2026 Canadian Economic Outlook and Market Fundamentals Report

28th Annual Edition

Stabilization Underway. Growth Ahead.

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NATIONAL

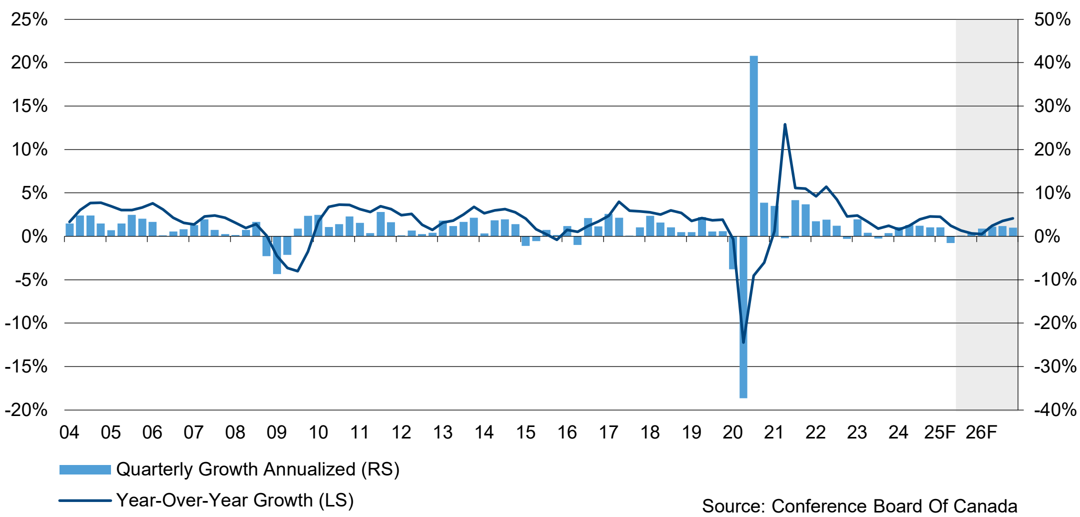
ECONOMIC REPORT

ECONOMY SHIFTED INTO A LOWER GEAR

Canada's economy shifted into a lower gear in the first half of 2025. This slowdown was due largely to an increase in trade tensions with the U.S. The U.S. imposed tariffs on Canadian imports that were not compliant with the Canada-United-States-Mexico Agreement (CUSMA). This imposition of tariffs on Canadian goods drove economic uncertainty higher and eroded business confidence. Consequently, economic activity slowed significantly as the threat of a global trade war increased.

CANADIAN REAL GDP GROWTH

% Change



Source: Conference Board Of Canada

Canada's economy contracted at an annualized rate of 1.6% in the second quarter of 2025, following a solid 2.0% advance in the previous quarter. This contraction was driven in part by a nearly 25.0% drop in Canadian export volume. As Canada's economy slowed, labour market performance weakened. This weakening was concentrated in export and manufacturing industries. More than 29,000 manufacturing jobs lost in Ontario in the second quarter of 2025. Job growth slowed in several sectors of Canada's economy over the same period. Labour market demand exceeded supply in the first half of 2025, which drove the unemployment rate higher. The nation's unemployment rate rose by 30 bps to 6.9% between January and June. During this same period, consumer confidence declined. In summary, Canada's economy geared down in the first half of 2025 as trade tensions and economic uncertainty remained elevated.

LABOUR MARKET WEAKENED SUBSTANTIALLY

Canada's labour market weakened substantially over the recent past. This weakening was due in large part to the negative effects of trade tensions with the U.S. on economic performance and business confidence. Job growth slowed during the first half of 2025 as economic activity declined. Canadian businesses were reluctant to hire new employees as the economic outlook grew increasingly uncertain. This reluctance was reflected in the first-half job growth trend. Canada's economy added approximately 76,000 new jobs in January. However, there was little change in employment levels in February. In March, roughly 33,000 job losses were reported. There was little change in employment in April and May. Hiring activity picked up in June with 83,000 new jobs created. Employment growth fell short of demand in the first half of 2025. This demand-supply dynamic drove the national unemployment rate steadily higher. The rate rose 30 bps to 6.9% between March and June of 2025, representing the highest market since January 2007 (excluding the 2020-2021 pandemic period). Record-high immigration also helped drive the unemployment rate higher over the past few years. The recent upward pressure on Canada's unemployment rate was an indicator of the substantially weaker labour market performance of the recent past.

CONSUMER SPENDING GROWTH PATTERN WAS INCONSISTENT

Canada's consumer spending growth pattern has been relatively inconsistent over the recent past. Consumer spending increased by a modest 0.5% in the opening quarter of 2025. This was followed by a markedly stronger, and somewhat surprising 4.5% advance in the second quarter. The consumer expenditure growth inconsistency was due to several factors. Wage growth had a positive impact on spending. The easing of inflationary pressure increased the spending power of Canadian consumers. Lower debt-servicing costs increased the share of household income available to spend on goods and services. Trade tensions with the U.S. and the resulting economic uncertainty had a negative effect on consumer confidence and spending. Canada's housing market slump reduced spending growth to some degree. The recent job growth slowdown also played a role. In summary, Canada's consumer spending growth pattern was relatively inconsistent over the recent past.

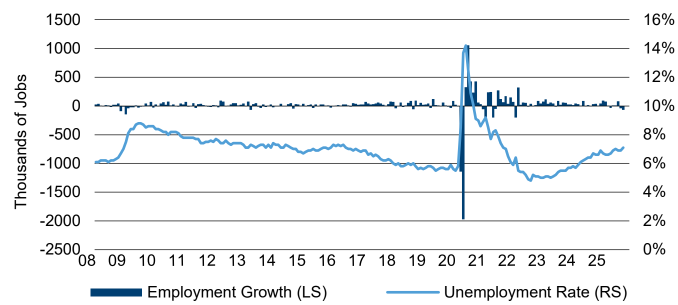
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
REAL GDP GROWTH*	▼	▲
UNEMPLOYMENT	▲	▲
RETAIL SALES GROWTH*	▼	▲
HOUSING STARTS*	▼	▲
TRADE BALANCE*	▼	▼
TOTAL INFLATION	▼	▼

* The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

LABOUR MARKET

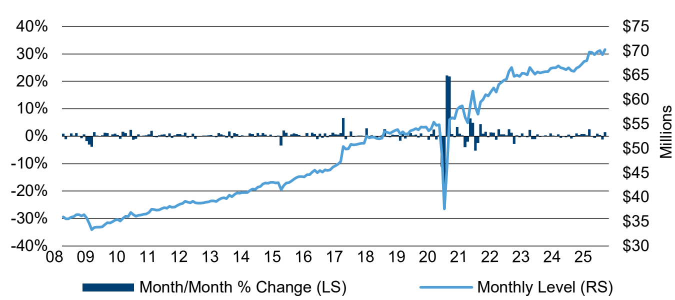
Month-Over-Month Trending



Source: Statistics Canada

RETAIL SALES

Month-Over-Month Trending



Source: Statistics Canada

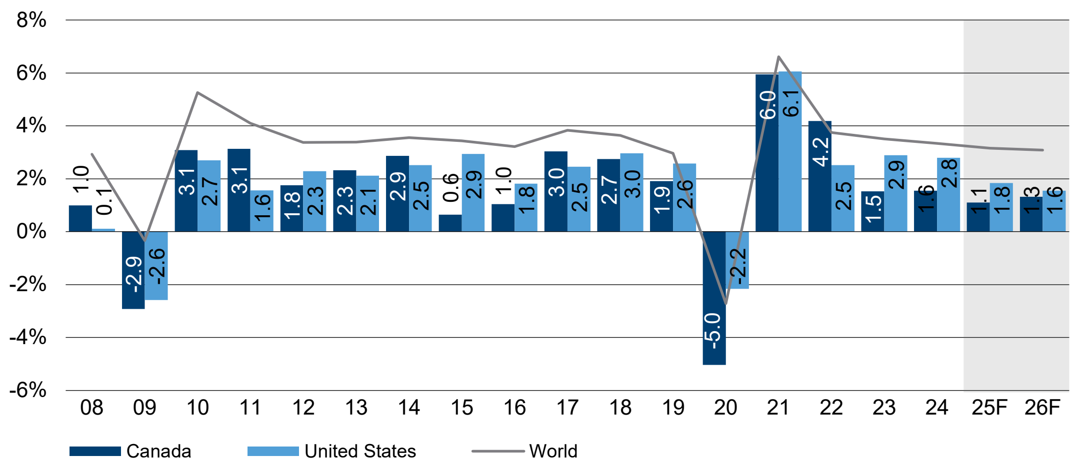
ECONOMIC OUTLOOK

SLOW GROWTH ECONOMY PREDICTED

Canada's economy is predicted to grow at a relatively slow rate over the near term. Economic output is expected to increase by an annualized rate of close to 1.0% in the second half of 2025 and by between 1.5% and 2.0% in 2026. Economic output increased at an annualized rate of 2.0% in the first quarter of 2025. However, output contracted by 1.6% in the second quarter following the imposition of tariffs on Canadian goods exported to the U.S.

ECONOMIC GROWTH

Real GDP Growth — Historical & Forecast



Source: Conference Board of Canada (Sept 2025); International Monetary Fund (Oct 2025)

Canada's slow economic growth outlook is attributable to several factors. U.S. tariffs are expected to continue to have a negative impact on the country's exporting and manufacturing sectors. In addition, the automotive, steel, and aluminum industries will be affected by ongoing trade tensions with Canada's largest trading partner. Low levels of business investment and confidence are anticipated while the global economic outlook remains uncertain. Consumer spending is expected to moderate over the near term as labour market performance softens. Lower federal immigration targets will result in weaker population growth and consumption trends. Federal government programs are expected to boost economic output over the near term to some degree. By 2027, Canada-U.S. and global trade tensions are expected to have eased. As tensions ease, Canada's economy is expected to strengthen, following the slow-growth trend forecast over the near term.

WEAKER LABOUR MARKET PERFORMANCE PATTERN FORECAST

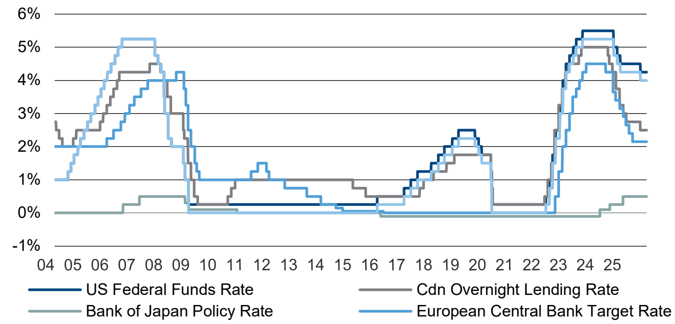
A weaker labour market performance pattern is forecast over the near term. This forecast is predicated largely on Canada's slow economic growth outlook. Canada's economy is projected to grow by a modest annualized rate of roughly 1.0% in each of the final two quarters of 2025, with a slightly stronger growth rate predicted for 2026. This modest growth will support a relatively weak job growth trend. Annual job growth is projected to dip below the 200,000-mark in 2026, following roughly 235,000 in 2025. Hiring activity is expected to remain muted during a period of heightened economic uncertainty. Employment levels are expected to stabilize in sectors with the easing of trade tensions forecast for 2026. Business confidence declined in 2025 with the threat and imposition of tariffs on Canadian exports to the U.S. This decline is expected to negatively impact hiring activity over the near term. Labour market demand will continue to exceed supply over the forecast period. As a result, the nation's unemployment rate will hover close to the 7.0% mark through the midway point of 2026. Canada's labour market performance is expected to begin to improve in the second half of 2026, after underperforming over the near term.

CONSUMER SPENDING GROWTH TO MODERATE

Consumer spending growth is expected to moderate substantially over the near term. This moderation will be a byproduct of several factors. Economic uncertainty related to trade tensions with the U.S. will reduce spending to some extent. Canadian job growth is expected to underwhelm in the second half of 2025 and into 2026, which will dampen spending gains over the same period. The nation's population is expected to contract in 2026, resulting in weaker expenditure growth. Stubbornly high inflation will reduce the funds available for consumers to spend. Still high consumer debt levels and debt-servicing costs will continue to dampen consumer expenditure growth. The housing market slump will reduce spending on household items. Consumer expenditure annualized growth of between 2.0% and 2.5% is predicted in 2025. Growth is expected to moderate substantially in the late stages of 2025 and subsequently stabilize in the following year.

OFFICIAL POLICY RATES

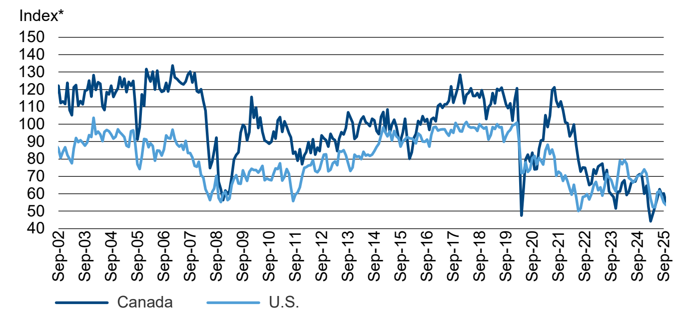
International Monetary Conditions



Source: Bank Of Canada, Federal Reserve Board, European Central Bank, Bank of Japan

CONSUMER CONFIDENCE

Consumer Optimism About Economic Conditions

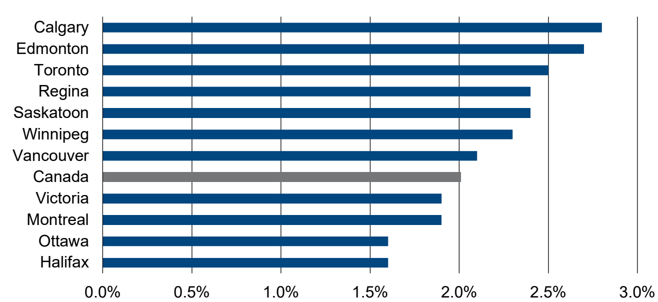


*Base year: Cdn = 2014, U.S. = 1966

Source: CBOC, University of Michigan

CMA REAL GDP GROWTH

2026 - 2029 Forecast

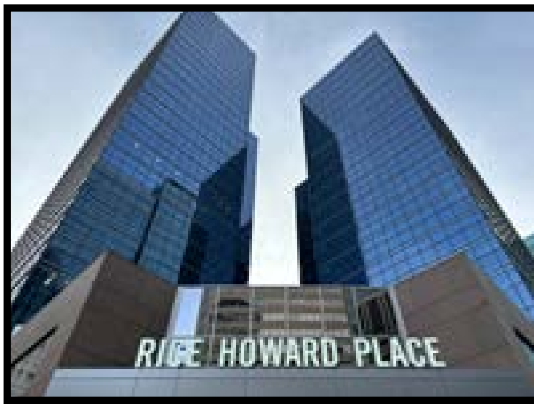


Source: Conference Board Of Canada

OFFICE OUTLOOK

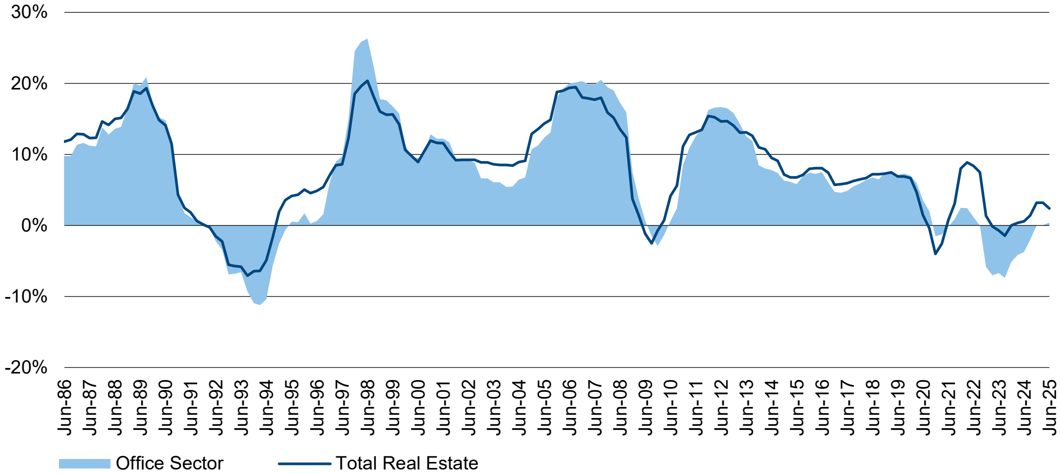
LEASING MARKET OUTLOOK IMPROVED

Canada's office leasing market performance outlook improved over the recent past. This improvement was due in large part to the return-to-office mandates imposed by the nation's major financial institutions and the public sector. Building occupancy increased with the return of workers to their physical offices. Office leasing demand and activity in the nation's class A building inventory strengthened in the second half of 2025.



ANNUALIZED RETURNS

Rolling 1-Year RCPI/MSCI Office Performance



Source: RCPI, © MSCI Real Estate

Leasing fundamentals remained relatively weak through to the end of 2025 despite the recent demand uptick. The nation's vacancy rate rested at 18.4% in the third quarter, just 40 bps lower than the 25-year high 18.8% posted at the end of 2024. Canada's average downtown vacancy rate stood at an elevated 19.5%, according to CBRE, with a moderately healthier 16.1% recorded for class A buildings. Class B/C vacancy continued to hold close to all-time levels. Substantially lower vacancy levels were observed in the nation's trophy asset building inventory. Trophy assets largely outperformed during 2025, driven by strong tenant preference for efficient, high-quality space and attractive amenities. Landlords continued to offer generous incentive packages to tenants to lease up excess vacancy in their portfolios. The offering of generous incentives was an indicator of the continuously weak leasing market fundamentals reported over the past year.

INVESTMENT PERFORMANCE UNDERWHELMED

Canadian office property investment performance continued to underwhelm over the recent past, which was consistent with the post-pandemic trend. Office properties contained in the MSCI Index generated a modest 0.4% total return for the year ending June 30, 2025. A stable and positive income component performance was almost entirely offset by capital erosion. This capital erosion was consistent with the broader market trend. Property values continued to decline and market fundamentals remained relatively weak through to the end of the first half of 2025. Encouragingly, the national leasing market performance outlook improved in the second half of 2025 with the return of banking and government workers to their offices. We may see investment performance strengthen over the near term, having underwhelmed over the recent past.

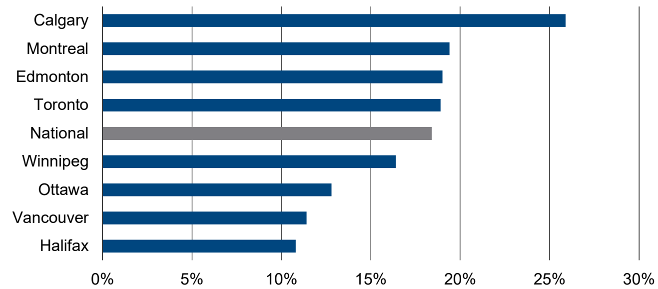
INVESTMENT SALES ACTIVITY WAS MUTED

Investment sales activity in Canada's office property market remained muted through to the midway mark of 2025. Investor confidence remained relatively low, due in large part to the sector's uncertain performance outlook. A relatively modest $3.0 billion in transaction volume was reported in the first half of 2025. Two notaworthy sales reported recently were The Post and 700/750 West Pender Street in downtown Vancouver. Private groups continued to acquire properties with value-add or conversion potential. On balance, office property investment sales activity remained muted over the recent past.

Encouragingly, the national leasing market performance outlook improved in the first half of 2025 with the return of banking and government workers to their offices.

OFFICE VACANCY RATES

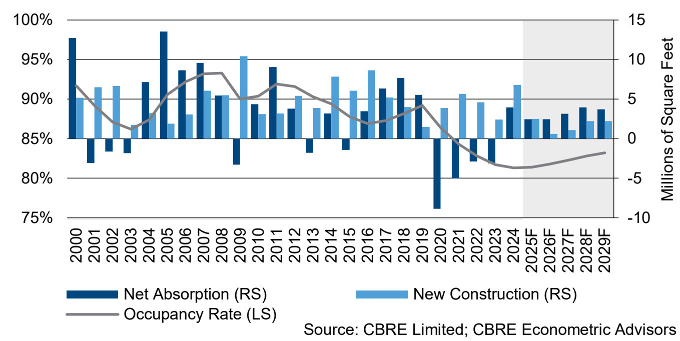
To Third Quarter - 2025



Source: CBRE Limited

OFFICE DEMAND & SUPPLY

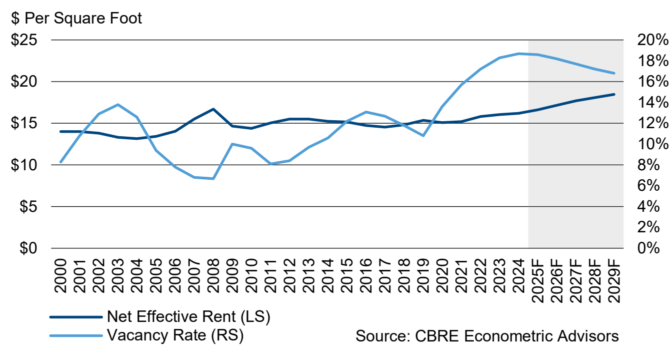
National Historical & Forecast Aggregates



Source: CBRE Limited; CBRE Econometric Advisors

OFFICE RENT & VACANCY

National Historical & Forecast Aggregates



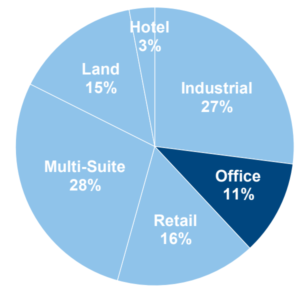
Source: CBRE Econometric Advisors

LITTLE CHANGE IN INVESTMENT MARKET CHARACTERISTICS FORECAST

There is little change in office property investment market characteristics forecast over the near term. Investors will continue to target lower-risk acquisitions with financially secure tenants on long term leases in major Canadian markets. Trophy assets and high-quality class A buildings will generate strong interest. However, the availability of properties with these attributes will remain limited, representing a continuation of the trend of the past few years. Investor appetite for office properties with riskier profiles will be low, given a highly uncertain performance outlook. Private capital groups will continue to acquire properties with value-add and conversion potential at a relatively low price point. Relatively wide bid-ask spreads will continue to curtail transaction closings. The reluctance of vendors to sell in a down market will reduce the flow of capital into Canada's office property market. Investment activity will be limited further by the still-high cost of capital. Institutional buyers will remain on the sidelines while awaiting further clarity on the sector's performance outlook. Pension funds will continue to focus on disposing of underperforming and/or non-core assets and enhancing existing portfolio valuations. Property values are expected to gradually stabilize as performance risk slowly declines. In summary, change in office property investment market characteristics will modest over the near term.

TOTAL SALES BY PRODUCT

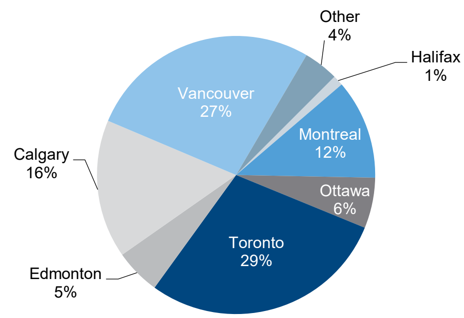
18 Months To June 2025



Source: CBRE Limited

OFFICE SALES BY CMA

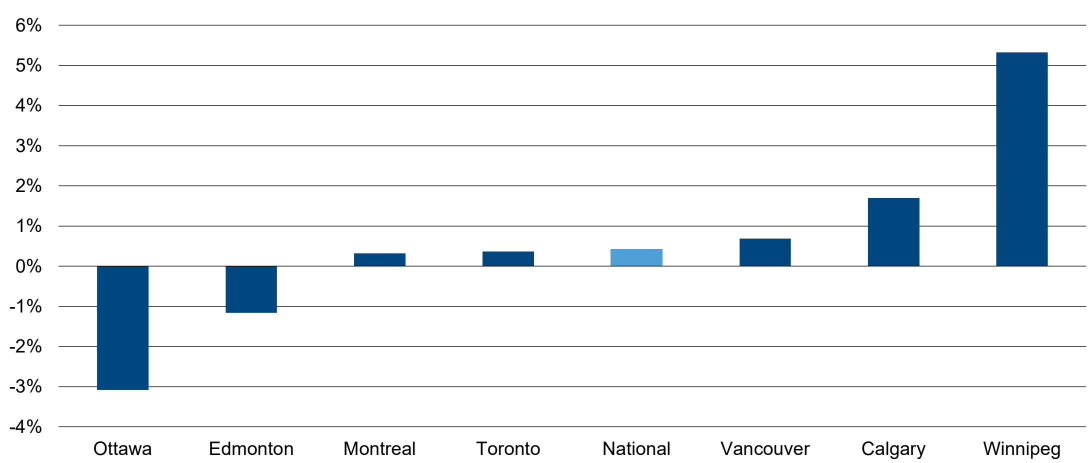
18 Months To June 2025



Source: CBRE Limited

OFFICE TOTAL RETURNS

For The 1-Year Period Ending June 2025



Source: © MSCI Real Estate 2025

INVESTMENT MARKET TRANSACTIONS

MONTREAL

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
950-970 Beaumont Ave	Sep-25	$32.5 M	120,305	$270	University of Montreal
1550 Metcalfe, 1555 Peel St	Sep-25	$25.0 M	258,167	$97	MTRPL/Sailcap
4396-4410 St Laurent Blvd	Sep-25	$13.0 M	55,623	$234	Armco Real Estate
953, 981 Saint-Jean Blvd	Aug-25	$34.0 M	119,561	$284	Reseau MAclinique
2200-2220 McGill College	Jul-25	$35.2 M	127,000	$277	Optibec Inc.
1200 McGill College Ave	Jun-25	$100.7 M	351,869	$286	KingSett Capital
1-5 Place Laval	Jun-25	$54.1 M	853,885	$63	Poirier
3232, 3232A, 3238 Belanger	Apr-25	$14.5 M	51,120	$284	Societe du Parcours
400 Saint-Martin Blvd W	Mar-25	$10.5 M	44,570	$236	Place Prestige Inc.

OTTAWA

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
4275 Innes Rd	Aug-25	$7.4 M	22,720	$325	Private

TORONTO

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
141 Adelaide St W	Dec-25	$95.3 M	188,191	$506	Spear Street Capital
2 St Clair Ave E	Dec-25	$80.0 M	161,302	$496	Choice REIT
5995 Avebury Rd	Dec-25	$24.6 M	145,448	$169	Crestpoint
70 York St	Nov-25	$134.6 M	210,805	$638	Desjardins Pension/AM
415 Yonge St	Sep-25	$59.2 M	192,036	$308	KingSett Capital
7025 Langer Dr	Sep-25	$14.5 M	64,750	$223	Commercial Properties
1111, 1122 International Blvd	Jun-25	$51.0 M	268,562	$190	Crown Realty Partners
399 Church St	Jun-25	$12.6 M	27,700	$453	Guru Studio
1373-1393 N Service Rd E	Jun-25	$31.1 M	109,106	$285	Enticor Properties Inc.
1599 Hurontario St	May-25	$12.3 M	72,418	$169	Thombar Property Mgt
175 College St	Apr-25	$10.0 M	10,200	$980	University of Toronto
1189 Colonel Sam Dr	Apr-25	$16.5 M	103,179	$159	O.P.G.
5600 Cancross Crt	Feb-25	$32.0 M	99,780	$321	Private
438 University Ave	Feb-25	$105.6 M	322,835	$327	Infrastructure Ontario
3760-3762 Fourteenth Ave	Jan-25	$22.1 M	127,904	$173	Private

CALGARY

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
2891 Sunridge Wy NE	Jun-25	$14.5 M	87,271	$166	SunMETA Group
First Canadian Centre	Feb-25	$46.1 M	461,141	$100	G2S2 Capital Inc.
2728 Hopewell Place NE	Jan-25	$19.0 M	126,760	$150	QCT College
1402 8 Ave NW	Jan-25	$38.1 M	75,000	$508	Sumus Property Group

EDMONTON

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
10310 102 Ave	Jun-25	$19.0 M	257,399	$74	Armco Capital
Broadmoor Place I, V, VI	Feb-25	$20.2 M	229,356	$88	CJ Broadmoor Inc

VANCOUVER

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
*The Post	Nov-25	$1,200.0	1,306,530	$918	Pontegadea Canada
*108, 110 East 5 Ave (50%)	Sep-25	$89.7 M	208,000	$863	Allied REIT
16088 84 Ave	Sep-25	$13.0 M	28,074	$463	Realco Title (16088)
*4185 Still Creek Dr	Aug-25	$21.0 M	46,745	$449	PACK Buildings
700, 750 West Pender St	Aug-25	$125.0 M	239,096	$426	KingSett Capital
1220 Homer St	Jul-25	$13.3 M	19,384	$684	625 Powell St Foundat.
*4200 North Fraser Wy	May-25	$12.5 M	42,962	$291	LUCID Vision Labs Inc.
1111 West Hastings St	Mar-25	$70.0 M	95,814	$731	Reliance/Germain
32071 South Fraser Wy	Feb-25	$28.0 M	52,270	$536	Fraser Health Authority
4600 Jacombs Rd	Jan-25	$24.1 M	78,007	$308	Jacombs Rd Inc.

*share sale

Institutional buyers will remain on the sidelines while awaiting further clarity on the sector's performance outlook.

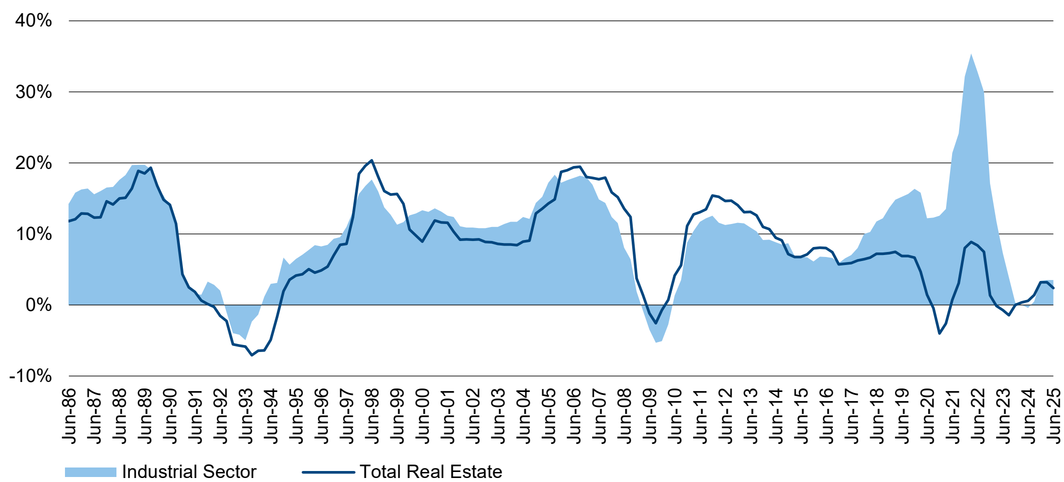
INDUSTRIAL OUTLOOK

SUPPLY RISK INCREASED MODESTLY

Canadian industrial property leasing market supply risk increased modestly over the recent past, a trend that began in the latter half of 2022. Prior to 2022, supply risk levels were relatively low dating back more than a decade. This modest increase in supply risk in Canada's industrial property market was driven largely by modest leasing demand softening coupled with a surge of new supply deliveries.

ANNUALIZED RETURNS

Rolling 1-Year RCPI/MSCI Industrial Performance



Source: RCPI, © MSCI Real Estate

Canadian industrial leasing market fundamentals remained relatively healthy over the recent past despite rising levels of supply risk. Industrial occupiers continued to lease space at a healthy rate across the country. Just shy of 3.4 million square feet of space was absorbed in the first half of 2025, as reported by CBRE. Healthy demand for small-to-medium-sized space was observed during the same period. Demand moderated but remained positive in the large-bay market segment. The nation's availability rate stood at a solid 5.3% at the midway mark of 2025, 110 bps higher than a year earlier. Rents edged lower in some regions in the past year but remained well above the pre-pandemic average. Construction completions slowed considerably, which partially offset the rising availability trend. Over the near term, Canadian industrial leasing market fundamentals are expected to remain relatively healthy, consistent with the trend of the recent past.

INVESTMENT PERFORMANCE IMPROVED

Industrial property sector investment performance improved over the recent past, following a relatively brief period of weakness. This improvement was due to an easing of the capital decline that began in the final quarter of 2024. Properties contained in the MSCI Index generated an entirely income driven and moderately attractive 3.4% total return for the year ending June 30, 2025. Capital erosion more than offset a positive income component performance over the previous period when a negative 0.4% return was recorded. The stabilization of index values was consistent with the broader industrial market trend. In short, industrial property investment performance improved over the recent past.

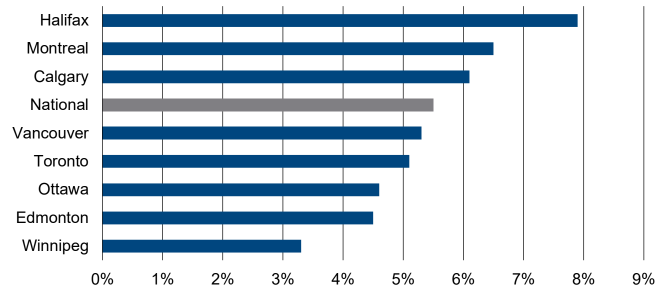
INVESTMENT SALES PACE STEADIED

The pace of industrial investment property sales steadied recently, having reached a record high in 2023. The $5.7 billion in investment transaction volume reported for the first six months of 2025 was in line with the $12.0 billion of annual sales in 2024. Sales of industrial property peaked in 2023 when $20.7 billion in transaction volume was recorded. The 2024 investment sales slowdown was driven largely by a sharp increase in the cost of capital and materially weaker leasing market performance. Rent growth and leasing demand slowed as the peak phase of the leasing cycle came to an end. High-quality logistics and warehouse properties continued to transact at a relatively healthy rate, supporting the steady investment property sales pace of the recent past.

The pace of industrial investment property sales steadied recently, having reached a record-high in 2023.

INDUSTRIAL AVAILABILITY RATES

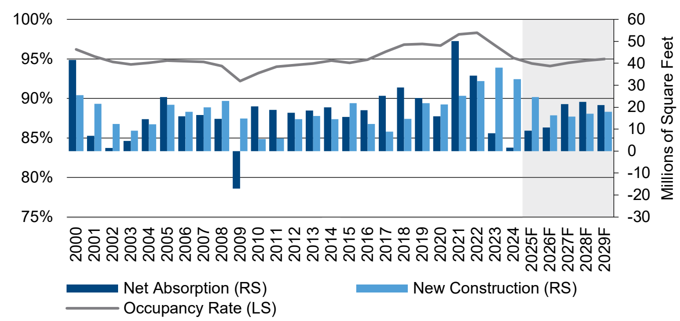
To Third Quarter - 2025



Source: CBRE Limited

INDUSTRIAL DEMAND & SUPPLY

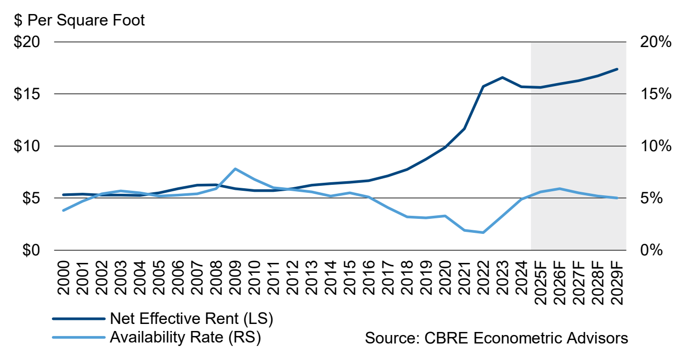
National Historical & Forecast Aggregates



Source: CBRE Limited; CBRE Econometric Advisors (Q2 2025)

INDUSTRIAL RENT & AVAILABILITY

National Historical & Forecast Aggregates



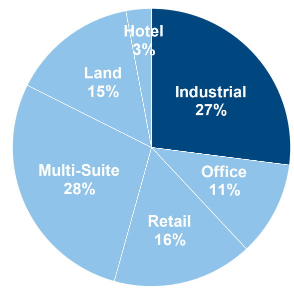
Source: CBRE Econometric Advisors

INDUSTRIAL PROPERTY PERFORMANCE OUTLOOK IS GENERALLY POSITIVE

Canada's industrial property sector performance outlook is generally positive. This outlook is predicated to some degree on a moderate economic growth forecast. Economic output is projected to rise by an annualized rate of between 1.5% and 1.8% in 2026. This projection assumes the U.S. and Canada agree on a new or modified Canada-United States-Mexico Agreement. This reduction in trade tensions would have a stabilizing effect on Canadian and global supply chains, and economies. This stability is expected to support increased industrial leasing demand and activity levels. As demand fundamentals strengthen, availability is expected to stabilize and then gradually decline. Available space in newly constructed buildings would be leased more quickly than in the recent past. Existing building availability would also dwindle. As space is absorbed, the nation's availability rate will stabilize and then gradually decline. The national availability rate has risen steadily over the past few years. Industrial rents are expected to begin to rise as availability levels decline. Investor confidence is expected to increase as leasing market fundamentals and investment performance improve. High-quality logistics and warehouse space will remain a preferred investor acquisition target. Small-bay offerings will also be well-received. In summary, the performance outlook for Canada's industrial property sector is generally positive.

TOTAL SALES BY PRODUCT

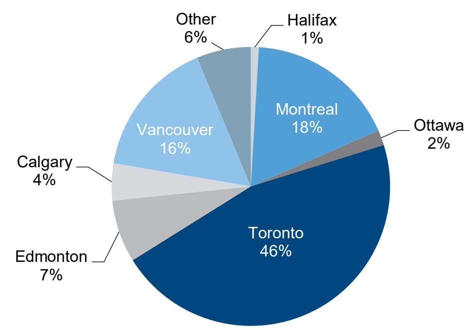
18 Months To June 2025



Source: CBRE Limited

INDUSTRIAL SALES BY CMA

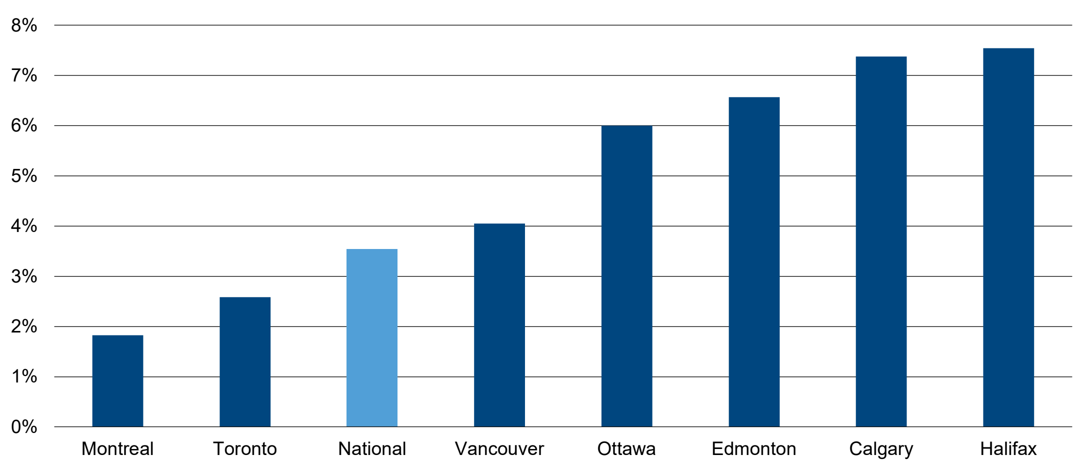
18 Months To June 2025



Source: CBRE Limited

INDUSTRIAL TOTAL RETURNS

For The 1-Year Period Ending June 2025



Source: © MSCI Real Estate 2025

INVESTMENT MARKET TRANSACTIONS

MONTREAL

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
Crystal Water Portfolio	Nov-25	$40.1 M	264,315	$152	Nexus REIT
20600 Clark-Graham Ave	Jul-25	$25.8 M	140,000	$184	Pure Industrial REIT
1900 52e Ave	Jun-25	$15.0 M	39,477	$380	Bayview Partners
315 Industriel Blvd	Feb-25	$22.5 M	147,348	$153	Bayview Partners

OTTAWA

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
2 Bill Leatham Dr	May-25	$11.3 M	35,000	$323	Private

TORONTO

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
8 Falconer Dr, 10 Matlock	Dec-25	$19.2 M	137,736	$139	Beedie Group
5 Precidio Crt	Dec-25	$52.0 M	202,810	$256	Pure Industrial REIT
1121 Walkers Line	Dec-25	$60.5 M	288,161	$210	Axia Real Assets
5300 Tomken Rd	Nov-25	$25.3 M	85,680	$295	AAA Capital Ventures
400, 450 Matheson Blvd E	Oct-25	$39.7 M	115,165	$345	Mantella/Crestpoint
80, 90 Centurian Dr	Oct-25	$33.9 M	133,364	$254	Regency Property
1177-1181 Finch Ave W	Oct-25	$37.1 M	165,327	$225	KingSett Capital
57, 63 Galaxy Blvd	Sep-25	$18.6 M	64,606	$287	Hazelview
700 Clayson Rd	Sep-25	$134.5 M	458,512	$293	Pure Industrial REIT
Sun Commercial Portfolio	Sep-25	$100.0 M	576,493	$173	KingSett Capital
11400 Steeles Ave E	Sep-25	$143.0 M	639,839	$223	BentallGreenOak
55, 61 Milne Ave	Sep-25	$24.2 M	133,458	$181	Regency Property
6325 Northam Dr	Jul-25	$20.0 M	80,444	$249	JDP Properties Inc
35, 45 Staples Ave	Jul-25	$59.9 M	199,864	$300	Dream Industrial REIT
190 Matheson Blvd E	Jun-25	$15.3 M	50,012	$306	CAP Ontario Inc.
33 West Beaver Creek Rd	May-25	$39.5 M	183,394	$215	KingSett Capital
Drew Kimbel Industrial Ctr	May-25	$120.0 M	395,567	$303	Crestpoint
50 Precidio/100 Corporation	Apr-25	$44.6 M	140,000	$318	Lotus Capital Corp
1218 South Service Rd W	Apr-25	$59.2 M	256,101	$231	Dream Industrial REIT
7900 Airport Rd	Mar-25	$253.0 M	745,121	$340	Crestpoint/PSP
2700 Bristol Cir	Mar-25	$26.3 M	105,200	$250	Beedie Group
Argentia Business Ctr	Mar-25	$44.0 M	162,043	$272	The Hamtor Group Inc.
201 Whitehall Dr	Feb-25	$18.2 M	71,385	$254	Regency Property
6435, 6451 Northwest Dr	Jan-25	$100.0 M	395,781	$253	Groupe Montoni

CALGARY

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
2820 5 Ave NE	Jun-25	$15.5 M	100,134	$155	TriVan Capital
Choice REIT Portfolio	May-25	$73.4 M	490,289	$150	Nicola Wealth
292028 Crosspointe Rd	May-25	$45.5 M	247,613	$184	Dayhu Investments
19, 200 High Plains Tr	May-25	$38.0 M	243,000	$156	CanFirst Capital
9559 40 St SE	Apr-25	$18.0 M	64,551	$279	Choice REIT

EDMONTON

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
Letourneau Ctr	Sep-25	$18.7 M	97,154	$193	West Two Enterprises
15403 115A Ave	May-25	$28.2 M	243,109	$116	Narland Properties
8804 51 Ave	May-25	$33.5 M	236,477	$142	KingSett Capital
12959 156 St	Apr-25	$16.4 M	99,940	$164	TRI Investments Inc
City West Business Ctr	Feb-25	$61.3 M	596,232	$103	York Realty
15423 131 Ave	Jan-25	$26.5 M	244,230	$109	Constance Property

VANCOUVER

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
12511 Vulcan Wy	Feb-25	$19.5 M	59,611	$327	Private

*share sale

Investor confidence is expected to increase as market fundamentals and investment performance improve.

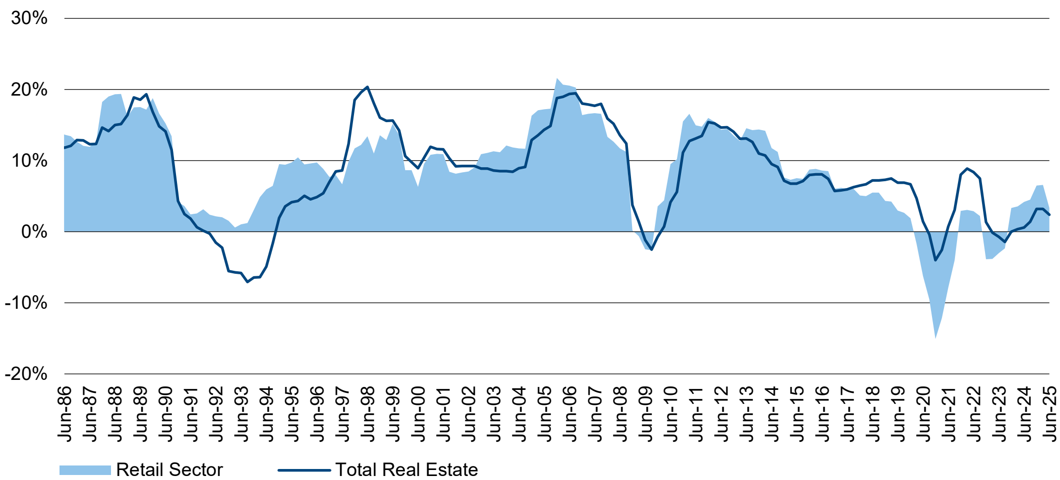
RETAIL OUTLOOK

HIGH-QUALITY SPACE WAS IN SHORT SUPPLY

Available high-quality space was in short supply in Canada's major retail property markets over the recent past. Retailers struggled to secure space in which to expand in the country's most productive centres and shopping nodes. New supply offered limited relief, as relatively few new developments were completed in 2025. In some cases, retailers were forced to expand or relocate into secondary centres and locations.

ANNUALIZED RETURNS

Rolling 1-Year RCPI/MSCI Retail Performance



Source: RCPI, © MSCI Real Estate

Canada's retail leasing market tightened during the second half of 2024 and into early 2025. This tightening was evidenced in recent market survey data. The national retail market vacancy rate stood at a healthy 5.5% at the midway mark of 2025, as reported by CBRE. The community/neighbourhood vacancy rate for properties tracked in the MSCI Index rested at 4.0% at the end of June 2025. Landlords were able to command higher rents with high-quality space in short supply. Retailers were generally willing to meet landlord rental demands, which drove rents to a cycle high. In certain scenarios, retailers were forced to source expansion space in secondary locations and less desirable centres. As a result, availability in these same centres and locations declined. In summary, demand for high-quality space exceeded supply in Canada's retail property leasing market in the latter half of 2024 through to the midway mark of 2025.

INVESTMENT PERFORMANCE REMAINED MODERATELY ATTRACTIVE

Retail property investment performance remained moderately attractive over the past year. Properties contained in the MSCI Index generated an annual total return of 3.3% for the year ending June 30, 2025. This moderately attractive result followed the slightly stronger 4.2% total return posted for the same period a year earlier. The moderately attractive returns posted over the past two years were entirely income driven. The average capital value of properties contained in the index continued to decline over the same two-year period. However, the rate of capital decline slowed in the first half of 2025. The income-component performance was stable and positive, supporting the moderately attractive overal investment performance.

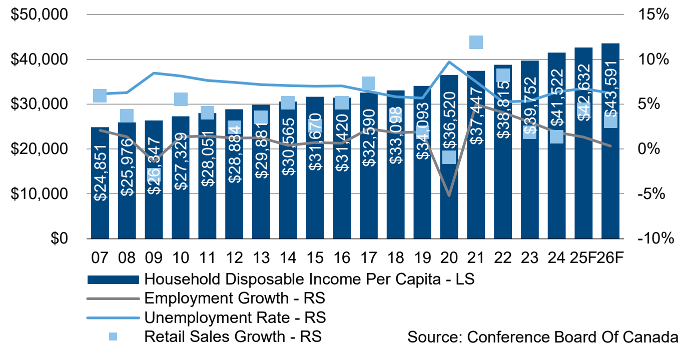
TRANSACTION PACE WAS SUSTAINED

The retail investment property transaction pace of the recent past was sustained over the past year. Transaction volume totaled $3.7 billion for the first six months of 2025, which was consistent with the total recorded for the same period a year earlier and since 2022. Investor confidence increased in 2024 and early 2025 as retail market fundamentals strengthened and rents increased. Buyers have targeted properties with grocery store anchors and strong national tenant rosters most frequently. In short, investor confidence levels have supported a sustained level of investment property transactions over the past few years.

Transaction volume totaled $3.7 billion for the first six months of 2025, which was consistent with the total recorded for the same period a year earlier and since 2022.

CONSUMER STRENGTH

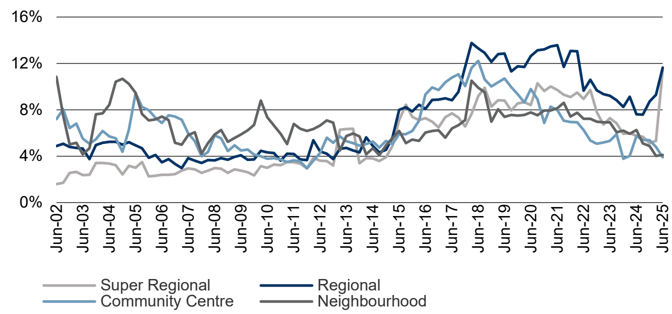
Measuring Canadian Purchasing Power



Source: Conference Board Of Canada

RETAIL VACANCY RATES

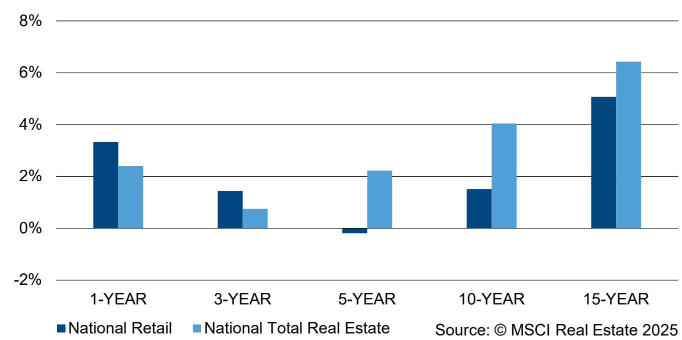
National Trending Across Property Types



Source: © MSCI Real Estate 2025

HISTORICAL PERFORMANCE

For the period ending June 2025



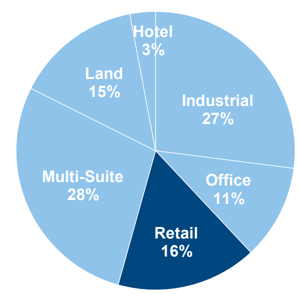
Source: © MSCI Real Estate 2025

LEASING MARKET TRENDS WILL MIRROR THOSE OF THE RECENT PAST

Retail leasing market trends are expected to largely mirror those of the recent past over the near term. Retailers in the discount and necessities market segments will continue to account for a significant share of overall demand. However, sourcing suitable expansion space will be somewhat challenging. New supply deliveries will offer little relief for tenants seeking premium space. Leasing market conditions are expected to remain tight, with vacancy close to the levels of the past year. The closure of Hudson's Bay stores will provide much-needed expansion/relocation opportunities for a limited number of tenants. Supply constraints will persist in most major markets, ensuring rents hold close to the cycle-high averages reported in the second half of 2024 and early 2025. Investment market trends will also be relatively consistent over the near term. Grocery-anchored centres will continue to be a preferred acquisition target for a range of investment groups. Private groups will continue to focus on acquisitions with value-add and/or intensification potential, in keeping with the trend of the past year. The still-high cost of capital will continue to limit transaction closing volume to some degree, consistent with the recent trend. In summary, retail property leasing and investment market trends are expected to mirror those of the recent past over the near term.

TOTAL SALES BY PRODUCT

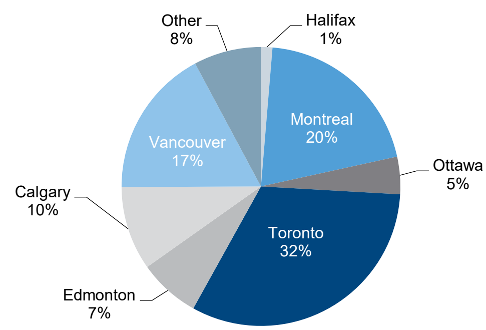
18 Months To June 2025



Source: CBRE Limited

RETAIL SALES BY CMA

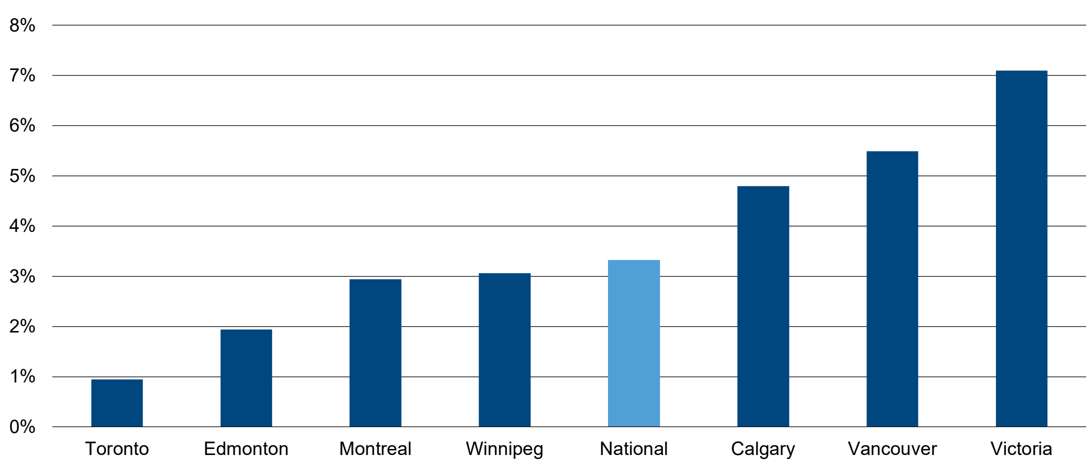
18 Months To June 2025



Source: CBRE Limited

RETAIL TOTAL RETURNS

For The 1-Year Period Ending June 2025



Source: © MSCI Real Estate 2025

INVESTMENT MARKET TRANSACTIONS

MONTREAL

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
Les Promenade Bellerose	Oct-25	$26.0 M	39,569	$395	Toulone Development
Promenades St Bruno	Oct-25	$482.1 M	1,001,200	$482	Primaris REIT
Centre Carnaval Lasalle	Aug-25	$62.0 M	221,747	$280	Canac Real Estate Inc
3933, 4491 St Charles Blvd	Jul-25	$18.0 M	91,085	$197	KDM Realty
Les Colonnades Pte-Claire	May-25	$25.0 M	92,092	$272	Devmont
Galeries du Moulin	May-25	$15.0 M	125,000	$120	Marimac Inc
Place Major	Apr-25	$20.1 M	98,583	$203	Salthill Capital
Faubourg Langelier	Jan-25	$28.6 M	80,223	$356	Groupe Mach

OTTAWA

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
Meadowlands Mall	Sep-25	$44.4 M	207,690	$214	Salthill Capital
Hazeldean Village Ctr	Jun-25	$11.1 M	28,629	$388	Jennings Real Estate
Highbury Gate at Greenbank	May-25	$21.5 M	42,011	$513	Cristall Group
Greenbank Hunt Club	Apr-25	$35.9 M	96,741	$372	Epic Investments

TORONTO

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
Armadale Square	Oct-25	$58.1 M	142,703	$407	BentallGreenOak
Rockwood Mall	Aug-25	$90.0 M	303,059	$297	BentallGreenOak
312-316 Queen St W	Jun-25	$14.4 M	10,440	$1,377	LDI Holdings Inc.
3443, 3455-3465 Fairview St	Jun-25	$25.2 M	66,536	$379	Emshih Developments
3560-90 Lake Shore Blvd W	Mar-25	$11.0 M	20,000	$550	Difco (3560) Properts.
Sheridan Plaza	Mar-25	$40.0 M	170,746	$234	Trinity Development
3711-3715 Keele St	Feb-25	$34.0 M	84,346	$403	Steelcon
Folkstone Village Plaza	Jan-25	$18.2 M	37,114	$489	B&B Plaza Limited
1560 Yonge St	Jan-25	$37.6 M	65,895	$570	Wittington Properties
Strawberry Fields Plaza	Jan-25	$22.2 M	40,192	$551	Private
Aurora Market Place	Jan-25	$38.5 M	86,350	$446	Varallo Holdings/Laviva

CALGARY

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
Northpointe at Country Hills	Jul-25	$54.5 M	199,502	$273	CT REIT
Chinook Park Plaza	Apr-25	$17.8 M	49,427	$376	MDC Realty Advisors
116-216 Grande Blvd	Mar-25	$10.1 M	21,988	$459	West Oak Investments
The Market at Quarry Park	Mar-25	$52.5 M	153,449	$342	Salthill Capital
Skye Point Landing	Feb-25	$10.5 M	18,934	$555	Kailash Land Holdings
Mahogany Village Commons	Jan-25	$49.3 M	89,455	$551	Dynasty Power

EDMONTON

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
Summer Breeze Ctr	Oct-25	$17.3 M	52,747	$328	Elite Real Estate Group
Grange Ctr	May-25	$35.1 M	63,383	$554	Am-pri Development
14231 137 Ave	Apr-25	$15.0 M	64,900	$231	Bosa Properties
Sherwood Park Mall	Apr-25	$101.6 M	415,237	$245	Royop
Whitemud Crossing	Mar-25	$23.6 M	93,353	$253	Elite Real Estate Group
Mill Creek Ctr	Jan-25	$24.3 M	47,172	$514	Private

VANCOUVER

PROPERTY	DATE	PRICE	SF	PSF	PURCHASER
*Taylor's Crossing	Jul-25	$26.0 M	45,455	$572	Spire Development
*Cottonwood Mall	May-25	$115.0 M	255,810	$450	Private
*798 Granville St	Mar-25	$140.0 M	90,975	$1,539	The GJ Group
Willowbrook Park Ctr	Jan-25	$137.0 M	193,785	$707	Shato Holdings Ltd
Hudson Mall Podium	Jan-25	$89.1 M	82,450	$1,081	Hazelview Investments

*share sale

The still high cost of capital will continue to limit transaction closing volume to some degree, consistent with the recent trend.

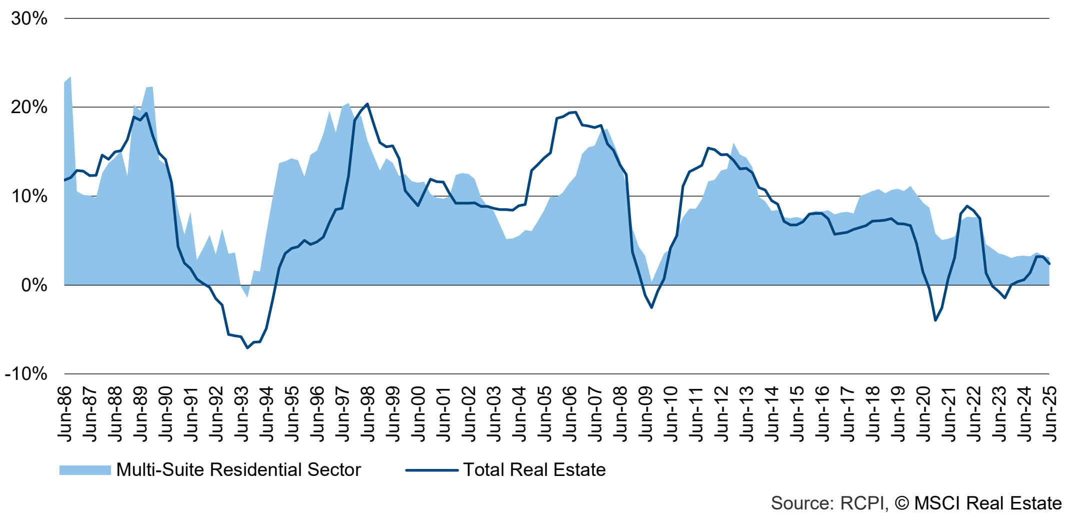
MULTI-SUITE RESIDENTIAL OUTLOOK

RENTAL MARKET SOFTENING RECORDED

Canada's multi-suite residential rental market softened considerably in the late stages of 2024 and in the first half of 2025. This softening was due to weaker demand characteristics and an increase in new supply deliveries. Vacancy levels increased and rent growth slowed substantially. Asking rents declined in the country's most expensive markets, Toronto and Vancouver, and incentives were offered to prospective tenants.

ANNUALIZED RETURNS

Rolling 1-Year RCPI/MSCI Multi-Suite Performance



Source: RCPI, © MSCI Real Estate

Weaker rental demand patterns were observed across the country recently. Rental demand weakened with the lowering of federal immigration targets for permanent resident and temporary worker admissions. The permanent resident target was lowered by 105,000 in 2025. Weaker labour market performance also had a negative impact on rental demand. Youth employment remained at record-high levels over the past year. Historically, young workers have been a key source of rental demand. Demand was strongest in the lower-rent market segment. As demand softened, new supply deliveries increased substantially. Vacancy in these new buildings exceeded the market average. As a result, asking rents were lowered to the market average to attract tenants. New supply deliveries helped drive the national vacancy rate steadily higher in 2025. This rising vacancy trend was indicative of the considerable rental market softening of the recent past.

INVESTMENT PERFORMANCE PATTERN STABILIZED

The multi-suite residential rental property sector's investment performance pattern stabilized over the recent past. Properties contained in the MSCI Index generated a moderately attractive total average return of 3.1% for the year ending June 30, 2025, matching the performance of the previous period. This return was entirely income-driven, which was also consistent with the previous period. The positive income-component performances of the two years more than offset a modest capital decline. In short, a sustained investment performance pattern was reported in Canada's multi-suite residential rental property sector over the recent past.

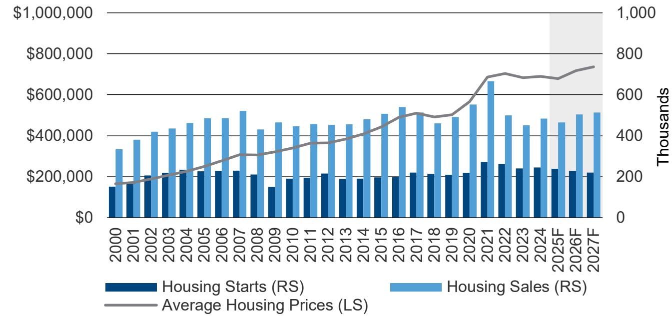
INVESTMENT DEMAND EXCEEDED SUPPLY

Investment demand exceeded product supply in Canada's multi-suite residential rental property sector over the recent past. Investors continued to seek out acquisition opportunities in an asset class with a positive medium-to-long-term performance outlook. The availability of CMHC financing supported the rationale for investing in this property type. Nationally, however, the supply of portfolio and individual property offerings fell short of demand. Despite the supply shortfall, a relatively healthy $5.4 billion of investment sales volume was reported for the first half of 2025. Sales volume would have been higher still with increased product availability. Concrete high-rises and recently built low-rise properties remained the preferred acquisition targets of investors over the recent past, as demand exceeded supply.

Nationally, however, the supply of individual property and portfolio offerings fell short of demand.

CANADIAN HOUSING MARKET

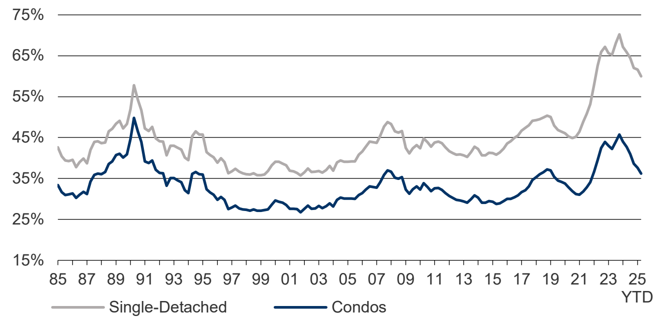
Pricing Vs. Demand



Source: Conference Board Of Canada, CREA, CMHC

AFFORDABILITY INDICATOR

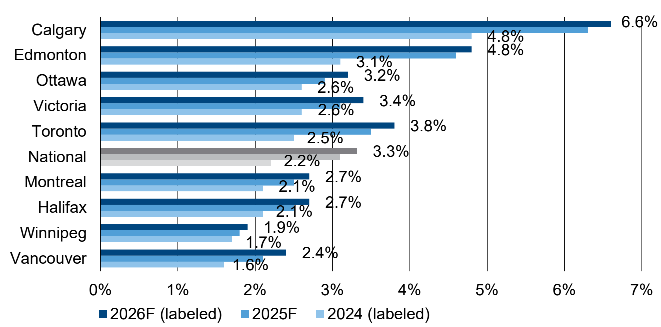
% Of Income To Service Home Ownership Costs



Source: RBC Economics - RBC Housing Affordability Measure

CMA'S RENTAL VACANCY

Rates for Structures of 3 units+



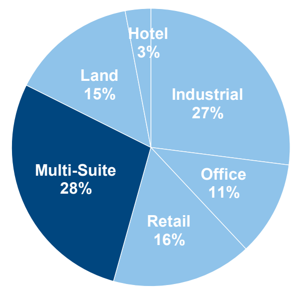
Source: CMHC (HMO Feb 2025 & Summer Update)

RENTAL MARKET FUNDAMENTALS WILL GRADUALLY STABILIZE

Canadian multi-suite residential rental market fundamentals are expected to gradually stabilize over the near term. This stabilization will be driven in part by the effects of a modest increase in rental demand. Economic growth is projected to strengthen moderately in 2026. This strengthening will support increased job growth and rental demand. Youth employment is also projected to improve, which will also add to rental demand pressure. Landlords will continue offer incentives such as one or two months of free rent to prospective tenants to increase occupancy. The cost of home ownership will remain prohibitively high, forcing many renter households to stay in their existing rental units. Therefore, tenant turnover rates will continue to remain below the long-term average. We may see rental demand increase substantially if federal immigration targets are increased. With rental demand expected to firm up at some point in the second half of 2026, vacancy will begin to stabilize. Vacancy, however, will remain elevated in the market's newer and most expensive buildings. As vacancy stabilizes, asking rents will begin to level off and fewer landlords will offer incentives to prospective tenants. At some point during 2027, rental market conditions are expected to improve, having stabilized over the near term.

TOTAL SALES BY PRODUCT

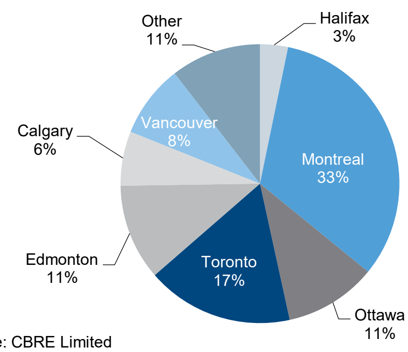
18 Months To June 2025



Source: CBRE Limited

MULTI-SUITE SALES BY CMA

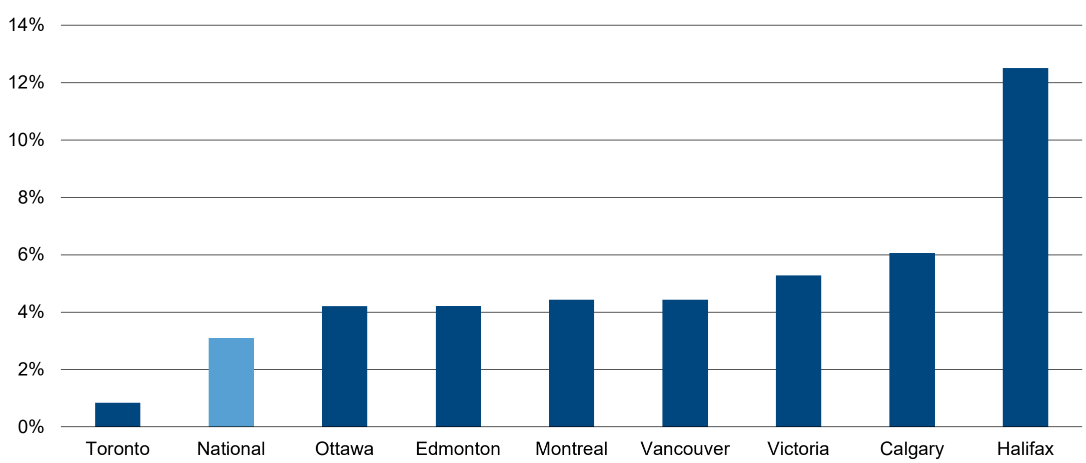
18 Months To June 2025



Source: CBRE Limited

MULTI-SUITE TOTAL RETURNS

For The 1-Year Period Ending June 2025



Source: © MSCI Real Estate 2025

INVESTMENT MARKET TRANSACTIONS

MONTREAL

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
5775-5786 Cote-des-Neiges	Dec-25	$36.5 M	162	$225,309	Oikis Real Estate Grp.
335 Deguire Blvd	Nov-25	$46.0 M	180	$255,555	Catera Properties Inc
5885 Marc-Chagall Ave	Sep-25	$137.0 M	286	$479,021	Realstar Group
Central Parc 1, 2, 3	Sep-25	$249.0 M	541	$460,000	Boardwalk REIT
7400 Beaubien St E	Sep-25	$23.0 M	115	$200,000	Kitov Investments
99, 101 Pl Charles Le Moyne	Aug-25	$98.5 M	386	$255,181	Groupe Kejja
AVA Montreal	Aug-25	$54.5 M	121	$450,413	CAPREIT
1200 Mackay St	Jun-25	$55.0 M	125	$440,000	Canadian Urban
Place Cote Vertu	Apr-25	$60.0 M	369	$162,602	Orem Capital
1441, 1451 Gason Rd	Apr-25	$76.5 M	249	$307,229	Priveda Capital
Glo2 Rene Levesque Blvd E	Apr-25	$39.7 M	102	$389,461	CAPREIT
280 Route 132	Jan-25	$52.3 M	160	$326,563	Astoria Capital
Mondev Portfolio	Jan-25	$104.3 M	253	$412,154	CAPREIT

OTTAWA

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
Starlight Kanata Portfolio	Nov-25	$60.5 M	196	$308,673	Westrich Pacific Corp.
RioCan Portfolio (50% int)	Jul-25	$136.0 M	604	$450,331	Killam Apartment REIT
1755 Frobisher La	Jan-25	$69.0 M	241	$286,307	Paramount Properties

TORONTO

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
Oxford Brampton Portfolio	Dec-25	$312.1 M	1,116	$279,659	Starlight Investments
6 Silver Maple Crt	Dec-25	$115.0 M	339	$339,233	Lankin Investments
740 Dupont St	Sep-25	$152.4 M	210	$725,714	LaSalle Investment Mgt
Dancap/Siteline Portfolio	Jul-25	$82.3 M	256	$321,289	Lankin Investments
5166-5170 Lakeshore Rd	Jun-25	$92.5 M	203	$455,665	Homestead
1175 Broadview Ave	May-25	$44.0 M	134	$328,358	Heather View Apts. Inc
290 Morningside Ave	May-25	$27.5 M	106	$259,434	Harrington Housing
2, 4 Silver Maple Crt	May-25	$132.0 M	416	$317,308	Lankin Investments
Beaches Queen St E Portf.	Apr-25	$56.4 M	160	$352,750	Dream JV
75-90 Orenda Crt	Jan-25	$73.8 M	242	$305,004	Lankin Investments

CALGARY

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
235 Carrington Plaza NW	Apr-25	$62.0 M	182	$340,659	Ferrovia Capital
730 58 Ave SW	Mar-25	$93.0 M	255	$364,706	Boardwalk REIT
4th Street Lofts (50% int.)	Jan-25	$48.6 M	462	$357,335	RioCan REIT

EDMONTON

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
2610 109 St	Oct-25	$51.7 M	175	$295,714	Equiton
Boardwalk REIT Portfolio	Oct-25	$65.0 M	262	$248,092	OKTODEV
Emerald Hills Apts.	Jul-25	$49.0 M	208	$235,337	Oneka Land
Realstar Portfolio	Apr-25	$31.2 M	172	$181,395	SureFire Properties
The MacLaren 10141 124 St	Mar-25	$79.4 M	240	$330,833	CAPREIT
Henday Suites 63 St NW	Feb-25	$72.6 M	277	$262,094	Equiton
9717 111 St NW	Feb-25	$38.9 M	138	$281,522	Leston James Financial
110-120 Edgar La	Jan-25	$92.1 M	361	$255,000	Oneka Land
La Vie 1790 Keene Cr SW	Jan-25	$47.8 M	190	$251,447	Parabelle Properties

VANCOUVER

PROPERTY	DATE	PRICE	SUITES	PER SUITE	PURCHASER
1175 Haro St	Dec-25	$33.1 M	83	$398,795	Starlight Investments
*7070-7082 Inlet Dr	Nov-25	$45.6 M	117	$389,957	Equiton
1281 Broughton St	Sep-25	$14.0 M	31	$450,097	CAPREIT

*share sale

Despite the supply shortfall, a relatively healthy $5.4 billion of investment sales volume was reported for the first half of 2025.

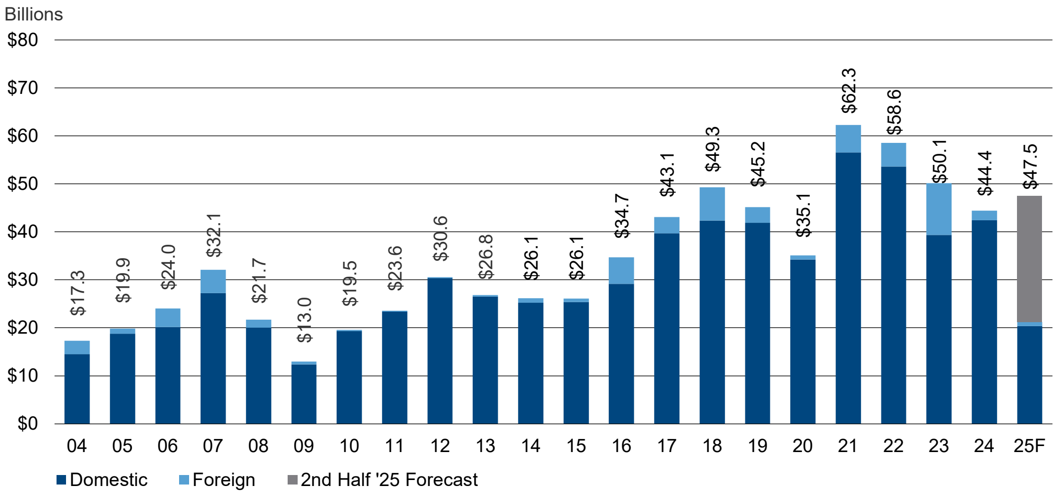
INVESTMENT OUTLOOK

CONSISTENT INVESTMENT CAPITAL FLOW TREND RECORDED

Investment capital flowed into Canada's commercial real estate market at a consistent rate over the recent past. This consistency was evidenced in recent investment transaction volume totals. Just shy of $21.3 billion of investment property sales volume was reported for the first half of 2025, down a modest 7.9% from the same period a year earlier, according to CBRE figures.

INVESTMENT ACTIVITY

Total Investment Volume



Source: CBRE Limited; Morguard

This capital flow consistency was a function of a sustained level of investor confidence in the latter half of 2024 and first half of 2025. Strong interest in grocery-anchored retail property acquisitions was a market constant. Retail properties that could be intensified and/or repositioned were also a popular acquisition target. High-quality warehouse and logistics properties were a draw for a range of buyer types. Industrial assets with short-term leases expiring with below-market rents were preferred. High-rise, concrete towers and recently built low- and mid-rise multi-suite residential rental towers sold at a brisk pace. Confidence in the office sector increased with the implementation of return-to-office mandates in 2025 but remained below the long-term average. Overall, high-quality, stabilized investment property offerings were well-received and transacted at a moderately healthy pace over the recent past, in support of a sustained capital flow trend.

INVESTMENT PERFORMANCE IMPROVED MODESTLY

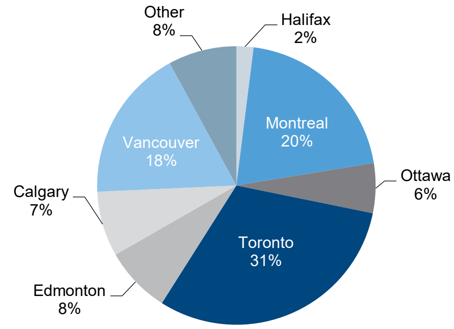
Canadian commercial property investment performance improved modestly over the past year. Properties captured in the MSCI Index during the year ending June 30, 2025, generated a 2.4% total average return. This return represented a material improvement over the 0.6% return posted in the previous period. Returns varied by property type over the past year. The retail, industrial, and multi-suite residential rental property types outperformed the Index, registering returns of 3.3%, 3.5%, and 3.1%, respectively. Office underperformed with a marginally positive return for the same period. The total Index return was entirely income driven. Part of the positive income component performance was offset by capital erosion. However, the capital decline slowed somewhat in the first half of 2025. The office sector was the main driver of the capital decline. Office property values and capitalization rates have been somewhat difficult to pinpoint, given limited transactional evidence. Retail, industrial, and multi-suite residential property values and yields were relatively stable over the past year. This stability was supportive of the modest commercial property investment performance improvement of the past year.

PRIVATE CAPITAL WAS THE MOST ACTIVE BUYER GROUP

Private capital was the most active buyer group in Canada's commercial property investment market over the past year, which was consistent with the trend of the past few years. Private capital groups were the purchasers of many of the noteworthy and big-ticket investment properties sold in 2024 and the first half of 2025. While private buyers were able to increase their real estate holdings, institutional and leverage-sensitive buyers were markedly less active. Private buyers were able to access alternative financing to facilitate transaction closings. Institutional buyers focused more on driving portfolio values higher, operational efficiency, and the disposition of non-core and/or underperforming assets. Real Estate Investment Trusts (REITs) acquired several multi-suite residential rental properties in the past year but remained relatively inactive overall. In general, investors continued to target high-quality, stabilized assets. Properties with expansion, intensification, or re-positioning potential were also popular. In a few cases, groups looked to replace older vintage properties in their portfolios with newer stabilized acquisitions. On balance, private capital remained the most active buyer group in Canada's commercial property investment market over the recent past.

NATIONAL SALES BY CMA

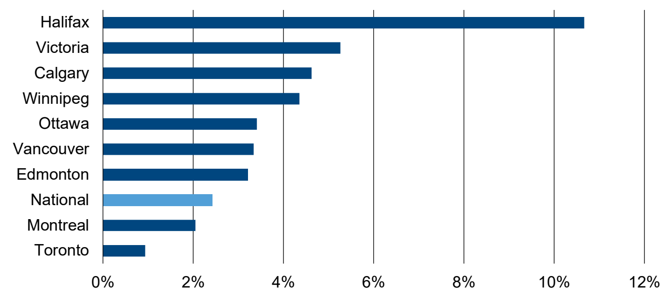
18 Months To June 2025



Source: CBRE Limited

ALL PROPERTY TOTAL RETURNS

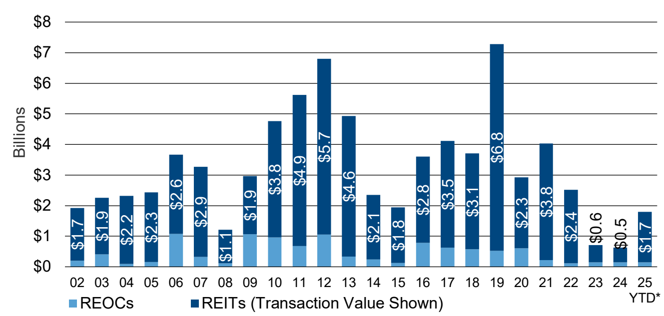
For The 1-Year Period Ending June 2025



Source: © MSCI Real Estate 2025

REIT CAPITAL ACTIVITY

Public Equity Issuance

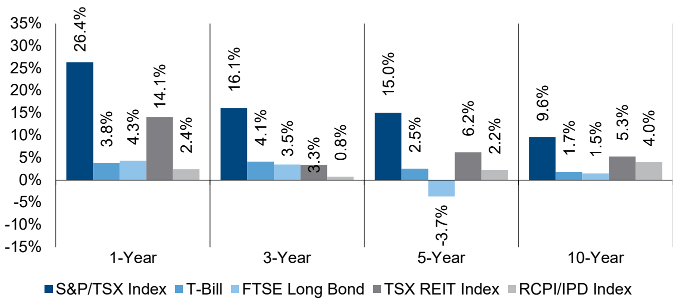


*To October 2025

Source: RBC Capital Markets

RELATIVE PERFORMANCE

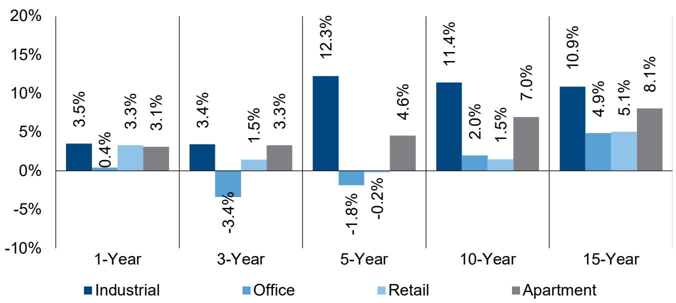
Comparing Annualized Returns To June 2025



Source: © MSCI Real Estate; RBC CM; TSX Datalinx; SCM; PC Bond Analytics

MSCI RETURNS

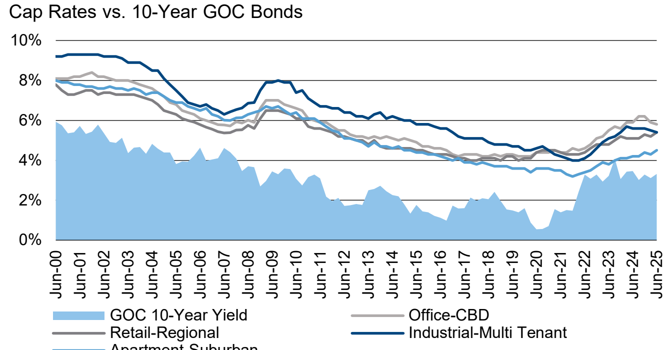
Annualized Returns By Property Type To June 2025



Source: © MSCI Real Estate 2025

YIELD SPREADS

Cap Rates vs. 10-Year GOC Bonds



Source: AltusInSite, Bank of Canada

INVESTMENT PROPERTY MARKET PERFORMANCE RISK TO REMAIN ELEVATED

Canadian investment property market performance risk is expected to remain elevated over the near term. This elevated level of performance risk is attributed to a few factors. Trade tensions with the U.S. and the potential for tariffs to continue to have a negative impact on Canada's economy represent a significant level of investment property market risk. Exports and manufacturing employment declined substantially in the spring of 2025 with the imposition of tariffs on non-CUSMA Canadian goods. Subsequently, economic output contracted by an annualized rate of 1.6%. Investment property market performance risk will remain elevated due to the lowering of federal immigration targets. Canada's population is projected to contract in 2025, which is certain to have a negative impact on domestic demand, retail trade, and housing market activity. In addition, Canada's labour force will expand at a reduced rate, which will impact employment growth. The forecast near-term labour market weakness will ensure investment property market risk remains elevated. Hiring activity is expected to slow significantly in the late stages of 2025 and early 2026. This slowdown will have a negative effect on domestic demand and residential investment. In summary, investment property market risk is expected to remain elevated through to at least the midway mark of 2026.

INVESTMENT CAPITAL FLOW IS EXPECTED TO INCREASE

The flow of investment capital into the Canadian commercial property market is expected to increase over the near term. Several factors will drive this increase. Lender appetites are projected to increase as bond rates slowly decline. Consequently, lending activity will increase, and more financing alternatives will be available, which will help facilitate more transactions. Lower borrowing rates are forecast in 2026, which will help investors rationalize acquisitions more easily. Bid-ask spreads are projected to narrow to some degree, in support of increased transaction closing activity. Private investment groups will continue to access alternative financing, which will drive investment activity levels higher. Favourable financing will draw leverage-sensitive buyers back into the market at some point in 2026. Investors will continue to place capital into a market with attractive prevailing risk-adjusted yields. In summary, the flow of investment capital into Canada's commercial property market is expected to increase over the near term.

METROPOLITAN ECONOMIC & REAL ESTATE OUTLOOK

HALIFAX / 27

MONTREAL / 33

OTTAWA / 39

TORONTO / 45

WINNIPEG / 51

REGINA / 57

SASKATOON / 60

CALGARY / 63

EDMONTON / 69

VANCOUVER / 75

VICTORIA / 81

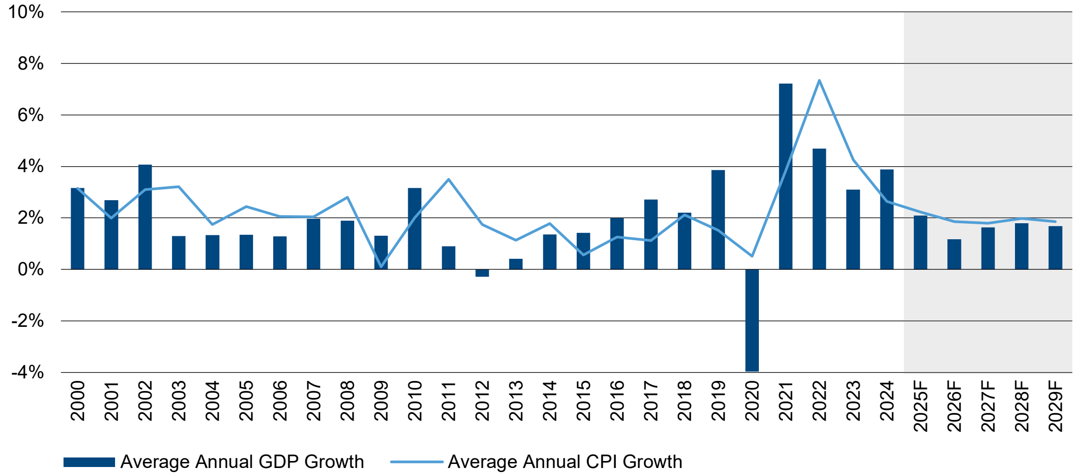
HALIFAX, NS

ECONOMIC SNAPSHOT

Economic growth is projected to moderate substantially in the Halifax Census Metropolitan Area (CMA), following a robust 3.8% advance in 2024. Annual output is expected to increase by 1.3% and 1.2% in 2025 and 2026, respectively. Job growth is also projected to ease substantially over the near term, with employment increasing by just 0.1% in 2025 and 1.0% in 2026, as forecast by the CBOC in July 2025.

ECONOMIC GROWTH

Halifax Historical & Forecast Aggregates



Source: Conference Board of Canada

WEAKER JOB GROWTH TREND FORECAST

A weaker job growth trend is forecast for Halifax CMA over the near term, following a three-year period of strong performance. This growth slowdown can be attributed to two main factors. The first is the negative impact of U.S. tariffs in the second quarter of 2025 and the resulting rise in economic uncertainty levels. Secondly, fewer jobs will be created and filled, given a markedly weaker population growth trend. Employment in the Halifax CMA is forecast to rise by just 0.1% in 2025, with a modest increase of 1.0% anticipated in 2026. Employment declines were recorded in export-driven sectors as a result of U.S. tariffs. Wholesale trade sector employment is expected to fall by as much as 20.0% in 2025. Manufacturing employment levels are expected to dip as well. The Halifax CMA unemployment rate is expected to hover close to 5.5% in 2025/2026, due in part to the forecast job growth slowdown.

RETAIL SALES GROWTH TO EASE BUT REMAIN RELATIVELY HEALTHY

Halifax CMA retail sales growth is expected to ease somewhat over the near term but remain relatively healthy. The region's economy is expected to add fewer new jobs. In addition, population growth is projected to slow, which will have a negative effect on spending growth. Retail consumption is projected to rise by 4.1% in 2025 and a more modest 2.8% in 2026. Subsequently, annual sales will increase by an average of just over 3.0% through to 2029, according to the CBOC. Lower interest rates will help drive retail spending over the next few years. International migration will continue to have a positive impact on spending. However, newly implemented limits on non-permanent residents will reduce international migration and its impact on spending. In addition, migration to the Halifax CMA from other cities in Nova Scotia will also push retail spending volume higher. In short, retail sales growth is expected to ease but remain stable and healthy over the near term.

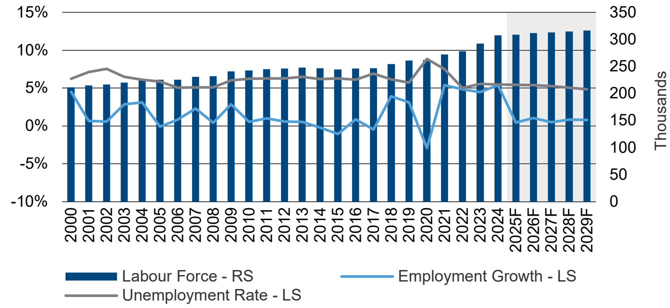
HOUSING MARKET DEMAND TO SOFTEN

Halifax CMA housing market demand will soften over the near term, continuing the late 2024 trend. This softening is expected because of the weaker economic and job growth outlooks. Buyers will remain on the sidelines until mortgage rates decline further. Housing demand will moderate substantially, given an international and interprovincial migration slowdown. Housing prices have risen significantly over the past few years, effectively pricing many families out of the market. Housing demand is expected to soften over the near term, continuing the 2024 trend.

Housing demand will moderate substantially, given an international and interprovincial migration slowdown.

LABOUR MARKET

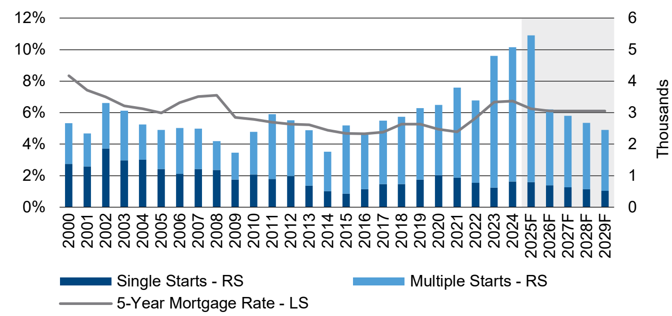
Halifax Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

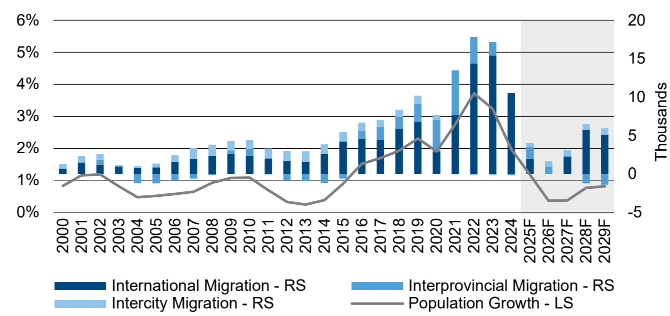
Halifax Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Halifax Historical & Forecast Aggregates



Source: Conference Board of Canada

LEASING MARKET OUTLOOK IS GENERALLY POSITIVE

The outlook for the Greater Halifax Area (GHA) office leasing market is generally positive. Leasing market conditions are expected to gradually tighten in the second half of 2025 and into 2026. The GHA vacancy rate will drop below the 12.1% average reported at the midway mark of 2025 by CBRE. Vacancy in the downtown submarket will remain elevated, which is consistent with the trend of the past few years. The suburban vacancy average will continue to rest in the high single-to-low double-digit range. GHA vacancy will continue to remain below the national average over the forecast period. The continued winding down of the GHA's construction cycle will factor into the market's gradual tightening. There have been no new supply deliveries reported in this market between 2023 and the end of the first half of 2025. There was only 30,000 square feet of new supply in the GHA construction pipeline at the midpoint of 2025. Largely positive leasing demand patterns are predicted over the near term, driven by a moderate economic growth trend. This demand will drive rents slightly higher at some point in 2026. In short, the GHA's office leasing market outlook is generally positive.

INVESTMENT ACTIVITY WILL REMAIN MODEST

Sales of GHA office property are expected to remain modest over the near term, which is consistent with the recent trend. Transaction volume will continue to remain below the most recent peak of 2022/2023, when annual sales averaged $119.3 million. Institutional buyers will stay on the sidelines as office market and economic risk remain elevated. Private buyers will continue to account for most of the sales recorded, which is consistent with the trend of the past few years. This same buyer group will continue to access alternative financing sources to facilitate their acquisition objectives. Investors will continue to face the challenges associated with limited financing availability and the still high cost of debt. Despite these challenges, buyer confidence is expected to increase due to the recent improvement in leasing market fundamentals. However, the continued popularity of hybrid work may reduce investor confidence levels. Investors will continue to focus their efforts on lower-risk acquisition. Investors will continue to look for acquisitions in a market where yields remain materially higher than the average in larger Canadian markets. Despite this positive sentiment, investment activity will remain modest.

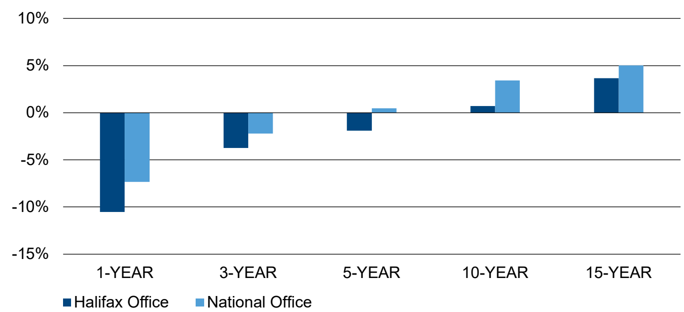
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	▼
NET ABSORPTION	▲	—
LEASE RATES	—	▲
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

For the period ending Sept 2023*

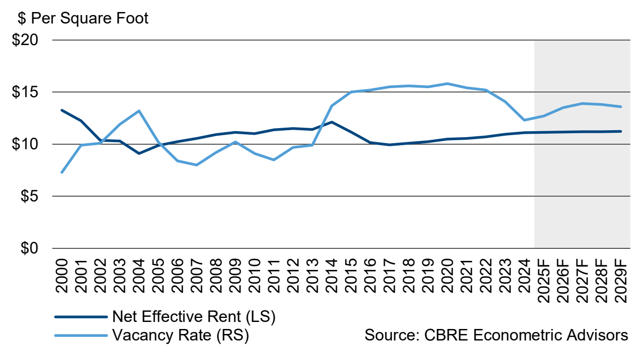


*Current data unavailable

Source: © MSCI Real Estate 2025

OFFICE RENT & VACANCY

Halifax Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

Transaction volume will continue to rest below the 2022/2023 peak when annual sales averaged $119.3 million.

LEASING MARKET TO GRADUALLY TIGHTEN

The GHA industrial leasing market is expected to gradually tighten over the near term. This tightening will be a byproduct of two main factors. The first factor is the market's moderately positive demand outlook. Leasing demand is expected to remain moderately positive through to the end of this year and in 2026. Economic growth will drive demand for industrial space in this market through to the end of this year and in 2026. Available space in the market's new and older properties will be gradually absorbed, and market conditions will tighten. The market's development cycle will be a factor in the gradual market tightening forecast over the near term. The GHA's construction pipeline totaled just 101,000 square feet at the midway mark of 2025. There were no new supply deliveries reported during the first half of 2025. New supply deliveries slowed substantially in the second half of 2024 as availability levels increased. New supply deliveries reached a record annual high in 2024. Consequently, the GHA industrial availability rate peaked at 7.9% at the end of 2024, which represented close to a seven-year high. Over the near term, the GHA leasing market is expected to gradually tighten.

INVESTMENT MARKET WILL STABILIZE

The GHA industrial property investment market will stabilize over the near term. Investment activity will continue to be comprised largely of smaller properties sold to owner/occupiers and private investment groups for less than $10.0 million. Industrial users will continue to look at ownership as an alternative to paying near-record-high lease rates. Functional buildings with financially secure tenants on long-term leases will see strong interest when offered for sale. Investment performance is expected to remain relatively attractive, consistent with the recent trend. Properties contained in the MSCI Index posted an attractive total return of 7.5% for the year ending June 30, 2025. This performance pattern is expected to continue over the near term. Property values will level off, having risen significantly over the past few years. Investors will continue to look at this market as a source of above-average yields. However, the supply of attractive acquisition opportunities will be limited. This supply shortfall is a function of the GHA's relatively small industrial property inventory. Additionally, owners will be hesitant to sell properties that have performed well historically. In summary, the GTA GHA industrial investment property market is expected to stabilize over the near term.

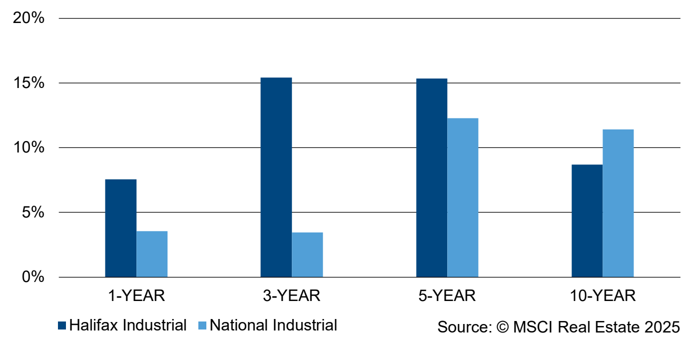
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RATE	—	—
NET ABSORPTION	—	▲
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

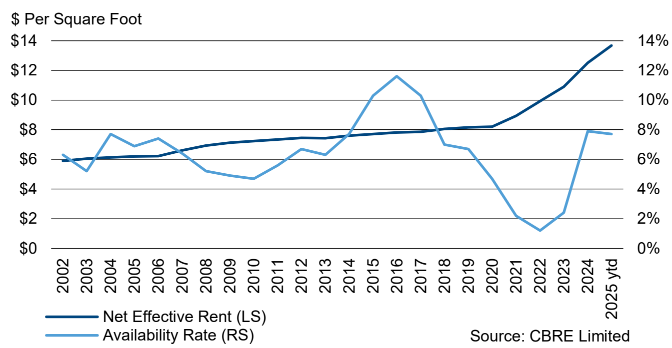
For the period ending June 2025



Source: © MSCI Real Estate 2025

INDUSTRIAL RENT & AVAILABILITY

Halifax Historical Aggregates



Source: CBRE Limited

Functional buildings with stable tenants on long-term leases will continue to see strong interest when offered for sale.

LEASING DEMAND TO SLOW

Leasing demand in the GHA's retail property market is projected to slow over the final few months of this year and in 2026. This slowdown is attributed largely to a weaker population growth trend. The lowering of federal immigration targets is expected to have a significantly negative impact on demand. Over the past few years, the region's immigration driven population growth supported increased leasing market activity. Demand for retail space increased substantially. Vacancy on Spring Lake Road, the GHA's main shopping street, declined for the first time in the past few years. Leasing demand strengthened considerably in suburban areas with proximity to post-secondary schools. Quick-service food operators also expanded, which drove rents significantly higher. Several new international stores opened in Halifax's downtown area. As leasing demand increased, vacancy and availability levels declined substantially. Over the near term, leasing demand is expected to slow in large part due to a weaker population growth trend.

ACQUISITION OPPORTUNITIES WILL BE LIMITED

Acquisition opportunities in the GHA retail property market will remain limited over the near term, which is consistent with the historical trend. This dynamic is due in large part to the market's relatively small inventory of retail properties. Additionally, owners will be somewhat reluctant to sell properties with strong performance track records. Investors will continue to look for investment opportunities despite the availability limitations. Retail centres and strips with grocery store anchors will be attractive to a range of investment groups. The GHA's top-performing and trophy assets will see strong interest, although availability will be extremely limited. Investor preference for properties with national tenants and strong performance characteristics will persist. Private capital groups will focus much of their attention on smaller property acquisitions. This same group of investors will continue to account for the largest share of recorded sales. Properties sold for $10.0 million or less will account for most of the investment sales activity in this market over the near term, which is consistent with the long-term trend. Investors will continue to be drawn to a market with superior yields to those available in large Canadian markets. In summary, investment opportunities in the GHA retail property market will be limited over the near term, which is consistent with the historical trend.

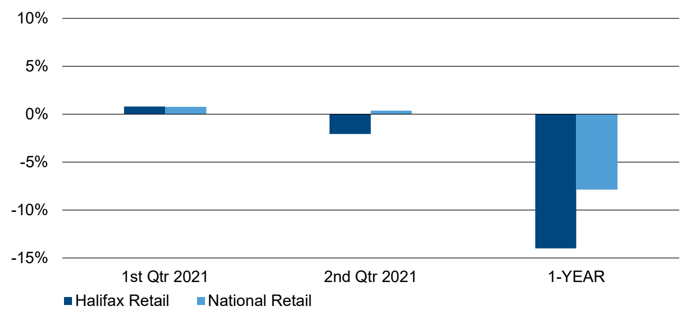
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	—
NET ABSORPTION	▼	—
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

For the period ending June 2021*

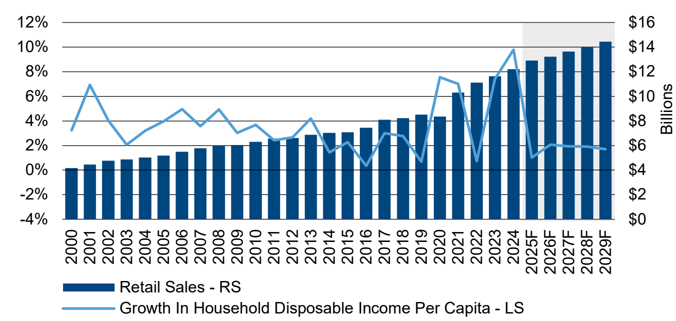


*Current data unavailable

Source: © MSCI Real Estate 2025

RETAIL CONDITIONS

Halifax Historical & Forecast Aggregates



Source: Conference Board of Canada

Retail centres and strips with grocery store anchors will attract interest from a range of investment groups.

NEW SUPPLY DELIVERIES TO FUEL RISING VACANCY TREND

New supply deliveries are expected to fuel the GHA multi-suite residential rental market's rising vacancy trend over the next few years. Renter households will exhibit a preference for lower rents, consistent with the 2024/2025 trend. As a result, vacant units in newly constructed properties will take longer to absorb. The CMHC is projecting vacancy to rise to 2.5% in 2025, 40 bps higher than in the previous year. The market's average vacancy rate will rise a further 20 bps to 2.7% and 30 bps to 3.0% in 2026 and 2027, respectively. Vacancy in the market's lower-rent segment will continue to range at or near the 1.0% mark over the next few years, given above average demand. Overall, rental demand is expected to ease over the forecast period, in support of the market's rising vacancy trend. The federal government reduced its immigration targets for permanent residents, temporary workers, and international students for 2026, which will have a negative impact on rental demand. Weaker job growth patterns will have a negative impact on demand over the final few weeks of 2025 and in 2026. As vacancy rises and demand patterns soften, rent growth will remain moderate. Double-digit annualized rent growth was recorded in 2022/2023. Over the forecast period, low-to-mid single-digit rent growth is expected as vacancy continues to rise.

INVESTMENT MARKET OUTLOOK IS BULLISH

The GHA's multi-suite residential rental property investment market outlook is generally bullish. Investment demand will remain relatively robust. Investors are expected to cite the market's healthy fundamental outlook and performance track record to rationalize acquisitions. Rental market conditions are expected to strengthen over the medium term, after softening over the balance of this year and in early 2026. Investment performance and returns are projected to remain positive over the medium term, which is consistent with the historical trend. Properties tracked in the MSCI Index generated a total annual average return of 12.5% for the year ending June 30, 2025. This result was driven by positive income and capital growth component performances. Strong investment performance is supportive of the market's robust demand outlook. Concrete downtown high-rises and properties near post-secondary schools are expected to generate strong interest when offered for sale. Low-rise properties will attract local private capital buyers. Individual assets and portfolios will sell with relative ease, as buyers look to diversify and expand their portfolios in a market with a generally bullish investment market outlook.

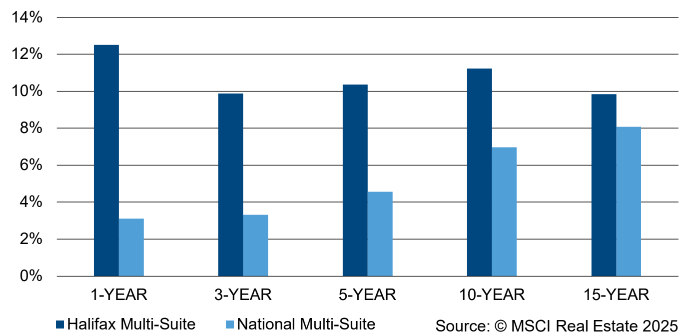
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	▲
NET ABSORPTION	▼	–
LEASE RATES	▲	–
NEW SUPPLY	▲	–

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

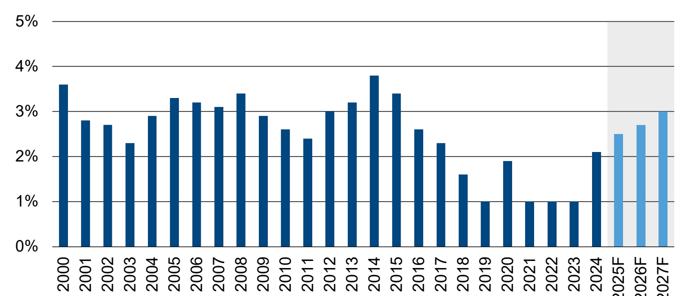
For the period ending June 2025



Source: © MSCI Real Estate 2025

AVERAGE RENTAL VACANCY

Halifax Multi-Suite Residential

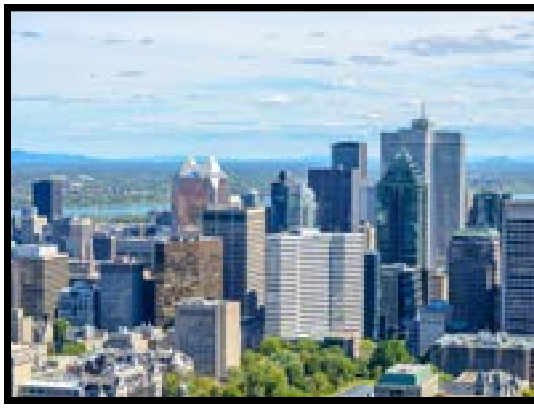


Source: CMHC

Weaker job growth patterns will have a negative impact on rental demand over the final few weeks of 2025 and in 2026.

MONTREAL, QC

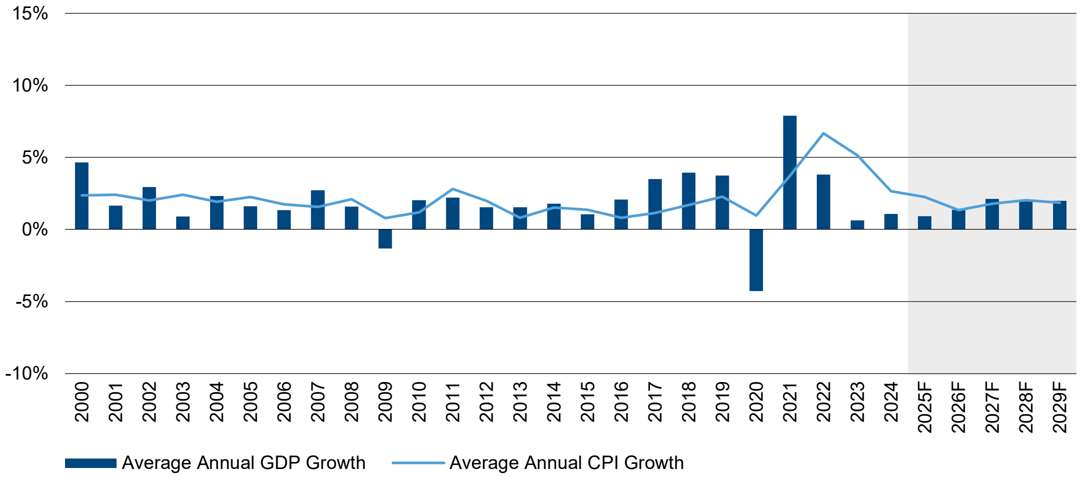
ECONOMIC SNAPSHOT



Moderate economic growth is predicted for the Greater Montreal Area (GMA) over the near term, following a three-year period of weak performance. This moderate growth outlook is attributed in part to an easing of trade and geopolitical tensions. Real GDP will increase by an annualized rate of 1.8% in 2026, following the average annual rise of 1.0% in 2024/2025. Economic uncertainty increased over the past year as geopolitical tensions and U.S. tariffs eroded GMA business and consumer confidence.

ECONOMIC GROWTH

Montreal Historical & Forecast Aggregates



Source: Conference Board of Canada

LABOUR MARKET WEAKNESS TO PERSIST

The GMA's labour market weakness of the recent past is expected to persist over the near term. This weak performance outlook can be attributed in part to the region's modest economic growth forecast. In addition, international migration is expected to decline sharply in 2025, which will reduce the region's labour market supply. Consequently, there will be fewer workers available to fill newly created jobs and limited employment growth. Employment is projected to rise by a modest 1.2% in 2025, which is less than the region's long-term average growth rate. In 2026, there is no change in employment levels forecast by the CBOC. The unemployment rate will edge down 10 bps from the three-year high 6.3% average in 2024. This rate will begin to decline in 2026, as the region's economy stabilizes. Overall, the labour market weakness of the recent past will persist over the near term.

RETAIL SALES GROWTH PATTERN TO REMAIN HEALTHY

The GMA's retail sales growth pattern is expected to remain healthy over the near term, despite significant headwinds. Retail trade is projected to grow by a solid 2.9% in 2026, with a robust 3.8% gain predicted for 2027. Consumer spending is projected to increase by 4.3% in 2025, driven in large part by population growth, lower interest rates, and reduced inflation pressures on household finances. In the following year, economic activity is expected to pick up with average annual growth of just over 1.8% predicted in 2026/2027. Consumer confidence and spending are expected to increase as economic activity picks up starting in 2026. Population growth is projected to slow substantially over the next few years, thereby reducing consumer spending growth to some extent. However, the GMA's retail sales growth pattern is expected to remain healthy over the near term.

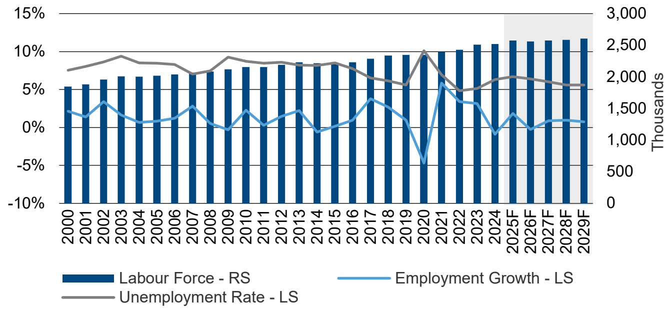
HOUSING STARTS TO DECLINE

Housing starts are projected to decline over the near-to-medium term. This decline is due in large part to an anticipated drop in new international arrivals to the GMA. Housing starts are projected to decrease by an annual average of 10.0% between 2026 and 2029, according to the CBOC. Both multiple and single-detached housing starts are expected to decline over the forecast period. Starts may drop more sharply if the proposed provincial cuts to international migration are implemented. In 2025, housing starts are expected to increase by 9.1% and subsequently fall to an almost 30-year annual low by 2029.

Housing starts are projected to decrease by an annual average of 10.0% between 2026 and 2029.

LABOUR MARKET

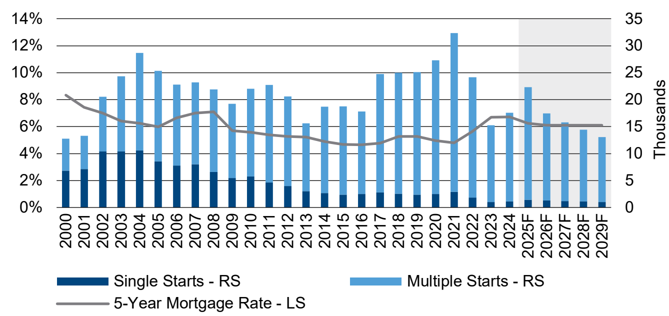
Montreal Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

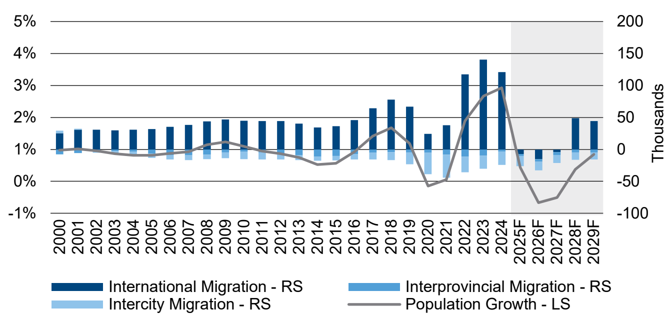
Montreal Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Montreal Historical & Forecast Aggregates



Source: Conference Board of Canada

MODEST LEASING MARKET RECOVERY PREDICTED

A modest leasing market recovery is predicted in the Greater Montreal Area's office leasing market in the short term, following the post-pandemic downturn. This recovery will be driven by an increase in leasing market momentum due to the recent banking and government return-to-work mandates. This momentum is expected to translate into a modest increase in leasing demand and activity. In turn, vacancy will stabilize and then begin to decline. The GMA's class AAA and AA vacancy rates stood at 8.7% and 15.7% as of the midway mark of 2025, respectively. The all-class vacancy rate was markedly higher at 19.3%. As vacancy begins to decline, net effective rents will gradually stabilize. Leasing demand patterns softened substantially after the initial pandemic outbreak and remained weak through to the midway mark of 2025. During this same period, net effective rents fell to a cycle low and vacancy rose to a record high. Significant rental rate erosion was recorded in the market's older class A, class B, and class C market segments. Downtown class AAA and AA net effective rents declined modestly. GMA businesses reduced their office footprints as various work-from-home workplace formats gained in popularity. Looking ahead to the near term, a modest recovery is expected to unfold in the GMA's office property leasing market.

INVESTOR CONFIDENCE WILL BEGIN TO RISE

Investor confidence in the GMA's office property sector will begin to rise over the near term. This predicted rise will be due to the modest leasing market recovery forecast over the near term. As market fundamentals improve, investor confidence levels will begin to rise. Initially this rise will be limited to the market's lowest-risk trophy assets. Confidence in the broader market will remain low until the leasing market recovery strengthens. Over the past few years, investors have exhibited little confidence in the GMA's office property sector. Buyers have been reluctant to acquire properties in a sector with an uncertain performance outlook. Uncertainty levels increased as work-from-home workplace formats became increasingly popular and building occupancy fell to a cycle low. In addition, net effective rents dropped sharply as leasing demand continued to weaken. As investor confidence declined, investment activity slowed substantially. Transaction volume of $290.2 million was reported for the first half of 2025. Investor confidence is expected to begin to rise over the near term, which may result in an increase in investment sales activity.

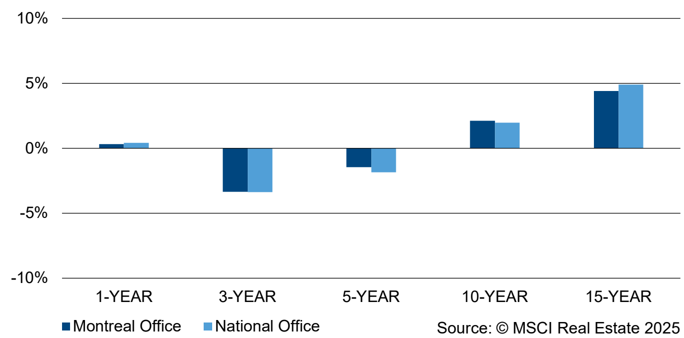
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	▼
NET ABSORPTION	▼	▲
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

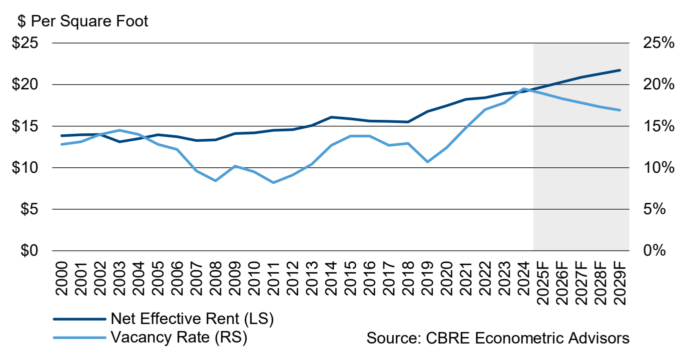
For the period ending June 2025



Source: © MSCI Real Estate 2025

OFFICE RENT & VACANCY

Montreal Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

The GMA's class AAA and AA vacancy rates stood at 8.7% and 15.7% at the midway mark of 2025, respectively.

LEASING MARKET STABILIZATION EXPECTED

The GMA industrial property leasing market is expected to stabilize over the near term, having softened considerably over the past few years. This projection is based on the region's moderate economic growth outlook. Economic activity is expected to begin to increase in the latter half of 2026, following the second half 2025 leveling off. Economic uncertainty levels will ease with the signing of a new or modified CUSMA by the end of 2026. The expected lowering of trade tensions with our largest trading partner will drive business confidence higher. In turn, industrial leasing demand and activity levels will increase. Leasing activity and demand slowed recently as trade tensions increased. As leasing demand patterns improve, availability will stabilize and then begin to decline. The GMA's availability rate has risen steadily over the past few years from the 1.0% record low posted in 2022. This rise was due in part to the recent increase in sublease opportunties. The GMA's industrial availability rate rested at 5.8% at the midway mark of 2025, which represented a seven-and-a-half year-high. As leasing market activity increases and availability declines, rents will gradually stabilize. The forecast rent stabilization is in keeping with the GMA's near term leasing market outlook.

INVESTMENT SALES ACTIVITY TO REMAIN MODERATE

Investment sales activity in the GMA's industrial property sector will remain moderate over the near term, consistent with the recent trend. Institutional buyers will continue to acquire properties on a selective basis. High-quality warehouse and logistics space will be targeted most frequently by this same buyer group. The supply of opportunities matching this description will be limited. Small-bay properties will continue to transact, however, availability will also be relatively low. Older properties will sell infrequently, given relatively wide bid-ask spreads. Investor preference for assets with secure tenant rosters and long-term leases will continue to impact transaction closing volume. In some instances, buyers will remain on the sidelines while economic uncertainty is elevated. A modest $642.2 million of GMA industrial property sales volume was reported for the first half of 2025. Investment sales activity has declined significantly over the past year compared with the 2022 peak, when close to $3.9 billion of transaction volume was recorded. Over the near term, investment sales activity is expected to remain moderate, in keeping with the recent trend.

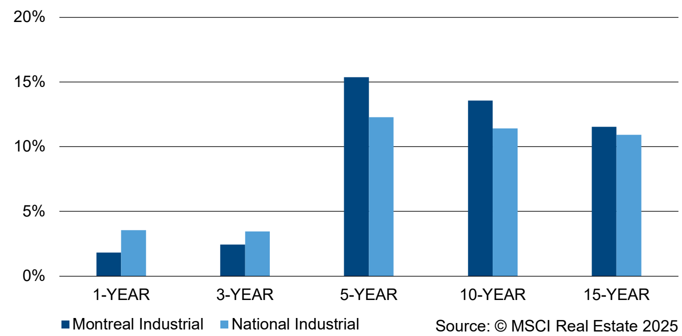
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RATE	▲	▲
NET ABSORPTION	—	—
LEASE RATES	▼	—
NEW SUPPLY	▲	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

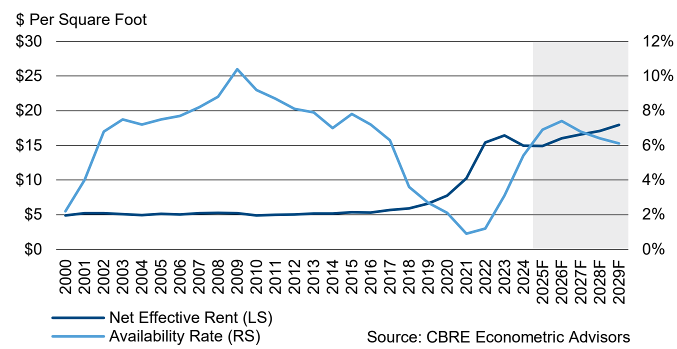
For the period ending June 2025



Source: © MSCI Real Estate 2025

INDUSTRIAL RENT & AVAILABILITY

Montreal Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

A modest $642.2 million of GMA property sales volume was reported for the first half of 2025.

LEASING MARKET OUTLOOK IS MODERATELY POSITIVE

The GMA's retail property leasing market outlook is moderately positive. Availability in the market's most desirable centres will remain constrained, consistent with the recent trend. Despite these constraints, vacancy is expected to remain somewhat elevated due in part to the closure of Hudson's Bay stores across the region. MSCI reported an average vacancy rate of 9.3% at the midway mark of 2025 for GMA properties it tracked, representing a 320 bps rise from the end of 2024. Vacancy is expected to decline with the releasing or redevelopment of the Hudson's Bay stores over the next few years. Moderately positive demand patterns are predicted over the near term. International and domestic retailers will continue to look for expansion opportunities in a region with attractive demographic characteristics and a reputation as one of the country's most attractive markets. Grocery and discount stores will continue to account for a large share of expansion activity, which is consistent with the national trend. Leasing market demand may ease slightly, given an uncertain economic outlook and a forecast retail sales-growth decline. Tariff-driven inflation and still high interest rates are expected to erode discretionary spending. Despite this trend, the GMA's retail leasing market outlook is moderately positive.

INVESTMENT MARKET DEMAND STABILITY EXPECTED

The GMA's retail investment property market demand is expected to remain relatively stable over the near term. Investors are expected to continue to exhibit high levels of interest in properties with grocery store anchors and other tenants selling necessities. Private capital groups will continue to account for much of this activity, which is consistent with the recent trend. Community and neighbourhood centres with stable national tenant rosters will also generate strong interest. Investment offerings with expansion or redevelopment potential will remain attractive. Investment performance will support the market's stable demand pattern to some degree. GMA properties tracked in the MSCI Index generated a 2.9% total annual return for the year ending June 30, 2025, as capital depreciation offset much of the positive income performance. Property values are expected to continue to slowly stabilize over the near term, in support of a slightly more attractive investment performance pattern. Little change in capitalization rates is expected over the near term, a period during which investment demand will remain relatively stable.

TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	—
NET ABSORPTION	▼	▼
LEASE RATES	—	▼
NEW SUPPLY	—	—

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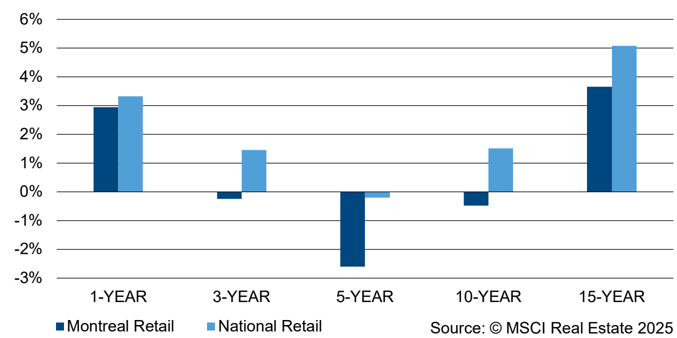
HISTORICAL PERFORMANCE

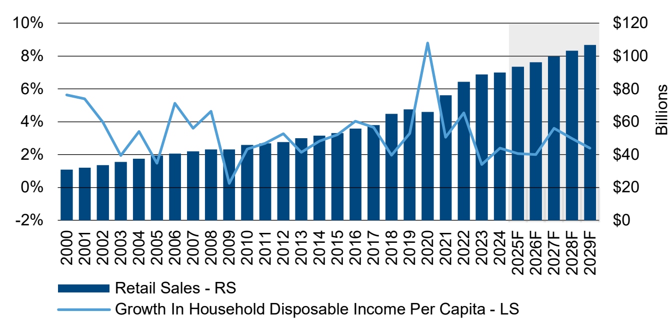
For the period ending June 2025



Source: © MSCI Real Estate 2025

RETAIL CONDITIONS

Montreal Historical & Forecast Aggregates



Source: Conference Board of Canada

The GMA's retail investment property market demand is expected to remain relatively stable over the near term.

RENTAL MARKET FUNDAMENTALS WILL SOFTEN SLIGHTLY

GMA multi-suite residential rental market fundamentals are projected to soften slightly over the final few weeks of 2025 and in 2026. The softening will be due primarily to the combined effects of a modest rental demand weakening and the delivery of new supply. Rental demand is expected to ease over the forecast period as a byproduct of weaker job market performance and the lowering of federal foreign student and temporary worker limits. Demand in the lower-rent market segment, however, will remain relatively strong. Weaker demand patterns are predicted in the market's recently built, high-rent inventory. Vacancy in this same market segment will remain elevated. The market average vacancy rate is expected to continue to rise over the near term. This rate is projected to rise by 40 bps in 2025 to 2.5% and a further 20 bps in 2026. During the same period, asking rents will continue to rise, with the average two-bedroom rising to a record high of $1,285 in 2026. As rents continue to rise, market fundamentals are expected to soften slightly overall.

STRONG INVESTMENT CAPITAL FLOW TREND TO PERSIST

The GMA's strong multi-suite residential rental property investment capital flow trend of the recent past will persist in 2026. This strong capital flow trend assumes a sufficient supply of available properties for acquisition. Access to favourable CMHC financing will continue to help facilitate investment property sales. The sector and market's solid medium- and long-term fundamental outlook will justify acquisitions. High-rise properties will remain a preferred investors acquisition target. Properties located near public transit will also be popular with investors. Private investment groups will seek out opportunities with rental upside. Recent investment performance helped justify acquisitions in this market. GMA properties contained in the MSCI Index generated a moderately attractive 4.4% total return for the year ending June 30, 2025. The continuation of this performance pattern is expected to draw investment capital to this market. Multi-suite residential rental investment properties have sold at a brisk pace over the past few years. Transaction volume averaged just shy of $3.5 billion annually from 2022-2024. More than $2.0 billion of transaction volume was reported for the first six months of 2025, which was in line with the sales pace of the past few years. This strong capital flow trend is expected to persist over the near term.

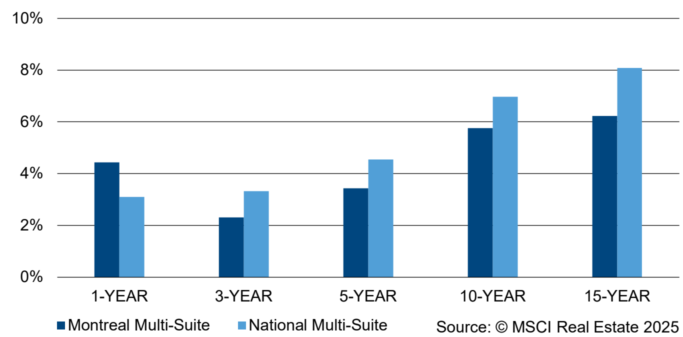
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	▲
NET ABSORPTION	▼	▼
LEASE RATES	▲	▲
NEW SUPPLY	—	▲

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

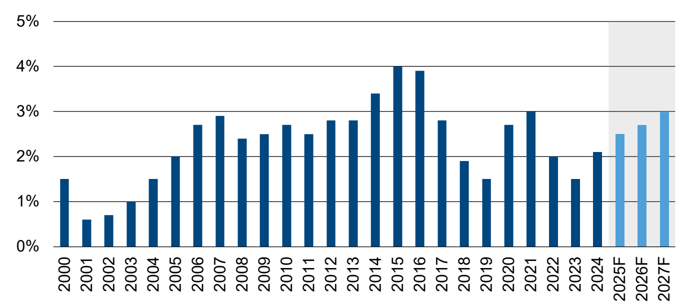
For the period ending June 2025



Source: © MSCI Real Estate 2025

AVERAGE RENTAL VACANCY

Montreal Multi-Suite Residential



Source: CMHC

Access to favourable CMHC financing will continue to facilitate investment property sales.

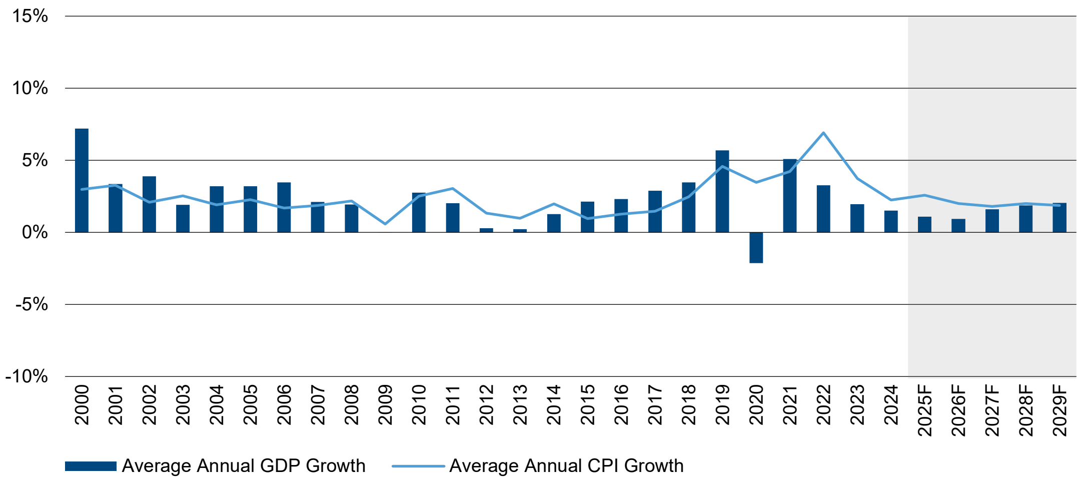
OTTAWA, ON

ECONOMIC SNAPSHOT

The Greater Ottawa Area (GOA) economy is projected to expand at a moderate rate in 2026, following a significantly weaker 2025 performance. Economic output is forecast to expand by 1.7% in 2026 and an annual average of 2.0% through to 2029. Real GDP is projected to expand by a relatively uninspiring 0.6% in 2025 as the negative effects of U.S. tariff-related economic uncertainty continue to erode business confidence and growth.

ECONOMIC GROWTH

Ottawa Historical & Forecast Aggregates



Source: Conference Board of Canada

LABOUR MARKET PROGRESS WILL BE MODEST

Modest progression is forecast in the GOA labour market over the near term. This modest progression is attributable to U.S. tariff-related uncertainty and weaker economic and population growth trends. GOA employment is projected to expand by 0.7% in 2025 and by an annual average of 0.4% in 2026/2027. The GOA's two largest industries, public administration and healthcare and social assistance, will see increases of 0.4% and 0.3%, respectively, in 2025, according to the CBOC. In 2026, employment will increase by 0.3% and contract by 1.4% in the same two industries. Over the next three years, we will see job losses stemming from federal public service cutbacks. The GOA unemployment rate is projected to fall 30 bps to 5.5% in 2025. This rate will stabilize in 2026, a period during which GOA labour market gains will be relatively modest.

RETAIL SALES GROWTH TREND TO STRENGTHEN

The GOA retail sales growth trend is expected to strengthen over the near term, following a two-year downdraft. Low interest rates will reduce household debt servicing costs and free up discretionary funds. Improved spending patterns are predicted as inflationary pressure continues to slowly ease. Wage growth will also boost spending to some extent over the near term. The CBOC is projecting that retail consumption will rise by an annual average of just shy of 3.0% in 2025/2026 and just over 3.0% annually through to 2029. Sales increased by just 1.0% in 2024, down from 2.3% over the previous period. In summary, a firmer GOA retail spending growth pattern is predicted in the short term.

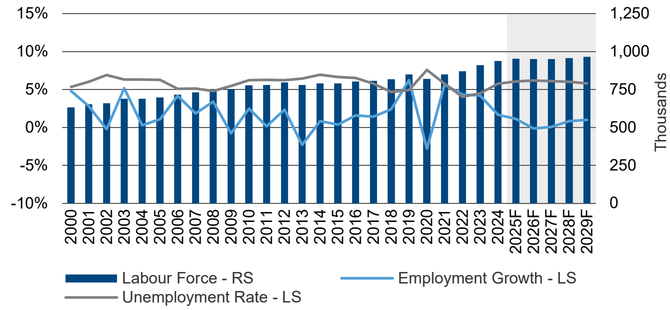
HOUSING START PICKUP FORECAST

Housing starts are expected to pick up in 2026, having declined over the previous two-year period. This pickup can be attributed in part to the market's continued demand-supply imbalance. Housing demand has exceeded supply over the past few years, consistent with the national trend. Just shy of 12,000 starts are projected for 2025, representing a 3.7% year-over-year rise. In the following year, 13,400 starts are predicted, up a healthy 11.9% year-over-year. Average annual increases of just over 3.0% are forecast through to 2029. Housing starts declined by 20.2% and 3.7% in 2023 and 2024, respectively. In contrast, a housing start activity pickup is forecast over the near term.

Housing starts are expected to pick up in 2026, having declined over the previous two-year period.

LABOUR MARKET

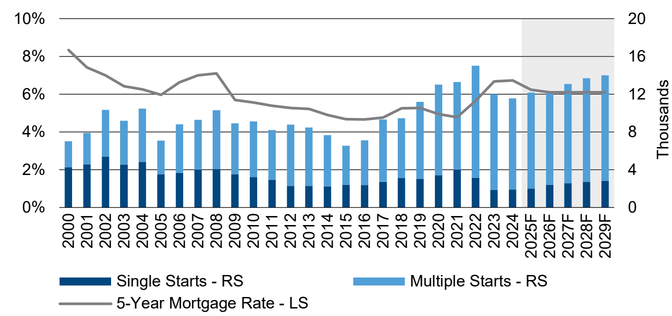
Ottawa Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

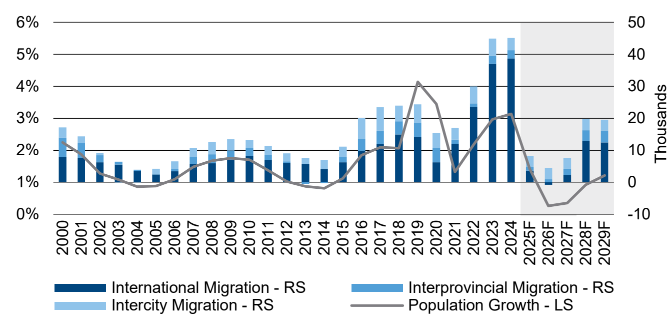
Ottawa Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Ottawa Historical & Forecast Aggregates



Source: Conference Board of Canada

LEASING MARKET OUTLOOK IS SOMEWHAT UNEVEN

The GOA leasing market outlook is somewhat uneven. The federal government will continue to seek out opportunities to reduce its office footprint. The market's largest tenant recently stated it plan to reduce its footprint by 33.0% by 2034. Private sector demand is expected to increase to some extent, driven in part by the positive effects of return-to-office mandates. In some cases, private sector tenants will continue to operate in various hybrid workplace formats while maintaining or reducing their existing footprints. Expansion activity will offset some of the downsizing activity. GOA office market vacancy is expected to remain elevated over the near term. The market's average vacancy rate rested at 12.5% at the midway mark of 2025, down 80 bps from the 2023 peak. Class A vacancy will remain below the market average, as tenants continue to exhibit a preference for amenity-rich, high quality space. There is little change in market rents expected over the near term, which is largely consistent with the national trend. Class B and C rents will remain depressed while vacancy continues to exceed the market average. Landlords will continue to offer generous inducement packages to prospective tenants while maintaining face rents. Lower-cost sublease and Class B space will be popular with tenants seeking lower premises costs. In short, the GOA's office leasing market is somewhat uneven.

INVESTORS WILL REMAIN CAUTIOUS

Investor caution will remain elevated over the near term, consistent with the trend of the past few years. This caution is attributable to the GOA office market's uncertain performance outlook. The long-term impact of hybrid workplace strategies on performance is still somewhat uncertain. Additionally, the effects on performance of the federal government's plan to reduce its office footprint by 33.0% over a 10-year period are another cause for concern for investors. Economic uncertainty has also increased over the recent past, which could also impact performance. The elevated level of investor caution will be reflected in transaction volume totals. GOA office transaction volume will continue to fall well short of the 2022 peak, when $820.2 million of annual sales were recorded. Investors will continue to target low-risk, high-quality acquistions. However, relatively few properties fitting this description will be available. Owners of high-quality assets in this market will be hesitant to sell at a discounted price in a down market. Interest in properties with riskier profiles will remain as investor caution levels remain elevated.

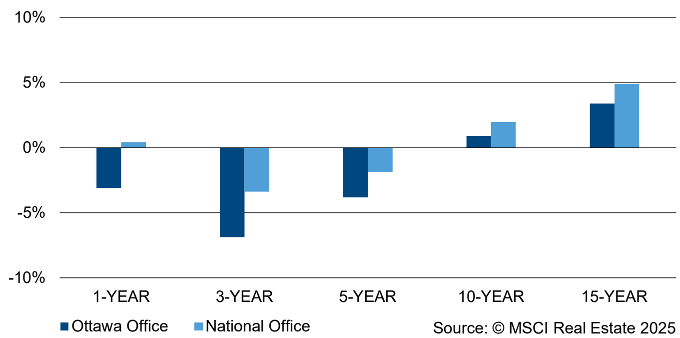
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	▼
NET ABSORPTION	▼	▲
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

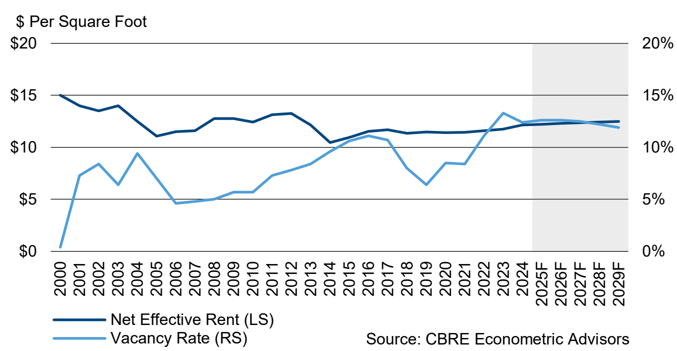
For the period ending June 2025



Source: © MSCI Real Estate 2025

OFFICE RENT & VACANCY

Ottawa Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

There is little change in market rents expected over the near term, which is largely consistent with the national trend.

LEASING MARKET OUTLOOK IS LARGELY POSITIVE

The near-term GOA industrial property leasing market outlook is largely positive, which is consistent with the long-term trend. Demand for leased space is expected to remain relatively healthy in all size categories. Industrial users looking to expand or relocate in the small-to-medium size range will have more options from which to choose than in the past few years. The availability of space in the under 40,000 square foot range increased in 2025. This increase was due to the economic uncertainty resulting from rising trade tensions with the U.S. The GOA's overall industrial availability rate stood at a relatively healthy 3.5% at the midway mark of 2025, up 50 bps from year end 2024 and 200 bps from the all-time low 1.5% three years earlier. Despite the recent increase, the GOA availability rate was the third lowest of the country's top 10 markets and was 210 bps lower than the national average. Demand for newly constructed space is expected to remain robust in 2026. The market's flight-to-quality trend is expected to continue to drive demand for space in newly constructed buildings. There was 3.6 million square feet of new supply under construction in the GOA as of the midway mark of 2025. Amazon's new distribution centre on Bill Leathem Drive accounted for 3.1 million square feet of this total. The expected absorption of the remaining 500,000 square feet of new construction is indicative of the largely positive near-term leasing market outlook.

INVESTMENT ACTIVITY WILL REMAIN MODEST

Investment activity in the GOA industrial property sector will remain modest through to the midway mark of 2026. This forecast is attributable in part to an expected product shortfall. Additionally, investors will be somewhat reluctant to acquire riskier properties during a period of heightened economic uncertainty. This uncertainty is a byproduct of the heightened trade tensions with the U.S. Investors will continue to acquire low risk properties with stable tenants on longer term leases. Small-to-medium sized warehouse and logistics properties will remain attractive to private capital groups. Large-bay properties will also generate strong interest, although availability will be limited, consistent with the historical trend. The market's positive investment performance pattern of the recent past will justify acquisitions to some degree. Properties contained in the MSCI Index posted an attractive average total return of 6.0% for the year ending June 30, 2025. The generation of attractive returns is expected to continue over the near term while investment market activity remains modest.

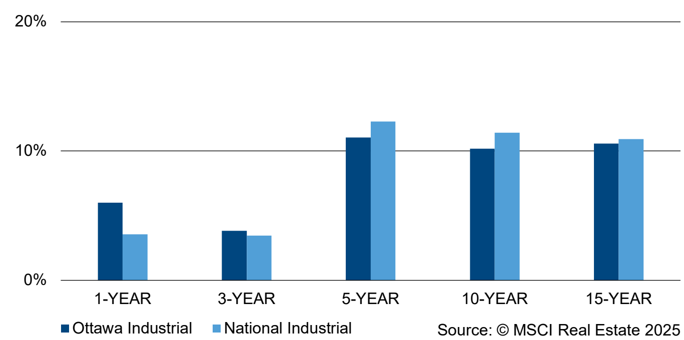
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RATE	▲	▲
NET ABSORPTION	▼	▲
LEASE RATES	—	—
NEW SUPPLY	▼	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

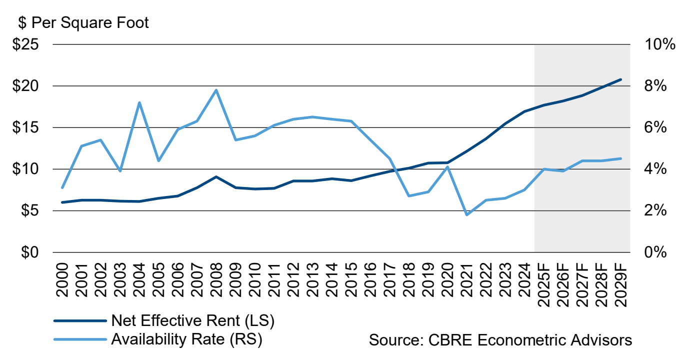
For the period ending June 2025



Source: © MSCI Real Estate 2025

INDUSTRIAL RENT & AVAILABILITY

Ottawa Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

There was 3.1 million square feet of new supply under construction in the GOA as of the midway mark of 2025.

LEASING MARKET OUTLOOK IS MIXED

The near-term GOA retail property leasing market outlook is mixed, following an extended period of relatively strong performance. Demand for space in the market's top-performing centres will remain brisk. National retailers will continue to look for opportunities to expand across the region. Discount retailers and outlets selling necessities will continue to account for a significant share of leasing activity in 2026. Available space in the GOA's most productive centres will be limited, which is consistent with the trend of the past few years. Expansion activity, however, is expected to ease somewhat over the near term as discretionary spending patterns soften. Spending patterns will weaken as job growth slows, and economic uncertainty remains elevated. As expansion activity eases, vacancy is likely to increase, which is consistent with the recent trend. GOA vacancy increased with the closure of Hudson's Bay stores in the summer of 2025. Before these closures, GOA retail vacancy had rested between 3.0% and 4.0% dating back to 2023, according to CBRE figures. We may see increased downward pressure on retail rents in this market as vacancy rises and demand slows. In summary, the overal near-term GOA retail property leasing market outlook is mixed.

INVESTMENT MARKET DEMAND TO EXCEED SUPPLY

Demand for GOA's retail property acquisitions is expected to exceed available supply over the near term. Investor confidence has increased substantially in the past few years, as the post-pandemic recovery continued to unfold. Grocery-anchored centres and strips are expected to remain the most highly sought after property type through 2025/2026, continuing the trend of the past few years. However, the availability of properties with grocery store anchors will be constrained. In addition, the supply of stabilized properties with national tenants on long-term leases will be limited. Institutional buyers will remain sidelined while continuing to focus on real estate portfolio weighting adjustments and value creation. Private capital groups will actively pursue acquisitions with redevelopment or repositioning potential. In some cases, private groups will be able to source non-traditional financing for acquisitions. Supply constraints are expected to limit transaction volume over the near term. A relatively modest $147.3 million of investment sales volume was recorded in the first half of 2025. Transaction volume is expected to remain modest through to the end of 2025 and in 2026 as investment demand continues to exceed supply.

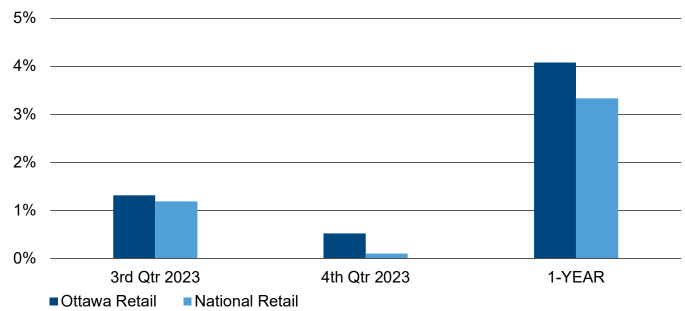
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	—
NET ABSORPTION	▼	—
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

For the period ending Dec 2023*

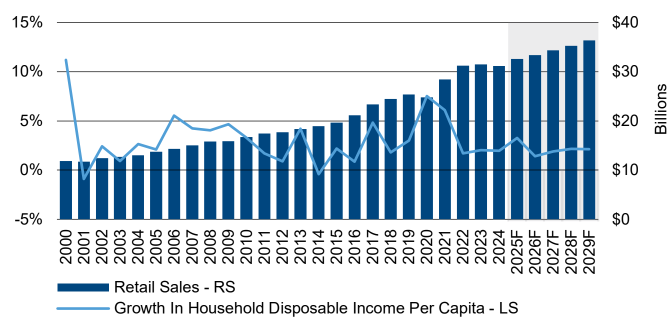


*Current data unavailable

Source: © MSCI Real Estate 2025

RETAIL CONDITIONS

Ottawa Historical & Forecast Aggregates



Source: Conference Board of Canada

A relatively modest $147.3 million of investment sales volume was recorded in the first half of 2025.

SUPPLY CONSTRAINTS TO PERSIST DESPITE RISING VACANCY TREND

Supply constraints will persist in the GOA multi-suite residential rental market despite a rising vacancy trend. Families and individuals will be greeted with a limited supply of available options, particularly when looking for lower-cost units. The recent surge of new supply deliveries will offer more higher-priced options for prospective tenants. The market average vacancy rate is expected to edge higher over the next few years. The CMHC is predicting vacancy will stabilize at just over 3.0% in 2026/2027, having edged 30 bps higher year-over-year in 2025 to 2.9%. Elevated vacancy levels will persist in the market's recently built inventory. International and inter-provincial migration volumes will continue to support relatively healthy rental demand characteristics. Rental demand is expected to soften slightly over the forecast period with the federal government's lowering of its targets for foreign student and worker arrivals. Rents will continue to rise over the near term, due in part to the addition of newly built, higher-priced units to the market. The average two-bedroom rent is projected to climb beyond the $2,000 mark by 2026, up from $1,880 in 2024. Rent growth will continue as vacancy rises and available supply remains constrained.

STRONG FUNDAMENTALS TO FUEL INVESTMENT ACTIVITY

Strong fundamentals are expected to fuel investment sales activity in the GOA multi-suite residential rental property market. Low vacancy, rent growth, and positive demand patterns will continue to attract buyers through to the end of 2025 and in 2026. Concrete high rises and recently built properties will remain the most highly coveted product types, consistent with the trend of the past few years. Investment demand will exceed the supply of properties with these attributes, in keeping with the historic trend. Property values are expected to stabilize over the forecast period, due in part to this demand-supply dynamic. Recent and expected investment performance will continue to draw investment capital to this asset type and market. Properties contained in the MSCI Index generated an income driven total return of 5.4% for the year ending June 30, 2025. Returns are expected to remain attractive over the near term, given a moderate rent growth forecast. Attractive prevailing yields will help justify acquisitions in this market. We may see modest downward pressure on capitalization rates as demand for high-quality acquisitions exceeds supply. In short, strong market fundamentals will fuel investment activity over the near term.

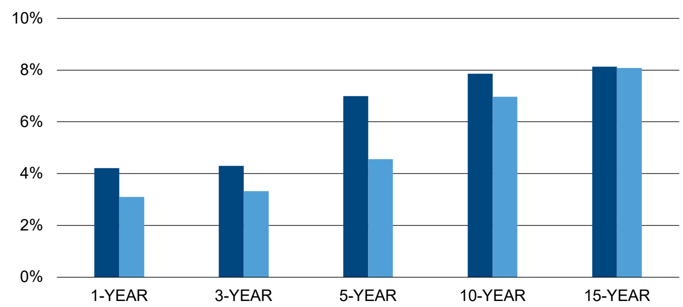
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	▲
NET ABSORPTION	▼	▼
LEASE RATES	▲	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

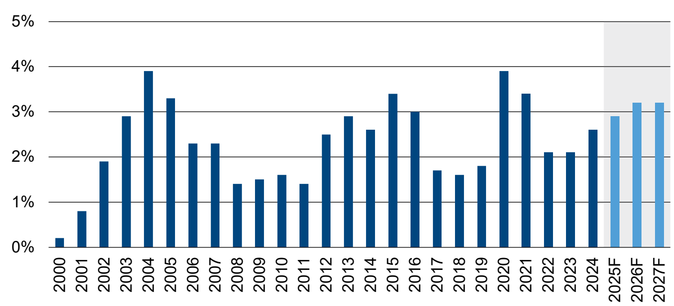
For the period ending June 2025



Source: © MSCI Real Estate 2025

AVERAGE RENTAL VACANCY

Ottawa Multi-Suite Residential



Source: CMHC

We may see modest downward pressure on capitalization rates as demand for high-quality acquisitions exceeds supply.

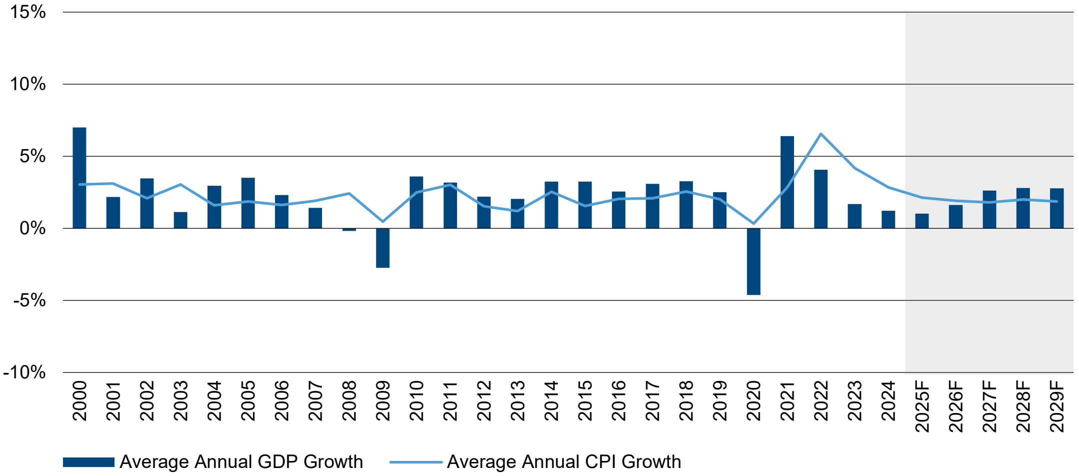
TORONTO, ON

ECONOMIC SNAPSHOT

The Greater Toronto Area (GTA) economy is projected to expand at a moderately healthy rate in 2026, following a sluggish 2025 performance. This projection assumes that trade tensions with our largest trading partner, the U.S., decline at some point during 2026. The CBOC is predicting Canadian economic output will increase by 2.3% in 2026, following a lackluster 1.1% in 2025.

ECONOMIC GROWTH

Toronto Historical & Forecast Aggregates



Source: Conference Board of Canada

WEAK JOB GROWTH TREND PREDICTED

A relatively weak job growth trend is predicted for the GTA over the near term, a trend that began in the second half of 2025. This relatively weak growth outlook is attributable in large part to the negative effects of ongoing trade tensions with the U.S. and related economic uncertainty. Hiring activity in the GTA slowed substantially in the second half of 2025 with the imposition of tariffs on goods exported to the U.S. GTA manufacturers cut jobs as global demand softened substantially. Population growth is expected to slow over the next few years, which will also have a negative impact on job growth in the GTA. The CBOC is predicting GTA average annual employment growth of less than 1.0% in 2025/2026, down from a 1.4% average in 2023/2024. The GTA's unemployment rate is projected to decline significantly in 2026 and 2027, despite a relatively weak job growth trend.

RETAIL SPENDING OUTLOOK IS LARGELY POSITIVE

The GTA's retail spending growth outlook is largely positive. Lower interest rates and inflation are expected to boost spending over the next few years. In addition, the winding down of trade tensions with the U.S. will help drive consumer confidence higher. Retail sales are expected to rise by an annual rate of 3.7% in 2025, followed by a 2.8% advance next year. Previously, annual sales had increased by an average of just shy of 0.3% in 2023/2024. During this same period, discretionary spending slowed as interest rates and inflation climbed to record high levels. The recent housing market downturn also had a negative effect on retail spending. In summary, the GTA retail sales outlook is largely positive.

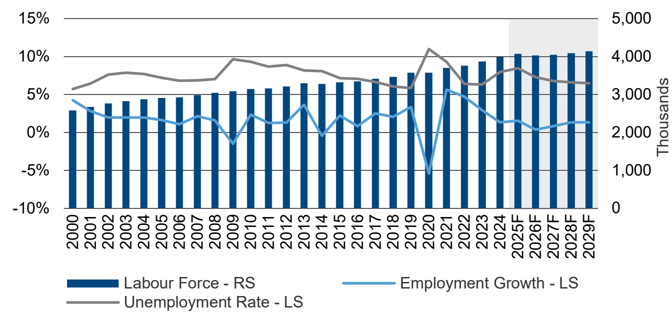
MODEST HOUSING MARKET IMPROVEMENT EXPECTED

The GTA housing market is expected to improve modestly in 2026, after a weak 2025 performance. This modest improvement is attributed to several factors. Lower borrowing costs are expected to support increased housing demand. A stronger economic growth trend is predicted in 2026, which will boost consumer confidence. In addition, government programs designed to increase affordability will drive demand for newly constructed homes materially higher in the GTA. A housing start rebound is predicted for 2026 as housing demand begins to strengthen. The CBOC is predicting close to 41,000 housing starts in the GTA in 2026, representing a 15.2% year-over-year gain. This prediction is indicative of the broader housing market improvement forecast for 2026.

The CBOC is predicting close to 41,000 housing starts in the GTA in 2026, representing a 15.2% year-over-year gain.

LABOUR MARKET

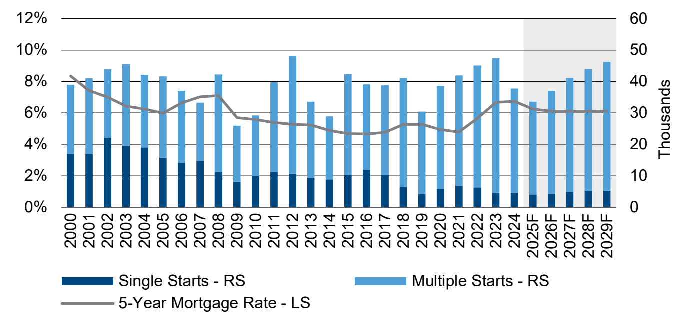
Toronto Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

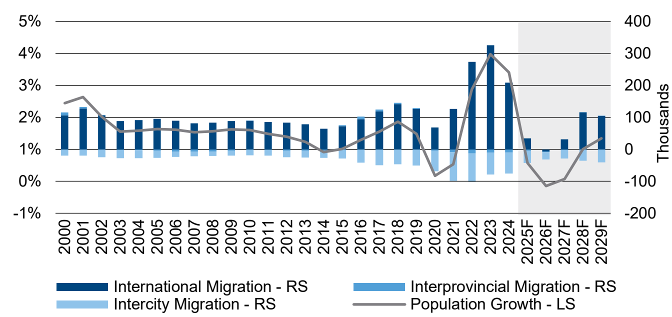
Toronto Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Toronto Historical & Forecast Aggregates



Source: Conference Board of Canada

MODEST LEASING MARKET IMPROVEMENT PREDICTED

A modest improvement is predicted in the GTA office leasing market over the near term, following a five-year period of weakness. Leasing demand is expected to increase in 2026, with the return of employees to their physical offices on a more frequent basis. This trend began with the return-to-office mandates imposed by the country's major banking institutions and the public sector in the latter half of 2025. Various technology and professional services companies also brought their employees back to the office. As workers continued to return to their offices, building occupancy levels increased. Occupancy will continue to rise in 2026, due to an expected increase in longer-term lease commitments. As leasing demand increases, vacancy will begin to decline. The vacancy rate rested at a lofty 19.8% at the midway mark of 2025. Class A rents are expected to stabilize at some point in the second half of 2026, while class B and C rents remain depressed. This forecast rent stabilization is indicative of the modest GTA leasing market improvement predicted over the near term.

INVESTMENT DEAL VELOCITY WILL REMAIN LOW

Investment deal velocity in the GTA's office property market will remain low over the near term. The low deal velocity forecast is attributed to the continuation of the heightened investor caution of the past few years. Investors will be reluctant to acquire properties in an asset class with an uncertain performance outlook. Therefore, acquisition activity will fall short of the pre-pandemic high. Investor preference for high-quality, low-risk, Class A property acquisitions will persist through to at least the midway mark of 2026. Sales of properties with riskier profiles will be infrequent, representing a continuation of the trend of the past few years. Investment sales activity will be relatively subdued in an environment where bid-ask spreads are relatively wide. Lenders will continue to limit their exposure to the GTA office market, which will limit sale closings. Investors will be reluctant to place capital into a sector that has underperformed over the recent past. GTA office properties contained in the MSCI Index generated a 0.4% total return for the year ending June 30, 2025. A positive income component performance was largely offset by capital erosion.Looking ahead to the near term, the GTA's leasing market and investment performance outlooks are somewhat uncertain. Consequently, deal velocity in the GTA investment market will remain low through to at least the midway mark of 2026.

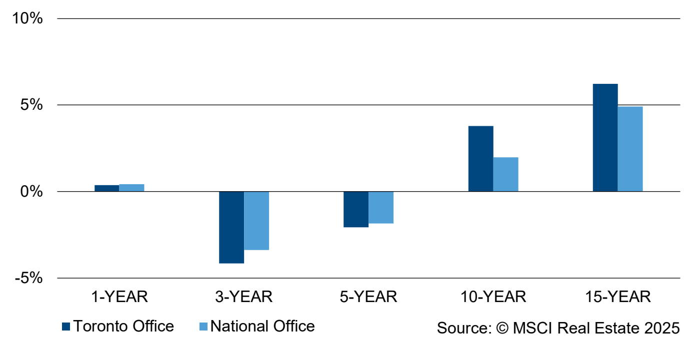
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▼	▼
NET ABSORPTION	▲	▲
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

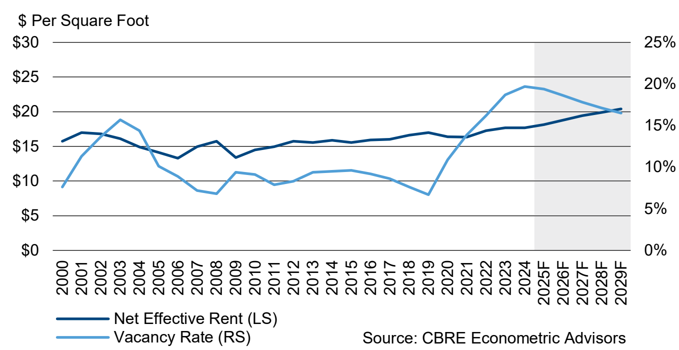
For the period ending June 2025



Source: © MSCI Real Estate 2025

OFFICE RENT & VACANCY

Toronto Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

GTA office properties contained in the MSCI Index generated a 0.4% total return for the year ending June 30, 2025.

LEASING MARKET OUTLOOK IS LARGELY POSITIVE

The GTA industrial leasing market outlook is largely positive. This positive outlook is due in part to an expectation of moderately healthy demand patterns. Economic growth is expected to support growth in the GTA's logistics and warehouse sector. Third-party logistics and warehouse companies will continue to expand to meet the demands of their customers. Additionally, demand will continue to be driven by businesses that store and distribute goods within and outside of the GTA. Demand will largely keep pace with new supply during 2026. Roughly 9.7 million square feet of new industrial space is scheduled for completion in 2025, marking the lowest annual total since 2009 according to CBRE figures. A modest 2.4 million square feet of new construction starts was reported in the second quarter of 2025. With demand keeping pace with supply, the GTA availability rate will rest close to the 5.2% average recorded at the midway mark of 2025. Additionally, rents are expected to stabilize in 2026, given a relatively balanced demand-supply market dynamic. In short, the GTA industrial leasing market outlook is largely positive.

INVESTORS TO CONTINUE TO EXHIBIT CONFIDENCE

Investors are expected to continue to exhibit confidence in the GTA's industrial property sector through to at least the end of 2026. This forecast confidence is rooted in the GTA's positive leasing market performance outlook. In addition, this positive sentiment will be reinforced by a track record of stable and healthy investment performance. Interest in high-quality logistics and distribution properties with stable tenants on long-term leases will remain high. This interest will support the continuation of a moderately healthy capital flow trend. Transaction volume totaled just under $2.6 billion in the first half of 2025, down from the $2.9 billion total reported for the same period a year earlier. Investment transaction volume decreased significantly after the 2023 peak when $10.3 billion in annual sales was reported. Investment transaction activity slowed as the cost of debt capital increased significantly, along with commercial real estate performance risk levels. Subsequently, property values and investment performance declined. Properties contained in the MSCI Index generated a modest 2.6% total return for the year ending June 30, 2025. Capital erosion offset a stable and positive income component performance. Investment performance is expected to strengthen over the near term as investors continue to exhibit confidence in the GTA's industrial property sector.

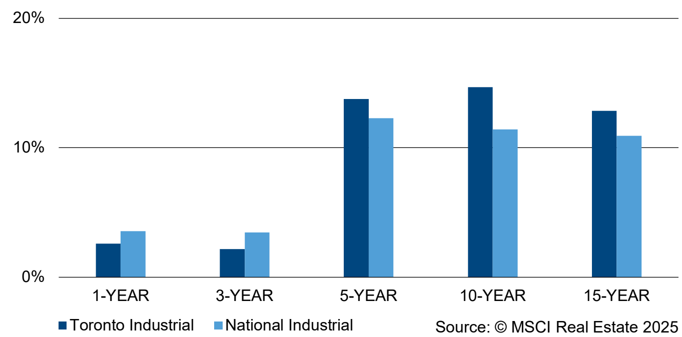
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RATE	▲	▲
NET ABSORPTION	▲	—
LEASE RATES	—	—
NEW SUPPLY	▼	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

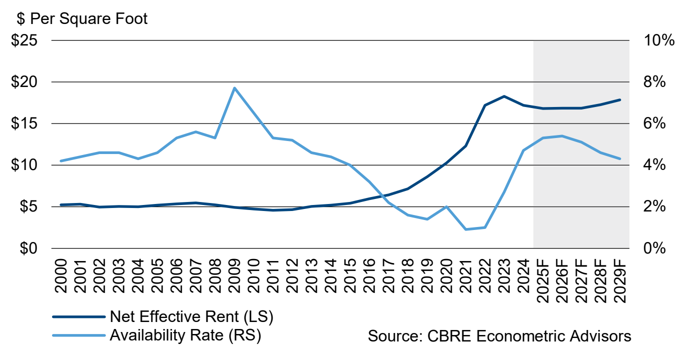
For the period ending June 2025



Source: © MSCI Real Estate 2025

INDUSTRIAL RENT & AVAILABILITY

Toronto Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

Transaction volume totaled just under $2.6 billion in the first half of 2025, down from $2.9 billion reported for the same period a year earlier.

LEASING MARKET TO SOFTEN MODESTLY

The GTA retail leasing market is expected to soften modestly during 2026, following an extended period of stronger performance. This modest softening is attributable to several factors. Expansion activity is projected to slow, given a weaker retailer revenue outlook. Retail sales growth is expected to moderate substantially over the near term. Economic uncertainty and a weaker job growth trend will have a negative impact on consumer confidence and spending. Consumers will allocate more of their incomes to necessities. As retail spending patterns soften, retailer expansion plans will be delayed. Operators will focus increasingly on driving revenues and reducing expenses. Vacancy will likely edge higher and vacant space will take longer to lease up. Vacancy levels increased recently with the closure of GTA Hudson's Bay stores. The average vacancy rate for properties tracked in the MSCI Index stood at 13.0% at the midway mark of 2025, up from a strong 5.8% at the end of 2024. As vacancy edges higher in 2026, rents will stabilize, with slight decreases anticipated in the GTA's less desirable locations and centres. In summary, the GTA retail leasing market is expected to soften modestly over the near term.

SUSTAINED INVESTOR CONFIDENCE FORECAST

The investor confidence exhibited over the past year will be sustained through to the end of 2026. This sustained confidence will be due in large part to the retail sector's moderately positive performance outlook and strengthening of the past few years. Grocery-anchored properties will continue to garner strong interest. Properties with stable national tenants will also attract strong bids. Assets with redevelopment or expansion upside potential will be favoured by developers and private capital groups. Institutional groups will remain net sellers of retail property, in keeping with the trend of the past couple of years. Investment sales activity is expected to remain relatively muted, given persistent economic, financial, and leasing market headwinds. GTA retail property investment sales volume totaled $1.3 billion in the first half of 2025. Investment transaction volume has rested below the $3.5 billion of annual sales reported in 2023 by CBRE. Investment performance has strengthened in the past year while sales activity remained subdued. Properties captured in the MSCI Index posted a 0.9% total return for the year ending June 30, 2025. Performance improved as property values stabilized. Investment performance is expected to stabilize over the near term, along with investor confidence levels.

TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	—
NET ABSORPTION	▼	—
LEASE RATES	—	—
NEW SUPPLY	—	—

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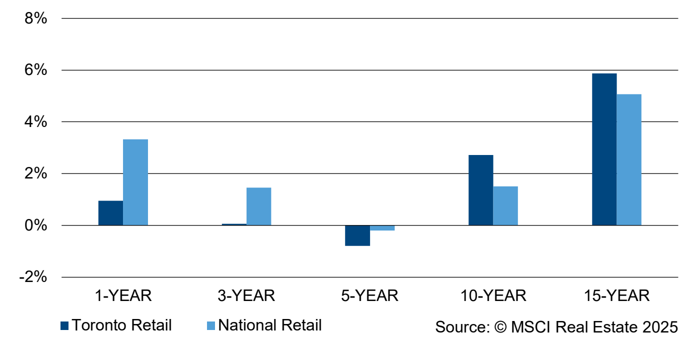
HISTORICAL PERFORMANCE

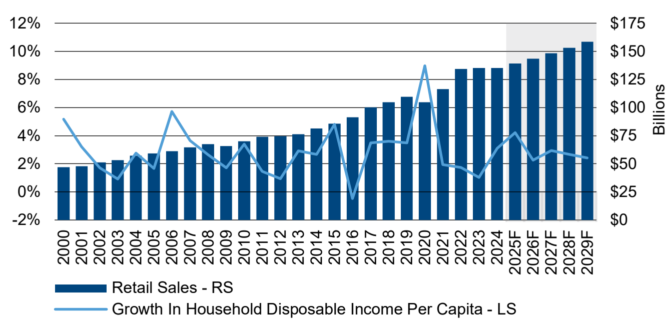
For the period ending June 2025



Source: © MSCI Real Estate 2025

RETAIL CONDITIONS

Toronto Historical & Forecast Aggregates



Source: Conference Board of Canada

GTA retail property investment sales volume totaled $1.3 billion in the first half of 2025.

The GTA multi-suite residential rental market is projected to soften over the near term, continuing the 2024 and first-half 2025 trend. This softening will be a byproduct of a weaker rental demand trend. Rental demand is expected to weaken as immigration declines. The lowering of federal immigration targets for permanent residents, temporary workers, and international students will result in substantially lower rental demand in 2026. The GTA's vacancy rate is expected to continue to rise as rental demand softens. The CMHC is predicting vacancy will rise by 50 bps in 2025 and a further 40 bps in 2026 to 3.4%. Asking rents may continue to fall in 2026 as vacancy continues to rise. Asking rents declined through much of 2025, continuing the second-half 2024 trend. This downward asking rent pressure was due to a combination of weaker rental demand and a spike in new supply deliveries. Asking rents and vacancy in the GTA's recently built properties are expected to remain markedly higher than the market average in 2026. Renters have been reluctant to pay the high cost of renting space in these new properties. Rents will continue to rise in the market's lower rent properties. Overall, the GTA's multi-suite residential rental market is expected to soften over the near term.

INVESTMENT DEMAND TO EXCEED SUPPLY

Investment demand in the GTA's multi-suite residential rental property sector is expected to exceed available supply to at least the end of 2026. Investors will continue to target high-rise concrete towers in urban areas and close to public transit. Properties that can be repositioned will be of particular interest to private capital groups. Institutional buyers will continue to seek out recently built properties and forward-purchase opportunities. Access to attractive CMHC financing will continue to help investors rationalize investments in this market and sector. Overall, property and portfolio availability will remain limited, which is consistent with the trend of the past few years. Consequently, investment transaction volume will continue to fall short of the most recent market peak in 2021, when annual sales totaled $3.8 billion. The sustained investment demand pressure will support relatively stable property valuations, which is consistent with the trend of the past year. Capitalization rates are expected to rest within a relatively narrow range, mirroring the recent trend. On balance, investment market demand will continue to exceed the available supply of GTA multi-suite residential rental property offerings over the near term.

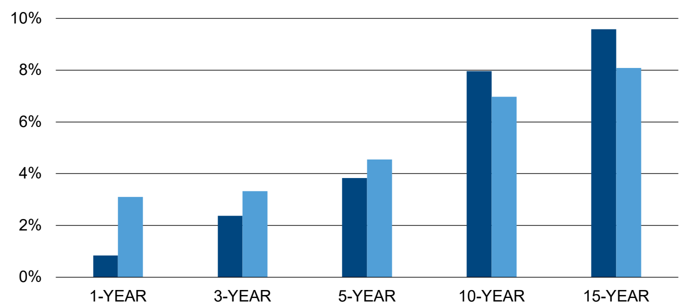
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	▲
NET ABSORPTION	▼	–
LEASE RATES	▼	▼
NEW SUPPLY	▲	▲

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

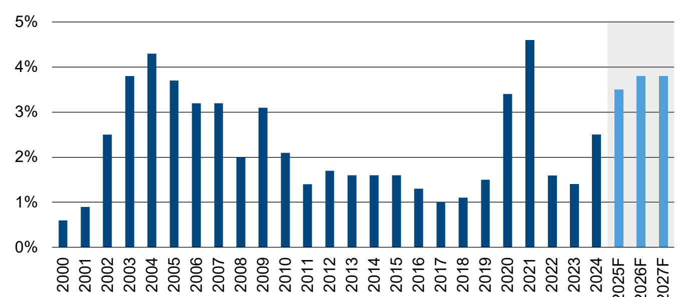
For the period ending June 2025



Source: © MSCI Real Estate 2025

AVERAGE RENTAL VACANCY

Toronto Multi-Suite Residential

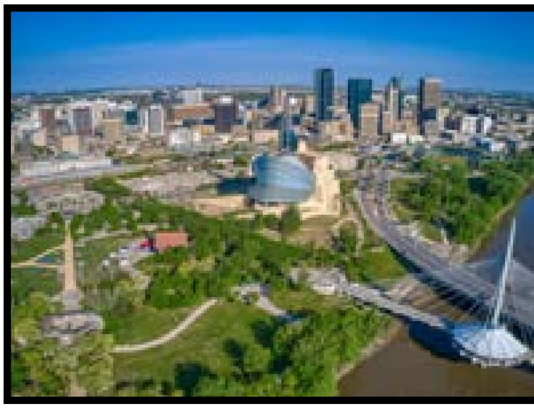


Source: CMHC

Capitalization rates are expected to rest within a relatively narrow range, mirroring the recent trend.

WINNIPEG, MB

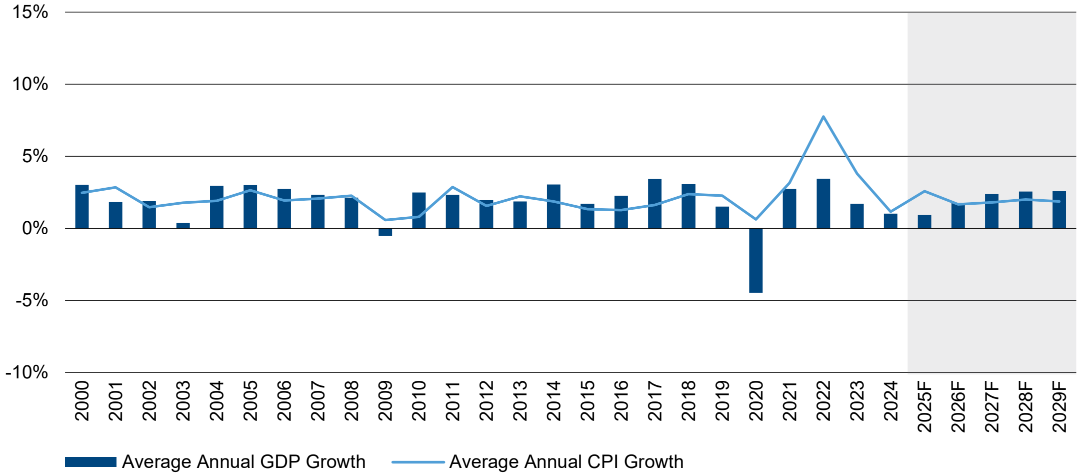
ECONOMIC SNAPSHOT



The Greater Winnipeg Area (GWA) economy is expected to strengthen in 2026. Economic activity is projected to increase as the negative effects of U.S. and Chinese tariffs on business confidence subside. The CBOC is predicting the GWA economy will expand at an annualized rate of 2.2% in 2026, with a similar growth rate forecast in 2027. Economic output expanded by just 1.1% in 2023/2024, a period during which high interest and inflation rates took a toll on business and consumer confidence.

ECONOMIC GROWTH

Winnipeg Historical & Forecast Aggregates



Source: Conference Board of Canada

JOB GROWTH SLOWDOWN PREDICTED

A job growth slowdown is predicted in the GWA over the near term. The slowdown is attributed to the adverse effects of trade tensions and tariffs on the region's economy and goods-producing industries. Businesses are expected to hold off on hiring new employees during a period of heightened economic uncertainty. GWA employment is projected to rise by just 0.6% in 2026, down from 1.2% in the previous year. Employment had increased by an annual average of 2.5% in 2024/2025. The predicted job growth slowdown will be reflected to some degree in the region's unemployment rate over the near term. The GWA's unemployment rate is expected to remain relatively high. The 5.8% average forecast for 2026 represents a high mark dating back to 2022. To some extent, the job growth slowdown predicted over the near term will help ensure the unemployment rate remains relatively high.

STRONG RETAIL SALES GROWTH TREND FORECAST

A relatively strong retail sales growth trend is predicted for the GWA over the next few years. This strong growth trend will be due to several factors. Consumer price growth is projected to ease somewhat, which will free up discretionary funds for GWA residents to spend. Discretionary spending will increase as borrowing costs come down. The region's moderate job growth outlook is also expected to support the healthy spending outlook. Trade tensions are projected to decline over the near term, which will drive consumer confidence higher. Retail sales are expected to expand by an annual average of 3.8% in 2026/2027, following a robust 6.1% in 2025 as predicted by the CBOC. In summary, a strong retail sales growth trend is forecast over the next few years.

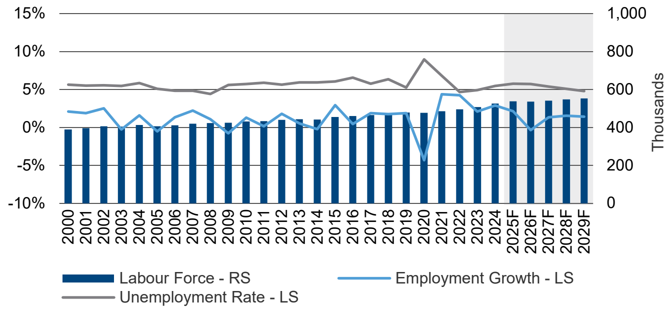
HOUSING START REBOUND FORECAST

GWA housing starts are forecast to rebound over the near term. The rebound is attributable in part to population growth over the past few years. The GWA's population grew by an annual average of 3.3% from 2022 to 2024. This growth was driven largely by the arrival of international migrants. In addition, housing demand is expected to increase as mortgage rates come down and pricing moderates. The CBOC is predicting approximately 5,600 housing starts in 2025, representing a 9.4% year-over-year increase. Housing construction activity is expected to pick up in 2026 with 6,300 starts predicted, which equates to a 12.7% year-over-year rise. The GWA's housing start growth trend is projected to moderate in 2027, following the 2025/2026 rebound.

Housing construction activity is expected to pick up in 2026 with 6,300 starts predicted, which equates to a 12.7% year-over-year increase.

LABOUR MARKET

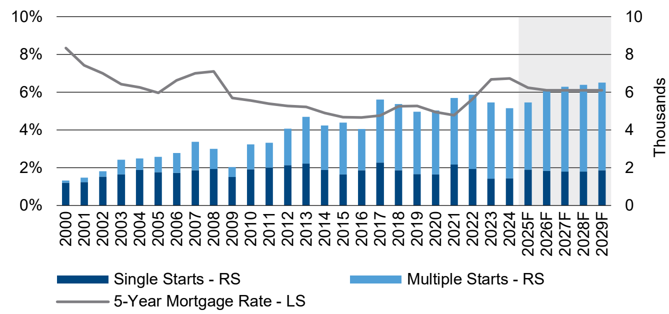
Winnipeg Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

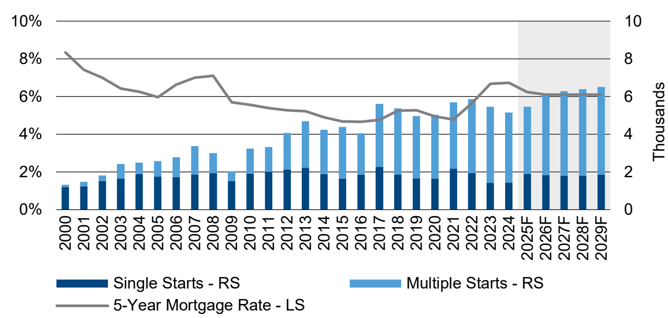
Winnipeg Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

Winnipeg Historical & Forecast Aggregates



Source: Conference Board of Canada

LEASING MARKET'S FLIGHT-TO-QUALITY TREND TO CONTINUE

The GWA office leasing market's flight-to-quality trend of the recent past is expected to continue through to the end of 2026. GWA tenants will continue to exhibit a preference for space in the market's highest-quality buildings in locations with strong amenity offerings. In certain instances, businesses will abandon work-from-home workplace formats to commit to longer-term leases. Others will continue to operate in a hybrid or modified hybrid format. The flight-to-quality trend is consistent with the broader national trend. In some cases, tenants will continue to delay longer-term lease decisions while economic uncertainty levels remain elevated. On average, tenants will have a healthy supply of available options when looking to expand, right size, or relocate. The GWA office market vacancy rate is projected to remain in the mid-teen range. Colliers International and CBRE reported vacancy rates of 13.6% and 15.8%, respectively, at the midway mark of 2025. GWA rents are projected to stabilize in 2026, given a largely balanced demand-supply market dynamic. Office rents may increase slightly for space in the region's highest quality buildings as availability dwindles. Occupancy levels in these same buildings are expected to rise in 2026 as the GWA office leasing market's flight-to-quality trend prevails.

INVESTMENT MARKET ACTIVITY WILL REMAIN SUBDUED

GWA office property investment market activity is expected to remain subdued to at least the end of 2026. This outlook is attributed to a large degree to the market's relatively weak performance outlook. Leasing fundamentals will continue to disappoint with vacancy resting close to the record high. Additionally, the probability of rent growth is low. Moreover, the ongoing impact of various work-from-home workplace formats on leasing performance remains uncertain. Overall, the uncertain leasing market outlook will continue to represent a heightened level of investment risk. This heightened risk will ensure institutional buyers remain sidelined. In a few cases, owners will look to sell underperforming properties. Private buyers will look for opportunities that are heavily discounted or can be converted to other uses. Limited financing availability and the still high cost of debt will limit office property sales, which is consistent with the national trend. Relatively few significant properties are expected to sell in 2026, as overall investment activity in the GWA office sector remains subdued.

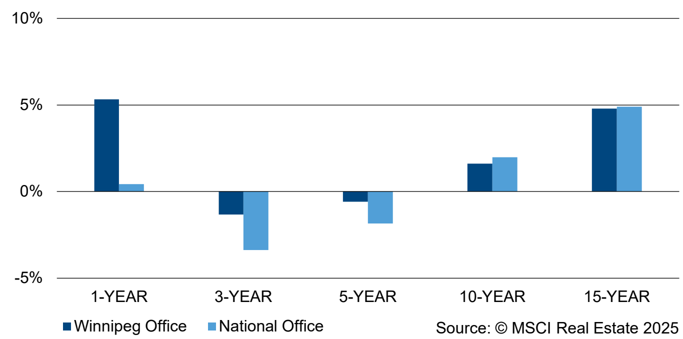
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▼	▼
NET ABSORPTION	▲	▲
LEASE RATES	—	—
NEW SUPPLY	▼	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

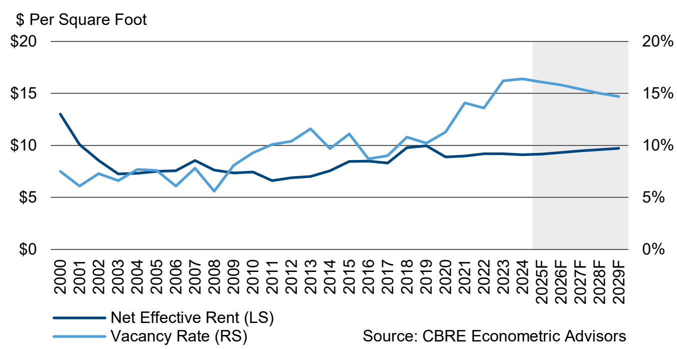
For the period ending June 2025



Source: © MSCI Real Estate 2025

OFFICE RENT & VACANCY

Winnipeg Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

Limited financing availability and the still high cost of debt will limit office property sales.

LEASING MARKET RESILIENCE TO CONTINUE

The GWA industrial property leasing market resilience of the recent past will continue over the near term. Leasing demand patterns are expected to remain moderately positive, despite persistent headwinds. GWA's industrial users will be somewhat hesitant to expand while economic uncertainty related to trade tensions with the U.S. remains elevated. Lease renewals and extensions will account for a significant share of leasing activity in this market in 2026. Industrial tenants are expected to adopt a wait-and-see approach to leasing during 2026. However, expansion activity will be sufficiently strong enough to prevent a marked increase in vacancy. The GWA's vacancy rate is expected to rest near the 3.0% mark in 2026, markedly lower than the national average. New supply deliveries are expected to remain moderate in 2026, in support of the low vacancy outlook. There was only 152,000 square feet of new supply in the GWA construction pipeline as of the midway mark of 2025. New supply deliveries declined significantly recently, with 83,000 square feet of space completed in the first half of 2025. Industrial rents in this market stabilized, as demand largely matched the delivery of new supply. The market's balanced demand supply-dynamic is indicative of its resilience, a trend that is expected to continue over the near term.

INDUSTRIAL PROPERTY WILL BE FAVOURED

GWA industrial property will be favoured by both investors and owner/users over the near term, representing a continuation of the trend of the past few years. Local and regional investment groups will continue to acquire functional properties with financially secure tenants on long-term leases. Recently built properties will be a preferred acquisition target. Institutional groups will look to the market's large-bay logistics and distribution buildings to achieve their investment objectives. Investment opportunities will be limited, which is consistent with the market's long-term trend. The GWA's owner/users will continue to scour the market for opportunities to acquire higher-quality properties in which to operate their businesses. Functionality and efficiency will be top priorities for this same purchaser group. Aggregate purchaser demand will outdistance the supply of available properties in 2026. This imbalance will support a stable property value trend. Bid-ask spreads will remain relatively narrow, which will help drive sales of industrial property in this market. In summary, GWA industrial property will be a popular acquisition target of both investors and owner/users through to at least the end of 2026.

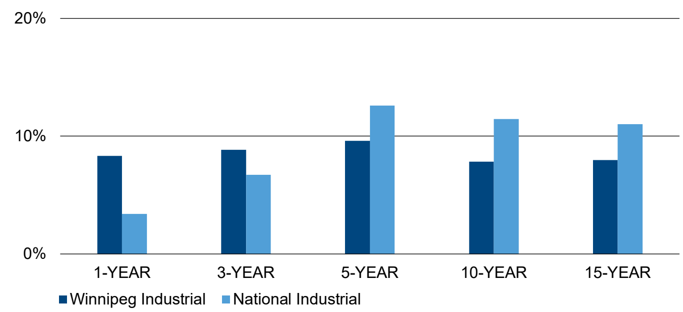
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RATE	–	–
NET ABSORPTION	–	–
LEASE RATES	–	–
NEW SUPPLY	▼	–

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

For the period ending December 2024*

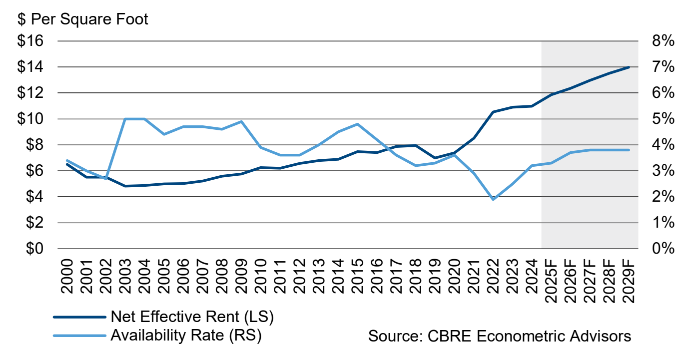


*Current data unavailable

Source: © MSCI Real Estate 2025

INDUSTRIAL RENT & AVAILABILITY

Winnipeg Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

Local and regional investment groups will continue to acquire functional properties with financially secure tenants on long-term leases.

LEASING MARKET TIGHTNESS TO PERSIST

Conditions in the GWA retail property leasing market are expected to remain tight through to at least the end of 2026. This tightness is attributable largely to the market's continued demand-supply imbalance. Aggregate leasing demand is expected to outpace supply. The main retail categories expected to drive expansion activity across the GWA include: grocery, fitness/lifestyle, service retail, and discount. Expansion activity, although limited, will be strong enough to support low vacancy levels. The GWA retail vacancy rate will increase modestly from the 6.9% average reported at the midway mark of 2025 by CBRE. Vacancy increased in the first half of 2025 with the closure of Hudson's Bay and Peavey Mart stores. Rents are expected to edge higher over the near term as the new and existing supply of available space remains constrained. The only significant new development completed in the past year was Westport, measuring 400,000 square feet, of which Costco will occupy 166,983 square feet. With relatively few new projects slated for completion in 2026, retail leasing market conditions will remain tight.

INVESTOR PREFERENCE FOR LOW-RISK PROPERTIES TO CONTINUE

Investor preference for low risk retail property acquisitions is expected to continue over the near term. Confidence in the market's grocery-anchored properties will remain high. Properties with tenants selling necessities will also be of interest to a range of buyer groups. Centres with national tenants on longer-term leases will also be popular with investors. Private capital groups will seek out opportunities to acquire properties that can be intensified and/or repositioned. The market's healthy leasing fundamentals will be a draw for investors. The leasing market is expected to remain relatively tight through to the end of 2026. High-quality space will be in short supply. Tenants will have relatively few expansion or relocation options. This dynamic will ensure rents hold at the cycle high. Investors will seek out opportunities in a market that has performed relatively well over the recent past. Properties contained in the MSCI Index posted a 3.1% total average return for the year ending June 30, 2025. This return was a function of stable and healthy income component performance. The value of the properties tracked in the index continued to decline. Income performance is expected to remain moderately attractive over the near term, which will help to rationalize acquisitions in this market. In conclusion, investors are expected to continue to exhibit a preference for low-risk acquisitions over the near term.

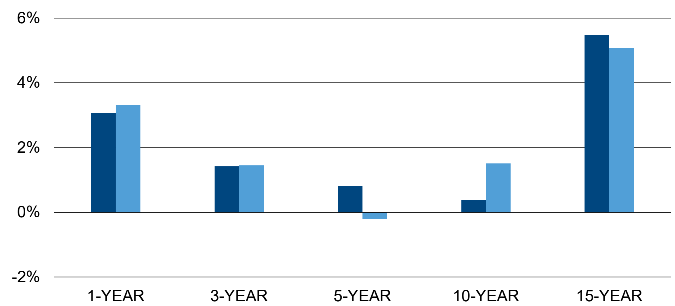
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	—
NET ABSORPTION	▼	—
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

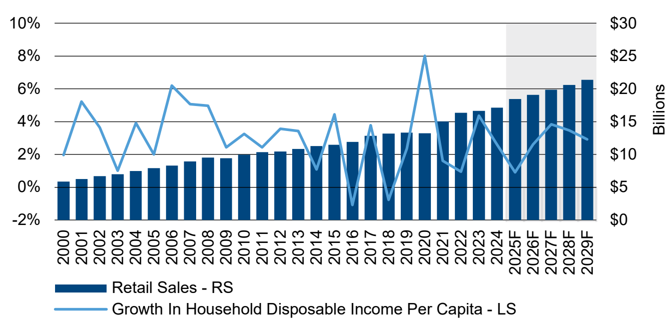
For the period ending June 2025



Source: © MSCI Real Estate 2025

RETAIL CONDITIONS

Winnipeg Historical & Forecast Aggregates



Source: Conference Board of Canada

Vacancy increased in the first half of 2025, with the closure of Hudson's Bay and Peavey Mart stores.

RENTAL MARKET STABILIZATION FORECAST

The GWA multi-suite residential rental market will stabilize over the near term. This stabilization is attributable to a balanced demand-supply outlook. Rental demand will continue to exceed the supply of available units in the market's low-to-medium rent building inventory. Renters in this same market segment will be reluctant to leave their existing rental units while asking rents remain at or near a record-high level. Supply will be somewhat more plentiful in the market's more expensive buildings. However, demand for these units will be relatively weak. The rental market demand-supply balance will be reflected in vacancy. The GWA vacancy rate is expected to remain just below the 2.0% mark in 2026, which is consistent with the level recorded over the past two years. Vacancy will be somewhat higher in the most expensive market segment, which includes properties built in the last decade and downtown high rises. Asking rents may rise modestly over the near term, due in large part to the delivery of new supply with units commanding market-high rents. The CMHC is predicting the average two-bedroom unit rent will rise beyond the $1,600 mark for the first time in 2026. Asking rents have risen steadily over the past few years. While asking rents continue to rise, stabilization will be the overriding rental market theme over the near term.

LITTLE CHANGE IN INVESTMENT MARKET CONDITIONS EXPECTED

There is little change in GWA multi-suite residential rental property investment market conditions expected over the near term. Stabilized properties that are close to public transit and other attractive amenities will be highly coveted by investors. Buyers will seek out high-quality properties in a market with prevailing yields that are higher than the averages attainable in the country's larger markets. High-quality investment offerings will be of interest to local and regional buyers. Institutional investment groups will continue to focus their acquisition efforts on the GWA's large high-rise properties in the downtown area. However, the availability of larger institutional-grade properties will remain limited. Private investors will continue to target small-to-medium sized acquisitions with rent upside or repositioning potential. The market's stable and healthy fundamentals will continue to rationalize investments in this asset class and market. In addition, access to attractive CMHC financing will help facilitate investment sales. The market's track record of stable and positive investment performance will further justify acquisitions. In summary, there is little change in GWA multi-suite residential rental property investment market conditions expected through to at least the end of 2026.

TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	—
NET ABSORPTION	—	—
LEASE RATES	▲	▲
NEW SUPPLY	—	▲

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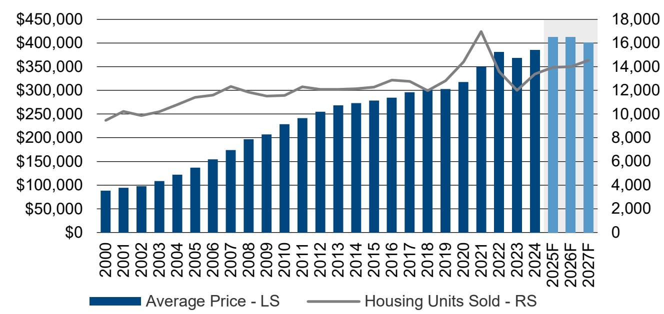
HOUSING MARKET

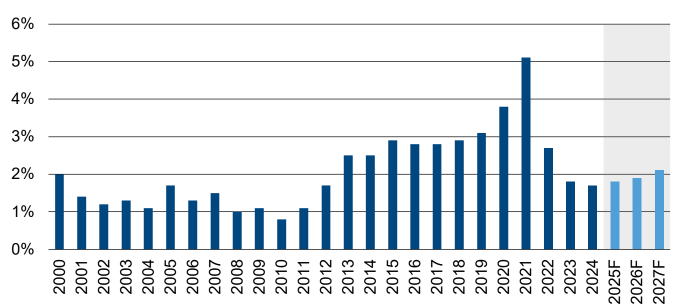
Winnipeg Pricing Vs. Demand



Source: CREA (MLS®); CMHC

AVERAGE RENTAL VACANCY

Winnipeg Multi-Suite Residential



Source: CMHC

High-quality investment offerings will be of interest to local and regional buyers.

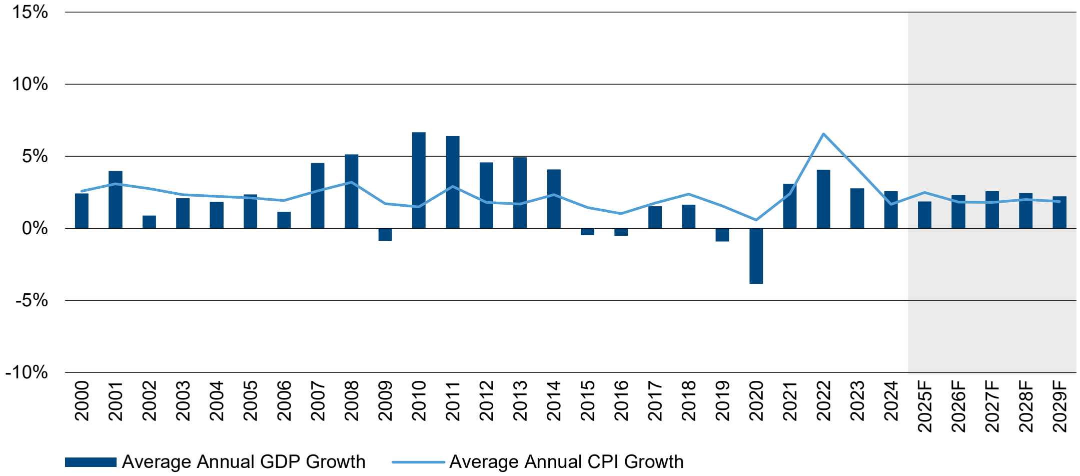
REGINA, SK

ECONOMIC SNAPSHOT

The Greater Regina Area (GRA) economic growth outlook is relatively strong. This outlook is dependent to some degree on an easing of trade tensions with the U.S. and an increase in global commodities demand. Real GDP is expected to increase by just over 2.0% in 2026/2027, as predicted by the CBOC. Growth slowed substantially in the first half of 2025 with the imposition of tariffs on goods exported to the U.S.

ECONOMIC GROWTH

Regina Historical & Forecast Aggregates



Source: Conference Board of Canada

LABOUR MARKET TIGHTENING PREDICTED

The GRA's labour market is expected to tighten considerably over the near term. Labour force gains are projected to ease, which will result in downward pressure on the GRA's unemployment rate. The CBOC is predicting labour force growth of 0.5% in 2025, down sharply from the 3.5% gain in the previous year. This growth moderation is attributable largely to the federal government's lowering of its immigration targets. GRA labour market demand is projected to ease over the near term along with supply. Employment gains of 1.6% and 1.7% are predicted in 2025 and 2026, respectively. Employment growth has slowed substantially since 2024, when a 4.5% advance was recorded. Manufacturing and retail trade sector employment are expected to decline with the imposition of U.S. tariffs. Despite these losses, GRA labour market conditions are expected to tighten considerably.

HEALTHY RETAIL SALES GROWTH PATTERN FORECAST

A healthy retail sales growth pattern is forecast for the GRA over the near term. The share of GRA household income spent on discretionary items is expected to increase as debt servicing costs decline and inflation remains under control. In addition, relatively healthy economic and job growth trends will help boost spending. Retail sales are projected to rise by a better-than-average 5.5% in 2025, fueled in part by strong immigration-driven population growth over the past few years. In 2026/2027, annual sales will increase by a relatively modest 3.6%, due in part to the federal government's lowering of its immigration targets. Despite this moderation, the CBOC is predicting a healthy retail sales growth pattern over the next few years.

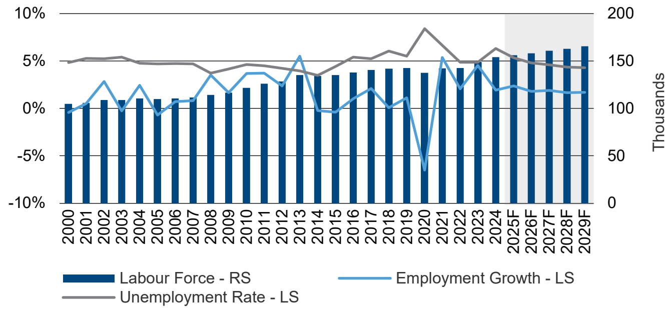
CONSTRUCTION SECTOR OUTLOOK IS MIXED

The GRA's construction industry outlook is mixed. New housing construction starts are projected to increase to 1,440 units in 2025, 220 more than the previous year according to the CBOC. An annual average of roughly 1,660 housing starts is forecast for 2026-2029. Three-quarters of the predicted housing starts will be in multi-unit projects. New zoning rules limiting residential development to the west and south of the airport present significant downside risk. Non-residential construction is expected to underperform over the next few years. This forecast underperformance is tied largely to the indefinite pausing of the FCL and CGT Foods complex. The resumption of this project would represent significant upside non-residential construction sector risk. Overall, the GRA construction sector outlook is mixed.

An average of roughly 1,660 housing starts is forecast annually in 2026-2029.

LABOUR MARKET

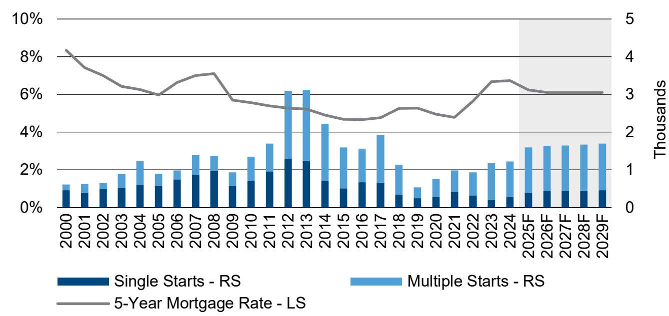
Regina Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

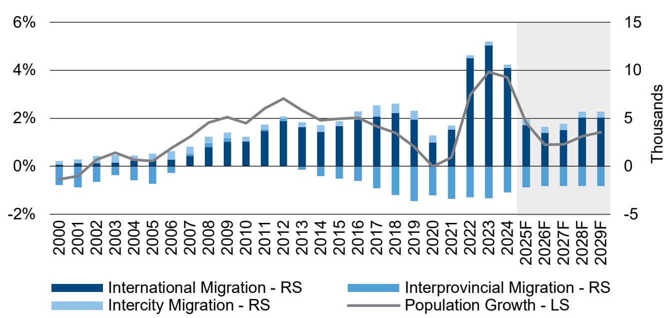
Regina Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Regina Historical & Forecast Aggregates



Source: Conference Board of Canada

STABLE AND HEALTHY LEASING MARKET FUNDAMENTALS FORECAST

Stable and healthy fundamentals are forecast in the GRA's industrial property leasing market over the final few weeks of 2025 and in the first half of 2026. Leasing demand patterns are expected to remain largely positive. The region's growing population and energy sector will continue to drive demand for industrial space, which is consistent with the trend of the past few years. Available high-quality logistics and distribution space will be absorbed relatively quickly as the market's flight-to-quality trend persists. The positive leasing demand outlook will support the lease-up of new available supply. New supply will remain constrained, however, due to the high cost of construction and serviced land. Developers are expected to look to rural areas outside of Regina where land values and property taxes are lower. However, access to services in these areas will remain a challenge. Leasing demand is expected to continue to outpace supply. Supply, therefore, will be constrained in certain space categories. The GWA's industrial availability rate will edge slightly lower from the 3.0% market average recorded at the midway mark of 2025 by Avison Young. The modest downward pressure on availability is consistent with the GRA's stable and healthy industrial leasing market outlook.

SUSTAINED INVESTOR CONFIDENCE FORECAST

A sustained level of investor confidence in the GRA's industrial property sector is forecast over the near term. The market's stable and healthy leasing fundamentals and above-average economic growth outlook will help sustain confidence levels. Leasing demand patterns will remain relatively healthy, due in part to strong population growth over the past few years. The region's above-average economic growth outlook will also support increased demand for logistics and warehouse space through to the end of 2026. This rent growth will be viewed favourably by investors. Investors are expected to seek out opportunities in this market with the promise of higher-than-average yields. GRA industrial property yields are higher than those prevailing in the country's larger metropolitan areas. Investment demand will continue to exceed available supply, which is consistent with the long-term trend. This supply shortfall will support a relatively aggressive bidding environment. Aggressive bidding could help push values slightly higher. In summary, a sustained level of investor confidence is predicted in the GRA industrial property investment market over the near term.

TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RATE	—	—
NET ABSORPTION	—	—
LEASE RATES	—	—
NEW SUPPLY	—	—

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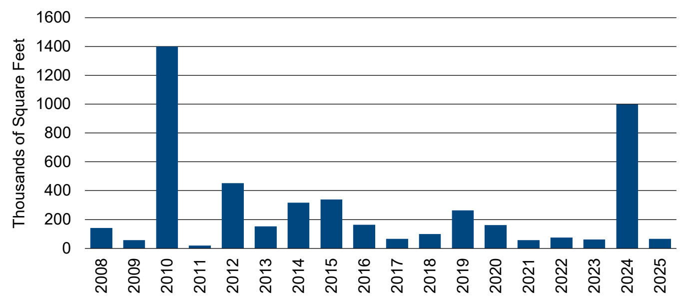
INDUSTRIAL NEW SUPPLY

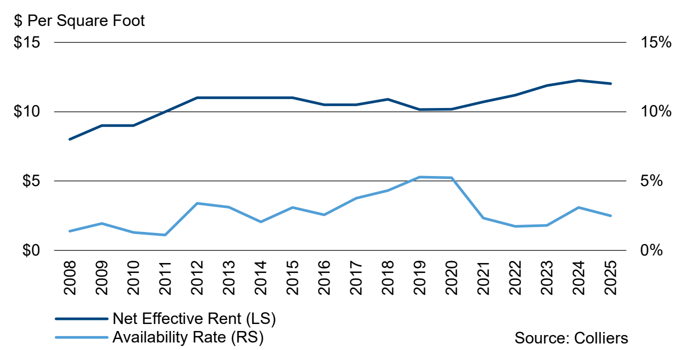
Regina Historicals To June 2025



Source: Colliers

INDUSTRIAL RENT & AVAILABILITY

Regina Historicals To June 2025



Source: Colliers

Investment demand will continue to exceed available supply, which is consistent with the long-term trend.

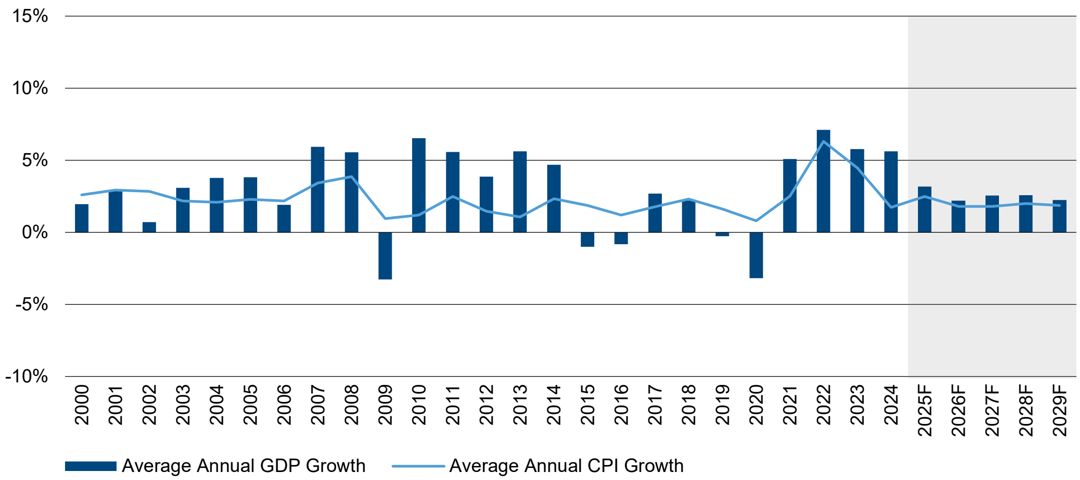
SASKATOON, SK

ECONOMIC SNAPSHOT

The Greater Saskatoon Area (GSA) economy is expected to continue to outperform over the near term. Real GDP is projected to expand by 2.5% in 2025, leading all other major Canadian metros. Economic growth is predicted to average 2.4% annually in 2026/2027. The GSA's manufacturing sector output is expected to rebound at some point during the same period as the negative impacts of U.S. tariffs on Canadian exports ease.

ECONOMIC GROWTH

Saskatoon Historical & Forecast Aggregates



Source: Conference Board of Canada

LABOUR MARKET IS EXPECTED TO GRADUALLY STRENGTHEN

The GSA labour market is expected to gradually strengthen over the near term. The gradual strengthening will be driven by an above-average economic growth performance. The region's economy will help drive employment levels higher over the next few years. Employment is projected to increase by an annual average of 1.5% in 2026/2027, representing a slightly faster pace than in 2025. The region's labour force will expand more slowly than in the past few years, due to the lowering of government immigration targets. The GSA labour market is expected to slowly tighten over the next few years. The unemployment rate is projected to average 5.0% in 2025, down 20 bps year-over-year. This rate will continue to edge lower in 2026/2027, which is indicative of the gradual labour market strengthening forecast in the GSA over the near term.

RETAIL TRADE GROWTH OUTLOOK IS STRONGER THAN AVERAGE

The GSA's retail trade growth outlook is stronger than average. Retail sales are expected to rise by an annual average of 5.7% in 2025, as predicted by the CBOC. This stellar performance is to be followed by a healthy 2026 gain of 3.5%. The GSA economy is expected to generate a moderate number of new jobs which will support retail trade growth. In addition, the lowering of interest rates and a stable and relatively low inflation trend will drive spending volume higher. Household income per capita is projected to rise at a healthy rate over the next few years, due in large part to a tight labour market. In turn, GSA residents will continue to spend on discretionary items at a healthy rate. In summary, the GSA's retail sales growth outlook is stronger than average.

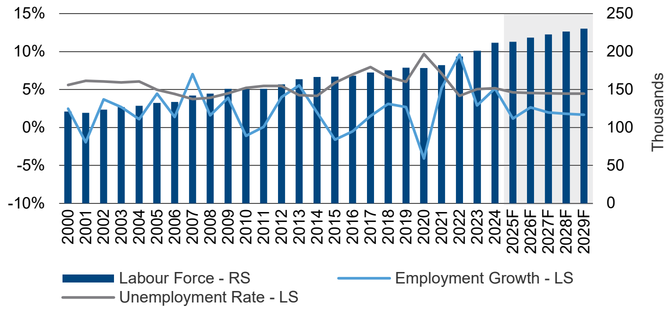
HOUSING STARTS TO INCREASE SUBSTANTIALLY

Housing starts are projected to increase substantially in the GSA over the next few years. Housing affordability and availability have declined to critical levels over the recent past. At the same time, population growth in the form of immigration has driven housing demand markedly higher. Housing starts are expected to increase as developers look to meet this rising demand. The CBOC is predicting 3,260 housing starts in 2025, with a slight increase to 3,320 starts in 2026. However, housing demand will continue to exceed supply in the GSA. Downside risk to the CBOC's forecast is significant. Developers will be hampered by the rising cost of materials and labour shortages. Importing labour will be a challenge, given the recent lowering of federal immigration targets. Despite these challenges, GSA housing starts are expected to increase substantially over the next few years.

The CBOC is predicting 3,260 housing starts in 2025, with a slight increase to 3,320 starts in 2026.

LABOUR MARKET

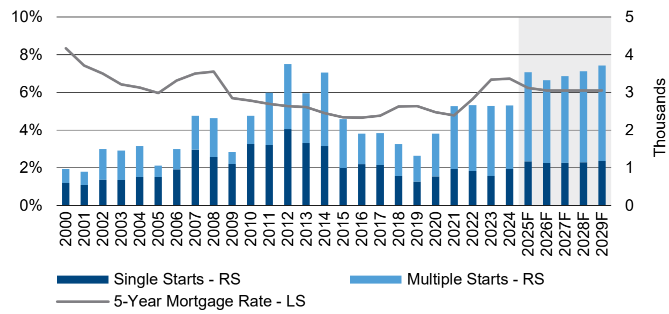
Saskatoon Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

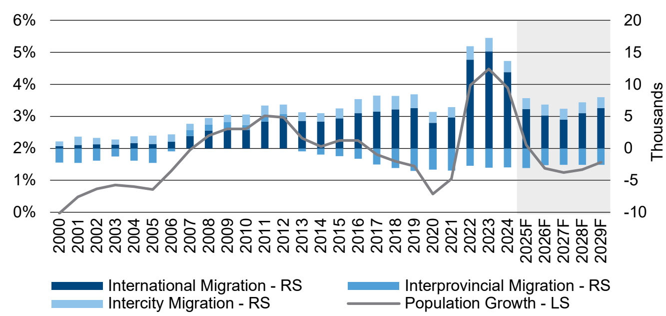
Saskatoon Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Saskatoon Historical & Forecast Aggregates



Source: Conference Board of Canada

LEASING MARKET OUTLOOK IS SOMEWHAT UNEVEN

The Greater Saskatoon Area's retail property leasing market outlook is somewhat uneven, which is consistent with the 2024 and first-half of 2025 performance. Several positive trends are forecast that will carry through to the end of the first half of 2026. The market will remain relatively tight as demand largely matches supply. The region's population growth trend and economic outlook will support moderately positive spending patterns and leasing demand. With leasing demand outpacing new supply, vacancy will continue to rest near the 3.0% market average reported by CBRE in the spring of 2025. New supply deliveries will have little impact on vacancy. Developers have been unwilling to start new retail projects while construction and financing costs remain high. In addition, there is a limited amount of quality development land in this market. Retail rents may rise modestly over the near term as leasing demand outpaces the supply of high-quality space. This demand-supply imbalance is concentrated largely in the GSA's suburbs. The downtown leasing market performance outlook is relatively weak. Downtown foot traffic is expected to continue to remain below the pre-pandemic average while office market occupancy levels remain low. Downtown retail vacancy will remain elevated as demand continues to fall short of available supply. Downtown rents will remain depressed until demand patterns improve. This rent outlook is indicative of the GSA's somewhat uneven retail leasing market outlook.

INVESTMENT DEMAND TO EXCEED SUPPLY

Investment demand will continue to exceed supply in the GSA's retail property market over the near term. Investors will be drawn to a market and asset type that has reaped the benefits of population growth and healthy economic performance over the recent past. Strong market fundamentals will attract buyers and support the rationale for investing in this market. Strong occupancy patterns and rent growth will remain significant investment drivers. Investors will continue to exhibit confidence in the GSA's grocery-anchored centres and strips, which is consistent with the trend of the past few years. Properties with service retail tenants and stores selling necessities will continue to generate strong interest. Investor preference for properties with strong national tenant rosters is also expected to prevail. However, the availability of properties coveted by investors will be limited. Owners will be reluctant to sell assets that have performed well historically. In short, GSA retail property investment market demand is expected to exceed product supply over the near term.

TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	—
NET ABSORPTION	—	—
LEASE RATES	—	—
NEW SUPPLY	—	—

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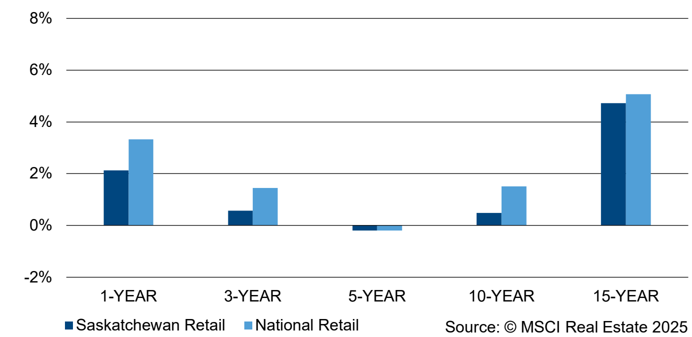
HISTORICAL PERFORMANCE

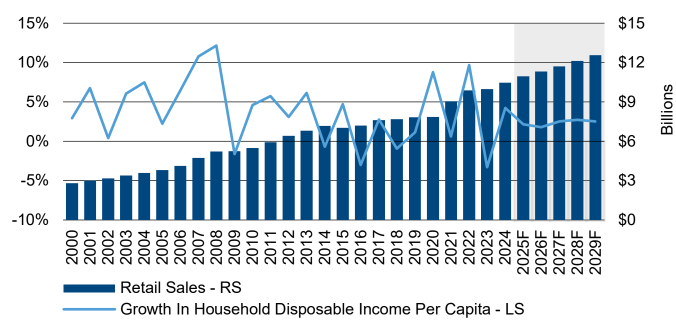
For the period ending June 2025



Source: © MSCI Real Estate 2025

RETAIL CONDITIONS

Saskatoon Historical & Forecast Aggregates



Source: Conference Board of Canada

Downtown retail vacancy will remain elevated as demand continues to fall short of available supply.

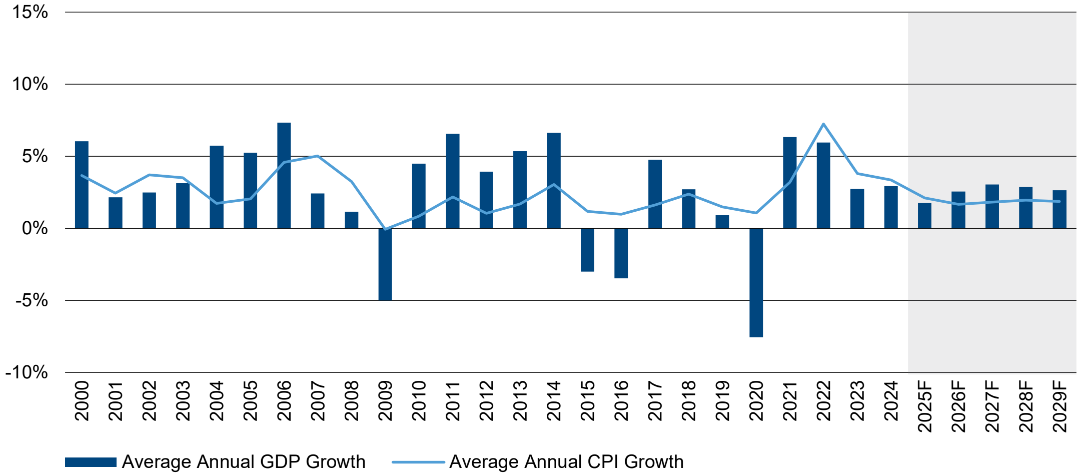
CALGARY, AB

ECONOMIC SNAPSHOT

Greater Calgary Area (GCA) economic growth is projected to slow over the near term, consistent with the national trend. Real GDP will expand by 1.8% in 2025 followed by a more robust 2.6% advance in 2026. The growth softening can be traced to two main factors. The first is a weaker performance outlook in the region's oil sector. The second factor is a markedly weaker population growth trend, which will have a negative impact on retail trade and housing demand.

ECONOMIC GROWTH

Calgary Historical & Forecast Aggregates



Source: Conference Board of Canada

LABOUR MARKET RECOVERY TO SLOW

The GCA labour market recovery of the past few years is projected to slow over the near term. There are two main causes of the forecast recovery slowdown. The first is the negative impact of trade tensions and tariffs on the GCA's export-driven industries and economy. The second cause is the federal government's lowering of immigration targets and its negative impact on hiring activity and labour market supply.

Employment is projected to increase by 2.2% in 2025, after a strong 4.7% advance in 2024. In the following year, employment will rise by a relatively anemic 1.1%, representing a low dating back to 2020. The unemployment rate is expected to average 7.6% in 2025, only 10 bps lower than the three-year high of 7.7% in the previous year. In summary, the GCA labour market recovery of the past few years is expected to slow over the near term.

RETAIL SALES GROWTH OUTLOOK IS RELATIVELY ROBUST

The GCA's retail sales growth outlook is relatively robust when compared with the country's other large metropolitan areas. The rapid population growth of the past few years will continue to support strong consumer spending patterns over the near term. The GCA's population expanded by a cumulative 12.1% in 2023/2024, outdistancing all other large Canadian metropolitan areas by a wide margin. Lower borrowing costs and the GCA's modest job growth forecast are also expected to help drive spending higher over the next couple of years. The regional economy will continue to generate new jobs despite the negative near-term impacts of U.S. and Chinese tariffs on the GCA's manufacturers. In summary, the GCA's retail trade growth outlook is relatively robust.

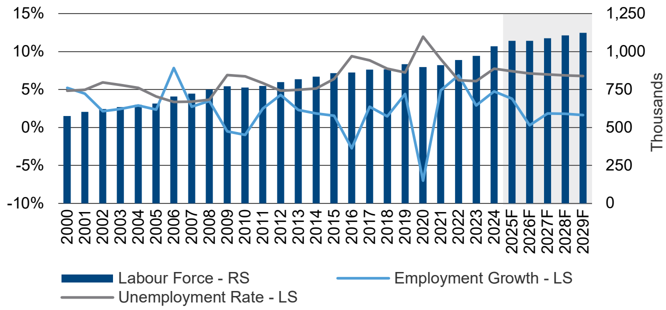
HOUSING STARTS TO TREND MARKEDLY LOWER

Residential housing starts are expected to trend markedly lower over the next few years, following the 2024 peak. Several factors will contribute to the downward housing start trajectory. Housing demand is projected to fall substantially short of new supply, due in large part to the lowering of federal government immigration targets. In addition, the region has become less affordable on a relative basis. The GCA average resale home price was nearly 17.0% lower than the national average in January 2023. However, the differential was just 1.0% as of April 2025, according to the CBOC. Slightly less than 17,000 housing starts are predicted for 2026, down from the roughly 23,500 starts expected this year. Housing starts are expected to decline more gradually in the GCA over the medium term.

Slightly less than 17,000 housing starts are predicted for 2026, down from the roughly 23,500 starts expected this year.

LABOUR MARKET

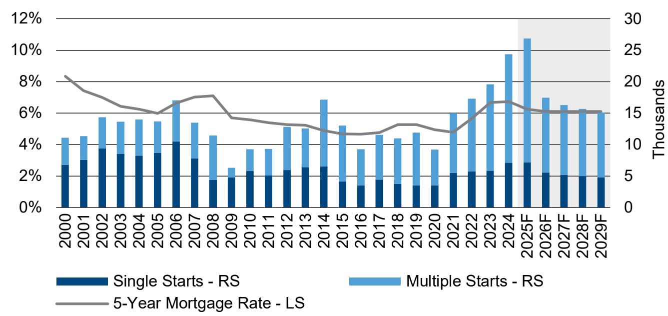
Calgary Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

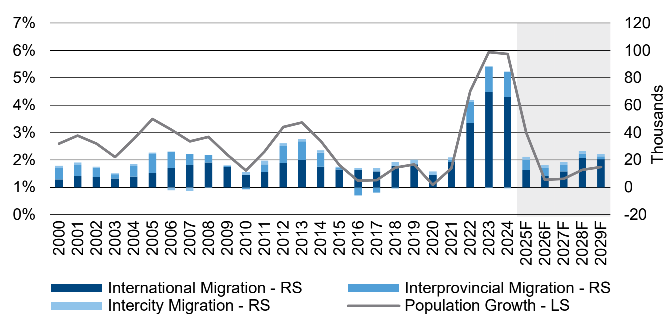
Calgary Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Calgary Historical & Forecast Aggregates



Source: Conference Board of Canada

RECOVERY PHASE OF CYCLE TO SLOW

The recovery phase of the GCA's office leasing market cycle is projected to slow over the near term. Leasing demand is expected to soften in 2026, which will translate into a slower recovery pace. Tenant expansions will be delayed while tariff-related economic uncertainty levels remain elevated. Technology sector leasing demand is expected to moderate from the levels reported over the past few years. Energy sector consolidation activity is expected to continue, which will also reduce the leasing market recovery pace. Sublease availability will rise as mergers and acquisitions continue in the region's energy sector. As leasing demand slows, vacancy will edge higher. City of Calgary funding has helped drive vacancy lower recently with the removal of properties from inventory for residential conversion The GCA's average all-class vacancy rate stood at 26.4% at the midway mark of 2025, down from the 27.8% average reported a year earlier. The downtown class AA rate rose by 230 bps to 18.4% over the same period. Downward pressure on net effective rents may increase as vacancy and sublease availability rise into 2026. Landlords will continue to offer attractive inducement packages to prospective tenants to lease excess vacancy while maintaining face rents. This offering of attractive inducement packages is expected to continue as the GCA's leasing market recovery slows.

SALES OF INVESTMENT PROPERTY WILL BE LIMITED

Sales of investment property in the GCA's office sector will be limited over the near term, which is consistent with the trend of the past few years. Investors will continue to exhibit little confidence in a market that has an uncertain performance outlook and has been mired in a slump for more than a decade. Financing availability will be limited and expensive, which will continue to be a challenge for investors and limit sales activity. Private investment groups with access to alternative financing will continue to acquire properties with value-add and/or conversion potential. Institutional buyers will be largely inactive as buyers while looking to sell properties that have underperformed, which is consistent with the trend of the past few years. Recent investment performance has done little to boost investor confidence levels and sales activity. Properties contained in the MSCI Index generated a total return of 1.7% for the year ending June 30, 2025. This return was due entirely to a stable and positive income component performance, offset largely by capital erosion. This performance pattern is expected to persist over the near term, a period during which investment sales activity will be limited.

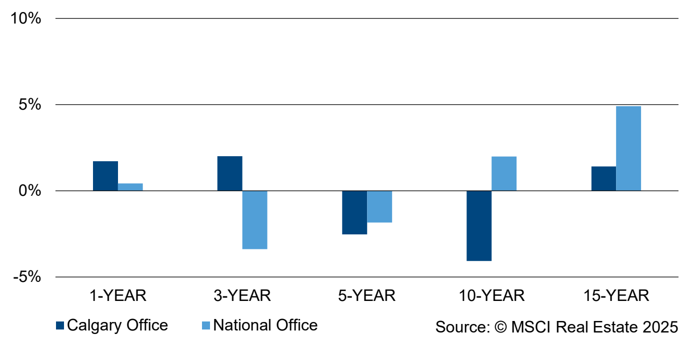
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	–	▼
NET ABSORPTION	▼	–
LEASE RATES	–	–
NEW SUPPLY	–	–

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

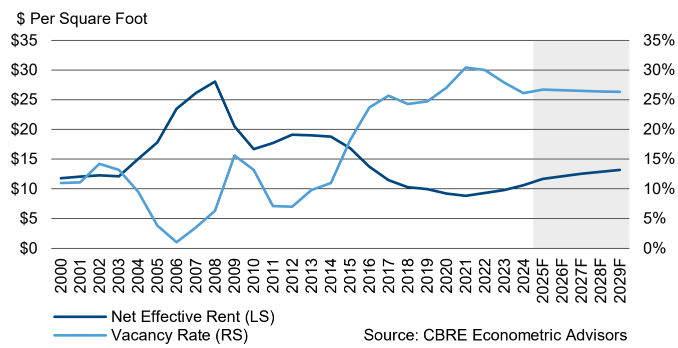
For the period ending June 2025



Source: © MSCI Real Estate 2025

OFFICE RENT & VACANCY

Calgary Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

The GCA's average all-class vacancy rate stood at 26.4% at the midway mark of 2025, down from the 27.8% average reported a year earlier.

SUPPLY RISK TO SLOWLY DECLINE

Supply risk in the GCA's industrial property market is expected to slowly decline through to the end of 2026. This decline will be due to the combined effects of a recent construction activity slowdown and a stable and positive demand trend. New construction starts slowed substantially during 2025 as leasing market availability continued to rise. Approximately 1.2 million square feet of new supply was under construction across the GCA at the midway mark of 2025, according to CBRE figures. This total was less than one-third of the new supply underway a year earlier. Construction activity slowed as economic uncertainty levels increased and large-bay availability in newly constructed buildings took longer to lease up. Leasing demand is expected to remain stable and relatively healthy in 2026. Economic expansion and population growth are expected to remain the GCA's key leasing demand drivers. Small-to-medium-sized tenants will lease space across the region at a similar pace to that of 2024/2025. This leasing activity will drive availability lower and support a relatively stable rental rate trend. An availability rate of 6.1% was recorded at the midway mark of 2025. In short, availability and supply risk are expected to decline over the near term.

WEAK CAPITAL FLOW TREND FORECAST

A relatively weak capital flow trend is forecast in the GCA's industrial property investment market over the near term. This forecast weakness is attributable to several factors. Leverage-driven buyers will remain on the sidelines while the cost of capital remains high. Sales of investment property slowed substantially in the latter half of 2024 as borrowing costs continued to rise. Transaction volume totaled $399.4 million in 2024, down from an annual average of $1.2 billion in 2021-2023. In the first half of 2025, sales activity increased modestly with $360.4 million of transaction volume recorded. Owners will be reluctant to sell properties with leases expiring over the short term at below-market rents. On aggregate, investment demand will continue to outpace the supply of high-quality industrial product over the near term. Investors will continue to look for opportunities to acquire property in a market that has performed relatively well in the recent past. Properties contained in the MSCI Index generated an attractive average total return of 7.4% for the year ending June 30, 2025. The continuation of this performance pattern will draw investment capital to this property type and region. Investors will continue to exhibit confidence in the GCA's industrial property sector over the near term. Despite this confidence, the market's capital flow trend will remain relatively weak.

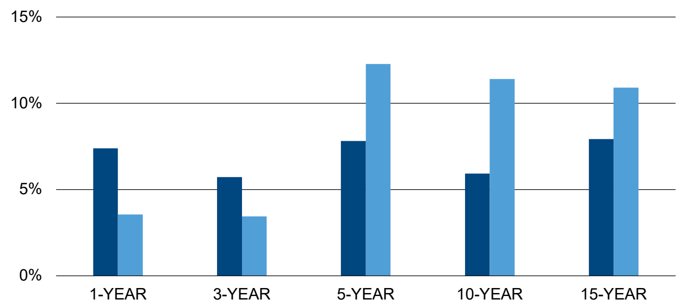
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RATE	—	—
NET ABSORPTION	▲	—
LEASE RATES	—	—
NEW SUPPLY	▼	▼

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

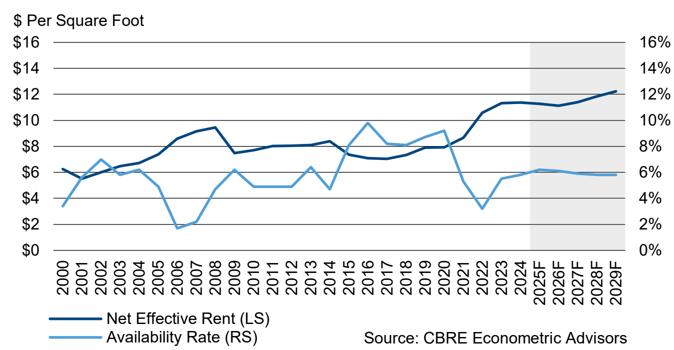
For the period ending June 2025



Source: © MSCI Real Estate 2025

INDUSTRIAL RENT & AVAILABILITY

Calgary Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

In the first half of 2025, sales activity increased modestly with $360.4 million of transaction volume recorded.

LEASING MARKET STRENGTH TO CONTINUE

The GCA's retail property leasing market strength of the recent past is expected to continue through to the end of 2026. Leasing demand characteristics will continue to impress, driven by population growth and healthy labour market performance. This growth will continue to boost retailer revenues, which will be a catalyst for expansion activity and new market entries. Competition for available premium-quality space will be brisk, which is consistent with the trend of the past few years. Several retail sectors have expanded over the past year, with wellness, food services and restaurants, and luxury products leading the charge. Expansion activity will ensure market conditions remain tight. The market's average vacancy rate will edge closer to the 5.0% mark over the near term, having rested at 4.3% at the midway mark of 2025 according to CBRE figures. Vacancy will remain elevated in the downtown area. Downtown vacancy declined significantly in the latter half of 2024 and first half of 2025. New supply will have minimal impact on vacancy as space in these new projects has been leased prior to or shortly after completion. We may see rents for premium-quality space increase if competition levels remain high. Overall, the recent GCA retail leasing market strength is expected to continue over the near term.

INVESTOR INTEREST TO EXCEED AVAILABLE SUPPLY

Investor interest in GCA retail property acquisitions is expected to exceed available supply over the near term, continuing the recent trend. Properties with financially secure anchors will be highly coveted by a range of investment groups. Centres with grocery store anchors will be the most highly sought-after property type. Rents in these centres and properties are expected to rise over the near term. Investors will look to capitalize on this rent growth. However, the supply of properties fitting this description will be very limited. Aggressive bidding on grocery-anchored properties may drive capitalization rates lower. Investment sales activity may increase over the near term, assuming a sufficient supply of available properties coveted by investors. Investment performance will continue to justify acquisitions in this market, consistent with the recent trend. Properties contained in the MSCI Index generated a total average return of 4.8% for the year ending June 30, 2025. Investment performance is expected to remain attractive over the near term. The attractive performance outlook will help ensure investor interest in GCA retail acquisitions continues to outpace available supply.

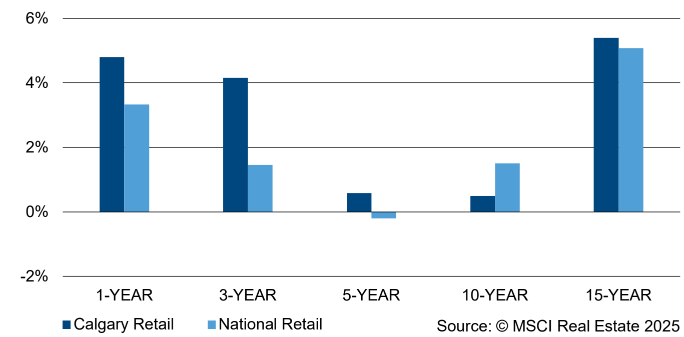
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	—
NET ABSORPTION	—	—
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

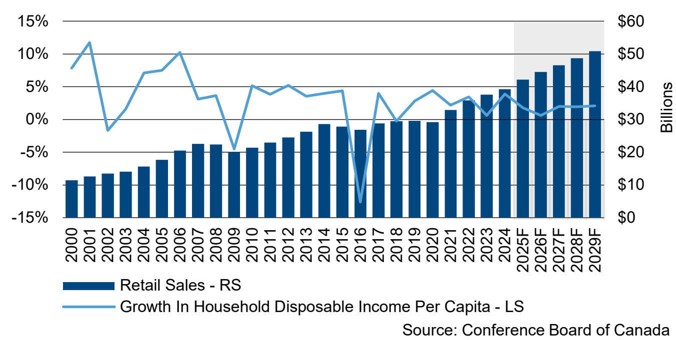
HISTORICAL PERFORMANCE

For the period ending June 2025



RETAIL CONDITIONS

Calgary Historical & Forecast Aggregates



Properties contained in the MSCI Index generated a total average return of 4.8% for the year ending June 30, 2025.

CONSTRUCTION COMPLETIONS WILL DRIVE VACANCY HIGHER

Construction completions are expected to drive the GCA's multi-suite residential rental market vacancy rate higher over the near term. Units in newly constructed properties will continue to take longer to lease-up, thereby driving overall vacancy higher. Construction completions are expected to slow slightly over the near term but remain close to the record high level of the past few years. The CMHC is predicting vacancy will rise to just shy of 6.0% by the end of 2025, 100 bps higher than the level recorded a year earlier. GCA vacancy rose to 4.8% in 2024, up 300 bps from the three-year low posted a year earlier. Rental demand is expected to moderate in 2026, continuing the recent trend. Slower population growth and inter-provincial migration will have a negative effect on rental demand. In addition, job growth patterns are expected to weaken slightly, which will also reduce demand for rental accommodation. Despite the demand downdraft, asking rents will continue to rise. New supply deliveries will drive asking rents and vacancy levels higher over the near term.

PREFERENCE FOR RECENTLY BUILT, HIGH-QUALITY PROPERTIES WILL PERSIST

Investor preference for recently built, high-quality, stabilized property acquisitions is expected to persist over the near term, continuing the trend of the past few years. Investment demand will exceed supply, which is consistent with the market's historic trend. Competition for the limited number of properties fitting this description offered for sale will be elevated. Consequently, bidding will be somewhat aggressive. Access to attractive CMHC financing will be supportive of the aggressive bidding environment. Private capital groups will continue to account for a significant portion of sales of older and value-add properties. Properties located near public transit will remain a popular investor acquisition target. Downtown, concrete high-rises will generate strong interest, although availability will be limited. Recent investment performance evidence will continue to provide justification for GCA multi-suite residential rental property acquisitions. Properties tracked in the MSCI Index generated an attractive 6.1% total average return for the year ending June 30, 2025. Investment performance is expected to remain attractive over the near term. In summary, investor preference for recently built, high-quality, stabilized property acquisitions will persist over the near term, representing a continuation of the trend of the past few years.

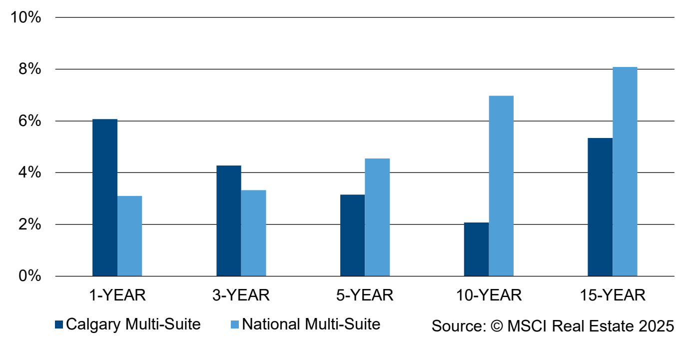
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	▲
NET ABSORPTION	▼	—
LEASE RATES	▲	▲
NEW SUPPLY	▲	▼

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

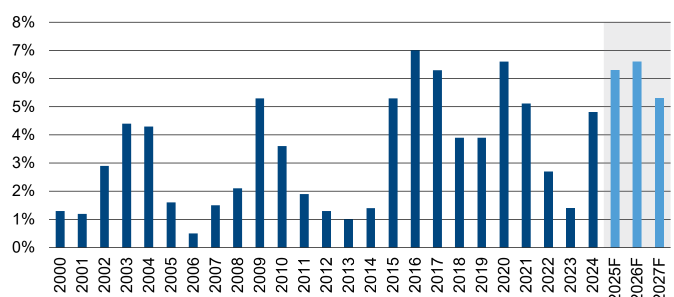
For the period ending June 2025



Source: © MSCI Real Estate 2025

AVERAGE RENTAL VACANCY

Calgary Multi-Suite Residential



Source: CMHC

Properties tracked in the MSCI Index generated an attractive 6.1% total average return for the year ending June 30, 2025.

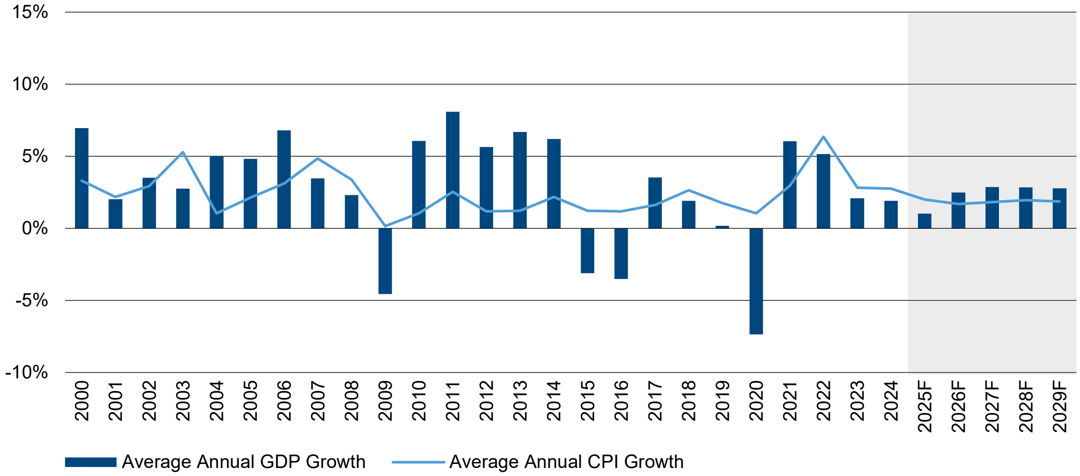
EDMONTON, AB

ECONOMIC SNAPSHOT

The Greater Edmonton Area (GEA) economy is projected to expand at a relatively slow rate over the near term. The CBOC predicted output will increase by 1.4% this year, followed by a healthier 2.5% advance in 2026. The slower growth outlook is attributed to global trade tensions and the negative impact of lower immigration targets. Global demand and pricing for Alberta oil are expected to negatively impact growth over the near term.

ECONOMIC GROWTH

Edmonton Historical & Forecast Aggregates



Source: Conference Board of Canada

EMPLOYMENT WILL CONTINUE TO RISE

GEA employment will continue to rise over the near term, continuing the trend of the past four years. The CBOC is predicting employment will rise by 1.8% in 2025, followed by a slightly stronger 2.1% gain in 2026. Employment increased by 19.7% or 137,600 jobs between 2020 and 2024. Most of the new jobs created in 2025 were in the services sector. Roughly 7,300 of the 13,900 services jobs created were in the healthcare industry. The region's population has expanded rapidly over the past few years. Sourcing jobs has taken longer than expected for some of the new arrivals, which drove the unemployment rate higher. Consequently, the unemployment rate will hover close to the 7.0% mark in 2026. This rate had climbed to 7.6% in 2024, up 150 bps year-over-year. In short, employment will continue to rise over the near term, continuing the trend of the past few years.

RETAIL SALES REBOUND FORECAST

A retail sales rebound is forecast for the GEA over the near term. This forecast is predicated on a significant reduction in global trade tensions. As trade tensions ease, the GEA's economic growth trend will strengthen. In turn, job growth will pick up in support of a markedly stronger retail sales growth trend. Lower borrowing rates and an expected easing of inflation pressure will boost discretionary spending. The CBOC is predicting a 6.0% rise in retail sales for 2026, up sharply from the 0.6% advance forecast for 2025. Subsequently, sales are expected to rise by an annual average of just shy of 5.0% in 2026/2027. In summary, retail consumption is expected to rebound over the near term, following a relatively weak performance over the recent past.

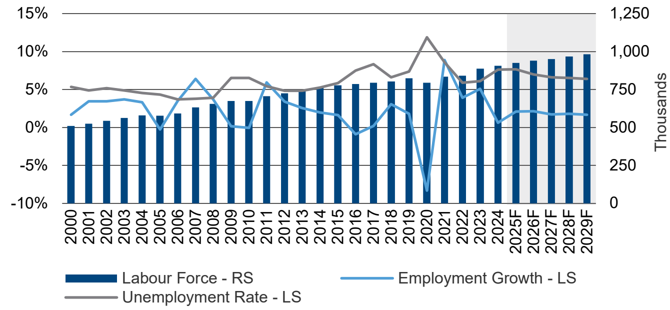
HOUSING START VOLUME TO DECLINE

Housing start volume is expected to decline over the near term, having peaked in 2024. Two main factors will contribute to the decline. The first factor is the emphasis developers will place on completing construction on the 18,000 starts recorded in 2024. This total represented a 39.4% increase year-over-year. Housing demand surged because of the GEA's strong immigration-driven population growth. The second contributing factor to the housing start decline was an expected housing demand downdraft. Immigration-driven housing demand is expected to decline significantly. Housing starts are projected to decline by 4.4% this year and a further 8.5% in 2026, having peaked in 2024.

Housing starts are projected to decline by 4.4% this year and 8.5% in 2026, having peaked in 2024.

LABOUR MARKET

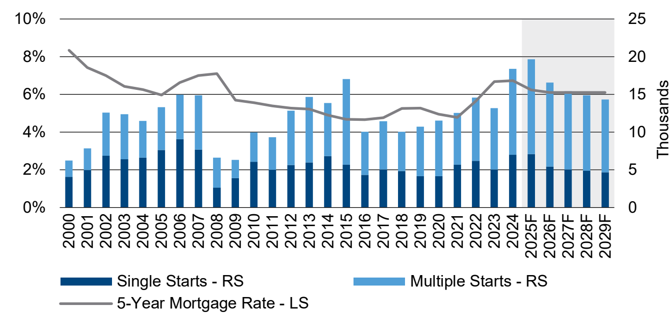
Edmonton Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

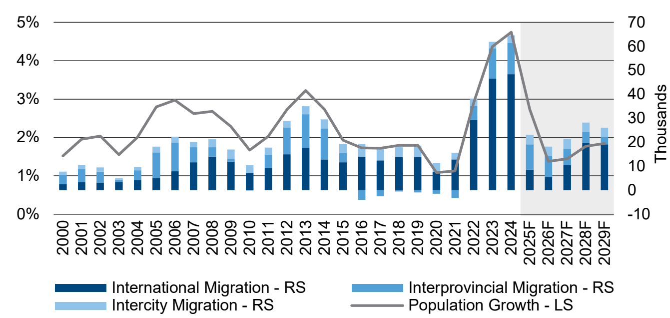
Edmonton Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Edmonton Historical & Forecast Aggregates



Source: Conference Board of Canada

LITTLE CHANGE IN LEASING MARKET CONDITIONS FORECAST

There is little change in GEA office leasing market conditions expected through to the end of 2026. Tenant expansions are expected to continue at a relatively modest pace. However, tenants in some cases will postpone their expansion plans while economic uncertainty levels remain elevated. Business confidence will be dampened by the ongoing threat of a U.S. tariff-driven economic downturn. In some instances, tenants will reduce their office footprints or optimize their space to reduce premises costs. On a net basis, vacancy will stabilize as expansions offset most of the space reductions. The GEA office market vacancy rate will continue to rest near the 19.3% average reported at the midway mark of 2025. New supply will have little impact on vacancy as there are no significant developments underway. Office rents will hold relatively firm over the forecast period. Owners will continue to offer incentives, such as free rent and flexible lease terms, to fill excess vacancy in their buildings. Renewals activity will be relatively brisk, as tenants look to avoid the high cost and inconvenience of relocating. In short, there is little change in GEA office property leasing market conditions expected through to the end of 2026.

INVESTMENT SALES ACTIVITY TO REMAIN BELOW PAR

Investment sales activity in the GEA's office property market is expected to remain below par over the near term. Investors will exhibit little confidence in this property type and market, given an uncertain performance outlook. Institutional buyers will look to dispose of properties in this market to reduce their exposure to the asset class. Leverage-driven buyers will remain sidelined while the cost of capital is still high and financing availability is limited. Private capital groups will look to acquire properties with upside and/or conversion potential at a discounted price. Overall, the volume of investment transactions forecast in this market over the near term will remain below the pre-pandemic and long-term averages. Just $95.2 million in transaction volume was reported for the first half of 2025, which was in line with the previous year's $287.4 million in annual sales. Annual sales averaged $550.0 million in 2018/2019 before the initial pandemic outbreak. Recently, investment activity has been comprised largely of smaller, low-risk transactions in the GEA's suburbs. In short, investment sales activity in the GEA office property sector will remain below par over the near term.

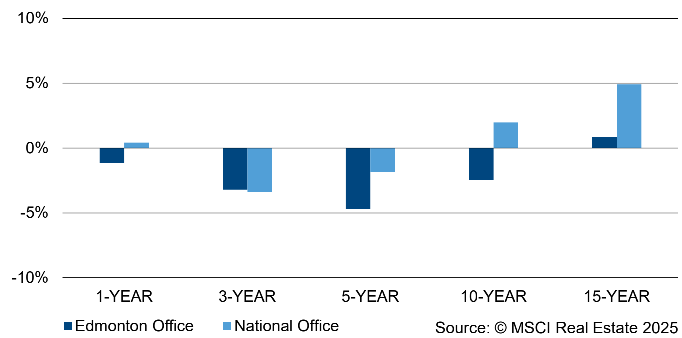
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	▼
NET ABSORPTION	—	▲
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

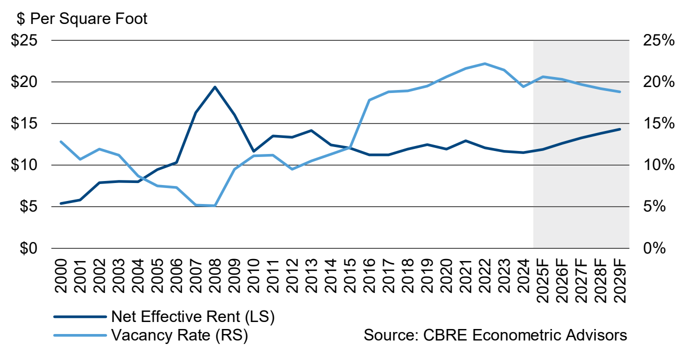
For the period ending June 2025



Source: © MSCI Real Estate 2025

OFFICE RENT & VACANCY

Edmonton Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

The market average vacancy rate will continue to hover close to the 19.3% average reported at the midway mark of 2025.

LEASING MARKET OUTLOOK IS LARGELY POSITIVE

The GEA industrial property leasing market outlook is largely positive. Logistics and warehouse companies are expected to lease vacant space at a moderately healthy rate through to the end of 2026, despite heightened U.S. tariff-driven economic risk. The GEA's healthy economic growth trajectory will continue to help drive demand for industrial space. Leasing demand patterns will support a relatively stable availability trend. The GEA's industrial availability rate is expected to hold relatively steady. This rate will continue to rest close to the 5.2% availability rate posted at the midway mark of 2025. New supply deliveries will push the availability rate higher in the first half of 2026. Construction activity is projected to slow in the second half of the year, after which availability will stabilize. Roughly 867,000 square feet of new supply was under construction across the GEA at the midway mark of 2025, down significantly from the 2.1 million square feet reported at the end of 2024. Vacancy in these new properties will be filled relatively quickly. Rents may increase in the second half of 2026 as new supply deliveries slow, and the market tightens. In summary, the GEA industrial property leasing market outlook is largely positive.

INVESTOR CONFIDENCE WILL REMAIN MEASURED

Investor confidence in the GEA's industrial property sector will be somewhat measured over the near term. Private buyers will focus on acquiring properties with growth potential. Institutional investors will seek out low-risk, large-bay logistics and warehouse properties with secure tenant rosters and long-term leases in place. We may see transaction volume tick higher over the near term if a sufficient supply of properties that meet the requirements of investors is made available. This increase, however, assumes buyers and sellers can agree on pricing. Investment sales ticked higher in the first half of 2025 with $648.2 million of transaction volume recorded. This total exceeded the $634.4 million of annual sales reported in 2024. The sales uptick coincided with a somewhat strong investment performance pattern. Properties contained in the MSCI Index posted an attractive 6.6% total return for the year ending June 30, 2025, up from 1.9% over the previous year. Investment performance is expected to remain attractive over the near term, a period during which investor confidence will remain somewhat measured.

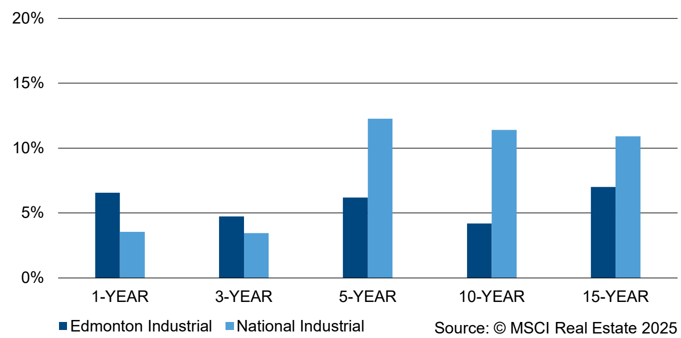
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RAATE	—	▼
NET ABSORPTION	—	▲
LEASE RATES	—	—
NEW SUPPLY	▲	▼

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

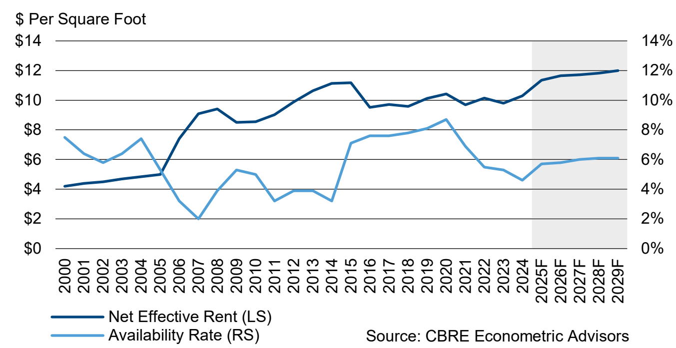
HISTORICAL PERFORMANCE

For the period ending June 2025



INDUSTRIAL RENT & AVAILABILITY

Edmonton Historical & Forecast Aggregates



Investment sales ticked higher in the first half of 2025 with $648.2 million of transaction volume recorded.

LEASING MARKET RISK WILL REMAIN RELATIVELY LOW

Retail property leasing market risk is expected to remain relatively low over the near term, continuing the 2024/first half of 2025 trend. This forecast is attributed largely to the market's continued demand/supply balance. Moderately positive leasing demand patterns are anticipated through to at least the end of 2026. Retailers will look for opportunities to capitalize on the benefits of the region's population growth of the past few years. Additionally, store expansions will be rationalized to some extent by the GEA's above average economic growth outlook. However, the supply of high-quality available space in this market will be limited. New project deliveries will offer minimal relief for tenants looking to expand. Most of the space in new projects will be leased prior to completion. Vacancy is expected to rest near cycle-low levels over the near term, as leasing demand largely matches new and existing supply. Rents for high-quality space will continue to rise, as demand outpaces supply in this market segment. Downtown rents will remain below the pre-pandemic levels while foot traffic continues to recover. Overall, GEA retail leasing market risk is expected to remain low through to at least the end of 2026.

STABLE INVESTOR CONFIDENCE LEVELS PREDICTED

Stable investor confidence levels in the GEA retail property sector are predicted over the near term. This confidence stability is attributed in large part to the retail property sector's positive performance outlook. The region's strong population growth of the recent past will continue to have a positive impact on retailer revenues and market performance. In addition, economic performance and labour market growth will support healthy retail trade patterns. Private capital groups will acquire properties in this market with confidence and account for the largest share of overall sales. Sales of GEA retail property increased substantially in the first half of 2025, with $569.3 million of transaction volume recorded. This total exceeded the $192.0 of annual transaction volume reported for the same period in 2024. Properties with grocery and pharmacy store anchors remained the preferred acquisition target of a range of investment groups. However, the availability of properties matching this description was highly constrained. Consequently, bid-ask spreads continued to narrow. In conclusion, a stable level of investor confidence in the GEA's retail property market is projected over the near term, which is consistent with the trend of the past year.

TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	—
NET ABSORPTION	—	—
LEASE RATES	—	—
NEW SUPPLY	—	—

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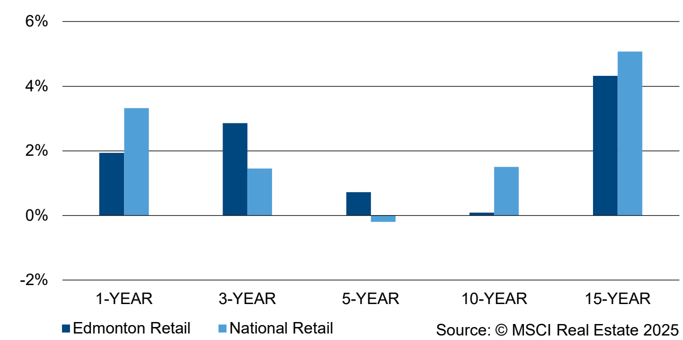
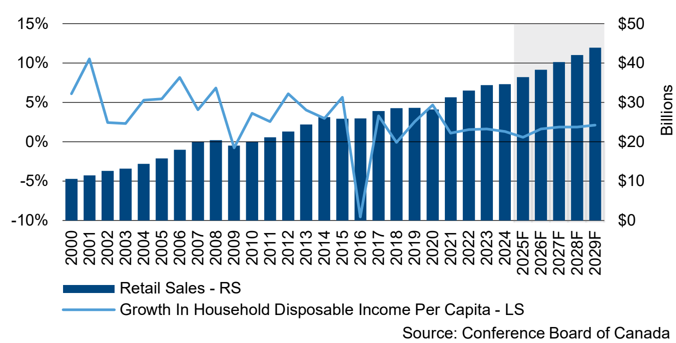
HISTORICAL PERFORMANCE

For the period ending June 2025



RETAIL CONDITIONS

Edmonton Historical & Forecast Aggregates



The region's strong population growth trend of the recent past will continue to have a positive impact on retailer revenues and market performance.

RENTS AND VACANCY WILL CONTINUE TO RISE

GEA multi-suite residential rental property asking rents and vacancy are expected to continue to rise in 2026/2027. The delivery of new supply over the next 12 to 24 months will push the average asking rent higher. Vacant units in these buildings will take longer to absorb as tenants remain reluctant to pay the market's highest asking rents. Rental demand in the market's lower rent buildings will exceed supply, which will drive rents in this market segment higher as well. The CMHC is predicting the average GEA rent will rise to $1,650 per month in 2026. Vacancy is expected to rise steadily over the near term. The market average vacancy rate is projected to rise by 90 bps in 2026 to 4.7%. This rate had increased by 70 bps to 3.8% in the previous year. In some cases, owners of new properties with excess vacancy have offered incentives such as free rent to prospective tenants. Incentives have been offered less frequently by owners of properties in the lower rent market segment. Renter households will continue to look to the GEA to secure low-cost rental accommodation. In summary, asking rents and vacancy in the GEA's multi-suite residential rental market are expected to rise over the near term.

INVESTOR INTEREST WILL REMAIN HIGH

Investor interest in GEA multi-suite residential rental property acquisitions will remain high over the near term. This high level of interest is attributable in part to the market's attractive prevailing yields. The market's solid fundamental outlook is supportive of the elevated level of investor interest. High-rise downtown towers will attract interest from a range of buyer groups. Investors will exhibit strong interest in recently built suburban properties. In some cases, the forward purchase of new developments will be attractive. Private groups will also focus on properties with value-add attributes. Attractive CMHC financing will help drive investment sales. Transaction closing volume is dependent on product availability. GEA investment property sales volume totaled $929.7 million in the first half of 2025. This transaction pace was markedly quicker than in 2024 when $1.1 billion of annual sales was recorded. Bidding on investment offerings has been relatively aggressive recently, in support of a stable valuation trend. We may see values begin to rise if transaction activity continues to increase. In summary, investor interest in GEA multi-suite residential rental property acquisitions is expected to remain high over the near term.

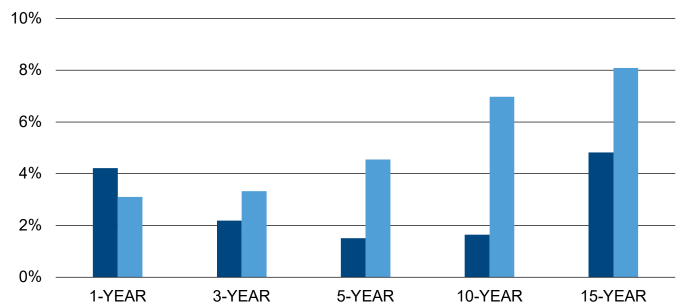
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	▲
NET ABSORPTION	—	▼
LEASE RATES	▲	▲
NEW SUPPLY	▲	▲

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

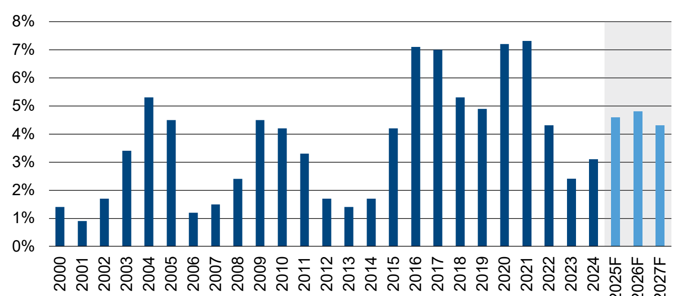
For the period ending June 2025



Source: © MSCI Real Estate 2025

AVERAGE RENTAL VACANCY

Edmonton Multi-Suite Residential



Source: CMHC

GEA investment property sales volume totaled $929.7 million in the first half of 2025.

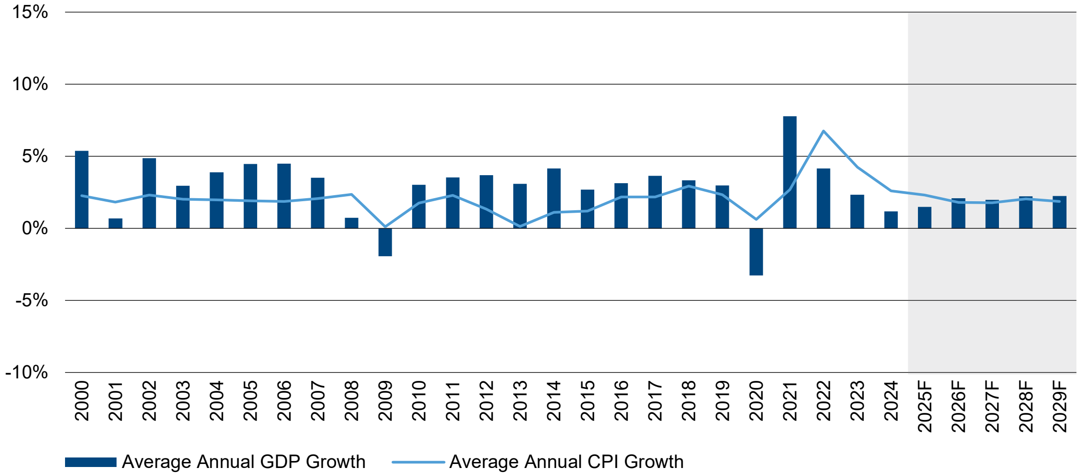
VANCOUVER, BC

ECONOMIC SNAPSHOT

The Greater Vancouver Area (GVA) economy is expected to expand at an above-average rate over the near term. Real GDP is forecast to expand by 1.2% in 2025, slightly ahead of the national growth average of 1.0%. In the following year, the CBOC is predicting accelerated annualized growth of 1.9% for the GVA. Economic headwinds anticipated over the forecast period include the potentially negative impact of reduced immigration targets and the spillover effects of global trade tensions.

ECONOMIC GROWTH

Vancouver Historical & Forecast Aggregates



Source: Conference Board of Canada

JOB GROWTH TREND TO SOFTEN

The GVA's job growth trend is projected to soften over the next few years, continuing the recent trend. This softening is attributable in part to the GVA's relatively modest economic growth outlook. The CBOC is predicting annual economic expansion of just 1.2% in 2025, matching the 2024 result. Population growth is expected to slow significantly over the near term, which will negatively impact job growth. Demand for local products and services will moderate, resulting in fewer new jobs being created. Employment is projected to rise by a modest 1.2% in 2025 and a more anemic 0.6% in 2026. Most of the 23,000 jobs created in 2025 were in the services sector. Retail trade employment is projected to rise by 4.3% or 9,000 positions but remain below the 2023 peak. On balance, the GVA's job growth trend is expected to soften over the near term, continuing the trend of the past few years.

RETAIL SALES GROWTH TO MODERATE

Retail sales growth is expected to moderate over the near term and subsequently stabilize. This growth moderation can be attributed at least partially to a slower population growth outlook. Federal immigration targets were reduced significantly, which will have a negative impact on retail spending. The GVA's population is expected to expand by 1.0% in 2025, which will represent the smallest gain since 2020. Job growth is expected to remain relatively slow over the near term, a trend that will have a dampening effect on discretionary spending. The CBOC is predicting retail spending will increase by 3.0% in 2026, down from a healthy 5.0% lift this year. In summary, retail sales growth is projected to moderate over the near term.

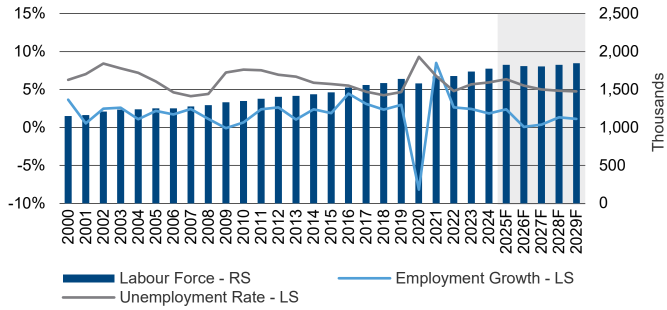
HOUSING START ACTIVITY TO EASE

Housing start activity is expected to slow over the near term, following the 2023 surge. This easing will be due initially to a marked decline in condominium unit starts. The GVA's inventory of unsold condominiums increased significantly over the past year. New home demand has slowed considerably over the recent past. Resale housing prices decreased in the first half of 2025 while the unsold listing count continued to rise. Affordability will remain a challenge for lower income households, thereby reducing housing demand. The CBOC is forecasting annualized housing start declines of 11.2% and 3.3% in 2025 and 2026, respectively. GVA housing starts rose to a peak of 33,244 units in 2023 and fell 5.4% in the following year. Housing starts are projected to continue declining over the next few years.

The CBOC is forecasting annualized housing start declines of 11.2% and 3.3% in 2025 and 2026, respectively.

LABOUR MARKET

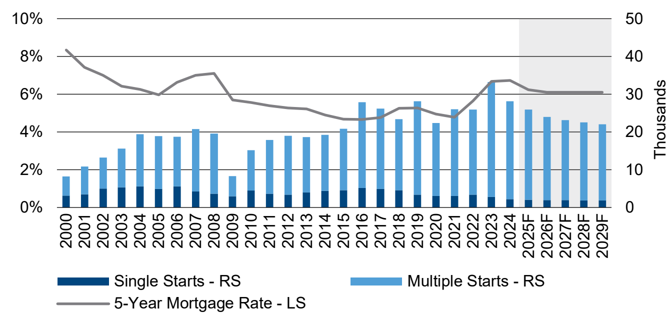
Vancouver Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

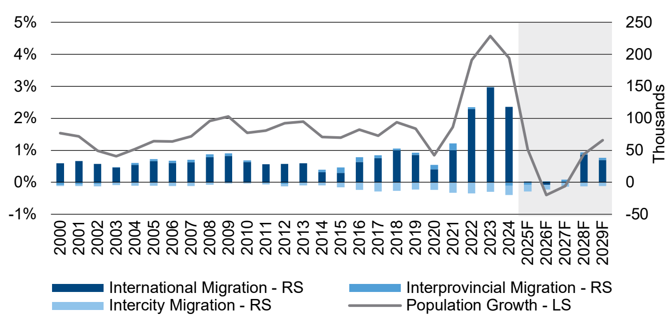
Vancouver Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Vancouver Historical & Forecast Aggregates



Source: Conference Board of Canada

LEASING MARKET RESILIENCE TO CONTINUE

The GVA office leasing market resilience of the past few years is expected to continue over the near term. Leasing demand is projected to strengthen somewhat with the return of more workers to their physical offices. Leasing momentum increased with the mandated return of major bank and public sector employees to their offices. This momentum is expected to increase in 2026 as more companies bring their employees back to the office. The market average vacancy rate is expected to rest near the 10.9% average reported at the midway mark of 2025 by CBRE. Conditions will be tighter in the GVA's trophy tower market segment, as the flight-to-quality trend continues in the downtown core. Sublease availability is expected to decline somewhat as businesses take occupancy of previously redundant space. We may see some downsizing activity as companies optimize their space. There is little change in face rents expected over the near term. However, as the market tightens, net effective rents will improve as tenant inducements decline. In short, the resilience exhibited in the GVA's office leasing market over the recent past will continue over the near term.

INVESTMENT SALES ACTIVITY WILL REMAIN MODEST

Investment sales activity in the GVA office property sector will remain modest over the near term. On the one hand, owners will be reluctant to sell during a period of heightened economic uncertainty. In addition, investor confidence will remain low, given a somewhat uncertain office market outlook. The combination of reluctance on the sell side and an uncertain performance outlook will limit sales of office property for the foreseeable future. Investors will continue to exhibit interest in acquiring trophy office towers in prime downtown locations with strong national tenants on long-term leases. However, the availability of properties fitting this description will be extremely limited. Buyers will be forced to acquire properties with riskier profiles to increase their exposure to this property type and market. Investment transaction volume increased significantly recently, with just under $1.2 billion of sales recorded in the first half of 2025. The sale of a 50.0% interest in a four-building portfolio of downtown properties by the Canada Pension Plan to Oxford Properties accounted for more than a third of this total. During this same period, there were relatively few other significant sales recorded. Consequently, property values were difficult to determine. Determining property values will be challenging over the near term as investment sales activity remains modest.

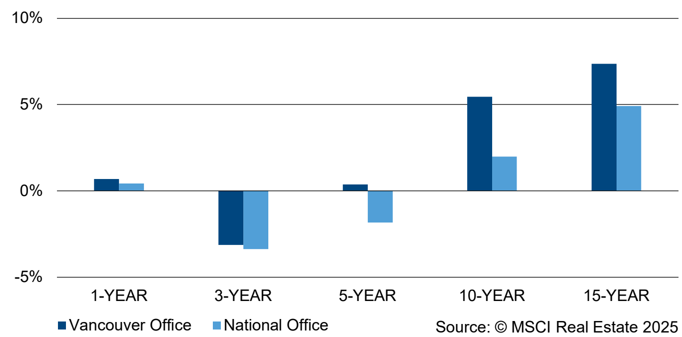
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	▼
NET ABSORPTION	—	▲
LEASE RATES	—	—
NEW SUPPLY	▼	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

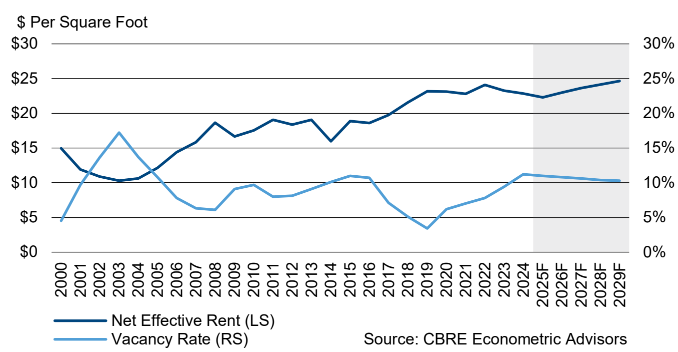
For the period ending June 2025



Source: © MSCI Real Estate 2025

OFFICE RENT & VACANCY

Vancouver Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

Leasing momentum increased with the mandated return of major bank and public sector employees to their offices.

LEASING OPTIONS TO INCREASE

Options to lease space in the GVA's industrial property market are expected to increase over the near term. The forecast increase is attributed to the market's slower-than-expected pre-leasing of new supply. Pre-leasing activity began to slow in the late stages of 2024 and lasted into the first half of 2025. Roughly 1.9 million square feet of new supply was delivered in the first six months of 2025, with a further 2.9 million square feet scheduled for completion in the second half. New supply is expected to exceed leasing market demand to at least the midway mark of 2026. Additionally, expansion activity will also moderate over the same period. Industrial users will postpone expanding in this market during a period of heightened economic uncertainty. The rising availability trend of the recent past will persist over the near term as supply outpaces demand. The GVA industrial availability rate stood at 5.1% at the midway mark of 2025, 120 bps higher than a year earlier. Industrial rents are expected to fall slightly as availability increases. Users in the market for space will look to capitalize on the forecast increase in availability levels. On average, users are expected to have more choice when looking to expand or relocate in this market over the near term.

HEALTHY CAPITAL FLOW TREND PREDICTED

A healthy capital flow trend is predicted in the GVA's industrial investment property market over the near term. Investors will look to place capital into a market with attractive prevailing yields. The GVA's industrial property performance outlook will be a draw for investors. A recent track record of positive investment performance will help investors rationalize property acquisitions in this market. Properties contained in the MSCI Index generated a moderately attractive 4.0% total return for the year ending June 30, 2025. This return was entirely income-driven, a performance pattern that is projected to continue over the near term. Investor interest in GVA warehouse and logistics properties with secure tenants on longer term leases will remain high. Consequently, investment equity and debt capital will continue to flow into the GVA industrial property market at a healthy rate. Transaction volume averaged a robust $2.5 billion annually in 2021 through to 2024. Properties continued to sell at a relatively brisk pace in the first half of 2025, with $829.0 million of transaction volume recorded. Investment demand will continue to exceed the supply of high-quality properties available for sale. Despite this shortfall, capital is expected to flow into this sector and market at a relatively healthy pace over the near term.

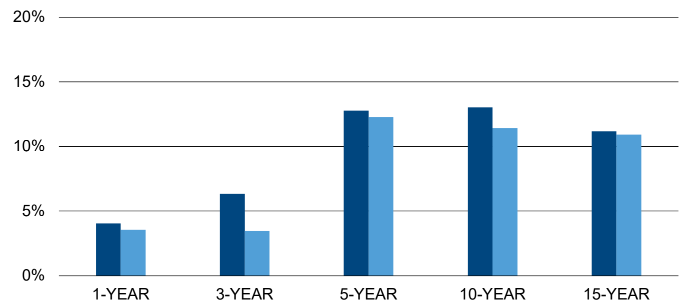
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RATE	—	—
NET ABSORPTION	▲	—
LEASE RATES	—	—
NEW SUPPLY	▼	▼

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

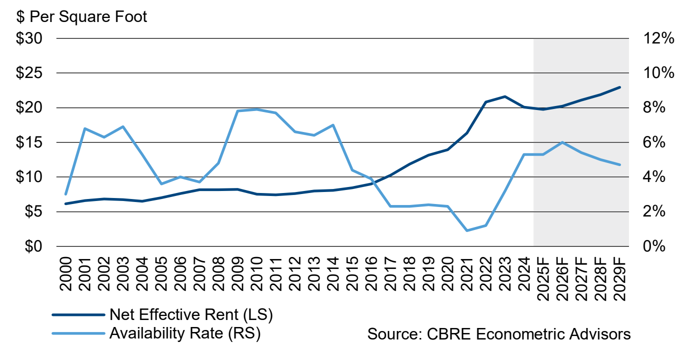
For the period ending June 2025



Source: © MSCI Real Estate 2025

INDUSTRIAL RENT & AVAILABILITY

Vancouver Historical & Forecast Aggregates



Source: CBRE Econometric Advisors

Properties continued to sell at a relatively brisk pace in the first half of 2025, with $829.0 million of transaction volume recorded.

LEASING DEMAND WILL CONTINUE TO OUTPACE SUPPLY

Leasing demand in the GVA's retail property leasing market is expected to continue to outpace supply over the near term, continuing the recent trend. The discount, grocery, health, and luxury retail categories will continue to lead the way in terms of expansion across the GVA. This growth will ensure the GVA maintains its position as one of the country's top retail markets. Expansion activity is expected to slow somewhat over the near term, as spending patterns weaken. Consumer confidence will decline as the economy slows and labour market conditions soften. To some degree, supply constraints will limit expansion activity. Vacancy will rest close to the 5.1% recorded at the midway mark of 2025. Conditions in the power centre market segment will be tighter. The power centre vacancy rate rested at just 1.9% in the second quarter of 2025. The closure of Hudson's Bay and Saks Off 5th stores will provide expansion opportunities for a limited number of operators. However, available space will remain in relatively short supply across the GVA. Rents for premium-quality space are expected to increase modestly. This rise is an indicator of the market dynamic whereby leasing demand continues to outpace supply over the near term.

STRONG INTEREST IN HIGH-QUALITY OFFERINGS WILL PERSIST

Strong interest in high-quality retail acquisition offerings is expected to persist over the near term. Properties with grocery store anchors will be at the top of the wish list of many investment groups. Assets with significant exposure to tenants selling necessities will also attract a range of interested buyers. The market's more productive centres with national tenants will remain a preferred acquisition target. Private capital groups will seek out acquisitions with intensification and expansion potential. Investment demand will exceed the supply of high-quality acquisition opportunities, mirroring the trend of the past few years. Despite the supply shortfall, retail property continued to sell at a relatively robust pace. Transaction volume totaled $725.9 million in the first half of 2025. Recent investment performance helped rationalize retail acquisitions in the GVA. Properties tracked in the MSCI Index generated an attractive 5.5% total average return for the year ending June 30, 2025. This return was attributed largely to a stable and positive income component performance. Investment returns are expected to remain relatively attractive over the near term, a period during which strong interest in high-quality retail investment offerings will persist.

TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	—
NET ABSORPTION	—	—
LEASE RATES	—	—
NEW SUPPLY	—	—

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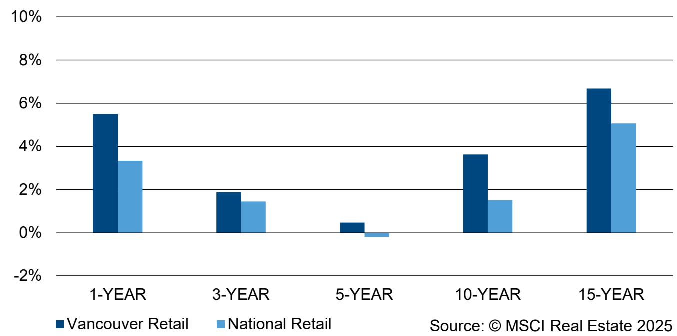
HISTORICAL PERFORMANCE

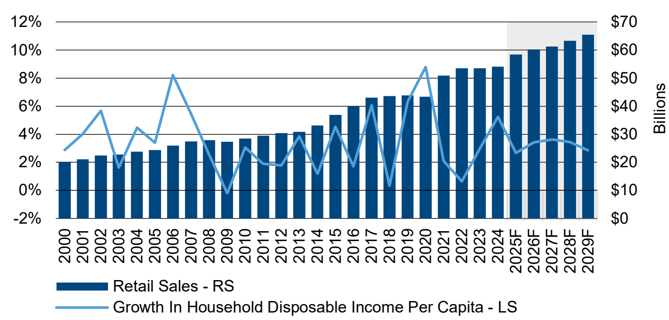
For the period ending June 2025



Source: © MSCI Real Estate 2025

RETAIL CONDITIONS

Vancouver Historical & Forecast Aggregates



Source: Conference Board of Canada

Properties tracked in the MSCI Index generated an attractive 5.5% total average return for the year ending June 30, 2025.

RENTAL MARKET TO SOFTEN SLIGHTLY

The GVA multi-suite residential rental market is projected to soften slightly over the near term. This softening will be due in part to a forecast demand slowdown. The lowering of federal immigration targets is expected to have a negative impact on rental demand. More than two-thirds of international arrivals have historically rented in their first year of residence. Youth unemployment levels will continue to rest at historical levels. Therefore, family formation activity will remain well below the long-term average. The continued delivery of new supply will drive vacancy levels higher over the near term. Vacancy in newly constructed properties will exceed the market average by a significant margin. New supply deliveries will drive the market average vacancy rate higher as well. The CMHC is predicting the GVA vacancy rate will rise to 2.4% in 2026, with a further 50-bps lift expected in 2027. Previously, the GVA vacancy rate stood at just 1.6% in 2024 and less than 1.0% in 2022-2023. Although vacancy is projected to rise over the near term, supply will remain constrained. These constraints will push asking rents moderately higher. The average two-bedroom asking rent is expected to rise above the $2,600 mark by the end of 2026. Asking rents will continue to rise over the near term as rental market conditions soften slightly.

INVESTMENT DEMAND WILL CONTINUE TO EXCEED SUPPLY

Investment demand will continue to exceed the supply of available properties in the GVA's multi-suite residential rental property market over the near term. Investors will covet recently built properties with a track record of strong performance. Well-maintained older properties will also be highly attractive acquisition targets. Private investment groups will be challenged in sourcing acquisitions with expansion potential. Overall, however, the supply of properties and portfolios available for sale in this market will continue to fall short of demand. Despite the shortfall, properties will sell at a relatively robust rate. Transaction volume totaled $382.0 million for the first six months of 2025, following the $1.2 billion of annual sales recorded in 2024. Recent investment performance supported the rationale for acquiring properties in this market. GVA property captured in the MSCI Index generated a moderately attractive total average return of 4.4% for the year ending June 30, 2025. This performance pattern is expected to continue through to 2026, given a positive rent growth forecast. In summary, investment demand in the GVA multi-suite residential rental property market will continue to exceed the supply of available properties over the near term.

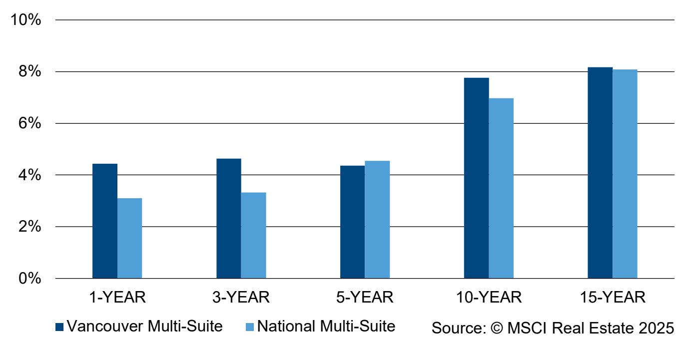
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	▲
NET ABSORPTION	▼	▼
LEASE RATES	▲	▲
NEW SUPPLY	▲	▲

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

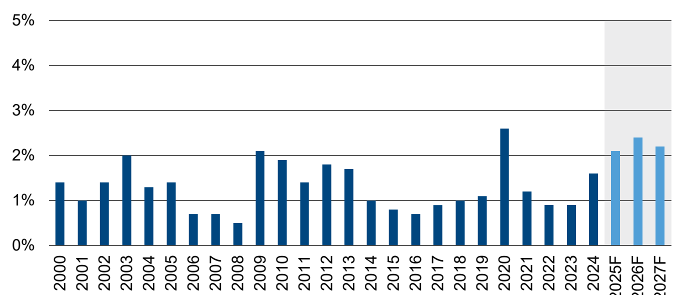
For the period ending June 2025



Source: © MSCI Real Estate 2025

AVERAGE RENTAL VACANCY

Vancouver Multi-Suite Residential



Source: CMHC

Transaction volume totaled $382.0 million in the first half of 2025, following the $1.2 billion of annual sales recorded in 2024.

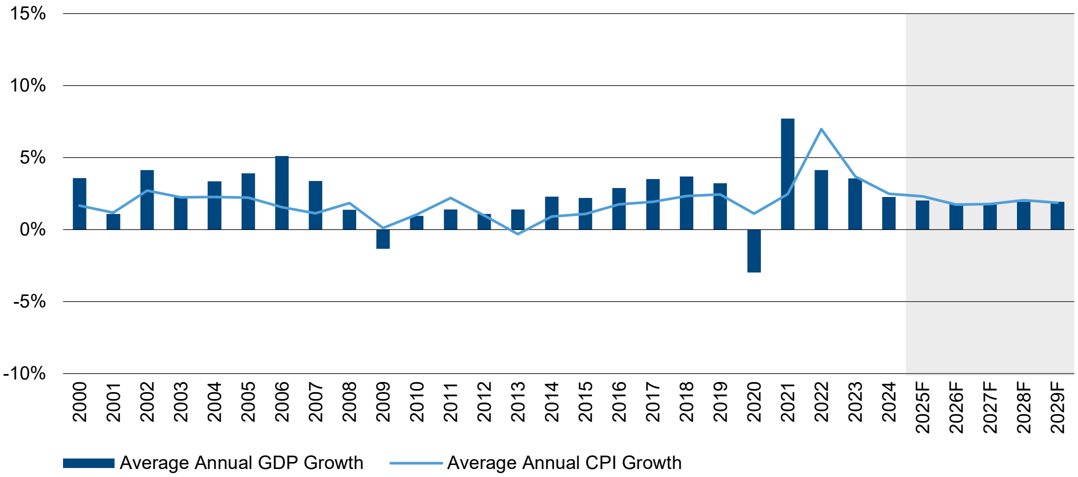
VICTORIA, BC

ECONOMIC SNAPSHOT

The Greater Victoria Area (GVIA) economy is forecast to expand at a slow rate over the near term. This slow rate of expansion can be traced to some extent to a weaker population growth outlook. Services demand is expected to soften considerably, due largely to the federal government's lowering of its immigration targets. The GVIA economy will expand by an annual average of 1.6% in 2025/2026, down from 2.3% in 2024.

ECONOMIC GROWTH

Victoria Historical & Forecast Aggregates



Source: Conference Board of Canada

JOB GROWTH ACTIVITY TO STALL

There is very little change in GVIA employment levels forecast over the next few years, following a three-year period of strong growth. This outlook is attributed largely to a significantly weaker population growth trend. Population growth is predicted to slow considerably due to the government's lowering of its immigration targets. Consequently, fewer new jobs will be filled by new international arrivals. Additionally, the GVIA economy is expected to create relatively few new jobs when compared to the period between 2022 and 2024. Population growth helped drive employment higher by an annual average of 3.3% in 2022/2023 and a stellar 7.7% in 2024. The CBOC is predicting employment will contract slightly in 2025 and level off in the following year. The unemployment rate will edge 10 bps higher in 2026 to 4.4%. Over the same two-year period, job growth is expected to stall.

RETAIL SALES GROWTH VOLATILITY FORECAST

A measure of retail sales growth volatility is forecast in the GVIA over the near term. This volatility will be driven in large part by population growth. The GVIA's population is expected to grow at a much slower rate over the near term due to the lowering of immigration targets. Consequently, the GVIA's retail sales growth trend is projected to slow substantially. Retail sales increased by 4.2% in 2024 and are expected to grow by an even stronger 5.6% in 2025. In 2026, however, growth will moderate significantly, with sales increasing by 2.7%. This moderation is an indicator of the retail sales growth volatility forecast in the GVIA over the near term.

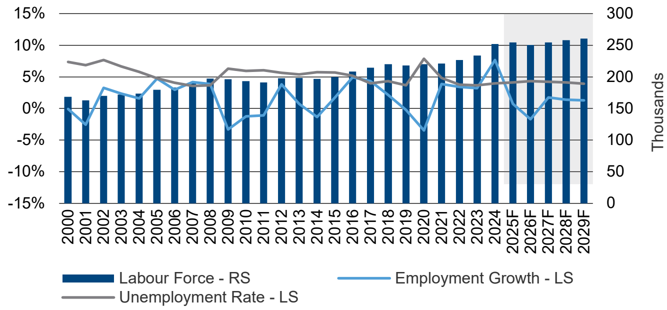
HOUSING STARTS TO DECLINE

Housing start volume is projected to decline over the next few years. This drop will be driven by two main factors. Firstly, persistent labour shortages will limit the number of starts. Lower immigration targets will further reduce labour market supply over the next few years. The second main factor contributing to the housing-start decline is the high cost of living in the GVIA. The cost of owning a home in the GVIA is extremely high when compared with other western Canadian cities. The CBOC predicted a 4.2% housing start decline in 2025, with a more pronounced 8.7% decline expected in 2026. Starts will continue to decline over the medium term, representing a continuation of the near-term trend.

The CBOC predicted a 4.2% housing start decline in 2025, with a more pronounced 8.7% dip expected in 2026.

LABOUR MARKET

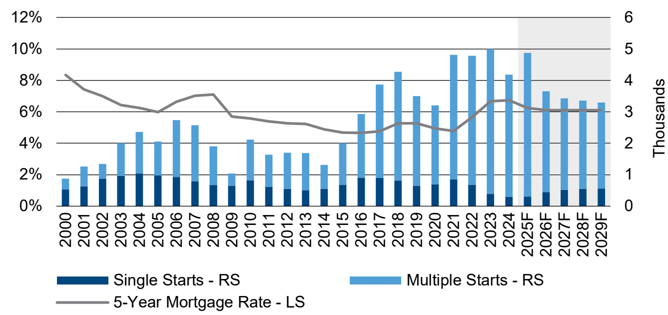
Victoria Historical & Forecast Aggregates



Source: Conference Board of Canada

HOUSING SECTOR

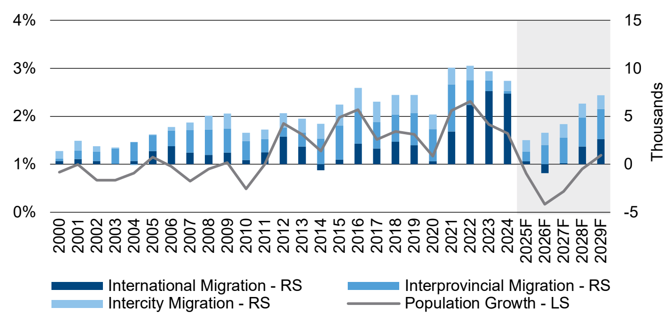
Victoria Historical & Forecast Aggregates



Source: Conference Board of Canada

DEMOGRAPHIC TRENDS

Victoria Historical & Forecast Aggregates



Source: Conference Board of Canada

LEASING MARKET RESILIENCE TO CONTINUE

The GVIA's office leasing market resilience of the recent past is expected to continue over the near term. This forecast resilience can be attributed to the positive effects of moderately positive leasing demand patterns and limited available supply. Small and medium-sized tenants in the professional services, medical, construction services, and engineering business sectors are expected to continue to expand across the region during 2026. This expansion activity will see tenants move to higher-quality space, as the market's flight-to-quality-trend of the past few years persists. Landlords will continue to offer generous financial incentives to lease excess space in their buildings and portfolios. Available high-quality space will remain in relatively short supply. The class AA vacancy rate was close to zero as of the midway mark of 2025. Vacancy in the class A building inventory declined significantly in the same year. The completion of Telus Ocean in the second quarter of 2026 will provide a measure of relief for tenants looking for premium-quality space in the downtown submarket. Prior to the building's completion, demand for state-of-the-art office space will outpace supply. Consequently, class AA rents may rise modestly over the near term. This forecast rent growth is an indicator of the GVIA leasing market resilience expected to carry through to the end of 2026.

INVESTMENT MARKET ACTIVITY WILL BE LIMITED

Investment sales activity in the GVIA office sector will be limited over the near term. Investors will be reluctant to acquire office properties while the performance outlook remains uncertain. Lenders will continue to offer a limited amount of funds to finance acquisitions. In addition, the high cost of capital will force some buyers to remain on the sidelines. Owners are expected to hold on to their properties rather than sell them in a down market. Overall, relatively few significant office property sales are anticipated over the near term. Consequently, transaction volume will remain below the long- term average. Investment activity will continue to be comprised largely of smaller property sales to owner/users and private investment groups. Investors are expected to target suburban properties for acquisition. Leasing performance in the suburban submarket was stronger than in the downtown area over the recent past. We may see activity levels increase modestly over the near term if the recent leasing market momentum continues. However, investment market activity is expected to remain limited over the near term.

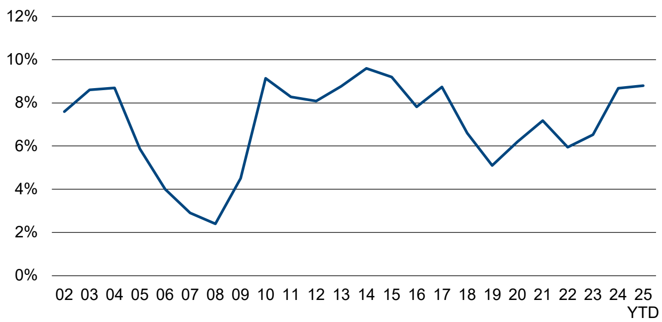
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	—	▲
NET ABSORPTION	—	—
LEASE RATES	—	—
NEW SUPPLY	—	▲

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

OFFICE VACANCY

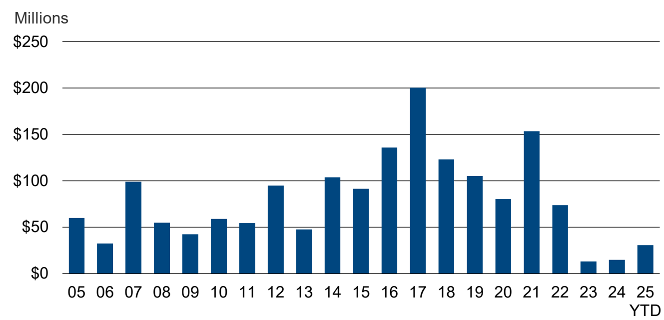
Victoria Historicals



Source: Colliers International

INVESTMENT ACTIVITY

Victoria Office Investment Volume To June 2025



Source: Colliers International; RCA

The GVIA's class AA vacancy rate was close to zero as of the midway mark of 2025.

LEASING MARKET STABILIZATION EXPECTED

The GVIA's industrial property leasing market is expected to stabilize over the near term, continuing the recent trend. This stabilization will be driven in part by moderately healthy leasing patterns, a trend that will persist through to the end of 2026. Moderate economic growth forecast for 2026 will continue to drive expansion activity. In some cases, tenants are expected to renew or extend their leases on a shorter-term basis while economic uncertainty remains elevated. There are relatively few new supply deliveries anticipated in the coming year, which is consistent with the recent trend. There was only 50,000 square feet of new supply underway in this market at the midway mark of 2025. Construction activity slowed substantially recently, as trade tensions with the U.S. eroded developer and builder confidence. The market's availability rate will be relatively stable over the near term. This rate will hover close to the 5.3% average reported by CBRE at the end of the second quarter of 2025. Rents are also projected to stabilize, given a largely balanced demand/supply market dynamic. In summary, the recent leasing market stabilization will persist over the near term.

INDUSTRIAL PROPERTY WILL CONTINUE TO BE HIGHLY SOUGHT AFTER

Functional industrial properties with stable tenant rosters will continue to be highly sought after over the near term, which is consistent with the trend of the past few years. Interest in warehouse and logistics properties with tenants on longer-term leases will remain high. Storage facilities will also be popular with some investment groups. Local and regional buyers will dominate the investment landscape, which is consistent with the historical trend. Large-bay assets will be of interest to institutional buyers looking to achieve portfolio diversification. Investors will be attracted by the GVIA's above-average yields. Industrial property yields historically exceeded those achieved in the country's largest markets. Properties that can be expanded will be popular with investors. Owner/users will continue to compete with investors to acquire industrial properties in this market. Vendors will be able to dispose of properties relatively easily, as investment demand continues to outpace supply. Transaction volume will be limited by product availability and a shortage of large-scale investment offerings. A modest $73.0 million in transaction volume was recorded in in the first half of 2025, according to Colliers International figures. In short, high-quality industrial properties in this market will remain highly sought after over the near term

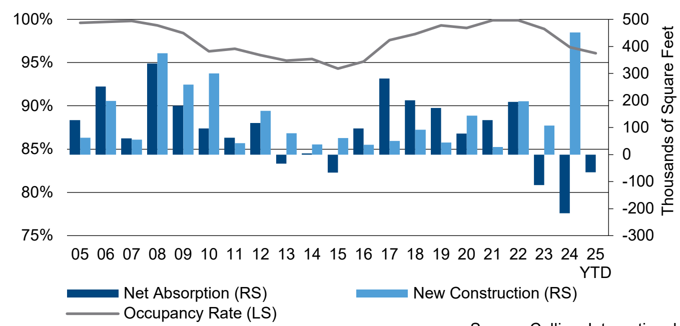
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
AVAILABILITY RATE	—	—
NET ABSORPTION	—	—
LEASE RATES	▲	▲
NEW SUPPLY	—	▲

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

INDUSTRIAL DEMAND & SUPPLY

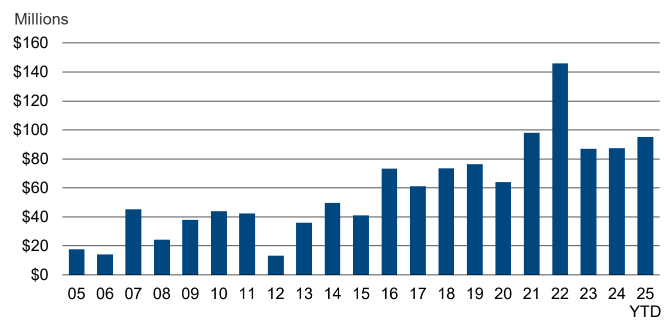
Victoria Historical Aggregates



Source: Colliers International

INVESTMENT ACTIVITY

Victoria Industrial Investment Volume To June 2025



Source: Colliers International; RCA

Transaction volume will be limited to a large extent by product availability and a shortage of large-scale investment offerings.

LEASING MARKET RECOVERY TO CONTINUE

The GVIA's retail property leasing market recovery of the recent past will continue through to at least the midway mark of 2026. This recovery will be driven in part by a moderately positive leasing demand trend. Recent store openings reported across the GVIA evidenced the market's moderately positive demand trend. DUER, H-Mart and various quick-service food outlets opened in 2025. Several new stores opened in the downtown submarket in the spring/summer of 2025. This new store opening activity was offset to some degree by the closure of several retail outlets. Two of the more noteworthy closures were the Hudson's Bay stores at Mayfair Mall and the Bay Centre. Bubby Rose's and Ghost Ramen were among the smaller outlets closed in the first half of 2025. In 2026, grocery, fitness, and food services companies are expected to continue to look for expansion opportunities across the region. This activity will offset additional store closures and support a relatively stable vacancy trend. Vacancy levels will be markedly lower in the market's suburbs than in the downtown area. Premium-quality space, however, will continue to be leased relatively quickly across the market. On aggregate, retail rents are expected to hold firm. Asking rents on Fort Street will hold at the cycle high while modest downward rent pressure is expected for less desirable space. In conclusion, the GVIA's retail leasing market recovery is expected to continue over the near term.

INVESTMENT ACTIVITY WILL BE SUBDUED

Investment sales activity in the GVIA retail property market is likely to remain subdued over the near term. This market dynamic will be attributed to an expected shortage of acquisition opportunities. This shortage is due in part to the market's small inventory of properties. In addition, owners will hesitate to dispose of properties that have performed relatively well over the recent past. Grocery and drug store anchored retail investment offerings will be highly sought after, along with properties with strong national tenant rosters. Relatively few high-quality properties will be available for purchase. Recent investment performance supported the rationale for investing in GVIA retail property. Properties contained in the MSCI Index generated an attractive average total return of 7.1% for the year ending June 30, 2025. This return represented a significant improvement over the previous year's modest 1.6% return. This improved performance pattern is expected to continue over the near term, as investment sales activity remains subdued.

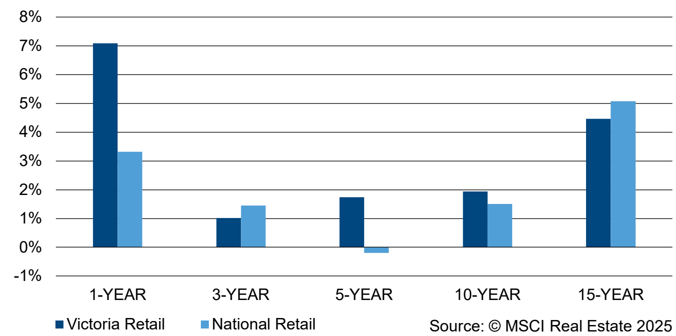
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▼	—
NET ABSORPTION	▲	—
LEASE RATES	—	—
NEW SUPPLY	—	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

HISTORICAL PERFORMANCE

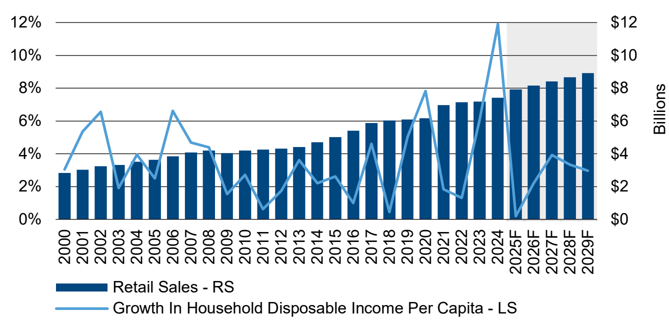
For the period ending June 2025



Source: © MSCI Real Estate 2025

RETAIL CONDITIONS

Victoria Historical & Forecast Aggregates



Source: Conference Board of Canada

Grocery and drug store anchored centres and strips will be highly sought after, along with properties with stable national tenant rosters.

RENTAL MARKET WILL BE TIGHT

The GVIA multi-suite residential rental market is projected to remain tight over the near term. This tightness will be driven by the market's positive demand patterns. Post-secondary students will continue to rent accommodation in the Saanich and Oak Bay submarkets while attending the University of Victoria. Vacancy in these two markets will continue to remain below the market average, which is also consistent with the long-term trend. Rental demand in the downtown area is expected to remain healthy, which also consistent with the long-term trend. Relatively few renter households are expected to move into the homeownership market, while carrying costs remain high. The market's average vacancy rate is expected to continue to rise in 2026/2027. The rising vacancy trend will be driven largely by new supply deliveries. New supply deliveries are expected to exceed the long-term average. Deliveries reached a record high in 2025. Asking rents in newly built downtown properties will be close to the average in similar buildings in Vancouver. The average asking GVIA market rent is projected to rise to $2,600 in 2026 and then to a record-high of $2,750 in 2027. Rents will continue to rise in a market that is expected to remain tight.

POSITIVE INVESTOR SENTIMENT TO PREVAIL

The positive investor sentiment regarding GVIA multi-suite residential rental property acquisitions of the past few years is expected to prevail over the near term. The market's stable and healthy fundamental performance outlook is expected to support this largely positive investor sentiment. Investors will look to capitalize on the market's projected rent growth. Private capital groups will look to acquire older properties with the expectation of material rent growth. Properties located near public transit will also garner interest. Recently constructed properties are expected to attract aggressive bids while pricing remains below replacement cost. Assets that can be expanded will be attractive to certain groups. Recent investment performance characteristics were supportive of the positive investor sentiment observed in this market over the recent past. GVIA properties contained in the MSCI Index generated an attractive 5.3% total average return for the year ending June 30, 2025. This return was driven largely by a solid income component performance and modest capital appreciation. There is little change in performance characteristics expected over the near term, which will help ensure investor sentiment remains positive.

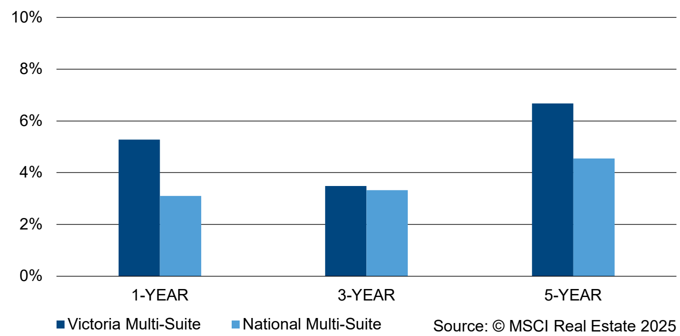
TRENDING STATISTICS

FUNDAMENTALS	Δ YTD	1-YEAR OUTLOOK
VACANCY RATE	▲	▲
NET ABSORPTION	▼	▼
LEASE RATES	▲	▲
NEW SUPPLY	▲	—

The trend indicators do not necessarily represent a positive or negative value (i.e., absorption or new supply could be +/-, yet indicate a growing/shrinking trend over a specified time horizon).

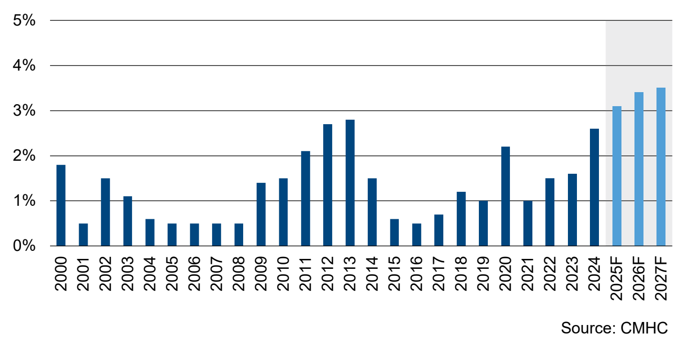
HISTORICAL PERFORMANCE

For the period ending June 2025



AVERAGE RENTAL VACANCY

Victoria Multi-Suite Residential



Despite positive rental demand patterns, vacancy will continue to rise in 2026/2027.

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MORGUARD

Morguard is a fully integrated real estate company with a diversified, high-quality portfolio of assets across North America. We have built our business with strong leadership, proven management and significant long-term growth for over 50 years. As of September 30, 2025, Morguard had $19.0 billion of total assets under management and employed 1,200 real estate professionals in 11 offices throughout North America.

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Feedback, inquiries or requests for reproduction please contact:

Keith Reading
Senior Director of Research
905-281-5345
kreading@morguard.com

55 City Centre Drive
Suite 1000
Mississauga, ON
L5B 1M3
905-281-3800

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