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INVESTMENTS

Enhancing Portfolio Resilience Through Strategic Real Estate Allocation

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AGENDA

Canadian Multi-Residential

Small and Mid Bay Industrial

Real Estate Debt

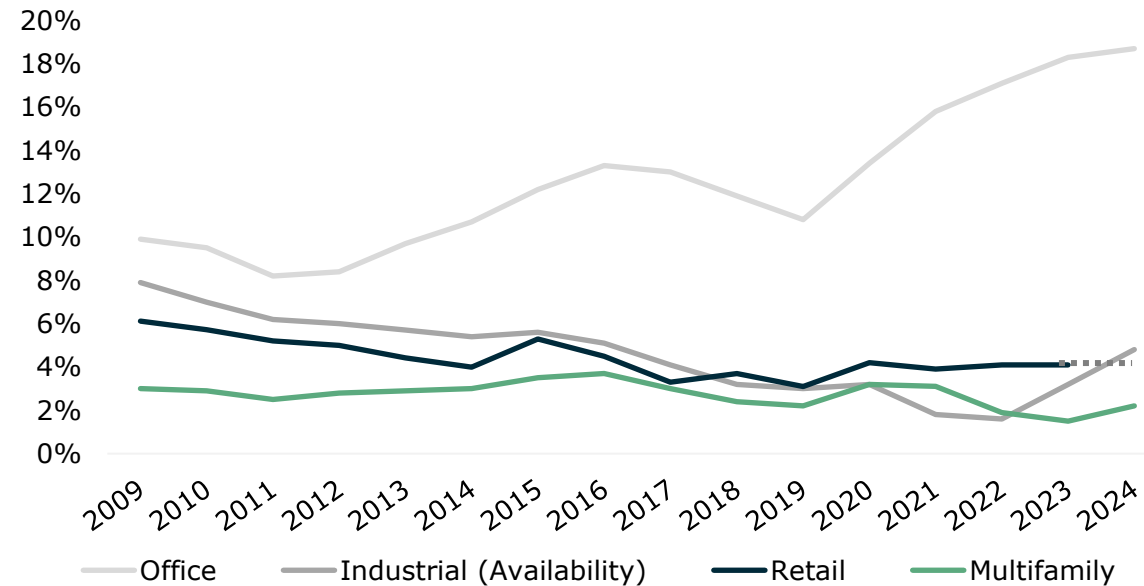


Canadian Multi-Residential

Add stability and generate attractive risk-adjusted returns

Multi-Res: Stable Occupancy & Diversified Tenant Base

Historical Vacancy Rates by Asset Class



Office

- Flight to quality
- Economic environment resulting in uncertainty

Industrial

- New supply impacting availability rates
- Pace of rental growth remains positive, but slower

Retail

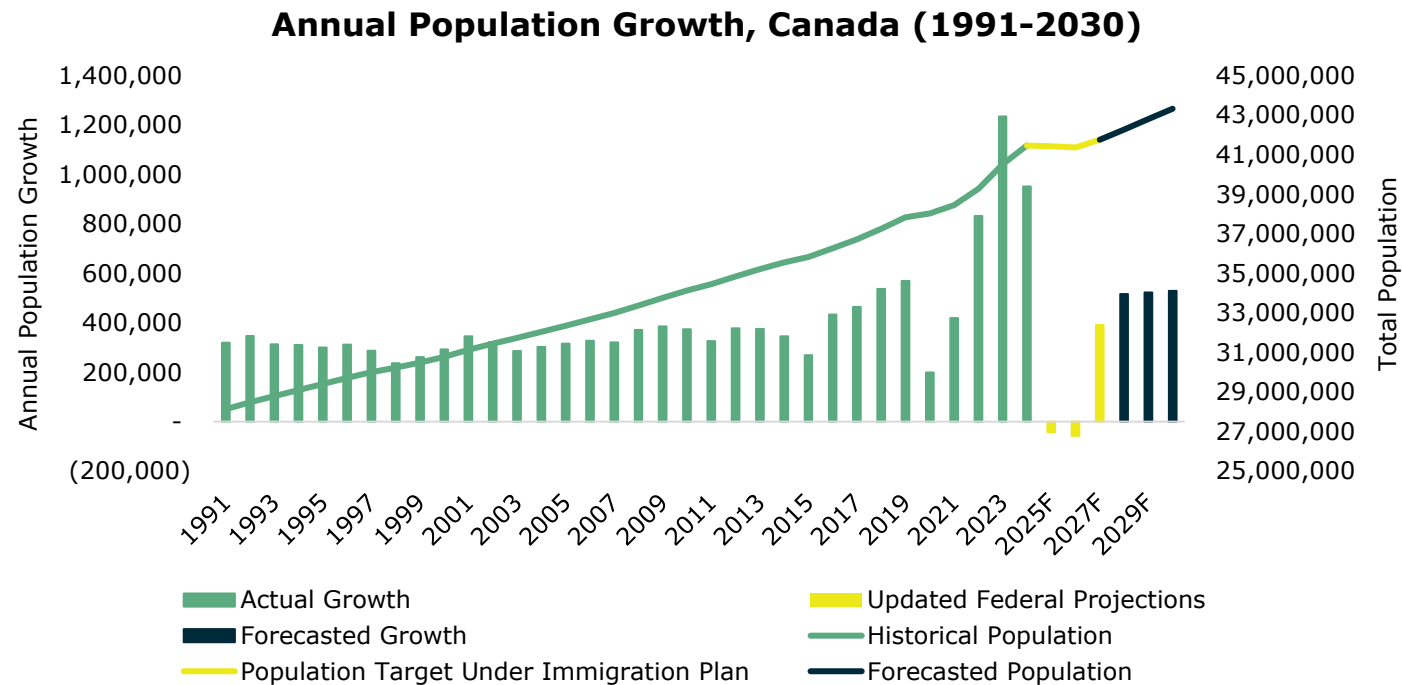
- Anchored-retail outperforms
- Strong demand in best-in-class locations

Multi-unit Residential

- Less tied to economic cycles
- Strong supply/demand dynamics

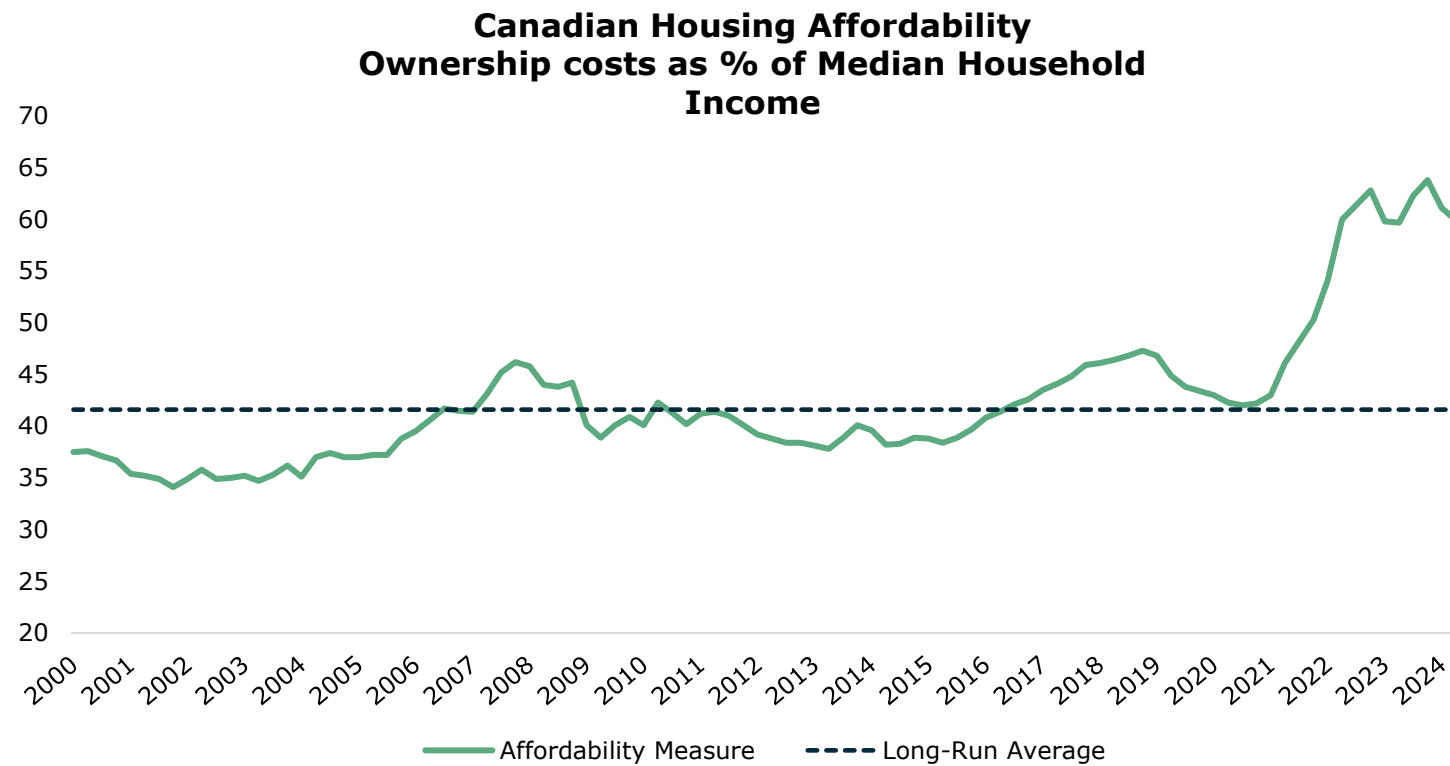
Population Growth

- Canada added 1.2M people in 2023 and is projected to have added nearly 1M in 2024, primarily driven by immigration.
- The government is reducing immigration targets for 2025-2026 to address housing and infrastructure challenges.
- The federal government's projections show modestly negative population growth (-0.2%) over the next two years before flipping back to positive territory in 2027 (0.8%).
- However, economists argue that true population growth over the next two years is likely to be much stronger than officially forecast, driven by flawed assumptions around NPR outflows.



Rising Homeownership Costs

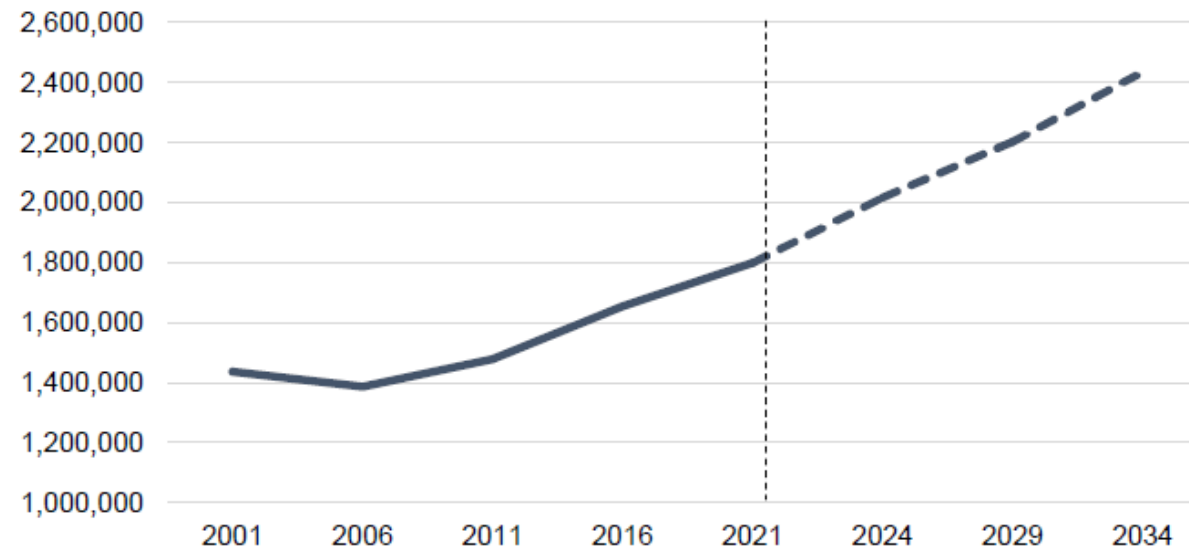
- Despite recent improvement, ownership remains a major stretch for households, with affordability still near historic lows in many major markets.
- The share of income a household needs to cover mortgage payments, property taxes and utilities was 58.4% in Q3-24 — down from a record 63.8% in Q4 2023.



Renter Pool - Ontario

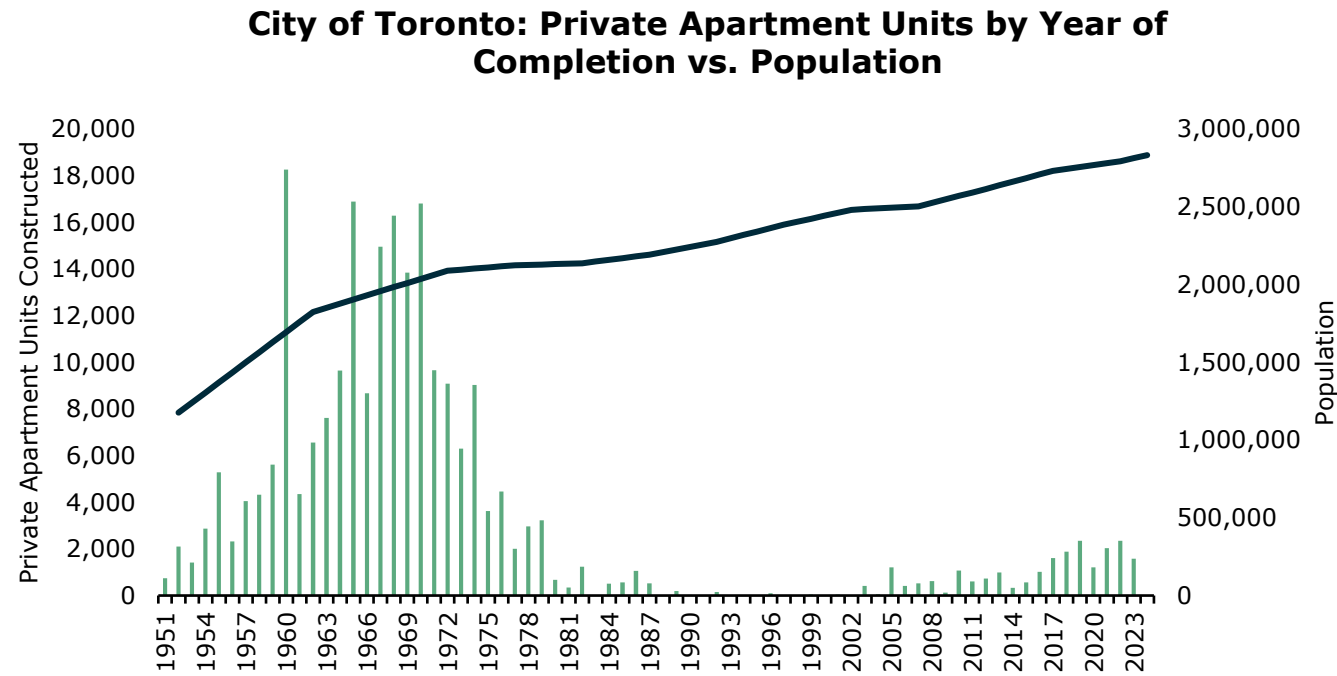
- Applying medium growth population projection, accounting for demographic shifts and the assumed trajectory for homeownership rates, produces a rental household estimate of approximately 2.4 million by 2034 in Ontario.
- This represents an estimated increase of 418,000 renter households in the next 10 years, which compares to an estimated increase of 218,000 renters just in the past three years and a 10-year increase of 321,000 renters between 2011 and 2021.

**Number of Renter Households and Projections
Ontario: 2001 to 2034**



Supply Crisis in Largest Rental Market

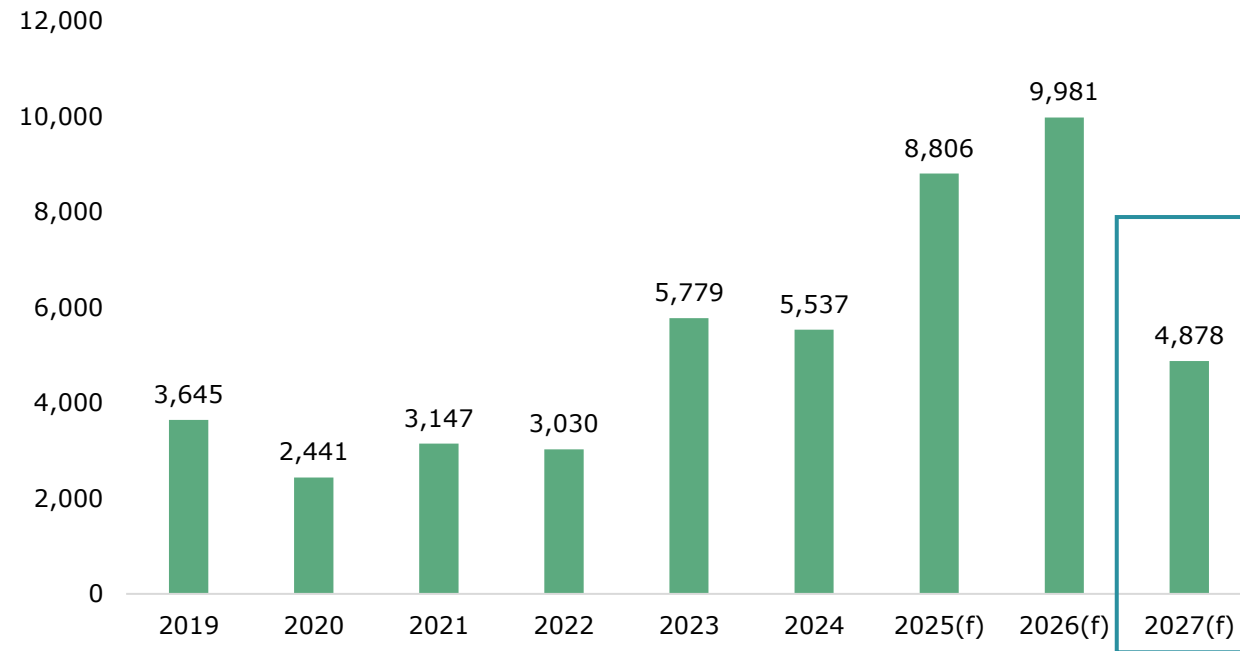
- Toronto's population has exceeded 3 million residents, driving unprecedented rental demand.
- Rent control policies and tax changes in the late 1980s led to a sharp decline in new rental construction.
- Population growth has far outpaced new rental supply, worsening affordability and vacancy rates.



Completions Expected to Drop

- PBR completion rose steadily from 2020 and are expected to peak at under 10,000 units in 2026.
- Completions are expected to fall sharply in 2027, down more than 50% from 2026 forecasts.
- Projected drop signals potential future supply constraints.

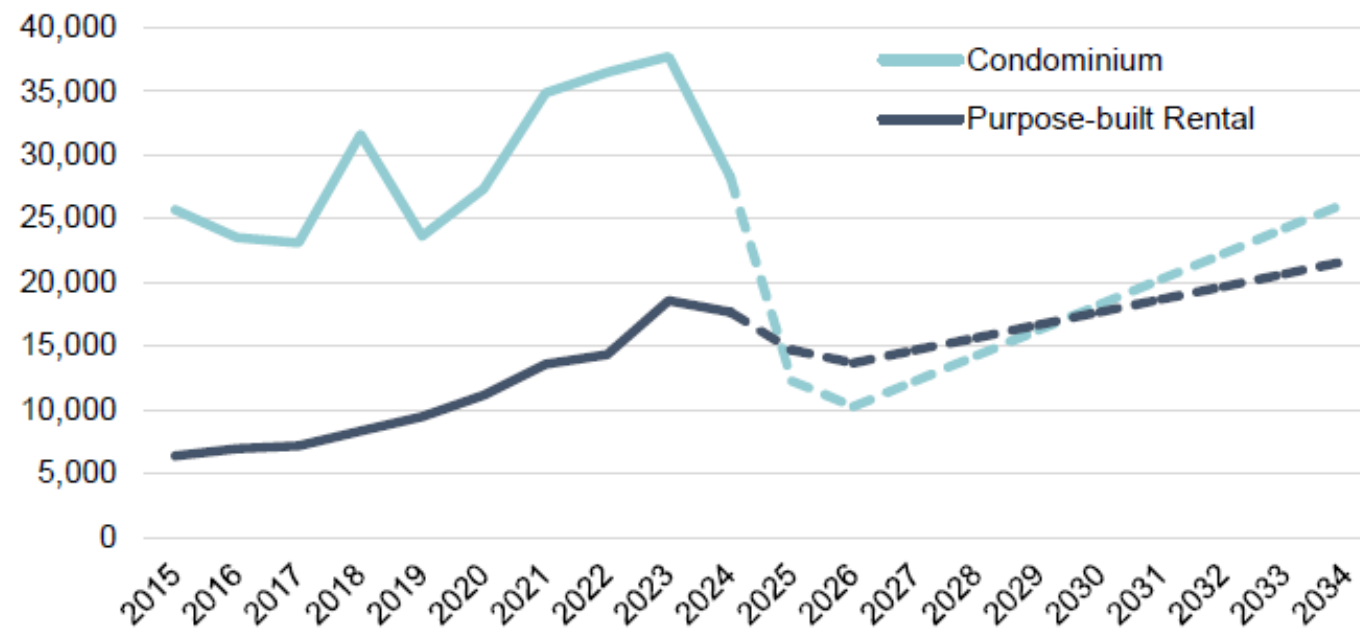
GTHA Annual New Purpose-built Rental Completions



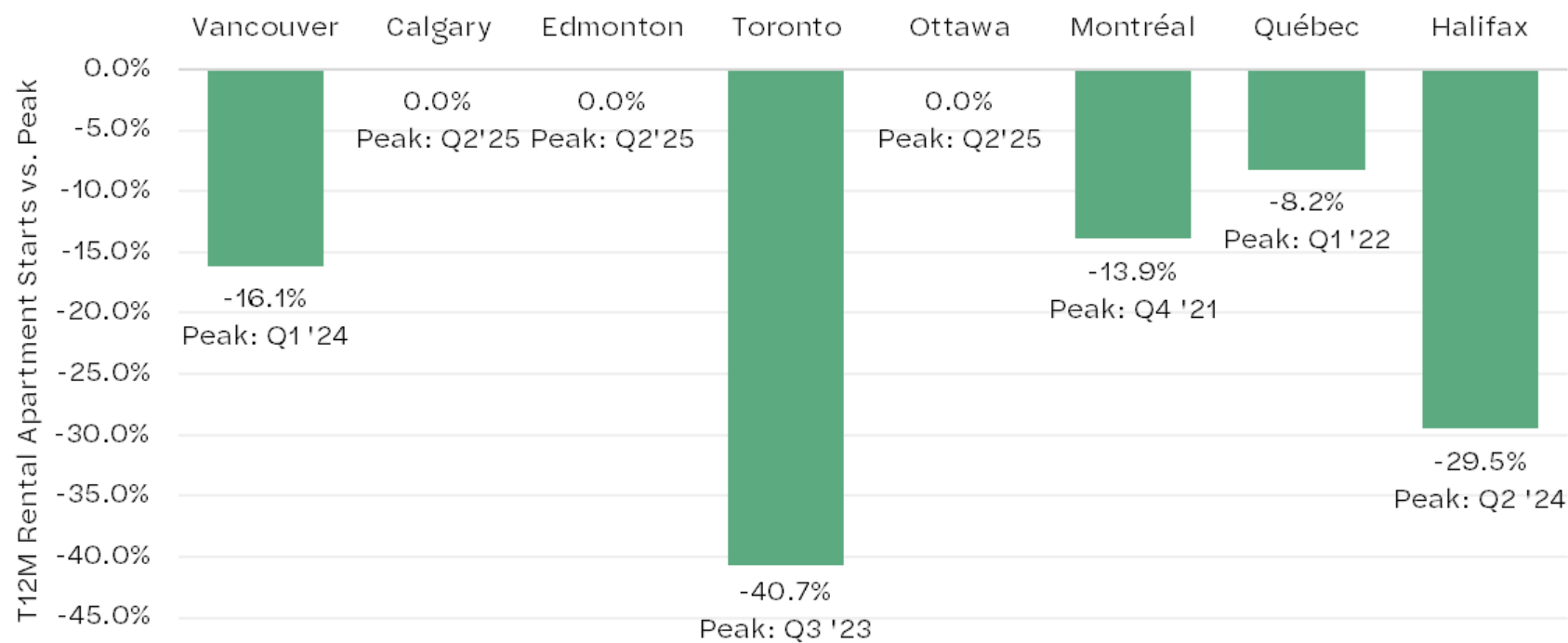
Rental Supply Outlook

- Purpose-built rental starts expected to decline further in 2025 and 2026, with a modest rebound projected for 2027.
- Condo starts face a sharper and prolonged decline, with recovery not anticipated until the end of the 10-year horizon.
- Trade tensions with the U.S. could worsen cost and supply chain risks, adding further uncertainty to future construction activity.

**Annual Apartment Construction Starts and Projections
Ontario: 2015 to 2034**



Rental Apartment Starts in Canada: Today vs. Recent Peak



Source: CMHC, June 2025.

Market Rent Growth Analysis

Based on a multi-residential property located in Toronto, ON managed by Hazelview Properties Services Inc.

	Peak Market Rent <i>May 2024</i>	Year 1 <i>May 2025</i>	12-Month Variance (%)	Year 2 <i>May 2026</i>	Year 3 <i>May 2027</i>	Year 4 <i>May 2028</i>	Year 5 <i>May 2029</i>	Year 6 <i>May 2030</i>	Year 7 <i>May 2031</i>
Average Rent	\$2,582	\$2,325	-10.0%	\$2,372	\$2,467	\$2,590	\$2,719	\$2,855	\$2,998
% of May 2024				91.8%	95.5%	100.3%	105.3%	110.6%	116.1%
CAGR Since May 2024				-4.2%	-1.5%	0.1%	1.0%	1.7%	2.2%



Small and Mid Bay Industrial

Capture attractive income growth and strong upside potential

Strong Long-term Growth Drivers

01 Demographic Growth

- More people = more consumption of goods (43M in 2035 to 74M in 2068)
- Focus on markets where populations will grow
- Recent Immigrants are more likely to enter business ownership
- Tremendous synergies with multi-family growth

02 Supply Chain Shift

- Covid era supply chain disruptions and recent tariff actions have permanently altered how businesses function
- Shift from "Just in Time" -> "Just in Case"
- Businesses maintain inventories to reduce costs

03 Continued Rise of E-Commerce

- E-commerce sales are forecasted to grow by 15% per year
- Quicker delivery timelines increase the need for more fulfillment centres
- \$1B in ecommerce sales = 1.25M SF of required warehouse space*

04 Gaps in Supply

- High replacement costs
- Scarcity of industrial land for Small-Bay and Mid-Bay
- Premium on urban locations for labour availability and accessibility

Where We See Value

SMALL-BAY



- **Small-Bay Product: <50K SF**
- **Diversified Tenant Base**
- **Lease Mark to Market Opportunity**
- **High Liquidity with many potential buyers on exit**
- **Significant discount to Replacement Cost**
- **Lack of new supply**

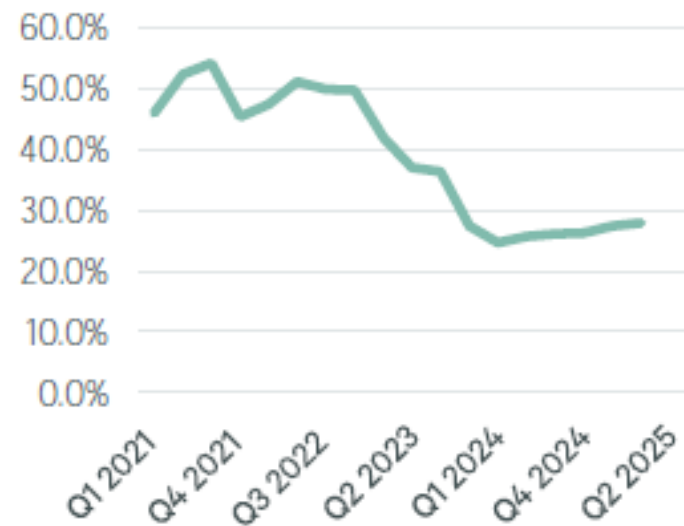
MID-BAY LOGISTICS



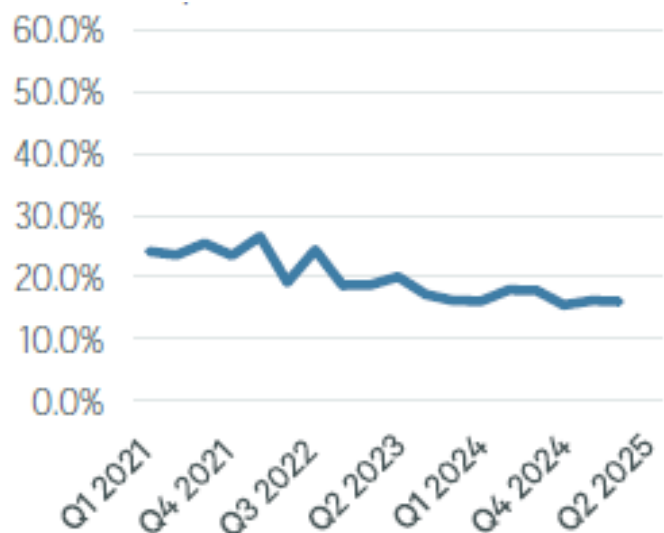
- **Mid-Bay Product: 50K - 200K SF**
- **Institutions selling down to focus on larger asset creates unique acquisition opportunity**
- **User Exit Sale opportunities at premium to income sale**
- **Opportunity to capture premium rents through demising spaces**
- **Large potential tenant market**

Bay Size Availability Trends

Small-Bay Percentage of Total Existing Available Sq. Ft.



Mid-Bay Percentage of Total Existing Available Sq. Ft.



Large-Bay Percentage of Total Existing Available Sq. Ft.



Growth Drivers of Small- and Mid-Bay Industrial

01

Diversified Tenant Base

A diverse tenant base creates resilience during economic downturns by reducing dependency on any single sector.

02

Ecommerce Growth

The rapid growth of ecommerce has driven the need for efficient logistics solutions and smaller last-mile locations. These facilities are crucial for improving delivery speeds and meeting the increasing demand for quick and reliable delivery services.

03

Scarcity of Supply

The higher costs associated with demising space make it more economical for developers to prefer larger bay scopes. This scarcity of Small and Mid-bay supply in the market leads to higher demand for available spaces.

04

Value-Add Opportunities

Many Mid-bay properties were built over a decade ago and offer strong value-add potential. By enhancing features such as dock doors, lighting, and whiteboxing, these properties can be modernized and made more attractive to potential tenants.

05

Strategic Locations

Small and Mid-bay properties are typically strategically located near urban centers, unlike large distribution centers (DCs) that require much more land and are therefore harder to replace.

06

Higher Credit Tenants

Properties in these strategic locations tend to attract higher credit tenants, which can provide more stable and reliable rental income. These tenants are often well-established companies with strong financial backgrounds, reducing the risk of default.

07

Enhanced Liquidity

The opportunity to sell these properties to end users enhances liquidity. End users are often willing to pay a premium for properties that meet their specific needs, providing property owners with a quicker and potentially more profitable exit strategy.

Parallels Between Multi-Family and Industrial: 'Beds and Sheds'

Both multi-family and industrial real estate sectors share several key characteristics and common growth that make them attractive investment opportunities.

Common Trends	Multi-Family	Industrial
Population Growth	✓	✓
Economic Growth	✓	✓
Urbanization	✓	✓
Slowing Supply Growth	✓	✓
Value-add Potential	✓	✓
Focus on Customer Satisfaction	✓	✓



Real Estate Debt

Enhance yield and generate stable income returns

Benefits of Real Estate Debt

- ✓ **Attractive, consistent yield**
- ✓ **Secured by hard asset**
- ✓ **Less interest rate sensitivity**
- ✓ **Lower volatility**
- ✓ **Repositioning capabilities**
- ✓ **Risk reduction through covenants**

The Opportunity in Non-Conventional Real Estate Debt

	Canadian Financial Institutions Conventional Mortgages	Flexible, Customized Non- Conventional Lending Solutions
Spread	~190 – 275 bps above 5-year GoC	~150 – 350 bps above Prime
Lender Fees	~25 – 50 bps	~50 – 125 bps
Term	5 – 10 years	< 3 years
Leverage Provided	Up to 75%	60-85%
Prepayment	Typically not available	Available after minimum interest paid
Response Time	2-3 months	<1 month

An Owner's Mindset to Real Estate Debt



✓ **C**ash Flow



✓ **C**ollateral



✓ **C**redit



✓ **C**haracter

Key Takeaways

1

Real estate continues to play an important role in investors' portfolios

2

Strong underlying fundamentals in the multi-residential sector present a compelling investment opportunity

3

Small and mid-bay industrial investments offer attractive risk-adjusted returns and downside protection due to supply shortages and a diversified tenant base

4

Real estate debt can act as an attractive source of strong, consistent returns and an enhanced yield within the context of a real estate or fixed income portfolio

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