

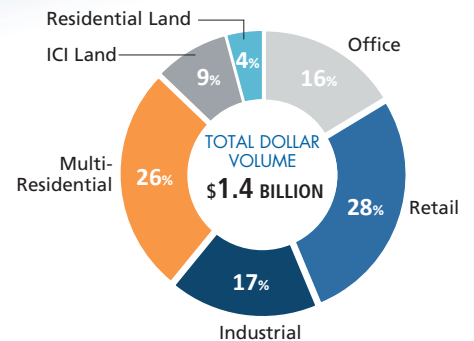
# COMMERCIAL REAL ESTATE INVESTMENT UPDATE

To September 30th, 2017, investors continued to demonstrate interest and confidence in the Edmonton market. Commercial real estate (CRE) investment reached \$1.4 billion; a year-over-year increase of \$190 million over Q3 2016. The retail asset class was the

	Q3 2016	Q3 2017	Y-O-Y Change
<b>Total Dollar Volume</b>	\$1,212,426,548	\$1,402,083,234	\$189,656,686
<b>Volume Excluding Residential Land</b>	\$1,061,497,034	\$1,343,462,801	\$281,965,767
<b>Residential Land Only</b>	\$150,929,514	\$58,620,433	(\$92,309,081)

top-performer, comprising \$384 million or 28% of year-to-date investment. As well, the multi-residential asset class showed ongoing strength as an area of investment as it maintained more than one-quarter of overall dollar volume. At the other end of the spectrum, a notable decrease was seen in Residential Land, both in terms of sales activity and dollar volume.

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

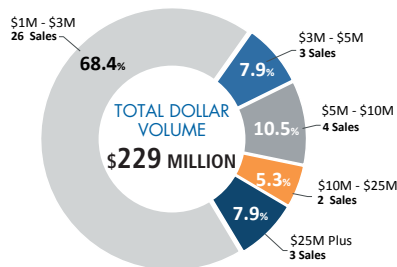


Source: The Network

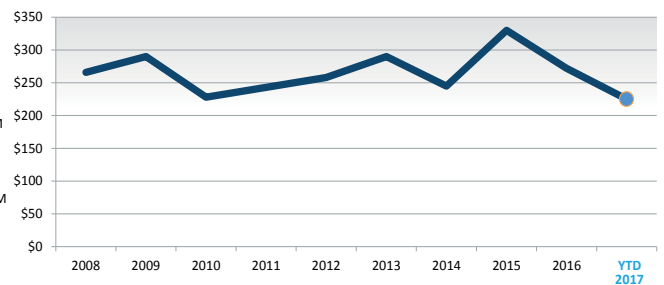
## Office Investment

Commercial office investment volume over the first nine months of 2017 more than quadrupled that seen one year prior, due largely to an increased appetite for office buildings. Edmonton's office market saw 38 office transactions totaling \$229 million at September 30th, 2017, up from \$57 million at Q3 2016. During the third quarter

Q3 2017 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



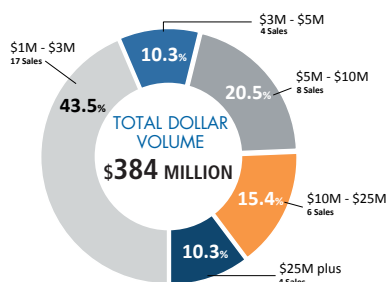
Source: The Network

alone, approximately \$78.5 million was invested in office properties. The main contributor was HCI Ventures' purchase of 9888 Jasper Ave for more than \$60 million. Outside of this particularly large investment-driven transaction, owner/users were the primary actors of the quarter, driving nine of the eleven transactions in Q3.

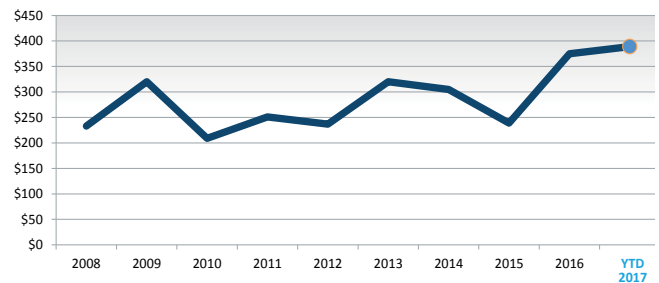
## Retail Investment

The retail asset class continued to be the focus of investors' attention through September, 2017. With approximately \$384 million transacted, total dollar volume rose 37% above that transacted over the same period last year. During the third quarter, three sales greater than \$10 million closed, with the most notable being the \$26.5 million purchase of Whitemud Crossing.

Q3 2017 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



Source: The Network

Barclay Street's analysis shows that while the majority of activity occurred with retail properties priced between \$1 million and \$3 million dollars, big-ticket properties remained on investors' radar in a meaningful way. The top three transactions of 2017 to date – 9930 170th St (Depot 170), 15303 Castledowns Road (Lakeside Landing) and 11103 Ellerslie Road SW – together comprise about half of total dollar volume.

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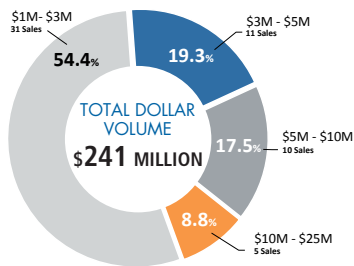
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# Industrial Investment

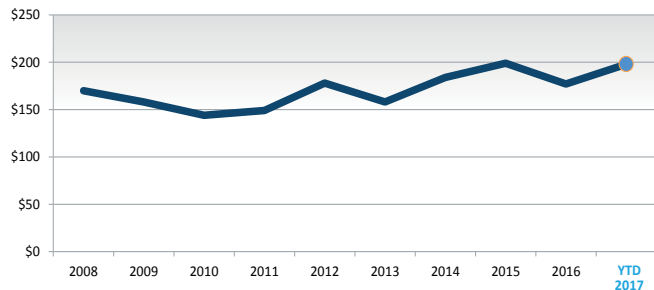
The Greater Edmonton Area industrial real estate market demonstrated ongoing strength as signs of the Albertan economic recovery began to emerge.

Of the 57 transactions closed to September 30th, half were IM-zoned properties that achieved \$209 per square foot (p/sf). IB-zoned properties were almost as popular, comprising 22 sales and achieved \$200 p/sf.

Q3 2017 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT

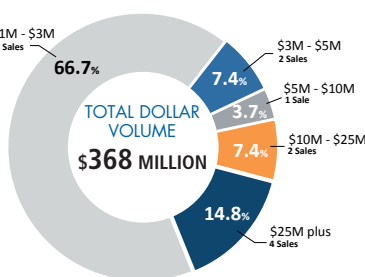


Owner/users have been the principal driver of sales activity to date, which we attribute to increased willingness on the part of Landlords to meet market pricing over the preceding 15 months. It is anticipated that this trend will continue through the duration of 2017. We continue to note an emerging trend pertaining to industrial buyers' appetites: with the exception of properties priced above \$25 million, demand has broadened across all price categories.

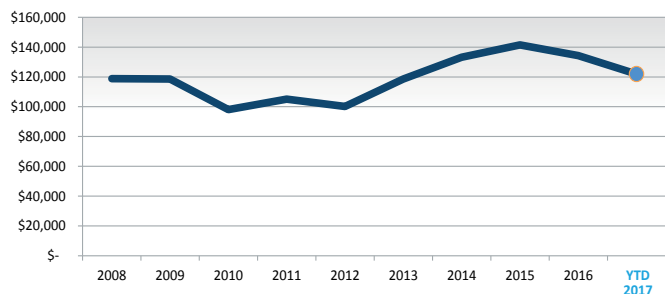
# Multi-Residential Investment

Investment dollar volume in Edmonton's Multi-Residential market was on-par with that seen in Q3 2016, with approximately \$368 million invested to September 30th. Bolstering investment during the third quarter were the \$28.25 million purchase of the 120-unit property at 10510 111th Street by 1937394 Alberta Ltd. and the \$191 million purchase of 8508 Jasper Ave by Resport Equities Inc.

Q3 2017 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER UNIT



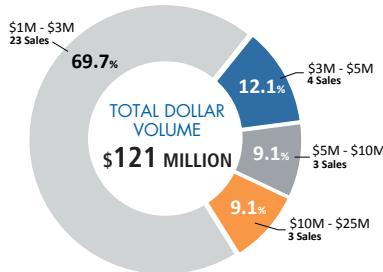
This ongoing appetite for big-ticket assets, priced at or greater than \$25 million is noteworthy as the four transactions to take place at this level represent 80% of year-to-date dollar volume. These large assets averaged approximately \$73 million and 330 units versus the average of \$39 million and 192 units seen at Q3 2016. On a price per unit basis however, price decreased year-over-year from approximately \$137,500 to \$121,900 at September 30th, 2017.

# ICI & Residential Land Investment

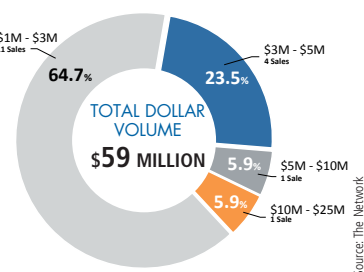
The ICI (Industrial, Commercial and Investment) Land sector contributed approximately \$121 million of the \$180 million in total land sales generated to September 30th, 2017. This is a 76% year-over-year increase in dollar volume. The average ICI transaction sat at \$3.7 million, with three transactions greater than \$10 million.

The Residential Land asset class saw 17 transactions totalling \$58.6 million to the end of Q3. This represents a substantial year-over-year decrease in both investor activity and dollar

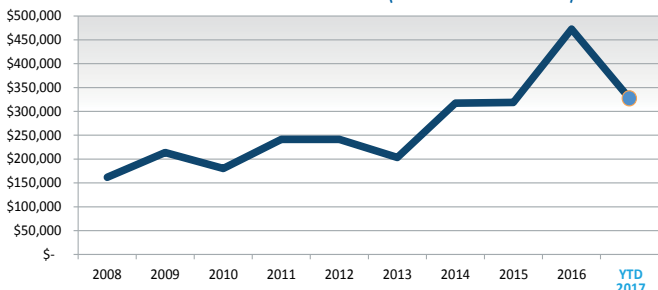
Q3 2017 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



Q3 2017 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)



volume. At September 30th, this asset class posted the greatest decrease of the six asset classes Barclay Street tracks. The average transaction came in at \$3.4 million versus \$3.8 at Q3 2016. There remains only one transaction greater than \$10 million: Ice District Corp. purchased 1.4 acres at 10537 104th Street for \$14 million.

Combined, average prices per acre fell back to 2014 and 2015 averages after a substantial increase during 2016. As we noted in our 2016 Year-End Edmonton CRE Investment Report, a substantial number of land sales of less than one acre the were identified as a significant contributor to this inflation. To September 30th, 2017, seven partial-acre transactions had been completed and all were slated for Residential development versus thirteen one year ago, five of which were slated for other commercial uses.