

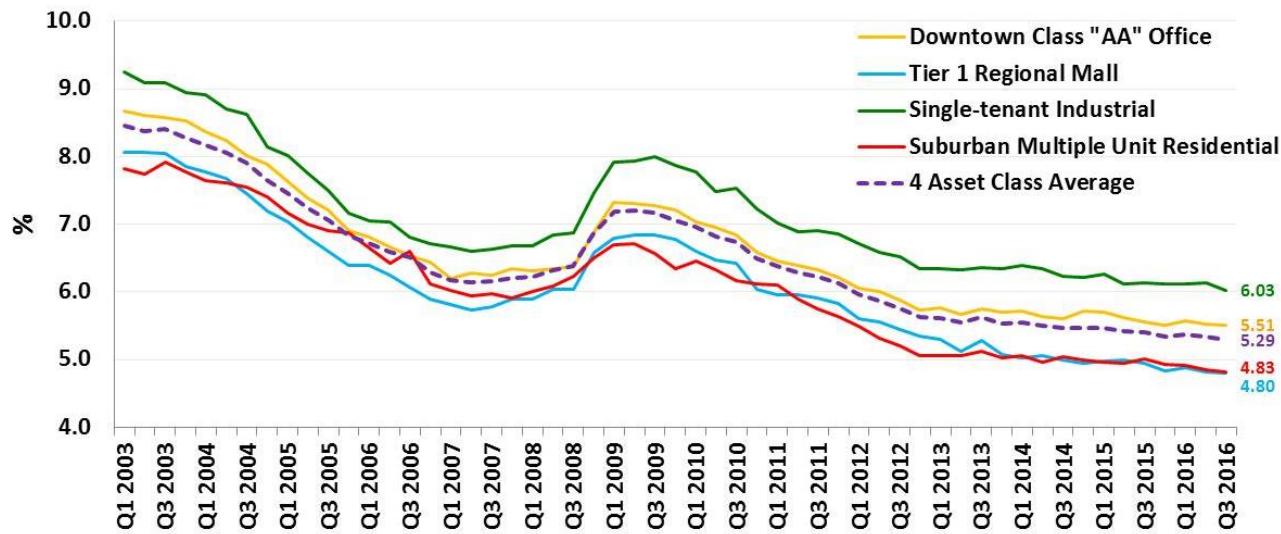


Q3 2016

Record Low Cap Rates in All 4 Benchmark Asset Classes

The latest results from the Investment Trends Survey for the 4-Benchmark asset classes show the average Overall Capitalization Rate (OCR) at 5.29% in Q3 2016, down slightly from 5.33% in Q2 2016 and **12 basis points lower than a year ago**. Overall cap rates for all 4 benchmark properties - office, retail, industrial and residential – are now at Investment Trends Survey record lows. Industrial showed the most downward movement in the overall cap rate from last quarter, with declines recorded for 6 of the 8 markets.

OCR Trends – 4 Benchmark Asset Classes



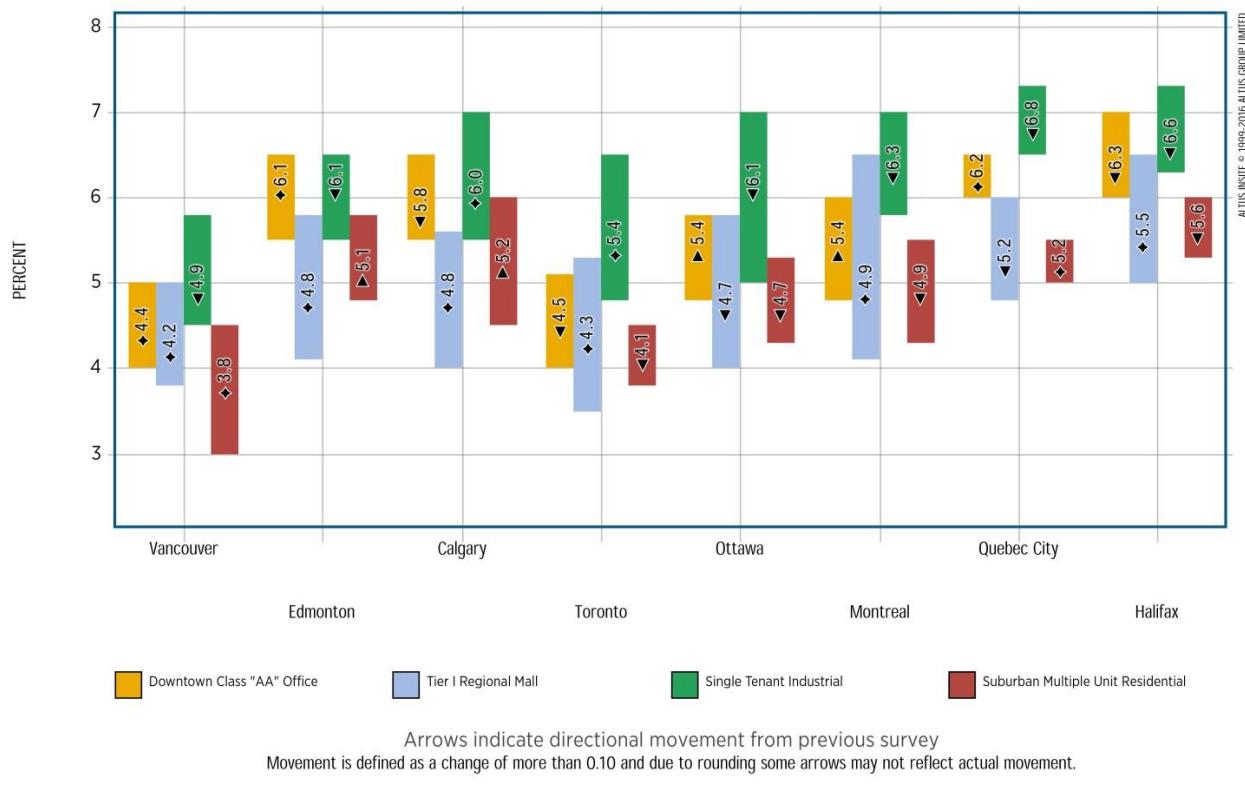
Altus Group (Q3, 2016)

City highlights for the quarter include:

- **Calgary and Edmonton's overall cap rates remained relatively stable;** in the other 6 markets, modest declines were posted.
- At 5.45%, **the overall cap rate in Calgary is almost 40 basis points above the historical low** recorded in Q3 2014, with increases for office (+60 bps) and multiple unit residential (+50 bps) largely responsible for the increase in the past 2 years.
- With a dip this quarter for the industrial benchmark property, **all Vancouver benchmark assets now have an average cap below 5%.**
- **The spread between the overall cap rate for Toronto and Vancouver had been declining since peaking at about 60 basis points in 2009, but has now increased again** (running at about 25-30 bps points in 2016 versus 15-20 bps in 2015).

Capitalization Rates by Market and Benchmark Asset Class

Q3 2016



Altus Group (Q3, 2016)

Other highlights for Q3 2016 include:

- 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). The strongest positive momentum was for Tier 1 regional malls and industrial assets.
- Downtown office space in Calgary is expected to stay vacant upon lease expiry twice as long as in Toronto or Vancouver.** ITS survey respondents on average anticipate downtown office vacancy will continue to increase in Calgary and Edmonton over the next 3 months.
- Unexpected capital costs top the list of perceived threats to multiple unit residential investment,** followed by vacancy concerns.

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.