Intelligent Investment

Canadian Cap Rates & Investment Insights

REPORT

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

CBRE RESEARCH
Q2 2025

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National Investment Trends

Investment Trends

Paul Morassutti

Chairman

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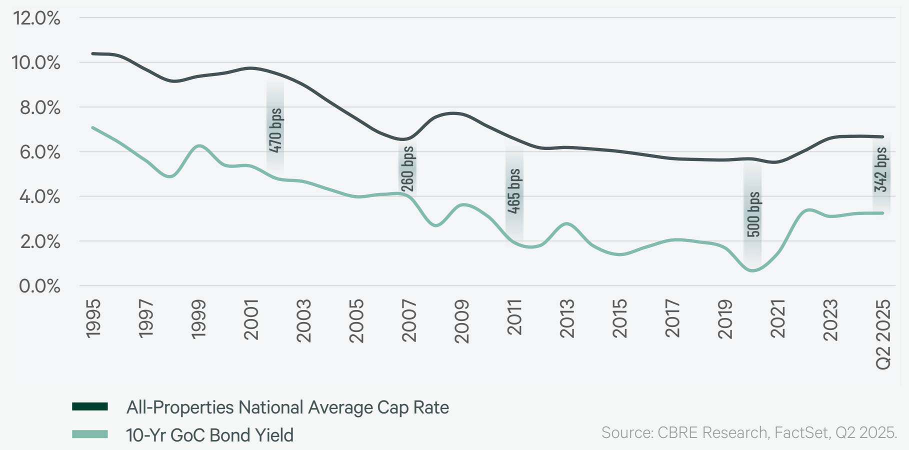
- Uncertainty permeated the investment market in Q2 2025, with the U.S. trade war and escalating geopolitical conflicts constantly muddying the macro outlook. While this has dampened market momentum, deal activity has continued to occur with investors focused on best-in-class assets, particularly in multifamily and retail. Notably, the office sector is also starting to see renewed interest and sentiment.
- The national average all-properties cap rate edged marginally lower in Q2 2025, declining 1 bps to 6.66%. Cumulatively over the last four quarters, national cap rates have decreased by a modest 5 bps. While cap rates have largely held steady, bond yields have been volatile with a 24 bps jump in the Canada 10-year bond yield narrowing real estate cap rate spread to 342 bps in Q2 2025.
- Cap rate movements across asset classes were marginal overall, stemming from modest changes recorded in select markets. As a result, slight yield increases were seen in industrial while cap rates dropped slightly in the office, retail and multifamily sectors.

National Average Cap Rate



Source: CBRE Research, FactSet, Q2 2025.

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	6.94%	◀▶
A	**7.98%**	▼
B	**8.72%**	▼

Suburban Office		
A	**8.09%**	▼
B	**8.98%**	▼

Industrial		
A	**5.91%**	▲
B	**6.44%**	▲

Retail		
Regional	6.45%	◀▶
Power	**6.77%**	▼
Neighbourhood	**6.66%**	▼
Strip	6.19%	◀▶
Strip (non-anchored)	6.63%	◀▶
Urban Streetfront	6.31%	◀▶
High Street	5.38%	◀▶

Multifamily		△Q/Q
High Rise A	**4.44%**	▲
High Rise B	4.75%	◀▶
Low Rise A	**4.63%**	▼
Low Rise B	**4.86%**	▼
New Construction	**4.59%**	▲

Seniors Housing		
Independent/ Assisted Living A	6.44%	◀▶
Independent/ Assisted Living B	8.17%	◀▶
Long Term Care A	7.89%	◀▶

Hotel		
Downtown Full Service	7.66%	◀▶
Suburban Limited Service	9.17%	◀▶
Focused Service	8.63%	◀▶

Debt Market Trends

Krissy Fry
Senior Vice President,
Debt & Structured Finance
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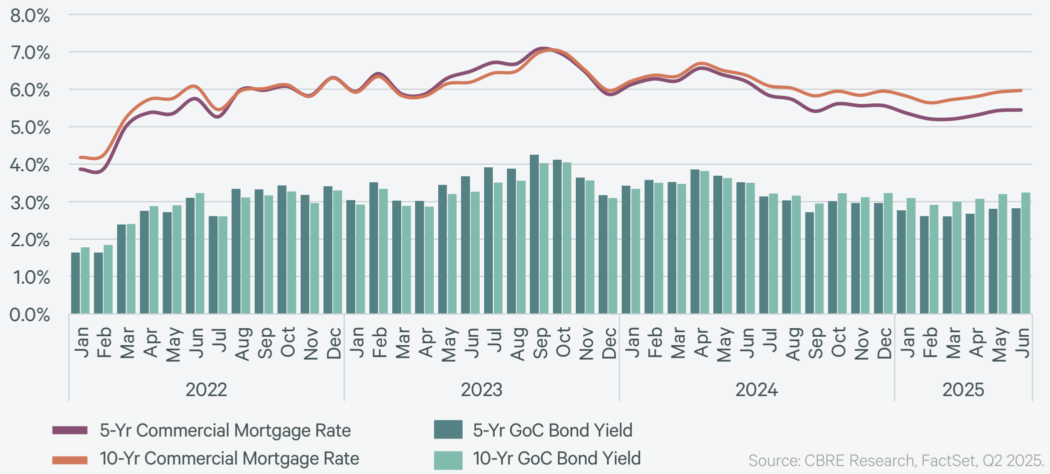
- Construction interest rates for new commercial builds experienced relative stability this quarter, supported by an unchanged Bank of Canada prime rate. However, Government of Canada (GOC) and Canada Mortgage Bond (CMB) yields increased by approximately 25-30 bps.
- This quarter saw a widening of spreads, disproportionately impacting smaller financing deals. The 5-year term continues to be the preferred option for clients, influenced by a 30 bps yield curve differential between 5- and 10-year terms.
- For CMHC term loans, the 5-year CMB product is in high demand, with allocations for 2026 CMBs now being deployed.
- Recent CMHC program changes, including those announced on July 3, 2025, are driving an increase in conventional financing utilization for multifamily construction projects. CMHC insured loans remain the preferred choice for term financing.

Mortgage Rates to Government of Canada Bonds



Source: CBRE Research, FactSet, Q2 2025.

Market Movers

	Q1 2025	Q2 2025	Change Q/Q	
5-Year Mortgage Spread Range				
	1.30% - 3.90%	**1.35% - 3.90%**	▲	**3 bps**
10-Year Mortgage Spread Range				
	1.45% - 4.00%	1.45% - 4.00%	◀▶	0 bps
CAD/USD				
	$0.6950	**$0.7348**	▲	**5.74%**
Canada Prime Rate				
	4.95%	4.95%	◀▶	0 bps
CORRA				
	2.770%	**2.750%**	▼	**-2 bps**
Western Canadian Select (USD)				
	$60.59	**$53.44**	▼	**-11.80%**

Source: CBRE Research, FactSet

Office Investment Trends

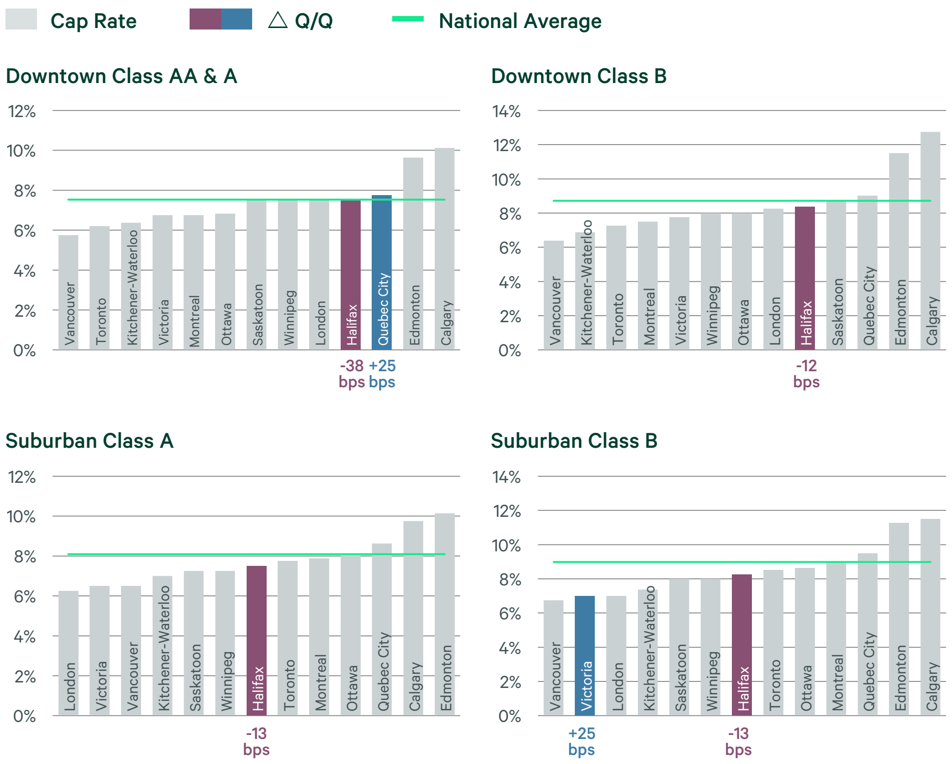
— National office cap rates held relatively steady in Q2 2025 with marginal quarter-over-quarter decreases across each asset class, driven by lower yields in Halifax. Modest cap rate increases were recorded in Quebec City's Downtown Class AA & A and Victoria's Suburban Class B, otherwise office yields were unchanged for all other markets and classes.

— Downtown office cap rates decreased slightly for both national average Class AA & A and Class B categories, with yields declining 5 bps quarter-over-quarter to 7.53% and 1 bps to 8.72%, respectively. Suburban office cap rates recorded a 2 bps decrease in Class A and Class B to 8.09% and 8.98%, respectively.

— With minimal national cap rate movements in Q2 2025, the spread between Downtown Class AA & A and Class B office yields widened slightly to 119 bps and held flat at 89 bps between Suburban Class A and Class B.

Historical Office Cap Rates

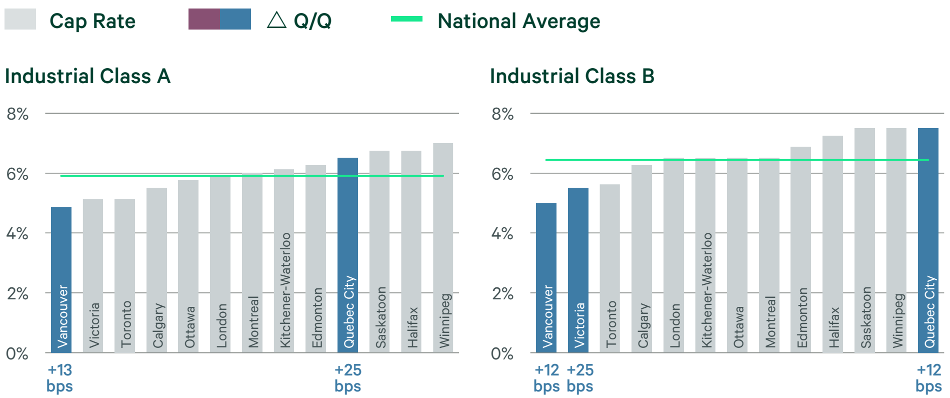
Regional Rankings



Industrial Investment Trends

- Overall industrial cap rates edged slightly higher in Q2 2025 with the national average Class A & B yield recording a marginal 1 bps increase quarter-over-quarter to 6.17%. On a year-over-year basis, the national industrial Class A & B cap rate has fallen 11 bps in Q2 2025.
- Both the national average Class A and Class B industrial yields rose by 2 bps quarter-over-quarter to 5.91% and 6.44% in Q2 2025 , respectively. Accordingly, the spread between classes remained flat at 53 bps.
- The increase in the national average cap rates was driven by modest yield expansion recorded in Vancouver. Cap rate increases were also noted in Quebec City and for Victoria Class B assets in Q2 2025.

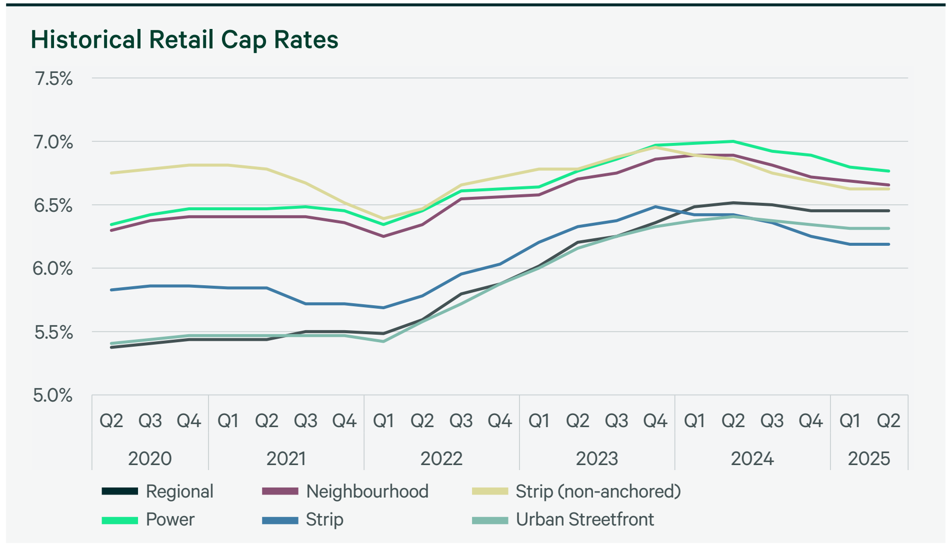
Regional Rankings



Historical Industrial Cap Rates

Retail Investment Trends

- The general cap rate compression seen in the retail sector over the last few quarters broadly slowed in Q2 2025. Following three consecutive quarters of modest yield compression across various markets and retail categories, cap rates were mostly unchanged in Q2 2025.
- The only movement recorded in retail cap rates for Q2 2025 was decreases in Toronto's Power and Neighbourhood categories that led to the national averages declining 3 bps to 6.77% and 6.66%, respectively.
- Strip retail cap rates continue to be the lowest among the major retail categories, with the national average holding flat at 6.19% in Q2 2025. Neighbourhood and Strip (Non-anchored) retail yields also remain close together with just 3 bps of spread between the national averages.



Regional rankings for High Street retail category not shown.

Multifamily Investment Trends

David Montressor

Vice Chairman,
National Apartment Group
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- National average multifamily cap rates were largely flat in Q2 2025 with most categories recording marginal quarter-over-quarter movements, aside from Low Rise Class B yields which saw the largest decline.
- Multifamily High Rise Class A cap rates edged marginally higher by 2 bps quarter-over-quarter to 4.44% in Q2 2025. Yields for High Rise Class B assets held steady at 4.75%.
- Low Rise multifamily yields compressed in Q2 2025, led by a 7 bps quarterly drop in Class B cap rates to 4.86% while Class A yields compressed slightly by 2 bps to 4.63%. On a year-over-year basis, Low Rise Class B remains the only multifamily category that has recorded a decrease in cap rates.
- Cap rate movements were recorded in select markets in Q2 2025, with some declines noted in Montreal and Winnipeg while increases were seen in Victoria, Vancouver and London.

Historical Multifamily Cap Rates

Regional Rankings

Seniors Housing Investment Trends

Mathew Burnett

Senior Vice President,
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- Capitalization rates remained stable across Canada in Q2 2025, marking the sixth consecutive quarter of minimal to no movement. This sustained period of stability follows a series of increases observed since 2022.
- Cap rates for Class A assets held steady this quarter, following brief periods of compression during the latter half of 2024 and Q1 2025. These compressions were largely driven by heightened transaction volumes and renewed institutional investor activity, which contributed to increased market liquidity. As a result, there is an increasing bifurcation in liquidity availability between Class A and Class B assets.
- Risk remains a central concern for investors, with in-place Net Operating Income (NOI) continuing to serve as the primary valuation metric in most transactions. Class A properties are attracting significant interest, with pricing and investor motivation closely tied to replacement cost benchmarks.

Historical Seniors Housing Cap Rates

Regional Rankings

Hotel Investment Trends

Luke Scheer

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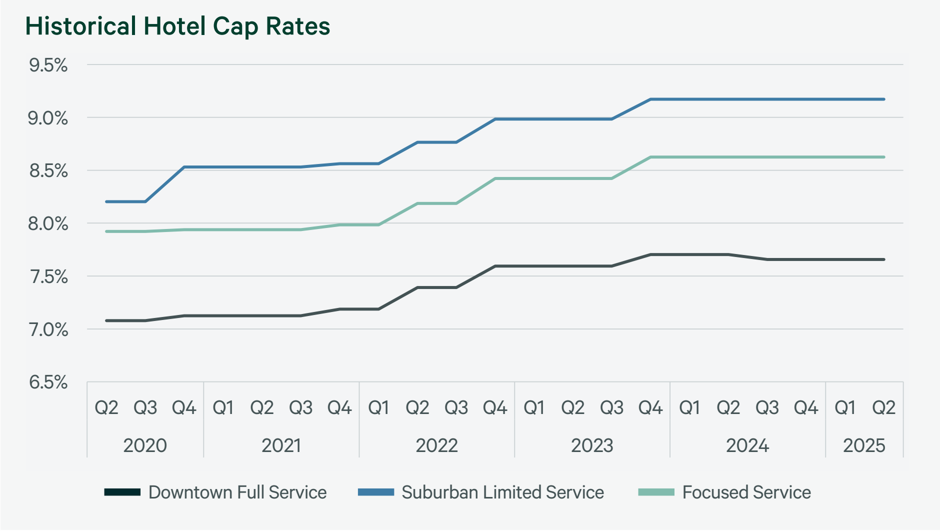
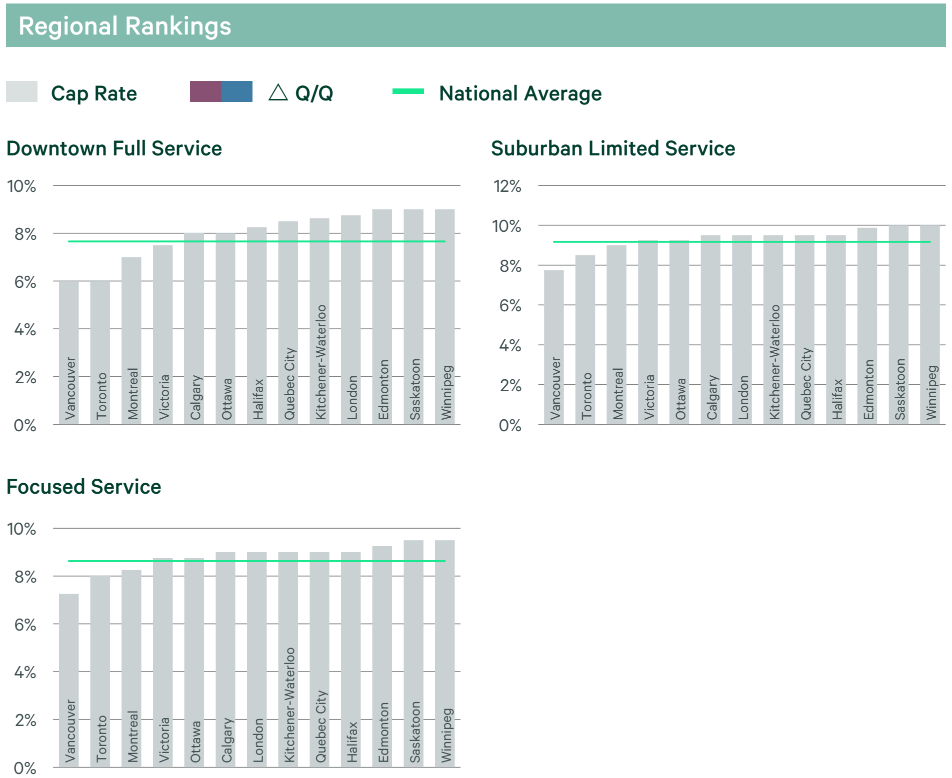
- With the recent pause on rate cuts, cap rates remain unchanged in Q2 2025. This has started a shift towards pricing equilibrium, particularly for core assets where strong fundamentals and limited supply continue to support valuations.
- Investment activity in the first half of 2025 remained consistent with levels observed in H1 2024, when excluding large portfolio transactions over $400 million. Momentum was primarily driven by notable single-asset transactions in key urban centres including Vancouver, Calgary and Toronto.
- While operating fundamentals have remained solid, the pace of annual growth has moderated, pressuring margins. Investor concerns have grown in response to broader uncertainty and a potential recession. Nevertheless, sentiment remains positive, particularly for high-performing assets in major metropolitan markets.
- Lenders remain optimistic with strong debt availability for well performing, high-quality hotels in major markets and value-add opportunities. U.S. investors continue to look to Canada for opportunities given significantly lower borrowing costs as seen by the recent sale of the Shangri-La Vancouver to Brookfield.





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Regional Investment Trends

Victoria Investment Trends

Ross Marshall

Senior Vice President

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- Persistent global trade disputes have weighed on investor confidence, delaying business decisions and dampening deal activity. Victoria has not been immune, with a marked slowdown in deal flow and cautious underwriting becoming the norm putting upward pressure on cap rates in most asset classes.
- Investor demand is growing for older multifamily, particularly those with below market rents and clear potential for income growth. These assets are increasingly seen as a resilient and opportunistic investment, offering stability and upside in an uncertain market. Most investors feel the recent downturn has stabilized and there is a growing sense of optimism for this asset class. That said, pricing remains a critical factor, with buyers remaining disciplined to ensure acquisitions are financeable in today's interest rate environment.
- Retail continues to experience steady demand, driven by relatively attractive yields and rent growth potential in a market that remains undersupplied compared to other cities. Notably, there is strong interest in suburban markets, especially for new build or mixed use developments that are attracting new to market national tenants looking to capitalize on the growing consumer base.

Historical Victoria Cap Rates

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	N/A	
A	6.50% - 7.00%	◀▶
B	7.50% - 8.00%	◀▶

Suburban Office		
A	6.25% - 6.75%	◀▶
B	**6.75% - 7.25%**	▲

Industrial		
A	5.00% - 5.25%	◀▶
B	**5.25% - 5.75%**	▲

Retail		
Regional	5.50% - 6.00%	◀▶
Power	5.50% - 6.00%	◀▶
Neighbourhood	5.25% - 5.75%	◀▶
Strip	5.25% - 5.75%	◀▶
Strip (non-anchored)	5.50% - 6.00%	◀▶
Urban Streetfront	5.75% - 6.25%	◀▶
High Street	5.75% - 6.00%	◀▶

Multifamily		
High Rise A	N/A	
High Rise B	**4.25% - 4.75%**	▲
Low Rise A	**4.50% - 5.00%**	▲
Low Rise B	**4.25% - 4.75%**	▲
New Construction	**4.75% - 5.25%**	▲

Seniors Housing		
Independent/Assisted Living A	5.50% - 6.00%	◀▶
Independent/Assisted Living B	7.50% - 8.00%	◀▶
Long Term Care A	7.00% - 7.50%	◀▶

Hotel		
Downtown Full Service	7.00% - 8.00%	◀▶
Suburban Limited Service	8.75% - 9.75%	◀▶
Focused Service	8.25% - 9.25%	◀▶

Vancouver Investment Trends

Jim Szabo

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National Investment Team

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- Cap rates remain mostly unchanged this quarter, however, there has been some cap rate decompression noted in the industrial sector. While the industrial market has been experiencing a "normalization" over the last few quarters as rental rate growth slows, there is still healthy appetite for this asset class, particularly for well-maintained assets with solid in-place lease profiles.
- There has been increased interest in Class A & AAA office from domestic and foreign groups due to this asset class performing well over the past 2 years and vacancy rates holding in the single digits.
- Newer multifamily assets continue to see solid demand in Metro Vancouver. This demand is expected to remain elevated through 2025 as there is significant capital chasing this product along with a lack of listings coming available and more scale than has been traditionally present in the B.C. market. Additionally, older multifamily properties that are well maintained and in certain submarkets have also seen an uptick in demand in the first half of 2025.
- Retail investment offerings have been scarce in the Vancouver market. Demand continues to be very strong for service-related retail product.

Historical Vancouver Cap Rates

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	5.25% - 6.00%	◀▶
A	5.50% - 6.25%	◀▶
B	6.00% - 6.75%	◀▶

Suburban Office		
A	6.25% - 6.75%	◀▶
B	6.50% - 7.00%	◀▶

Industrial		
A	**4.50% - 5.25%**	▲
B	**4.75% - 5.25%**	▲

Retail		
Regional	5.25% - 5.75%	◀▶
Power	5.50% - 6.00%	◀▶
Neighbourhood	5.25% - 5.75%	◀▶
Strip	5.00% - 5.50%	◀▶
Strip (non-anchored)	5.50% - 6.00%	◀▶
Urban Streetfront	5.25% - 5.75%	◀▶
High Street	5.25% - 5.75%	◀▶

Multifamily		
High Rise A	**3.00% - 3.50%**	▲
High Rise B	3.00% - 3.50%	◀▶
Low Rise A	3.25% - 4.25%	◀▶
Low Rise B	3.50% - 4.50%	◀▶
New Construction	**4.00% - 4.50%**	▲

Seniors Housing		
Independent/Assisted Living A	5.25% - 6.00%	◀▶
Independent/Assisted Living B	7.25% - 7.75%	◀▶
Long Term Care A	7.00% - 7.50%	◀▶

Hotel		
Downtown Full Service	5.25% - 6.75%	◀▶
Suburban Limited Service	7.00% - 8.50%	◀▶
Focused Service	6.50% - 8.00%	◀▶

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Calgary Investment Trends

Richie Bhamra

Executive Vice President,
National Investment Team

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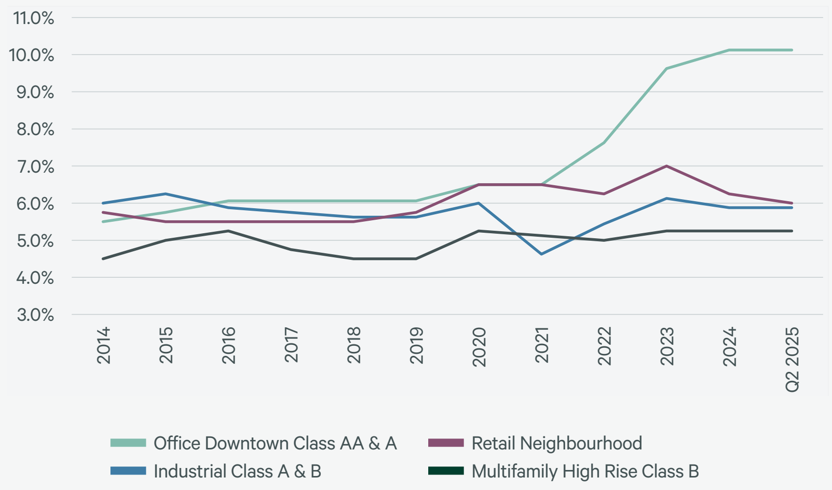
- Industrial transaction volume increased as leasing fundamentals improved compressing the bid-ask spreads seen throughout most of 2024. This bid-ask spread compression was aided by some institutional capital coming back into the sector.
- Anchored retail assets continued to be highly sought after by investors in Q2 2025, underpinned by a constraint of new development activity with projects requiring rents in excess of the mid to high $50s per square foot. This leasing scarcity is expected to further drive up achievable rental rates for existing products and lower the yields investors are willing to accept.
- Liquidity is returning to smaller scale IPP office deals as leasing velocity continues to increase, specifically for suburban office properties. Merger and acquisition activity in the oil and gas sector has held back absorption of downtown office space which in turn has held back transaction volumes.
- With the stabilizing of market rents and the availability of favourable debt terms, multifamily investment has remained at elevated levels.

Historical Calgary Cap Rates



Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	9.00% - 9.50%	◀▶
A	10.50% - 11.50%	◀▶
B	12.50% - 13.00%	◀▶

Suburban Office		
A	9.25% - 10.25%	◀▶
B	11.00% - 12.00%	◀▶

Industrial		
A	5.25% - 5.75%	◀▶
B	5.75% - 6.75%	◀▶

Retail		
Regional	5.50% - 6.50%	◀▶
Power	6.25% - 7.25%	◀▶
Neighbourhood	5.50% - 6.50%	◀▶
Strip	5.25% - 5.75%	◀▶
Strip (non-anchored)	5.75% - 6.25%	◀▶
Urban Streetfront	5.75% - 6.75%	◀▶
High Street	N/A	

Multifamily		
High Rise A	4.50% - 5.00%	◀▶
High Rise B	5.00% - 5.50%	◀▶
Low Rise A	4.75% - 5.25%	◀▶
Low Rise B	5.00% - 5.50%	◀▶
New Construction	4.50% - 5.25%	◀▶

Seniors Housing		
Independent/Assisted Living A	6.25% - 7.00%	◀▶
Independent/Assisted Living B	8.00% - 8.75%	◀▶
Long Term Care A	7.75% - 8.50%	◀▶

Hotel		
Downtown Full Service	7.50% - 8.50%	◀▶
Suburban Limited Service	9.00% - 10.00%	◀▶
Focused Service	8.50% - 9.50%	◀▶

Edmonton Investment Trends

Dave Young

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National Investment Team
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- Private capital is actively chasing unanchored strip and open-air retail. Bid-ask spreads for grocery anchored retail is beginning to narrow as demand for this product type outweighs available supply.
- Strong population and labour force indicators support continued rental rate growth for good quality multifamily product in neighbourhoods with access to desirable rental amenities.
- Industrial transaction activity this past quarter has been muted as private capital patiently waits on the sidelines for accretive value-add opportunities.

Historical Edmonton Cap Rates

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	7.75% - 8.75%	◀▶
A	10.50% - 11.50%	◀▶
B	11.00% - 12.00%	◀▶
Suburban Office		
A	9.75% - 10.50%	◀▶
B	10.50% - 12.00%	◀▶
Industrial		
A	6.00% - 6.50%	◀▶
B	6.50% - 7.25%	◀▶
Retail		
Regional	5.75% - 7.00%	◀▶
Power	7.00% - 8.00%	◀▶
Neighbourhood	7.00% - 8.00%	◀▶
Strip	6.00% - 6.50%	◀▶
Strip (non-anchored)	6.75% - 7.25%	◀▶
Urban Streetfront	7.00% - 7.50%	◀▶
High Street	N/A	

Multifamily		
High Rise A	4.50% - 5.00%	◀▶
High Rise B	4.75% - 5.25%	◀▶
Low Rise A	4.75% - 5.50%	◀▶
Low Rise B	5.00% - 5.75%	◀▶
New Construction	4.50% - 5.00%	◀▶
Seniors Housing		
Independent/Assisted Living A	6.25% - 7.00%	◀▶
Independent/Assisted Living B	8.00% - 8.75%	◀▶
Long Term Care A	7.75% - 8.50%	◀▶
Hotel		
Downtown Full Service	8.25% - 9.75%	◀▶
Suburban Limited Service	9.25% - 10.50%	◀▶
Focused Service	8.50% - 10.00%	◀▶

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Saskatoon Investment Trends

Michael Bratvold

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Managing Director
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- Despite rising demand, product availability remains limited across the province and transaction velocity has been subdued in the most recent quarter. Investment interest in multifamily, industrial, retail properties and development land remains robust, fueled by ongoing rent growth.
- Saskatchewan's strong population growth and positive GDP forecasts are attracting significant investment capital from outside the province. Record-breaking capital investment in the mining and minerals sectors further strengthens the underlying real estate market.
- Scarcity of development land is contributing to sustained rent increases. Both Saskatoon and the broader Saskatchewan market are experiencing historically low vacancy rates for retail, industrial, and multifamily properties.

Historical Saskatoon Cap Rates

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	N/A	
A	7.25% - 7.75%	◀▶
B	8.25% - 9.25%	◀▶

Suburban Office		
A	7.00% - 7.50%	◀▶
B	7.75% - 8.25%	◀▶

Industrial		
A	6.50% - 7.00%	◀▶
B	7.25% - 7.75%	◀▶

Retail		
Regional	6.50% - 6.75%	◀▶
Power	6.50% - 6.75%	◀▶
Neighbourhood	6.75% - 7.50%	◀▶
Strip	6.50% - 7.00%	◀▶
Strip (non-anchored)	7.50% - 7.75%	◀▶
Urban Streetfront	7.00% - 7.50%	◀▶
High Street	N/A	

Multifamily		
High Rise A	N/A	
High Rise B	5.25% - 5.75%	◀▶
Low Rise A	5.50% - 6.00%	◀▶
Low Rise B	6.25% - 6.75%	◀▶
New Construction	5.00% - 5.50%	◀▶

Seniors Housing		
Independent/Assisted Living A	6.50% - 7.25%	◀▶
Independent/Assisted Living B	8.50% - 9.25%	◀▶
Long Term Care A	N/A	

Hotel		
Downtown Full Service	8.25% - 9.75%	◀▶
Suburban Limited Service	9.25% - 10.75%	◀▶
Focused Service	8.75% - 10.25%	◀▶

Winnipeg Investment Trends

Paul Kornelsen
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Managing Director
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- LS Properties announced the acquisition of 895-915 Empress Street within the Polo Park retail node. The 57,000 sq. ft. retail strip, shadow-anchored by Walmart, features a strong roster of national tenants including CIBC, PetSmart and Bulk Barn.
- Parkit Enterprise sold six Winnipeg industrial buildings to PROREIT this quarter, as the industrial market continues to demonstrate robust fundamentals. The six buildings comprise 678,000 sq. ft. of gross leasable area and were sold for $96.5 million.
- The Bank of Canada maintained policy interest rates in the second quarter of 2025. Ongoing tariff disputes and global tensions have exerted downward pressure on Canada's already slow economic growth. A significant rate cut is not anticipated through the end of 2025.

Historical Winnipeg Cap Rates

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	N/A	
A	7.00% - 8.00%	◀▶
B	7.50% - 8.50%	◀▶
Suburban Office		
A	6.75% - 7.75%	◀▶
B	7.50% - 8.50%	◀▶
Industrial		
A	6.25% - 7.75%	◀▶
B	7.00% - 8.00%	◀▶
Retail		
Regional	6.50% - 7.50%	◀▶
Power	6.50% - 7.50%	◀▶
Neighbourhood	7.00% - 7.25%	◀▶
Strip	6.25% - 7.25%	◀▶
Strip (non-anchored)	7.00% - 7.50%	◀▶
Urban Streetfront	7.00% - 7.50%	◀▶
High Street	N/A	

Multifamily		
High Rise A	N/A	
High Rise B	4.75% - 5.25%	◀▶
Low Rise A	**4.50% - 5.00%**	▼
Low Rise B	**4.75% - 5.25%**	▼
New Construction	N/A	
Seniors Housing		
Independent/Assisted Living A	6.50% - 7.25%	◀▶
Independent/Assisted Living B	8.50% - 9.25%	◀▶
Long Term Care A	N/A	
Hotel		
Downtown Full Service	8.25% - 9.75%	◀▶
Suburban Limited Service	9.25% - 10.75%	◀▶
Focused Service	8.75% - 10.25%	◀▶

London Investment Trends

Kevin MacDougall
Vice President
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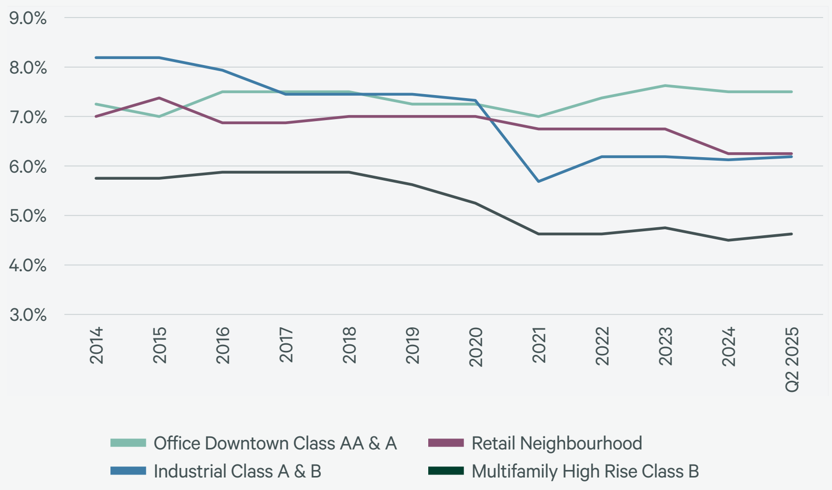
- The London investment market has been quiet in 2025, as investors await increased certainty from geopolitical factors.
- Financial institutions are more stringent in their underwriting, which may require sellers to consider vendor takeback mortgages.
- There remains a delta between seller and buyer expectations for pricing and deal terms.
- Active buyers with the financial capacity to complete deals without financing are awaiting opportunities in a distressed market.

Historical London Cap Rates



Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	N/A	
A	7.00% - 8.00%	◀▶
B	7.75% - 8.75%	◀▶

Suburban Office		
A	5.75% - 6.75%	◀▶
B	6.50% - 7.50%	◀▶

Industrial		
A	5.50% - 6.25%	◀▶
B	6.00% - 7.00%	◀▶

Retail		
Regional	6.00% - 7.00%	◀▶
Power	6.00% - 7.00%	◀▶
Neighbourhood	5.75% - 6.75%	◀▶
Strip	5.50% - 6.75%	◀▶
Strip (non-anchored)	5.75% - 7.00%	◀▶
Urban Streetfront	6.50% - 7.50%	◀▶
High Street	N/A	

Multifamily		
High Rise A	4.00% - 4.75%	◀▶
High Rise B	4.25% - 5.00%	◀▶
Low Rise A	**4.25% - 5.25%**	▲
Low Rise B	**4.50% - 5.50%**	▲
New Construction	4.50% - 5.25%	◀▶

Seniors Housing		
Independent/Assisted Living A	6.25% - 6.75%	◀▶
Independent/Assisted Living B	7.75% - 8.50%	◀▶
Long Term Care A	7.25% - 7.75%	◀▶

Hotel		
Downtown Full Service	8.00% - 9.50%	◀▶
Suburban Limited Service	9.00% - 10.00%	◀▶
Focused Service	8.50% - 9.50%	◀▶

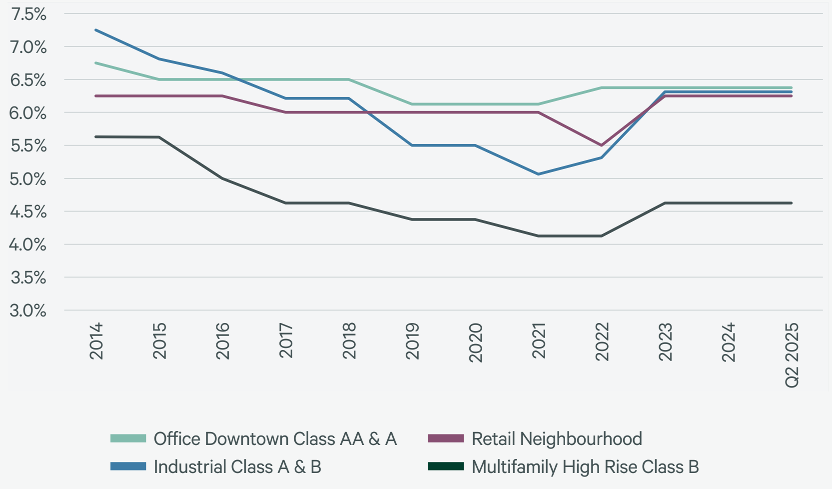
Investment
Debt Market
Office
Industrial
Retail
Multifamily
Seniors Housing
Hotel
Victoria
Vancouver
Calgary
Edmonton
Saskatoon
Winnipeg
London
Kitchener-Waterloo
Toronto
Ottawa
Montreal
Quebec City
Halifax
Cap Rate Summary
Glossary of Terms

Kitchener-Waterloo Investment Trends

Joe Benninger
Vice President
www.cbre.ca/joe.benninger

- In the face of substantial deliveries, multifamily vacancy rates have increased, offering some relief to renters from a market that has been exceptionally tight for many years. Investment activity in Q2 2025 was minimal with only 1 transaction over 50 units, however, YTD volumes are outpacing the full year 2024 total by nearly $70 million.
- Bifurcation in the industrial market continues with small to mid bay product seeing very low availability and stable rental rates, while larger bay has rising vacancy and leasing rates propped up by incentives.
- Most retail transaction activity has been in the strip category with lots of capital interested in grocery-anchored plazas or retail with development potential adjacent lands.
- Some office leasing activity is happening and sale transaction volume is way down but there has been notable deal activity, primarily from owner-occupiers. Transactions are occurring in the suburban market in properties with high parking ratios.

Historical Kitchener-Waterloo Cap Rates



Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	N/A	
A	6.00% - 6.75%	◀▶
B	6.50% - 7.25%	◀▶

Suburban Office		
A	6.50% - 7.50%	◀▶
B	7.00% - 7.75%	◀▶

Industrial		
A	5.75% - 6.50%	◀▶
B	6.00% - 7.00%	◀▶

Retail		
Regional	6.00% - 6.50%	◀▶
Power	6.00% - 6.50%	◀▶
Neighbourhood	6.00% - 6.50%	◀▶
Strip	5.50% - 6.35%	◀▶
Strip (non-anchored)	6.00% - 6.50%	◀▶
Urban Streetfront	6.00% - 7.00%	◀▶
High Street	N/A	

Multifamily		
High Rise A	4.25% - 4.75%	◀▶
High Rise B	4.25% - 5.00%	◀▶
Low Rise A	4.25% - 5.25%	◀▶
Low Rise B	4.25% - 5.50%	◀▶
New Construction	4.25% - 4.75%	◀▶

Seniors Housing		
Independent/Assisted Living A	6.25% - 6.75%	◀▶
Independent/Assisted Living B	7.75% - 8.50%	◀▶
Long Term Care A	7.25% - 7.75%	◀▶

Hotel		
Downtown Full Service	8.00% - 9.25%	◀▶
Suburban Limited Service	9.00% - 10.00%	◀▶
Focused Service	8.50% - 9.50%	◀▶

Toronto Investment Trends

Peter Senst

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

- Recent market uncertainty has made pricing real estate assets a challenge. Every time the market started to get more comfortable with pricing levels, another macro issue emerged that investors would have to digest. From the ongoing global trade war and rising geopolitical conflicts, markets have had to continually adjust to new and changing dynamics.
- Larger transactions are more difficult to complete in the current environment while smaller deals have been comparatively easier to finalize.
- Despite the elevated market uncertainty, deals have continued to transact and particularly for multifamily and retail assets. Industrial remains active albeit slightly softer given easing market fundamentals. Investors are also taking a reenergized approach when it comes to office.
- Better positioned assets are performing well overall, aside from land which continues to see challenges.

Historical Toronto Cap Rates

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	5.25% - 6.00%	◀▶
A	6.25% - 7.25%	◀▶
B	6.75% - 7.75%	◀▶

Suburban Office		
A	7.25% - 8.25%	◀▶
B	8.00% - 9.00%	◀▶

Industrial		
A	5.00% - 5.25%	◀▶
B	5.25% - 6.00%	◀▶

Retail		
Regional	5.25% - 7.00%	◀▶
Power	**5.75% - 7.00%**	▼
Neighbourhood	**5.50% - 6.50%**	▼
Strip	5.00% - 6.00%	◀▶
Strip (non-anchored)	5.25% - 6.50%	◀▶
Urban Streetfront	5.00% - 5.50%	◀▶
High Street	5.00% - 5.50%	◀▶

Multifamily		
High Rise A	3.85% - 4.75%	◀▶
High Rise B	4.00% - 5.00%	◀▶
Low Rise A	3.85% - 4.75%	◀▶
Low Rise B	4.00% - 5.00%	◀▶
New Construction	4.00% - 4.75%	◀▶

Seniors Housing		
Independent/Assisted Living A	5.75% - 6.50%	◀▶
Independent/Assisted Living B	7.25% - 8.00%	◀▶
Long Term Care A	7.25% - 7.75%	◀▶

Hotel		
Downtown Full Service	5.25% - 6.75%	◀▶
Suburban Limited Service	8.00% - 9.00%	◀▶
Focused Service	7.50% - 8.50%	◀▶

Ottawa Investment Trends

Nico Zentil

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

- Ottawa investment volume has seen a slower first half than in previous recorded years but remains consistent with the rest of the country.
- The most actively traded asset classes are office and multifamily which will likely be a consistent outlook for the remainder of the year with several larger deals being marketed and set to trade by the start of the next quarter.
- With the new Federal Government in place and a trend from some of the larger Canadian corporations to pull their employees back into the office, confidence has grown in the office sector - particularly positive news for the overall market given its heavy office concentration.
- The Ottawa multifamily market continues to be one of the top performers in the country, characterized by low vacancy, strong fundamentals and positive rent growth. Expect to see a healthy degree of trading volume in this sector in 2025.
- Grocery-anchored retail remains in the most demand but offers the least supply to investors and lenders seeking exposure to this sector.

Historical Ottawa Cap Rates

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	6.25% - 6.50%	◀▶
A	6.75% - 7.75%	◀▶
B	7.50% - 8.50%	◀▶

Suburban Office		
A	7.50% - 8.50%	◀▶
B	8.25% - 9.00%	◀▶

Industrial		
A	5.50% - 6.00%	◀▶
B	6.25% - 6.75%	◀▶

Retail		
Regional	6.00% - 6.50%	◀▶
Power	6.25% - 6.75%	◀▶
Neighbourhood	6.25% - 6.75%	◀▶
Strip	6.25% - 6.75%	◀▶
Strip (non-anchored)	6.00% - 7.00%	◀▶
Urban Streetfront	5.75% - 6.25%	◀▶
High Street	N/A	

Multifamily		
High Rise A	4.50% - 5.00%	◀▶
High Rise B	4.80% - 5.65%	◀▶
Low Rise A	4.50% - 5.00%	◀▶
Low Rise B	5.05% - 5.65%	◀▶
New Construction	4.50% - 4.75%	◀▶

Seniors Housing		
Independent/Assisted Living A	6.00% - 6.50%	◀▶
Independent/Assisted Living B	7.50% - 8.25%	◀▶
Long Term Care A	7.25% - 7.75%	◀▶

Hotel		
Downtown Full Service	7.50% - 8.50%	◀▶
Suburban Limited Service	8.75% - 9.75%	◀▶
Focused Service	8.25% - 9.25%	◀▶

Montreal Investment Trends

Scott Speirs
Vice Chairman,
National Investment Team
www.cbre.ca/scott.speirs

- Multifamily leasing fundamentals remain resilient relative to Toronto and Vancouver, increasing the focus of Canadian institutional capital to the Montreal market.
- As the office leasing market begins to see signs of recovery in specific submarkets, investment volumes remain driven by private capital with significant benchmark user transactions in progress.
- Retail's resurgence continues to gain momentum as investor demand expands beyond necessity-based to non-anchored and enclosed assets.
- Industrial transaction volumes remain limited given the ongoing bid-ask spread, while investors maintain their selective approach with continued interest in two key products – small-bay and long-term leased assets with strong credit tenants.

Historical Montreal Cap Rates

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	6.25% - 6.75%	◀▶
A	6.75% - 7.25%	◀▶
B	7.25% - 7.75%	◀▶

Suburban Office		
A	7.50% - 8.25%	◀▶
B	8.50% - 9.50%	◀▶

Industrial		
A	5.75% - 6.25%	◀▶
B	6.25% - 6.75%	◀▶

Retail		
Regional	6.00% - 6.75%	◀▶
Power	6.75% - 7.50%	◀▶
Neighbourhood	6.75% - 7.50%	◀▶
Strip	6.00% - 6.50%	◀▶
Strip (non-anchored)	6.50% - 7.25%	◀▶
Urban Streetfront	5.25% - 5.75%	◀▶
High Street	N/A	

Multifamily		
High Rise A	4.25% - 4.75%	◀▶
High Rise B	4.50% - 5.00%	◀▶
Low Rise A	4.50% - 4.75%	◀▶
Low Rise B	**4.25% - 4.50%**	▼
New Construction	4.25% - 4.75%	◀▶

Seniors Housing		
Independent/Assisted Living A	6.00% - 6.75%	◀▶
Independent/Assisted Living B	7.75% - 8.75%	◀▶
Long Term Care A	8.00% - 8.50%	◀▶

Hotel		
Downtown Full Service	6.50% - 7.50%	◀▶
Suburban Limited Service	8.50% - 9.50%	◀▶
Focused Service	7.50% - 9.00%	◀▶

Quebec City Investment Trends

Patrick Soucy

Executive Vice President

www.cbre.ca/patrick.soucy

- Industrial cap rates edged higher in Q2 2025, reflecting a more cautious outlook amid rising vacancy and a slight slowdown in absorption. Despite these shifts, the sector remains fundamentally strong, underpinned by steady rental rates and ongoing demand from manufacturing and logistics. Market conditions are becoming more balanced, offering tenants greater flexibility.
- Class A office cap rates also saw a modest increase, as investors reassessed risk in light of persistent hybrid work trends and elevated vacancy levels. However, leasing activity showed signs of stabilization, particularly in urban cores where well-located, amenity-rich buildings are regaining tenant interest.
- The multifamily sector continued to perform well, with high levels of new construction still unable to fully meet the demands of rapid population growth. Investor appetite remained strong, especially for properties with value-add opportunities. In Q2 2025, rent growth continued but at a slower pace due to provincial rent control measures, while vacancy rates remained relatively stable despite the influx of new supply.

Historical Quebec City Cap Rates

Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	N/A	
A	**7.25% - 8.25%**	▲
B	8.50% - 9.50%	◀▶

Suburban Office		
A	8.25% - 9.00%	◀▶
B	9.00% - 10.00%	◀▶

Industrial		
A	**6.00% - 7.00%**	▲
B	**7.00% - 8.00%**	▲

Retail		
Regional	7.25% - 8.00%	◀▶
Power	7.75% - 8.50%	◀▶
Neighbourhood	9.00% - 10.00%	◀▶
Strip	6.75% - 7.75%	◀▶
Strip (non-anchored)	8.75% - 9.25%	◀▶
Urban Streetfront	N/A	
High Street	N/A	

Multifamily		
High Rise A	4.25% - 5.00%	◀▶
High Rise B	5.00% - 6.00%	◀▶
Low Rise A	4.50% - 5.25%	◀▶
Low Rise B	5.00% - 6.00%	◀▶
New Construction	4.25% - 4.75%	◀▶

Seniors Housing		
Independent/Assisted Living A	6.50% - 7.00%	◀▶
Independent/Assisted Living B	8.00% - 9.00%	◀▶
Long Term Care A	8.25% - 8.75%	◀▶

Hotel		
Downtown Full Service	8.00% - 9.00%	◀▶
Suburban Limited Service	9.00% - 10.00%	◀▶
Focused Service	8.50% - 9.50%	◀▶

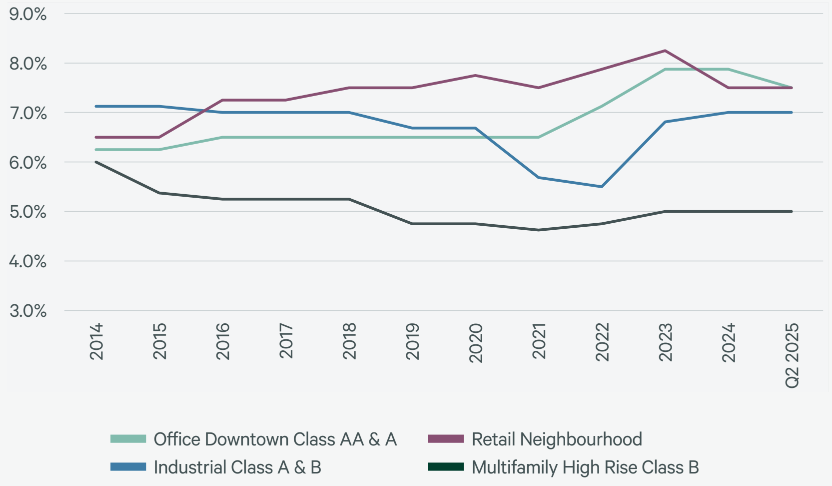
Halifax Investment Trends

Bob Mussett

Chairman,
CBRE Capital
www.cbre.ca/bob.mussett

- Investment in the Halifax region continues to be driven by private buyers. Deal flow is steady, but smaller transactions (sub $10 million) account for the majority of activity.
- Office fundamentals are improving with Halifax seeing decreasing vacancy rates. Overall office market vacancy in Q2 2025 is 12.1% but is down to 9.6% in the suburban areas.
- Halifax multifamily developments have seen little to no levels of distress, which differs from trends seen in other markets in the country.

Historical Halifax Cap Rates



Q2 2025 Cap Rates

Downtown Office		△Q/Q
AA	N/A	
A	**7.00% - 8.00%**	▼
B	**8.00% - 8.75%**	▼

Suburban Office		
A	**7.00% - 8.00%**	▼
B	**7.75% - 8.75%**	▼

Industrial		
A	6.50% - 7.00%	◀▶
B	7.00% - 7.50%	◀▶

Retail		
Regional	7.50% - 8.50%	◀▶
Power	6.75% - 7.50%	◀▶
Neighbourhood	7.00% - 8.00%	◀▶
Strip	7.00% - 8.00%	◀▶
Strip (non-anchored)	7.25% - 8.25%	◀▶
Urban Streetfront	7.25% - 7.75%	◀▶
High Street	N/A	

Multifamily		
High Rise A	4.50% - 5.00%	◀▶
High Rise B	4.75% - 5.25%	◀▶
Low Rise A	4.50% - 5.00%	◀▶
Low Rise B	4.75% - 5.25%	◀▶
New Construction	4.50% - 5.00%	◀▶

Seniors Housing		
Independent/Assisted Living A	6.50% - 7.50%	◀▶
Independent/Assisted Living B	8.00% - 9.00%	◀▶
Long Term Care A	8.25% - 8.75%	◀▶

Hotel		
Downtown Full Service	7.50% - 9.00%	◀▶
Suburban Limited Service	9.00% - 10.00%	◀▶
Focused Service	8.50% - 9.50%	◀▶

Q2 2025 Canadian Cap Rates

△Q/Q

Downtown office	Victoria	Vancouver	Calgary	Edmonton	Saskatoon	Winnipeg	London
AA	N/A	5.25% - 6.00% ◀▶	9.00% - 9.50% ◀▶	7.75% - 8.75% ◀▶	N/A	N/A	N/A
A	6.50% - 7.00% ◀▶	5.50% - 6.25% ◀▶	10.50% - 11.50% ◀▶	10.50% - 11.50% ◀▶	7.25% - 7.75% ◀▶	7.00% - 8.00% ◀▶	7.00% - 8.00% ◀▶
B	7.50% - 8.00% ◀▶	6.00% - 6.75% ◀▶	12.50% - 13.00% ◀▶	11.00% - 12.00% ◀▶	8.25% - 9.25% ◀▶	7.50% - 8.50% ◀▶	7.75% - 8.75% ◀▶
Suburban Office							
A	6.25% - 6.75% ◀▶	6.25% - 6.75% ◀▶	9.25% - 10.25% ◀▶	9.75% - 10.50% ◀▶	7.00% - 7.50% ◀▶	6.75% - 7.75% ◀▶	5.75% - 6.75% ◀▶
B	**6.75% - 7.25%** ▲	6.50% - 7.00% ◀▶	11.00% - 12.00% ◀▶	10.50% - 12.00% ◀▶	7.75% - 8.25% ◀▶	7.50% - 8.50% ◀▶	6.50% - 7.50% ◀▶
Industrial							
A	5.00% - 5.25% ◀▶	**4.50% - 5.25%** ▲	5.25% - 5.75% ◀▶	6.00% - 6.50% ◀▶	6.50% - 7.00% ◀▶	6.25% - 7.75% ◀▶	5.50% - 6.25% ◀▶
B	**5.25% - 5.75%** ▲	**4.75% - 5.25%** ▲	5.75% - 6.75% ◀▶	6.50% - 7.25% ◀▶	7.25% - 7.75% ◀▶	7.00% - 8.00% ◀▶	6.00% - 7.00% ◀▶
Retail							
Regional	5.50% - 6.00% ◀▶	5.25% - 5.75% ◀▶	5.50% - 6.50% ◀▶	5.75% - 7.00% ◀▶	6.50% - 6.75% ◀▶	6.50% - 7.50% ◀▶	6.00% - 7.00% ◀▶
Power	5.50% - 6.00% ◀▶	5.50% - 6.00% ◀▶	6.25% - 7.25% ◀▶	7.00% - 8.00% ◀▶	6.50% - 6.75% ◀▶	6.50% - 7.50% ◀▶	6.00% - 7.00% ◀▶
Neighbourhood	5.25% - 5.75% ◀▶	5.25% - 5.75% ◀▶	5.50% - 6.50% ◀▶	7.00% - 8.00% ◀▶	6.75% - 7.50% ◀▶	7.00% - 7.25% ◀▶	5.75% - 6.75% ◀▶
Strip	5.25% - 5.75% ◀▶	5.00% - 5.50% ◀▶	5.25% - 5.75% ◀▶	6.00% - 6.50% ◀▶	6.50% - 7.00% ◀▶	6.25% - 7.25% ◀▶	5.50% - 6.75% ◀▶
Non-anchored Strip Mall	5.50% - 6.00% ◀▶	5.50% - 6.00% ◀▶	5.75% - 6.25% ◀▶	6.75% - 7.25% ◀▶	7.50% - 7.75% ◀▶	7.00% - 7.50% ◀▶	5.75% - 7.00% ◀▶
Urban Streetfront	5.75% - 6.25% ◀▶	5.25% - 5.75% ◀▶	5.75% - 6.75% ◀▶	7.00% - 7.50% ◀▶	7.00% - 7.50% ◀▶	7.00% - 7.50% ◀▶	6.50% - 7.50% ◀▶
High Street	5.75% - 6.00% ◀▶	5.25% - 5.75% ◀▶	N/A	N/A	N/A	N/A	N/A
Multifamily							
High Rise A	N/A	**3.00% - 3.50%** ▲	4.50% - 5.00% ◀▶	4.50% - 5.00% ◀▶	N/A	N/A	4.00% - 4.75% ◀▶
High Rise B	**4.25% - 4.75%** ▲	3.00% - 3.50% ◀▶	5.00% - 5.50% ◀▶	4.75% - 5.25% ◀▶	5.25% - 5.75% ◀▶	4.75% - 5.25% ◀▶	4.25% - 5.00% ◀▶
Low Rise A	**4.50% - 5.00%** ▲	3.25% - 4.25% ◀▶	4.75% - 5.25% ◀▶	4.75% - 5.50% ◀▶	5.50% - 6.00% ◀▶	**4.50% - 5.00%** ▼	**4.25% - 5.25%** ▲
Low Rise B	**4.25% - 4.75%** ▲	3.50% - 4.50% ◀▶	5.00% - 5.50% ◀▶	5.00% - 5.75% ◀▶	6.25% - 6.75% ◀▶	**4.75% - 5.25%** ▼	**4.50% - 5.50%** ▲
New Construction	**4.75% - 5.25%** ▲	**4.00% - 4.50%** ▲	4.50% - 5.25% ◀▶	4.50% - 5.00% ◀▶	5.00% - 5.50% ◀▶	N/A	4.50% - 5.25% ◀▶
Seniors Housing							
Independent/Assisted Living A	5.50% - 6.00% ◀▶	5.25% - 6.00% ◀▶	6.25% - 7.00% ◀▶	6.25% - 7.00% ◀▶	6.50% - 7.25% ◀▶	6.50% - 7.25% ◀▶	6.25% - 6.75% ◀▶
Independent/Assisted Living B	7.50% - 8.00% ◀▶	7.25% - 7.75% ◀▶	8.00% - 8.75% ◀▶	8.00% - 8.75% ◀▶	8.50% - 9.25% ◀▶	8.50% - 9.25% ◀▶	7.75% - 8.50% ◀▶
Long Term Care A	7.00% - 7.50% ◀▶	7.00% - 7.50% ◀▶	7.75% - 8.50% ◀▶	7.75% - 8.50% ◀▶	N/A	N/A	7.25% - 7.75% ◀▶
Hotel							
Downtown Full Service	7.00% - 8.00% ◀▶	5.25% - 6.75% ◀▶	7.50% - 8.50% ◀▶	8.25% - 9.75% ◀▶	8.25% - 9.75% ◀▶	8.25% - 9.75% ◀▶	8.00% - 9.50% ◀▶
Suburban Limited Service	8.75% - 9.75% ◀▶	7.00% - 8.50% ◀▶	9.00% - 10.00% ◀▶	9.25% - 10.50% ◀▶	9.25% - 10.75% ◀▶	9.25% - 10.75% ◀▶	9.00% - 10.00% ◀▶
Focused Service	8.25% - 9.25% ◀▶	6.50% - 8.00% ◀▶	8.50% - 9.50% ◀▶	8.50% - 10.00% ◀▶	8.75% - 10.25% ◀▶	8.75% - 10.25% ◀▶	8.50% - 9.50% ◀▶

Q2 2025 Canadian Cap Rates

△Q/Q

Downtown office	Kitchener-Waterloo		Toronto		Ottawa		Montreal		Quebec City		Halifax	
AA	N/A		5.25% - 6.00%	◀▶	6.25% - 6.50%	◀▶	6.25% - 6.75%	◀▶	N/A		N/A	
A	6.00% - 6.75%	◀▶	6.25% - 7.25%	◀▶	6.75% - 7.75%	◀▶	6.75% - 7.25%	◀▶	**7.25% - 8.25%**	▲	**7.00% - 8.00%**	▼
B	6.50% - 7.25%	◀▶	6.75% - 7.75%	◀▶	7.50% - 8.50%	◀▶	7.25% - 7.75%	◀▶	8.50% - 9.50%	◀▶	**8.00% - 8.75%**	▼
Suburban Office												
A	6.50% - 7.50%	◀▶	7.25% - 8.25%	◀▶	7.50% - 8.50%	◀▶	7.50% - 8.25%	◀▶	8.25% - 9.00%	◀▶	**7.00% - 8.00%**	▼
B	7.00% - 7.75%	◀▶	8.00% - 9.00%	◀▶	8.25% - 9.00%	◀▶	8.50% - 9.50%	◀▶	9.00% - 10.00%	◀▶	**7.75% - 8.75%**	▼
Industrial												
A	5.75% - 6.50%	◀▶	5.00% - 5.25%	◀▶	5.50% - 6.00%	◀▶	5.75% - 6.25%	◀▶	**6.00% - 7.00%**	▲	6.50% - 7.00%	◀▶
B	6.00% - 7.00%	◀▶	5.25% - 6.00%	◀▶	6.25% - 6.75%	◀▶	6.25% - 6.75%	◀▶	**7.00% - 8.00%**	▲	7.00% - 7.50%	◀▶
Retail												
Regional	6.00% - 6.50%	◀▶	5.25% - 7.00%	◀▶	6.00% - 6.50%	◀▶	6.00% - 6.75%	◀▶	7.25% - 8.00%	◀▶	7.50% - 8.50%	◀▶
Power	6.00% - 6.50%	◀▶	**5.75% - 7.00%**	▼	6.25% - 6.75%	◀▶	6.75% - 7.50%	◀▶	7.75% - 8.50%	◀▶	6.75% - 7.50%	◀▶
Neighbourhood	6.00% - 6.50%	◀▶	**5.50% - 6.50%**	▼	6.25% - 6.75%	◀▶	6.75% - 7.50%	◀▶	9.00% - 10.00%	◀▶	7.00% - 8.00%	◀▶
Strip	5.50% - 6.35%	◀▶	5.00% - 6.00%	◀▶	6.25% - 6.75%	◀▶	6.00% - 6.50%	◀▶	6.75% - 7.75%	◀▶	7.00% - 8.00%	◀▶
Non-anchored Strip Mall	6.00% - 6.50%	◀▶	5.25% - 6.50%	◀▶	6.00% - 7.00%	◀▶	6.50% - 7.25%	◀▶	8.75% - 9.25%	◀▶	7.25% - 8.25%	◀▶
Urban Streetfront	6.00% - 7.00%	◀▶	5.00% - 5.50%	◀▶	5.75% - 6.25%	◀▶	5.25% - 5.75%	◀▶	N/A		7.25% - 7.75%	◀▶
High Street	N/A		5.00% - 5.50%	◀▶	N/A		N/A		N/A		N/A	
Multifamily												
High Rise A	4.25% - 4.75%	◀▶	3.85% - 4.75%	◀▶	4.50% - 5.00%	◀▶	4.25% - 4.75%	◀▶	4.25% - 5.00%	◀▶	4.50% - 5.00%	◀▶
High Rise B	4.25% - 5.00%	◀▶	4.00% - 5.00%	◀▶	4.80% - 5.65%	◀▶	4.50% - 5.00%	◀▶	5.00% - 6.00%	◀▶	4.75% - 5.25%	◀▶
Low Rise A	4.25% - 5.25%	◀▶	3.85% - 4.75%	◀▶	4.50% - 5.00%	◀▶	4.50% - 4.75%	◀▶	4.50% - 5.25%	◀▶	4.50% - 5.00%	◀▶
Low Rise B	4.25% - 5.50%	◀▶	4.00% - 5.00%	◀▶	5.05% - 5.65%	◀▶	**4.25% - 4.50%**	▼	5.00% - 6.00%	◀▶	4.75% - 5.25%	◀▶
New Construction	4.25% - 4.75%	◀▶	4.00% - 4.75%	◀▶	4.50% - 4.75%	◀▶	4.25% - 4.75%	◀▶	4.25% - 4.75%	◀▶	4.50% - 5.00%	◀▶
Seniors Housing												
Independent/Assisted Living A	6.25% - 6.75%	◀▶	5.75% - 6.50%	◀▶	6.00% - 6.50%	◀▶	6.00% - 6.75%	◀▶	6.50% - 7.00%	◀▶	6.50% - 7.50%	◀▶
Independent/Assisted Living B	7.75% - 8.50%	◀▶	7.25% - 8.00%	◀▶	7.50% - 8.25%	◀▶	7.75% - 8.75%	◀▶	8.00% - 9.00%	◀▶	8.00% - 9.00%	◀▶
Long Term Care A	7.25% - 7.75%	◀▶	7.25% - 7.75%	◀▶	7.25% - 7.75%	◀▶	8.00% - 8.50%	◀▶	8.25% - 8.75%	◀▶	8.25% - 8.75%	◀▶
Hotel												
Downtown Full Service	8.00% - 9.25%	◀▶	5.25% - 6.75%	◀▶	7.50% - 8.50%	◀▶	6.50% - 7.50%	◀▶	8.00% -9.00%	◀▶	7.50% - 9.00%	◀▶
Suburban Limited Service	9.00% - 10.00%	◀▶	8.00% - 9.00%	◀▶	8.75% - 9.75%	◀▶	8.50% - 9.50%	◀▶	9.00% -10.00%	◀▶	9.00% - 10.00%	◀▶
Focused Service	8.50% - 9.50%	◀▶	7.50% - 8.50%	◀▶	8.25% - 9.25%	◀▶	7.50% - 9.00%	◀▶	8.50% -9.50%	◀▶	8.50% - 9.50%	◀▶

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

Cap Rates (Existing Stock): Cap rates for existing multifamily buildings assume properties are stabilized and reflect a property's forecasted 12-month net operating income (NOI) based on in-place rents, market rent applied to vacant units, and conventional turnover and increase assumptions for existing tenancies.

> **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:** Properties which are situated in desirable neighbourhoods, well-serviced by public transit, demand above average rents, and are furbished with top of the line finishes and amenities.
>
> **Class B:** Properties which offer functional space with rental rates near to or below the market average.

Cap Rates (New Construction): Cap rates for recently completed and under construction multifamily buildings assume properties are stabilized and reflect a property's forecasted 12-month NOI based on market rents across all units.

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.