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## Positive signs for Calgary commercial real estate market

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During the second half of 2016, rays of light began breaking through the two-year gloom and had a positive impact on the Calgary commercial real estate market, according to a new report by Barclay Street Real Estate.

The company's year-end review says investment in the local commercial real estate market was \$2.6 billion in 2016, up from \$1.5 billion in 2015.

"In Calgary we trust! The entrance of institutional investors in the Calgary market,

during a down period, demonstrates a renewed confidence in the future of the city. Adding additional appeal is the advanced process of industry diversification. The results of 2016 are of no surprise to prudent investors and to us Calgarians," says David Wallach, president and broker of Barclay Street, in the report.

The commercial real estate firm says investment activity in Calgary began "percolating" in the third quarter of last year and a substantial uptick in activity was experienced - most notably, the combined \$535 million equity stake made by the Canadian Pension Plan Investment Board in the Centennial Place East and West towers and Eau Claire Tower.

"This portfolio investment was followed by a 50% equity stake in TransCanada Tower for \$257.4 million by Healthcare of Ontario Pension Plan . . . These transactions, however, represent significant outliers, both in terms of dollar volume and type/quality of asset."

Barclay Street says several significant shifts in investor focus were noted: activity in the industrial land asset class more than doubled on a year-over-year basis and the number of retail transactions increased by more than one-fifth. In terms of dollar volume, investment in commercial office properties nearly tripled while retail assets saw a doubling of capital inflow.

But residential land investment fell by 63%.

"Overall, a trend emerged of investors' appetites 'spreading out' over a greater array of properties with larger price tags than the preceding year. This differed from 2015, which was characterized by small, cautious purchases primarily in the \$1 million to \$3 million range across all asset classes as buyers sought-out better deals," says the report.