Colliers

Q4 2023

Canada Cap Rate Report

Accelerating success.

Q4 2023

National Investment Trends

Summary

The lack of rate hikes since July has stabilized the market, as the drastic changes of 2022 and early 2023 recede. A decline in borrowing costs in Q4 gave investors some breathing room; the spread between cap rates and borrowing costs widened after narrowing to one percent or less. Many commentators have noted the slow pace of cap rate adjustment, as a lack of transactions and expectations of rate cuts have created an unclear pricing environment.

Economy

The Canadian economy has begun to show signs of weakness, including rising unemployment and falling GDP. However, despite years of recession calls by commentators, the current 5.8% unemployment rate is far below earlier recession levels, such as the Great Financial Crisis (8.3%), the Dot-com Bubble (7.7%) or the 1990s recession (a shocking 11.4%). Similarly, although interest rates are high relative to the past decade and especially the pandemic period, the five-year bond rate remains well below 2002-2008 norms. (The five-year bond yielded 3.5% as of this writing in mid-January, subject to change). Rapidly increasing population has provided a tailwind for some assets such as housing and industrial, while challenging others such as office due to increased traffic and congestion.

Outlook

Appraisers expect flat cap rates in early 2024 for many assets, including hospitality, most of apartment and retail, and about half of office and industrial markets. Yields are expected to rise for downtown office in areas with slow return-to-work, expensive industrial markets (e.g., British Columbia), and multi-family assets with very low cap rates. There is little variation based on A versus B assets, as the challenges are largely at the market or asset class level.

Asset Classes

B office cap rates are now at or above nine percent in higher-vacancy markets, or smaller metros where exit liquidity can be a concern. The office market has begun to price in the risk of slow return-to-office and rising vacancy, especially on the lower end of the market. Downtown office assets still command a premium in every market, reflecting the higher rents and greater demand.

Apartment cap rates remain the lowest of any asset, with sub four percent yields in tight leasing markets such as Toronto, Victoria, and Kitchener-Waterloo. The tremendous rent growth for apartments continues due to a post-pandemic population boom across Canada. Record high levels of immigration and non-permanent residents have buoyed residential assets, as record high supply is no match for the even higher levels of demand. At the same time, unaffordable house purchasing costs due to rate hikes means more renters, as the home ownership rate has declined over the past ten years per Statistics Canada.

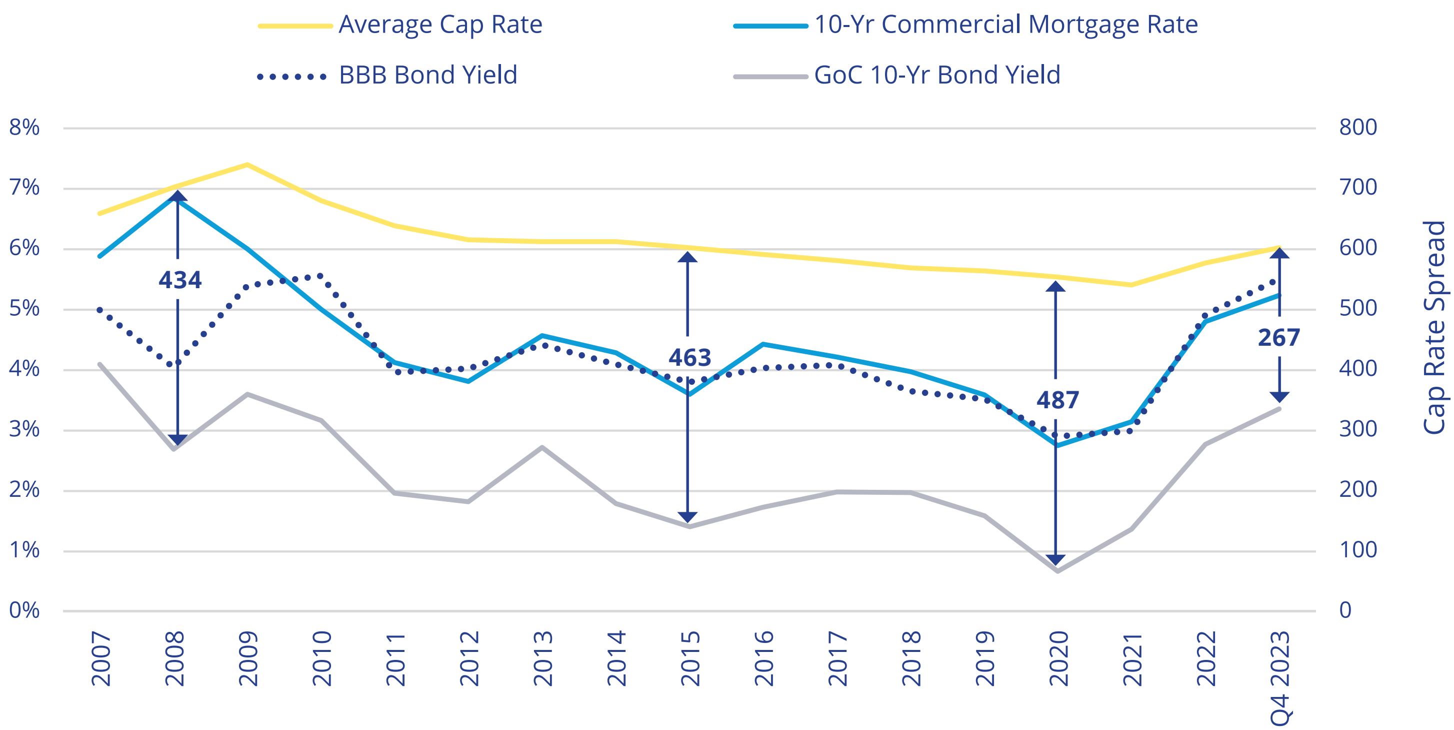
Industrial cap rates have risen over the past year. Because the industrial market is more liquid and transacts more frequently, recent sales have been able to "set the market." This contrasts with office where a lack of transactions, especially at the higher end, has created a stalemate surrounding pricing expectations.

Grocery anchored retail has performed well throughout the pandemic and continues to attract investors. Cap rates for this in-demand asset are now below regional malls in some markets such as Vancouver, Toronto, and Halifax. Grocery anchored retail is viewed as more "recession proof" than other assets, as it purveys necessities and generally is less dependent on macro factors such as the job market or house prices. Retail assets continue to transact, leading the market in Q4 2023 in terms of investment volume growth.

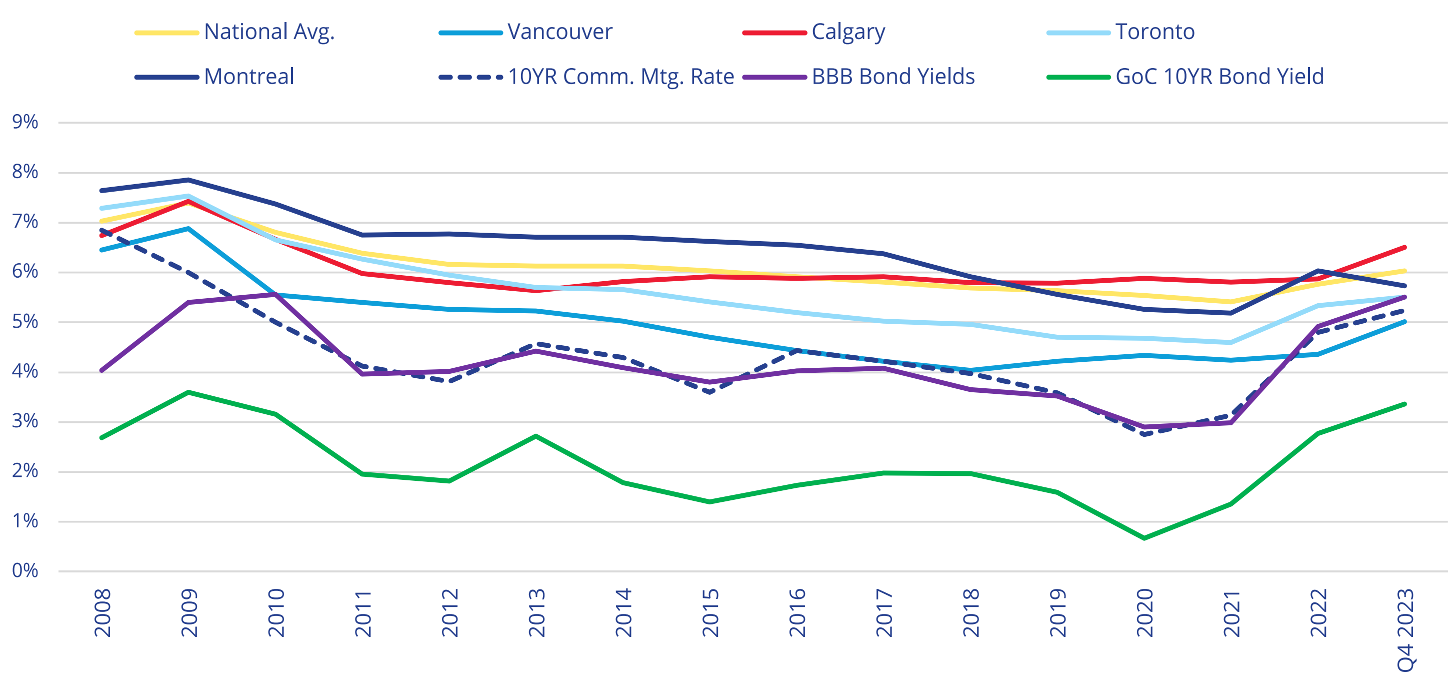
Trends to watch:

- **Development is slowing down** for most assets, as borrowing costs, lender hesitancy, and macro-economic concerns weigh on the market.
- **Will rate cuts materialize?** While the USA has clearly signalled an intent to cut rates, the situation is murkier in Canada. A weaker economy than the US and higher indebtedness suggest rates may decline. But persistently high inflation, especially for staples like food and housing, have some analysts even suggesting further hikes are possible.
- **Institutional buyers have been largely absent from the market** for years, and it's unclear what can bring them back. Pension plans have sold traditional "core" assets such as office and retail to private investors since 2020, and pursued diversification strategies both geographically and in terms of asset classes (e.g., investment and development in alternatives).
- **Potential political changes impacting commercial real estate.** British Columbia has been at the vanguard of mandating more municipal housing approvals, while the federal government is considering a reduction to international student levels. Canada's unprecedented level of population growth is straining infrastructure and creating some political backlash, but it's unclear how all levels of government will respond to this.

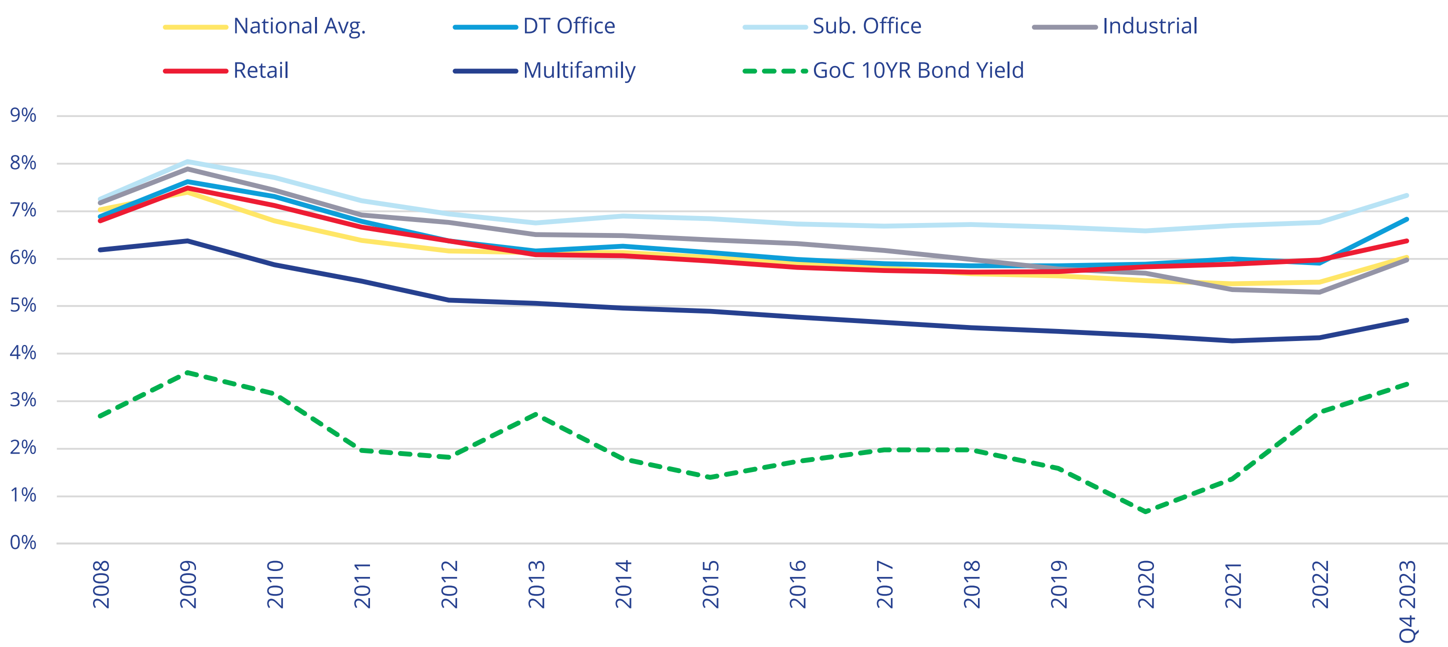
GoC 10-YR to Cap Rate Spread



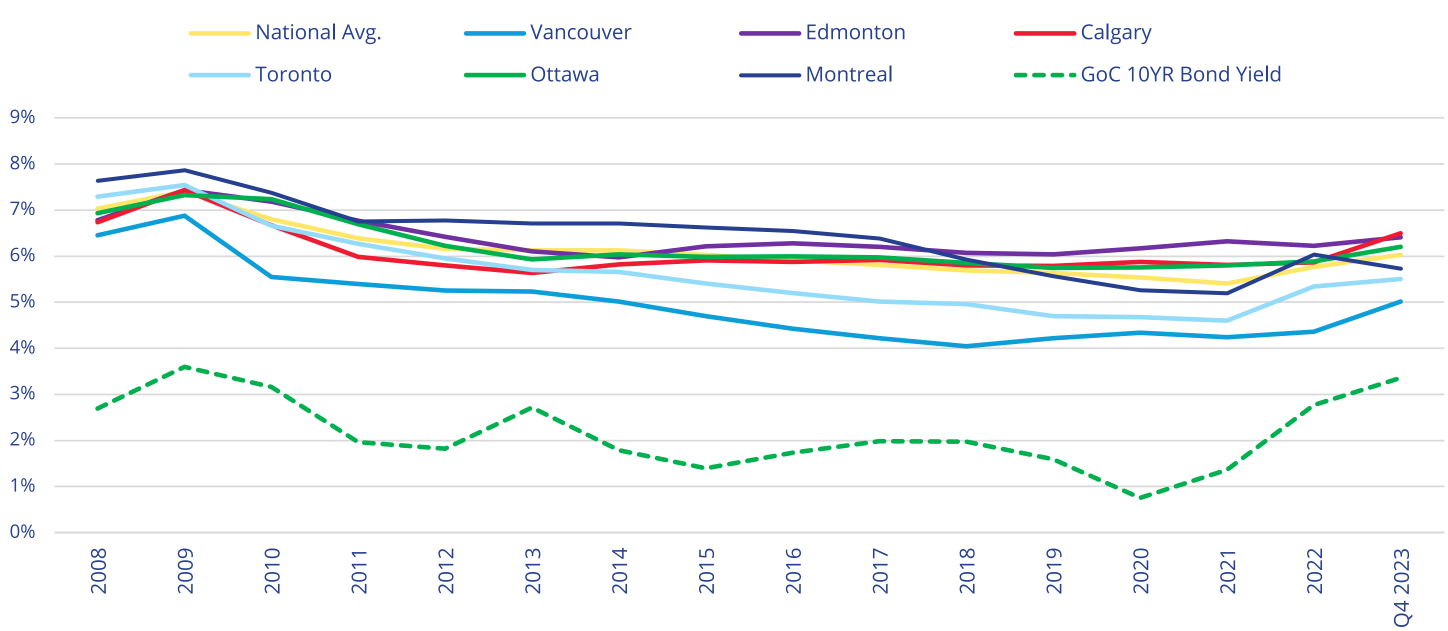
Interest Rates vs Cap Rates by Market



Average National Cap Rates by Asset Type



Interest Rates vs Cap Rates by Market



Q4 2023

Toronto

What's Trending?

Despite a slow market with few transactions in the last few months of 2023, we are seeing some pockets of strength holding up within the GTA commercial real estate market. Industrial and multi-family continue to be the strongest asset classes. Necessity-based retail, and in particular grocery anchored retail, is emerging as one of the preferred asset classes with investors as well. We continue to see sales with vendor take-back mortgages in asset classes with more restricted financing options. The prospects of lower interest rates in 2024 is leading to some cautious optimism, however refinancings from Covid era interest rates will remain challenging.

The vacancy rate has increased within the GTA industrial market to above 1%, with average asking rents decreasing slightly. The total transaction volume was $2.2 billion, with an average transaction price of $15.5 million. The largest transactions this quarter were the sale by Oxford Properties to TPG of 75% interest in its industrial portfolio for $1 billion, 30 Royal Group Crescent purchased by Dream Industrial for $81 million, and 2340 Winston Park Drive purchased by Concert Properties for $67 million.

In the office market there were no large transactions closing during Q4. The total volume of deals was $295 million, dominated by smaller transactions, with the average sale price of $4.3 million, and only a few transactions selling for more than $20 million. H&R REIT announced the sale of 25 Dockside Drive, mostly leased to Corus Entertainment. The property was purchased by George Brown College and Halmont Properties with a 5.7% cap rate, however, will be partially owner occupied by George Brown.

The total retail transaction volume increased during Q3, to a total of $1.1 billion, driven by two large transactions, Vaughan Mills and Pickering Town Centre. Excluding these two sales, the volume was $435 million, comprised mostly of smaller transactions. Ivanhoe Cambridge sold a partial interest of 49% in Vaughan Mills to Lasalle Investment Management for $470 million. Pickering Town Centre closed for $203 million to CentreCourt Developments and is part of a previously announced master planned community.

Investor demand for multi-family remains strong, with limited new supply and rental growth driving performance in existing buildings. The largest transaction during Q4 was the acquisition of a seven-property apartment portfolio by District REIT for $69,800,000 and totaling 220 units.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
5.50%	6.25%	5.50%	6.75%	◀▶	◀▶

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.50%	7.50%	7.00%	7.75%	▲	▲

Industrial

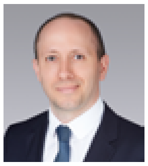
Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
4.75%	5.25%	5.00%	6.00%	▲	▲

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
5.50%	6.75%	5.50%	6.50%	5.50%	6.50%	◀▶	◀▶	◀▶

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
3.75%	4.50%	3.50%	4.75%	▲	▲



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Q4 2023

Montréal

What's Trending?

The industrial market has continued softening in Q4. Although prices have remained stable, the number of investment sales have decreased in contrast to the number of sales related to owner-occupiers. The leasing market has continued to soften as well, as sub lease space has started to come back onto the market. Overall, the vacancy rate for Montreal is now above 3% for the first time in several years. This is due to less demand for warehousing as a result of a slowing economy. Montreal port and transport activity has slowed which in turn has put less stress on the need for JIT deliveries. This has carried over into the industrial market. Landlords are seeing small cracks in the demand and as such are beginning to talk about price stability. The pause in interest rate increases which we had experienced throughout 2022 and into 2023 have started to weigh on investor appetite. Although investment sales have slowed inventory is still offside when we look at demand. The GMA as well as secondary markets still have opportunities however higher interest rates, as well as a stabilizing in rental rates means less upside in cash flow which can affect overall returns on investment. Buyers are being much more cautious in their due diligence. Higher borrowing costs have seen multiple re-trades as buyers weight the additional debt costs against the limited upside of rental increases over the short to mid-term. Direct deals for owner occupiers are still prevalent, but even these are occurring in a more limited fashion. Properties are continuing to trade off market with many direct deals taking place.

The office market has remained relatively stable with limited activity in Q4. Those trades that have occurred have either been for future repositioning (conversions to multifamily) or on the rare occasion, funds re-deploying allocations away from an overly weighted office position. Depending on the office class, owner/developers are looking at alternate use scenarios, however, any re-development plans would need support at the various municipal levels, which to this day hasn't really occurred Overall vacancy rates have hit a 10 year high in the CBD markets due to a larger supply of sub lease space. It is however, expected that by mid-2024 the market should return to a more stable and equal rental market.

In the retail sector sales volumes in Q4 2023 continued their steady pace with a reasonable level of activity in all sectors of the market. Small strip centres are now starting to trade as are community and grocery anchored investments, however, those limited transactions that did occur did not see any upward pressure on capitalization rates.

The multi-family markets have seen the biggest impact of the current interest rate increases. Developers are now putting projects on hold due to: Higher borrowing costs, increased labour costs and the fact that inflation, which although is coming down still remains well below the targeted two to three percent as forecasted by the BoC. These factors are now rendering projects less sustainable as margins are essentially evaporating. The past increases in the Bank of Canada's overnight rate are starting to have an impact on the multifamily sector, as fixed rate mortgages as well as floating rate credit lines have now reached levels not seen in the past several years. This is expected to impact capitalization rates in the short to mid-term (6 – 18 months).

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
5.25%	5.75%	5.75%	6.25%	◀▶	◀▶

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.25%	7.00%	7.00%	7.50%	◀▶	◀▶

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
5.50%	6.00%	5.50%	6.00%	▲	▲

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
5.00%	6.00%	6.00%	7.00%	6.00%	7.00%	▲	▲	◀▶

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
4.50%	5.00%	4.50%	5.00%	◀▶	▲

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Q4 2023

Vancouver

What's Trending?

- After multiple quarters of almost no large CRE transactions, the retail and industrial markets saw multiple deals close in the fourth quarter. Buyers and sellers are still in the process of finding pricing equilibrium, more so than many other markets across Canada given Vancouver's historically low cap rates.
- The largest retail sale of Q4 2023 was Strawberry Hill Shopping Centre in Surrey, which sold to a private investor. The 340,000 SF power centre is anchored by Home Depot, Cineplex, Winners/HomeSense and sits on approximately 35 acres. Panorama Village, a 130,000 SF grocery and drug store anchored shopping centre on approximately 10.5 acres, also in Surrey, sold for $72.0 million to another private investor.
- The largest industrial sale of the fourth quarter of 2023 was the newly constructed Amazon Distribution Centre in South Burnaby by a private investor. Bosa Properties acquired Legacy Industrial Park in Chilliwack. The multi-building property totals approximately 300,000 SF, with 160,000 SF of additional density on 37 acres. Sunco Foods acquired 8355 Riverbend Court in South Burnaby for $48.9 million, or $596 per SF. Owner/user and strata unit activity remains strong.
- The Vancouver office market is still watching Oxford/CPPIB's offering of 401 West Georgia and 402 Dunsmuir in the Downtown CBD. A transaction has not yet closed, but the predicted cap rate will be an indication that low cap rates of two to three years ago are in the past. 7298 Hurd Street in Mission, a 25,000+ SF office building fully leased to Fraser Health sold for $15.92 million and a cap rate of 5.4%.
- The largest apartment sale during the fourth quarter of 2023 was Sutton Gardens, a 107-suite concrete high-rise in the West End of Vancouver and was acquired by a private investor. Other notable sales include Legion Towers, a rare concrete high-rise in Maple Ridge, comprising 89 suites; Hollybush Apartments in Kitsilano, a 31-unit walk up in Vancouver for $14.8 million; and Sharon Apartments in Coquitlam, a 65-unit wood frame apartment building on 2.2 acres, for $14.5 million.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
4.75%	5.75%	5.00%	6.00%	▲	▲

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
5.50%	6.25%	5.75%	6.50%	◀▶	◀▶

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
4.50%	5.00%	4.75%	5.25%	▲	▲

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
5.00%	6.50%	4.75%	6.00%	4.50%	5.50%	◀▶	◀▶	◀▶

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
3.50%	4.50%	3.50%	4.50%	▲	▲

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Q4 2023

Calgary

What's Trending?

Multi-Family

- Vacancy remains low and rents are continuing to rise as population growth continues in Alberta.
- Sales transactions have been limited as equity seeks discounts despite keen interest from debt markets to fund multi-family assets.
- Capitalization rate spreads between in-place rents and stabilized rents have grown significantly.
- Continued rent increases are expected to drive stabilized capitalization rate growth, however this will be tempered should interest rates continue to decrease.

Industrial

- Increases to capitalization rates have materialized as the market absorbed the impact of increased lending rates.
- We expect capitalization rates will be influenced primarily by bond yields and interest rates as industrial market fundamentals remain strong, however lack of liquidity from larger institutional buyers will likely limit capitalization rate compression should bond rates drop.
- Net rents have increased year-over-year, and we expect this trend to continue as Calgary trades at a discount relative to the GTA and GVA industrial markets.

Retail

- Retail capitalization rates are primarily impacted by bond yields and interest rates as rents have remained generally stable with modest appreciation expected.
- Calgary has strong retail sales and high household incomes relative to other Canadian markets, which highlights consumer confidence and buoys retailers.
- Population growth and return to office initiatives are expected to drive demand for retail amenities.
- We expect capitalization rates to stay relatively flat in Q1 2024

Office

- Office product continues to be a challenge despite increasing demand for Class-A space as workers return to office.
- Due to persistent headwinds, office product is difficult to finance.
- Capitalization rates for Class-A office will likely remain flat at best, while increasing capitalization rates for Class-B & Class-C office are likely.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.50%	7.50%	7.50%	9.50%	▲	▲

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.50%	7.50%	7.50%	9.00%	▲	▲

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
5.50%	6.00%	6.50%	7.50%	◀▶	◀▶

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
5.75%	6.75%	5.75%	6.75%	6.50%	7.50%	◀▶	◀▶	◀▶

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
4.75%	5.25%	5.50%	6.50%	◀▶	◀▶

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Q4 2023

Edmonton

What’s Trending?

The Edmonton office market is showing mild signs of improvement. Absorption of office space was negative during the First Half of 2023, but this was balanced by a similar level of positive absorption in the Second Half of 2023. Supply reductions via multi-family conversion and the expectation of interest rate reductions should further brighten the office investment picture in 2024.

The strength of the industrial market persisted to the end of 2023. Positive absorption of nearly two million square feet occurred. However, due to accelerated development, vacancy rates remained flat and rental rate inflation failed to keep pace with interest rate increases. As a result, capitalization rates climbed mildly higher in the Fourth Quarter.

Retail investment was brisk in Edmonton during the Fourth Quarter despite the presence of elevated financing costs. Vacancy rates declined during the year and retail spending moved higher. There is also significant new development on the periphery of the city. Still, flat rental rates and high interest rates resulted in mild increases to investment returns in 2023.

The multi-family market continued to benefit from high levels of inter-provincial and international migration into the city. Although new development is abundant, it does not appear to be keeping pace with demand. This has caused a notable drop in vacancy levels and an increase in rents. A capitalization rate premium over most other Canadian cities continues in the metro area.

The accommodation market continues to improve in the city. RevPAR increased by approximately 25% this year and the trend remains positive into 2024. Elevated net operating incomes resulting from this improvement have reduced income upside potential, which in turn have increased capitalization rates. Further cap rate increases are probable despite plateauing interest rates.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.75%	8.00%	7.50%	9.25%	◀▶	◀▶

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.75%	7.75%	7.25%	8.75%	◀▶	◀▶

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
5.75%	6.75%	6.00%	7.00%	◀▶	◀▶

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
6.00%	7.00%	6.00%	7.00%	6.25%	7.25%	◀▶	◀▶	◀▶

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
4.25%	5.25%	4.75%	5.75%	◀▶	◀▶

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Q4 2023

Ottawa

What's Trending?

The Ottawa real estate market finished 2023 slowly with a continuation of the trends experienced throughout the year. Transaction activity remained down as a result of reduced listings activity as well as list prices being well above market in many cases. We note transaction activity was lowest in the retail market with few trades occurring city-wide. With the increased cost of financing, it was anticipated that some commercial assets may fall into receivership though that has proven not to be the case with only a few receivership sales being noted in Ottawa. Another notable trend of 2023 was the disposition of non-core Ottawa assets by major national owners. H & R Reit, Hazelview Investments, Killam REIT and Kingsett all sold off mid to large scale Ottawa assets in 2023. This trend is expected to continue in 2024 as owner continue to reposition which will be particularly apparent in the office market. Land values for multi-family development sites fell over the course of 2023. Though many developers are anticipating the introduction of programs at all levels of government which will encourage the development of new affordable housing. This may result in an increase in land values should additional programs be made available to encourage new high-density housing. As we look forward to 2024 transaction activity is expected to increase. It is anticipated the vendor and purchaser expectations will become more closely aligned which should result in increased transaction activity across all asset classes.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.00%	7.50%	6.75%	7.75%	▲	▲

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.50%	7.50%	7.00%	7.75%	▲	▲

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.00%	6.75%	6.00%	7.25%	◄►	◄►

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
6.25%	7.00%	6.25%	7.00%	6.25%	7.25%	◄►	◄►	◄►

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
4.00%	5.25%	3.75%	5.25%	◄►	◄►

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Q4 2023

Winnipeg

What's Trending?

Once interest rates began to increase throughout 2022, transaction volume for all segments of the real estate market began to fall giving us less cap rate examples to work from. As we enter the beginning of 2024, investors appear to be realizing that higher interest rates will be here for longer than expected. This has resulted in some investors selling assets instead of holding them waiting for interest rates to drop. The sale of these assets has given us a more realistic view of where cap rates are currently at for the Winnipeg market.

Cap rates for retail and office appear to be increasing at faster rates than industrial and multi-family. The demand for industrial property remains strong and vacancy has remained low. The multi-family market is being driven by CMHC financing resulting in cap rates holding steady over time. It's difficult to predict the future trajectory of cap rates in Winnipeg. The monthly cycle appears to be the government releases a new CPI related report, then economists revise their interest rate outlook, then the bond markets react, then interest rates move, then real estate cap rates lag behind. This will most likely continue for some time until there's a clear path for interest rates to decrease and cap rates to return to what investors would consider "normal".

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.50%	7.50%	7.50%	8.50%	◀▶	◀▶

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
N/A	N/A	7.50%	8.50%	◀▶	◀▶

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.00%	7.00%	6.50%	7.50%	◀▶	◀▶

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
6.50%	7.50%	6.75%	7.75%	6.75%	7.75%	◀▶	◀▶	◀▶

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
5.00%	6.00%	5.00%	6.00%	◀▶	◀▶

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Q4 2023

Halifax

What's Trending?

Demand for industrial space in Halifax remains strong, however both investment sales volumes and metrics have come off of their peaks as a result of the impact of higher interest rates. There still remains a large inventory of legacy leases seeing strong upward rent growth as they roll to the new market reality in Halifax and small-bay space remains in high demand, though there has been a softening of the vacancy rate overall. Nevertheless, ongoing lack of supply continues to put upward pressure on rents, even with Burnside Phase 13 lands poised to enter the market and development of the Bayers Lake expansion lands. Most existing rent growth comes from older stock, and with the high construction and financing costs of this new supply requiring higher asking rents there will be little relief for older stock. Overall, however, transaction volume is lower and what transactions have occurred reflect upward movement in cap rates.

The retail market remains in a holding pattern however well-located, nationally-tenanted retail properties remain coveted. New construction in outlying Halifax communities and highway service areas are drawing higher rents than have historically been observed, however with few such properties coming to market transaction volumes remain low. The few nationally-tenanted retail properties that have traded show stability in terms of cap rates, however, there has been softening in cap rates for weaker retail properties.

As with other national markets Halifax's office market remains weak, however relative to competing markets Halifax vacancy rates remain below the national average, with a higher proportion of workers returning to the office full or part time relative to many other Canadian markets. Suburban office markets retain their advantage over downtown with a stronger take-up of vacant space and lower overall vacancy rates. There have been few trades in this sector with both buyers and sellers sitting on the sidelines given the current interest rate environment and fluctuating vacancy issues as legacy leases continue to come up for renewal.

The multifamily construction market has seen some reduction in construction as higher borrowing costs and rising construction costs put a pause on marginal projects. The recent announcement of removing both the federal GST and the province removing provincial sales tax on new construction may reignite interest in some of these projects, along with pressure to smooth the approvals process and government attention to housing supply. The provincial government has recently raised the current rent cap program's allowable annual rent increases to 5% and reiterated its intent to end the current rent cap program in December 2025. The government has recently embarked on a project to build 222 new public housing units, the first such investment in 30 years, in the face of escalating rents. Trade volume has decreased overall however trades reflect some upward movement in cap rates as a result of additional financing costs and other factors.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
7.00%	8.00%	7.50%	8.75%	▲	▲

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
7.25%	8.25%	7.75%	8.75%	▲	▲

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
5.75%	6.50%	6.25%	8.00%	◀▶	◀▶

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
6.75%	7.75%	6.50%	7.50%	7.00%	8.00%	▲	▲	▲

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
4.25%	5.00%	4.50%	5.25%	◀▶	◀▶

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Q4 2023

Victoria

What's Trending?

- Although the Bank of Canada decided to maintain the target policy interest rate on both October 25 and December 6, a cautionary tone persists throughout the local real estate investment market during the last quarter of 2023.
- No notable transactions were recorded this quarter in the office market.
- There are indications of continued optimism particularly in the industrial market, with a slight increase reported for the net asking rental rates within the sector and the lowest vacancy rate in Canada.
- In addition, there is considerable investment by developers building small bay industrial warehouses in the Westshore, filling in the demand for space by owner occupiers.
- In the retail market, the $8.2M sale of 735 & 745 Goldstream Avenue traded at a mid-high 5% capitalization rate.
- As in Q3, many of the notable transactions this quarter were again represented by the multifamily asset class. Other significant deals not listed here were near the upper end of the expected capitalization rate range.
- Leading the chosen multifamily sales was the Ironclad developed 155-unit Centennial Court apartment building located at 2850 Carlow Road acquired by Starlight for approximately $70M at a mid-high 4% capitalization rate.
- Another Starlight acquisition was the off-market, $43.5M sale of the Skyline developed, 106-unit building located at 728 Meaford Avenue at a market typical capitalization rate.
- Near the close of this quarter, the $34M sale of 3554 Ryder Hesjedal Way was acquired by Skyline REIT that represents 72-units at approximately $472K per door at an undisclosed capitalization rate.
- Due to the relaxation of interest rate increases, stabilization of inflation with indications of medium-term relief from increasing costs, overall confidence in the Greater Victoria investment market remains positive for the opening of 2024.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.25%	6.50%	6.50%	6.75%	▲	▲

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.50%	6.75%	6.75%	7.00%	▲	▲

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
4.75%	5.25%	5.00%	5.75%	▲	▲

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
5.75%	6.25%	5.50%	6.00%	5.50%	6.00%	▲	▲	▲

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
3.75%	4.75%	3.50%	4.50%	▲	▲

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Q4 2023

Waterloo

What's Trending?

- In the latter part of 2023 bonds began to drop and there were several indicators including the US Fed stating that they expected to cut rates in 2024 which created optimism in commercial real estate circles. This optimism led many buyers to believe that there would be more buy opportunities in 2024 than there were in 2023.
- The Office building market continues to be dominated by users rather than investors. Therefore, we have very little cap rate data for the office sector. We expect given the lack of lenders interested in office, that this will be the case for the short to medium term.
- Industrial is the most active sector and there were several industrial transactions negotiated or closing in Q4. These were predominately private capital buyers who are buying at relatively low going in yields and expecting rental increases and projected interest rate decreases to help increase the yield when stabilized over the next several years. We also saw industrial investment properties come to market and not trade. This was mostly due to there being little or no "upside" potential for an investor to improve the return on the asset.
- Retail investors are either interested in well located, strong tenants with very long-term leases at higher cap rates then 2022, or they are looking for deeply discounted properties with redevelopment potential.
- The Multifamily market has bounced back from the extremely low volumes of 2023. However, it is still dominated by private buyers and smaller transactions. As an indication of the rebalancing of the multi family market we are seeing buildings being marketed widely on MLS services and sometimes staying on the market for several months.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.00%	6.50%	6.50%	7.00%	◀▶	◀▶

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.00%	6.50%	6.50%	7.00%	◀▶	◀▶

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
5.00%	5.50%	5.50%	6.50%	◀▶	◀▶

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
5.50%	6.25%	5.50%	6.50%	6.25%	7.50%	◀▶	◀▶	◀▶

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
3.75%	4.25%	3.75%	4.50%	▲	▲

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Q4 2023

Québec City

What's Trending?

Industrial

The Quebec City CMA industrial market is perceived by CRE investors as the most stable since coming out of the pandemic, although the rapid increase in interest rates raised the level of uncertainty. Recent signed leased at very high rates in reason of increased construction cost might be harder to sustain in the foreseeable future. We anticipate this market to struggle a little more in 2024 and slightly higher cap rates are to be expected.

Office

With hybrid working well implanted and the massive immigration within the city over the past two years, a return to occupancy level closer to pre-COVID rates is to be expected, only in a later perspective since the Office market is still struggling in finding the price equilibrium between buyers and sellers and divergent opinions with owners, tenants, and occupiers. Considering the rapid increase in interest rates, we expect the high cap rates to remain for the beginning of this year.

Retail

Alike previous economic shifts, the Quebec City market is being resilient although this market does not make exception to the CRE market with lesser transaction volume. Commercial property transactions could be the scene of great opportunities since it is evolving rapidly and with many properties located on very well located sites with great optimization potential. We anticipate the cap rates in this market to remain stable for the next quarter although the spread between well-leased assets and redevelopment assets might be impressive and need to be taken care of when analyzing the data from this market.

Multifamily

Historic-low vacancy rates and little availability keep pressuring upward rental rates and the recently past renewal session did not make exception. CMHC recently posted the 2023 vacancy rate at 1.5% for the Quebec City CMA which was already at 2.5% in the previous report. Although sales volume is down, the first semester of 2023 recorded over $210 which is still the most active CRE market. The federal government enhancement to the GST rebate on new residential rental housing supply should provide some gas to developers, although Quebec Prime Minister declined to step in with a similar proposition on the PST.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.50%	7.50%	6.75%	8.00%	◀▶	◀▶

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
6.75%	7.75%	7.00%	8.00%	◀▶	◀▶

Industrial

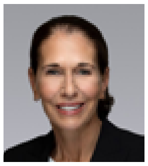
Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
5.50%	6.50%	5.75%	7.00%	▲	▲

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
6.00%	7.25%	6.50%	7.50%	6.75%	8.00%	◀▶	◀▶	◀▶

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
4.50%	5.25%	4.75%	6.00%	◀▶	◀▶



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Q4 2023

Moncton

What's Trending?

Q4 has continued to show investor demand for industrial and multi-family assets with the office sector also showing some signs of recovery albeit still cautionary, with strong-tenanted retail showing signs of investor interest like last quarter. With Moncton being one of the two cities in Canada showing both positive GDP growth and population growth, investors from other parts of the country continue to invest in Atlantic Canada.

Industrial remains strong with demand still outpacing supply and a historically high volume of new construction. Rental rates are increasing as a result of regional and macro trends and low availability of space in both older stock and new builds. Capitalization rates are in turn trending downwards reflecting good NOI growth prospects over the near-term investment period and strong investor demand.

Office assets are still the most vulnerable asset class since the beginning of the pandemic, however as mentioned previously interest is perhaps returning with a small number of trades currently in the due diligence phases. The risk of tenant downsizing is still a factor as some companies move to hybrid back to work models; risk of increased capital required to lease vacant space (and on renewals) along with higher interest rates have resulted in increased capitalization rates. With no actual trades completed in the Moncton market, there is sentiment that cap rates are higher.

Despite recent interest hikes, no obvious sign of increase was observed in cap rates over the last quarter in Moncton in the retail sector, albeit little with respect to notable trades. Well tenanted assets such as drug and grocery anchored retail remain the most sought-after asset in this class, while smaller local retailers are less coveted. Investors in large format retail traditionally correlate cap and discount rates to 10-year GOC and "BBB" rated bonds, both of which have seen yields rise materially since January 2022, thus upward pressure on discount rates. Overall cap rates can also be expected to increase, save for situations where there are near term renewals of significant tenants/ anchors and above typical leasing spreads may be achieved on renewals, thus stabilizing asset value.

According to the latest CMHC data for October 2022, vacancy rates have increased only slightly over last year and are still considered extremely low at 1.7% for Greater Moncton. Land sales for multi-family developments have continued over the past few months, with several large buildings currently under construction. Units are for the most part higher end units, as rents continuing to climb, with rent growth over the last five years hovering around 7%. With interest rates having risen sharply, CMHC available debt and affordable housing finance initiatives have helped to buoy the market. The overall cap rate has been impacted; however, we believe on a stabilized NOI basis (rents at full market), many buildings have room for rent growth and near-term NOI upside potential. Low vacancy is contributing to relative stability with respect to overall capitalization rates in many situations. In turn upward pressure on capitalization rates values remain stable in this sector.

Downtown Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
NA	NA	NA	NA		

Suburban Office

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
NA	NA	NA	NA		

Industrial

Class A		Class B		2024 Q1 Prediction	
Low	High	Low	High	A	B
7.00%	7.50%	7.50%	8.00%	◂▸	◂▸

Retail

Regional/ Power		Grocery/ Community		Neighbourhood/ Strip		2024 Q1 Prediction		
Low	High	Low	High	Low	High	R	G	N
NA	NA	NA	NA	7.25%	8.25%			◂▸

Multi-Family Apartment

High-Rise		Low-Rise		2024 Q1 Prediction	
Low	High	Low	High	H	L
4.25%	4.75%	5.00%	6.00%	◂▸	◂▸

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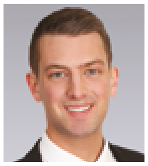
Q4 2023

Hotels Q4 Cap Rate Report

Canadian hotel investment activity totaled approximately $340 million in the fourth quarter, pushing the year-end total to just over $1.6 billion based on Colliers Hotels' preliminary sales data. Investment activity remained resilient year-over-year with established and new entrants to the sector eyeing hotels as investment vehicles in a quest for cash flow while facing headwinds from interest rates and inflationary pressures. While not a stand-out year for overall volume, 2023 marked a new record for national average price per key metrics which surpassed $180,000 with some 90% of volume attributed to acquisitions for ongoing use. Canadian RevPAR metrics continued their record streak in the fourth quarter, achieving the highest Q4 RevPAR on record according to STR with annualized occupancy and average rate metrics outperforming comparable 2019 levels. 2024 forecast indicate continued yet softer levels of topline growth; however notable investor interest and improving debt market conditions are anticipated to maintain pricing and cap rate trends as we enter 2024. Complete coverage of lodging investment trends will be released in Colliers Hotels upcoming Q4 2023 INNvestment Canada Hotel Report and 2024 Canadian Hotel Investment Report.

Hotel									
Market	**Urban Full Service**		**Select Service**		**Limited Service**		**Q1 2024 Prediction**		
City	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Urban**	**Select**	**Limited**
Toronto	4.50%	6.50%	5.50%	6.75%	7.00%	8.50%	◄►	◄►	◄►
Montréal	6.00%	7.50%	7.25%	8.50%	8.00%	9.75%	◄►	◄►	◄►
Vancouver	4.00%	6.00%	5.50%	6.75%	6.50%	7.50%	◄►	◄►	◄►
Calgary	7.25%	9.00%	7.50%	9.25%	8.50%	10.50%	◄►	◄►	◄►
Edmonton	7.50%	9.75%	8.25%	9.75%	8.75%	10.75%	◄►	◄►	◄►
Ottawa	6.00%	8.00%	7.50%	8.50%	8.00%	10.00%	◄►	◄►	◄►
Winnipeg	7.75%	9.25%	8.50%	9.75%	9.50%	11.00%	◄►	◄►	◄►
Halifax	6.50%	8.50%	7.50%	9.00%	8.00%	10.00%	◄►	◄►	◄►
Victoria	5.50%	7.00%	6.50%	8.50%	7.00%	9.50%	◄►	◄►	◄►
Waterloo	NA	NA	NA	NA	NA	NA	-	-	-
Québec City	NA	NA	NA	NA	NA	NA	-	-	-
Moncton	NA	NA	NA	NA	NA	NA	-	-	-



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Canada Cap Rates

Q4 2023

Downtown Office						
Market	**Class A**		**Class B**		**Q1 2024 Prediction**	
City	**Low**	**High**	**Low**	**High**	**Class A**	**Class B**
Toronto	5.50%	6.25%	5.50%	6.75%	◀▶	◀▶
Montréal	5.25%	5.75%	5.75%	6.25%	◀▶	◀▶
Vancouver	4.75%	5.75%	5.00%	6.00%	▲	▲
Calgary	6.50%	7.50%	7.50%	9.50%	▲	▲
Edmonton	6.75%	8.00%	7.50%	9.25%	◀▶	◀▶
Ottawa	6.00%	7.50%	6.75%	7.75%	▲	▲
Winnipeg	6.50%	7.50%	7.50%	8.50%	◀▶	◀▶
Halifax	7.00%	8.00%	7.50%	8.75%	▲	▲
Victoria	6.25%	6.50%	6.50%	6.75%	▲	▲
Waterloo	6.00%	6.50%	6.50%	7.00%	◀▶	◀▶
Québec City	6.50%	7.50%	6.75%	8.00%	◀▶	◀▶
Moncton	NA	NA	NA	NA		

Suburban Office						
Market	**Class A**		**Class B**		**Q1 2024 Prediction**	
City	**Low**	**High**	**Low**	**High**	**Class A**	**Class B**
Toronto	6.50%	7.50%	7.00%	7.75%	▲	▲
Montréal	6.25%	7.00%	7.00%	7.50%	◀▶	◀▶
Vancouver	5.50%	6.25%	5.75%	6.50%	◀▶	◀▶
Calgary	6.50%	7.50%	7.50%	9.00%	▲	▲
Edmonton	6.75%	7.75%	7.25%	8.75%	◀▶	◀▶
Ottawa	6.50%	7.50%	7.00%	7.75%	▲	▲
Winnipeg	N/A	N/A	7.50%	8.50%	◀▶	◀▶
Halifax	7.25%	8.25%	7.75%	8.75%	▲	▲
Victoria	6.50%	6.75%	6.75%	7.00%	▲	▲
Waterloo	6.00%	6.50%	6.50%	7.00%	◀▶	◀▶
Québec City	6.75%	7.75%	7.00%	8.00%	◀▶	◀▶
Moncton	NA	NA	NA	NA		

Canada Cap Rates

Q4 2023

Industrial						
Market	**Class A**		**Class B**		**Q1 2024 Prediction**	
City	**Low**	**High**	**Low**	**High**	**Class A**	**Class B**
Toronto	4.75%	5.25%	5.00%	6.00%	▲	▲
Montréal	5.50%	6.00%	5.50%	6.00%	▲	▲
Vancouver	4.50%	5.00%	4.75%	5.25%	▲	▲
Calgary	5.50%	6.00%	6.50%	7.50%	◀▶	◀▶
Edmonton	5.75%	6.75%	6.00%	7.00%	◀▶	◀▶
Ottawa	6.00%	6.75%	6.00%	7.25%	◀▶	◀▶
Winnipeg	6.00%	7.00%	6.50%	7.50%	◀▶	◀▶
Halifax	5.75%	6.50%	6.25%	8.00%	◀▶	◀▶
Victoria	4.75%	5.25%	5.00%	5.75%	▲	▲
Waterloo	5.00%	5.50%	5.50%	6.50%	◀▶	◀▶
Québec City	5.50%	6.50%	5.75%	7.00%	▲	▲
Moncton	7.00%	7.50%	7.50%	8.00%	◀▶	◀▶

Retail									
Market	**Regional/Power**		**Grocery/Community**		**Neighbourhood/Strip**		**Q1 2024 Prediction**		
City	**Low**	**High**	**Low**	**High**	**Low**	**High**	**R**	**G**	**N**
Toronto	5.50%	6.75%	5.50%	6.50%	5.50%	6.50%	◀▶	◀▶	◀▶
Montréal	5.00%	6.00%	6.00%	7.00%	6.00%	7.00%	▲	▲	◀▶
Vancouver	5.00%	6.50%	4.75%	6.00%	4.50%	5.50%	◀▶	◀▶	◀▶
Calgary	5.75%	6.75%	5.75%	6.75%	6.50%	7.50%	◀▶	◀▶	◀▶
Edmonton	6.00%	7.00%	6.00%	7.00%	6.25%	7.25%	◀▶	◀▶	◀▶
Ottawa	6.25%	7.00%	6.25%	7.00%	6.25%	7.25%	◀▶	◀▶	◀▶
Winnipeg	6.50%	7.50%	6.75%	7.75%	6.75%	7.75%	◀▶	◀▶	◀▶
Halifax	6.75%	7.75%	6.50%	7.50%	7.00%	8.00%	▲	▲	▲
Victoria	5.75%	6.25%	5.50%	6.00%	5.50%	6.00%	▲	▲	▲
Waterloo	5.50%	6.25%	5.50%	6.50%	6.25%	7.50%	◀▶	◀▶	◀▶
Québec City	6.00%	7.25%	6.50%	7.50%	6.75%	8.00%	◀▶	◀▶	◀▶
Moncton	NA	NA	NA	NA	7.25%	8.25%			◀▶

Canada Cap Rates

Q4 2023

Multi-Family Apartment						
Market	**High-Rise**		**Low-Rise**		**Q1 2024 Prediction**	
City	**Low**	**High**	**Low**	**High**	**High-Rise**	**Low-Rise**
Toronto	3.75%	4.50%	3.50%	4.75%	▲	▲
Montréal	4.50%	5.00%	4.50%	5.00%	◀▶	▲
Vancouver	3.50%	4.50%	3.50%	4.50%	▲	▲
Calgary	4.75%	5.25%	5.50%	6.50%	◀▶	◀▶
Edmonton	4.25%	5.25%	4.75%	5.75%	◀▶	◀▶
Ottawa	4.00%	5.25%	3.75%	5.25%	◀▶	◀▶
Winnipeg	5.00%	6.00%	5.00%	6.00%	◀▶	◀▶
Halifax	4.25%	5.00%	4.50%	5.25%	◀▶	◀▶
Victoria	3.75%	4.75%	3.50%	4.50%	▲	▲
Waterloo	3.75%	4.25%	3.75%	4.50%	▲	▲
Québec City	4.50%	5.25%	4.75%	6.00%	◀▶	◀▶
Moncton	4.25%	4.75%	5.00%	6.00%	◀▶	◀▶

Hotel									
Market	**Urban Full Service**		**Select Service**		**Limited Service**		**Q1 2024 Prediction**		
City	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Urban**	**Select**	**Limited**
Toronto	4.50%	6.50%	5.50%	6.75%	7.00%	8.50%	◀▶	◀▶	◀▶
Montréal	6.00%	7.50%	7.25%	8.50%	8.00%	9.75%	◀▶	◀▶	◀▶
Vancouver	4.00%	6.00%	5.50%	6.75%	6.50%	7.50%	◀▶	◀▶	◀▶
Calgary	7.25%	9.00%	7.50%	9.25%	8.50%	10.50%	◀▶	◀▶	◀▶
Edmonton	7.50%	9.75%	8.25%	9.75%	8.75%	10.75%	◀▶	◀▶	◀▶
Ottawa	6.00%	8.00%	7.50%	8.50%	8.00%	10.00%	◀▶	◀▶	◀▶
Winnipeg	7.75%	9.25%	8.50%	9.75%	9.50%	11.00%	◀▶	◀▶	◀▶
Halifax	6.50%	8.50%	7.50%	9.00%	8.00%	10.00%	◀▶	◀▶	◀▶
Victoria	5.50%	7.00%	6.50%	8.50%	7.00%	9.50%	◀▶	◀▶	◀▶
Waterloo	NA	NA	NA	NA	NA	NA	-	-	-
Québec City	NA	NA	NA	NA	NA	NA	-	-	-
Moncton	NA	NA	NA	NA	NA	NA	-	-	-

Toronto | Montréal | Vancouver | Calgary | Edmonton | Ottawa | Winnipeg | Halifax | Victoria | Waterloo | Quebec | Moncton

**completed by Hotels group*

Glossary

Cap Rate

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

Downtown Class A

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

Downtown Class B

Office buildings, commonly high-rise, in the CBD, that offer average to good-quality construction and amenities, but tend to be 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 more economical rent rates.

Suburban Class A

Office buildings located outside of the CBD offering 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 offering average to good-quality construction and amenities appealing to smaller to mid-size tenants seeking peripheral locations and discounted rent rates

Industrial

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 less extensive features. These buildings are usually characterized by lower clear heights and fewer shipping doors.

Retail

Regional Shopping Centre

Larger enclosed malls characterized by multiple anchors (typically including department stores and/or larger discount stores/mini-anchors) complemented by numerous smaller retailers (CRUs). The CRUs 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 freestanding, 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 CRUs.

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.

Multi-Family

High-Rise

Multifamily residential buildings with comparatively high densities, typically exceeding four stories in height and including elevators. These commonly offer 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 multifamily residential buildings, typically comprising four stories or fewer, with or without elevators. These can offer concrete or wood frame construction and generally have surface parking with few building amenities.

Hotels

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, and 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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