

NEWMARK

Canada: The World's Top Real Estate Investment Target Market

A DATA-SUPPORTED ARBITRAGE ADVANTAGE FOR
FOREIGN PROPERTY INVESTORS CONSIDERING
EUROPE & NORTH AMERICA

NOVEMBER 2025



What The Investment Data Show

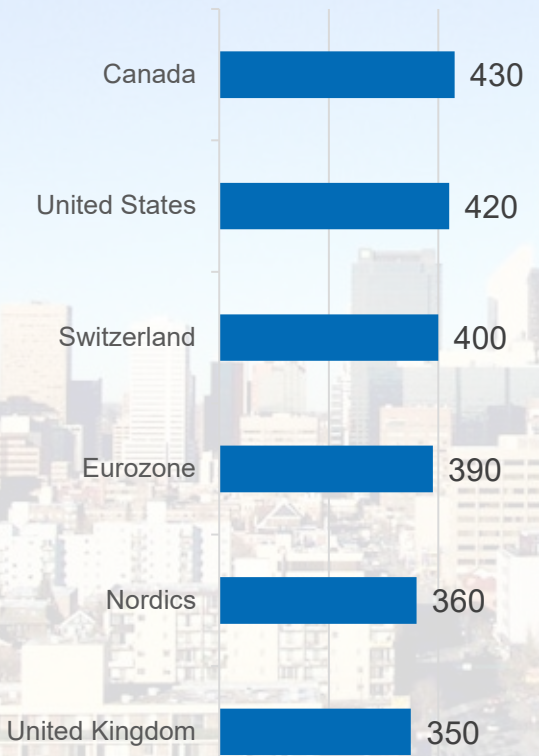
WHY INVEST IN CANADA: Value, Growth, Resilience

The Green Street Global Property Allocator assesses the relative attractiveness of property types in Europe and North America across both private and public markets. Expected returns are standardized by subtracting 10-year swap rates. The resultant return premiums provide a ranking of valuations.

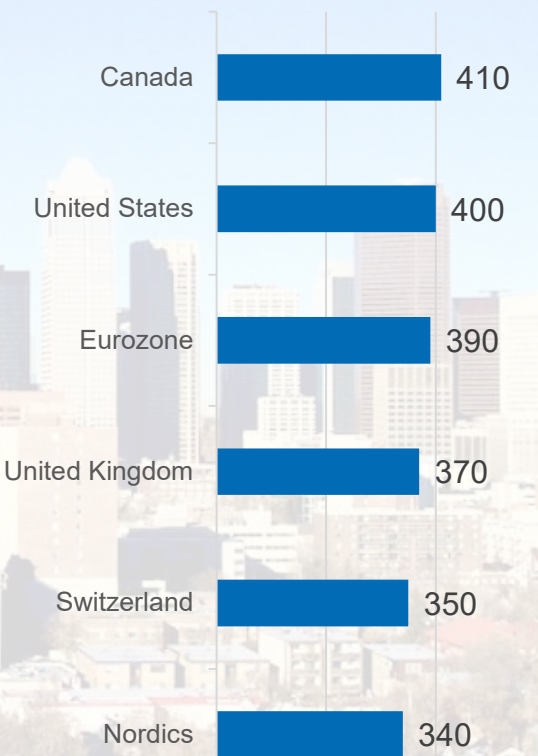
Month (2025)	Private-Mkt Adj Return Premium	Public-Mkt Adj Return Premium	10Y Swap (Canada)	10Y Swap (United States)
Nov	Canada: 430 (Highest) (US 420; Eurozone 390)	Canada: 410 (Highest) (Eurozone 390; US 400)	2.99%	3.70%
Oct	Canada: 450 (Highest) (US 430; Eurozone 410)	Canada: 420 (Highest) (Eurozone 410; US 390)	2.85%	3.57%
Sep	Canada: 450 (Highest) (US 440; Eurozone 410)	Canada: 420 (Highest) (Eurozone 400; US 400)	2.86%	3.51%
Aug	Canada: 440 (Highest) (US 410; Eurozone 410)	Canada: 420 (Highest) (Eurozone 410; US 380)	3.15%	3.79%

Source: Green Street, Global Property Allocator (Aug–Nov 2025). Adjusted return premium = long term expected return minus the local 10Y swap, with an additional adjustment for long term growth inferred from equity markets.

Private Market Return Premium



Public Market Return Premium



Canada's Consistency Endures: Ranked Top-Three Globally Since 2018



Note: Emerging markets are classified according to the IMF's country classification.
Source: 2025 Kearney Foreign Direct Investment Confidence Index

Canada retained its premium ranking in the Kearney Index yet again. Investors cite Canada's growing commitments in technological innovation and high-quality infrastructure as primary drivers of investment. Canada remained a consistent standout for foreign investor confidence, maintaining a top-three global ranking from 2018 through 2025 – even across varied market conditions, including the COVID-19 pandemic.



Where The Arbitrage Is

- **Cross Border Rate/Hedge Arbitrage (USD Investors):** With Canada's 10Y swap ~70 bp below the U.S. by November 2025, USD-based buyers who term out hedges may realize lower long dated hedge/financing costs on CAD assets versus US-enhancing levered returns. Note: actual hedge carry depends on short rate differentials and basis.
- **Value Vs. Growth Tilt (Asset Mix):** Pair Canada's higher cap rate industrial/retail/apartments against U.S. lower yield growth sectors. Buyers get similar NOI growth at a better entry yield after normalizing for rates.
- **Public-to-Private Spread Capture:** Canada's listed REITs screen as the most attractive region on an adjusted basis (Aug.-Oct. 2025). Accumulate public positions in targetted sectors (industrial, necessity retail, seniors housing, apartments), then execute NAV convergence, platform M&A, or asset rotation into private markets.
- **Currency Flexibility (EUR/GBP Investors):** Even with Canada's 10Y swap above the Eurozone/U.K., Green Street's growth adjustment is modestly positive for Canada and negative for Europe/U.K. – so Canada maintains a valuation edge after growth normalization. Hedge overlays can neutralize FX while preserving the return premium.
- **Regulatory Arbitrage:** Global investors can exploit differing tax, legal, or disclosure rules between Canada and other markets, boosting returns by accessing favourable regulatory regimes with lower costs or unique investment structures.

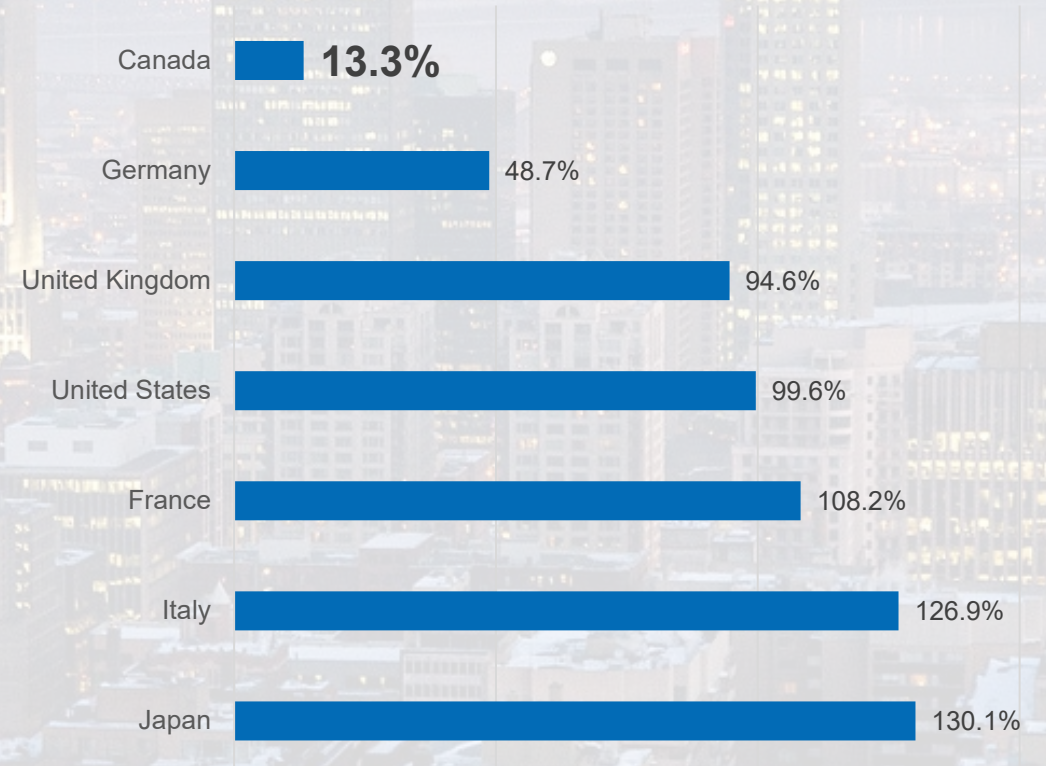
Reasons To Prioritize Canada

- **Top Value On A Normalized Basis:** Canada ranked first globally on Green Street's adjusted return premium in the private market for three consecutive months (Aug.-Oct. 2025) and first in the public market over the same window. Higher adjusted return premiums indicate more attractive entry pricing after standardizing for interest rates and long-term growth.
- **Consistent Outperformance Pattern:** Canada's private-market premium stepped up from near the top in July to the clear leader Aug.-Oct., while public-market premiums moved to the top and stayed there, signalling broad-based relative value rather than a one-off event.
- **Sector Depth With Attractive Spreads Vs. Swaps:** Across senior housing, industrial, retail and apartments, long-term expected returns versus Canada's 10-year swap in the high-2% to low-3% range, leave compelling risk-adjusted cushions.
- **Favourable Growth Adjustment Vs. Peers:** Canada's implied long-term EPS/rent growth adjustment is modestly positive (+10 bp), while the Eurozone/U.K. are negative and the U.S. is higher beta (+40-60 bp), supporting Canada's relative appeal on a growth-adjusted basis.
- **Public-To-Private Optionality:** Canada's listed market also screens best-in-class (highest adjusted return premium), creating pathways for NAV-convergence trades, platform roll-ups, and take-privates alongside direct asset buys.
- **Policy-Rate And Financing Tailwind:** Canada's 10-year swap fell from ~3.29% (July) to ~2.85% (Oct.), widening the return-versus-rate spread and improving long-duration financing/hedging economics versus several peers.

Canada's Strong Fiscal Position Enables Us to Respond to Global Challenges

Canada has the lowest net debt-to-GDP ratio in the G7.

All Levels of Government Net Debt-to-GDP Ratio, 2025



Source: International Monetary Fund, October 2025 *Fiscal Monitor*.

Canadian Competitive Advantages



#1

**MOST EDUCATED
WORKFORCE IN THE
WORLD**

Source: OECD



#2

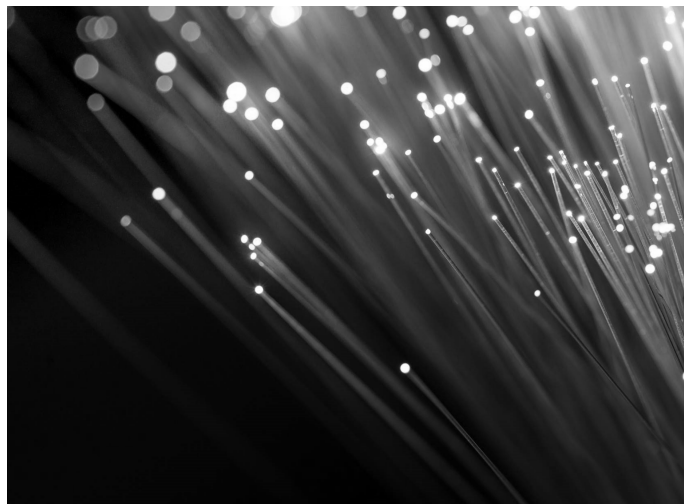
**IN THE WORLD FOR
FOREIGN DIRECT
INVESTMENT
CONFIDENCE**

Source: 2025 Kearney FDI Confidence Index



**CANADA IS ONE
OF THE TOP FIVE
PRODUCERS OF 10
CRITICAL MINERALS**

Sources: Natural Resources Canada,
2025



#2

**BEST COUNTRY IN
THE G20 FOR DOING
BUSINESS OVER
THE NEXT FIVE YEARS**

Source: Economist Intelligence
Unit 2025



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