

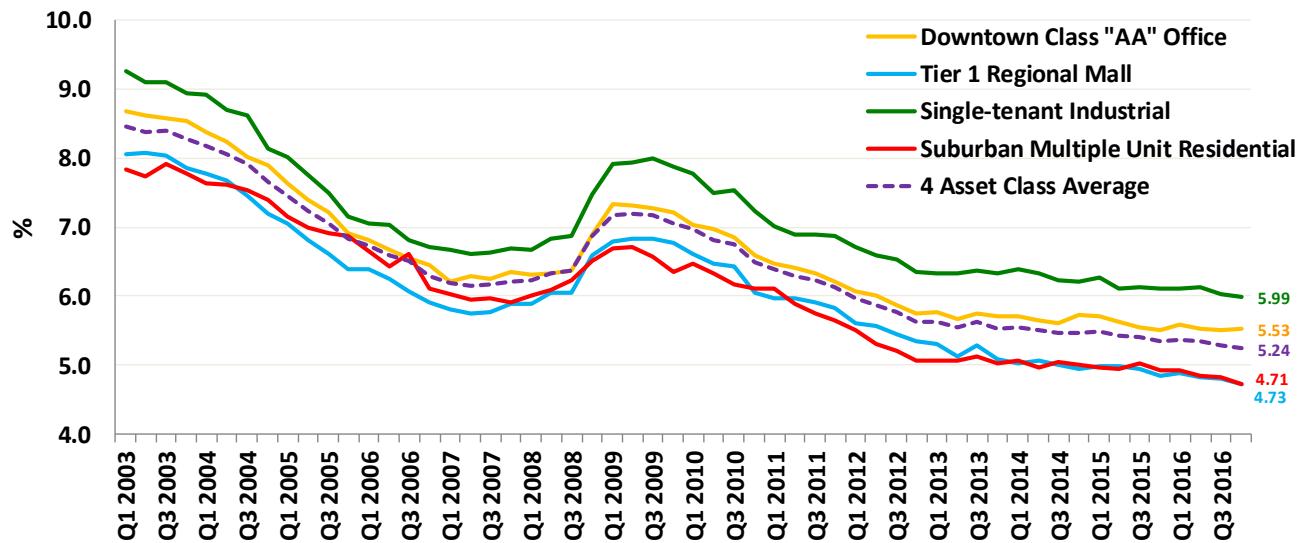


Q4 2016

Cap Rates Continue to Move Down

The latest results from the Investment Trends Survey for the 4-Benchmark asset classes show the average Overall Capitalization Rate (OCR) at 5.24% in Q4 2016, down slightly from 5.29% in Q3 2016 and **11 basis points lower than a year ago**. The overall cap rate for office held relatively steady in Q4, while retail, industrial and multi-unit residential all posted additional declines.

OCR Trends – 4 Benchmark Asset Classes



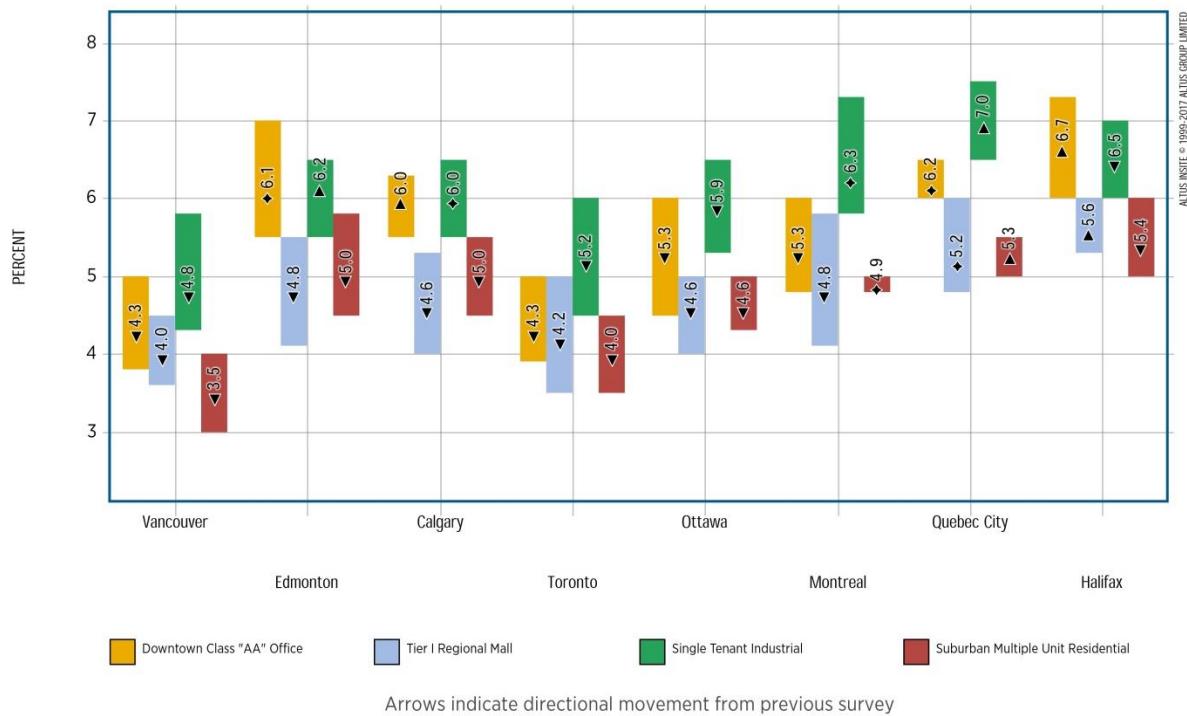
Altus Group (Q4, 2016)

Market highlights for the quarter include:

- **Quebec City and Halifax's overall cap rates moved up somewhat** while Edmonton continued to hold steady.
- **Double-digit declines** from last quarter were recorded in overall cap rates for **Vancouver, Toronto and Ottawa**.
- **In Calgary, the overall cap rate moved down for the first time in over 2 years**, due to declines for retail and multi-unit residential; at 5.4%, the overall cap rate is about 30 basis points above the low in Q3 2014.
- At 3.5%, **multi-unit residential properties in Vancouver boast the lowest cap rate** among the various markets and asset classes, with Toronto multi-unit residential and Vancouver retail not far behind (both at 4%).

Capitalization Rates by Market and Benchmark Asset Class

Q4 2016



Altus Group (Q4, 2016)

Other highlights for Q4 2016 include:

- Canadian investors remain on average in a “buy” mode.** Of the 128 combinations of products and markets covered, more than half had a positive momentum ratio (i.e. a higher percentage of respondents said they were more likely to be a buyer than a seller in that particular segment).
- Development yields on downtown office space were typically reported in the 7-8% range,** with the exception of Vancouver (at closer to 6%).
- The average cost of preparing a typical two-bedroom rental apartment suite for tenant move-in was reported to be up over the past year.** Average reported cost ranged from a low of \$1,300 in Halifax to a high of just over \$4,000 in Toronto. Annual apartment tenant turnover rates were typically reported to be in the 1 in 5 tenants to 1 in 4 tenants range, with the exception of Vancouver, which was less than 1 in 7.

Every quarter, senior Altus Group professionals reach out to over 200 investors, managers, owners, lenders, analysts and other market stakeholders to survey their opinion on value trends and perspectives. Conducted with the same benchmark properties for more than 15 years, the survey provides valuable insights on investor preferences and valuation parameters for 32 asset classes in Canada's 8 largest markets. For more detailed survey results, please contact datasolutionsinfo@altusgroup.com.