

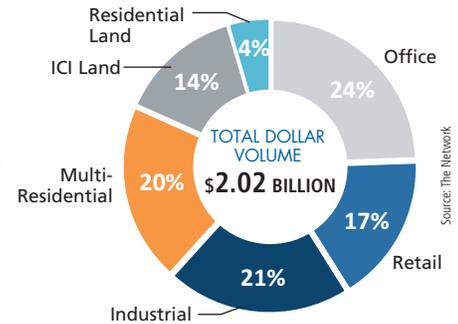
# COMMERCIAL REAL ESTATE INVESTMENT UPDATE

Investors' interest in the Edmonton market through September 2018 was such that year-over-year sales activity rose by 26%. Commercial real estate (CRE) investment also rose substantially to more than \$2 billion; a year-over-year increase of approximately \$615 million. For perspective, it's worth noting that two-thirds of this increase was due to the sale of 10111 – 104th

Avenue NW by Ice District Corp. This single event injected \$400 million dollars into office asset class investment.

The Industrial asset class was another top-performer at Q3, comprising \$416 million or 21% of investment. Dollar volume in Industrial properties was up 73% on a year-over-year basis but a more notable resurgence in investment to September 30th was in ICI Land which more than doubled. Investment in Retail assets however, was down 13% year-over-year.

Q3 2018 COMMERCIAL REAL ESTATE INVESTMENT SALES OF \$1M AND GREATER

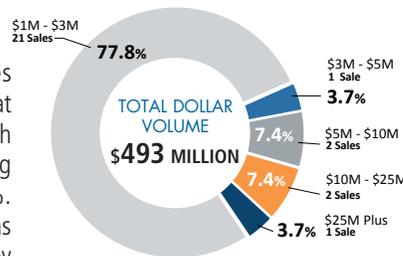


	Q3 2017	Q3 2018	Y-O-Y Change
Total Dollar Volume	\$1,402,083,234	\$2,016,635,589	\$614,552,355
Volume Excluding Residential Land	\$1,343,462,801	\$1,924,789,638	\$581,326,837
Residential Land Only	\$58,620,433	\$91,845,951	\$33,225,518

## Office Investment

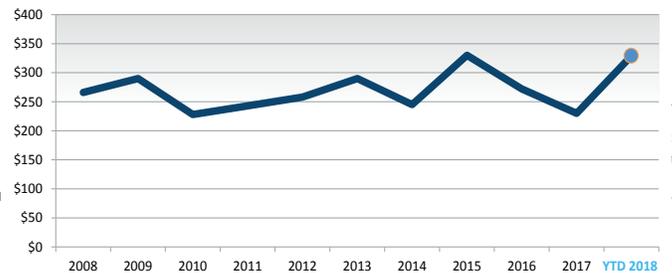
Commercial office properties attracted less attention than at the same point in 2017, with the number of sales decreasing year-over-year by about 30%. Investment volume however, was given a notable boost in July by the aforementioned acquisition of 10111 – 104th Avenue NW by AIMCo Holdings Ltd. This single transaction increased investment in Edmonton's office market to

Q3 2018 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



\$493 million at September 30th; more than double Q3 2017 levels. Average price per square foot maintained an upward trajectory through the third quarter of 2018, supported by the aforementioned sale which closed at \$634 per square foot (psf) - among the highest for an office property this year. Other properties sold during 2018 at very high per square foot prices were: 11115 Groat Road (\$634 psf), 10431 82 Avenue (\$549 psf) and 9122/24 23 Avenue (\$524 psf).

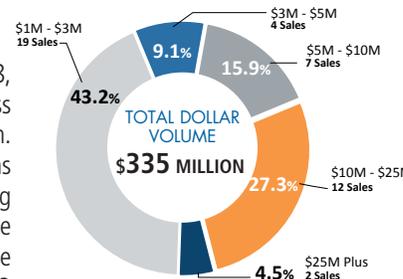
AVERAGE PRICE PER SQUARE FOOT



## Retail Investment

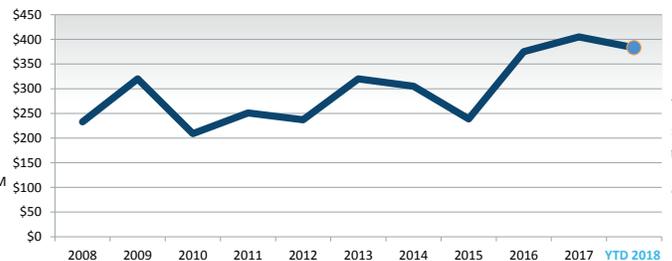
Through the third quarter of 2018, investment in the retail asset class was down slightly at \$335 million. At September 30th, 44 transactions had taken place with two closing above the \$25 million mark; the most significant of which was the \$41.85 million purchase of 2303 – 111th Street. While there have been more transactions to date versus one year prior, the decrease

Q3 2018 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



in big-ticket properties changing hands had a significant impact on an asset class that's traditionally been a -if not the – top-performer. As a consequence, the average price per square foot achieved for retail properties remained on a downward trend after rising to historic highs during 2017.

AVERAGE PRICE PER SQUARE FOOT



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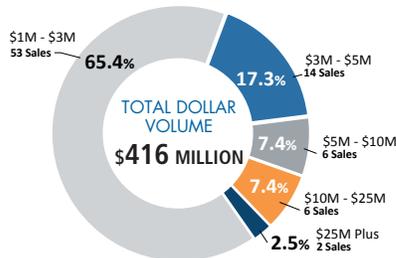


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# Industrial Investment

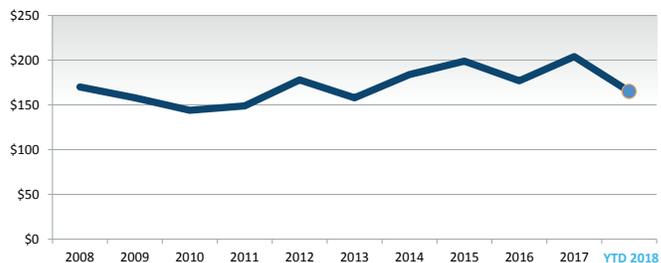
Investor demand for Industrial properties rose significantly on a year-over-year basis, to approximately \$416 million. This is a 73% increase year-over-year increase in dollar volume and accompanies a 42% rise in the number sales seen at Q3 2017. Owner/users, as a group, continued to be a major player and accounted for most of the year-to-date acquisitions. The majority of purchases were

Q3 2018 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



buildings ranging in size between 10,000 square feet (sf) and 40,000 sf, keeping values for these properties stable. Strong demand was shown for IM (industrial manufacturing)-zoned properties, with half of the properties changing hands to September 30th being designated as such. Slightly less popular were IB (industrial business) -zoned properties, with 28 sales completed. Both property types achieved an average of \$164 per square foot (psf) and remain down notably from mid-2017 when average per square foot prices exceeded \$200.

AVERAGE PRICE PER SQUARE FOOT

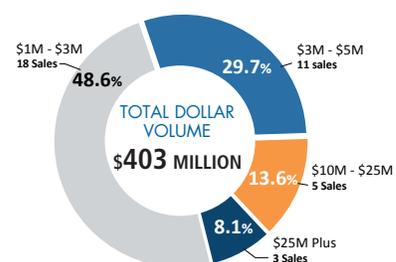


Source: The Network

# Multi-Residential Investment

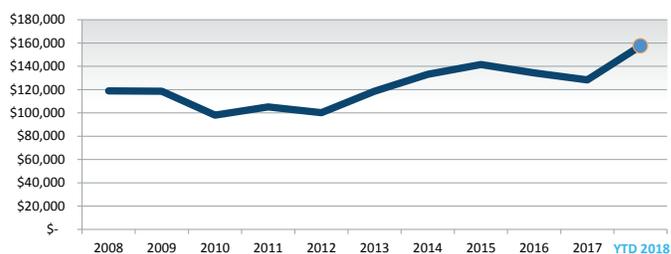
The Multi-Residential market in Edmonton experienced a 37% year-over-year increase in sales to September 30th, 2018. Investment dollar volume was also up over Q3 2017, rising 9% to approximately \$403 million. This asset class saw 37 transactions which, similar to the previous year, had several big-ticket transactions of \$10 million or greater - three of which exceeded \$25 million.

Q3 2018 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



Investors displayed a noticeably stronger appetite for mid-sized properties with price tags between \$3 million and \$5 million than one year prior. These were generally small-to-medium-sized properties ranging in size from 12 to 48 and were disproportionately clustered in the Oliver neighbourhood. The largest transactions to close by the end of Q3 were two assisted-living developments with 268 units and 205 units. Unsurprisingly, these were the largest sales to date in 2018, closing at \$102.5 million and \$87.8 million, respectively.

AVERAGE PRICE PER UNIT



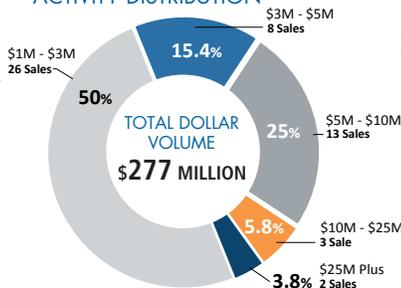
Source: The Network

# ICI & Residential Land Investment

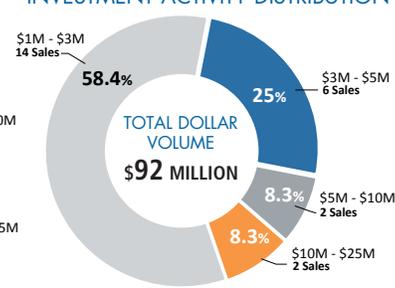
The ICI (Industrial, Commercial and Investment) Land sector contributed approximately \$277 million of the \$369 million in total land sales generated to September 30th. The average ICI transaction sat at \$5.3 million, with two transactions closing above \$25 million. The largest purchase to the end of Q3 was 353.6 acres of land in the Marquis subdivision by Horse Hill Land Company Ltd.

Residential Land sales reached approximately \$92 million to September 30th, rising by 57% year-over-year. This was

Q3 2018 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



Q3 2018 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



supported by an increase in transactions, with 24 closing versus 17 a year earlier. Two sales greater than \$10 million took place during this period; 0.66 acres of land in Downtown Edmonton at 12010 Jasper Ave. by I.G. Investment Management Ltd. and 1.4 acres at 10039-115th Street by Jasper & 115 ST Residential Gp. Ltd.

Combined, the land sector saw the average price per acre rose to \$347,000 / acre versus \$327,000/acre at September 30th, 2017. Land sales of less than one acre comprised about half of Residential Land transactions while there were 12 ICI Land sales of less than a full acre. From mid-year 2015 through 2016, we noted a substantial number of partial-acre sales and identified the trend as a major contributor to price-per-acre inflation over that period.

AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)

