

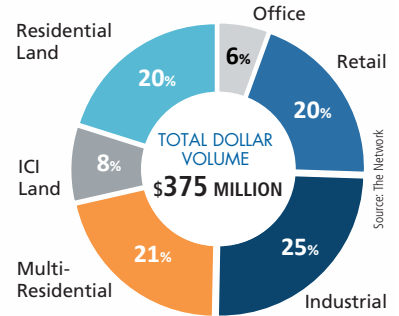
COMMERCIAL REAL ESTATE INVESTMENT UPDATE

Investors' interest in the Edmonton market through the first quarter of 2018 was such that year-over-year sales activity rose by 32%. Commercial real estate (CRE) investment however, decreased to \$375 million; a year-over-year reduction of \$318 million. For perspective, it's worth noting that Q1 2017 CRE dollar volume was inflated by DREAM Office REIT's divestiture of four office

towers. This event injected \$80 million dollars in surprise investment.

To March 31st, the Industrial asset class was the top-performer, comprising \$93 million or 25% of first quarter investment. Dollar volume in Industrial properties nearly doubled on a year-over-year basis but the more notable resurgence in investment during Q1 was in Residential Land which was up 273%. At the other end of the spectrum, notable decreases were seen in Multi-Residential and office properties, with dollar volume down more than two-thirds in each asset class.

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

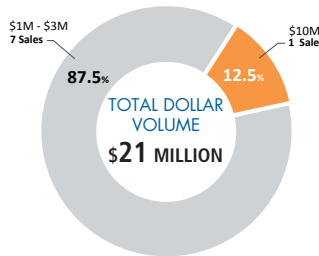


	Q1 2017	Q1 2018	Y-O-Y Change
Total Dollar Volume	\$692,320,575	\$374,664,894	(\$317,655,681)
Volume Excluding Residential Land	\$664,695,575	\$299,258,670	(\$365,436,905)
Residential Land Only	\$27,625,000	\$75,406,224	\$47,781,224

Office Investment

Commercial office properties attracted the least attention and investment volume during the first three months of 2018, due largely to a decreased appetite for office buildings. Edmonton's office market saw 8 office transactions totalling \$21 million at March 31st, down from \$107 million at Q1 2017. During the first quarter, the main contributor to dollar volume in this asset class was the

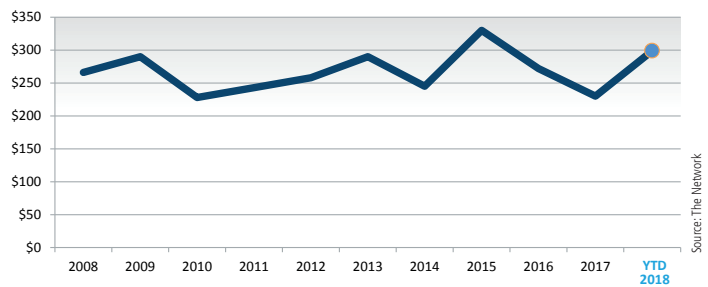
Q1 2018 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



\$8.1 million purchase of 11120-178th Street by 2001533 Alberta Ltd.

Significantly, average price per square foot returned to within its multi-year range after falling through 2016 and 2017. The previous year's decrease was facilitated by the aforementioned DREAM office REIT divestiture, as well as some York Realty properties selling at well-below market value.

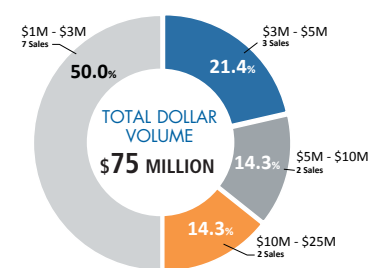
AVERAGE PRICE PER SQUARE FOOT



Retail Investment

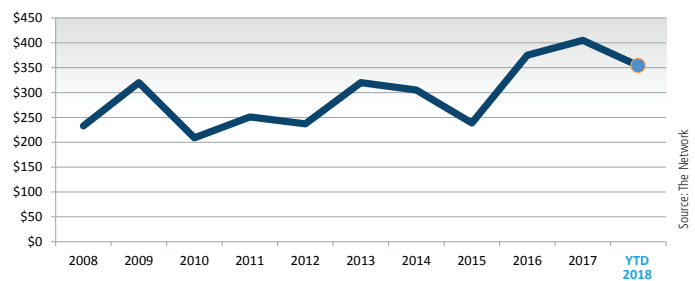
The retail asset class saw about half the investment dollar volume over Q1 2018 than during the same period last year. To March 31st, approximately \$75 million was transacted, with 14 sales taking place across all but the \$25 million-plus price range. This is a significant departure from Q1 2017 and 2017 in general when this asset class was a top-performer.

Q1 2018 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



The decelerated activity also came with a preference of buyers for properties with prices per square foot that were much lower than those seen during Q1 2017. This had the effect of returning average per square foot prices nearer their ten-year range after rising to historic highs during 2017.

AVERAGE PRICE PER SQUARE FOOT



PREPARED BY
BARCLAY STREET REAL ESTATE

Director of Research – Anthony B. Scott
403-294-7173 • ascott@barclaystreet.com

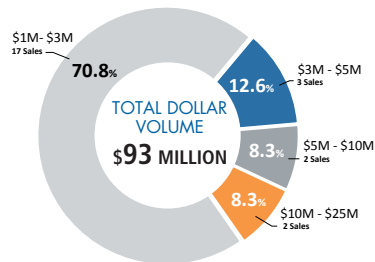


www.barclaystreet.com

Industrial Investment

Investor demand for Industrial properties rose significantly on a year-over-year basis, to approximately \$93 million. This is in 89% increase on dollar volume and accompanies a doubling in the number sales seen in Q1 2017. Interest was focused primarily on IB-zoned properties, which comprised half of the transactions closed to March 31st. These properties sold at an average of \$176 per square foot

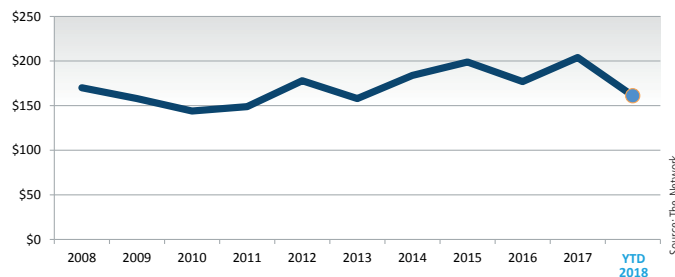
Q1 2018 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



(psf). In addition, nine IM-zoned properties in the first quarter of 2017 and these achieved an average of \$149 psf.

Continuing a trend from 2017 however, there was a notable absence of transactions greater than \$25 million, though one closed at \$25 million on the dot. This was the sale of 9303/9703 28th Avenue to York Realty Inc.

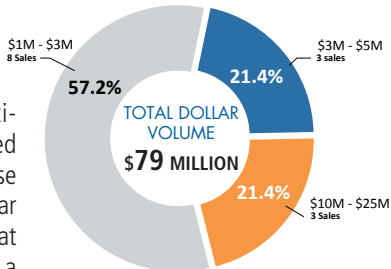
AVERAGE PRICE PER SQUARE FOOT



Multi-Residential Investment

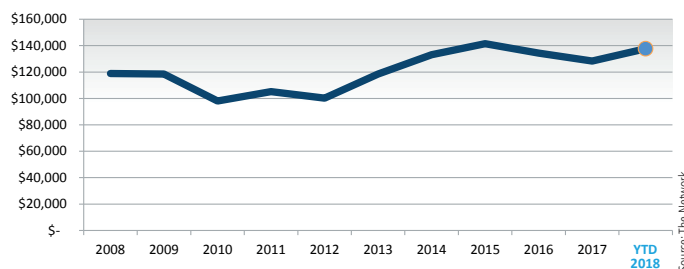
While Edmonton's Multi-Residential market experienced an 8% year-over-year increase in sales during Q1 2018, dollar volume was substantially lower at \$79 million versus \$290 million a year earlier. This asset class saw 14 transactions which, unlike Q1 2017, did not include any big-ticket transactions of \$25 million or greater.

Q1 2018 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



Investors displayed an appetite for smaller properties with price tags less than \$5 million. These were generally small-to-medium-sized properties of 25 units or less. Among the largest transactions to close during the quarter were the 97-unit 6205 101 Avenue high-rise in Terrace Heights and the 92-unit 11610 100 Avenue high-rise in the Oliver neighbourhood. Both were purchased by Resport Equities Inc.

AVERAGE PRICE PER UNIT

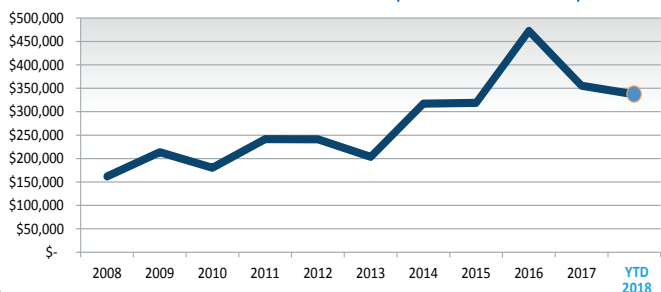


ICI & Residential Land Investment

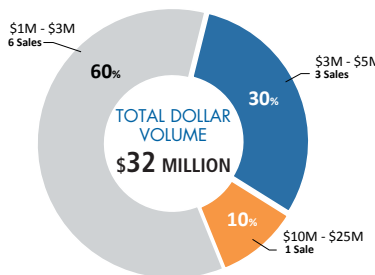
The ICI (Industrial, Commercial and Investment) Land sector contributed approximately \$32 million of the \$107 million in total land sales generated during the first quarter of 2018. The average ICI transaction sat at \$3.1 million, with no transactions of \$10 million or greater. The largest purchase of Q1 was 52.5 acres of land in the Anthony Henday Lake District by Strata Crystallina.

Residential Land sales topped \$75 million during the quarter, nearly tripling year-over-year. This was supported by a sharp

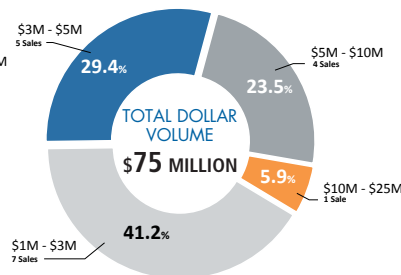
AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)



Q1 2018 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



Q1 2018 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



increase in transactions, with 17 closing to March 31st versus just five a year earlier. One sale greater than \$10 million took place during this period; 0.95 acres of land in Downtown Edmonton at 10085 100th Street by GG Edmonton One Inc.

Combined, average prices per acre remained in-line with 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 in both land types were identified as a significant contributor to that inflation. During Q1 2018, there were no partial ICI Land transactions while Residential Land saw nine partial land transactions. Based on previous years' activity, it is anticipated that a shift in focus toward partial-acre land sales will continue to emerge over the duration of the year.