RECAN GLOBAL
MUNICH · HALIFAX

"A Great Place to Invest"

Canadian based Todd Bechard, Managing Director of RECan Global, discusses real estate investing in the "Safe Harbour Country" Canada.

Question
Todd, you were recently in Germany and Switzerland, working with the RECan team and meeting with potential investors and advisors. What was your message to the investors about investing in Canadian real estate?

Todd Bechard
Let me say it was a very interesting trip and we, my European colleagues and myself, had great meetings with potential investors and advisors. One of the main points we are delivering to the investors is that the Canadian real estate market is not only large but also diverse.

Can you underline this with an example, please?

Sure, Toronto, for example, is the 3rd largest industrial (logistics) market in North America, with approximately 100 million square metres of inventory, and a vacancy rate of under 2 percent. The Canadian real estate market is valued at over $1 trillion CAD, which is around 730 billion Euro. And this market is active and liquid. Investment volumes are expected to top $54 billion CAD in 2022.

Todd, we heart about a large number of immigrants coming to Canada each year, like in Germany. But in Canada we are talking about an immigration into the job market.

That's true. Immigration of over 410,000 people per year, equal to approximately 1 percent of Canada's population, is driving very strong demand for multi-residential real estate in Canada, with a national vacancy rate below 3 percent. 65 percent of new immigrants arrive in Canada under "economic" immigration programs. This is required to fill existing job vacancies and is driving demand, not only in multi-residential real estate, but also in both the retail and industrial sectors.

Furthermore, Canadian employment now exceeds pre-pandemic levels, helping to drive demand in all real estate sectors. And finally, higher than average inflation is expected to impact the value of real estate in Canada, creating buying opportunities for new investors.

What are the main expectations of investors and is RECan, as well as the Canadian market, able to cover those?

Given the current economic and political climate investors appear to be seeking real estate in *safe/stable markets that can generate returns greater than can be achieved in Germany/EU. RECan's focus on both multi-residential and commercial real estate in 7 core geographic markets in Canada allows investors to take advantage of the safety/stability of Canadian real estate and the size and diversity of the 7 cores, economically-diverse markets. This geographic and economic diversification, and the ability to allocate funds between the two asset types provide investors with very strong risk adjusted returns.*

Given the current global political situation, how do you assess investments in the Canadian real estate market? Why would a German/Swiss investor allocate a portion of its real estate investments to Canada?

Canada is a stable, liberal democracy with one of the strongest banking and financial systems in the world. Canada produces more oil and natural gas than it uses, and the Bank of Canada has an excellent track record of maintaining GDP growth while keeping inflation within its target range. Canada has a AAA credit rating and is considered a "Safe Harbour" for investment purposes. The Canadian real estate market is large, liquid, and transparent and is mainly institutional quality. Canada is very welcoming of both economic immigrants and foreign investment in real estate a Canada has a number of trade and tax treaties with the Eu and member countries.

To sum it up: A great place to invest?

In this uncertain economic and political climate, we feel that Canada is a great place to invest!