

Calgary Commercial Real Estate Investment Insights

Market Analysis Year-End 2024

“Calgary – and Alberta as a whole – continued to inspire investor confidence. Three years of record-breaking investment prove it.”



David Wallach
CCIM, Owner/Broker
Barclay Street Real Estate

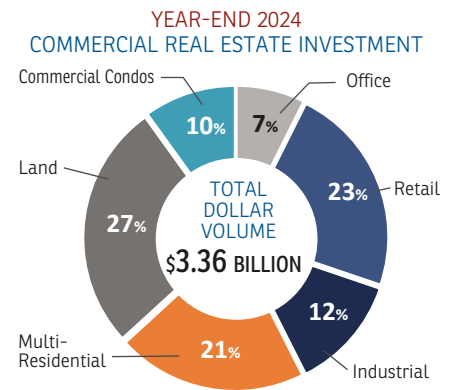
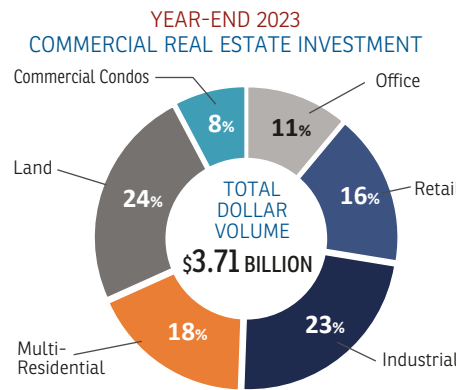
Commercial investment through 2024 nearly matched that seen at year-end 2023, falling short by less than 10%. While investors' interest in the Calgary market was remarkably strong through the first half of 2024, during which 356 transactions closed for a total of approximately \$1.85 billion, the second half of the year saw 234 transactions close for a total of just under \$1.5 billion. With that said, 2024 CRE investment is the third highest we have on record going back to 2013. This is also an

	Year-End 2023	Year-End 2024	Y-O-Y Change
Office	\$410,775,347	\$247,860,305	(\$162,915,042)
Retail	\$611,876,103	\$768,128,880	\$156,252,777
Industrial	\$852,579,288	\$415,514,500	(\$437,064,788)
Multi-Residential	\$657,151,310	\$693,845,500	\$36,694,190
Land	\$889,154,566	\$903,348,779	\$14,194,213
Commercial Condominiums	\$287,084,026	\$334,401,866	\$47,317,840
Total Dollar Volume	\$3,708,620,640	\$3,363,099,830	(\$345,520,810)

appropriate time to remind readers that overall CRE investment dollar volume for 2022 was artificially inflated by the \$1.2 billion sale of The Bow.

Notable among the trends we observed this year is the sustained and voracious appetite for multi-residential assets, the strength of the commercial condominium market and desire for retail properties – all of which set all-time records for sales and total dollar volume invested. Interest among investors waned however, for industrial assets and the year-over-year decline can be pinned squarely on this underperforming asset group.

Of primary interest were retail properties, which garnered more than \$768 million (up 26%) in total investment versus 2023. Commercial condo sales continued a multi-year uptick, bringing more than \$334 million (up 16%) in total investment while multi-residential assets posted all-time record dollar volume of just under \$694 million (up 6% year-over-year). At the other end of the spectrum, investment among industrial properties was down 51%, due largely to the industrial market becoming over-priced after two years of record investment. Office property investment was down by 40% due to an absence of big-ticket property sales.



YEAR-END 2024 MAJOR TRANSACTIONS

Property	Subdivision	Size	Sale Price	Unit Price	Vendor	Purchaser	
Office	645 7 Ave. SW (Encor Place)	Downtown	359,131 sf	\$21,500,000	\$60/sf	Cadillac Fairview	Soltron West GP Inc.
	407 2 St SW (Canada Place)	Downtown	196,768 sf	\$19,000,000	\$97/sf	HOOPP Realty Inc.	Caloff Properties Ltd.
Retail	610 10th Ave. SW (Marriott Residence Inn)	Beltline	390 Units	\$112,500,000	\$288,461/Suite	bciMC Holdco	1000948704 Ontario Inc.
	505 4 St. SE	East Village	15,0216 sf	\$57,482,400	\$588/sf	Embassy Bosa Inc.	11558595 Canada Inc.
Industrial	2255 29 St. NE	Sunridge	426,791 sf	\$50,340,000	\$118/sf	Shoppers Realty Inc.	CP REIT Alberta Properties Ltd.
	8700 Venture Ave SE	-	90,141 sf	\$18,037,500	\$200/sf	1593289 Alberta Ltd.	Shepard 87 Ventures Inc.
Multi-family	Glenmore Gardens/Elata/Glenmore Heights	Palliser	704 Units	\$176,000,000	\$250,000/Suite	bciMC Realty Corp.	Boulevard Real Estate Equities Ltd.
	141 & 181 Skyview Bay NE	Skyview Ranch	369 Units	\$103,050,000	\$279,268/Suite	D.R. Anderson Holdings Inc.	2592124 Alberta Ltd.
Land	3333 85 St. SW	Springbank	116.08 Acres	\$44,058,300	\$379,551/Acre	Burdett Properties Ltd.	2436647 Alberta Ltd.
	3612-16 Ave. SW	Rosscarrock	9.61 Acres	\$43,067,600	\$4,481,540/Acre	EMWS Holdings Ltd.	The City of Calgary
Commercial Condos	5075 Falconridge Blvd. NE	Westwinds	24,277 sf	\$14,400,000	\$593/sf	Falconridge Convention Centre Inc.	2589298 Alberta Ltd.
	6004 Country Hills Blvd. NE (Sky Pointe Landing)	Skyview Ranch	10,084 sf	\$6,500,000	\$645/sf	Sky Pointe Landing Inc.	Kailash Land Holdings Inc.

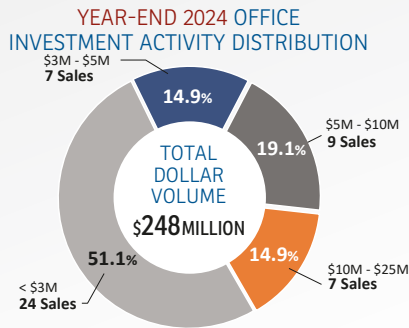
Office Investment

Office investment dollar volume in Calgary was down significantly on a year-over-year basis, falling by 40% despite the number of completed transactions being similar to 2023 levels.

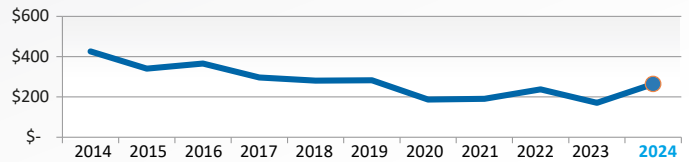
The absence of big-ticket office sales of \$25 million or greater through the year had a tremendous impact. Whereas three properties (Seton Professional Centre, Calgary Places I & II and 3636 Research Rd NW) sold above this threshold for a collective \$180.4 million – and all by mid-year 2023 – the three largest transactions to close by the end of 2024 totalled just \$59.2 million.

Suburban office locations were a substantial driver of office investment, comprising 37 of the 47 transactions closed and totalled approximately \$131 million. These properties also continued to fetch significantly higher average prices per square foot than Downtown locations at \$314/sf versus \$80/sf.

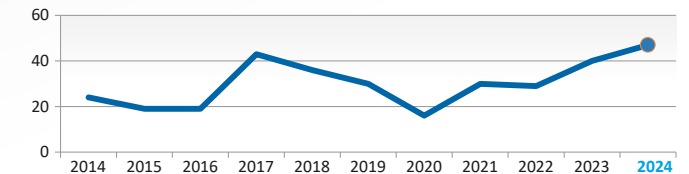
Over the previous two years, the City of Calgary's *Downtown Development Incentive Program* (DDIP) has provided a boost to Downtown office sales and while the pool of properties suitable for office-to-residential conversion shrunk considerably, several buildings



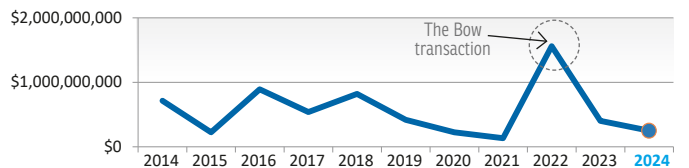
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



remain suitable for repurposing. We anticipate an announcement early in 2025 regarding the selected grantees from the second round of funding under the DDIP banner. Already, one property – United Place (United Canadian Investment Inc.) – has been replaced as a grant recipient under the first round by Place 800 (Peoplefirst Developments).

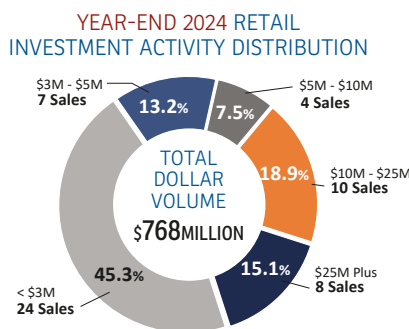
Retail Investment

Dollar volume in Calgary's retail asset class increased markedly on a year-over-year basis, with dollar volume up by more than \$156 million to \$768.1 million.

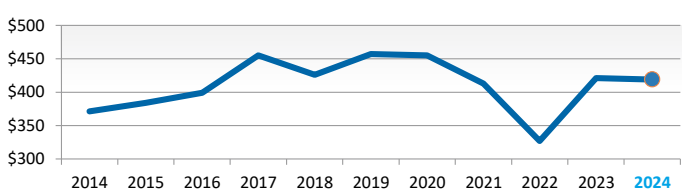
This upswing is despite slightly lessened investor activity, but there were several more big-ticket transactions among them. Of the 53 transactions concluded by December 31st, eight closed above \$25 million with the largest of those being the \$112.5 million purchase of the Marriott Residence Inn at 610 – 10th Avenue SW.

Though investors were active across all price ranges, this unexpectedly high activity among big-ticket items (\$25+ million) marked an about-face from a trend that began in the third quarter of 2017 and lasted through much of the Covid-19 pandemic, in which investors focused on mid-priced (\$5 million to ~\$20 million) property purchases. We also noted this phenomenon in our previous year-end report and will watching closely to see if a new trend is emerging.

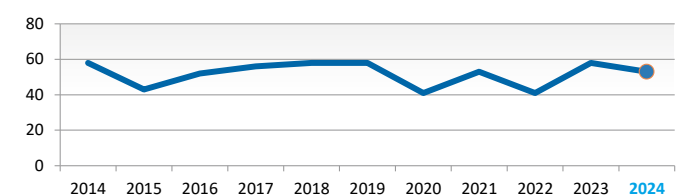
Notably, there were two bursts of activity through the year; the majority of retail activity took place in the first and third quarters of the year



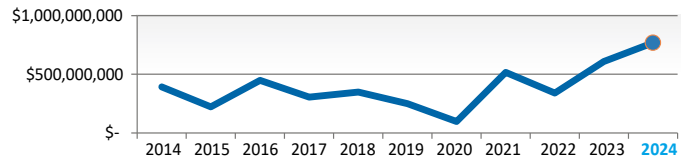
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



and those 37 transactions accounted for more than \$590 million. By the end of Q3, retail investment had already surpassed full-year 2023 levels.

Industrial Investment

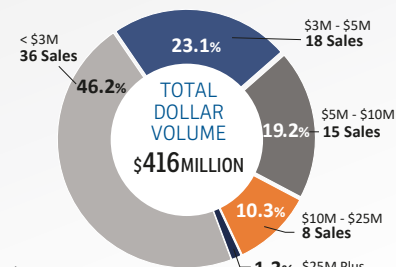
Demand for industrial properties decreased substantially on a year-over-year basis, with year-over-year transaction numbers falling to 78 from 104 at the end of 2023.

With the reduced sales came a 51% overall reduction in total dollar volume. Investment in industrial assets fell to a five-year low of \$415.5 million – one of the lowest in our records, roughly matching that seen in 2009-2012 and 2015/16.

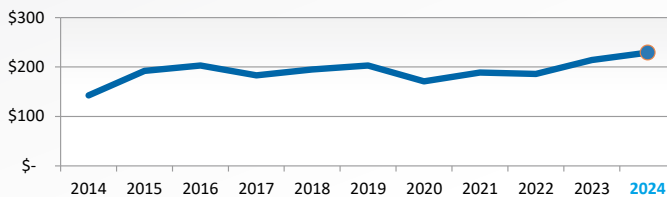
Owner/users, as a group, accounted for nearly three-quarters of acquisitions and were most active among properties measuring 10,000-30,000 square feet. Notable among this group of investors were Hyatt Auto Group, U-Haul Co., (Canada) Ltd. and ATCO Gas and Pipelines Ltd. who purchased vacant warehouses for future repurposing at among the largest transactions of the year, as well as 2533142 Alberta Ltd. who purchased 2222-16th Avenue NE for \$17.1 million – the largest transaction of 2024.

The softened investment – which had emerged at the mid-point of this year – followed two banner years of sales and dollar volume in this asset group. The \$846.5 million worth of industrial properties brought

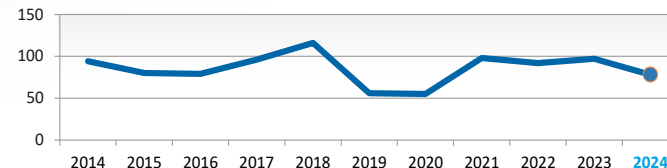
YEAR-END 2024 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



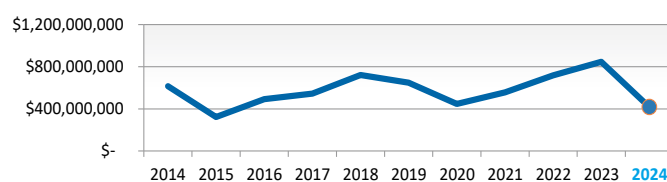
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



through 2023 set an all-time record and 2022 levels (\$719 million) fell just shy of the previous record of \$721 million set in 2019.

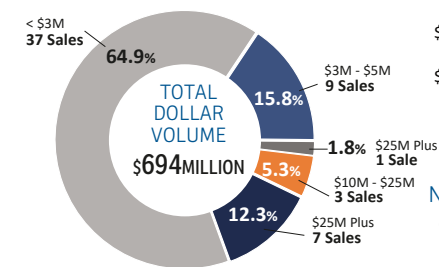
Multi-Residential Investment

By the mid-point of 2024, investment activity in Calgary's Multi-Residential market had far exceeded that seen at June 30th, 2023, both in terms of completed transactions and total dollar volume in this asset group.

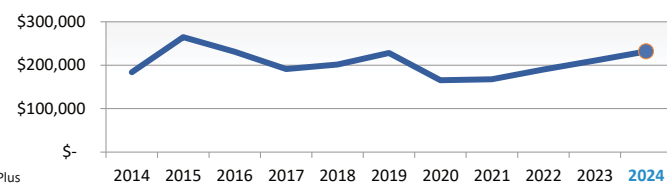
The year-over-year increase held strong through to the end of 2024 and the year finished up 6%, posting an all-time record for investment at \$693.9 million. This asset class saw 57 transactions close, including seven big-ticket transactions of \$25 million or greater - four of which exceeded \$50 million.

As noted in our previous edition, strong population growth has supported demand – and therefore higher rents – in Calgary since late 2022 and we've seen a coinciding increase in purchases of 100+ unit properties over the previous two-plus years. Through 2023, nine such properties sold – two of which were 300+ unit properties. Through 2024, seven 100+ unit properties traded with three being ~300-unit and larger properties: The Level At Seton Circle, 141/181 Skyview Bay NE, and Glenmore Gardens & Elata & Glenmore Heights. The latter two

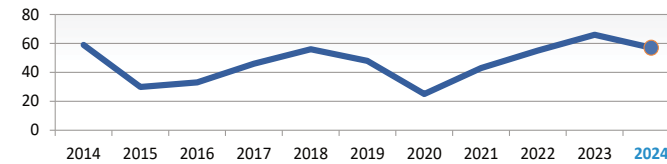
YEAR-END 2024 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



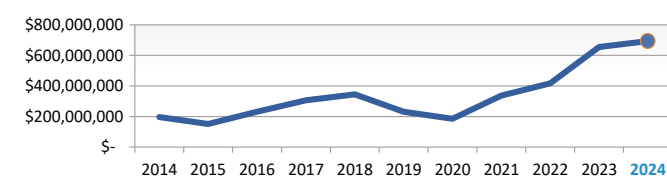
AVERAGE PRICE PER UNIT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



assets represented the largest sales of the year at \$103 million and \$176 million, respectively.

Land Investment

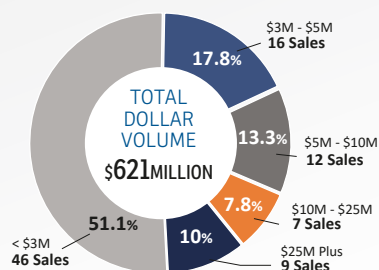
Land investment posted a 2% year-over-year decrease in investment, coming in at a little more than \$903 million over 132 transactions.

As with 2023, land was once again primary driver of overall commercial investment at the end of 2024, moving the multi-family sector into second place.

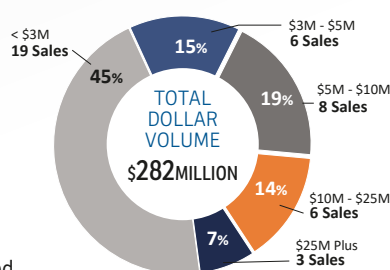
Within the land category, the ICI Land (Industrial, Commercial and Investment) sector was responsible for the overall year-over-year upswing noted above; while transaction volume decreased to 132 from 165, overall investment increased by \$14.2 million. This land category continued to represent the majority of total land investment sales through 2024, contributing more than \$621 million to the total year-to-date dollar volume. The average ICI transaction sat at \$6.9 million; an increase of about \$700,000 per sale over 2023.

Residential Land sales totalled a little less than \$282 million and averaged just over \$6.7 million per transaction. This land category posted a notable \$61 million year-over-year increase in overall investment, despite slightly fewer transactions closing. Noteworthy

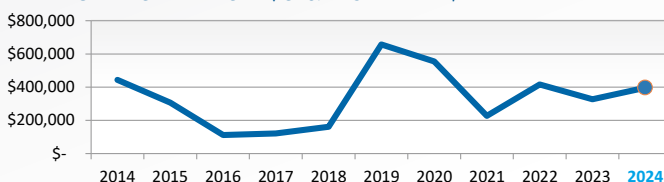
YEAR-END 2024 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



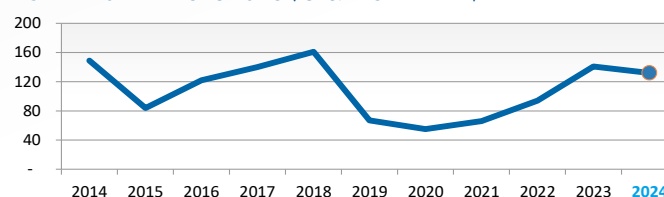
YEAR-END 2024 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



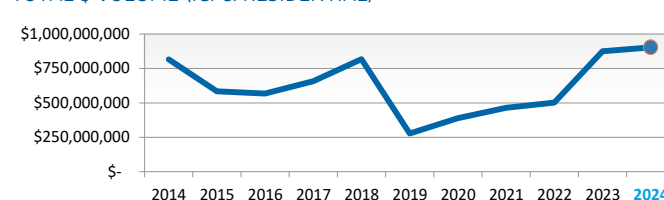
AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)



NUMBER OF TRANSACTIONS (ICI & RESIDENTIAL)



TOTAL \$ VOLUME (ICI & RESIDENTIAL)



in this category is that more than half of the transactions completed through 2024 (25 of the 42) were fractional-acre areas. Equally noteworthy, this continued the trend we've observed over recent years in which the number of partial-acre residential land sales has increased year-over-year. These transactions typically close well above-market prices. Over the year, these closed at an average of \$6.2 million/acre. This was similar to what we noted through 2023 and 2022 and continues to speak to the demand for high-density multi-residential developments in Calgary.

Commercial Condominium Investment

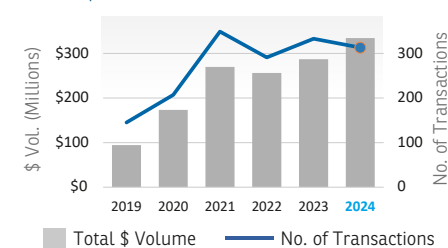
Since 2019, the commercial condominium sector in Calgary has attracted an increasingly diverse group of occupiers and investors who collectively closed \$334.4 million in transactions through 2024; a 16% year-over-year increase in dollar volume.

Several formats – for example, office, industrial and retail/medical are available and can be found in a variety of options from units in small, multi-tenant buildings to dedicated 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.

Retail/medical condos led the way with more than \$153 million in total sales, followed closely by industrial condos (\$141 million) and office condos (~\$40 million).

TOTAL \$ VOLUME & NO. OF TRANSACTIONS



- For more information please contact:
- ▶ David Wallach, CCIM – Owner/Broker • 403-290-0178 • dwallach@barclaystreet.com
 - ▶ Manish Adiani, CCIM – Executive Vice President, Partner • 403-975-0694 • adanim@barclaystreet.com
 - ▶ Richard Lewis – Senior Associate • 403-703-8474 • rlewis@barclaystreet.com
 - ▶ Karen Barry, AACI, FRICS – Executive Vice President • 403-767-9999 • kbarry@barclaystreet.com

PREPARED BY BARCLAY STREET REAL ESTATE

Anthony B. Scott – Director of Research • 403-294-7164 • ascott@barclaystreet.com



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