

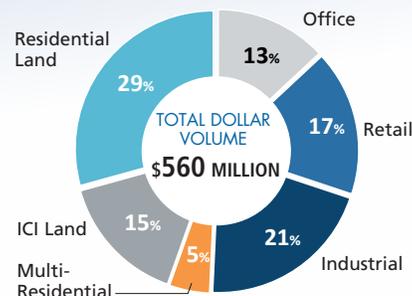
COMMERCIAL REAL ESTATE INVESTMENT UPDATE

INVESTOR CONFIDENCE in the Calgary market remained relatively steady through the first quarter of 2018 in comparison to Q1 2017. To March 31st, total dollar volume invested reached \$560 million; a decrease of approximately \$9.5 million or 1.7% percent year-over-year, despite a 25% increase in investor activity.

	Q1 2017	Q1 2018	Y-O-Y Change
Total Dollar Volume	\$569,741,230	\$560,245,850	(\$9,495,380)
Volume Excluding Residential Land	\$496,613,830	\$396,119,894	(\$100,493,936)
Residential Land Only	\$73,127,400	\$164,125,956	\$90,998,556

Q1 2018 saw commercial investment return to the norm in terms of property size and prices being transacted, whereas early 2017 and the latter part of 2016 were characterized by several very large outliers. Notable contributors to aggregate Q1 2018 investment were retail properties and land – both ICI (Industrial, Commercial, Investment) and Residential, in which dollar volume more than doubled in each category on a year-over-year basis.

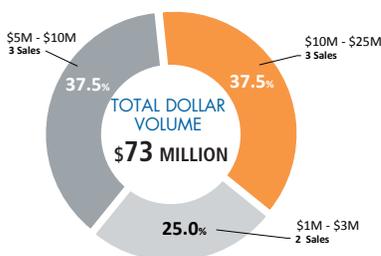
Q1 2018 COMMERCIAL REAL ESTATE INVESTMENT SALES OF \$1M AND GREATER



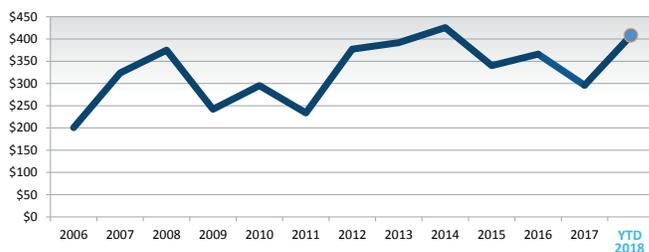
Office Investment

The office investment market in Calgary saw 8 office transactions equal to or greater than \$1 million, totaling more than \$73 million during the first three months of 2018. During this period, investors typically focussed on B Class properties with the notable exception of the Beltline's newest building, 1506 11th Avenue SW otherwise known as the RECA

Q1 2018 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



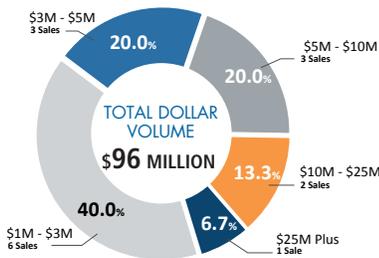
(Real Estate Council of Alberta) Building. While activity in this asset class was similar to that during the first quarter of 2017, dollar volume was approximately one-third of prior year levels due to the absence of large purchases such as Slate Properties' portfolio purchases from Dream.

Retail Investment

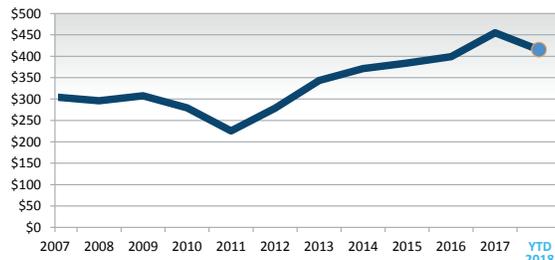
Activity and dollar volume in Calgary's retail asset class increased markedly year-over-year, with dollar volume more than doubling (up 253%) to \$95.6 million and activity up 67%. Of the 15 transactions concluded during the quarter, three closed above \$10 million with the largest being the purchase of 5809 Macleod Trail by Calgary CO-OP for \$26.4 million.

Similar to Q1 2017, the majority of activity continued to focus on retail properties priced in the \$1 million to \$3 million dollar

Q1 2018 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



range, though as noted above, Q1 2018 saw an appetite for higher-priced product that was absent during the same period last year. Year-to-date price per square foot (psf), however, decreased slightly following a multi-year upward trend. The highest per-square foot prices of the quarter were paid for 151 Copperfield Boulevard (\$641/sf) Forest Lawn Plaza (\$575/sf).

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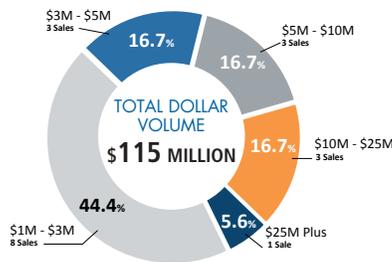
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Industrial Investment

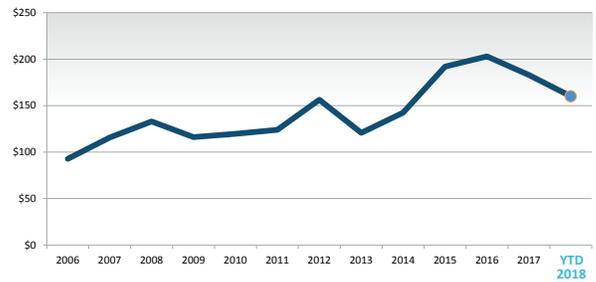
Calgary's industrial market continued to improve, with overall vacancy falling for the fifth consecutive quarter.

This has prompted cautious optimism among developers and investors. With property valuations remaining favourable for prospective buyers, bigger-ticket properties remained on investors' radar. While activity and dollar volume each decreased by approximately one-third on a year-

Q1 2018 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



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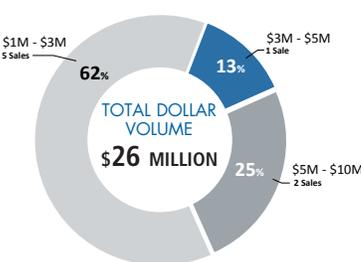
over-year basis, the distribution of properties by size and price remained largely similar.

During Q1 2018, 18 transactions totaling \$115 million closed versus 29 transactions totaling \$169 million one year earlier. Average price per square foot (psf) was \$161; down from \$198 psf at the beginning of 2017. The largest transaction in the Calgary market to date is the Portland St. Depot Phase II & Eastfield Multi-Tenant property, purchased by Fiera Properties for \$29 million.

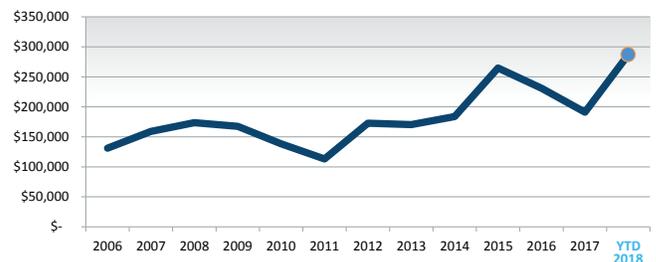
Multi-Residential Investment

First-quarter investment activity in Calgary's Multi-Residential market was largely consistent with that seen one year prior, at eight transactions completed versus nine during Q1 2017. Dollar volume, however, decreased to \$26.4 million versus \$30 million as a result of smaller properties – averaging 15 units – changing hands. For comparison, the average property size in Q1 2017 was 18 units.

Q1 2018 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER UNIT



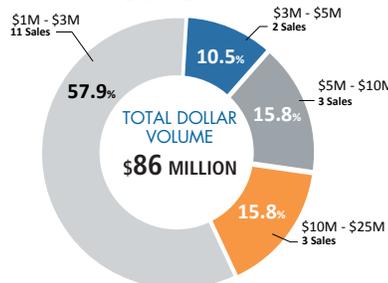
Over the first three months of 2018, the most significant Multi-Residential transactions to take place was the sale of Hillcrest Manor to Timbercreek. This property contains 44 units; substantially larger than 615-7th Avenue SW – the next largest transaction – which comprises the 32 units. Noteworthy during the quarter was the sale of 1221 & 1223 Kensington Close NW, which closed at \$850,000/unit. This transaction pulled the average price/unit metric up substantially.

ICI & Residential Land Investment

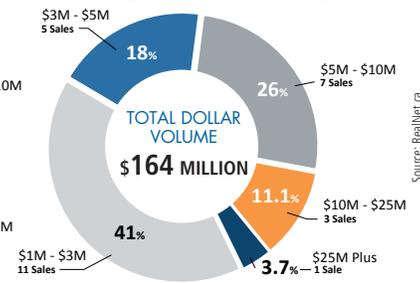
The ICI Land (Industrial, Commercial and Investment) sector witnessed a significant upswing in activity during the first quarter. This asset class represented approximately one-third of total land investment sales, contributing \$86 million of the \$250 million in total dollar volume to the end of March, 2018. The average ICI transaction sat at \$4.5 million which was substantially above the Q1 2017 average of \$3.1 million.

In terms of investment activity, 19 ICI Land transactions were completed during the first quarter, representing a 60% year-over-year increase. Barclay Street's analysis shows a much

Q1 2018 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



Q1 2018 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



broader distribution of transactions than Q1 2017, when all but one transaction closed below \$5 million.

Residential Land sales totalled more than \$164 million to the end of the first quarter and averaged \$6 million per transaction. Both metrics were boosted by Metropia's (a subsidiary of Trinity Group) purchase of 24 acres near the Trinity Hills development for \$43.3 million. The site is earmarked as a future high-density, multi-residential development. This deal and the 26 others in this category continued the trend of renewed interest in residential land, which we first noted in Q3 2017. Notable in this regard is the number of partial acres transacted, which generally close at above-market prices. During this quarter, 14 partial-acre purchases closed at an average of \$8 million/acre.

AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)

