

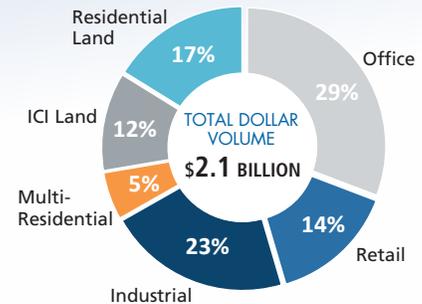
COMMERCIAL REAL ESTATE INVESTMENT UPDATE

INVESTORS' INTEREST IN THE CALGARY MARKET REMAINED CONSISTENT through the third quarter of 2018. To Sept. 30th, total dollar volume invested reached \$2.1 billion; an increase of approximately \$619 million or 41% year-over-year, while the number of deals closed increased by 13%.

	Q3 2017	Q3 2018	Y-O-Y Change
Total Dollar Volume	\$1,493,948,241	\$2,112,713,160	\$618,764,919
Volume Excluding Residential Land	\$1,248,422,367	\$1,747,678,412	\$499,256,045
Residential Land Only	\$245,525,874	\$365,034,748	\$119,508,874

Notable contributors to investment volume were office and retail properties, each of which saw total dollar volume increase by 69%. Investment in land – both ICI (Industrial, Commercial, Investment) and Residential – and Industrial assets were also up year-over year. Multi-residential assets however, were again out of favour with investors and posted a third consecutive quarter in which dollar volume was down.

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

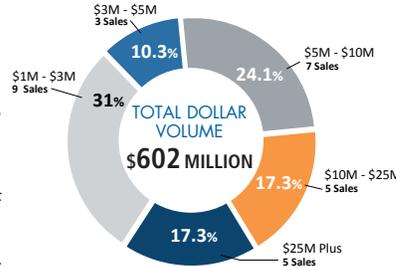


Source: RealNet.ca

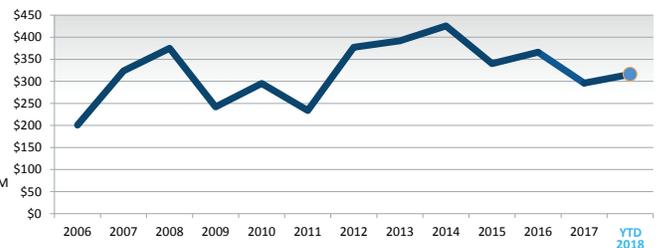
Office Investment

The office investment market in Calgary saw 29 office transactions equal to or greater than \$1 million, totaling more than \$602 million during the first nine months of 2018. During the third quarter, investment in the office asset class was supported primarily by two transactions: the purchases the Hexagon Calgary Campus by Novatel Inc. in August and IBM

Q3 2018 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



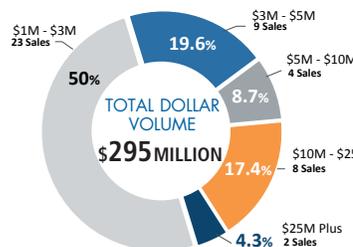
Source: RealNet.ca

Corporate park by Spear Street Capital in September. Year-to-date activity in this asset class was similar to that at the same point of 2017 while dollar volume was up by approximately \$246 million. The majority of that increase – \$205 million – is directly attributable to the two aforementioned transactions.

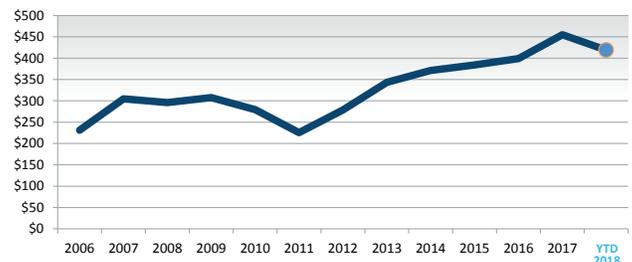
Retail Investment

Dollar volume in Calgary's retail asset class increased markedly year-over-year, with dollar volume up by more than \$121 million to \$295 million. Investor activity was also up by 24%. Of the 46 transactions concluded to Sept. 30th, ten closed above \$10 million with the largest being the purchase of the Market at Quarry Park by LCPF Realty Inc.

Q3 2018 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



Source: RealNet.ca

Similar to the first and second quarters of the year, investors were active across all price ranges of retail properties. This is part of a trend that began in the third quarter of 2017 following several quarters in which investors avoided big-ticket purchases. Year-to-date price per square foot (psf), however, continued a quarter-over-quarter moderation following six years of steady increases.

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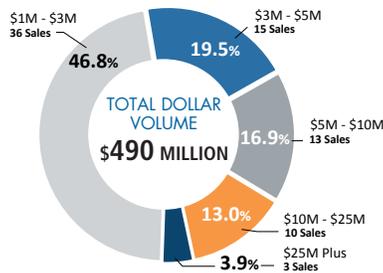


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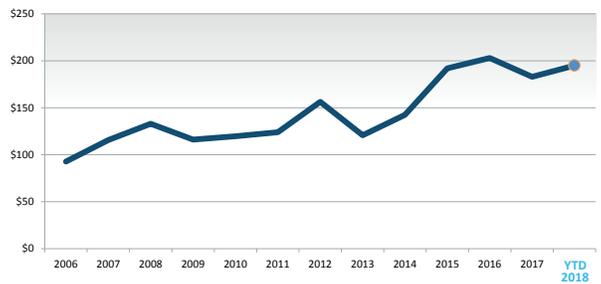
Industrial Investment

The Greater Calgary Area's industrial market continued to improve, with overall vacancy falling for the sixth consecutive quarter. This has fostered optimism among developers and investors which has, in turn, drawn sales of bigger-ticket properties. On a dollar volume basis, Calgary's Industrial asset class posted a year-over-year increase to \$490 million from \$404 million and our analysis shows that investors continued to secure assets across all price ranges. This trend has continued since the mid-point of 2016.

Q3 2018 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



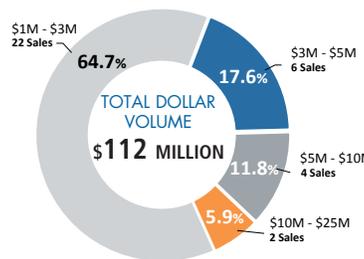
To Sept. 30th, 77 transactions had closed versus 75 transactions one year earlier. Average price per square foot (psf) was \$195; up from \$161 psf at the beginning of the year. A notable industrial transaction in the Calgary market was the sale of 8080 – 36th Street SE to Spire Barlow Centre Inc. for \$37.9 million.*

*Facilitated by Barclay Street Real Estate Ltd.

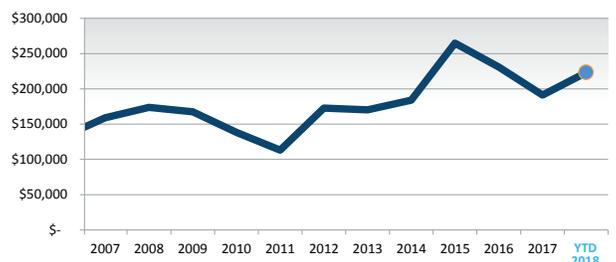
Multi-Residential Investment

Year-to-date investment activity in Calgary's Multi-Residential market was consistent with that seen one year prior, with 34 transactions completed at Sept. 30th. Dollar volume, however, decreased to \$112 million versus \$149 at Q3 2017. Part of this equation was that transactions were generally smaller than had closed at the same point of 2017 and no transactions of \$25 million or greater were completed.

Q3 2018 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER UNIT



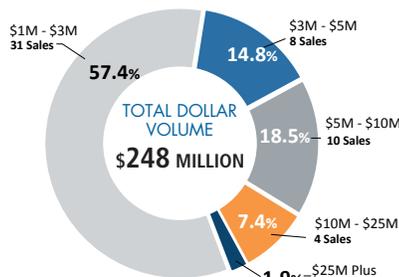
The average size of multi-residential properties sold to Sept. 30th, 2018 was 18 units versus an average of 42 units at the same point of 2017. In this regard, the most significant Multi-Residential transactions to take place was the portfolio purchase of combined 80-unit properties at 401 - 405 Grier Avenue NE, & 400 - 404 Goddard Avenue NE by Avenue Living Real Estate Opportunity GP Ltd.

ICI & Residential Land Investment

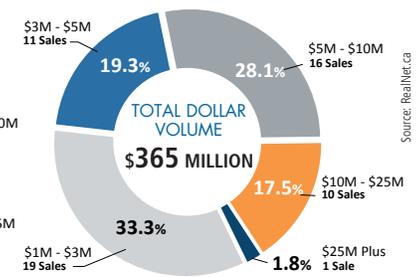
The ICI Land (Industrial, Commercial and Investment) sector witnessed a significant year-over-year upswing in activity. This asset class represented nearly half of total land investment sales, contributing \$248 million of the \$613 million in total dollar volume to the end of September, 2018. The average ICI transaction sat at \$4.6 million, which was substantially above the Q3 2017 average of \$3.2 million.

In terms of investment activity, 54 ICI Land transactions were completed to the end of Q3; a slight increase over the 52

Q1 2018 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



Q3 2018 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



sales completed one year prior. Our analysis of these sales shows a much broader distribution of transactions than at the same point of 2017, when sales of \$5 million and greater were considerably more spartan.

Residential Land sales totalled more than \$365 million to the end of the third quarter and averaged \$6.4 million per transaction. Metropia's purchase of 24 acres near the Trinity Hills development for \$43.3 million earlier this year remained the most significant to date. Equally noteworthy, we have also observed a year-over-year increase in the number of partial-acre residential land sales, which typically closed at above-market prices. To Sept. 30th, 22 partial-acre purchases had closed at an average of \$8.3 million/acre whereas 16 had closed at the same point of 2017.

AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)

