CUSHMAN & WAKEFIELD

SENIORS HOUSING MARKET OVERVIEW

CANADA

A CUSHMAN & WAKEFIELD VALUATION & ADVISORY PUBLICATION

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ON THE COVER AND THROUGHOUT:

Parkland at the Common
Owned by Shannex Inc.
Halifax, Nova Scotia. Opened 2025

INTRODUCTION

Investor sentiment across the seniors housing sector continues to improve. The past year marked a clear inflection point, completing the recovery from pandemic-related disruption and reestablishing stable operating momentum. Looking ahead to 2026, sector fundamentals suggest seniors housing is well-positioned to outperform other commercial real estate asset classes as structural tailwinds strengthen.

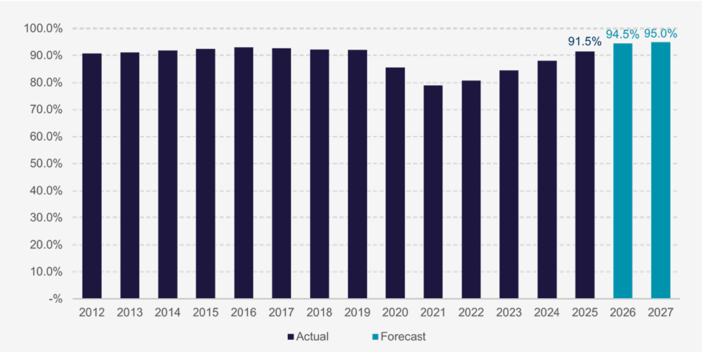
Demand is accelerating while supply remains constrained. Over the past three years, limited development activity has been largely offset by the natural obsolescence of older inventory, resulting in minimal net supply growth at a time when demographic-driven demand is increasing. This supply-demand imbalance is supporting continued improvement in operating performance, with occupancy levels and rental rates trending upward. In a broader real estate environment where rent growth is increasingly difficult to achieve, seniors housing stands out as a sector with visible and sustainable income growth.

Capital markets activity reflects this improved outlook. Investors are increasingly allocating capital to the sector in recognition of its long-term growth potential. As a result, 2026 is expected to be a record year for seniors housing transaction activity in Canada.

SECTOR SUMMARY

National seniors housing occupancy continues on a steady path of growth. The market is poised to attain 95% by the end of 2026

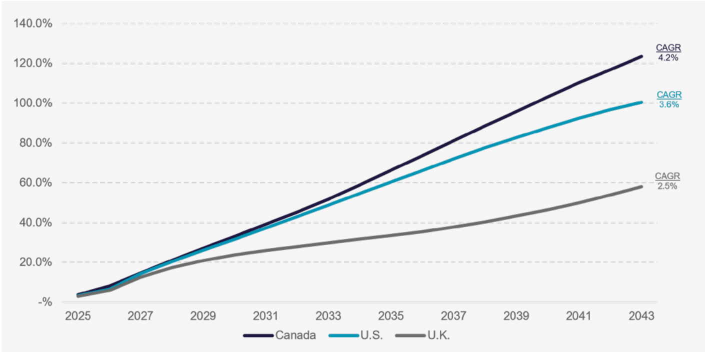
OCCUPANCY FORECAST — CANADA



Source: Cushman & Wakefield ULC and CMHC Seniors Housing Report (Time period adjustment (t-1) for CMHC survey year data lag)

Demand for seniors housing is being driven by structural shifts in the age and composition of Canada's population

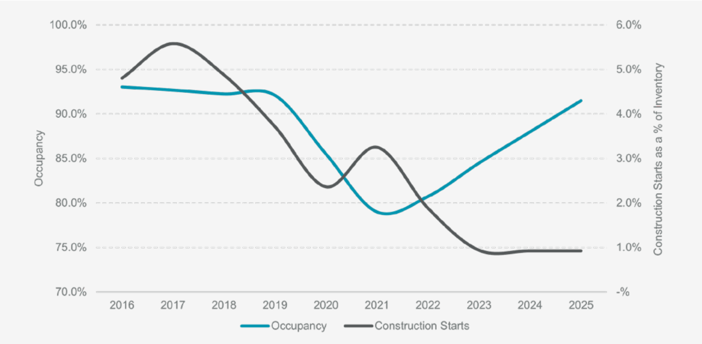
PROJECTED CUMULATIVE GROWTH IN POPULATION AGE 80+



Sources:
Canada: StatsCAN. Table: 17-10-0057-01. Projection scenario M4: medium-growth 7. January 2025
U.S. Census Bureau: 2023 National Population Projections Datasets. November 2023
U.K. Office for National Statistics. 2021-based Interim National Population Projections. January 2024

Growing demand and flat supply have contributed to the recovery in occupancy, rates and margins, which are themes expected to continue in the years to come

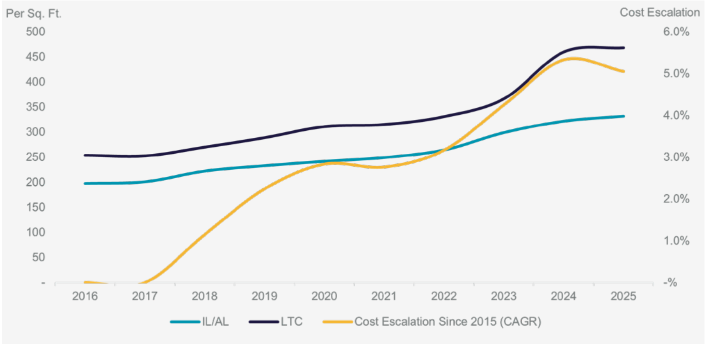
OCCUPANCY AND CONSTRUCTION STARTS — CANADA



Metric: Projects which commenced construction in the period (measured by units) as a percentage of the existing units of inventory (Sample based on C&W Construction Index)
Source: Cushman & Wakefield ULC

The next development cycle is expected to get underway in 2026. This has less to do with moderating construction costs and more to do with the scale of the opportunity that lies ahead

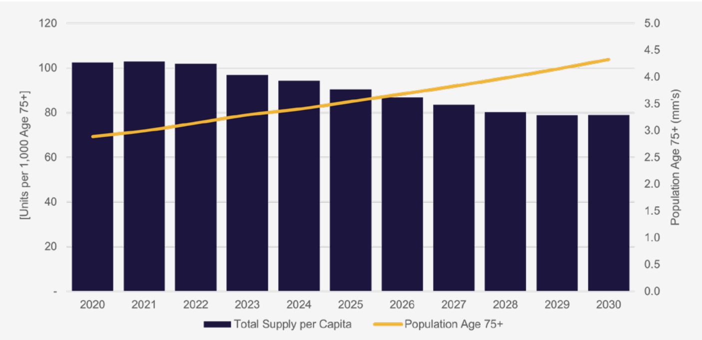
HARD COST ESCALATION: SENIORS HOUSING & LONG-TERM CARE RESIDENCES — CANADA



Source: Altus Group and Cushman & Wakefield ULC

The current rate of construction starts is not keeping pace with the rate of required replacement, much less the growing demand.
Supply growth will fall far short of demand over the next five years

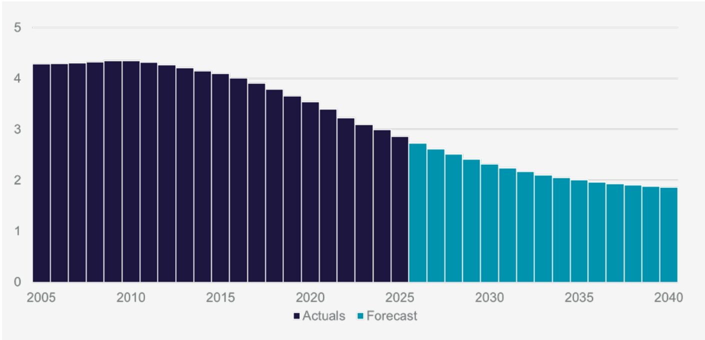
TOTAL SUPPLY FORECAST UNITS PER 1,000 AGE 75+ — SENIORS HOUSING (IL/AL/MC)



Source: Cushman & Wakefield ULC

The declining ratio of available family caregivers per senior will make it more challenging to age at home, further bolstering the needs-driven demand for seniors housing

RATIO OF CAREGIVER POPULATION (AGES 45-64) TO ELDERLY POPULATION (AGE 75+)



Source: StatsCAN and Cushman & Wakefield ULC

DEVELOPMENT MONITOR

GROWING GAP BETWEEN SUPPLY AND DEMAND

Demand for seniors housing continues to accelerate, driven by powerful demographic tailwinds, yet a corresponding development cycle has not yet emerged. For the third consecutive year, construction starts remained below 1% of total inventory, which is not enough to offset natural inventory obsolescence, let alone meet the growing needs of an expanding seniors population. While we believe development activity will begin to accelerate in 2026, the near-term outlook points to a prolonged period of constrained supply relative to demand.

To maintain a balanced market, we estimate that nearly 200,000 new seniors housing rental units need to be delivered over the next decade, yet net supply growth remains negative, with 2025 deliveries more than offset by closures and fewer than 10,000 units currently under construction, underscoring a growing supply shortfall.

PARADIGM SHIFT IN THE LEASING MARKET

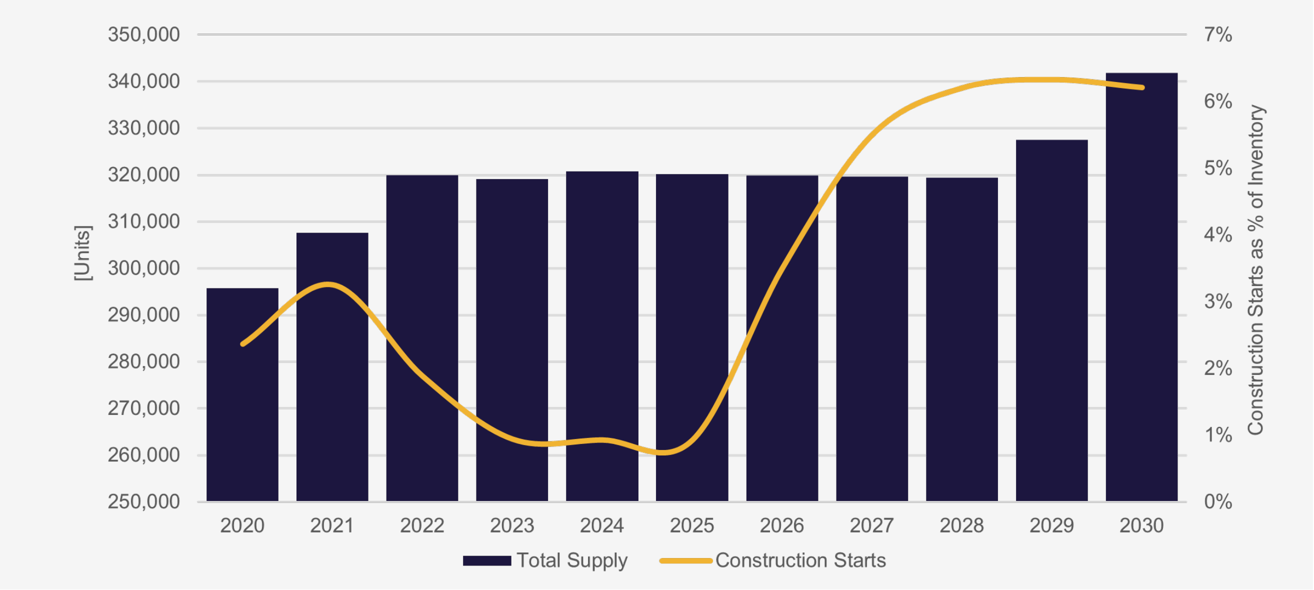
This widening supply-demand imbalance is translating directly into improved operating performance across the sector. Occupancy levels are rising and rental rates continue to trend upward as vacancies diminish. Operators have been able to reduce or eliminate rent promotions and concessions that were previously required to drive absorption. Against a broader real estate backdrop in which achieving rent growth has become increasingly challenging to achieve, seniors housing stands out as a sector offering visible, durable and sustainable income growth supported by strong fundamentals.

TIME TO START BUILDING

The next development cycle is expected to begin in 2026, driven less by a meaningful decline in construction costs and more by the sheer scale of the opportunity ahead. Improving market fundamentals and sustained demand growth are creating the economic incentive needed to draw developers off the sidelines and initiate new projects. While construction starts have remained limited in recent years, development activity has continued behind the scenes, with sponsors assembling pipelines in anticipation of a market environment where a favourable balance of construction costs and achievable returns supports new development. Of course, any new construction starts will not translate into available supply until the typical two- to three-year construction timeline has been completed.

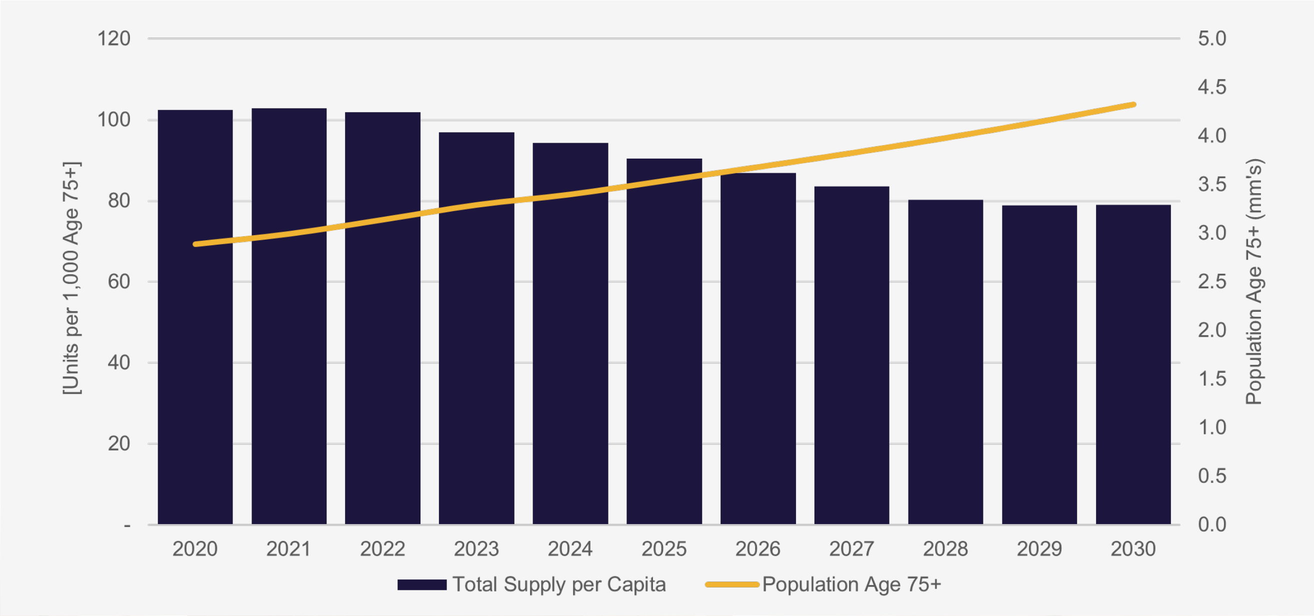
TOTAL SUPPLY FORECAST

SENIORS HOUSING (IL/AL/MC)



TOTAL SUPPLY FORECAST UNITS PER 1,000 AGE 75+

SENIORS HOUSING (IL/AL/MC)



INVESTMENT MARKET OVERVIEW

RECAP OF 2025

- Over $2.7 billion in transaction dollar volume in 2025.
- Activity was relatively flat with the prior year but is poised to pick up materially in 2026.
- Notably, approximately 70% of transactions in 2025 involved a public company buyer, underscoring the strong performance of these companies and their continued access to capital in the current environment.
- The announced Amica and Sifton portfolio transactions were not completed in 2025, representing over $4 billion that is expected to close in 2026.

OUTLOOK

- Both Canadian and U.S. based public company and private equity backed groups continue to be very active investors in the Canadian seniors housing and long-term care sectors.
- In 2026, we expect new market entrants, together with continued capital deployment from incumbents, to further enhance liquidity in an already active market.
- We expect 2026 to be a record setting year for transaction activity, as the supportive cost of debt and increasing investment demand is being matched with high quality product available for sale and a much-improved operating fundamentals backdrop and outlook.

BUYERS

Chartwell, Welltower, Sienna Senior Living, Cogir, Extendicare, Southbridge Care Homes, Spring Living Retirement Communities, Park Place Seniors Living, Verve, Omni Quality Living, Dalron, VRS Communities, GEF Seniors Housing, Fieldgate Retirement Living, Fort Amherst Healthcare, Prima Living

SELLERS

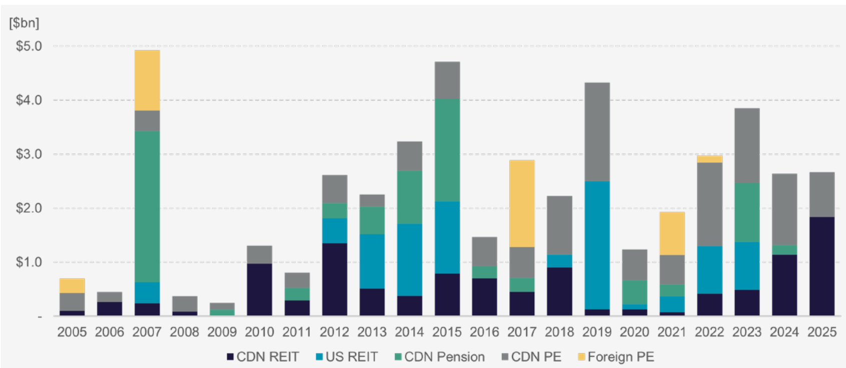
Concert, Tapestry, ATL Senior Living, Amica Senior Lifestyles, Ontario Teachers' Pension Plan, Revera, PSP, Batimo, Avenir, Verve, Blackstone, Livita, GoldenLife, Seasons Retirement Communities, APANS Health Services, Section23 Developments, Invesque, Sifton

CAPITAL DASHBOARD

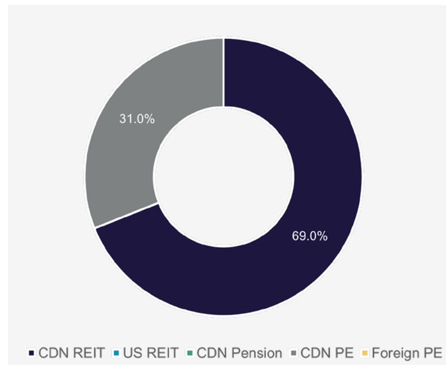
In Canada, the seniors housing market is supported by a deep and well-capitalized buyer base. Over the past decade, the investor landscape has become increasingly diversified, resulting in a more robust and liquid market. In 2025, Canadian public companies accounted for approximately 70% of total acquisition capital, while dispositions were led primarily by private equity–backed and pension fund sellers.

Institutional capital inflows—driven by the growing acceptance of seniors housing and long-term care as core alternative real estate sectors—continue to be a key catalyst behind the most recent period of cap rate compression. We expect this dynamic to persist as seniors housing and other alternative asset classes continue to gain broader institutional adoption.

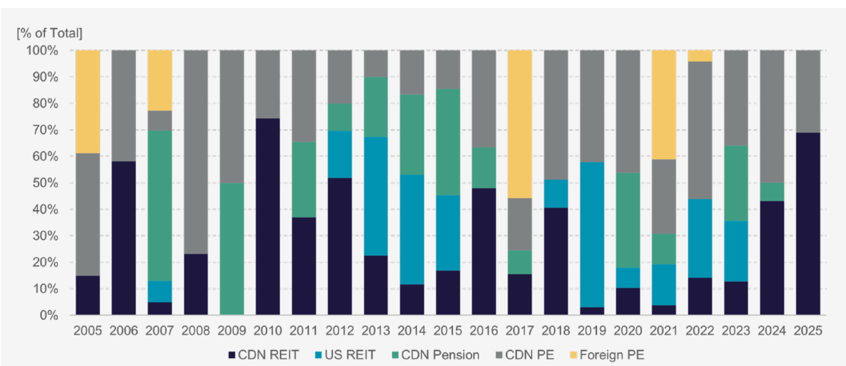
TRANSACTION DOLLAR VOLUME



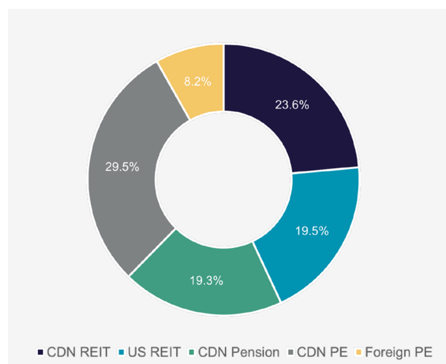
SOURCES OF BUYER CAPITAL 2025



TRANSACTION DOLLAR VOLUME BY SOURCES OF BUYER CAPITAL



SOURCES OF BUYER CAPITAL 2005 TO 2025



Compiled by Cushman & Wakefield ULC

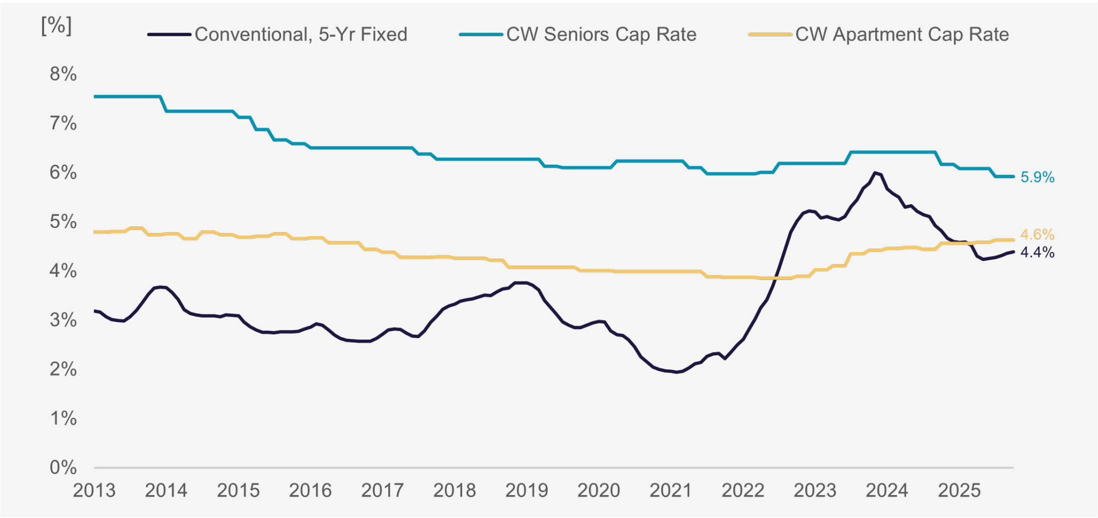
PRIVATE MARKET CAP RATES

SPREAD OVER BORROWING COSTS

Like other commercial real estate asset classes, seniors housing cap rates adjusted upward in response to rising borrowing costs in 2022 and 2023. While cap rates moved broadly in line with increases in the cost of debt, the adjustment was not one-for-one, resulting in a compression of the spread between cap rates and financing costs. Strong expectations for income growth in the seniors housing sector helped offset the impact of higher capital costs, contributing to relative cap rate stability during this period.

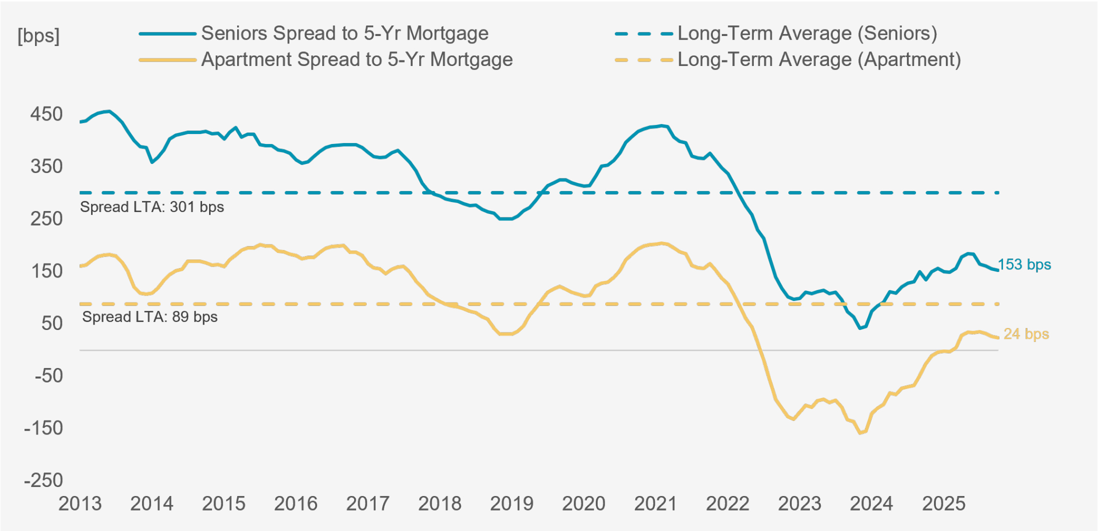
In 2025, the spread between seniors housing cap rates and five-year conventional mortgage rates began to widen back out and is trending back toward its long-term average. This normalization suggests increasing support for pricing and points to the potential for improved valuation conditions going forward.

SENIORS HOUSING AND APARTMENTS CAP RATE VERSUS CONVENTIONAL MORTGAGE RATES



Source: Bank of Canada and Cushman & Wakefield ULC

CAP RATE SPREADS TO CONVENTIONAL 5-YEAR MORTGAGE RATES



Source: Cushman & Wakefield ULC

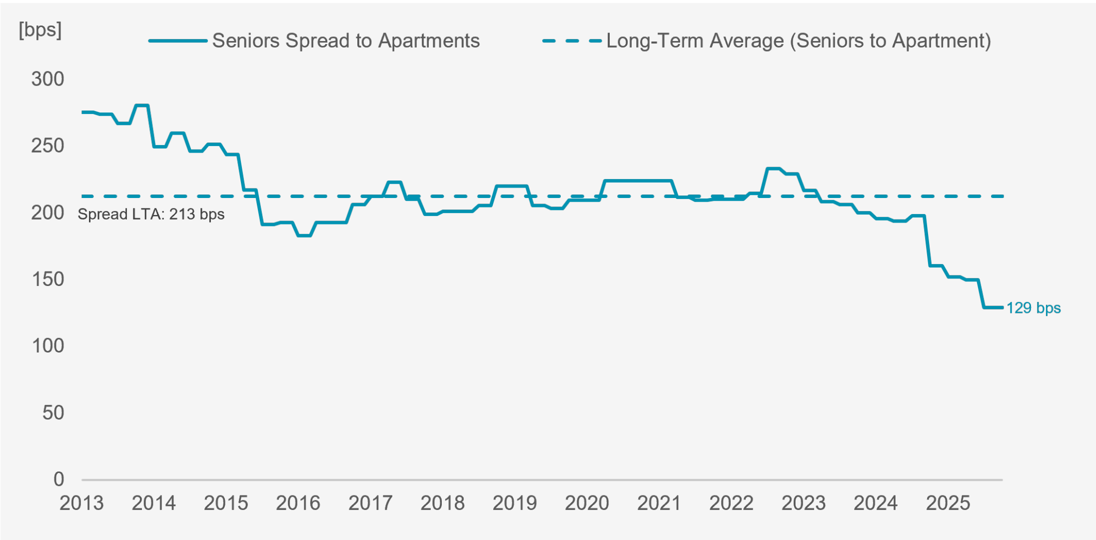
SPREAD OVER APARTMENTS

As a result of stronger rent growth prospects and continued improvement in the consistency of earnings, the cap rate spread between seniors housing and traditional apartment assets has narrowed over the past decade.

This trend has accelerated as the multi-family apartment sector remains under pressure, driven by factors such as changes in immigration policy and increased competition from condominium inventory, which have diminished rent growth for this related sector.

In contrast, investment demand for seniors housing continues to build. A favourable outlook for income growth is supporting increasingly constructive pricing sentiment across the sector. While seniors housing has historically traded at higher cap rates than apartments due to greater operational complexity, material advancements in the quality of operating platforms over the past two decades have altered the risk profile. The sophistication of management platforms and operator expertise has improved, with more robust reporting and stronger governance which have improved cash flow predictability and stability, prompting investors to reassess relative risk and valuation across the two asset classes.

SENIORS HOUSING CAP RATE SPREAD TO APARTMENT CAP RATES



Source: Cushman & Wakefield ULC

MARKET OUTLOOK

OPERATING FUNDAMENTALS

» Demand growth, driven by favourable demographic tailwinds. The age 80+ population will grow by ~28% in next five years.

» Slowdown in development cycle over the past five years will translate into aggregate supply growth of 5 to 10% over the next five years (we think national supply will be flat to down in absolute terms in the next three years).

» The confluence of these factors has supercharged the recovery in occupancy, rates, and NOI margins.

- Sector regained its pre-pandemic occupancy levels in 2025 and on pace to reach 95% national occupancy by the end of 2026.
- Rate growth will continue to be strong over the next five years based on compelling fundamentals.
- Margin recovery is happening, as pandemic-era cost escalation and sticky wage inflation is offset by a multi-year trend of significant compound rate growth.

INVESTMENT MARKET

» Given the outperformance we expect in this sector, investors will no longer be able to give seniors housing a zero weighting in their portfolios, resulting in increasing investor demand.

» Next major development cycle to start in 2026. This will not impact supply until 2029/30.

» Seniors housing offers a compelling investment profile considering the initial yield offers ~130 bps over multi-family apartments combined with the strong underlying cash flow growth.

» Given the weaker Canadian dollar versus the U.S. dollar, U.S. investors may also benefit from future FX related upside should the Canadian dollar strengthen.

» Seniors housing will continue to gain favour with investors, as they rebalance portfolios by adding exposure to alternative real estate asset classes and reduce weighting of certain traditional real estate asset classes.

The seniors housing market is positioned for robust growth, fueled by favourable demographics, a slowdown in supply growth and improving operating fundamentals


Canopy

Q4 2025 CAP RATE SURVEY

Seniors Housing Cap Rates Across Major Canadian Markets

The following metrics are based on the premise of a fully stabilized property being sold as an individual asset, without any element of a portfolio premium. We note that many of the major transactions closing in 2025 and over the next 12 months will include an element of required lease-up due to sub-optimal spot occupancy, portfolio premium pricing or both. We therefore emphasize the key difference in premise between the following table and reported cap rate metrics on certain portfolio transactions.

	SENIORS HOUSING "A"			SENIORS HOUSING "B"			LONG-TERM CARE "A"		
	Range			Range			Range		
	Low	High	Outlook	Low	High	Outlook	Low	High	Outlook
Victoria	5.50%	6.00%	Declining	7.00%	8.00%	Flat	6.75%	7.25%	Flat
Vancouver	5.25%	5.75%	Declining	6.50%	7.50%	Flat	6.50%	7.00%	Flat
Calgary	5.75%	6.25%	Declining	7.50%	8.50%	Flat	6.75%	7.25%	Flat
Edmonton	6.00%	6.50%	Declining	7.50%	8.50%	Flat	6.75%	7.25%	Flat
Winnipeg	6.25%	6.75%	Declining	8.00%	9.00%	Flat	8.00%	8.50%	Flat
Kitchener-Waterloo	6.00%	6.75%	Declining	7.50%	8.50%	Flat	6.75%	7.25%	Flat
Toronto	5.50%	6.00%	Declining	7.00%	8.00%	Flat	6.75%	7.25%	Flat
Ottawa	5.75%	6.25%	Declining	7.25%	8.25%	Flat	6.75%	7.25%	Flat
Montréal	5.75%	6.25%	Declining	7.25%	8.25%	Flat	7.00%	8.00%	Flat
Halifax	6.00%	6.75%	Declining	8.00%	9.00%	Flat	7.25%	8.25%	Flat

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