

Q2 2021

Greater Toronto Area Multifamily Market Report

Year-to-Date Statistics

Avg. Price Per Suite	Year-over-Year
\$301,418	▲ 9.2%
Avg. Cap Rate	Year-over-Year
3.03%	▼ 34 bps

Source: Altus RealNet – 10+ Suites

Quarterly Statistics

No. of Transactions	Annual % Change
29	▲ 45.0%
Sales Volume	Annual % Change
\$695.4	▲ 177.0%
Suites Traded	Annual % Change
2,420	▲ 164.2%

Source: Altus RealNet – 10+ Suites

Purpose Built Rental Development

Suites Under Construction	Suites Proposed
14,299	88,258

Source: Urbanation

Colliers Macaulay Nicolls Inc.

Market Outlook

As the economy reopens and we progress through the summer months, an already strong multifamily sector has benefited from early signs of recovery. In the second quarter, GTA multifamily vacancy rates have started to decline, and rents have begun to rebound. The sector continues to show its resiliency with strong fundamentals that are supported by the recovery.

Sizeable portfolio sales continue to drive valuation benchmarks and represent a significant portion of market share. On the tailwinds of a robust market in Q1, transactional volume was the second most active Q2 on record and almost 70% above the 5-year average. Total sales volume reached \$695.4 million with the sale of 2,420 suites over 29 transactions. The significant increase compared to Q2 2020 reflects the market freeze that occurred early in the pandemic.

Valuations have trended higher and record pricing can be seen across the region. The average price per suite in the GTA has risen to \$301,418 year-to-date which represents an increase of 9.2% year-over-year (YoY). The regional number is down slightly from Q1,

primarily due to the type and location of many Q2 transactions. Furthermore, increasing valuations are evidenced with the prevailing cap rates, which saw a decrease of 34 basis points (bps) YoY, and now average 3.03%. The trend of a tightening spread between GTA multifamily cap rates and the 10-year benchmark bond yield has continued throughout 2021 and now sits at approximately 164 bps.

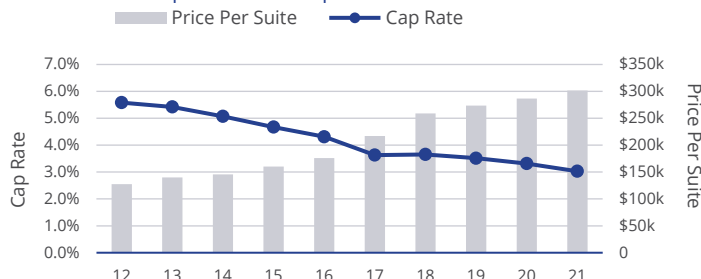
As restrictions ease and the economy reopens, the rental market will continue to strengthen throughout the second half of the year. Immigration will increase with 400,000 new residents expected into to Canada by the end of 2021. Approximately half of new Canadians are expected to settle within the GTA, adding to demand and compressing vacancy rates.

Demand for multi-residential assets remains strong. The increase of private and institutional capital looking for multifamily allocations has led to one of the most competitive buyer pools in recent years. We anticipate a further influx of marketed properties for sale as investors look to take advantage of favourable market conditions.

Market Overview

01 Valuation Benchmarks

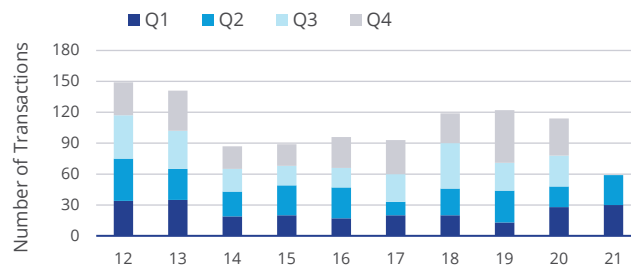
Price per Suite vs. Cap Rate



Source: Colliers, Altus RealNet

02 Transaction Volume

Properties Sold Per Quarter

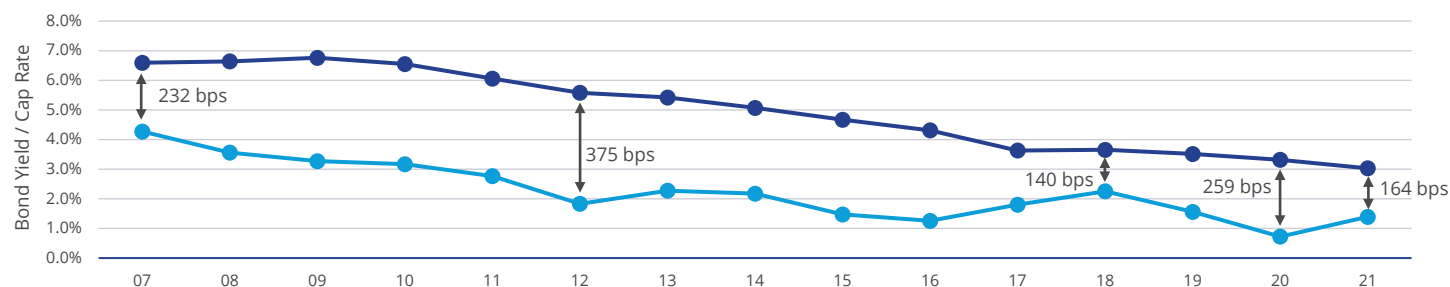


Source: Colliers, Altus RealNet

03 Bond Yields vs. Cap Rates

GoC Benchmark Bond Yields vs. GTA Multifamily Cap Rates

10-Year GoC Bond Yield Cap Rate



Source: Colliers, Altus RealNet, Bank of Canada

04 Notable Transactions

Q2 2021

Date	Property	Purchaser	Sale Price	# of Suites	\$/Suite
Jun-21	3434 Eglinton Avenue East, Scarborough	MetCap Living	\$61,500,000	216	\$284,722
May-21	Rockliffe Properties Portfolio, Oakville	InterRent REIT	\$46,719,152	100	\$467,192
May-21	Borges & Reynar Inc. Portfolio, Oshawa	CAPREIT	\$103,653,993	485	\$213,720
Apr-21	333 Sidney Belsey Crescent, North York	Akelius Fastigheter	\$78,000,000	264	\$295,455
Apr-21	7555 Goreway Drive, Mississauga	SiteLine Group	\$68,000,000	272	\$250,000
Apr-21	1505-1525 Wilson Avenue, North York	Golden Equity Properties	\$34,000,000	133	\$255,639

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