

Calgary Commercial Condominium Investment Insights

Market Analysis | Mid-Year 2024

Since the late 2010s and especially since mid-2020, ownership of commercial condo units has increased significantly in the Calgary market.

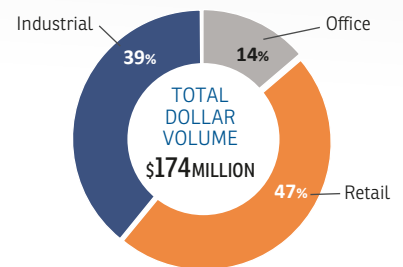
Several formats – office, industrial and retail/medical are available and can be found in a variety of options from units in small, multi-tenant buildings to business parks – all of which provide distinct advantages such as fixed and clear costs, complete control over design within the premises, and notably, tax benefits not available to leasing tenants.

Beginning in 2019 and continuing through 2024 to date, this sector in Calgary has attracted an increasingly diverse group of occupiers and

investors, with owners benefiting from overall cost-savings and growing equity. Demonstrating the ongoing attractiveness of this commercial product, approximately \$174 million in transactions closed among commercial condominiums during the first half of 2024. This brought total investment in this type of asset to well over half of previous full-year investment, with retail/medical condominiums leading the way.

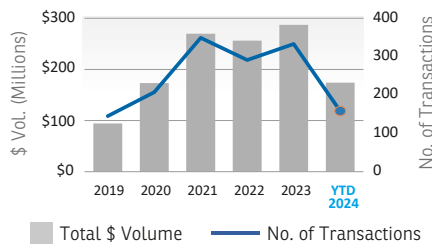
At this rate, 2024 commercial condominium investment is set to eclipse 2023, which set an all-time record for this asset group.

MID-YEAR 2024 COMMERCIAL CONDO INVESTMENT ACTIVITY DISTRIBUTION

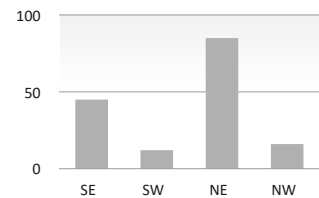


	Mid-Year 2023	Mid-Year 2024	Y-O-Y Change
Office Condo Dollar Volume	\$28,810,442	\$23,934,187	(\$4,876,255)
Retail Condo Dollar Volume	\$60,571,866	\$82,125,395	\$21,553,529
Industrial Condo Dollar Volume	\$64,419,487	\$67,897,083	\$3,477,596
Total Dollar Volume	\$153,801,795	\$173,956,665	\$20,154,870

TOTAL \$ VOL. & NO. OF TRANSACTIONS



OVERALL TRANSACTIONS BY QUADRANT



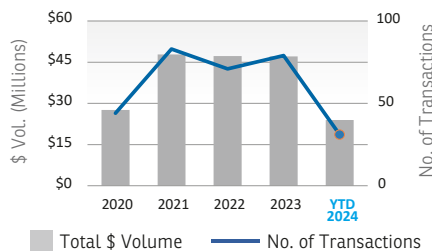
Office Condo Investment

While demand varies across quadrants and building types, the desire to own one's real estate has increased over the past several years, turning office condos into a much-sought-after asset class. Total dollar volume invested in this format is on track to slightly exceed 2023 levels, while sales may post a slight annualized decline.

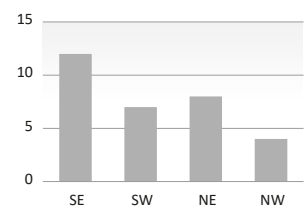
Office condominium sales typically constitute about one-fifth of total commercial condominium sales and demand for this format is typically driven by professional service firms – small to mid-sized business such as an engineering, law, consulting, accounting or contracting firms looking to build equity. Additionally, local and international investors seek this asset class for its potential predictable cash flow.

Costs associated with office condos, such as construction and land prices (often tied to location) and parking – whether underground or above ground – typically price this product in the mid-range between industrial and retail formats. As noted in the accompanying charts, prices per

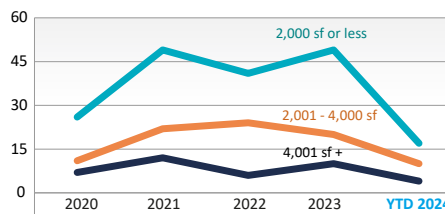
\$ VOLUME & NO. OF TRANSACTIONS



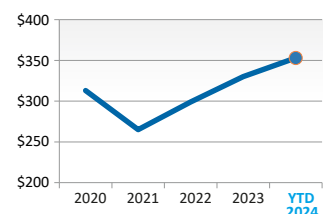
NO. OF TRANSACTIONS BY QUADRANT



NO. OF TRANSACTIONS BY SIZE RANGE



AVERAGE PRICE PER SQUARE FOOT



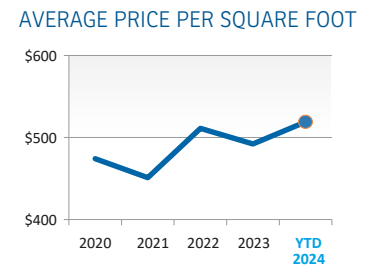
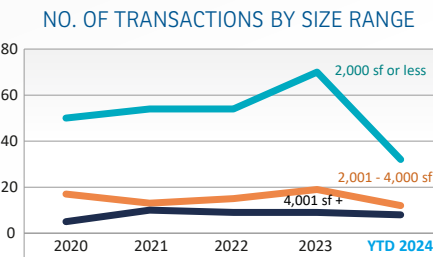
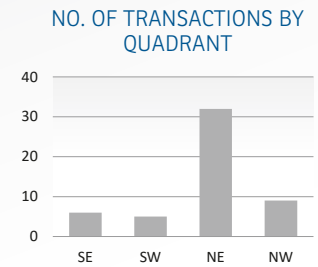
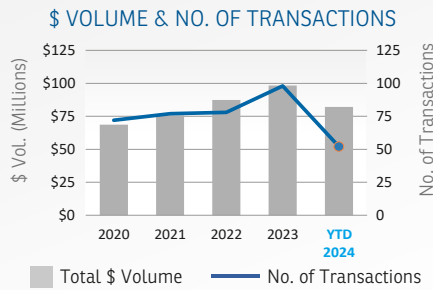
square foot for this product span a fairly wide range, which is reflective of the variation in building types and urban/suburban locations in which this product can be found.

Retail & Medical Condo Investment

Retail condominiums are a unique product type, in that they attract the widest array of owners from Real Estate investment Trusts (REITs) to owner/users such as pharmacies, physiotherapy or medical clinics, concept restaurants and quick-service restaurants. Sales of this condo format have shown consistent year-over-year increases from 2020 through 2023, and as of June 30th, 2024 a fifth year of growth is anticipated.

The City of Calgary's focus on efficient land use through concepts like the 'complete community' and local shopping & entertainment, coupled with densification efforts, has spurred the development of numerous small, 40,000 square foot convenience store-anchored retail plazas and mixed-use developments. These local shopping and service plazas have proven to be fertile ground for the aforementioned owner/user professional services and retail businesses. Based on year-to-date sales trends, this asset type is poised to post record transaction and investment numbers for 2024.

Based on historical trends, retail condominiums typically represent about one-third of commercial condo sales and command the highest average

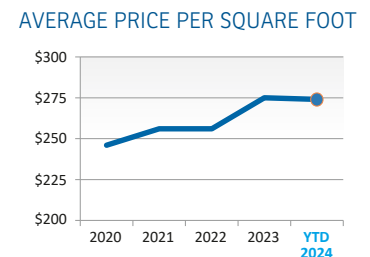
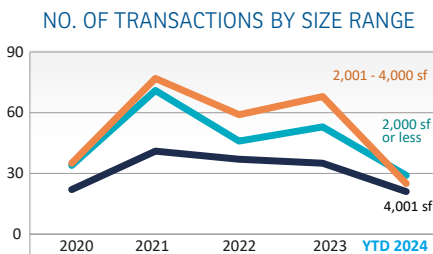
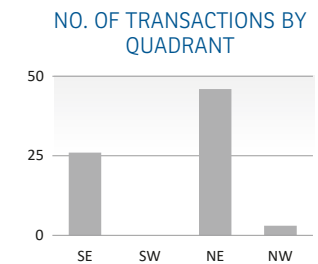
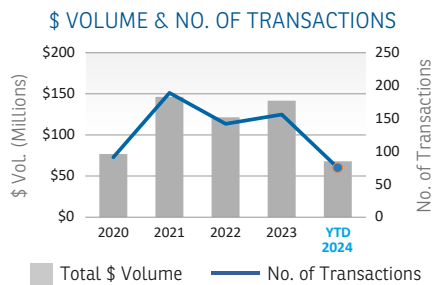


price per square foot among the three commercial condo formats. This is largely attributed to the higher costs associated with plentiful parking, unit design & construction (which often involves lots of glass for natural light and visibility), and land costs related to high-traffic locations. As noted in the accompanying charts, prices per square foot for retail condos tend to span a wider range than the other formats.

Industrial Condo Investment

Reflecting the robustness of the Greater Calgary Area's industrial market from 2021 through 2023, the industrial condominium format typically experienced the highest demand among the three commercial condo types. Reflecting the moderating nature of the industrial market at the mid-point of 2024 however, condo sales comprised a smaller portion – 39% of year-to-date investment – than in previous years. Based on year-to-date sales trends, this asset type is anticipated to post transaction and investment numbers slightly higher than in 2022.

This particular commercial condo type is typically sought after by small-medium service contractor companies, including but not limited to those in landscape/snow removal, plumbing, mechanical, electrical services, automotive uses, microbreweries and a plethora of other uses. Given that typical industrial condo sizes measure less than 10,000 square feet, these businesses find a natural fit in this format. Often located in urban or suburban industrial parks in NE or SE Calgary and surrounding municipalities such as M.D. Rockyview, Greenview, McCall, Skyline, Foothills and Shepard Industrial to name a few, these spaces are convenient for customers and suppliers to access.



Industrial condos usually sell at the lowest price per square foot among the three commercial condo formats. This is because industrial condos typically require less parking, have an open format design with minimal construction and finishing, as a substantial portion of the unit(s) is dedicated to warehouse and loading space. Additionally, land costs are cheaper due to their tendency to be located in more out-of-the-way and less developed locations. As noted in the accompanying charts, prices per square foot for industrial condos fluctuate within a fairly narrow range.

For more information please reach out to us and we will connect you with one of our knowledgeable brokers.

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