



Canadian Market Overview

Economy and Capital Markets

Mid-Year 2023

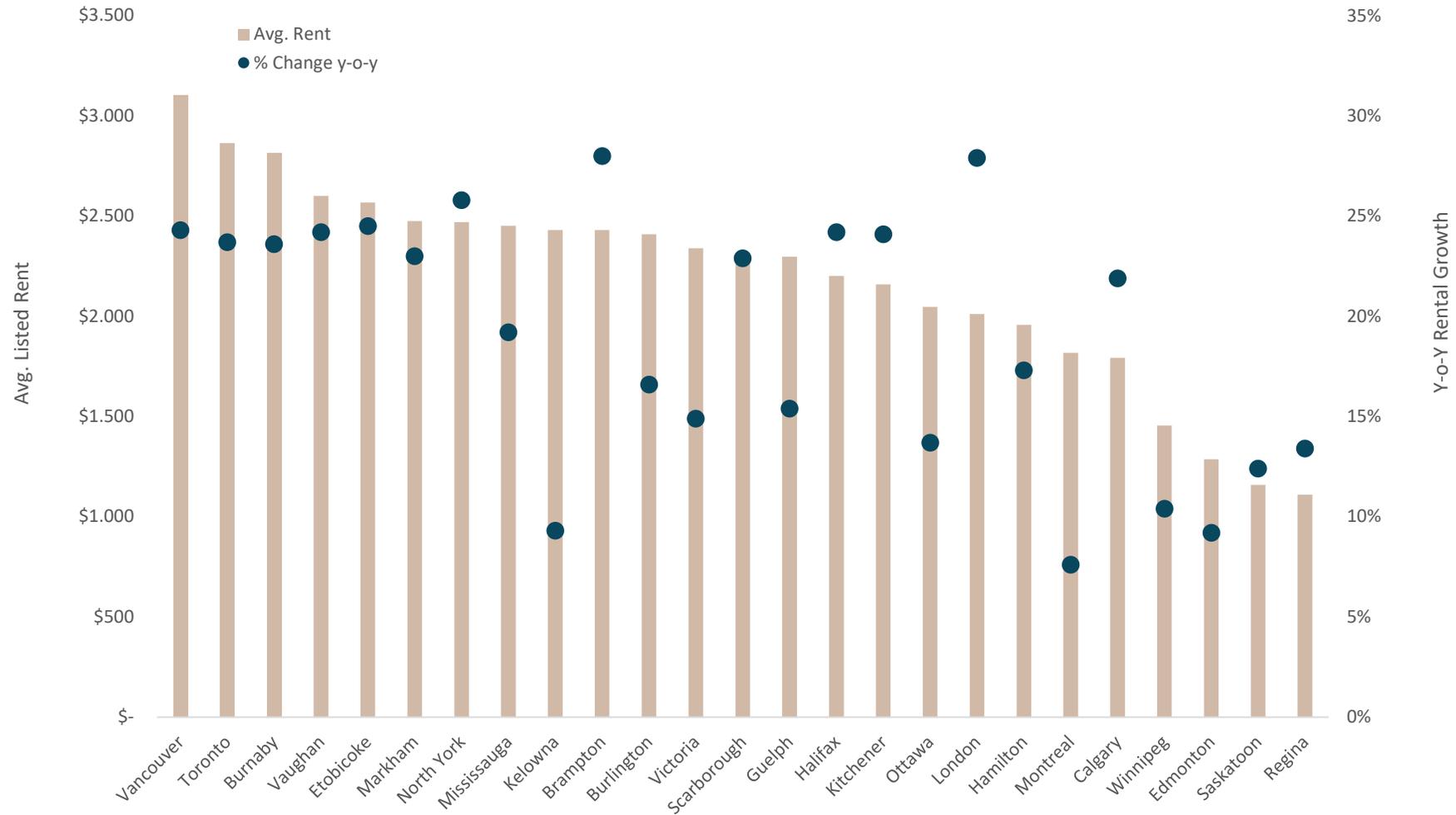


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All markets seeing strong rental growth, but highest around Toronto and Vancouver

AVERAGE RENTAL RATES AND Y-O-Y & CHANGE, MAY 2023



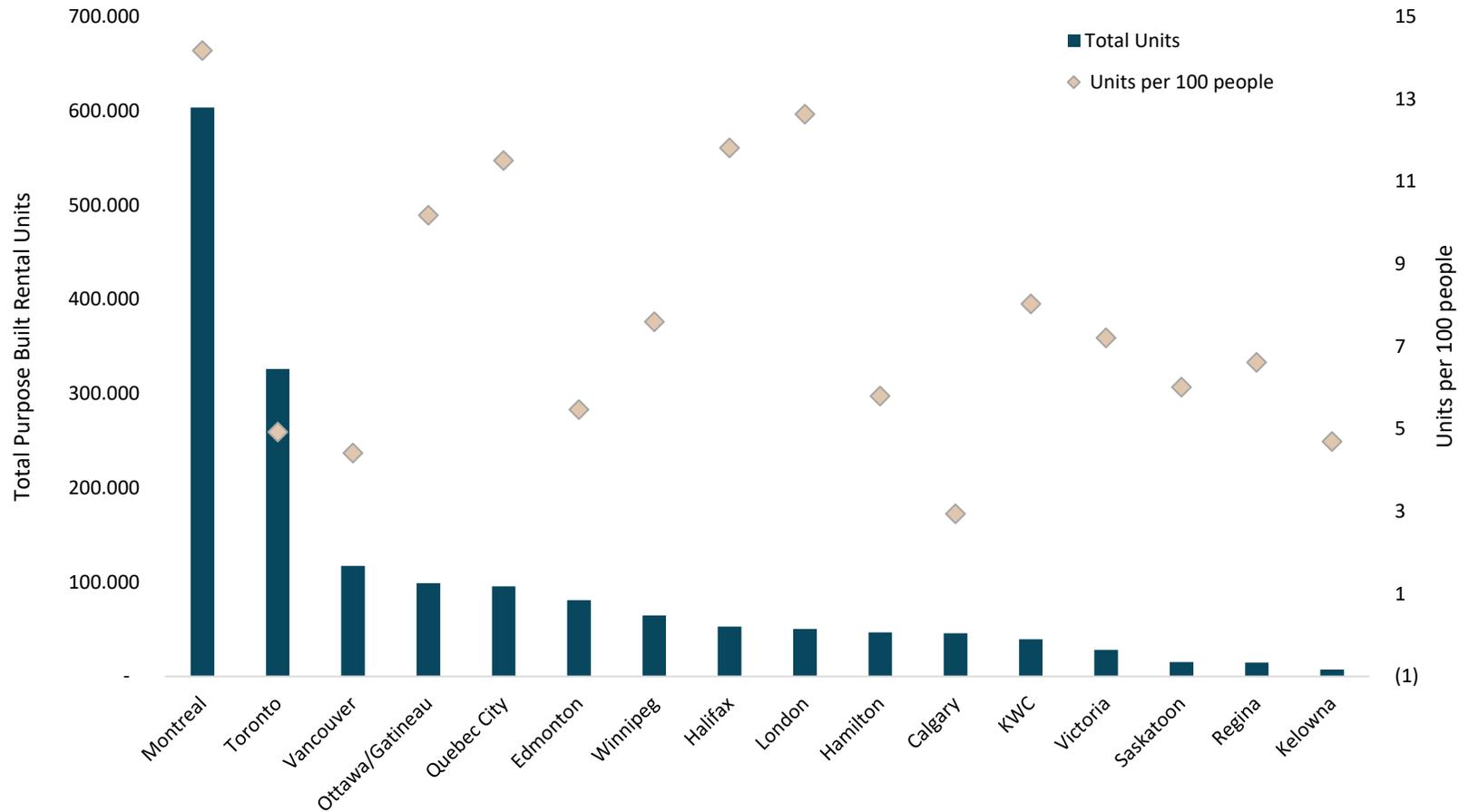
Vancouver remained as the most expensive city to rent in within Canada, with an average rent of \$3,137.

Yearly rental prices increased the most in secondary cities, showcasing how the cost of living is becoming more expensive even outside of major markets.

Source: JLL Research, Rentals.ca

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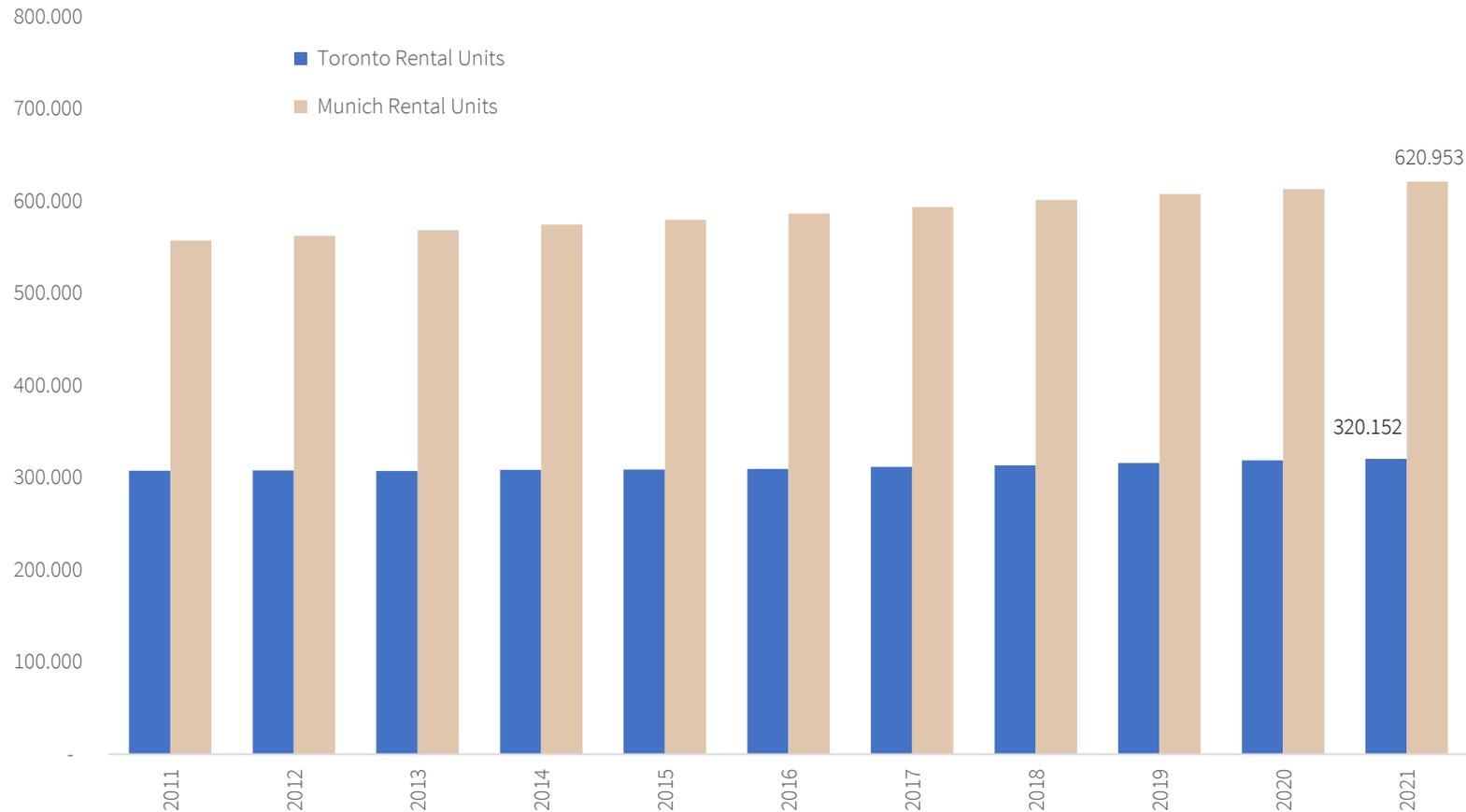
Purpose built rental stock by market



Eastern Canadian markets tend to have lower homeownership rates than Western Canada. Montreal is Canada's largest rental housing market with over 600,000 purpose-built rental units. Montreal, Quebec City, Halifax, and London have the highest rental housing supply on a per capita basis.

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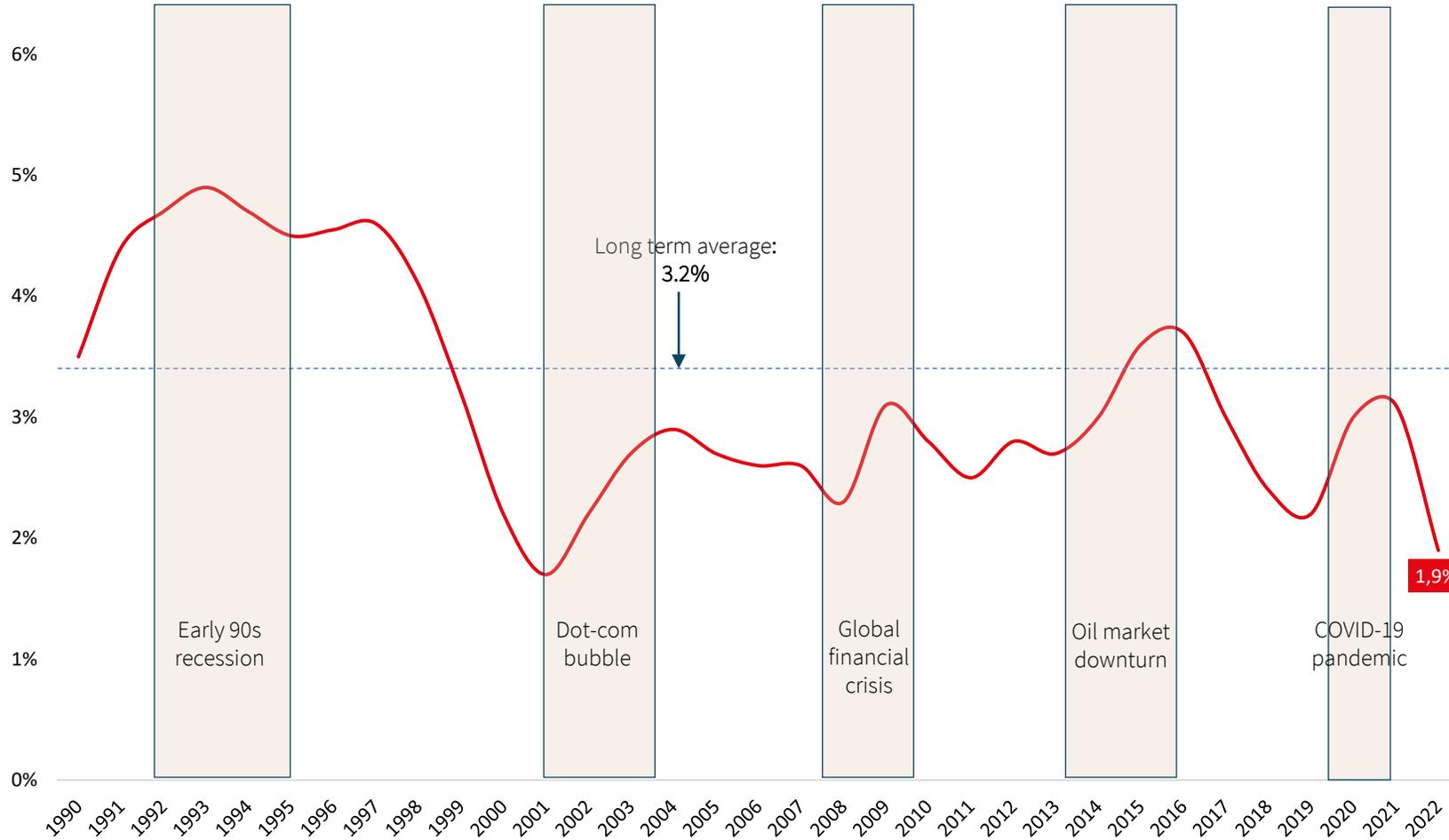
Toronto vs Munich Rental Universe



City	Toronto	Munich
Rental Universe	320,152	620,953
Metropolitan Population	6,202,225	1,562,128
Units per 100 People (2021)	5.16	39.75

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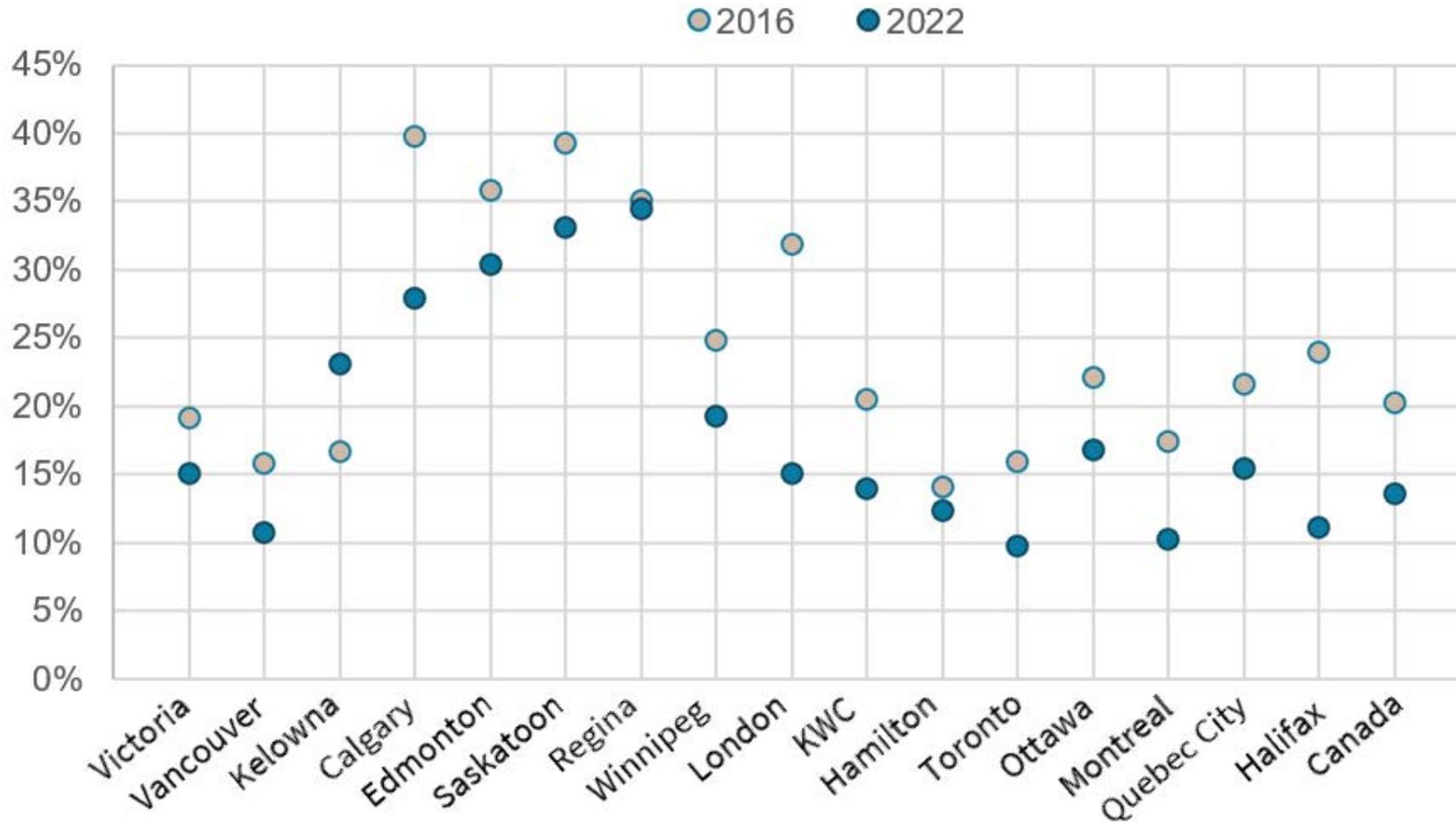
Historical national rental vacancy



Given this supply-demand imbalance, rental apartment vacancy has fallen to its lowest level since 2001 at 1.9% nationally. This market dynamic is expected to persist for some time, putting upward pressure on rents.

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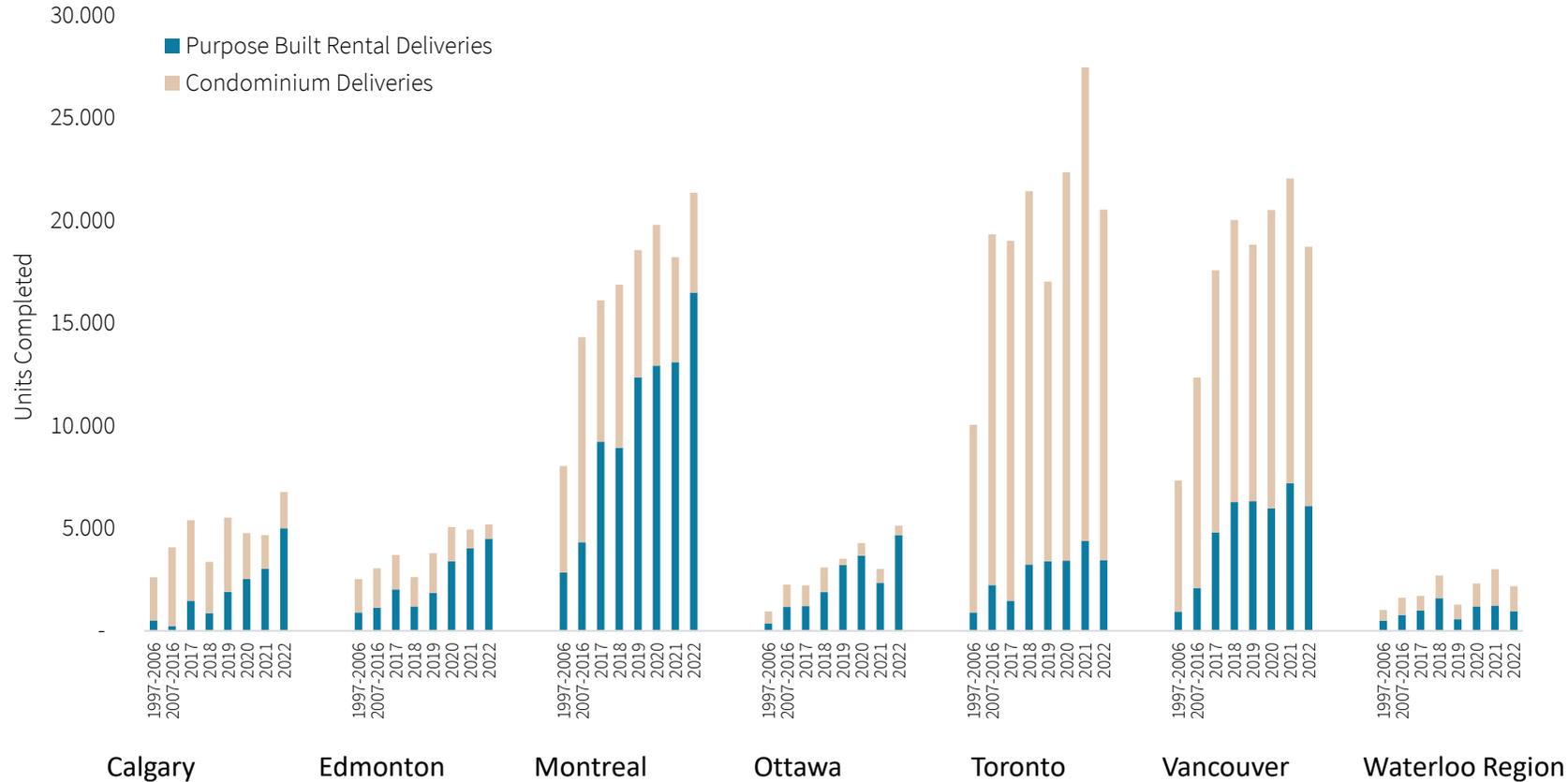
Purpose built rental turnover, 2016 vs 2022



Apartment turnover rates have plummeted across Canada over the last six years as rising rents disincentivize tenants from moving. Turnover is lowest in Toronto, Montreal, and Vancouver and it has seen the sharpest fall in London, Halifax, and Calgary.

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Condominium and purpose built rental deliveries by market



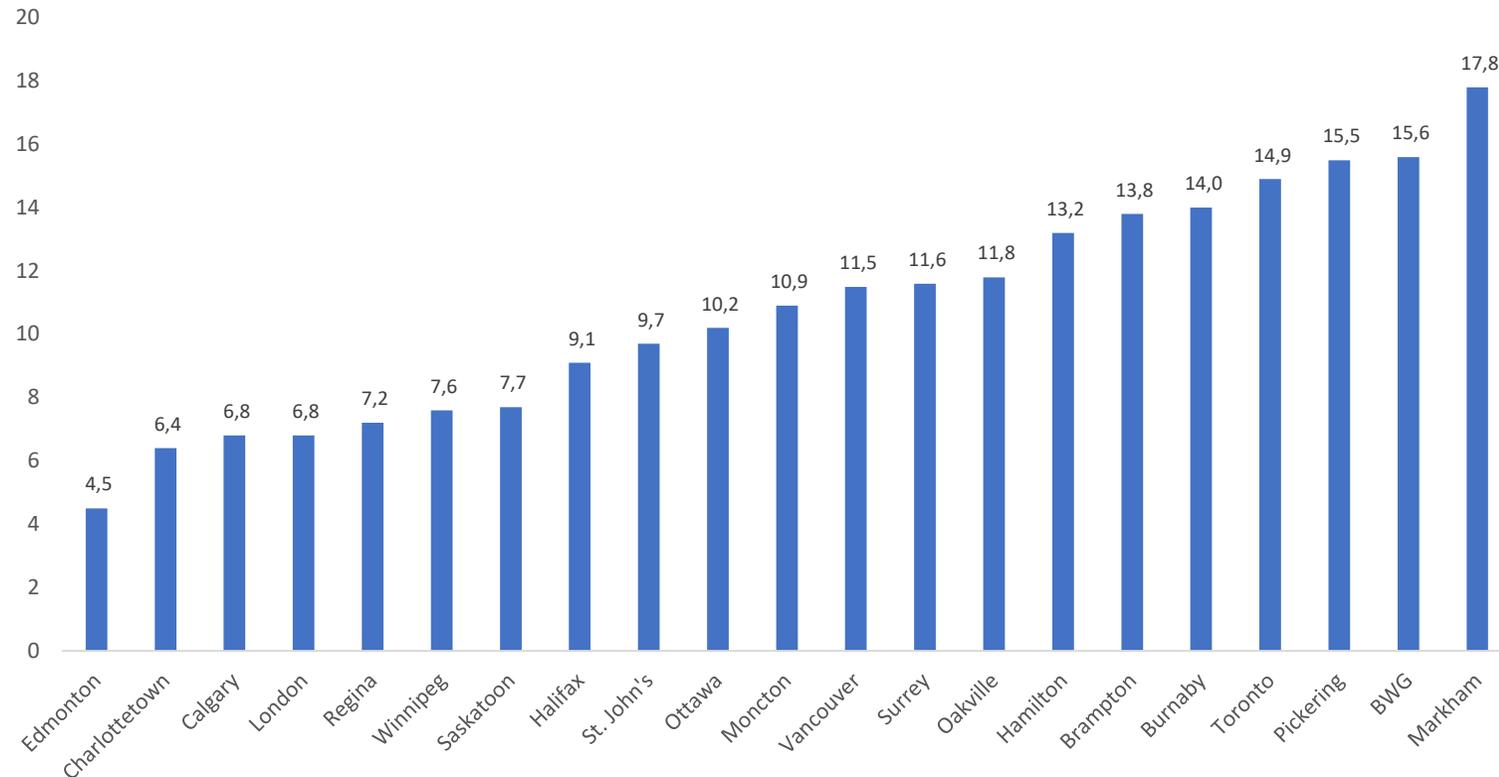
Vertical housing construction (purpose built and condo) has exploded in recent years. In Canada's major urban centres, more is being built on an annual basis than was built in the previous decades. In Toronto and Vancouver most of this is condominium, while most development in other cities has been purpose built rental.

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CHBA/Altus Municipal Benchmarking Study highlights most challenging cities for building residential

**COMBINED RANKINGS, 2022 MUNICIPAL BENCHMARKING STUDY
INVERTED SCALE (LOWER SCORE IS DESIRABLE)**

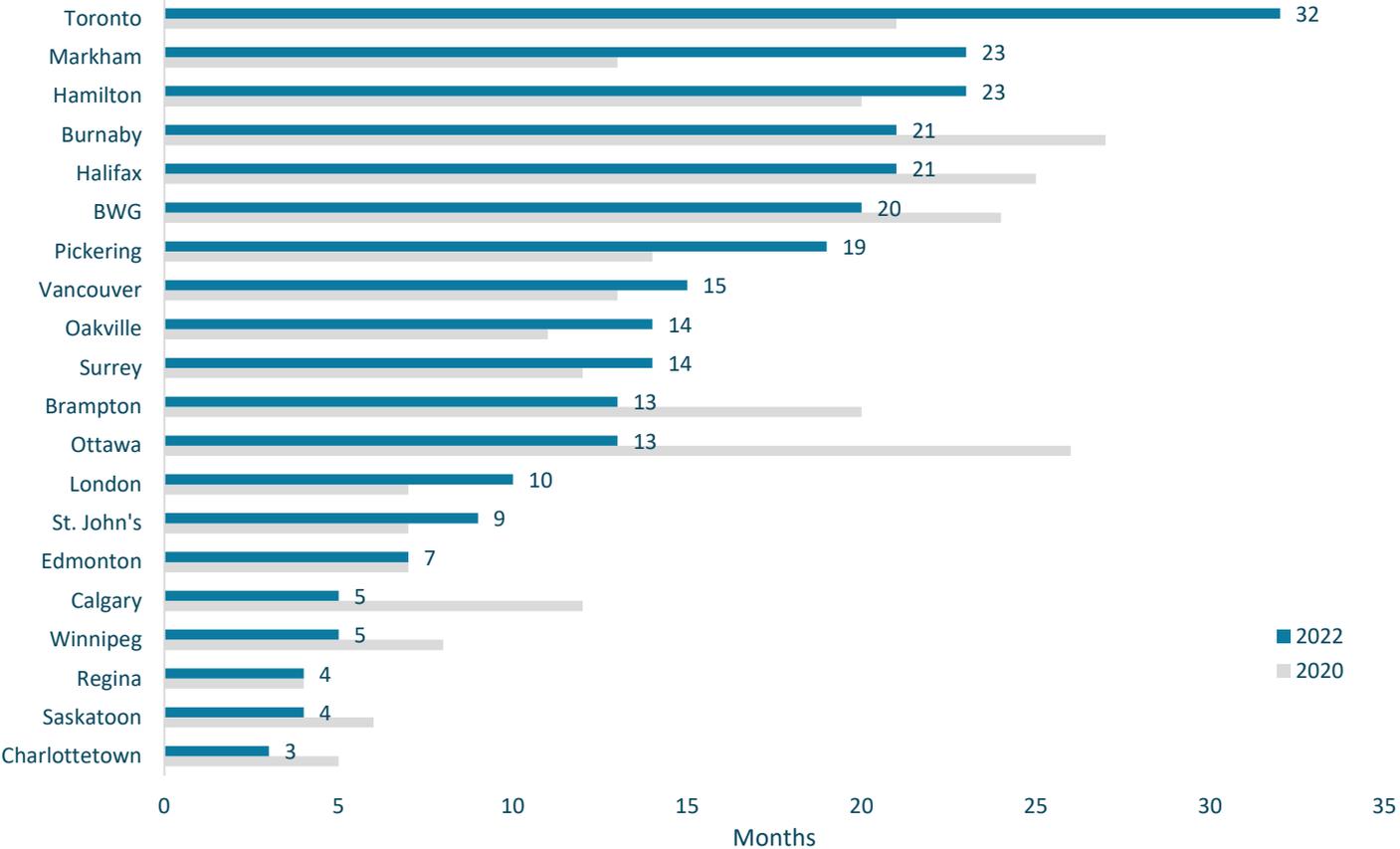


The Canadian Home Builders Association partnered with Altus to identify bottlenecks in municipal permitting process and issue recommendations on how municipalities could streamline the process to encourage more housing construction. Some of the key findings of the report are as follows:

1. CMHC estimates that Canada would need to construct over 550,000 new homes over the next decade to maintain price stabilization in the housing market; however, over the past 20 years construction deliveries have peaked at around 310,000 – suggesting that the CMHC recommendation is not feasible unless major policy and planning changes are made on a municipal level.
2. It is common for 10-20 studies to be required for a new development proposal.

The study identifies Edmonton, Charlottetown, Calgary, and London as the most collaborative for permitting new projects. On the other end, the study identified Markham, Brantford-West Gwillimbury, Pickering, and Toronto as some of the most challenging municipalities from an entitlements perspective.

ESTIMATED APPROVAL TIMELINES, BY MUNICIPALITY



The CHBA/Altus study reveals that approvals for residential development can last as long as 32 months in Toronto, up from an average of 20 months in 2020.

The most challenging municipalities from an approvals perspective are Toronto, Markham, Hamilton, Burnaby, Halifax, and Brantford-West Gwillimbury, according to the report.

Alberta, Saskatchewan, and PEI cities appear to be more effective in approving new housing developments, though they are not seeing the volume of applications that cities like Toronto and Vancouver are.

Source: CHBA, Altus