AVISON YOUNG

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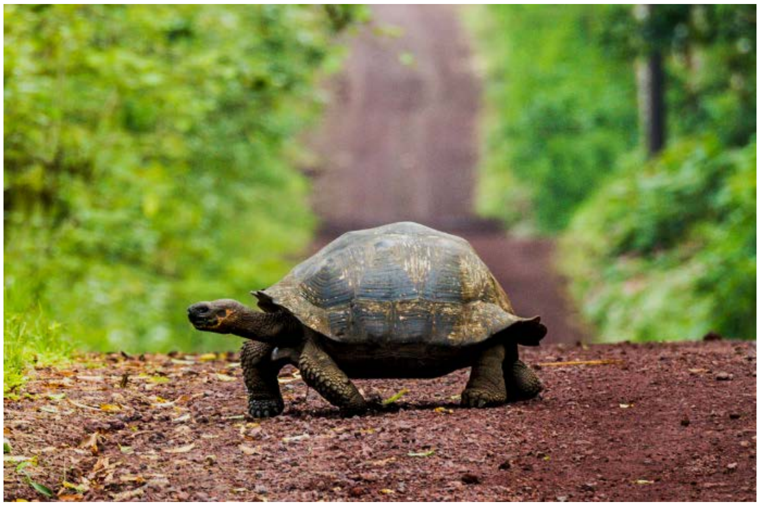
Debt Market Monitor

Debt Capital Markets Services

Slowing of global growth



First and foremost, the health of all is the primary concern. Navigating through the COVID-19 issue will leave a deep scar. We are far from out of the woods, and there will be many twists and turns that will be unexpected; hopefully some of these might even be positive or helpful in nature.

Looking at what lies before us – including a recession, response and recovery – there is light at the end of the tunnel. Policy responses across the globe have been aggressive. These policy responses are aimed at providing a broad safety net to help businesses and workers, to maintain liquidity in markets and to launch quantitative easing – stimulus to set a stable ground for a vigorous and healthy recovery from the current shock.

Chief U.S. Economist Ellen Zentner has said that a contraction of the U.S. economy by 3.0%, rather than the previous 0.6% growth forecast for full-year 2020, is now more a more likely scenario. The predicted contraction would drop global economic growth to an estimated 0.3% for 2020 from the 3.4% forecast before the outbreak. This would be very close to the low experienced during the 2008 Global Financial Crisis (GFC), when the global economy contracted by 0.5%. Many forecasts anticipate that the bulk of the economic pain will be concentrated in the first half of 2020.

Prior to the COVID-19 outbreak, the post-GFC economy had been facing a triple challenge of demographics, debt and disinflation – which were last faced in the 1930s. The good news is that, unlike in 1929 – 1933, we are already seeing an aggressive policy response. With the GFC experience still fresh in the rear-view mirror, worldwide policy makers have mounted a vigorous defense.

For more on the virus' potential #CRE impacts, read the latest briefings on the **Avison Young Resource Centre**.

Fiscal Snapshot

Bank of Canada

	Bank Rate	Bank Prime Lending Rate
March 2020	0.50	2.45
February 2020	2.00	3.95
March 2019	2.00	3.95

Government of Canada Benchmark Bond Yields

	5-Year	10-Year	Long
March 2020	0.60	0.71	1.32
February 2020	1.07	1.12	1.30
March 2019	1.32	1.62	1.90

Indicative Commercial Mortgage Spreads* Over Government of Canada Bond Yields

Conventional	5-Year	10-Year
March 2020	2.00 - 3.00	2.25 - 3.50
March 2019	1.70 - 2.10	1.80 - 2.35
Insured	**5-Year**	**10-Year**
March 2020	1.00 - 1.20	1.00 - 1.20
March 2019	0.90 - 1.10	0.90 - 1.10

*Spreads are indicative of high quality real estate in major Canadian markets.

Source(s): Bank of Canada

Highlighted Transaction

Asset Type	Multi tenanted industrial complex
Location	Major Canadian city
Facility Details	A $16,500,000 senior loan was arranged for refinancing purposes. The structure included a term of 5 years, amortized for 25 years at a competitive rate of interest and on a non-recourse basis.

Intelligent Debt Financing Solutions

The Avison Young Debt Capital Markets dedicated team is focused on providing innovative North American-wide debt and equity solutions to accomplish goals. We originate debt and equity for all types of real estate and all types of clients. Debt origination includes fixed and floating rate structures, permanent and construction financing, structured finance, bridge and mezzanine debt and insured agency financing - CMHC and Fannie Mae / Freddie Mac.

Our years of combined debt/equity capital markets experience has created meaningful relationships that we can put to work for you.

Please contact our Debt Capital Markets team for more details related to debt financings or real estate transactions.

Norm Arychuk, Mortgage Broker*
416.673.4006
norman.arychuk@avisonyoung.com

Michael Ho, Mortgage Broker**
416.673.4012
michael.ho@avisonyoung.com

*Licence #: M09002260
Brokerage Licence #10637

**Licence: # M15000834
Brokerage Licence #10637

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avisonyoung.ca

Avison Young Commercial Real Estate (Ontario) Inc., Brokerage
18 York Street, Suite 400
Mailbox # 4
Toronto, Ontario, Canada M5J 2T8
416.955.0000

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