

Research &  
Forecast Report

# CANADA CAP RATE REPORT

Third Quarter 2020



Accelerating success.



# Remarks on COVID-19

The third quarter saw some positive signs as confirmed COVID cases initially dipped across the country throughout the summer months. While there was still plenty of uncertainty surrounding the pandemic and the state of the national and global economies, there were many encouraging signs starting to emerge as sales and leasing activity picked up within select markets and asset classes. The federal government also extended the CECRA program in to September which was beneficial to tenants participating in this program. However, case count in a number of provinces started to increase again (specifically Ontario and Quebec) towards to end of the quarter which have led to increased concerns of a second wave of the virus and further damage of the Canadian economy.

At this point in the pandemic it is clear that industrial and multi-family residential assets have emerged as the favourite asset classes of most investors across the country. Their relative performance over the course of the pandemic combined with an equally optimistic outlook for the future have resulted in an increase in investment demand right across the country. Adding fuel to this demand has been the shift in lender preference and lower overall interest rates for these asset types. This has led to a number of recent sales for both product types which have exhibited very strong pricing metrics.

Perhaps not surprising but definitely notable has been the dramatic increase in sublease office space across most major markets in the country. This will undoubtedly apply downwards pressure on market rents moving forward as the trend is expected to continue in the near term. However, despite the softening fundamentals and increases in vacancy it is expected that core product within this asset class will remain in high demand across most key markets should opportunities for purchase present themselves.

The retail sector continues to be a mixed bag of volatility with some markets and asset sub-types still performing quite well, while a lot of smaller stores and street front retailers continue to struggle. The threat of a second wave and the implementation of more restrictions will certainly put added pressure on this sector. As a result, it is likely that we will see limited transactions in this asset class until there is further certainty surrounding the trajectory of the pandemic and the economy.

While there were some positive investment stories in the quarter, overall activity still remains well below historical average and was down by approximately 25% from the previous quarter and a lofty 64% from the same quarter last year. This was to be expected however, as transactions take time to materialize and the increase in sales activity we are seeing now will not make a positive impact until next quarter at the earliest.

## HOTELS Q3 CAP RATE REPORT

The summer months brought signs of life back into the Canadian hotel sector with properties in drive-to leisure destinations benefiting from pent-up, albeit short lived travel demand. The same optimism did not translate into the hotel investment market which continued to see minimal trading activity with an ongoing trend of acquisitions for alternate use. Given the lack of normalized operating data and investment activity, hotel cap rate ranges will be suspended for the remainder of 2020.

[Colliers Hotels' team members](#) from coast-to-coast remain available to support the hotel investment community. We will continue to provide updated Covid-19 resources including our upcoming INNvestment Canada Q3 Hotel Report scheduled for release in October 2020.



# TORONTO



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## Q3 2020 CAP RATES

### DOWNTOWN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
3.75%	4.75%	4.50%	5.50%	↔	↔

### SUBURBAN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.50%	6.50%	6.00%	7.00%	↔	↔

### INDUSTRIAL

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
3.75%	4.50%	4.50%	5.25%	↔	↔

### RETAIL

REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
4.25%	5.25%	5.25%	6.25%	4.75%	6.00%	▲	▲	▲

### MULTI-FAMILY RESIDENTIAL

HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	H	L
3.50%	4.50%	3.00%	4.00%	↔	↔

## WHAT'S TRENDING

- The increase in the office sublease market will be an area to watch as confirmed COVID cases increase throughout the GTA and work from home continues for most companies. As a result of the increase in subleases, overall vacancy has also increased throughout the quarter.
- Despite the declining fundamentals, core office assets are still highly sought after which is evidenced by the sale of 277 Wellington Street West in Downtown Toronto. The building traded at over \$780 per square foot.
- Increased e-commerce has pushed demand for warehousing and distribution space higher throughout the GTA. Specifically larger blocks of available modern warehouse space were absorbed during the summer months, keeping availability rates near record lows.
- Investment demand throughout the GTA has remained strong for both multi-family and industrial assets as investors and lenders seek to rebalance and/or strengthen their portfolios in these two asset classes. As such, pricing for these particular product types have remained at or above pre-COVID levels.

# MONTREAL



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## Q3 2020 CAP RATES

### DOWNTOWN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
4.50%	5.50%	5.25%	6.00%	↔	▲

### SUBURBAN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.00%	7.00%	6.75%	7.50%	▲	▲

### INDUSTRIAL

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.00%	6.00%	5.25%	6.50%	↔	↔

### RETAIL

REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
5.25%	6.50%	6.00%	7.00%	7.00%	7.75%	▲	▲	▲

### MULTI-FAMILY RESIDENTIAL

HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	H	L
3.00%	4.25%	4.00%	5.00%	↔	↔

## WHAT'S TRENDING

- There is limited industrial inventory available in the 30,000-50,000 square foot category, and less in the 100,000 square feet and greater category. As a result industrial market rents are still receiving upward pressure as older leases continue to turn over at significantly higher rates.
- A large sublease market is emerging as office tenants tele-commute and start downsizing their footprints. Rents will likely continue softening due to the increase in sublease space.
- Vacancies within the retail market are on the rise as many chains are looking at store closures, and smaller tenants are reportedly having trouble paying their rent. While there is limited sales volumes in this segment, owners are looking at re-development opportunities including mixed use and residential components.
- Multi-residential properties continue to be a sought after asset class, and there is downward pressure on cap rates specifically in the low rise sector of the market. Part of the demand comes from the stability of the asset class as vacancy rates have held steady in spite of COVID. The low vacancy is pushing up rents, and thus values.

# CALGARY



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## Q3 2020 CAP RATES

DOWNTOWN OFFICE					
CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.00%	7.00%	7.00%	9.00%	▲	▲

SUBURBAN OFFICE					
CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.25%	7.00%	7.00%	8.50%	▲	▲

INDUSTRIAL					
CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.25%	6.25%	5.50%	7.00%	▲	▲

RETAIL								
REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
5.25%	6.00%	5.25%	6.00%	5.50%	6.50%	▲	▲	▲

MULTI-FAMILY RESIDENTIAL					
HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	H	L
4.00%	4.75%	4.25%	5.25%	◀▶	◀▶

## WHAT'S TRENDING

- As expected, significant sales transactions have been absent in the Calgary marketplace as the effects of COVID-19 and a depressed resource sector continue to suppress sales velocity.
- As a result of the slow sales volumes there was only one trade north of \$10 MIL during the third quarter.
- Mainstreet Equity Corp. acquired a 188 unit multi-family property from CAP REIT for \$30,500,000 or roughly \$162,000 per unit.



# VANCOUVER

## Q3 2020 CAP RATES

### DOWNTOWN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
3.50%	4.50%	3.75%	4.50%	↔	↔

### SUBURBAN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.00%	6.25%	5.50%	6.50%	▲	▲

### INDUSTRIAL

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
3.75%	4.75%	3.75%	5.00%	↔	↔

### RETAIL

REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
4.00%	5.75%	4.00%	5.75%	3.50%	5.50%	▲	▲	▲

### MULTI-FAMILY RESIDENTIAL

HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	H	L
2.75%	3.50%	2.75%	4.25%	↔	↔



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## WHAT'S TRENDING

- Grocery/pharmacy anchored retail has been faring well – Tenant Park Square in Ladner closed at a 4.6% cap rate.
- Enclosed shopping centres will change to survive or ultimately be redeveloped – Woodgrove Centre in Nanaimo closed at around \$200 million and well over the 6% cap rate mark.
- Downtown office will remain in demand as an investment despite the short-term flood of sublease space into the market.
- Industrial assets, both improved and vacant, continue to be in demand. Market rental rates are maintaining after several quarters of double-digit growth. Cap rates remain low on properties with below market rents.
- Multi-family transactions have picked up their pace, with the \$4.8 billion Northview REIT sale to Starlight and Kingsett a highlight. Cap rates remain low, with the sale of Sale Place Apartments in Vancouver at 3.2% as an example.

# EDMONTON

## Q3 2020 CAP RATES

### DOWNTOWN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.00%	7.25%	6.50%	8.00%	▲	▲

### SUBURBAN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.25%	7.25%	6.75%	8.00%	▲	▲

### INDUSTRIAL

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.75%	6.75%	6.25%	7.50%	▲	▲

### RETAIL

REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
5.75%	6.75%	5.75%	6.75%	5.75%	7.25%	▲	▲	▲

### MULTI-FAMILY RESIDENTIAL

HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	H	L
3.75%	4.75%	5.00%	6.00%	◀▶	◀▶



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## WHAT'S TRENDING

- Numerous walk-up apartment sales in Q3 with cap rates showing no change from pre-pandemic levels. Multiple towers have recently been put on the market and should set benchmark cap rates over the next 3-6 months.
- Sun Life Place (a 288,000 SF Downtown Class A tower) sold for \$113 per SF and a +/-8.10% cap rate on in place income. Reportedly a motivated sale not reflective of market pricing but still shows signs of weakness in the office investment market.
- Limited activity in both the retail and industrial investment markets. Condominium and small building sales indicate that pricing for most owner-user properties has not decreased significantly.
- Reports of multiple lower-quality retail buildings under contract with cap rates above 7.0%. High-quality retail centres under \$10M are expected to show minor cap rate increases. Limited buyer pool for large retail assets.
- Class A industrial without exposure to oil and gas is still in high demand. Assets of lower quality, large size and/or with vacancy or weak covenants are expected to see cap rate increases.

# OTTAWA



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## Q3 2020 CAP RATES

### DOWNTOWN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.00%	6.50%	6.25%	7.00%	↔	▲

### SUBURBAN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.25%	7.00%	7.00%	7.75%	▲	▲

### INDUSTRIAL

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.00%	6.50%	5.50%	6.50%	↔	↔

### RETAIL

REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
5.50%	6.50%	6.00%	6.50%	6.00%	7.00%	▲	▲	▲

### MULTI-FAMILY RESIDENTIAL

HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	H	L
4.00%	4.75%	3.75%	4.75%	↔	↔

## WHAT'S TRENDING

- Residential home prices in Ottawa have been increasing at an aggressive pace over the last 6 months. As a result, suburban development land has substantially increased in value throughout the City.
- Demand for industrial assets remain high, particularly for assets with strong loading and truck marshalling attributes. This is resulting in increased rental rates for certain industrial assets and strong demand for any available assets by local and regional buyers.
- The multi-family market remains active with numerous rental projects nearing final completion, and these projects continuing to experience strong demand from tenants.
- There has been little transaction activity in the retail market given ongoing uncertainty associated with the covenants of many tenants, thus most owners are retaining their assets until more certainty is apparent in the local market.
- The office market is due for a major adjustment in Ottawa in the coming months and years. Most federal government departments have not provided a clear indication of when they will return to the office, and a large number of tenants are moving to sub-lease their space. It is anticipated that Ottawa office vacancy will rise over the coming months and years as many tenants move to work from home environments and downsize their space requirements.



# WINNIPEG



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## Q3 2020 CAP RATES

### DOWNTOWN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.50%	6.25%	6.00%	6.75%	↕	↕

### SUBURBAN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
N/A	N/A	6.00%	6.75%	↕	↕

### INDUSTRIAL

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.25%	7.00%	6.25%	7.00%	↕	↕

### RETAIL

REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
6.00%	6.50%	6.00%	6.75%	6.00%	6.75%	↕	↕	↕

### MULTI-FAMILY RESIDENTIAL

HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	H	L
5.00%	6.00%	5.00%	6.00%	↕	↕

## WHAT'S TRENDING

- Cap rates for multi-family and industrial asset classes have held steady throughout the COVID crisis, with sales activity being at normal levels for this time of year and cap rates being similar to pre-COVID rates.
- Retail and office asset classes are sensitive to vacancy with regards to cap rates. Properties that have seen increased vacancy due to COVID will end up trading at higher cap rates. Properties that have little to no vacancy will trade at cap rates similar to pre-COVID rates.

# HALIFAX

## Q3 2020 CAP RATES

DOWNTOWN OFFICE					
CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.25%	7.25%	7.25%	8.25%	↕	↕

SUBURBAN OFFICE					
CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.50%	7.25%	7.25%	8.25%	↕	↕

INDUSTRIAL					
CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
6.25%	6.75%	6.75%	7.50%	↕	↕

RETAIL								
REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
5.50%	6.25%	7.00%	8.00%	6.25%	7.50%	↕	↕	↕

MULTI-FAMILY RESIDENTIAL					
HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	H	L
4.40%	4.65%	4.50%	4.75%	↕	↕



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## WHAT'S TRENDING

- Thanks to the Atlantic Bubble – the COVID-19 situation appears to have stabilized in the Atlantic region with more signs of optimism that the situation will soon be resolved and the road to recovery for impacted business will begin.
- Liquidity has returned to the market with respect to transactions characterized as defensive in nature.
- Over the past quarter, defensive single tenant retail assets have traded, along with apartment properties, neither asset class showing any signs of pricing weakness as a result of the current economic environment.
- Assets of appeal to owner occupier buyers, particularly smaller industrial and office properties continue to be in high demand and in many instances premium pricing is being achieved as a result of the supply-demand imbalance along with lower interest rates.
- There has been activity in the downtown Halifax office market. Joint ventures, involving local and foreign investors, with an apparent objective to reposition certain assets, i.e. conversion of existing office to multi residential use, which would provide reduced inventory in the downtown and strengthen overall fundamentals.
- Development sites also remain in high demand, particularly the multi res sector as the major developers in the City continue to build inventory of high quality sites that will fuel new development over the next decade.

# VICTORIA



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## Q3 2020 CAP RATES

### DOWNTOWN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.00%	5.25%	5.25%	5.50%	▲	▲

### SUBURBAN OFFICE

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.25%	5.50%	5.50%	5.75%	▲	▲

### INDUSTRIAL

CLASS A		CLASS B		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	A	B
5.00%	5.25%	5.25%	5.50%	◀▶	◀▶

### RETAIL

REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
5.25%	5.50%	5.25%	5.50%	5.25%	5.50%	▲	▲	▲

### MULTI-FAMILY RESIDENTIAL

HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
LOW	HIGH	LOW	HIGH	H	L
4.00%	4.25%	4.25%	4.50%	◀▶	◀▶

## WHAT'S TRENDING

- As the COVID-19 pandemic continues, following reopening of the Greater Victoria market, the general investment sentiment remains positive. However, the downtown market is suffering from less tourism, and reduced occupancy due to government implemented restrictions.
- The multifamily market is holding steady, and as a result of strong government subsidy programs, residential tenants continue to make rental payments.
- The industrial market is particularly strong within Victoria as vacancy rates remain tight and on the decline due to strong demand and limited supply.
- Concern remains in the retail market, with viability of tenancy a concern, and lenders are looking into tenant ability to stay in place.
- Office market sublets are reportedly not taking place, with Victoria having primarily smaller occupiers. There are not as many head office tech occupiers as in larger markets, and with significant government tenancy this is also offering tenancy stability.
- Land transactions are on the rise, with developers seeking zoned and ready to develop investment opportunities.



# Canada Cap Rate Report



## DOWNTOWN OFFICE

MARKET	CLASS A		CLASS B		Q4 2020 PREDICTION	
CITY	LOW	HIGH	LOW	HIGH	A	B
Vancouver	3.50%	4.50%	3.75%	4.50%	↔	↔
Calgary	6.00%	7.00%	7.00%	9.00%	▲	▲
Edmonton	6.00%	7.25%	6.50%	8.00%	▲	▲
Toronto	3.75%	4.75%	4.50%	5.50%	↔	↔
Ottawa	5.00%	6.50%	6.25%	7.00%	↔	▲
Montreal	4.50%	5.50%	5.25%	6.00%	↔	▲
Winnipeg	5.50%	6.25%	6.00%	6.75%	↔	↔
Halifax	6.25%	7.25%	7.25%	8.25%	↔	↔
Victoria	5.00%	5.25%	5.25%	5.50%	▲	▲

## SUBURBAN OFFICE

MARKET	CLASS A		CLASS B		Q4 2020 PREDICTION	
CITY	LOW	HIGH	LOW	HIGH	A	B
Vancouver	5.00%	6.25%	5.50%	6.50%	▲	▲
Calgary	6.25%	7.00%	7.00%	8.50%	▲	▲
Edmonton	6.25%	7.25%	6.75%	8.00%	▲	▲
Toronto	5.50%	6.50%	6.00%	7.00%	↔	↔
Ottawa	6.25%	7.00%	7.00%	7.75%	▲	▲
Montreal	6.00%	7.00%	6.75%	7.50%	▲	▲
Winnipeg	N/A	N/A	6.00%	6.75%	↔	↔
Halifax	6.50%	7.25%	7.25%	8.25%	↔	↔
Victoria	5.25%	5.50%	5.50%	5.75%	▲	▲

# Canada Cap Rate Report



INDUSTRIAL						
MARKET	CLASS A		CLASS B		Q4 2020 PREDICTION	
CITY	LOW	HIGH	LOW	HIGH	A	B
Vancouver	3.75%	4.75%	3.75%	5.00%	↔	↔
Calgary	5.25%	6.25%	5.50%	7.00%	▲	▲
Edmonton	5.75%	6.75%	6.25%	7.50%	▲	▲
Toronto	3.75%	4.50%	4.50%	5.25%	↔	↔
Ottawa	5.00%	6.50%	5.50%	6.50%	↔	↔
Montreal	5.00%	6.00%	5.25%	6.50%	↔	↔
Winnipeg	6.25%	7.00%	6.25%	7.00%	↔	↔
Halifax	6.25%	6.75%	6.75%	7.50%	↔	↔
Victoria	5.00%	5.25%	5.25%	5.50%	↔	↔

MULTI-FAMILY RESIDENTIAL						
MARKET	HIGH-RISE		LOW-RISE		Q4 2020 PREDICTION	
CITY	LOW	HIGH	LOW	HIGH	H	L
Vancouver	2.75%	3.50%	2.75%	4.25%	↔	↔
Calgary	4.00%	4.75%	4.25%	5.25%	↔	↔
Edmonton	3.75%	4.75%	5.00%	6.00%	↔	↔
Toronto	3.50%	4.50%	3.00%	4.00%	↔	↔
Ottawa	4.00%	4.75%	3.75%	4.75%	↔	↔
Montreal	3.00%	4.25%	4.00%	5.00%	↔	↔
Winnipeg	5.00%	6.00%	5.00%	6.00%	↔	↔
Halifax	4.40%	4.65%	4.50%	4.75%	↔	↔
Victoria	4.00%	4.25%	4.25%	4.50%	↔	↔

# Canada Cap Rate Report



RETAIL									
MARKET	REGIONAL / POWER		GROCERY / COMMUNITY		NEIGHBOURHOOD / STRIP		Q4 2020 PREDICTION		
CITY	LOW	HIGH	LOW	HIGH	LOW	HIGH	R	G	N
Vancouver	4.00%	5.75%	4.00%	5.75%	3.50%	5.50%	▲	▲	▲
Calgary	5.25%	6.00%	5.25%	6.00%	5.50%	6.50%	▲	▲	▲
Edmonton	5.75%	6.75%	5.75%	6.75%	5.75%	7.25%	▲	▲	▲
Toronto	4.25%	5.25%	5.25%	6.25%	4.75%	6.00%	▲	▲	▲
Ottawa	5.50%	6.50%	6.00%	6.50%	6.00%	7.00%	▲	▲	▲
Montreal	5.25%	6.50%	6.00%	7.00%	7.00%	7.75%	▲	▲	▲
Winnipeg	6.00%	6.50%	6.00%	6.75%	6.00%	6.75%	◀▶	◀▶	◀▶
Halifax	5.50%	6.25%	7.00%	8.00%	6.25%	7.50%	◀▶	◀▶	◀▶
Victoria	5.25%	5.50%	5.25%	5.50%	5.25%	5.50%	▲	▲	▲





# Glossary

## CAP RATES

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A capitalization rate is a property's net operating income for the 12 months following the date of sale divided by the purchase price. Cap rate range estimates in this report are provided by appraisers in their respective markets and take into consideration recent transactions as well as investor sentiment.

## OFFICE

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### Downtown Class A:

Office buildings, predominantly high-rise, situated within the Central Business District (CBD) which reflect high quality construction and amenities, large floor plates, modern efficient systems and very good accessibility. These buildings typically compete for larger top tier tenants, and achieve among the highest rental rates.

### Downtown Class B:

Office buildings, commonly high-rise, in the CBD which offer average to good quality construction and amenities, but which tend to be somewhat more dated, with fewer features and less prominent locations. These buildings tend to compete for smaller to mid-size tenants seeking average to good quality space at somewhat more economical rents.

### Suburban Class A:

Office buildings, located outside of the CBD, reflecting high quality construction and amenities that appeal to mid-size to larger upper tier tenants seeking non-central locations.

### Suburban Class B:

Office buildings outside of the CBD reflecting average to good quality construction and amenities appealing to smaller to mid-size tenants seeking peripheral locations and discounted rents.

## RETAIL

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### Regional Shopping Centre:

Larger enclosed malls characterized by multiple anchors (typically including department

stores and/or larger discount stores/mini-anchors) complimented by numerous smaller retailers (CRU's). The CRU's are generally oriented inwardly with stores connected by internal walkways (malls) and with numerous common entrances. They tend to reflect a high proportion of national tenants, with a broad mix of categories.

### Power Centre:

Larger "open air" centres, typically in arterial locations, comprising a cluster of mostly free-standing large format "big box" stores, with ample surface parking adjacent to the stores and throughout the centre. Tenant mixes tend to reflect anchors such as discount department stores, furniture/home furnishings, home improvement/hardware, electronics, office supplies, cinemas, fashion outlets, etc., with few smaller CRU's.

### Grocery or Community Centre:

Mid-size to larger enclosed or unenclosed centres with a community-oriented focus, offering products and services for daily needs, but with an expanded soft goods and services component. Anchors often include supermarkets, drugstores, discount department stores and similar outlets, but can also include "big box" outlets in categories such as apparel, home improvements, electronics and others.

### Neighbourhood or Strip Centre:

Smaller to mid-size unenclosed centres, intended for convenience shopping for the residents of the surrounding neighbourhood. These centres are often anchored by smaller supermarkets, drugstores, discount stores, etc., with a mix of smaller attached retailers.

## INDUSTRIAL

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### Class A:

Newer, fully featured industrial buildings of high quality steel and concrete construction, with modern efficient mechanical and electrical systems, high ceilings, good loading capability, air conditioned offices, and extensive yard storage/truck marshalling areas.

### Class B:

Average to good quality industrial buildings, typically of somewhat dated construction, providing good quality functional space, but with somewhat less extensive features. These buildings are usually characterized by lower clear heights and fewer shipping doors.

## MULTI-FAMILY

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### High-Rise:

Multi-family residential buildings with comparatively high densities, typically exceeding four stories in height and including elevators. These commonly reflect concrete construction and can have amenities such as underground parking, fitness rooms, indoor or outdoor pools, tennis courts, social rooms, etc.

### Low-Rise:

Lower density multi-family residential buildings, typically comprising four stories or less, and with or without elevators. These can reflect concrete or wood frame construction and generally have surface parking with few building amenities.

## HOTEL

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### Urban Full Service:

Fully featured branded hotels offering an extensive suite of services and amenities, such as food and beverage services, conference centres/meeting rooms, fitness/activity centres, valet and concierge services.

### Select Service:

Hotels that offer mid-range accommodations with a selection of added services and amenities, but to a notably lower extent compared to full service facilities.

### Limited Service:

Hotels that offer affordable accommodation with comparatively limited additional features and amenities, typically excluding food and beverage services.

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**16** offices  
**100** professionals

Across Canada

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**5,000+**

Appraisals per year

**1,500**

Tax Appeals per year

**71**

NPS Score

Colliers has certified NPS® professionals who ensure the right business processes and systems are in place to deliver real-time information to employees, so they can act on customer feedback and achieve results. Our current NPS score is 71. To put our score in context, the average score of a professional service company across North America is 10.

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