

Intelligent Investment

Canadian Cap Rates & Investment Insights

REPORT

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

CBRE RESEARCH
Q3 2026

CBRE



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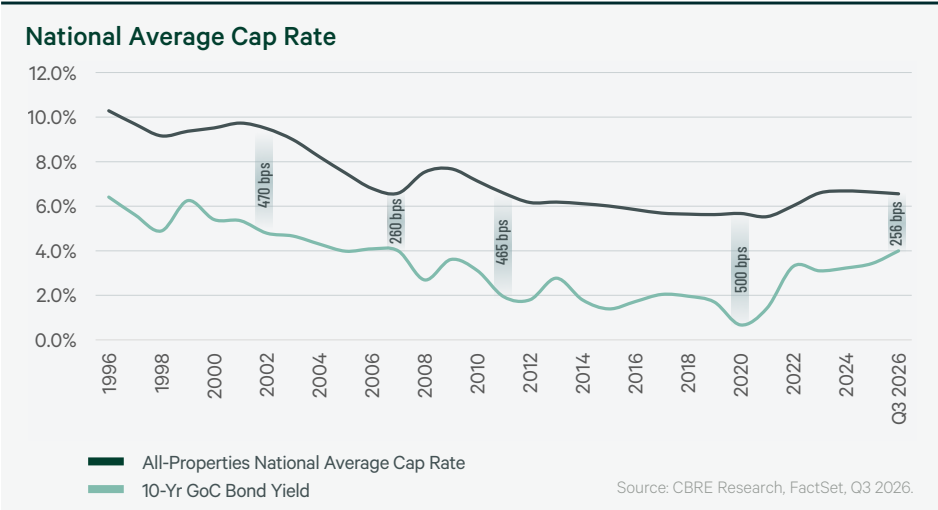
National Investment Trends

Investment Trends



Marc Meehan
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- Real estate investment activity was building momentum as investor conviction strengthened on generally improving real estate fundamentals. But the recent rapid increase in long term bond yields has raised the cost of debt and pressured cap rate spreads. The economic growth outlook has also been clouded by the re-escalation of trade tensions with the U.S. and a global central bank pivot to an interest rate hike cycle. Full year investment volumes are still on track to hit a new record high, aided by merger and acquisitions activity, but investor confidence will likely be tested over the next couple quarters.
- The national average all-properties cap rate continued to steadily decline in Q3 2026, compressing 2 bps quarter-over-quarter to 6.56%. However, the Canada 10-year bond yield surged by 62 bps over the same period and had shrunk the real estate cap rate spread to a three-year low of 256 bps.
- Modest cap rate compression was seen in the national office and retail yields in Q3 2026, while industrial, seniors housing and hotel cap rates held flat quarter-over-quarter. Multifamily was the only asset class to record slightly higher cap rates, under pressure from higher bond yields.



Q3 2026 Cap Rates

Downtown Office		ΔQ/Q	Multifamily		ΔQ/Q
AA	6.79%	▼	High Rise A	4.60%	▲
A	7.75%	▼	High Rise B	4.86%	▲
B	8.70%	▼	Low Rise A	4.73%	▲
			Low Rise B	4.99%	▲
Suburban Office			New Construction	4.68%	▲
A	7.88%	▼	Seniors Housing		
B	8.84%	▼	Independent/ Assisted Living A	6.00%	◄►
Industrial			Independent/ Assisted Living B	7.92%	◄►
A	5.73%	◄►	Long Term Care A	7.14%	◄►
B	6.33%	◄►	Hotel		
Retail			Downtown Full Service	7.64%	◄►
Regional	6.41%	▼	Suburban Limited Service	9.17%	◄►
Power	6.63%	◄►	Focused Service	8.63%	◄►
Neighbourhood	6.53%	▼			
Strip	5.89%	▼			
Strip (non-anchored)	6.47%	▼			
Urban Streetfront	6.20%	◄►			
High Street	5.38%	◄►			

Investment

Debt Market

Office

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Seniors Housing

Hotel

Victoria

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Saskatoon

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London

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Cap Rate Summary

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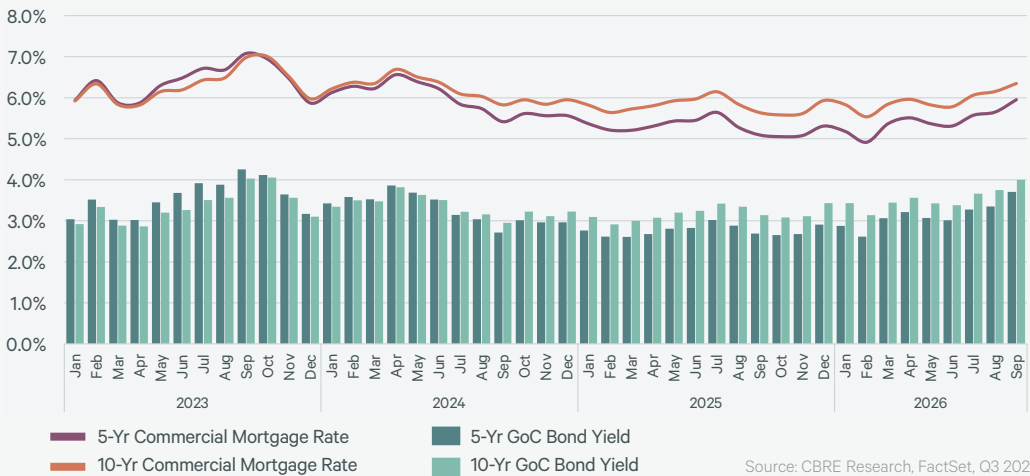
Debt Market Trends



Greg Stephanson
Vice President,
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- The Bank of Canada has continued to hold the overnight rate at 2.25%. The market awaits the Oct. 28 meeting for whether it continues to hold or raise by 25 bps. Market expectations are that short term rates will increase by 0.75% to 1.00% over the next 12 months.
- Long term interest rates have been climbing. Both the 5 year and 10 year yields have risen by >60 bps in Q3, making purchasers re-think prices in light of the higher cost of borrowing.
- Canadian credit markets are open, with lender appetite focused on their preferred asset classes – multifamily, grocery-anchored retail and well-located industrial. Land and condo inventory loans remain challenging and are generally reserved for larger markets and borrowers offering significant financial support.
- Lender interest in office is selective and recovering, with a focus on well located, well-tenanted buildings. Return-to-work initiatives are resulting in office vacancy rates trending downwards in major centres, giving lenders a more positive outlook on the asset class.
- CMHC’s MLI Select program remains a strategic source of higher leverage and lower priced capital for multifamily. Approval timelines for CMHC insurance applications are currently 6-8 weeks, meaning applications submitted in Q4 will be funded in Q1 & Q2 2027.

Mortgage Rates to Government of Canada Bonds



Source: CBRE Research, FactSet, Q3 2026.

Market Movers

Q2 2026	Q3 2026	Change Q/Q	
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5-Year Mortgage Spread Range

Tier 1			
N/A	1.20% - 1.70%	-	N/A
Tier 2			
N/A	2.30% - 3.30%	-	N/A

10-Year Mortgage Spread Range

Tier 1			
N/A	1.30% - 1.80%	-	N/A
Tier 2			
N/A	2.40% - 3.40%	-	N/A

CAD/USD

\$0.7044	\$0.7027	▼	-0.24%
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Canada Prime Rate

4.45%	4.45%	◀▶	0 bps
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CORRA

2.340%	2.310%	▼	-3 bps
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Western Canadian Select (USD)

\$55.27	\$64.87	▲	17.37%
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Source: CBRE Research, FactSet

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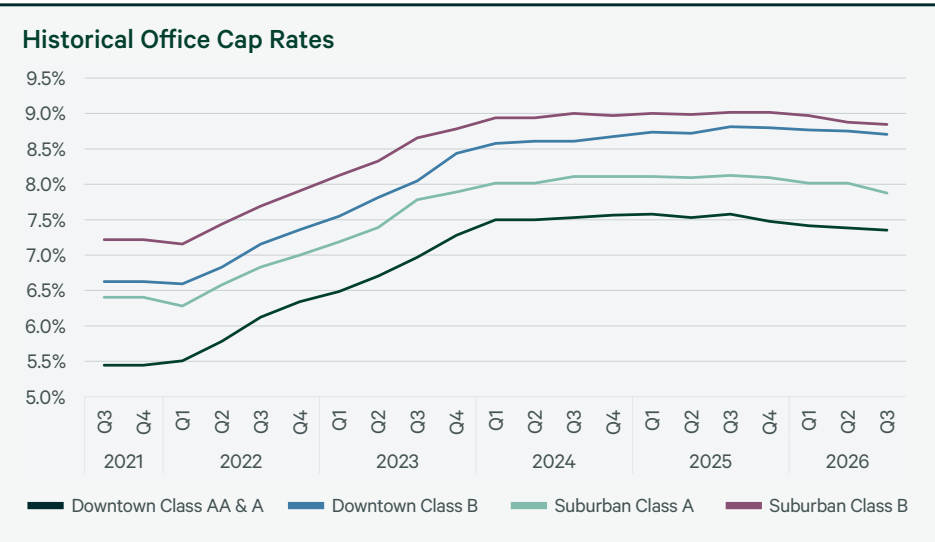
Cap Rate Summary

Glossary of Terms

Office Investment Trends



- Office cap rates compressed across every national average series in Q3 2026, although the decreases were driven by just a couple of markets. This marks the fourth consecutive quarter where overall downtown and suburban office yields have compressed, cumulating into year-over-year declines of between 11-25 bps across the asset class.
- The national average Downtown Class AA & A cap rate edged lower by 3 bps quarter-over-quarter to 7.35% in Q3 2026, driven by a decrease in Montreal. While Downtown Class B yields decreased by 5 bps quarter-over-quarter to 8.70% and slightly narrowed the spread to 135 bps, the gap between classes remains well above the long-run average of 94 bps.
- Bifurcation in the suburban office market widened in Q3 2026 with the national average Class A cap rate dropping 14 bps quarter-over-quarter to 7.88% while Class B yields decreased 4 bps to 8.84%. This brings the spread to its widest point in over 23 years at 96 bps.

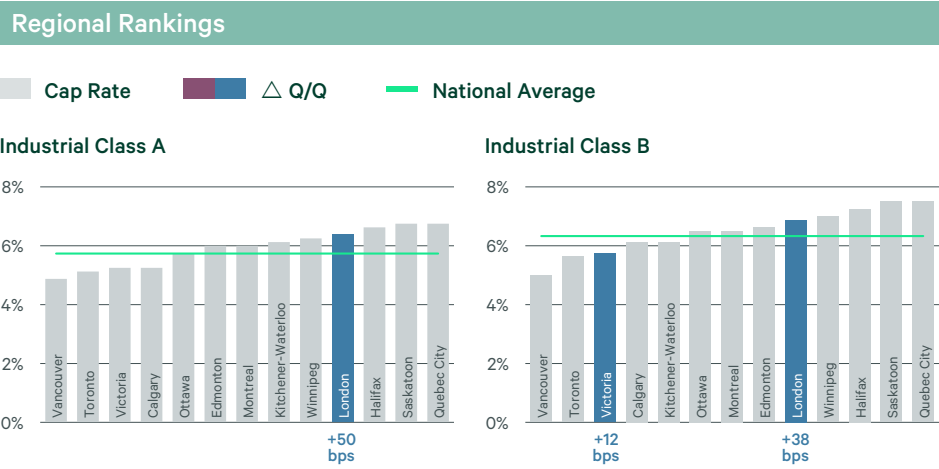


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Industrial Investment Trends



- Following three consecutive quarters of compression, national average industrial cap rates held steady quarter-over-quarter in Q3 2026. Healthy leasing fundamentals and strong demand have continued to support resilience in the asset class.
- The national industrial yields remain at 5.73% and 6.33% for Class A and Class B, respectively.
- Quarter-over-quarter movements in cap rates were only seen in Victoria and London, where both markets recorded increases in their industrial yields.
- On a year-over-year basis, the overall national average Class A & B cap rate is 16 bps lower at 6.03%, a level in line with yields from late 2023.

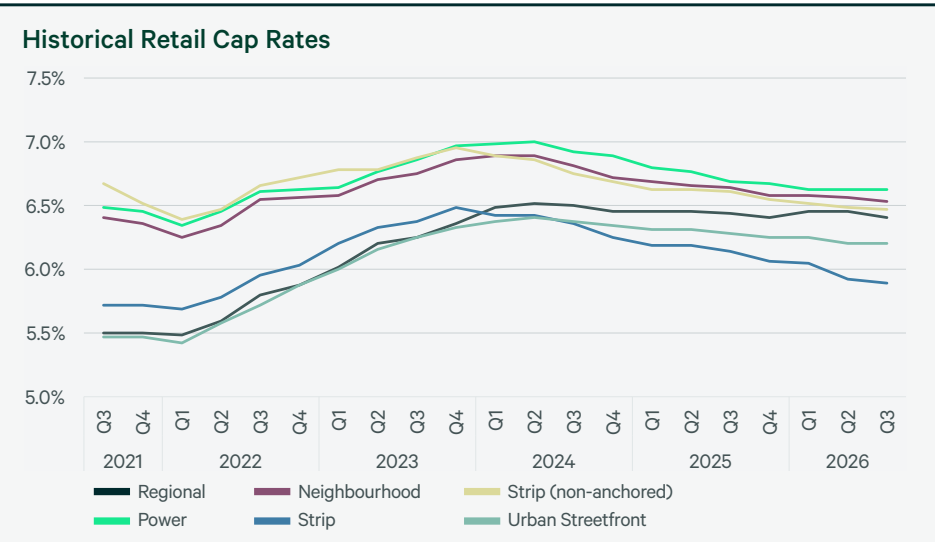


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Retail Investment Trends



- National average retail cap rates continued to decline in Q3 2026, with modest quarter-over-quarter compression recorded across most formats. Retail remains one of the most sought-after investment asset classes with quality deals seeing strong bid depth.
- Quarterly decreases to national average retail cap rates were largely driven by declines across multiple formats in Montreal. The national average yield for Regional retail decreased the most in Q3 2026, compressing 4 bps quarter-over-quarter to 6.41%.
- More modest cap rate decreases were recorded in the national average Neighbourhood and Strip formats, both declining by 3 bps quarter-over-quarter to 6.53% and 5.89%, respectively. Strip (Non-Anchored) cap rates also edged lower by 1 bps to 6.47%.
- Edmonton and London were the only markets to record slightly higher cap rates in the Strip (Non-Anchored) category that offset some of the decrease in Montreal.



Regional rankings for High Street retail category not shown.

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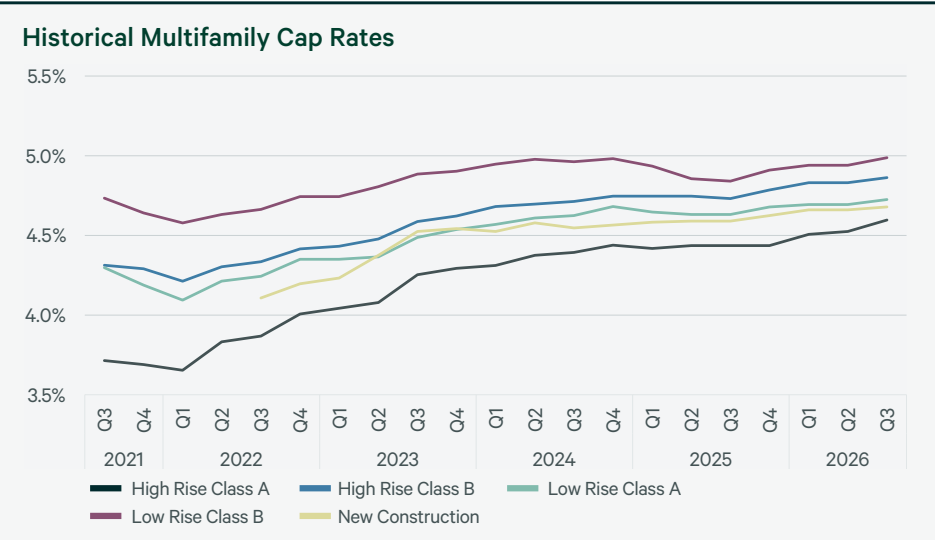
Multifamily Investment Trends



David Montessor

Vice Chairman,
National Apartment Group
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- Rising bond yields have elevated financing costs, to which multifamily is particularly sensitive, and led to multifamily being the only asset class to record marginally higher cap rates in Q3 2026.
- Multifamily yields increased across every category in Q3 2026, led by High Rise Class A and Low Rise Class B that rose quarter-over-quarter by 7 bps to 4.60% and 5 bps to 4.99%, respectively.
- National average Low Rise Class A, High Rise Class B and New Construction yields edged slightly higher quarter-over-quarter by 4 bps, 3 bps and 2 bps in Q3 2026.
- Cap rate increases were recorded across multiple markets over the quarter, with Halifax the only market to see modest yield compression in Q3 2026.



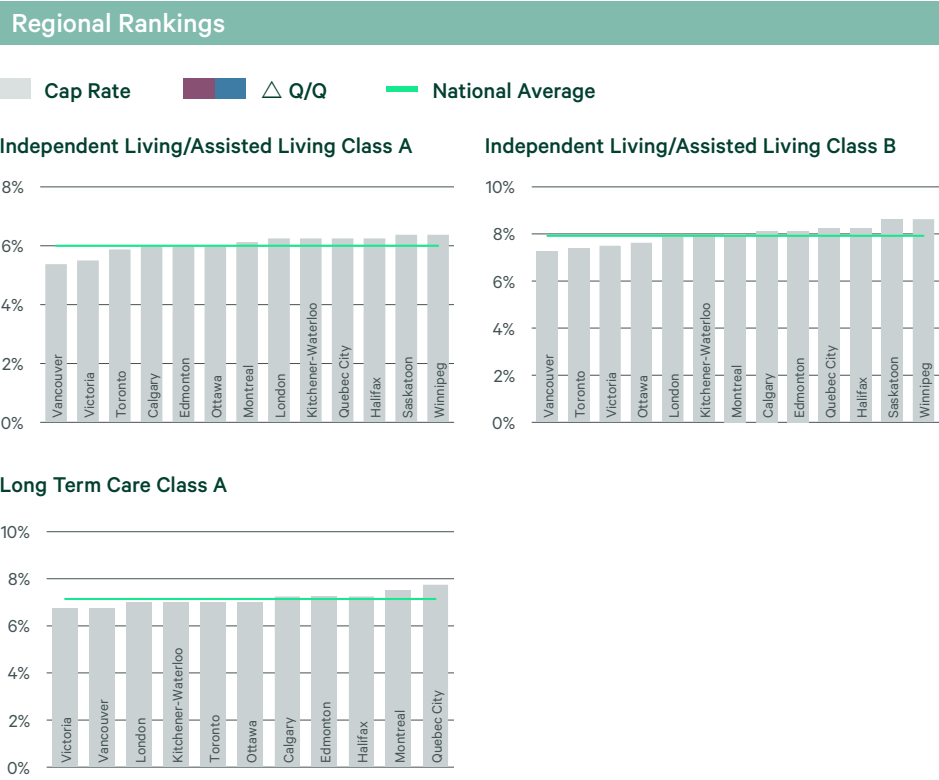
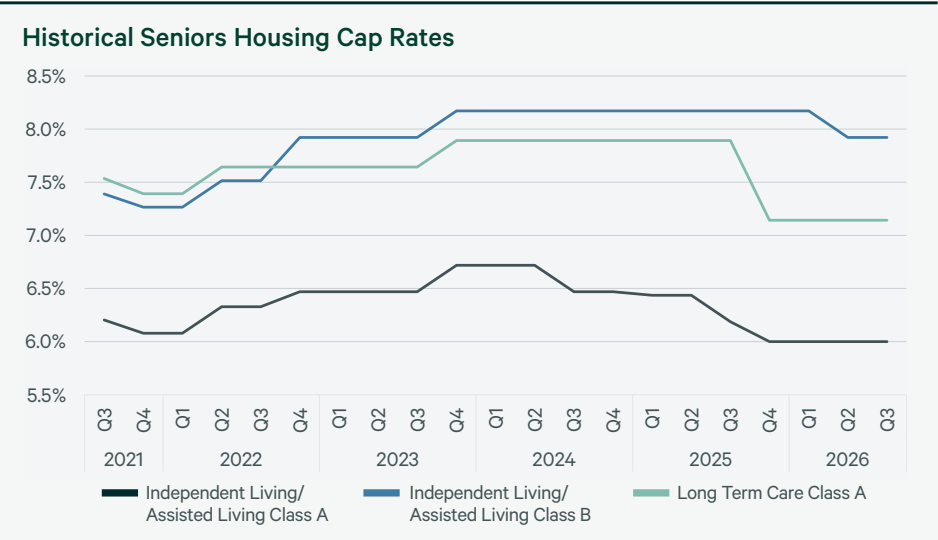
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Seniors Housing Investment Trends



Mathew Burnett
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- Seniors housing cap rates remained stable in Q3 2026 following the compression earlier in the year. Transaction activity and improving operating fundamentals continue to support valuations, although recent pricing momentum has not yet warranted further adjustment to national cap rates.
- Investor demand remains broad, with institutional and private capital actively pursuing opportunities offering scale, strong operating platforms and identifiable income growth. Class A assets continue to attract the deepest interest, while liquidity for Class B properties has improved.
- Occupancy growth, rental rate increases and limited new supply continue to support the earnings outlook. However, investors remain disciplined in assessing labour costs, capital requirements and the sustainability of forecast NOI growth, contributing to stable rather than compressing cap rates.
- Competition is strongest for larger portfolios and well-located assets with established operating performance. Pricing remains increasingly differentiated by asset quality, market depth and the credibility of near-term growth assumptions, with buyers continuing to significantly weight in-place earnings.



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Hotel Investment Trends

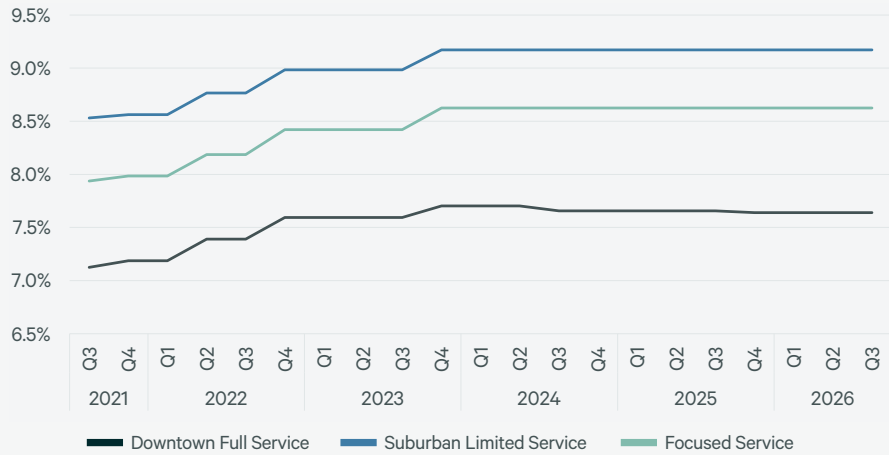


Luke Scheer

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- Hotel cap rates remained broadly unchanged in Q3 2026, as resilient operating performance, limited new supply and continued debt availability supported valuations. While buyer interest remains healthy, disciplined underwriting has limited further cap rate compression.
- Investment demand favours high-quality, well-located assets with strong brand affiliation, durable cash flow and limited near-term capital requirements. Assets with management or branding flexibility and credible value-add potential are also attracting interest.
- The pace of operating growth continues to normalize, with investors focusing on sustainable NOI and achievable revenue assumptions. This has reinforced a bifurcation between premium assets with demonstrated pricing power and those more exposed to operating-cost pressures or softer demand segments.
- The lending environment remains constructive for quality hotel opportunities, supporting transactions and helping maintain current pricing. Nevertheless, broader economic uncertainty and a more measured performance outlook continue to support stable cap rates rather than broad-based compression.

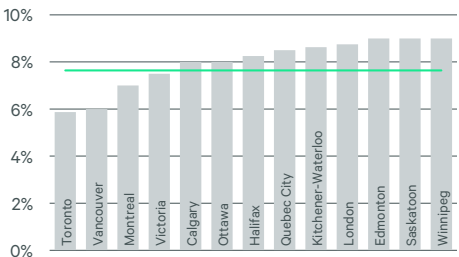
Historical Hotel Cap Rates



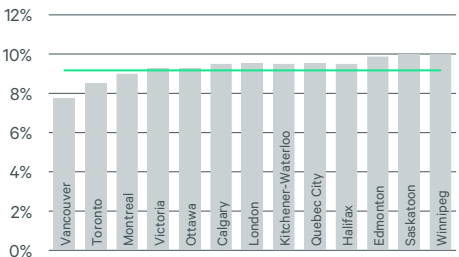
Regional Rankings

Cap Rate Q/Q National Average

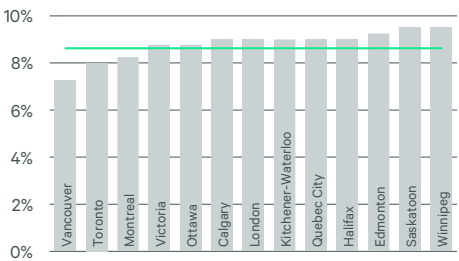
Downtown Full Service



Suburban Limited Service



Focused Service



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Regional Investment Trends

Victoria Investment Trends



Ross Marshall

Senior Vice President
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- Investor sentiment is showing signs of cautious optimism, shifting from price discovery toward capital deployment. Buyers remain disciplined and selective, though growing conviction that values have largely reset is bringing participants closer together. The market is demonstrating relative resilience, supported by limited supply and continued interest in well located assets.
- Cap rates continue to trend toward stabilization, although there is growing bifurcation between quality assets in premium locations and dated assets in secondary areas. Grocery-anchored retail, well located industrial, high quality multifamily and assets with durable income should attract stronger pricing while secondary office, challenged locations, near-term roll over and capex heavy assets face slight upward pressure at the higher end of the yield range.
- The constrained multifamily development pipeline is becoming a key part of the investment thesis. Limited development land, elevated construction costs, financing challenges and softer near-term fundamentals have reduced viable project starts. Constrained future supply should support multifamily cap rates at the upper end and help rebalance the market over the medium term.

Historical Victoria Cap Rates



Q3 2026 Cap Rates

Downtown Office

△Q/Q

AA	N/A	
A	6.50% - 7.00%	◀▶
B	7.50% - 8.75%	▲

Suburban Office

A	6.25% - 6.75%	◀▶
B	6.75% - 7.75%	▲

Industrial

A	5.00% - 5.50%	◀▶
B	5.25% - 6.25%	▲

Retail

Regional	5.50% - 6.00%	◀▶
Power	5.50% - 6.00%	◀▶
Neighbourhood	5.00% - 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	4.50% - 4.75%	▲
Low Rise A	4.50% - 5.00%	◀▶
Low Rise B	4.50% - 5.00%	▲
New Construction	4.75% - 5.25%	◀▶

Seniors Housing

Independent/Assisted Living A	5.25% - 5.75%	◀▶
Independent/Assisted Living B	7.25% - 7.75%	◀▶
Long Term Care A	6.50% - 7.00%	◀▶

Hotel

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

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Vancouver Investment Trends



Vincent Minichiello

Vice President
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- Vancouver continues to be viewed as a stable and desirable investment market, however, rising bond rates are placing increased emphasis on income durability and yield. Investors remain active across asset classes but are underwriting opportunities with greater discipline. Notably, groups are showing increased flexibility in the opportunities they will pursue, supporting a broader range of transactions.
- Retail remains one of the most sought-after asset classes, particularly grocery-anchored and necessity-based open-air formats. Strong tenant demand, stable cash flows and a limited supply of institutional-quality opportunities continue to attract private and institutional capital, supporting stable pricing.
- Multifamily investment activity continues to be supported by Vancouver's long-term housing fundamentals, however, pricing has become increasingly sensitive to bond rates and financing costs. Investors remain focused on income stability and disciplined underwriting, while elevated replacement costs, a slowing condominium pipeline and sustained rental demand continue to support long-term confidence in the sector.

Historical Vancouver Cap Rates



Q3 2026 Cap Rates

Downtown Office		△Q/Q
AA	5.00% - 5.75%	◀▶
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	3.75% - 4.25%	▲
High Rise B	3.75% - 4.25%	▲
Low Rise A	3.75% - 5.00%	▲
Low Rise B	4.00% - 5.00%	▲
New Construction	4.25% - 4.75%	▲
Seniors Housing		
Independent/Assisted Living A	5.00% - 5.75%	◀▶
Independent/Assisted Living B	7.00% - 7.50%	◀▶
Long Term Care A	6.50% - 7.00%	◀▶
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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- Cap rates held across every asset class in Q3 2026. Uncertainty around Canada bond yields has placed a pause on further compression, while demand remains intact and bidding deep for quality product.
- Downtown office cap rates held after two quarters of AA and A compression. Demand for higher-quality assets remains firm and private capital continues to pursue conversion and value-add opportunities as fundamentals improve.
- Well-leased suburban office with strong covenants keep drawing private investors with credit quality and lease term the key pricing drivers.
- Industrial cap rates were stable across Class A and Class B. Bidding remains deep for core and value-add, backed by healthy leasing fundamentals.
- Retail cap rates again held steady across all formats. Anchored and non-anchored products continue to attract deep bidding and elevated construction costs keep upward pressure on rents.
- Multifamily cap rates remained stable despite rising bond yields. While transactions moderated year-to-date, strengthening macro fundamentals in Alberta are driving renewed optimism relative to other major markets.

Historical Calgary Cap Rates



Q3 2026 Cap Rates

Downtown Office		△Q/Q
AA	7.50% - 8.50%	◀▶
A	9.50% - 10.50%	◀▶
B	12.00% - 13.00%	◀▶

Suburban Office	
A	7.50% - 9.50% ▶◀
B	10.00% - 12.00% ▶◀

Industrial	
A	5.00% - 5.50% ▶◀
B	5.75% - 6.50% ▶◀

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	5.75% - 6.25% ▶◀
Independent/Assisted Living B	7.75% - 8.50% ▶◀
Long Term Care A	7.00% - 7.50% ▶◀

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

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Edmonton Investment Trends



Dave Young

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- Grocery-anchored retail remains the most sought-after product among institutional investors. Despite higher bond yields, lenders remain significantly under-allocated and are competing for high-quality assets with durable cash flow, which has compressed spreads and created a highly favourable financing environment for best-in-class product.
- Strong leasing fundamentals and a general under-allocation to Edmonton are driving investor interest. Opportunities to invest remain limited, however, as existing landlords are reluctant to sell into a rising market.
- Strong Alberta employment growth continues to support interprovincial migration and an expanding renter pool, underpinning a robust multifamily development pipeline. Mature vintage product are achieving rent growth and financing spreads are tightening, keeping Edmonton top of mind for investors.
- Office fundamentals are strengthening, led by the Class AA/A segment, where blended vacancy of 17.6% and a scarcity of large contiguous blocks are tightening the supply of quality space. The suburban market saw its strongest quarter since Q3 2024 as tenants prioritize quality, move-in ready space.

Historical Edmonton Cap Rates



Q3 2026 Cap Rates

Downtown Office			△Q/Q
AA	8.50% - 9.50%	◀▶	
A	9.75% - 11.00%	◀▶	
B	11.00% - 12.00%	◀▶	
Suburban Office			
A	8.75% - 10.00%	▼	
B	10.00% - 11.00%	◀▶	
Industrial			
A	5.75% - 6.25%	◀▶	
B	6.25% - 7.00%	◀▶	
Retail			
Regional	5.50% - 7.00%	◀▶	
Power	7.00% - 8.00%	◀▶	
Neighbourhood	7.00% - 8.00%	◀▶	
Strip	5.50% - 6.00%	◀▶	
Strip (non-anchored)	6.00% - 6.75%	▲	
Urban Streetfront	6.75% - 7.50%	◀▶	
High Street	N/A		
Multifamily			
High Rise A	4.75% - 5.25%	▲	
High Rise B	4.75% - 5.50%	◀▶	
Low Rise A	5.00% - 5.50%	▲	
Low Rise B	5.00% - 5.75%	◀▶	
New Construction	4.75% - 5.25%	◀▶	
Seniors Housing			
Independent/Assisted Living A	5.75% - 6.25%	◀▶	
Independent/Assisted Living B	7.75% - 8.50%	◀▶	
Long Term Care A	7.00% - 7.50%	◀▶	
Hotel			
Downtown Full Service	8.25% - 9.75%	◀▶	
Suburban Limited Service	9.25% - 10.50%	◀▶	
Focused Service	8.50% - 10.00%	◀▶	

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

Saskatoon Investment Trends



Michael Bratvold

Senior Vice President,
Managing Director
www.cbre.ca/michael.bratvold

- Retail continues to perform well across Saskatoon and the province, supported by low vacancy rates and steady rent growth. Strong demand and limited availability continue to restrict transaction velocity and support stable retail cap rates.
- Investment demand for multifamily, industrial and development land remains strong, supported by sound market fundamentals. Saskatchewan’s economic tailwinds continue to attract out-of-province capital across these asset classes.
- Supply constraints remain a defining feature of Saskatchewan’s market, with historically low vacancy rates in retail, industrial and multifamily. The development pipeline remains modest, with limited new supply expected to sustain upward pressure on rents and support cap rate stability across asset classes.

Historical Saskatoon Cap Rates



Q3 2026 Cap Rates

Downtown Office

△Q/Q

AA	N/A	
A	7.50% - 8.00%	◀▶
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	5.25% - 5.75%	◀▶
Low Rise B	6.25% - 6.75%	◀▶
New Construction	5.00% - 5.50%	◀▶

Seniors Housing

Independent/Assisted Living A	6.00% - 6.75%	◀▶
Independent/Assisted Living B	8.25% - 9.00%	◀▶
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%	◀▶

Investment

Debt Market

Office

Industrial

Retail

Multifamily

Seniors Housing

Hotel

Victoria

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Winnipeg Investment Trends



Paul Kornelsen

Vice President,
Managing Director
www.cbre.ca/paul.kornelsen

- The Bank of Canada’s strategic rate-hold has concluded. Persistent global inflation and hardening bond yields necessitate a pivot toward monetary policy tightening. A 25 basis point increase is anticipated on October 28, followed by further hikes by December 9. Stakeholders must align their strategies with the reality of sustained upward pressure on borrowing costs through late 2026.
- IG Wealth Management is vacating its 320,000 sq. ft. headquarters at 447 Portage Avenue, which is now listed for sale. The firm will retain occupancy until mid-2028 before relocating 1,100 employees to 128,000 sq. ft. at 360 Main Street. This significant downtown relocation highlights shifting office requirements and introduces a prominent, large-scale asset to the Winnipeg market for potential redevelopment or repositioning.
- RFA Capital Holdings has further unwound its Winnipeg industrial footprint, selling 10 additional properties for \$76.5 million. Acquired by two prominent national investors, this latest transaction marks the near-total liquidation of the portfolio. This movement formally ends the decades long market dominance previously held by the former Artis REIT assets in the local industrial sector.

Historical Winnipeg Cap Rates



Q3 2026 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	7.25% - 8.25%	◀▶

Industrial

A	6.00% - 6.50%	◀▶
B	6.75% - 7.25%	◀▶

Retail

Regional	6.00% - 7.25%	◀▶
Power	6.00% - 7.25%	◀▶
Neighbourhood	7.00% - 7.25%	◀▶
Strip	6.00% - 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	6.00% - 6.75%	◀▶
Independent/Assisted Living B	8.25% - 9.00%	◀▶
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%	◀▶

Investment

Debt Market

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Retail

Multifamily

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London Investment Trends



Kevin MacDougall

Vice President
www.cbre.ca/kevin.macdougall

- PowerCo Canada Inc. has postponed the launch of production at its St. Thomas battery cell facility to 2029, a two-year delay from the original 2027 target, citing evolving market conditions and broader challenges within the electric vehicle industry.
- Elevated geopolitical risk continues to suppress investor confidence, extending decision-making timelines across the market.
- Regional projections anticipate Middlesex County (including London) to experience meaningful population growth of 56% by 2051, underscoring its position as one of Ontario’s fastest expanding areas.
- Housing affordability in the GGH and Southwestern Ontario continues to tighten; London is attracting more residents seeking attainable housing while maintaining access to urban services and employment opportunities.
- London continues to advance major infrastructure upgrades directing significant investment into roadway improvements, bridge replacements, intersection upgrades, underground servicing and rapid transit corridors.

Historical London Cap Rates



Q3 2026 Cap Rates

Downtown Office △Q/Q

AA	N/A	
A	7.00% - 8.00%	◀▶
B	7.75% - 8.75%	◀▶

Suburban Office

A	5.50% - 6.50%	◀▶
B	6.00% - 7.25%	◀▶

Industrial

A	6.00% - 6.75%	▲
B	6.50% - 7.25%	▲

Retail

Regional	6.75% - 7.75%	◀▶
Power	6.50% - 7.75%	◀▶
Neighbourhood	5.75% - 6.75%	◀▶
Strip	5.50% - 6.75%	◀▶
Strip (non-anchored)	6.00% - 7.00%	▲
Urban Streetfront	6.25% - 7.50%	◀▶
High Street	N/A	

Multifamily

High Rise A	4.25% - 5.00%	▲
High Rise B	4.50% - 5.25%	▲
Low Rise A	4.50% - 5.25%	▲
Low Rise B	5.00% - 6.00%	◀▶
New Construction	4.75% - 5.50%	▲

Seniors Housing

Independent/Assisted Living A	6.00% - 6.50%	◀▶
Independent/Assisted Living B	7.50% - 8.25%	◀▶
Long Term Care A	6.75% - 7.25%	◀▶

Hotel

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

Investment

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Kitchener-Waterloo Investment Trends



Joe Benninger

Vice President
www.cbre.ca/joe.benninger

- Multifamily investment activity improved through Q3 2026, with four apartment transactions recorded across Waterloo Region and Guelph. Investor demand remains concentrated on smaller and mid-sized walk-up apartments. Construction remains elevated and rental growth has slowed, with landlords offering incentives to maintain occupancy amid rising supply.
- Industrial investment activity remained limited, with notable sales largely reflecting owner-occupier purchases rather than traditional investment sales. Investors continue to face a limited supply of leased, investment-grade product, as many assets brought to market offer vacant possession or near-term occupancy opportunities.
- Retail demand remains strong, particularly for quality assets, non-anchored strips and plazas underpinned by robust leasing activity, with cap rates generally holding in the high-5% to low-6% range for stabilized assets.
- Office activity remains minimal as transactions continue to skew toward occupier buyers, with most activity concentrated in medical office, as lagging return-to-office dynamics continue to hinder office stabilization.

Historical Kitchener-Waterloo Cap Rates



Q3 2026 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	5.75% - 6.50%	◀▶

Retail

Regional	6.00% - 6.50%	◀▶
Power	6.00% - 6.50%	◀▶
Neighbourhood	5.00% - 6.00%	◀▶
Strip	5.50% - 6.35%	◀▶
Strip (non-anchored)	5.50% - 6.50%	◀▶
Urban Streetfront	6.00% - 7.00%	◀▶
High Street	N/A	

Multifamily

High Rise A	4.50% - 4.75%	◀▶
High Rise B	4.50% - 5.00%	◀▶
Low Rise A	4.50% - 5.25%	◀▶
Low Rise B	4.50% - 6.00%	◀▶
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	6.75% - 7.25%	◀▶

Hotel

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

Investment

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Toronto Investment Trends



Peter Senst

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

- Despite headwinds from the rapid rise in bond yields and noise on the geopolitical front, Canadian investment is tracking toward a record year, with meaningful contributions from M&A activity. Canada stands out for its stability and global sentiment towards Canada remains positive.
- As cap rates and borrowing costs have become more closely aligned, income growth is the critical component for investment capital.
- Higher long term bond yields have widened the term premium for debt and are pressuring loan amounts, particularly for multifamily.
- Firm bid strategies are returning, reminiscent of 2019, as purchasers complete diligence up front.
- Retail continues to be very active with quality deals seeing strong bid depth.
- Conviction for downtown office is strengthening though available product for sale is limited.
- Multifamily remains underpinned by solid long term fundamentals and industrial has been resilient.
- Land is still challenged but is starting to move.

Historical Toronto Cap Rates



Q3 2026 Cap Rates

Downtown Office		△Q/Q
AA	5.25% - 5.75%	◀▶
A	6.25% - 6.75%	◀▶
B	6.75% - 7.50%	◀▶

Suburban Office	
A	7.50% - 8.50% ◀▶
B	8.25% - 9.25% ◀▶

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	4.75% - 5.75% ◀▶
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	4.15% - 5.15% ◀▶
Low Rise A	3.85% - 4.75% ◀▶
Low Rise B	4.15% - 5.15% ◀▶
New Construction	4.00% - 4.75% ◀▶

Seniors Housing	
Independent/Assisted Living A	5.50% - 6.25% ◀▶
Independent/Assisted Living B	7.00% - 7.75% ◀▶
Long Term Care A	6.75% - 7.25% ◀▶

Hotel	
Downtown Full Service	5.25% - 6.50% ◀▶
Suburban Limited Service	8.00% - 9.00% ◀▶
Focused Service	7.50% - 8.50% ◀▶

Investment

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Cap Rate Summary

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Ottawa Investment Trends



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

- Investor sentiment in Ottawa is increasingly constructive, supported by improved pricing clarity and the completion of several significant transactions. Recent large-scale office trades have demonstrated renewed liquidity for high-quality assets, providing stronger market benchmarks and reinforcing confidence among investors. Capital remains selective, but overall transaction momentum continues to improve.
- Renewed leasing momentum is supporting confidence, particularly in office where flight-to-quality and positive absorption are improving sentiment, while industrial and multifamily remain resilient. Federal office leasing is re-emerging as a positive demand catalyst, with greater clarity around workplace strategy and accommodation requirements supporting renewed leasing optimism.
- Transaction activity remains concentrated in multi-residential and office, supported by improving liquidity and a growing pipeline of investment opportunities. Retail and industrial trading remains relatively constrained, primarily due to limited product availability, with quality offerings continuing to attract capital when brought to market.

Historical Ottawa Cap Rates



Q3 2026 Cap Rates

Downtown Office		△Q/Q	Multifamily	
AA	6.25% - 6.50%	◀▶	High Rise A	4.50% - 5.00% ▶◀
A	6.75% - 7.50%	◀▶	High Rise B	4.95% - 5.80% ▶◀
B	7.50% - 8.50%	◀▶	Low Rise A	4.50% - 5.00% ▶◀
Suburban Office			Low Rise B	5.20% - 5.80% ▶◀
A	7.75% - 8.75%	◀▶	New Construction	4.50% - 4.75% ▶◀
B	8.50% - 9.25%	◀▶	Seniors Housing	
Industrial			Independent/Assisted Living A	5.75% - 6.25% ▶◀
A	5.50% - 6.00%	◀▶	Independent/Assisted Living B	7.25% - 8.00% ▶◀
B	6.25% - 6.75%	◀▶	Long Term Care A	6.75% - 7.25% ▶◀
Retail			Hotel	
Regional	6.00% - 6.50%	◀▶	Downtown Full Service	7.50% - 8.50% ▶◀
Power	6.25% - 6.75%	◀▶	Suburban Limited Service	8.75% - 9.75% ▶◀
Neighbourhood	6.25% - 6.75%	◀▶	Focused Service	8.25% - 9.25% ▶◀
Strip	6.00% - 6.50%	◀▶		
Strip (non-anchored)	6.00% - 7.00%	◀▶		
Urban Streetfront	5.75% - 6.25%	◀▶		
High Street	N/A			

Investment

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Cap Rate Summary

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Montreal Investment Trends



Scott Speirs

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

- Montréal's office investment market is increasingly active, with transaction activity driven primarily by local private capital pursuing value-add and repositioning opportunities. Foreign and institutional investors remain focused on best-in-class core assets, while improving fundamentals and renewed conviction in the leasing market are supporting stronger demand.
- Industrial investment remains largely driven by private capital and foreign buyers, with activity concentrated in smaller trades. While the bid-ask spread has constrained volumes, stabilizing fundamentals and improving sentiment are starting to bring more product to market and support increased activity.
- Demand for retail continues to accelerate as leasing fundamentals strengthen across almost all sectors of retail. Investor demand continues to greatly outpace supply, compressing cap rates, particularly for necessity-based assets where institutions remain the main buyers.
- Private capital continues to provide strong investment activity in multifamily, however, rising interest rates will disproportionately impact cap rates in the sector as already tight yield spreads in the GMA come under pressure.

Historical Montreal Cap Rates



Q3 2026 Cap Rates

Downtown Office

AA	6.25% - 6.75%	▼
A	7.00% - 7.50%	▼
B	7.75% - 8.25%	▼

Suburban Office

A	7.50% - 8.50%	▼
B	8.75% - 9.75%	◄►

Industrial

A	5.75% - 6.25%	◄►
B	6.25% - 6.75%	◄►

Retail

Regional	6.50% - 7.00%	▼
Power	6.25% - 6.75%	◄►
Neighbourhood	6.50% - 7.25%	▼
Strip	5.50% - 6.00%	▼
Strip (non-anchored)	6.50% - 7.00%	▼
Urban Streetfront	5.00% - 5.50%	◄►
High Street	N/A	

Multifamily

High Rise A	4.50% - 4.75%	▲
High Rise B	4.25% - 4.75%	▲
Low Rise A	4.50% - 4.75%	◄►
Low Rise B	4.25% - 4.75%	▲
New Construction	4.50% - 4.75%	◄►

Seniors Housing

Independent/Assisted Living A	5.75% - 6.50%	◄►
Independent/Assisted Living B	7.50% - 8.50%	◄►
Long Term Care A	7.25% - 7.75%	◄►

Hotel

Downtown Full Service	6.50% - 7.50%	◄►
Suburban Limited Service	8.50% - 9.50%	◄►
Focused Service	7.50% - 9.00%	◄►

Investment

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Cap Rate Summary

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Quebec City Investment Trends



Patrick Soucy

Executive Vice President
www.cbre.ca/patrick.soucy

- Investors continue to view Québec City as one of Canada’s most stable secondary markets, supported by a diverse economy, population growth and healthy occupier fundamentals. Transaction activity remains resilient, driven by private and local capital, while institutional investors are selectively active.
- Industrial fundamentals remain healthy and institutional capital has become increasingly active in the market. Some investors see Québec City as a strategic way to diversify portfolios and secure durable income streams.
- The office market continued to recover in Q3 2026, however, bifurcation remains significant with core office cap rates generally stable while price pressures persist for underperforming assets lacking redevelopment potential.
- Retail remains one of the most sought-after assets, particularly grocery-anchored centres, service-oriented retail and neighbourhood formats. Investor demand continues to outpace available product and compress cap rates.
- Housing affordability challenges and a supply-demand imbalance continue to support long-term multifamily fundamentals. Investor demand remains strong with competition for high-quality assets limiting yield expansion.

Historical Quebec City Cap Rates



Q3 2026 Cap Rates

Downtown Office		△Q/Q	Multifamily	
AA	N/A		High Rise A	4.25% - 5.00% ◀▶
A	7.50% - 8.50%	◀▶	High Rise B	4.75% - 5.75% ◀▶
B	8.50% - 9.50%	◀▶	Low Rise A	4.50% - 5.25% ◀▶
Suburban Office			Low Rise B	5.00% - 6.00% ◀▶
A	8.50% - 9.25%	◀▶	New Construction	4.25% - 4.75% ◀▶
B	9.00% - 10.00%	◀▶	Seniors Housing	
Industrial			Independent/Assisted Living A	6.00% - 6.50% ◀▶
A	6.25% - 7.25%	◀▶	Independent/Assisted Living B	7.75% - 8.75% ◀▶
B	7.00% - 8.00%	◀▶	Long Term Care A	7.50% - 8.00% ◀▶
Retail			Hotel	
Regional	7.25% - 8.00%	◀▶	Downtown Full Service	8.00% - 9.00% ◀▶
Power	7.00% - 7.75%	▼	Suburban Limited Service	9.00% - 10.00% ◀▶
Neighbourhood	8.25% - 9.25%	▼	Focused Service	8.50% - 9.50% ◀▶
Strip	6.25% - 7.25%	◀▶		
Strip (non-anchored)	8.00% - 8.50%	◀▶		
Urban Streetfront	N/A			
High Street	N/A			

Investment

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Halifax Investment Trends



Chris Carter

Senior Vice President
www.cbre.ca/chris-carter

- Growth in the shipbuilding and defence sectors continue to drive the local economy with Halifax projected to have the 3rd highest GDP increase of major Canadian metropolitan areas in 2026 after Calgary and Edmonton.
- The Halifax office market is tightening, especially the suburban nodes which have a Q3 2026 vacancy of 6.7% and rising net rents. However, strong fundamentals have not led to office investment trades, with little to no office transactions.
- As of August 2026, CMHC stated that there were 13,251 apartment units under construction in greater Halifax. Owners are reporting steady renting of new projects, however, with longer lease up periods when compared to 2-3 years ago.

Historical Halifax Cap Rates



Q3 2026 Cap Rates

Downtown Office		△Q/Q	Multifamily	
AA	N/A		High Rise A	4.50% - 5.00% ▼
A	7.00% - 7.75%	◀▶	High Rise B	4.75% - 5.25% ▼
B	7.75% - 8.50%	▼	Low Rise A	4.50% - 5.00% ▼
Suburban Office			Low Rise B	4.75% - 5.50% ▶◀
A	6.75% - 7.50%	▼	New Construction	4.50% - 5.00% ▼
B	7.50% - 8.25%	▼	Seniors Housing	
Industrial			Independent/Assisted Living A	6.00% - 6.50% ▶◀
A	6.25% - 7.00%	▶◀	Independent/Assisted Living B	7.75% - 8.75% ▶◀
B	7.00% - 7.50%	▶◀	Long Term Care A	7.00% - 7.50% ▶◀
Retail			Hotel	
Regional	7.25% - 8.25%	▶◀	Downtown Full Service	7.50% - 9.00% ▶◀
Power	6.50% - 7.50%	▶◀	Suburban Limited Service	9.00% - 10.00% ▶◀
Neighbourhood	6.25% - 7.25%	▶◀	Focused Service	8.50% - 9.50% ▶◀
Strip	6.25% - 7.25%	▶◀		
Strip (non-anchored)	6.75% - 7.75%	▶◀		
Urban Streetfront	6.50% - 7.50%	▶◀		
High Street	N/A			

Investment

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Q3 2026 Canadian Cap Rates

△ Q/Q

Downtown Office	Victoria	Vancouver	Calgary	Edmonton	Saskatoon	Winnipeg	London
AA	N/A	5.00% - 5.75%	7.50% - 8.50%	8.50% - 9.50%	N/A	N/A	N/A
A	6.50% - 7.00%	5.50% - 6.25%	9.50% - 10.50%	9.75% - 11.00%	7.50% - 8.00%	7.00% - 8.00%	7.00% - 8.00%
B	7.50% - 8.75%	6.00% - 6.75%	12.00% - 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%	7.50% - 9.50%	8.75% - 10.00%	7.00% - 7.50%	6.75% - 7.75%	5.50% - 6.50%
B	6.75% - 7.75%	6.50% - 7.00%	10.00% - 12.00%	10.00% - 11.00%	7.75% - 8.25%	7.25% - 8.25%	6.00% - 7.25%
Industrial							
A	5.00% - 5.50%	4.50% - 5.25%	5.00% - 5.50%	5.75% - 6.25%	6.50% - 7.00%	6.00% - 6.50%	6.00% - 6.75%
B	5.25% - 6.25%	4.75% - 5.25%	5.75% - 6.50%	6.25% - 7.00%	7.25% - 7.75%	6.75% - 7.25%	6.50% - 7.25%
Retail							
Regional	5.50% - 6.00%	5.25% - 5.75%	5.50% - 6.50%	5.50% - 7.00%	6.50% - 6.75%	6.00% - 7.25%	6.75% - 7.75%
Power	5.50% - 6.00%	5.50% - 6.00%	6.25% - 7.25%	7.00% - 8.00%	6.50% - 6.75%	6.00% - 7.25%	6.50% - 7.75%
Neighbourhood	5.00% - 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%	5.50% - 6.00%	6.50% - 7.00%	6.00% - 7.25%	5.50% - 6.75%
Non-anchored Strip Mall	5.50% - 6.00%	5.50% - 6.00%	5.75% - 6.25%	6.00% - 6.75%	7.50% - 7.75%	7.00% - 7.50%	6.00% - 7.00%
Urban Streetfront	5.75% - 6.25%	5.25% - 5.75%	5.75% - 6.75%	6.75% - 7.50%	7.00% - 7.50%	7.00% - 7.50%	6.25% - 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	3.75% - 4.25%	4.50% - 5.00%	4.75% - 5.25%	N/A	N/A	4.25% - 5.00%
High Rise B	4.50% - 4.75%	3.75% - 4.25%	5.00% - 5.50%	4.75% - 5.50%	5.25% - 5.75%	4.75% - 5.25%	4.50% - 5.25%
Low Rise A	4.50% - 5.00%	3.75% - 5.00%	4.75% - 5.25%	5.00% - 5.50%	5.25% - 5.75%	4.50% - 5.00%	4.50% - 5.25%
Low Rise B	4.50% - 5.00%	4.00% - 5.00%	5.00% - 5.50%	5.00% - 5.75%	6.25% - 6.75%	4.75% - 5.25%	5.00% - 6.00%
New Construction	4.75% - 5.25%	4.25% - 4.75%	4.50% - 5.25%	4.75% - 5.25%	5.00% - 5.50%	N/A	4.75% - 5.50%
Seniors Housing							
Independent/Assisted Living A	5.25% - 5.75%	5.00% - 5.75%	5.75% - 6.25%	5.75% - 6.25%	6.00% - 6.75%	6.00% - 6.75%	6.00% - 6.50%
Independent/Assisted Living B	7.25% - 7.75%	7.00% - 7.50%	7.75% - 8.50%	7.75% - 8.50%	8.25% - 9.00%	8.25% - 9.00%	7.50% - 8.25%
Long Term Care A	6.50% - 7.00%	6.50% - 7.00%	7.00% - 7.50%	7.00% - 7.50%	N/A	N/A	6.75% - 7.25%
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%

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Debt Market
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Winnipeg
London
Kitchener-Waterloo
Toronto
Ottawa
Montreal
Quebec City
Halifax
Cap Rate Summary
Glossary of Terms

Q3 2026 Canadian Cap Rates

△ Q/Q

Downtown Office	Kitchener-Waterloo		Toronto		Ottawa		Montreal		Quebec City		Halifax	
AA	N/A		5.25% - 5.75%		6.25% - 6.50%		6.25% - 6.75% ▼		N/A		N/A	
A	6.00% - 6.75%	◄►	6.25% - 6.75%	◄►	6.75% - 7.50%	◄►	7.00% - 7.50%	▼	7.50% - 8.50%	◄►	7.00% - 7.75%	◄►
B	6.50% - 7.25%	◄►	6.75% - 7.50%	◄►	7.50% - 8.50%	◄►	7.75% - 8.25%	▼	8.50% - 9.50%	◄►	7.75% - 8.50%	▼
Suburban Office												
A	6.50% - 7.50%	◄►	7.50% - 8.50%	◄►	7.75% - 8.75%	◄►	7.50% - 8.50%	▼	8.50% - 9.25%	◄►	6.75% - 7.50%	▼
B	7.00% - 7.75%	◄►	8.25% - 9.25%	◄►	8.50% - 9.25%	◄►	8.75% - 9.75%	◄►	9.00% - 10.00%	◄►	7.50% - 8.25%	▼
Industrial												
A	5.75% - 6.50%	◄►	5.00% - 5.25%	◄►	5.50% - 6.00%	◄►	5.75% - 6.25%	◄►	6.25% - 7.25%	◄►	6.25% - 7.00%	◄►
B	5.75% - 6.50%	◄►	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%	◄►	6.50% - 7.00%	▼	7.25% - 8.00%	◄►	7.25% - 8.25%	◄►
Power	6.00% - 6.50%	◄►	5.75% - 7.00%	◄►	6.25% - 6.75%	◄►	6.25% - 6.75%	◄►	7.00% - 7.75%	▼	6.50% - 7.50%	◄►
Neighbourhood	5.00% - 6.00%	◄►	5.50% - 6.50%	◄►	6.25% - 6.75%	◄►	6.50% - 7.25%	▼	8.25% - 9.25%	▼	6.25% - 7.25%	◄►
Strip	5.50% - 6.35%	◄►	4.75% - 5.75%	◄►	6.00% - 6.50%	◄►	5.50% - 6.00%	▼	6.25% - 7.25%	◄►	6.25% - 7.25%	◄►
Non-anchored Strip Mall	5.50% - 6.50%	◄►	5.25% - 6.50%	◄►	6.00% - 7.00%	◄►	6.50% - 7.00%	▼	8.00% - 8.50%	◄►	6.75% - 7.75%	◄►
Urban Streetfront	6.00% - 7.00%	◄►	5.00% - 5.50%	◄►	5.75% - 6.25%	◄►	5.00% - 5.50%	◄►	N/A		6.50% - 7.50%	◄►
High Street	N/A		5.00% - 5.50%	◄►	N/A		N/A		N/A		N/A	
Multifamily												
High Rise A	4.50% - 4.75%	◄►	3.85% - 4.75%	◄►	4.50% - 5.00%	◄►	4.50% - 4.75%	▲	4.25% - 5.00%	◄►	4.50% - 5.00%	▼
High Rise B	4.50% - 5.00%	◄►	4.15% - 5.15%	◄►	4.95% - 5.80%	◄►	4.25% - 4.75%	▲	4.75% - 5.75%	◄►	4.75% - 5.25%	▼
Low Rise A	4.50% - 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	4.50% - 6.00%	◄►	4.15% - 5.15%	◄►	5.20% - 5.80%	◄►	4.25% - 4.75%	▲	5.00% - 6.00%	◄►	4.75% - 5.50%	◄►
New Construction	4.50% - 4.75%	◄►	4.00% - 4.75%	◄►	4.50% - 4.75%	◄►	4.50% - 4.75%	◄►	4.25% - 4.75%	◄►	4.50% - 5.00%	▼
Seniors Housing												
Independent/Assisted Living A	6.00% - 6.50%	◄►	5.50% - 6.25%	◄►	5.75% - 6.25%	◄►	5.75% - 6.50%	◄►	6.00% - 6.50%	◄►	6.00% - 6.50%	◄►
Independent/Assisted Living B	7.50% - 8.25%	◄►	7.00% - 7.75%	◄►	7.25% - 8.00%	◄►	7.50% - 8.50%	◄►	7.75% - 8.75%	◄►	7.75% - 8.75%	◄►
Long Term Care A	6.75% - 7.25%	◄►	6.75% - 7.25%	◄►	6.75% - 7.25%	◄►	7.25% - 7.75%	◄►	7.50% - 8.00%	◄►	7.00% - 7.50%	◄►
Hotel												
Downtown Full Service	8.00% - 9.25%	◄►	5.25% - 6.50%	◄►	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%	◄►

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Toronto
Ottawa
Montreal
Quebec City
Halifax
Cap Rate Summary
Glossary of Terms

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.

Tier 1 Mortgage Spread: Primarily for higher quality assets with stabilized income streams, typically located in primary markets or urban centres of larger secondary markets. Loans generally have LTV ≤ 65% and DSCR ≥ 1.20.

Tier 2 Mortgage Spread: Non-stabilized, value-add or transitional properties, typically located in secondary or tertiary markets. Loans generally have LTV of 65%-80% and DCSR < 1.20.

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.

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