

Intelligent Investment

Canadian Cap Rates & Investment Insights

REPORT

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

CBRE RESEARCH
Q2 2022

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National Investment Trends

Investment Trends

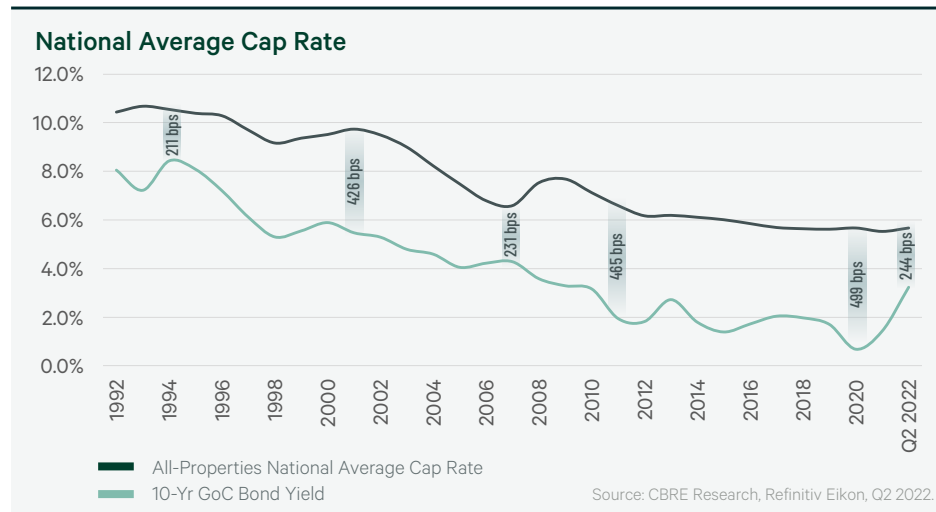


Paul Morassutti

Vice Chairman, Valuation & Advisory Services

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- The growing weight of financial market turmoil, soaring inflation, and interest rate hikes finally drove the commercial real estate investment market to a tipping point in Q2 2022. Cap rates rose across nearly all sectors and geographies in the second quarter, driving up the national average cap rate figure to its highest level since before the pandemic.
- Even with the aforementioned adjustment in real estate pricing underway, the significant uptick in Canada 10-year bond yields seen since the end of 2021 has compressed cap rate spreads to their tightest margins since the Global Financial Crisis in 2007. While further interest rate hikes are expected to be less severe than the 100 bps jump seen in July 2022, it now appears likely that cap rates will continue to trend upwards over the near term.
- Given the uncertain economic outlook and rising debt costs, investment activity slowed in Q2 2022 as firms retreated to the more cautious approach seen over COVID. While top tier assets in the best performing sectors (namely industrial, multifamily, and necessity-based retail) are continuing to garner interest, it's expected that overall activity will remain muted until later in the year.



Q2 2022 Cap Rates

Downtown Office		ΔQ/Q	Multifamily		ΔQ/Q
AA	5.21%	▲	High Rise A	3.83%	▲
A	6.03%	▲	High Rise B	4.33%	▲
B	6.83%	▲	Low Rise A	4.29%	▲
			Low Rise B	4.71%	▲
Suburban Office			Seniors Housing		
A	6.58%	▲	Independent/ Assisted Living A	6.33%	▲
B	7.44%	▲	Independent/ Assisted Living B	7.52%	▲
Industrial			Long Term Care A	7.64%	▲
A	4.55%	▲			
B	5.42%	▲	Hotel		
Retail			Downtown Full Service	7.39%	▲
Regional	5.59%	▲	Suburban Limited Service	8.77%	▲
Power	6.45%	▲	Focused Service	8.19%	▲
Neighbourhood	6.34%	▲			
Strip	5.78%	▲			
Strip (non-anchored)	6.47%	▲			
Urban Streetfront	5.58%	▲			
High Street	4.13%	▲			

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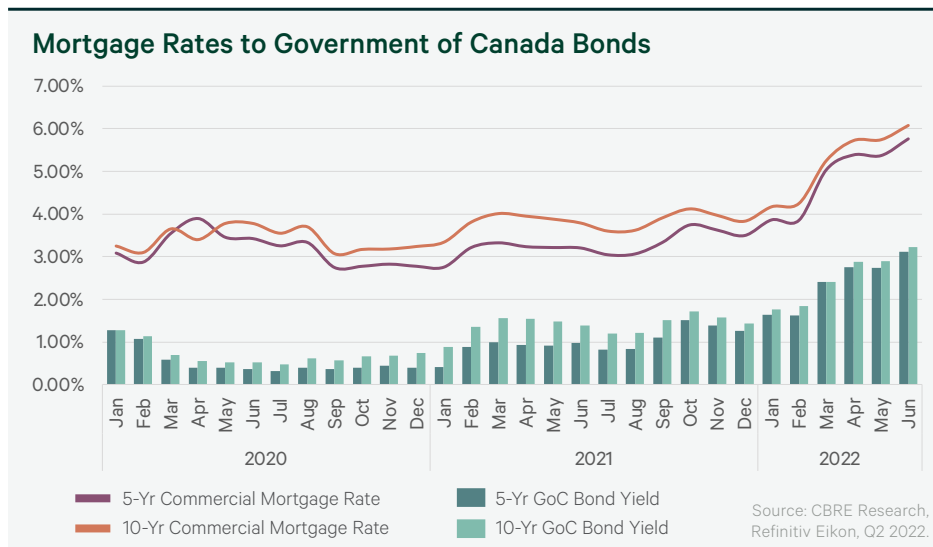
Debt Market Trends



Carmin Di Fiore

Executive Vice President,
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- The continuing and cumulative effects of jarring inflation figures, aggressive Bank of Canada rate increases, rising bond yields, bear market selloffs, and speculation of an ensuing recession, brought a pugilistic feel to capital markets in Q2 2022, winding many participants.
- Coming out of a historically low interest rate realm, those requiring debt saw a continued material increase in the cost of capital with diminished loan proceeds and valuations.
- The pandemic-induced interest rate environment is proving to be an outlier, with rates now normalizing at higher levels. Many throughout the industry remain hopeful that normalization will occur at a more reasonable pace going forward to avoid complicating financing decisions.
- Given the new geopolitical realities tempering global growth for the foreseeable future, the central banks' war on inflation will dominate the rest of 2022 and this will bring pressures on the short end of the yield curve.



Market Movers

	Q1 2022	Q2 2022	Change Q/Q
5-Year Mortgage Spread Range	1.60% - 3.65%	1.65% - 3.65%	▲ 0.95%
10-Year Mortgage Spread Range	1.85% - 3.85%	1.85% - 3.85%	◀▶ 0.00%
CAD/USD	\$0.7998	\$0.7768	▼ -2.88%
Canada Prime Rate	2.70%	3.70%	▲ 37.04%
30-day CDOR	0.960%	2.233%	▲ 132.55%
Western Canadian Select (USD)	\$85.96	\$86.13	▲ 0.20%

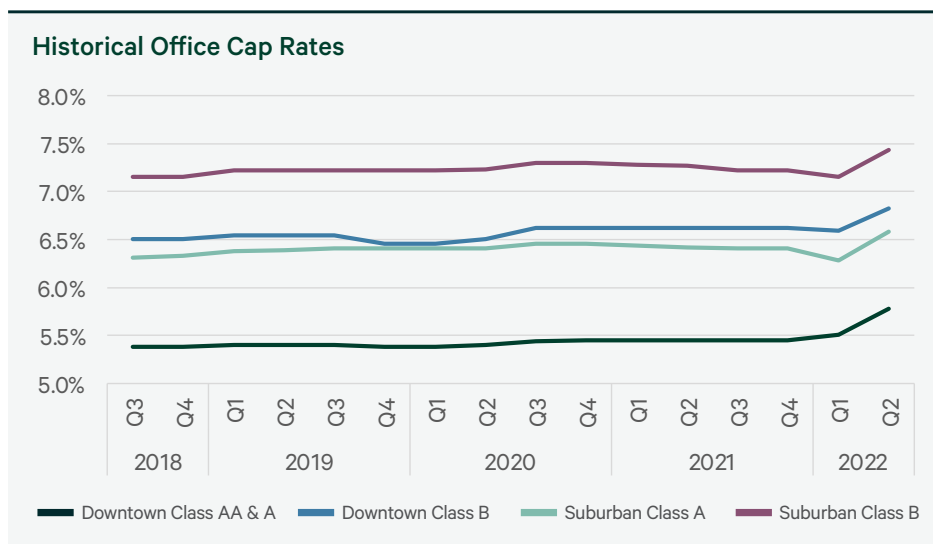
Source: CBRE Limited, Refinitiv Eikon, Q2 2022.

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Office Investment Trends



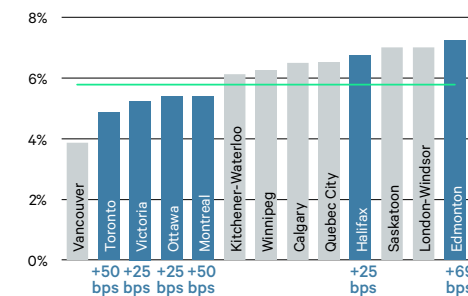
- The office sector saw cap rates expand in Q2 2022. This trend was driven by reignited pricing uncertainties as interest rates and the cost of capital increased. Office investment activity resultingly slowed in the second quarter.
- Investor caution will remain heightened over the near-term as the wider market works through the implications of these global trends and their impact on pricing. Pricing adjustments are likely to continue through 2022 and will vary in magnitude depending on borrowing costs and leasing upsides.
- The national average cap rate figures for each of the office property types increased in Q2 2022. Downtown Class AA & A and Class B yields increased by 27 bps and 23 bps, respectively, while Suburban Class A and Class B cap rates increased by 30 bps and 28 bps.
- Markets to report changes in office cap rates this quarter included Victoria, Edmonton, Toronto, Ottawa, Montreal, and Halifax.



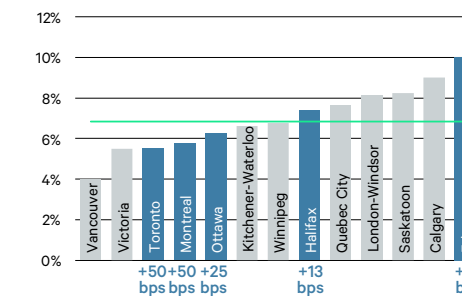
Regional Rankings

Cap Rate Δ Q/Q National Average

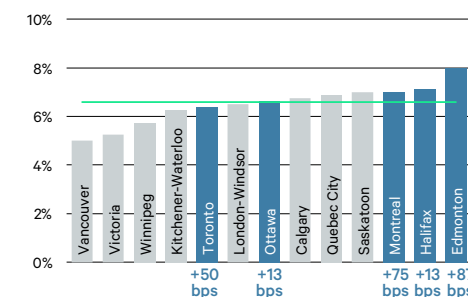
Downtown Class AA & A



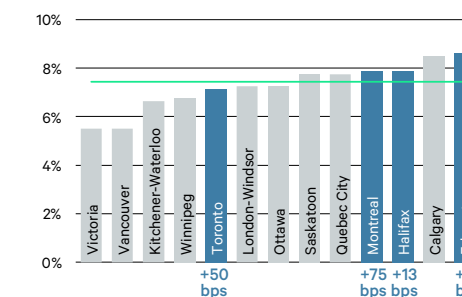
Downtown Class B



Suburban Class A



Suburban Class B



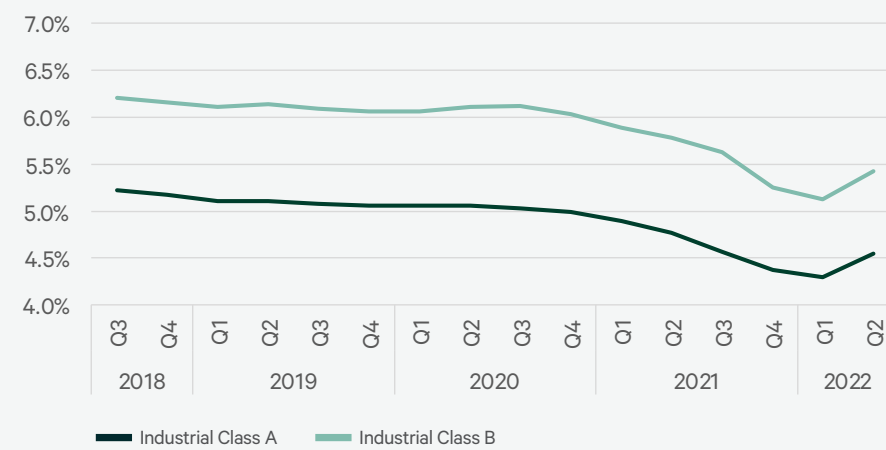
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Industrial Investment Trends

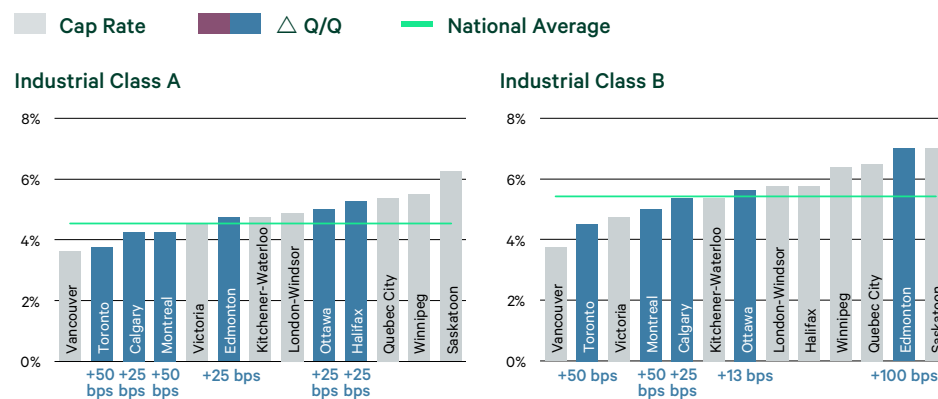


- Industrial cap rates increased in Q2 2022 due primarily to increases to interest rates and the cost of capital. Given the compressed nature of cap rates in this sector, rising bond yields forced spreads to untenable levels and upward pressures on the cost of debt are necessitating pricing adjustments at this time.
- While cap rate guidances have increased, leasing fundamentals for the asset class remain exceptionally strong and the sector is well positioned relative to other commercial real estate asset classes. Assets offering rental upside through shorter WALTs are outperforming those with long-term leases and limited upside opportunities.
- The national average cap rate figures for the industrial Class A and Class B property types increased by 25 bps and 29 bps in Q2 2022. For the Class A property type, this marked the first quarter of cap rate expansion since Q4 2013.
- Markets to report changes in industrial cap rates in the second quarter included Calgary, Edmonton, Toronto, Ottawa, Montreal, and Halifax.

Historical Industrial Cap Rates



Regional Rankings

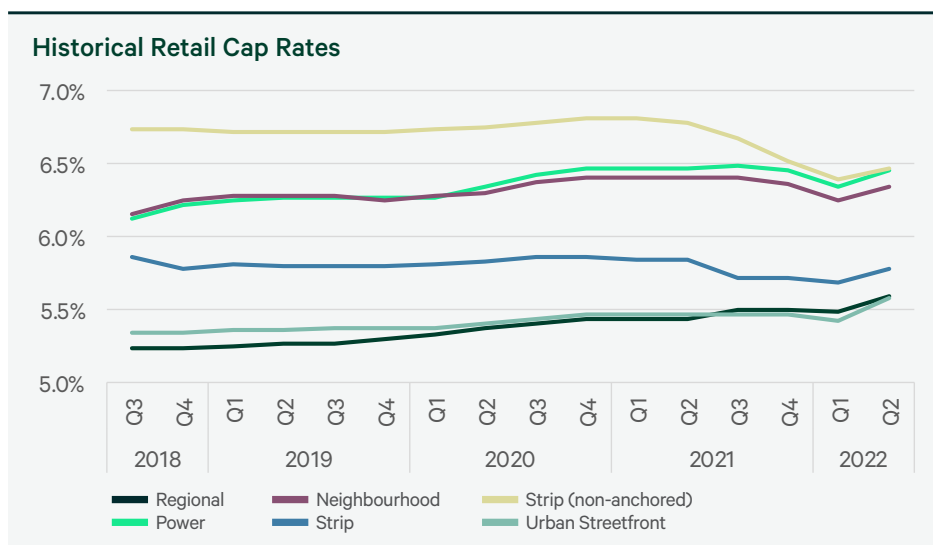


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Retail Investment Trends



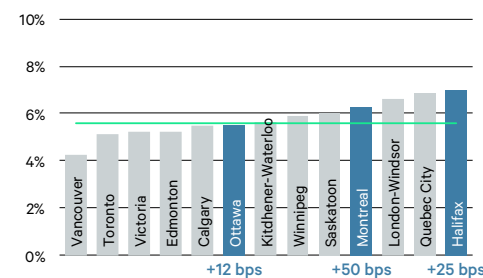
- Against the backdrop of rising inflation, interest rates, and economic uncertainty, retail cap rates began to trend up in Q2 2022. The national average cap rate figures for each retail property type increased in the second quarter with the largest increases being seen in the Urban Streetfront and High Street categories. While the retail landscape remains somewhat uneven, investor demand remains strongest for necessity-based assets.
- Given the fact that retail cap rates entered the quarter at higher levels compared to other sectors, the yield increases seen for the asset class in Q2 2022 were relatively mild. Outside of the Urban Streetfront and High Street categories, the national average cap rate figures for each of the remaining retail property types only increased by between 7 bps and 11 bps quarter-over-quarter. This was significantly lower than other asset classes where national average yield figures rose by as much as 30 bps.
- Markets to report changes to retail cap rates in the second quarter included Victoria, Ottawa, Toronto, Montreal, and Halifax.



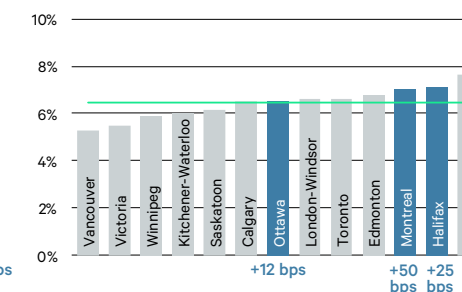
Regional Rankings

Cap Rate Δ Q/Q National Average

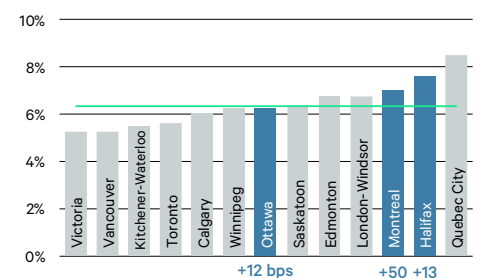
Regional



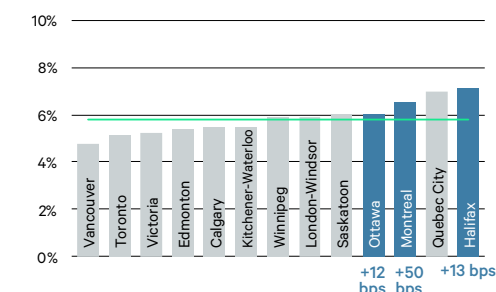
Power



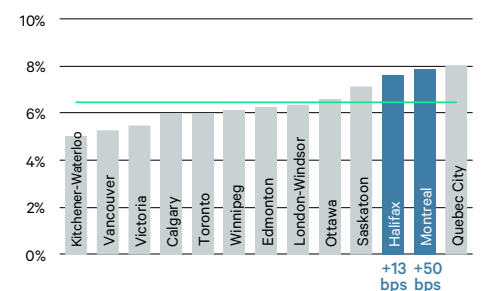
Neighbourhood



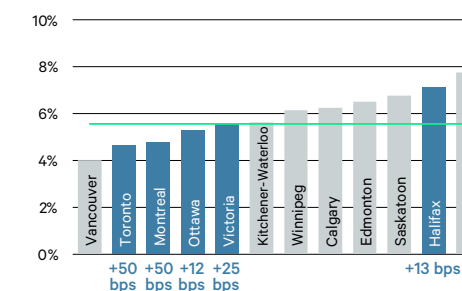
Strip



Strip (Non-Anchored)



Urban Streetfront



Regional rankings for High Street retail category not shown.

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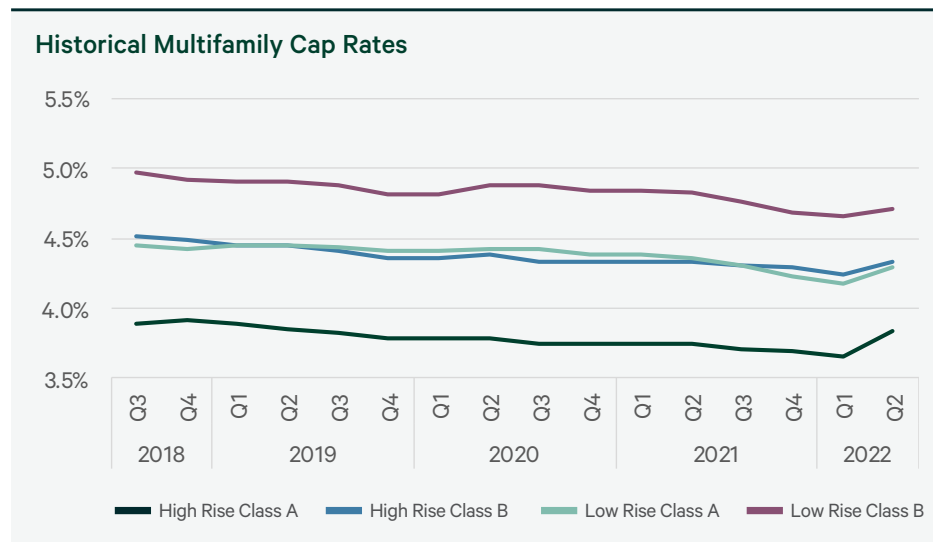
Multifamily Investment Trends



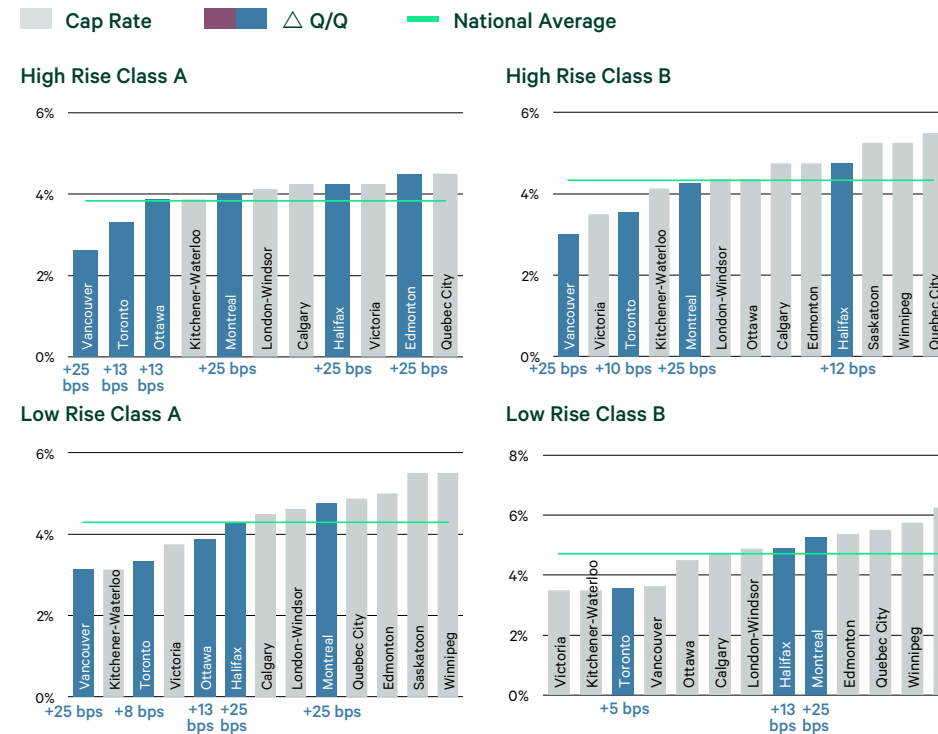
David Montessor

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- For the first time since the onset of the pandemic, the multifamily sector began to see cap rate expansion. The sector entered the quarter with the lowest yields of any asset class and given the interest rate hikes and increases to government bond yields seen over the period, multifamily spreads are challenging existing yield levels.
- Despite cap rate guidance increases, the long-term underlying fundamentals remain very strong and investor interest remains elevated. A shortage of large-scale acquisition opportunities remains the primary impediment to increased activity levels.
- The national average cap rates figures for each of the multifamily property types increased in Q2 2022. High Rise Class A and Class B yields increased by 18 bps and 9 bps at the national level, while Low Rise Class A and Class B yields increased by 12 and 5 bps.
- Markets to report changes to multifamily cap rates this quarter included Victoria, Vancouver, Edmonton, Toronto, Ottawa, Montreal, and Halifax.



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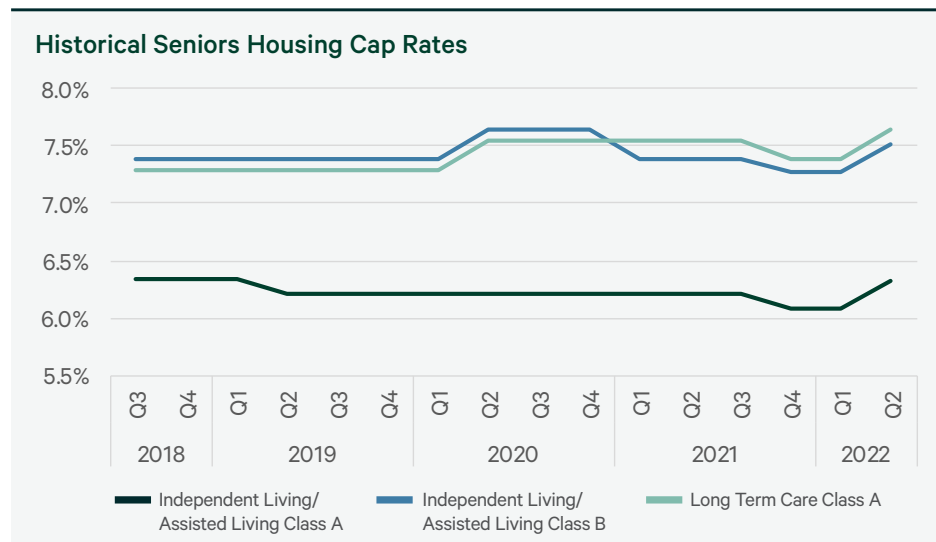
Seniors Housing Investment Trends



Mathew Burnett

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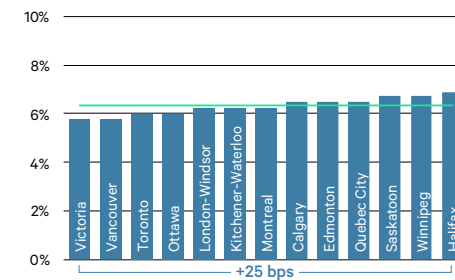
- The seniors housing sector began to see the emergence of bid-ask spreads for the first time in 18 months in Q2 2022. Buyers are currently adjusting valuations based on rapidly changing debt terms and near-term uncertainty, while sellers are holding out for improved valuations on the other side of the current economic choppiness.
- While bid-ask cap rate spreads are currently as wide as 50 bps, particularly in the Class B property segment, transactions completed in this current market will require a compromised position for both buyer and seller.
- In light of this dynamic, seniors housing cap rates increased by 25 bps across property types and geographies in Q2 2022, in line with order-of-magnitude cap rate movements in most other commercial real estate asset classes.



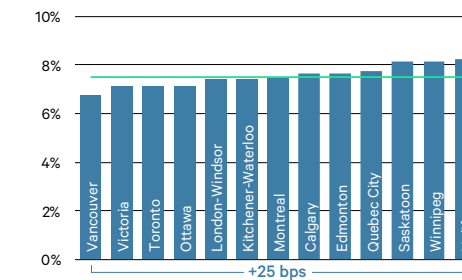
Regional Rankings

Cap Rate Δ Q/Q National Average

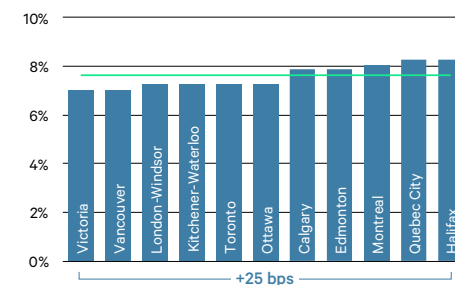
Independent Living/Assisted Living Class A



Independent Living/Assisted Living Class B



Long Term Care Class A



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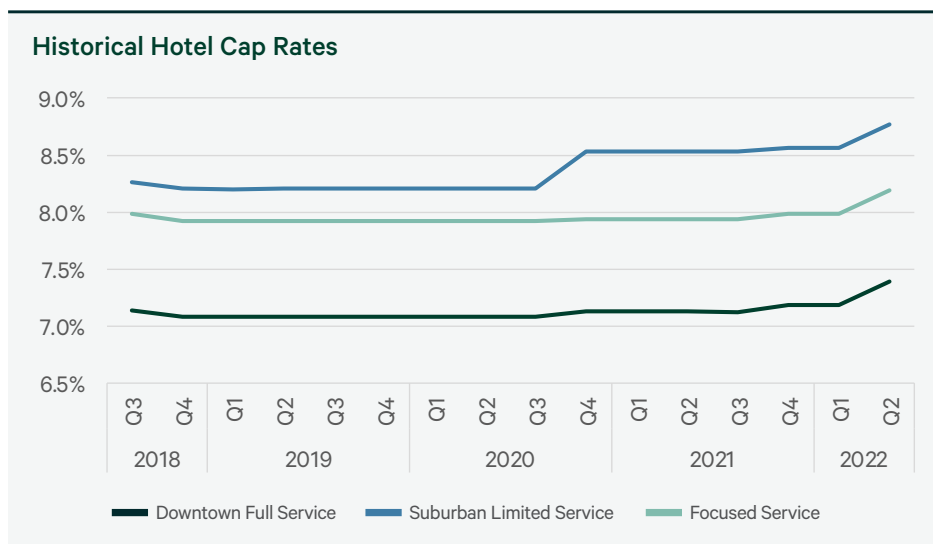
Hotel Investment Trends



Mark Sparrow

Executive Vice President,
CBRE Hotels

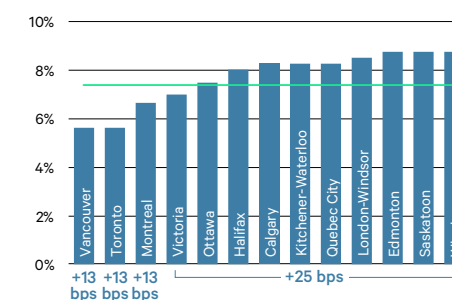
- Hotel operating performance continued to stabilize in Q2 2022. The sector is currently being driven by the expectation of elevated demand through the summer as the country continues to exit the pandemic.
- Against the backdrop of rising interest rates, hotel cap rates have increased by 25 bps broadly across the country. The lone exceptions to this trend were the core major markets of Vancouver, Toronto, and Montreal where cap rate pressures are being muted by high development costs and significant barriers to entry.
- The first half of 2022 saw an uptick in traditional hotel sales, however, transaction volumes are expected to remain muted in the back half of the year as the cost of debt creates a wider bid-ask spread with many investors taking a “wait-and-see” approach.



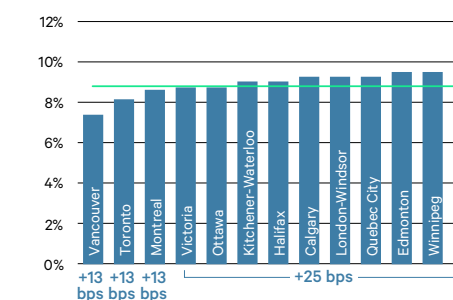
Regional Rankings

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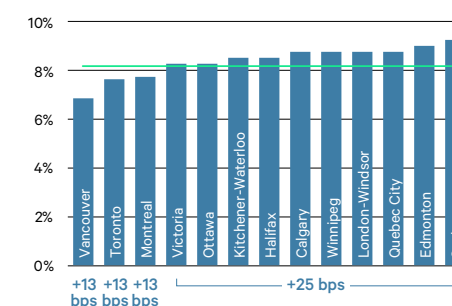
Downtown Full Service



Suburban Limited Service



Focused Service



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02

Regional Investment Trends

Victoria Investment Trends



Ross Marshall

Senior Vice President

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- Private investors from out of province continue to target Greater Victoria and Vancouver Island due to enticing return premiums compared to Vancouver.
- The office sector is seeing a flight-to-quality as companies compete for the best talent in an exceptionally tight labour market. This trend is resulting in increased occupier demand for new Class A office space and rising appeal for new office developments.
- Multifamily assets remain highly sought-after by both private and institutional purchasers. While demand remains elevated, there is limited product being brought to market. The lack of investment supply combined with limited new construction due to rising construction costs has continued to drive pricing.

Historical Victoria Cap Rates



Q2 2022 Cap Rates

Category	Cap Rate Range	ΔQ/Q
Downtown Office		
AA	N/A	
A	5.00% - 5.50%	▲
B	5.25% - 5.75%	◀▶
Suburban Office		
A	5.00% - 5.50%	◀▶
B	5.25% - 5.75%	◀▶
Industrial		
A	4.25% - 4.75%	◀▶
B	4.50% - 5.00%	◀▶
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	5.25% - 5.75%	▲
High Street	5.00% - 5.50%	◀▶
Multifamily		
High Rise A	4.25% - 4.50%	▲
High Rise B	3.25% - 3.75%	◀▶
Low Rise A	3.50% - 4.00%	◀▶
Low Rise B	3.25% - 3.75%	◀▶
Seniors Housing		
Independent/Assisted Living A	5.50% - 6.00%	▲
Independent/Assisted Living B	6.75% - 7.50%	▲
Long Term Care A	6.75% - 7.25%	▲
Hotel		
Downtown Full Service	6.25% - 7.75%	▲
Suburban Limited Service	8.25% - 9.25%	▲
Focused Service	7.75% - 8.75%	▲

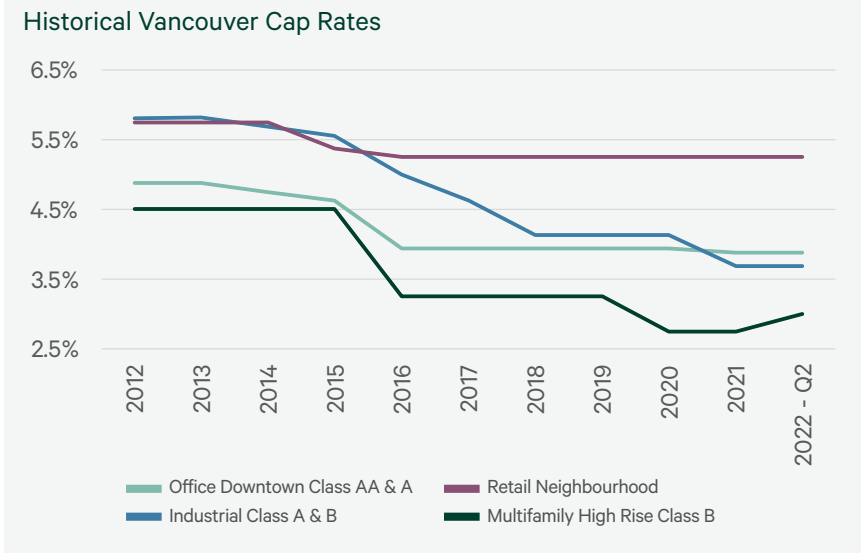
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Vancouver Investment Trends



Jim Szabo
 Vice Chairman,
 National Investment Team
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- Strong demand for multifamily, office, and industrial product will continue to drive fundamentals across Vancouver’s commercial real estate market. Given the strength of market at this time, Vancouver is well positioned to outperform through this transitional economic period.
- The downturn in the office sector due to remote work has been exaggerated and Vancouver’s office vacancy rate remains the lowest in the country. Notable tenants have recently leased additional space in newly developed core office towers and investor demand for office assets remains strong. Despite this strong foundation, we expect cap rates will begin trending towards the high side of our ranges, and likely beyond, should interest rates continue to rise.
- Despite continued construction, industrial availabilities in Metro Vancouver remain scarce with nearly all new space pre-leased. While it is difficult to predict further price increases, sustained limited supply and robust demand make it likely that this trend will continue.



Q2 2022 Cap Rates

Category	Cap Rate Range	ΔQ/Q
Downtown Office		
AA	3.50% - 4.00%	◀▶
A	3.75% - 4.25%	◀▶
B	3.75% - 4.25%	◀▶
Suburban Office		
A	4.75% - 5.25%	◀▶
B	5.25% - 5.75%	◀▶
Industrial		
A	3.25% - 4.00%	◀▶
B	3.50% - 4.00%	◀▶
Retail		
Regional	4.00% - 4.50%	◀▶
Power	5.00% - 5.50%	◀▶
Neighbourhood	5.00% - 5.50%	◀▶
Strip	4.50% - 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% - 3.00%	▲
High Rise B	2.75% - 3.25%	▲
Low Rise A	2.75% - 3.50%	▲
Low Rise B	3.25% - 4.00%	◀▶
Seniors Housing		
Independent/Assisted Living A	5.50% - 6.00%	▲
Independent/Assisted Living B	6.50% - 7.00%	▲
Long Term Care A	6.75% - 7.25%	▲
Hotel		
Downtown Full Service	4.50% - 6.75%	▲
Suburban Limited Service	6.50% - 8.25%	▲
Focused Service	6.00% - 7.75%	▲

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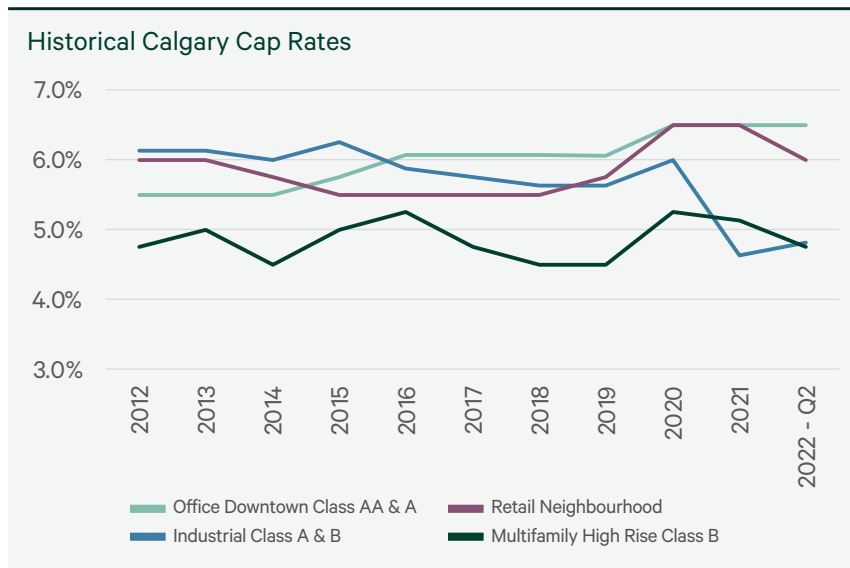
Calgary Investment Trends



Richie Bhamra

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- Volatility in bond yields and interest rates have hindered liquidity and forced many purchasers to implement a “wait-and-see” approach.
- Industrial remains the most sought-after product type, driven by increasingly robust leasing fundamentals. Investors are focusing on assets that have shorter lease terms to capitalize on rental rate appreciation.
- Despite a rebound in sentiment surrounding office, given high energy prices, liquidity challenges remain due to a stubbornly high vacancy rate environment. Until steady positive absorption and a more robust buyer pool materialize, office transactions will remain spotty.
- Multifamily yields are holding despite rising interest rates. The considerable uptick in net migration has driven strong absorption and rental rate growth to offset rising debt costs.



Q2 2022 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	4.00% - 4.50%	▲
B	5.00% - 5.75%	▲
Retail		
Regional	5.00% - 6.00%	◀▶
Power	6.25% - 6.75%	◀▶
Neighbourhood	5.50% - 6.50%	◀▶
Strip	5.25% - 5.75%	◀▶
Strip (non-anchored)	5.75% - 6.25%	◀▶
Urban Streetfront	6.00% - 6.50%	◀▶
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	4.50% - 5.00%	◀▶
Seniors Housing		
Independent/Assisted Living A	6.25% - 6.75%	▲
Independent/Assisted Living B	7.25% - 8.00%	▲
Long Term Care A	7.50% - 8.25%	▲
Hotel		
Downtown Full Service	7.75% - 8.75%	▲
Suburban Limited Service	8.75% - 9.75%	▲
Focused Service	8.25% - 9.25%	▲

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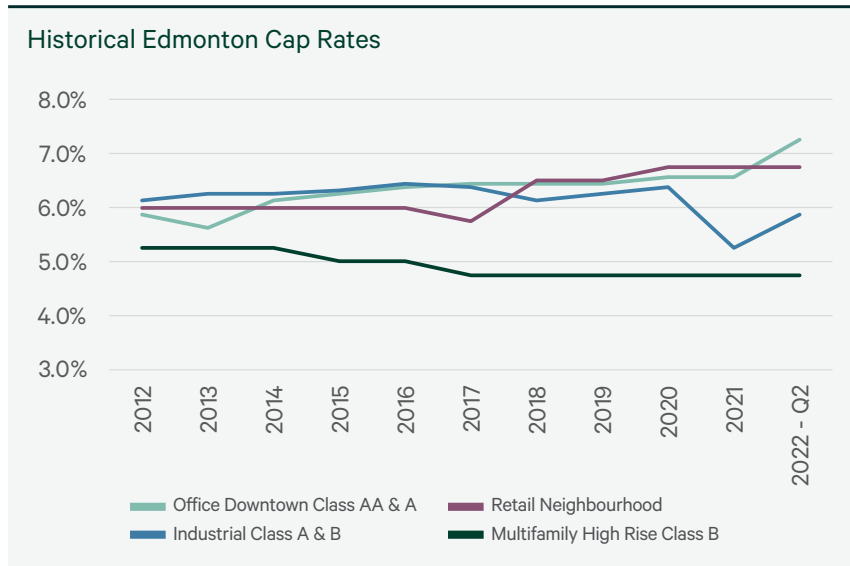
Edmonton Investment Trends



Dave Young

Executive Vice President,
National Investment Team
www.cbre.ca/dave.young

- While the retail sector continues to see mixed results, with necessity-based assets thriving while urban streetfront and fashion-based assets struggle, liquidity remains for top performing offerings.
- The underlying fundamentals of the multifamily sector continued to strengthen this period and landlords have seen a material uptick in absorption and occupancy as the prime leasing season approaches. Given the recent increases to interest rates, investment demand is tilting towards mature product as it provides the necessary yields to ensure positive leverage.
- The Suburban office market has remained fairly resilient with overall absorption figures trending upwards. Downtown landlords are cautiously optimistic as private and public sector employees continue their return to the CBD.



Q2 2022 Cap Rates

Category	Cap Rate Range	ΔQ/Q
Downtown Office		
AA	6.25% - 6.75%	▲
A	7.50% - 8.50%	▲
B	9.00% - 11.00%	▲
Suburban Office		
A	7.50% - 8.50%	▲
B	8.25% - 9.00%	▲
Industrial		
A	4.50% - 5.00%	▲
B	6.50% - 7.50%	▲
Retail		
Regional	5.00% - 5.50%	◄►
Power	6.50% - 7.00%	◄►
Neighbourhood	6.50% - 7.00%	◄►
Strip	5.00% - 5.75%	◄►
Strip (non-anchored)	6.00% - 6.50%	◄►
Urban Streetfront	6.25% - 6.75%	◄►
High Street	N/A	
Multifamily		
High Rise A	4.25% - 4.75%	▲
High Rise B	4.50% - 5.00%	◄►
Low Rise A	4.75% - 5.25%	◄►
Low Rise B	5.00% - 5.75%	◄►
Seniors Housing		
Independent/Assisted Living A	6.25% - 6.75%	▲
Independent/Assisted Living B	7.25% - 8.00%	▲
Long Term Care A	7.50% - 8.25%	▲
Hotel		
Downtown Full Service	7.75% - 9.75%	▲
Suburban Limited Service	8.75% - 10.25%	▲
Focused Service	8.25% - 9.75%	▲

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Saskatoon Investment Trends

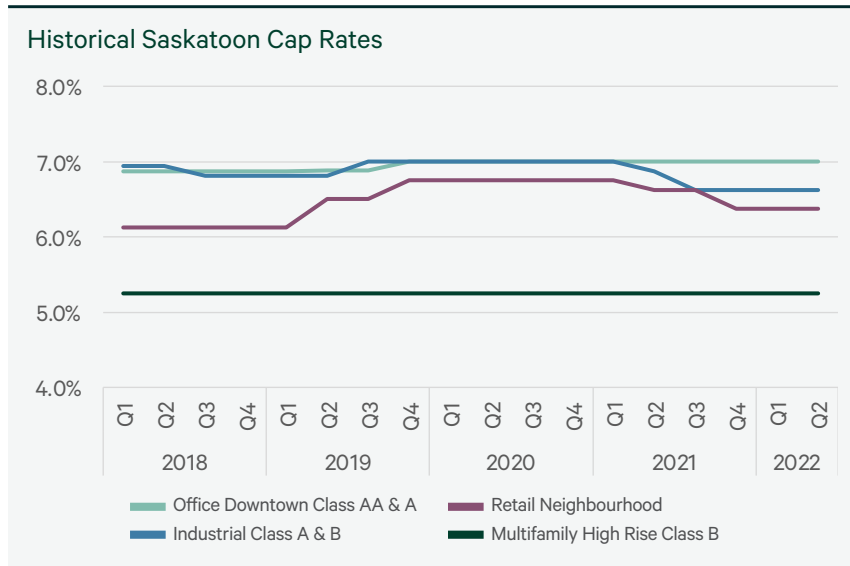


Michael Bratvold

Vice President,
Managing Director

www.cbre.ca/michael.bratvold

- Investment transaction velocity has slowed in the face of increasing interest rates across Saskatchewan. Despite the uncertainty, investment demand remains strong for quality industrial, multifamily, and retail income producing assets.
- Despite the slowdown in real estate investment activity, record levels of business capital continue to be deployed across Saskatchewan, specifically in value-add agriculture and potash, which allowed cap rates to remain stable.
- Increases in construction costs have continued to limit speculative industrial development across Saskatchewan, and tenants have continued to absorb vacant space. With record low availability rates in Regina and Saskatoon, investment demand and pricing for quality industrial properties have remained elevated.



Q2 2022 Cap Rates

Downtown Office		△Q/Q	Multifamily	
AA	N/A		High Rise A	N/A
A	6.75% - 7.25%	◀▶	High Rise B	5.00% - 5.50% ▶◀
B	7.75% - 8.75%	◀▶	Low Rise A	5.25% - 5.75% ▶◀
			Low Rise B	6.00% - 6.50% ▶◀
Suburban Office			Seniors Housing	
A	6.75% - 7.25%	◀▶	Independent/Assisted Living A	6.50% - 7.00% ▲
B	7.50% - 8.00%	◀▶	Independent/Assisted Living B	7.75% - 8.50% ▲
Industrial			Long Term Care A	N/A
A	6.00% - 6.50%	◀▶	Hotel	
B	6.75% - 7.25%	◀▶	Downtown Full Service	7.75% - 9.75% ▲
Retail			Suburban Limited Service	8.75% - 10.75% ▲
Regional	5.75% - 6.25%	◀▶	Focused Service	8.25% - 10.25% ▲
Power	6.00% - 6.25%	◀▶		
Neighbourhood	6.00% - 6.75%	◀▶		
Strip	5.75% - 6.25%	◀▶		
Strip (non-anchored)	7.00% - 7.25%	◀▶		
Urban Streetfront	6.50% - 7.00%	◀▶		
High Street	N/A			

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Winnipeg Investment Trends

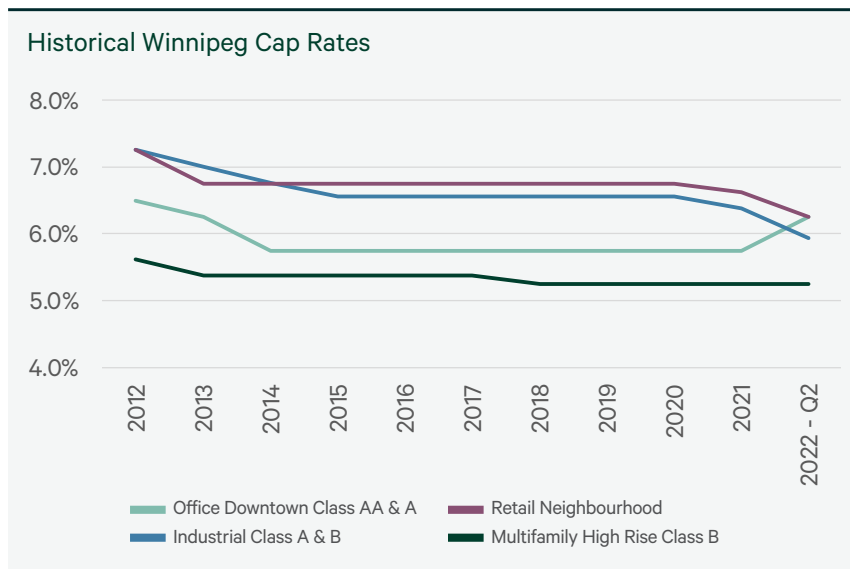


Paul Kornelsen

Vice President

www.cbre.ca/paul.kornelsen

- Industrial continues to be the top sector in Winnipeg. The market's attitude towards speculative builds has begun to shift, as evidenced by several new developments commencing, which will likely translate to increased investment activity over coming years.
- Investment appetite for multifamily assets in Winnipeg has remained elevated due to lack of availability in other geographies. Cap rates within this sector have remained steady and assets brought to market are attracting numerous bids.
- The search for yield has led private investors and pension fund/advisors to the retail sector. Tight vacancies in suburban retail assets have made them very attractive.



Q2 2022 Cap Rates

Downtown Office		ΔQ/Q	Multifamily	
AA	N/A		High Rise A	N/A
A	6.00% - 6.50%	◀▶	High Rise B	5.00% - 5.50% ▶◀
B	6.50% - 7.00%	◀▶	Low Rise A	5.25% - 5.75% ▶◀
Suburban Office			Low Rise B	5.50% - 6.00% ▶◀
A	5.50% - 6.00%	◀▶	Seniors Housing	
B	6.50% - 7.00%	◀▶	Independent/Assisted Living A	6.50% - 7.00% ▲
Industrial			Independent/Assisted Living B	7.75% - 8.50% ▲
A	5.00% - 6.00%	◀▶	Long Term Care A	N/A
B	6.00% - 6.75%	◀▶	Hotel	
Retail			Downtown Full Service	7.75% - 9.75% ▲
Regional	5.50% - 6.25%	◀▶	Suburban Limited Service	8.75% - 10.25% ▲
Power	5.50% - 6.25%	◀▶	Focused Service	8.25% - 9.25% ▲
Neighbourhood	6.25% - 6.25%	◀▶		
Strip	5.50% - 6.25%	◀▶		
Strip (non-anchored)	6.00% - 6.25%	◀▶		
Urban Streetfront	6.00% - 6.25%	◀▶		
High Street	N/A			

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London-Windsor Investment Trends



Kevin MacDougall

Vice President

www.cbre.ca/kevin.macdougall

- London continues to see significant demand for industrial and multifamily product, however, the rise in interest rates has reduced cash returns for investors.
- Continued population growth in London and surrounding areas has driven investment demand across all product lines. Despite this trend, affordability has become an issue across asset classes except for office and retail.
- The growing economic and financial market volatility being felt across the country has also impacted London and there is uncertainty with many local firms, regional investors, and financial lenders.
- Cap rates are expected to adjust to reflect the change in bond rates in the coming months.



Q2 2022 Cap Rates

Downtown Office		ΔQ/Q	Multifamily	
AA	N/A		High Rise A	3.50% - 4.75% ◀▶
A	6.00% - 8.00%	◀▶	High Rise B	3.75% - 5.00% ◀▶
B	7.50% - 8.75%	◀▶	Low Rise A	3.75% - 5.50% ◀▶
Suburban Office			Low Rise B	4.00% - 5.75% ◀▶
A	6.00% - 7.00%	◀▶	Seniors Housing	
B	6.50% - 8.00%	◀▶	Independent/Assisted Living A	6.00% - 6.50% ▲
Industrial			Independent/Assisted Living B	7.00% - 7.75% ▲
A	4.25% - 5.50%	◀▶	Long Term Care A	7.00% - 7.50% ▲
B	5.25% - 6.25%	◀▶	Hotel	
Retail			Downtown Full Service	7.75% - 9.25% ▲
Regional	6.25% - 7.00%	◀▶	Suburban Limited Service	8.75% - 9.75% ▲
Power	6.25% - 7.00%	◀▶	Focused Service	8.25% - 9.25% ▲
Neighbourhood	6.00% - 7.50%	◀▶		
Strip	5.25% - 6.50%	◀▶		
Strip (non-anchored)	5.50% - 7.25%	◀▶		
Urban Streetfront	7.00% - 8.50%	◀▶		
High Street	N/A			

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Kitchener-Waterloo Investment Trends

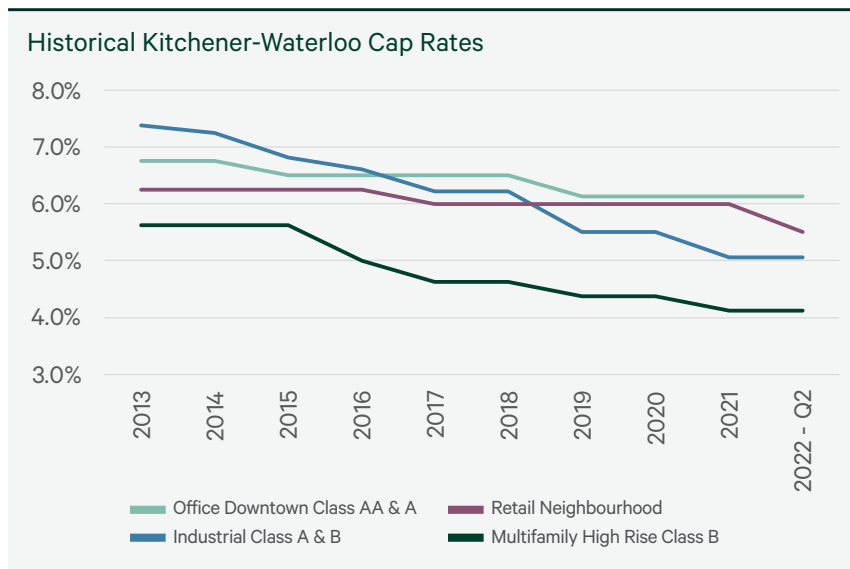


Joe Benninger

Vice President

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- As has been the case for the past few years, investor demand for income producing assets in the Waterloo Region has remained centered on the industrial and multifamily sectors. There has been a definite softening in demand for office properties of late.
- The industrial sector continues to see the greatest price appreciations due to the scarcity of space for lease, rising rental rates, and increasing land values. Recent industrial land sales have exceeded \$2.0 million per developable acre.
- Investor demand for multifamily assets remains elevated, driven by upward pressure on rental rates due to elevated occupancy in existing product. This trend has been further exacerbated by rising interest rates pushing would-be home buyers to the rental market.



Q2 2022 Cap Rates

Property Type	Cap Rate Range	ΔQ/Q
Downtown Office		
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	4.25% - 5.25%	◀▶
B	5.00% - 5.75%	◀▶
Retail		
Regional	5.25% - 6.00%	◀▶
Power	5.50% - 6.50%	◀▶
Neighbourhood	5.00% - 6.00%	◀▶
Strip	5.00% - 6.00%	◀▶
Strip (non-anchored)	4.50% - 5.50%	◀▶
Urban Streetfront	5.00% - 6.25%	◀▶
High Street	N/A	
Multifamily		
High Rise A	3.50% - 4.25%	◀▶
High Rise B	3.75% - 4.50%	◀▶
Low Rise A	2.75% - 3.50%	◀▶
Low Rise B	3.00% - 4.00%	◀▶
Seniors Housing		
Independent/Assisted Living A	6.00% - 6.50%	▲
Independent/Assisted Living B	7.00% - 7.75%	▲
Long Term Care A	7.00% - 7.50%	▲
Hotel		
Downtown Full Service	7.75% - 8.75%	▲
Suburban Limited Service	8.25% - 9.75%	▲
Focused Service	7.75% - 9.25%	▲

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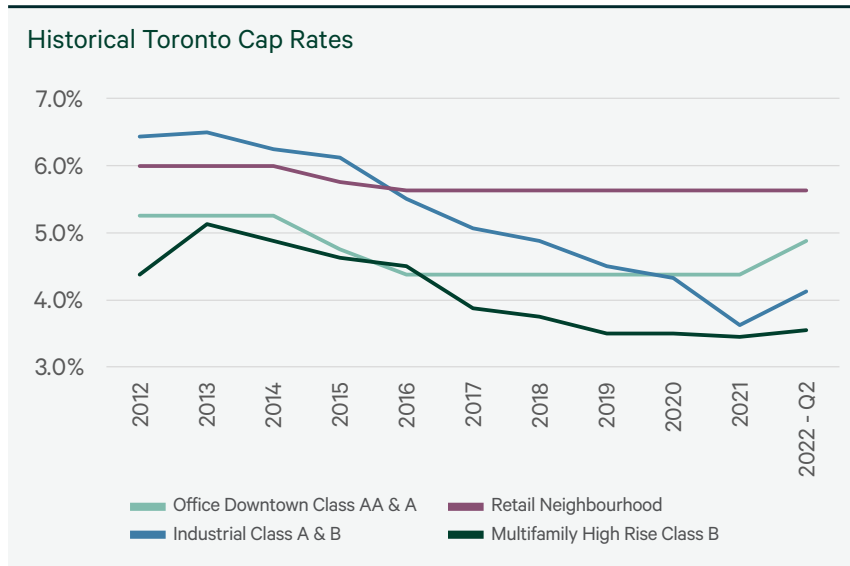
Toronto Investment Trends



Peter Senst

President, Canadian Capital Markets National Investment Team
www.cbre.ca/peter.senst

- The velocity of Bank of Canada interest rate hikes and the expectation that rates will increase further over the next few quarters have investors considering acceptable risk-adjusted returns going forward.
- The highest quality real estate assets (including industrial, multifamily, and necessity-based retail) are still receiving interest from investors at this time. This also applies to trophy assets and any such properties which reach the market are still garnering significant interest.
- The recent trend of reduced investment activity in at least one quarter per year has played out again in 2022, with the second quarter being the most recent example. The question will now become how quickly the market will rebound, with the fourth quarter being pivotal in determining full year investment levels.



Q2 2022 Cap Rates

Category	Cap Rate Range	ΔQ/Q
Downtown Office		
AA	4.50% - 5.00%	▲
A	4.75% - 5.25%	▲
B	5.25% - 5.75%	▲
Suburban Office		
A	6.00% - 6.75%	▲
B	6.75% - 7.50%	▲
Industrial		
A	3.50% - 4.00%	▲
B	4.00% - 5.00%	▲
Retail		
Regional	4.25% - 6.00%	◄
Power	6.00% - 7.25%	◄
Neighbourhood	5.00% - 6.25%	◄
Strip	4.50% - 5.75%	◄
Strip (non-anchored)	5.50% - 6.50%	◄
Urban Streetfront	4.25% - 5.00%	▲
High Street	4.25% - 4.75%	▲
Multifamily		
High Rise A	2.90% - 3.75%	▲
High Rise B	3.10% - 4.00%	▲
Low Rise A	2.90% - 3.75%	▲
Low Rise B	3.10% - 4.00%	▲
Seniors Housing		
Independent/Assisted Living A	5.75% - 6.25%	▲
Independent/Assisted Living B	6.75% - 7.50%	▲
Long Term Care A	7.00% - 7.50%	▲
Hotel		
Downtown Full Service	4.50% - 6.75%	▲
Suburban Limited Service	7.50% - 8.75%	▲
Focused Service	7.00% - 8.25%	▲

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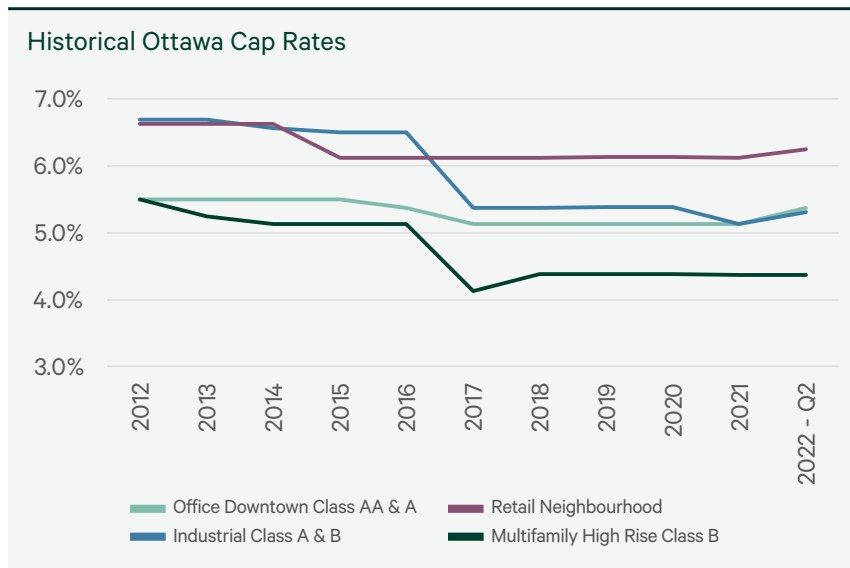
Ottawa Investment Trends



Nico Zentil

Senior Vice President,
National Investment Team
www.cbre.ca/nico.zentil

- Ottawa has remained amongst the most resilient markets in Canada despite economic and geo-political concerns. The office investment market has been particularly active due to solid fundamentals and positive long-term sentiment.
- The multifamily sector remains extremely stable despite rising interest rates and activity should remain elevated through 2022. Assets with existing in-place financing are offering a significant advantage on dispositions.
- Owners are getting increasingly creative with strategies to reposition assets for higher and better use, and this will likely be a theme going forward.
- The industrial sector remains attractive, but activity is expected to slow slightly in 2022 due to limited supply.



Q2 2022 Cap Rates

Category	Cap Rate Range	ΔQ/Q
Downtown Office		
AA	5.00% - 5.50%	▲
A	5.25% - 5.75%	▲
B	6.00% - 6.50%	▲
Suburban Office		
A	6.25% - 7.00%	▲
B	7.00% - 7.50%	◄
Industrial		
A	4.75% - 5.25%	▲
B	5.50% - 5.75%	▲
Retail		
Regional	5.25% - 5.75%	▲
Power	6.25% - 6.75%	▲
Neighbourhood	6.00% - 6.50%	▲
Strip	5.75% - 6.25%	▲
Strip (non-anchored)	6.25% - 7.00%	◄
Urban Streetfront	5.00% - 5.50%	▲
High Street	N/A	
Multifamily		
High Rise A	3.75% - 4.00%	▲
High Rise B	4.00% - 4.75%	◄
Low Rise A	3.75% - 4.00%	▲
Low Rise B	4.25% - 4.75%	◄
Seniors Housing		
Independent/Assisted Living A	5.75% - 6.25%	▲
Independent/Assisted Living B	6.75% - 7.50%	▲
Long Term Care A	7.00% - 7.50%	▲
Hotel		
Downtown Full Service	6.75% - 8.25%	▲
Suburban Limited Service	8.25% - 9.25%	▲
Focused Service	7.75% - 8.75%	▲

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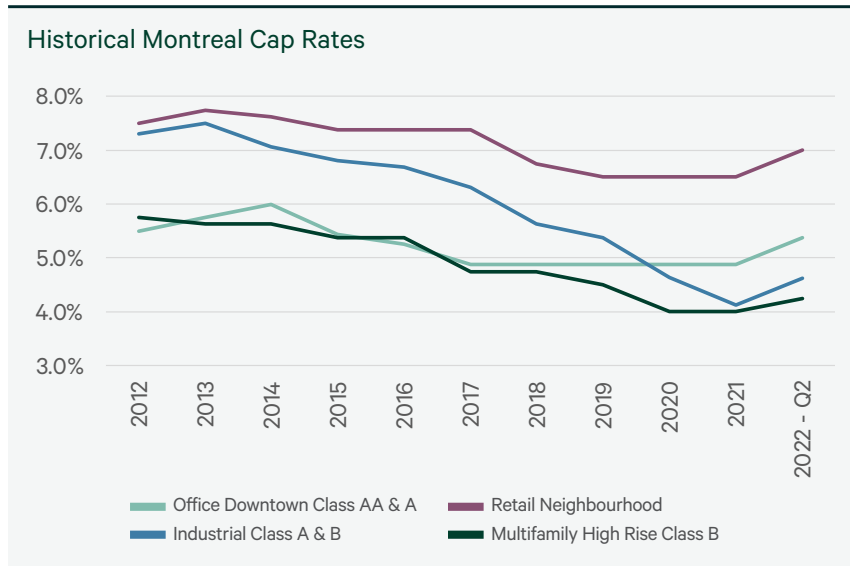
Montreal Investment Trends



Scott Speirs

Executive Vice President,
National Investment Team
www.cbre.ca/scott.speirs

- Employees have been steadily returning to the Montreal office market as many employers embrace hybrid work options. The return of workers is revitalizing downtown office buildings and surrounding amenities.
- Retail investment opportunities are still being pursued primarily by private capital investors. These buyers are focusing on essential service retail asset offerings at this time.
- Industrial assets remain the most sought-after investment vehicle driven by strong leasing fundamentals. Assets with short term leases and rental upside continue to be the top targets for investors.



Q2 2022 Cap Rates

Downtown Office		ΔQ/Q	Multifamily	
AA	5.00% - 5.50%	▲	High Rise A	3.75% - 4.25% ▲
A	5.25% - 5.75%	▲	High Rise B	4.00% - 4.50% ▲
B	5.50% - 6.00%	▲	Low Rise A	4.50% - 5.00% ▲
			Low Rise B	5.00% - 5.50% ▲
Suburban Office			Seniors Housing	
A	6.75% - 7.25%	▲	Independent/Assisted Living A	6.00% - 6.50% ▲
B	7.50% - 8.25%	▲	Independent/Assisted Living B	7.00% - 8.00% ▲
Industrial			Long Term Care A	7.75% - 8.25% ▲
A	4.00% - 4.50%	▲	Hotel	
B	4.50% - 5.50%	▲	Downtown Full Service	6.00% - 7.25% ▲
Retail			Suburban Limited Service	8.00% - 9.25% ▲
Regional	6.00% - 6.50%	▲	Focused Service	7.00% - 8.50% ▲
Power	6.75% - 7.25%	▲		
Neighbourhood	6.75% - 7.25%	▲		
Strip	6.25% - 6.75%	▲		
Strip (non-anchored)	7.50% - 8.25%	▲		
Urban Streetfront	4.50% - 5.00%	▲		
High Street	N/A			

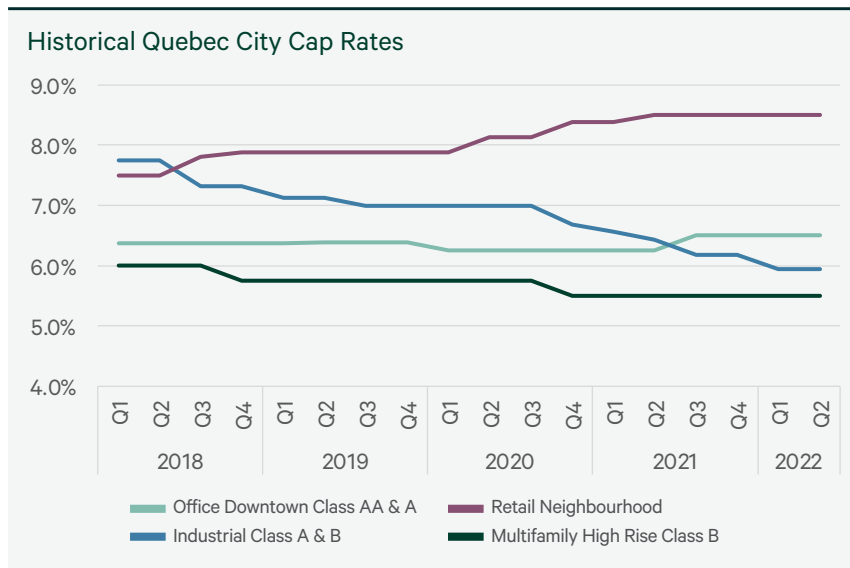
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Quebec City Investment Trends



Philippe Lambert
Senior Associate
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- Each of the office and industrial sectors continued to see strong leasing momentum in Q2 2022.
- While supply remains exceptionally limited for both income producing industrial assets and developable commercial land, demand from investors and owner-occupiers remains elevated. Strong industrial leasing fundamentals will continue to support cap rates and drive land pricing in this sector going forward.
- Rising construction costs and interest rates have made some developers rethink development projects across a variety of asset classes.



Q2 2022 Cap Rates

Asset Class	Cap Rate Range	ΔQ/Q
Downtown Office		
AA	N/A	
A	6.00% - 7.00%	◀▶
B	7.00% - 8.25%	◀▶
Suburban Office		
A	6.50% - 7.25%	◀▶
B	7.25% - 8.25%	◀▶
Industrial		
A	4.75% - 6.00%	◀▶
B	5.75% - 7.25%	◀▶
Retail		
Regional	6.50% - 7.25%	◀▶
Power	7.25% - 8.00%	◀▶
Neighbourhood	8.00% - 9.00%	◀▶
Strip	6.50% - 7.50%	◀▶
Strip (non-anchored)	7.75% - 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	6.25% - 6.75%	▲
Independent/Assisted Living B	7.25% - 8.25%	▲
Long Term Care A	8.00% - 8.50%	▲
Hotel		
Downtown Full Service	7.75% - 8.75%	▲
Suburban Limited Service	8.75% - 9.75%	▲
Focused Service	8.25% - 9.25%	▲

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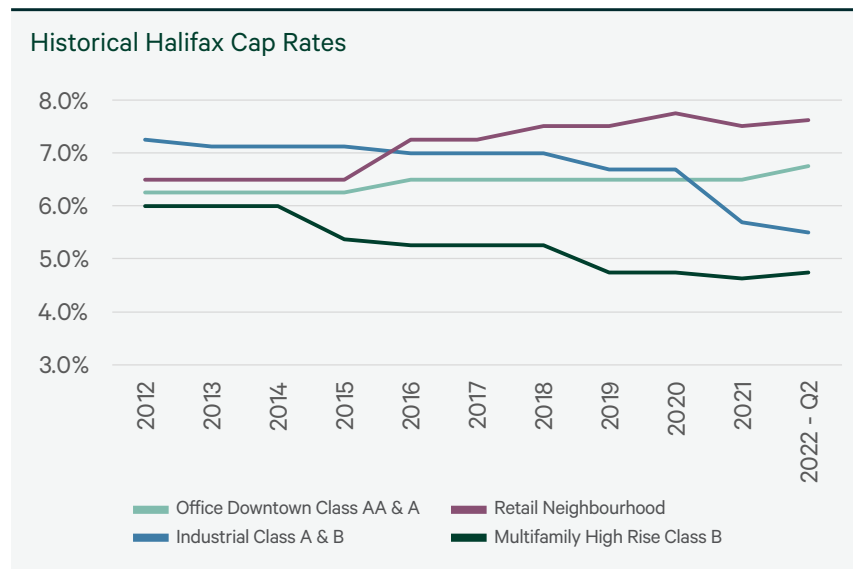
Halifax Investment Trends



Bob Mussett

Executive Vice President,
National Investment Team
www.cbre.ca/bob.mussett

- Halifax continues to be a leading generator of employment in the Atlantic region. The city’s unemployment rate ended May 2022 at 4.7%, one of the lowest levels in Canada.
- Port operator PSA is investing in infrastructure as part of the Port of Halifax’s 50 year plan to increase terminal capacity. This is expected to be a major economic driver for the market and will help drive real estate demand across asset classes.
- The Atlantic region saw steady levels of investment activity over the first half of the year, however, transactions have been dominated by smaller scale acquisitions by private investors, rather than larger institutional trades.



Q2 2022 Cap Rates

Asset Class	Cap Rate Range	ΔQ/Q
Downtown Office		
AA	N/A	
A	6.50% - 7.00%	▲
B	7.00% - 7.75%	▲
Suburban Office		
A	6.75% - 7.50%	▲
B	7.50% - 8.25%	▲
Industrial		
A	5.00% - 5.50%	▲
B	5.50% - 6.00%	◀▶
Retail		
Regional	6.75% - 7.25%	▲
Power	6.75% - 7.50%	▲
Neighbourhood	7.25% - 8.00%	▲
Strip	6.75% - 7.50%	▲
Strip (non-anchored)	7.25% - 8.00%	▲
Urban Streetfront	6.75% - 7.50%	▲
High Street	N/A	
Multifamily		
High Rise A	4.00% - 4.50%	▲
High Rise B	4.50% - 5.00%	▲
Low Rise A	4.00% - 4.50%	▲
Low Rise B	4.50% - 5.25%	▲
Seniors Housing		
Independent/Assisted Living A	6.50% - 7.25%	▲
Independent/Assisted Living B	7.75% - 8.75%	▲
Long Term Care A	8.00% - 8.50%	▲
Hotel		
Downtown Full Service	7.25% - 8.75%	▲
Suburban Limited Service	8.25% - 9.75%	▲
Focused Service	7.75% - 9.25%	▲

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△ Q/Q

	Victoria	Vancouver	Calgary	Edmonton	Saskatoon	Winnipeg	London-Windsor
Downtown office							
AA	N/A	3.50% - 4.00% ◀▶	5.50% - 6.00% ◀▶	6.25% - 6.75% ▲	N/A	N/A	N/A
A	5.00% - 5.50% ▲	3.75% - 4.25% ◀▶	6.75% - 7.75% ◀▶	7.50% - 8.50% ▲	6.75% - 7.25% ◀▶	6.00% - 6.50% ◀▶	6.00% - 8.00% ◀▶
B	5.25% - 5.75% ◀▶	3.75% - 4.25% ◀▶	8.50% - 9.50% ◀▶	9.00% - 11.00% ▲	7.75% - 8.75% ◀▶	6.50% - 7.00% ◀▶	7.50% - 8.75% ◀▶
Suburban Office							
A	5.00% - 5.50% ◀▶	4.75% - 5.25% ◀▶	6.25% - 7.25% ◀▶	7.50% - 8.50% ▲	6.75% - 7.25% ◀▶	5.50% - 6.00% ◀▶	6.00% - 7.00% ◀▶
B	5.25% - 5.75% ◀▶	5.25% - 5.75% ◀▶	8.00% - 9.00% ◀▶	8.25% - 9.00% ▲	7.50% - 8.00% ◀▶	6.50% - 7.00% ◀▶	6.50% - 8.00% ◀▶
Industrial							
A	4.25% - 4.75% ◀▶	3.25% - 4.00% ◀▶	4.00% - 4.50% ▲	4.50% - 5.00% ▲	6.00% - 6.50% ◀▶	5.00% - 6.00% ◀▶	4.25% - 5.50% ◀▶
B	4.50% - 5.00% ◀▶	3.50% - 4.00% ◀▶	5.00% - 5.75% ▲	6.50% - 7.50% ▲	6.75% - 7.25% ◀▶	6.00% - 6.75% ◀▶	5.25% - 6.25% ◀▶
Retail							
Regional	4.75% - 5.75% ◀▶	4.00% - 4.50% ◀▶	5.00% - 6.00% ◀▶	5.00% - 5.50% ◀▶	5.75% - 6.25% ◀▶	5.50% - 6.25% ◀▶	6.25% - 7.00% ◀▶
Power	5.00% - 6.00% ◀▶	5.00% - 5.50% ◀▶	6.25% - 6.75% ◀▶	6.50% - 7.00% ◀▶	6.00% - 6.25% ◀▶	5.50% - 6.25% ◀▶	6.25% - 7.00% ◀▶
Neighbourhood	5.00% - 5.50% ◀▶	5.00% - 5.50% ◀▶	5.50% - 6.50% ◀▶	6.50% - 7.00% ◀▶	6.00% - 6.75% ◀▶	6.25% - 6.25% ◀▶	6.00% - 7.50% ◀▶
Strip	5.00% - 5.50% ◀▶	4.50% - 5.00% ◀▶	5.25% - 5.75% ◀▶	5.00% - 5.75% ◀▶	5.75% - 6.25% ◀▶	5.50% - 6.25% ◀▶	5.25% - 6.50% ◀▶
Non-anchored Strip Mall	5.25% - 5.75% ◀▶	5.00% - 5.50% ◀▶	5.75% - 6.25% ◀▶	6.00% - 6.50% ◀▶	7.00% - 7.25% ◀▶	6.00% - 6.25% ◀▶	5.50% - 7.25% ◀▶
Urban Streetfront	5.25% - 5.75% ▲	3.75% - 4.25% ◀▶	6.00% - 6.50% ◀▶	6.25% - 6.75% ◀▶	6.50% - 7.00% ◀▶	6.00% - 6.25% ◀▶	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	4.25% - 4.50% ▲	2.25% - 3.00% ▲	4.00% - 4.50% ◀▶	4.25% - 4.75% ▲	N/A	N/A	3.50% - 4.75% ◀▶
High Rise B	3.25% - 3.75% ◀▶	2.75% - 3.25% ▲	4.50% - 5.00% ◀▶	4.50% - 5.00% ◀▶	5.00% - 5.50% ◀▶	5.00% - 5.50% ◀▶	3.75% - 5.00% ◀▶
Low Rise A	3.50% - 4.00% ◀▶	2.75% - 3.50% ▲	4.25% - 4.75% ◀▶	4.75% - 5.25% ◀▶	5.25% - 5.75% ◀▶	5.25% - 5.75% ◀▶	3.75% - 5.50% ◀▶
Low Rise B	3.25% - 3.75% ◀▶	3.25% - 4.00% ◀▶	4.50% - 5.00% ◀▶	5.00% - 5.75% ◀▶	6.00% - 6.50% ◀▶	5.50% - 6.00% ◀▶	4.00% - 5.75% ◀▶
Seniors Housing							
Independent/Assisted Living A	5.50% - 6.00% ▲	5.50% - 6.00% ▲	6.25% - 6.75% ▲	6.25% - 6.75% ▲	6.50% - 7.00% ▲	6.50% - 7.00% ▲	6.00% - 6.50% ▲
Independent/Assisted Living B	6.75% - 7.50% ▲	6.50% - 7.00% ▲	7.25% - 8.00% ▲	7.25% - 8.00% ▲	7.75% - 8.50% ▲	7.75% - 8.50% ▲	7.00% - 7.75% ▲
Long Term Care A	6.75% - 7.25% ▲	6.75% - 7.25% ▲	7.50% - 8.25% ▲	7.50% - 8.25% ▲	N/A	N/A	7.00% - 7.50% ▲
Hotel							
Downtown Full Service	6.25% - 7.75% ▲	4.50% - 6.75% ▲	7.75% - 8.75% ▲	7.75% - 9.75% ▲	7.75% - 9.75% ▲	7.75% - 9.75% ▲	7.75% - 9.25% ▲
Suburban Limited Service	8.25% - 9.25% ▲	6.50% - 8.25% ▲	8.75% - 9.75% ▲	8.75% - 10.25% ▲	8.75% - 10.75% ▲	8.75% - 10.25% ▲	8.75% - 9.75% ▲
Focused Service	7.75% - 8.75% ▲	6.00% - 7.75% ▲	8.25% - 9.25% ▲	8.25% - 9.75% ▲	8.25% - 10.25% ▲	8.25% - 9.25% ▲	8.25% - 9.25% ▲

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	Kitchener-Waterloo	Toronto	Ottawa	Montreal	Quebec City	Halifax
Downtown office						
AA	N/A	4.50% - 5.00% ▲	5.00% - 5.50% ▲	5.00% - 5.50% ▲	N/A	N/A
A	5.75% - 6.50% ◀▶	4.75% - 5.25% ▲	5.25% - 5.75% ▲	5.25% - 5.75% ▲	6.00% - 7.00% ◀▶	6.50% - 7.00% ▲
B	6.25% - 7.00% ◀▶	5.25% - 5.75% ▲	6.00% - 6.50% ▲	5.50% - 6.00% ▲	7.00% - 8.25% ◀▶	7.00% - 7.75% ▲
Suburban Office						
A	5.75% - 6.75% ◀▶	6.00% - 6.75% ▲	6.25% - 7.00% ▲	6.75% - 7.25% ▲	6.50% - 7.25% ◀▶	6.75% - 7.50% ▲
B	6.25% - 7.00% ◀▶	6.75% - 7.50% ▲	7.00% - 7.50% ◀▶	7.50% - 8.25% ▲	7.25% - 8.25% ◀▶	7.50% - 8.25% ▲
Industrial						
A	4.25% - 5.25% ◀▶	3.50% - 4.00% ▲	4.75% - 5.25% ▲	4.00% - 4.50% ▲	4.75% - 6.00% ◀▶	5.00% - 5.50% ▲
B	5.00% - 5.75% ◀▶	4.00% - 5.00% ▲	5.50% - 5.75% ▲	4.50% - 5.50% ▲	5.75% - 7.25% ◀▶	5.50% - 6.00% ◀▶
Retail						
Regional	5.25% - 6.00% ◀▶	4.25% - 6.00% ◀▶	5.25% - 5.75% ▲	6.00% - 6.50% ▲	6.50% - 7.25% ◀▶	6.75% - 7.25% ▲
Power	5.50% - 6.50% ◀▶	6.00% - 7.25% ◀▶	6.25% - 6.75% ▲	6.75% - 7.25% ▲	7.25% - 8.00% ◀▶	6.75% - 7.50% ▲
Neighbourhood	5.00% - 6.00% ◀▶	5.00% - 6.25% ◀▶	6.00% - 6.50% ▲	6.75% - 7.25% ▲	8.00% - 9.00% ◀▶	7.25% - 8.00% ▲
Strip	5.00% - 6.00% ◀▶	4.50% - 5.75% ◀▶	5.75% - 6.25% ▲	6.25% - 6.75% ▲	6.50% - 7.50% ◀▶	6.75% - 7.50% ▲
Non-anchored Strip Mall	4.50% - 5.50% ◀▶	5.50% - 6.50% ◀▶	6.25% - 7.00% ◀▶	7.50% - 8.25% ▲	7.75% - 8.25% ◀▶	7.25% - 8.00% ▲
Urban Streetfront	5.00% - 6.25% ◀▶	4.25% - 5.00% ▲	5.00% - 5.50% ▲	4.50% - 5.00% ▲	N/A	6.75% - 7.50% ▲
High Street	N/A	4.25% - 4.75% ▲	N/A	N/A	N/A	N/A
Multifamily						
High Rise A	3.50% - 4.25% ◀▶	2.90% - 3.75% ▲	3.75% - 4.00% ▲	3.75% - 4.25% ▲	4.00% - 5.00% ◀▶	4.00% - 4.50% ▲
High Rise B	3.75% - 4.50% ◀▶	3.10% - 4.00% ▲	4.00% - 4.75% ◀▶	4.00% - 4.50% ▲	5.00% - 6.00% ◀▶	4.50% - 5.00% ▲
Low Rise A	2.75% - 3.50% ◀▶	2.90% - 3.75% ▲	3.75% - 4.00% ▲	4.50% - 5.00% ▲	4.50% - 5.25% ◀▶	4.00% - 4.50% ▲
Low Rise B	3.00% - 4.00% ◀▶	3.10% - 4.00% ▲	4.25% - 4.75% ◀▶	5.00% - 5.50% ▲	5.00% - 6.00% ◀▶	4.50% - 5.25% ▲
Seniors Housing						
Independent/Assisted Living A	6.00% - 6.50% ▲	5.75% - 6.25% ▲	5.75% - 6.25% ▲	6.00% - 6.50% ▲	6.25% - 6.75% ▲	6.50% - 7.25% ▲
Independent/Assisted Living B	7.00% - 7.75% ▲	6.75% - 7.50% ▲	6.75% - 7.50% ▲	7.00% - 8.00% ▲	7.25% - 8.25% ▲	7.75% - 8.75% ▲
Long Term Care A	7.00% - 7.50% ▲	7.00% - 7.50% ▲	7.00% - 7.50% ▲	7.75% - 8.25% ▲	8.00% - 8.50% ▲	8.00% - 8.50% ▲
Hotel						
Downtown Full Service	7.75% - 8.75% ▲	4.50% - 6.75% ▲	6.75% - 8.25% ▲	6.00% - 7.25% ▲	7.75% - 8.75% ▲	7.25% - 8.75% ▲
Suburban Limited Service	8.25% - 9.75% ▲	7.50% - 8.75% ▲	8.25% - 9.25% ▲	8.00% - 9.25% ▲	8.75% - 9.75% ▲	8.25% - 9.75% ▲
Focused Service	7.75% - 9.25% ▲	7.00% - 8.25% ▲	7.75% - 8.75% ▲	7.00% - 8.50% ▲	8.25% - 9.25% ▲	7.75% - 9.25% ▲

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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 markets 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.

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