

When it comes to retrofits, mid-tier buildings are in a class of their own

Mid-tier buildings and their owners and operators are essential for Canada's retrofit revolution

Mid-tier buildings play a fundamental role in Canada's commercial real estate landscape – and in lowering the country's carbon emissions targets.

Increasing the depth and rate of retrofit projects to improve the energy efficiency of older commercial and multifamily buildings is a priority for the federal government.

Natural Resources Canada's Deep Retrofit Accelerator Initiative puts that goal into action by providing funding to organizations, AKA "retrofit accelerators," to help building owners and managers access educational and financial resources to upgrade their properties.

You may be asking at this point – what exactly is a mid-tier building, and why do retrofit programs target them?

Why a Waterloo A could be a Toronto B

Commercial building types can be broken down by class according to their distinct characteristics. It should be noted that their designations are relative to local market standards and office space inventory. For that reason, a Class A building in a small town may not be classified the same way in larger urban centres.



Class A: These high-rises are prestigious assets set in prime locations. Built or refurbished to high standards, they attract premier tenants with top-tier amenities and have some of the most expensive rental rates. This class of building is typically managed by large institutional landlords and professional teams.

Class B: These buildings range from mid to high-rise and are often at least 10 to 20 years old. Finishes and systems are usually well-maintained and functional and feature moderate amenities. With less prestige than Class A buildings, they tend to have lower rents that appeal to a broader range of clientele.

Class C: These buildings are normally mid to low-rise, are more than 20 years old, and have the lowest usable grade for commercial buildings. They have minimal amenities and may be located in suburban communities. These properties tend to have outdated or obsolete technology and require extensive renovations – perfect for an investor targeting spaces to redevelop.





Challenges and conflicting priorities

Retrofitting a mid-tier building is a complex process at both the decision-making stage and throughout project execution.

Unlike Class A properties, ownership of Class B/C properties is often fragmented between a mix of commercial real estate professionals and non-professionals, who possess varying understandings of the industry. This melange includes private investors, family trusts, small REITs, or pension fund portfolios.

When the time comes to upgrade building systems, independent owners without strong institutional backing may face capital limitations, and not know the full range of costs, scope or resources available to them. Replacing outdated infrastructure can be extra challenging – and expensive – if the building is filled with working tenants or occupants.

With so many potential players and factors to take into consideration, it's not uncommon for building owners and operators to encounter conflicting priorities when deciding how – or even if – to proceed with building retrofits. With or without professional management, there are ways to balance practical needs and strategic action.

A great first step is to join a peer group, like a local BOMA association, where operators can access support and educational resources to learn about funding pathways for retrofit projects, including existing government grants and loans.

To go further, mid-tier building managers can apply to participate in deep retrofit accelerator programs, like the nation-wide BOMA Enspire program. Through educational training sessions, workshops, and industry events, this program teaches operators to unpack the fundamentals of retrofit planning and identify opportunities to get started on their energy-saving journey.

Mid-tier buildings: Essential to Canada's energy efficiency evolution account for close to 65% of building stock.

Just below Class A in prestige but critical in affordability and community, mid-tier properties are an essential component of Canada's built spaces.

Building operations are a huge portion of energy emissions in Canada and retrofitting Class B and C buildings has an important impact on meeting the country's carbon emissions targets.

The key for operators is to blend day-to-day management with strategic upgrades through government programs, retrofit partnerships, and smart financial planning.

With these tools, mid-tier operators can improve tenant experience, lower emissions, and increase asset value without needing a premium budget.

If you represent a Class B or C building in Canada, check out the BOMA Enspire program today to see if you're eligible for funding support!