - 6.50% ◀▶	5.50% - 6.00% ◀▶	5.50% - 7.00% ▼
SENIORS HOUSING							
Independent/Assisted Living A	5.50% - 6.00% ◀▶	5.50% - 6.00% ◀▶	6.00% - 6.50% ◀▶	6.00% - 6.50% ◀▶	6.25% - 6.75% ◀▶	6.25% - 6.75% ◀▶	6.00% - 6.50% ◀▶
Independent/Assisted Living B	7.00% - 7.75% ◀▶	6.75% - 7.25% ◀▶	7.25% - 8.00% ◀▶	7.25% - 8.00% ◀▶	7.75% - 8.50% ◀▶	7.75% - 8.50% ◀▶	7.25% - 8.25% ◀▶
Long Term Care A	6.75% - 7.25% ◀▶	6.75% - 7.25% ◀▶	7.25% - 8.00% ◀▶	7.25% - 8.00% ◀▶	N/A	N/A	7.00% - 7.50% ◀▶
HOTEL							
Downtown Full Service	5.50% - 7.50% ▲	4.50% - 6.50% ▲	7.00% - 8.50% ▲	7.00% - 9.00% ▲	7.50% - 9.50% ▲	7.50% - 9.00% ▲	7.50% - 9.00% ▲
Suburban Limited Service	7.50% - 9.00% ▲	6.50% - 8.00% ▲	8.00% - 9.50% ▲	8.00% - 10.00% ▲	8.50% - 10.50% ▲	8.50% - 10.00% ▲	8.50% - 10.00% ▲
Focused Service	7.00% - 8.50% ◀▶	6.00% - 7.50% ◀▶	7.50% - 9.00% ▲	7.50% - 9.50% ◀▶	8.00% - 10.00% ▲	8.00% - 9.00% ▲	8.00% - 9.50% ▲

Q4 2020 Canadian Cap Rates Δ Q/Q

	KITCHENER-WATERLOO	TORONTO	OTTAWA	MONTREAL	QUEBEC CITY	HALIFAX
DOWNTOWN OFFICE						
AA	N/A	4.00% - 4.50% \triangleleft	4.75% - 5.25% \triangleleft	4.50% - 5.00% \triangleleft	N/A	N/A
A	5.75% - 6.50% \triangleleft	4.25% - 4.75% \triangleleft	5.00% - 5.50% \triangleleft	4.75% - 5.25% \triangleleft	5.75% - 6.75% \triangleleft	6.25% - 6.75% \triangleleft
B	6.25% - 7.00% \triangleleft	4.75% - 5.25% \triangleleft	5.75% - 6.25% \triangleleft	5.00% - 5.50% \triangleleft	6.75% - 8.00% \triangle	7.00% - 7.50% \triangleleft
SUBURBAN OFFICE						
A	5.75% - 6.75% \triangleleft	5.75% - 6.50% \triangleleft	6.25% - 6.75% \triangleleft	6.00% - 6.50% \triangleleft	6.25% - 7.00% \triangleleft	6.50% - 7.50% \triangleleft
B	6.25% - 7.00% \triangleleft	6.75% - 7.50% \triangleleft	7.00% - 7.50% \triangleleft	6.75% - 7.50% \triangleleft	7.00% - 8.00% \triangle	7.50% - 8.00% \triangleleft
INDUSTRIAL						
A	4.75% - 5.50% \triangleleft	3.65% - 4.15% ∇	4.50% - 5.00% \triangleleft	3.75% - 4.25% ∇	5.50% - 6.50% ∇	6.00% - 6.50% \triangleleft
B	5.50% - 6.25% \triangleleft	4.25% - 5.25% ∇	5.50% - 6.50% \triangleleft	4.75% - 5.75% ∇	6.75% - 8.00% ∇	6.75% - 7.50% \triangleleft
RETAIL						
Regional	5.25% - 6.00% \triangleleft	4.25% - 6.00% \triangle	5.00% - 5.75% \triangleleft	5.50% - 6.00% \triangleleft	6.25% - 7.25% \triangle	6.00% - 6.50% \triangleleft
Power	6.00% - 6.75% \triangleleft	6.00% - 7.25% \triangle	6.00% - 6.75% \triangleleft	6.25% - 6.75% \triangleleft	7.00% - 8.00% \triangle	6.25% - 7.25% \triangleleft
Neighbourhood	5.50% - 6.50% \triangleleft	5.00% - 6.25% \triangleleft	5.75% - 6.50% \triangleleft	6.25% - 6.75% \triangleleft	7.75% - 9.00% \triangle	7.25% - 8.25% \triangleleft
Strip	5.25% - 6.50% \triangleleft	4.75% - 6.00% \triangleleft	5.50% - 6.25% \triangleleft	5.75% - 6.25% \triangleleft	6.25% - 7.50% \triangleleft	6.50% - 7.50% \triangleleft
Non-anchored Strip Mall	4.75% - 6.25% \triangleleft	6.00% - 7.00% \triangleleft	6.50% - 7.50% \triangleleft	7.00% - 7.75% \triangleleft	7.50% - 8.25% \triangle	7.50% - 8.75% \triangleleft
Urban Streetfront	5.75% - 7.00% \triangleleft	3.75% - 4.50% \triangleleft	4.75% - 5.50% \triangleleft	4.00% - 4.50% \triangleleft	N/A	6.50% - 7.50% \triangleleft
High Street	N/A	3.75% - 4.25% \triangle	N/A	N/A	N/A	N/A
MULTIFAMILY						
High Rise A	4.00% - 4.25% \triangleleft	2.75% - 3.75% \triangleleft	3.50% - 4.00% \triangleleft	3.50% - 4.00% ∇	4.00% - 5.00% ∇	4.00% - 4.50% \triangleleft
High Rise B	4.00% - 4.75% \triangleleft	3.00% - 4.00% \triangleleft	4.00% - 4.75% \triangleleft	3.75% - 4.25% ∇	5.00% - 6.00% ∇	4.50% - 5.00% \triangleleft
Low Rise A	3.75% - 4.25% \triangleleft	2.75% - 3.75% \triangleleft	3.50% - 4.00% \triangleleft	4.25% - 4.75% ∇	4.50% - 5.25% ∇	4.25% - 4.75% ∇
Low Rise B	4.25% - 4.75% \triangleleft	3.00% - 4.00% \triangleleft	4.25% - 4.75% \triangleleft	4.75% - 5.25% ∇	5.00% - 6.00% ∇	4.75% - 5.50% \triangleleft
SENIORS HOUSING						
Independent/Assisted Living A	6.00% - 6.50% \triangleleft	5.75% - 6.25% \triangleleft	5.75% - 6.25% \triangleleft	6.00% - 6.50% \triangleleft	6.00% - 6.50% \triangleleft	6.25% - 7.00% \triangleleft
Independent/Assisted Living B	7.25% - 8.25% \triangleleft	7.00% - 7.75% \triangleleft	7.00% - 7.75% \triangleleft	7.25% - 8.25% \triangleleft	7.25% - 8.25% \triangleleft	7.75% - 8.75% \triangleleft
Long Term Care A	7.00% - 7.50% \triangleleft	7.00% - 7.50% \triangleleft	7.00% - 7.50% \triangleleft	7.75% - 8.25% \triangleleft	7.75% - 8.25% \triangleleft	7.75% - 8.25% \triangleleft
HOTEL						
Downtown Full Service	7.50% - 8.50% \triangleleft	4.50% - 6.50% \triangle	7.00% - 8.00% \triangleleft	6.00% - 7.50% ∇	7.50% - 8.50% \triangle	7.00% - 8.50% ∇
Suburban Limited Service	8.00% - 9.50% \triangle	7.50% - 8.50% \triangle	8.00% - 9.00% \triangle	8.00% - 9.50% \triangle	8.50% - 9.50% \triangle	8.00% - 9.50% \triangle
Focused Service	7.50% - 9.00% \triangle	7.00% - 8.00% \triangleleft	7.50% - 8.50% \triangleleft	7.00% - 8.50% ∇	8.00% - 9.00% \triangle	7.50% - 9.00% \triangleleft

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-served 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.