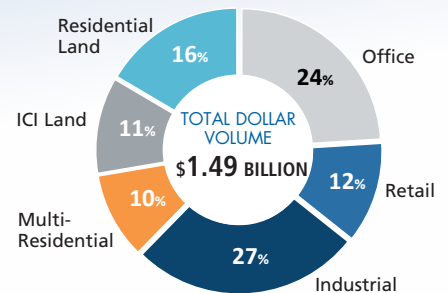


# COMMERCIAL REAL ESTATE INVESTMENT UPDATE

Investors continued to demonstrate confidence in the Calgary market through the third quarter of 2017. Approximately \$450 million was invested in commercial real estate with land and retail properties being the major

contributors. ICI Land proved to be in high demand, rising from 29 sales at mid-year to 50. Residential Land sales also rose significantly to 38 sales from 21 at mid-year. To September 30th, total dollar volume invested reached \$1.49 billion. On a year-over-year basis, this represents an increase of \$186 million, or approximately 14%.

Q3 2017 COMMERCIAL REAL ESTATE INVESTMENT SALES OF \$1M AND GREATER



Source: RealNet.ca

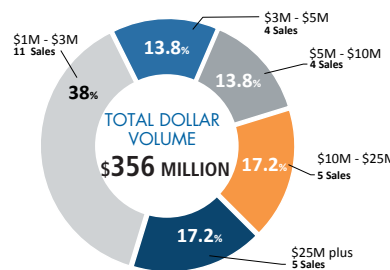
	Q3 2016	Q3 2017	Y-O-Y Change
Total Dollar Volume	\$1,307,607,717	\$1,493,948,241	\$186,340,524
Volume Excluding Residential Land	\$1,167,030,155	\$1,248,422,367	\$81,392,212
Residential Land Only	\$140,577,562	\$245,525,874	\$104,948,312

## Office Investment

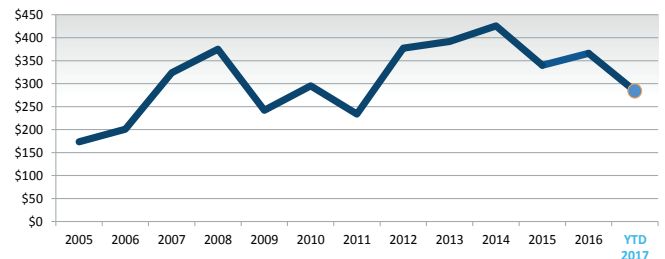
To September 30th, Calgary's office investment market saw 29 office transactions equal to or greater than \$1 million, totalling more than \$356 million. This represents a seven-fold increase in dollar volume and a greater than two-fold increase in activity over the same point last year.

Outside of the ARTIS REIT and DREAM REIT divestitures noted

Q3 2017 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



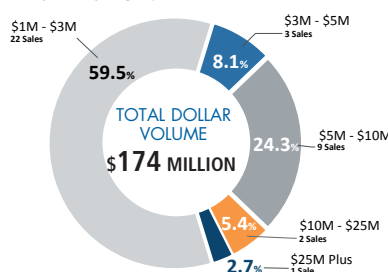
Source: RealNet.ca

in our Mid-Year report, overall dollar volume was still double that at Q3 2016. Among the eleven transactions closed during the third quarter, there was a noticeable appetite for office condos. All third quarter investments were made by private investors who, other than the aforementioned condos, focused primarily on multi-tenant, B Class properties.

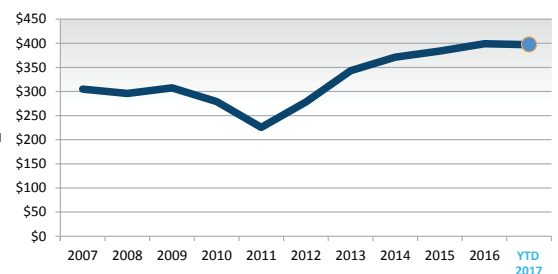
## Retail Investment

Investment in Calgary's retail asset class was less robust than it was a year ago, with transactions totalling \$174 million versus \$315 million at the same point in 2016. The reduction in total dollar volume is due to the absence of big-ticket transactions of \$10 million or greater during the first half of the year. This situation changed during the third quarter, as three retail properties sold for more than \$10 million which include the PartSource and Lloyd's Recreation buildings as well as Horizon Heights Shopping Centre.

Q3 2017 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



Source: RealNet.ca

Overall, price per square foot (psf) remained at a multi-year high, but took a break from the recent upward trend. Year-to-date prices have been buoyed by several properties selling for well-above \$600 psf, such as 555 Northmount Drive, 2001 Centre Street NW and the Scotiabank location at 55 McKenzie Towne Boulevard.

PREPARED BY  
BARCLAY STREET REAL ESTATE

Director of Research – Anthony B. Scott  
403-290-0178 • ascott@barclaystreet.com

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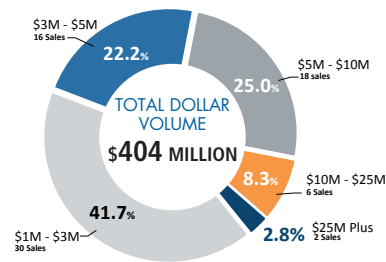


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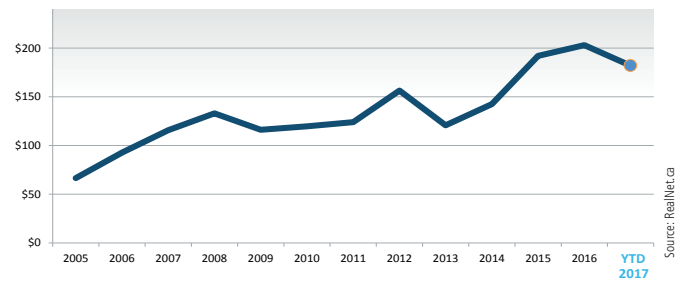
# Industrial Investment

The Calgary area's Industrial sale market continued showing signs of rejuvenation. On a dollar volume basis, Calgary's Industrial asset class posted a small year-over-year increase to \$404 million from \$353 million and Barclay Street's analysis shows that activity remained consistent across all price ranges. We first observed this trend at the mid-point of 2016.

Q3 2017 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT

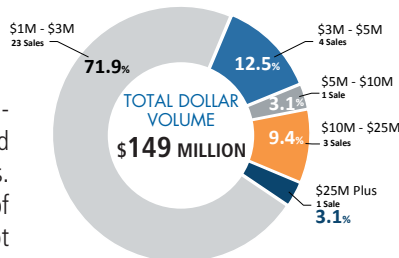


The end of the third quarter brought healthy activity from both the sales and leasing markets throughout the Calgary area. Speaking to the former, the Great Plains district witnessed a sizeable investment transaction of two buildings totalling 652,016 square feet (sf), which sold for \$65,747,110. As well, the North Manchester district saw part of the former Safeway portfolio sale of four buildings totalling 407,458 sf transacting for \$19,800,000.

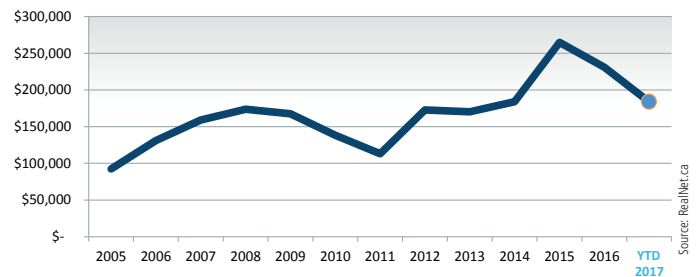
# Multi-Residential Investment

Investor activity in Calgary's Multi-Residential market increased slightly on a year-over-year basis. The increase in the number of transactions however, did not translate into an uptick in dollar volume. Continuing the trend noted in our Mid-Year report, investors remained focused on lower-priced assets. This resulted in an approximate 27% decrease

Q3 2017 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER UNIT



in year-over-year dollar volume from \$203 million to \$149 million. The reduction in dollar volume has also decreased the average price per unit to approximately \$184,600 from \$230,000 at Q3 2016.

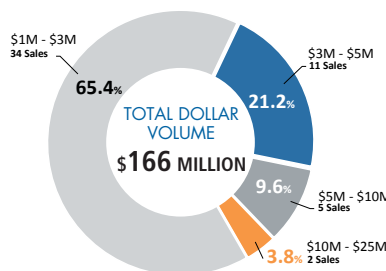
With that said, we still see a more diversified appetite among investors for properties across the five price ranges we've defined than during 2015 when investors focused almost exclusively on properties at the low end of the price scale.

# ICI & Residential Land Investment

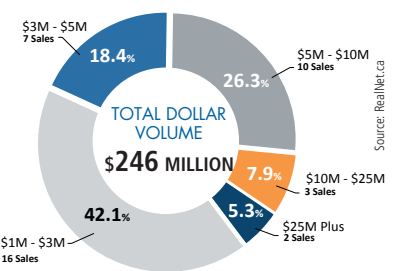
Despite a notable upswing in activity during the third quarter, the ICI Land (Industrial, Commercial and Investment) sector represented the lesser share of land investment sales, contributing \$166 million of the \$411 million in total dollar volume to the end of September, 2017. The average ICI transaction sat at \$3.2 million which was substantially below the Q3 2016 average of \$4.2 million.

In terms of investment activity, year-to-date completed ICI Land transactions represent about 88% of that seen one year prior. Barclay Street's analysis shows that the purchase price spectrum continued to broaden as 2017 progressed.

Q3 2017 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



Q3 2017 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



Residential Land sales, however, totalled more than \$246 million to the end of the third quarter and averaged \$6.5 million per transaction. Hines' purchase of 1.4 acres in the Beltline – where the Sam Livingston Building sits – for \$40.7 million remains the largest land transaction of 2017 and as such, continues to play a significant role in buoying average prices. Additionally, we've seen renewed interest for land, to the tune of 17 transaction during the third quarter alone. These sales brought year-to-date transactions to 38; a 23% increase in activity.

Notable transactions this quarter include 635 Confluence Way in East Village: a development site purchased by Quebec-based HAC General Partner Inc. for \$3 million and 7 Elveden Park in Springbank Hill, bought by Moderno Inc. for \$9 million.

AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)

