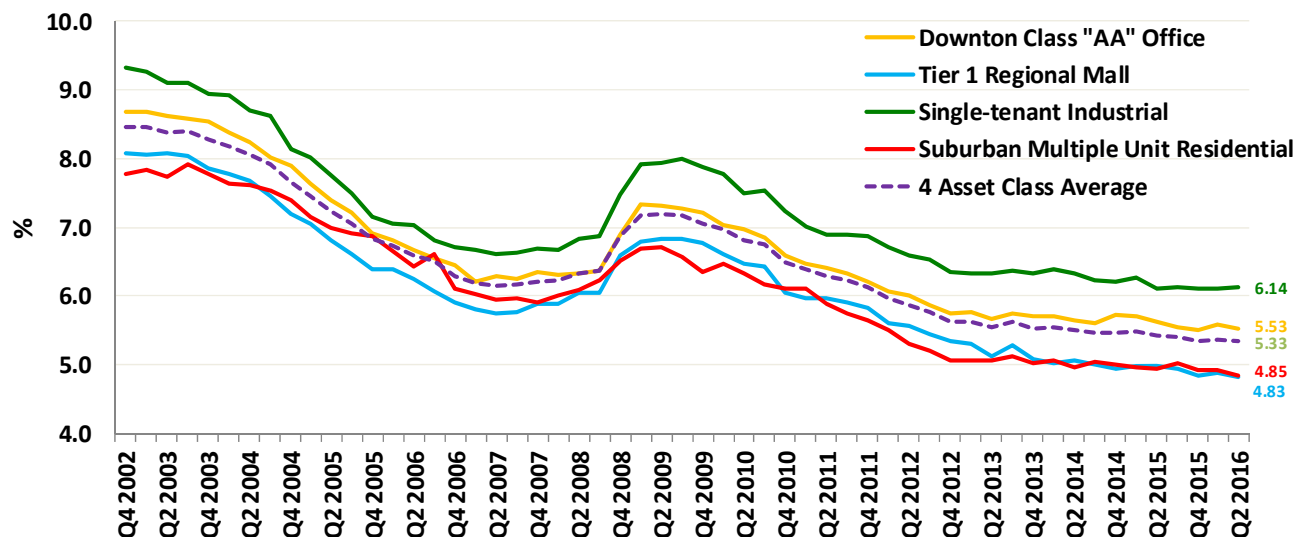


Q2 2016

Record Low Cap Rates for Retail and Residential Benchmark Properties

The latest results from the Investment Trends Survey for the 4-Benchmark asset classes show the average Overall Capitalization Rate (OCR) remained virtually unchanged at 5.33% in Q2 2016, compared with 5.37% in Q1 2016 and 5.35% in Q4 2015. Overall cap rates for the benchmark office, retail and residential properties nudged down (with Tier 1 Regional Mall and Suburban Multiple Unit Residential reaching record lows). However, this trend was largely offset by a modest increase for Single Tenant Industrial. The Brexit vote results came in after the Q2 2016 survey results were finalized, and we eagerly await the Q3 2016 results to see what, if any, impact there is on Canadian investment intentions and perceptions.

OCR Trends – 4 Benchmark Asset Classes



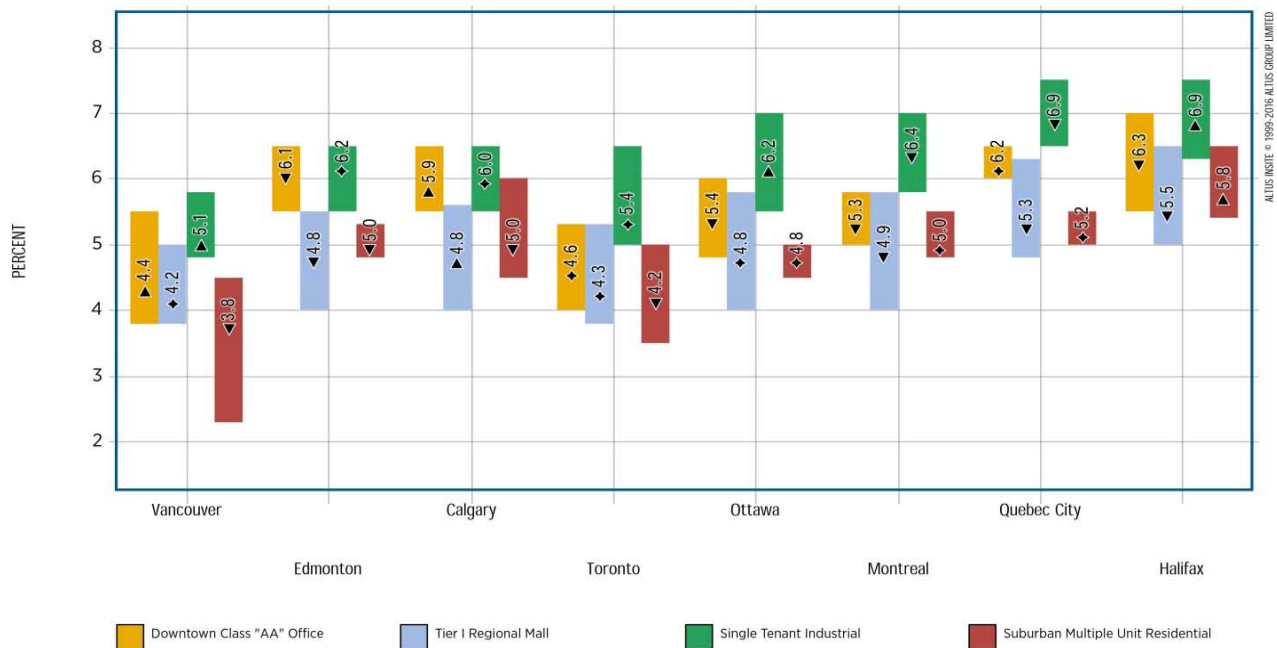
Altus Group (Q2, 2016)

City highlights for the quarter include:

- **Calgary's overall cap rate stabilized**, following increases in each of the previous six quarters. The overall cap rate however masks varying trends by sector, with a decline in Multi-Unit Residential offsetting modest increases in the benchmark office and retail properties.
- **Vancouver continues to be the market with the lowest overall cap rate** (at 4.38%).
- **Toronto is still the only market other than Vancouver with an OCR of less than 5%** (at 4.63%).
- **Montreal posted the largest decline in OCR from Q1 2016 at 15 bps**, down to 5.4%, and for the first time in the ITS survey history, falling below Calgary.

Overall Capitalization Rates

Q2 2016



Arrows indicate directional movement from previous survey
Movement is defined as a change of more than 0.10 and due to rounding some arrows may not reflect actual movement.

Altus Group (Q2, 2016)

Other highlights for Q2 2016 include:

- **The availability of equity for real estate has improved over the past year**, according to ITS respondents, with a larger proportion this year categorizing it as “very good” or “excellent”.
- **Canadian investors remain on average in a “buy” mode**. Of the 128 combinations of products and markets covered, two-thirds 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).
- **Respondents remain negative on the prospects for the Calgary office market** – on average, in “sell” mode, which is consistent with the general expectation of further increases in vacancy rates.

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.