

COMMERCIAL REAL ESTATE INVESTMENT ANALYSIS

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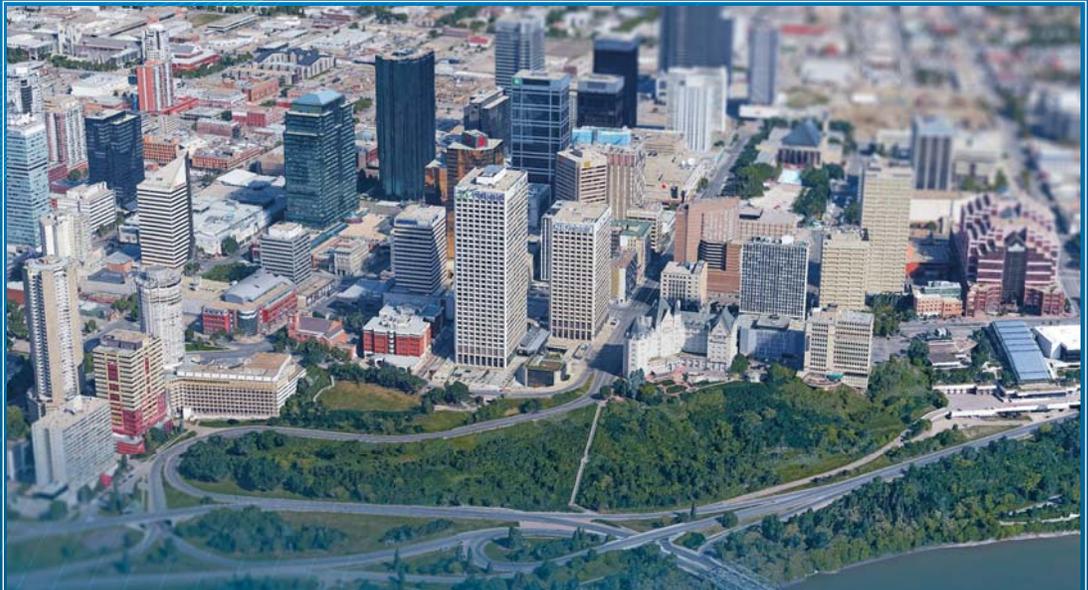
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AS CAN BE EXPECTED, THE EFFECTS OF LOW PRICED OIL, COMBINED WITH A DRAMATICALLY CHANGED POLITICAL LANDSCAPE IN ALBERTA, AFFECTED INVESTOR SENTIMENT AND CAUSED THE INVESTMENT MARKET IN EDMONTON TO QUIET SIGNIFICANTLY IN 2015.

In comparison to the second half of 2014 when \$1.21 billion transacted across the Office, Retail, Industrial, Multi-Residential and ICI/Residential land asset classes, approximately \$531 million was invested during the same period of 2015. While one may expect a particular asset class to emerge as a defensive play during difficult times, a look at sales activity and dollar volume in each asset class in comparison to 12

months prior shows no such asset class standing out; activity was down in all asset classes, although Industrial properties and Residential Land asset classes maintained 68% and 90% of the previous year's dollar volume, respectively. A key metric used by Barclay Street is activity level (the number of transactions) by property price range, which yields data showing across-the-board investor focus toward properties priced less than \$5 million; specifically, between \$1 million and \$3 million.

	Jul-Dec 2014	Jul-Dec 2015	Year-Over-Year Change
Total Dollar Volume	\$1,120,741,647	\$530,949,214	(\$589,792,433)
Volume Excluding Residential Land	\$1,035,922,968	\$454,325,814	(\$581,597,154)
Residential Land Only	\$84,818,679	\$76,623,400	(\$8,195,279)



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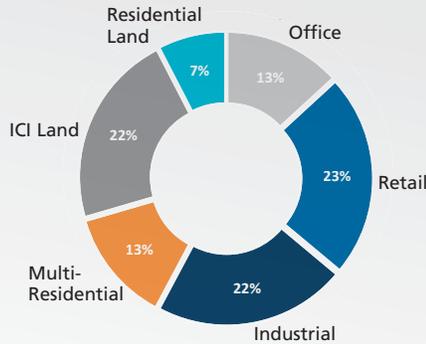
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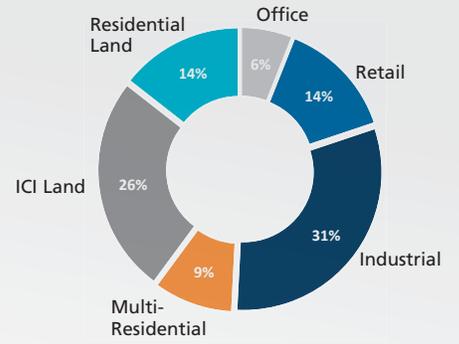
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→ Long-term confidence in Edmonton's investment market remains, as evidenced by the stability of prices paid per square foot and per unit (Multi-Residential). Only price per acre declined during this reporting period. In light of the overall decreases in dollar volume and activity, it is noteworthy that using these metrics, we see transaction prices during the July - December 2015 reporting period remained above those of 2008-2009 recessionary levels. This benchmark is arguably the most comparable year for economic performance.

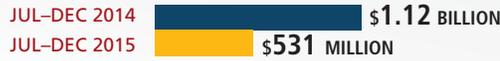
JUL-DEC 2014 COMMERCIAL REAL ESTATE INVESTMENT SALES OVER \$1 MILLION



JUL-DEC 2015 COMMERCIAL REAL ESTATE INVESTMENT SALES OVER \$1 MILLION



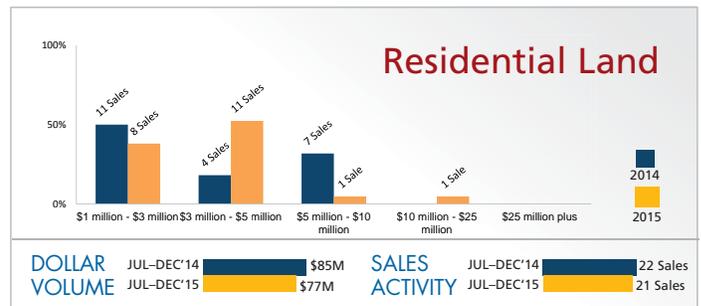
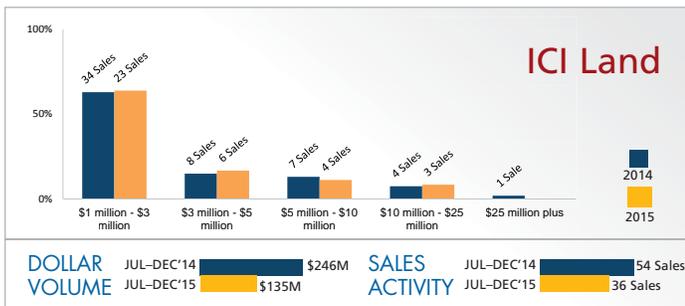
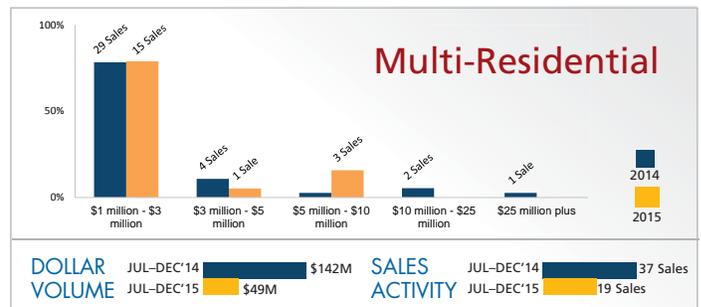
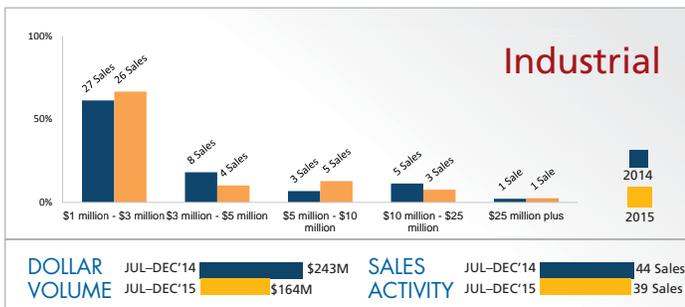
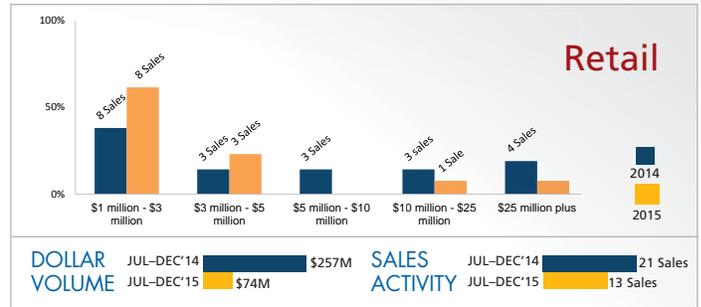
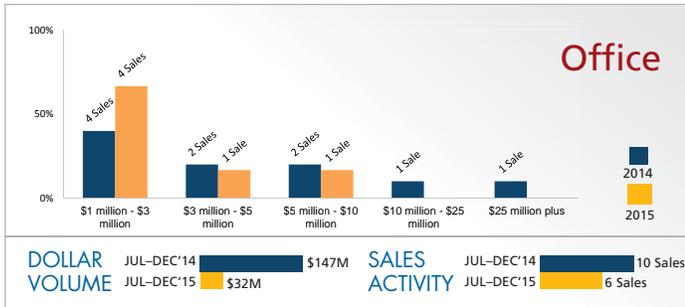
TOTAL DOLLAR VOLUME



TOTAL SALES ACTIVITY



TRANSACTION ACTIVITY DISTRIBUTION, PERCENTAGE OF TOTAL SALES



Office Investment

THE OFFICE INVESTMENT MARKET IN EDMONTON SAW SIX OFFICE TRANSACTIONS GREATER THAN \$1 MILLION DURING THIS REPORTING PERIOD, TOTALLING \$32 MILLION.

This represents 6% of investment across all asset classes, down from 13% during the second half of 2014. Given the city's construction pipeline and the current economic down cycle, which is anticipated to linger through 2016, a prolonged period of high vacancy may drive landlords to release underperforming assets. With average price per square foot for office sales on the decline, however, these assets will not fetch what they would have a year ago.

OFFICE TRANSACTIONS OVER \$1 MILLION (TOTAL ANNUAL)

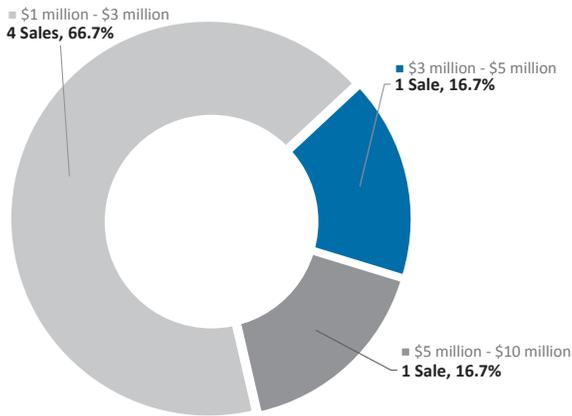
	2012	2013	2nd Half 2014	2nd Half 2015
Total \$ Volume	\$316,491,537	\$331,146,760	\$147,482,055	\$31,925,000
# of Transactions	32	18	10	6
Avg. Bldg. Price per Square Foot	\$258	\$290	\$273	\$294
Average Price Per Transaction	\$9,890,361	\$18,397,042	\$14,748,206	\$5,320,833
Average Building Size (sf)	38,318	63,466	59,454	15,472

Source: The Network

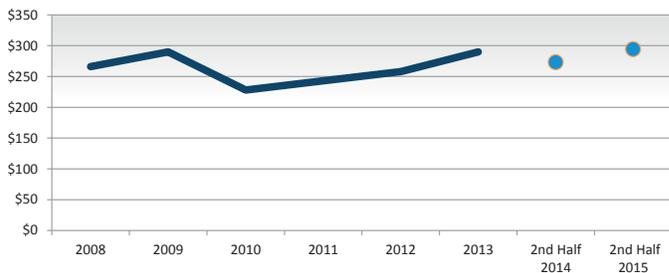
Performing a year-over-year dollar volume comparison, investment decreased substantially, which was not unexpected given the uncertain macroeconomic environment. Barclay Street's activity comparison, however, demonstrates investor interest in the Edmonton market remained, but begs the question as to where that interest lay. Referring to the distribution chart below, our analysis shows activity was concentrated on office properties priced in the \$1 million to \$3 million dollar range.

Year end 2015 office investment volume represented 22% of that seen one year prior, due largely to the absence of big-ticket purchases. This statistic, however, is more indicative of the shift in focus by investors toward smaller properties as demonstrated by the investor activity chart below. Notably, price per square foot trended slightly higher on a year-over-year basis.

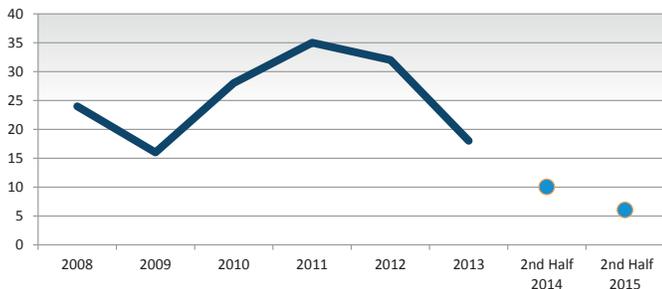
JUL-DEC 2015 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



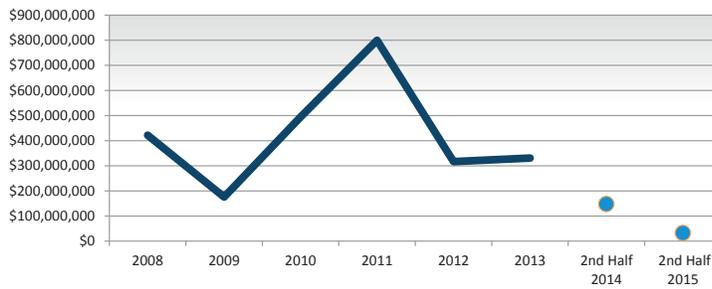
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



Retail Investment

EDMONTON'S RETAIL SECTOR EXPERIENCED A SIGNIFICANT AMOUNT OF NEW SUPPLY DURING 2015; more than 900,000 square feet (sf) of product was added to the city's inventory. With that said, timing is everything and with slowing consumer activity beginning to manifest, retail vacancy increased to approximately 5% at year end. The slowing trend was reflected in investor volume, which decreased substantially on a year-over-year basis.

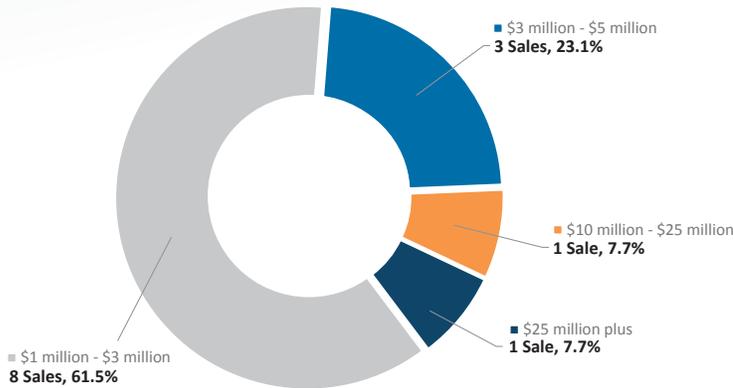
RETAIL TRANSACTIONS OVER \$1 MILLION (TOTAL ANNUAL)

	2012	2013	2nd Half 2014	2nd Half 2015
Total \$ Volume	\$685,056,341	\$240,003,499	\$256,951,455	\$73,492,328
# of Transactions	49	43	21	13
Avg. Bldg. Price per Square Foot	\$237	\$320	\$309	\$282
Average Price Per Transaction	\$13,980,742	\$5,581,477	\$12,235,784	\$5,653,256
Average Building Size (sf)	59,109	18,125	62,439	18,293

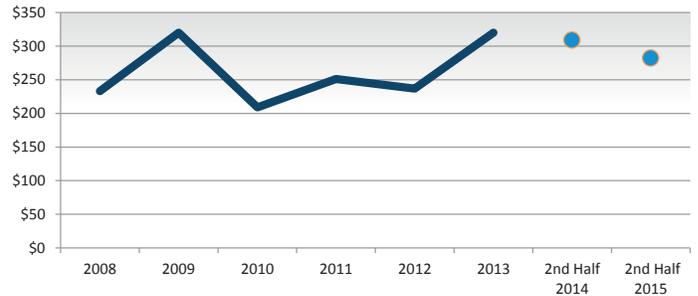
Source: The Network

Investor activity, however, remained at approximately two-thirds of July-December 2014 levels. Referring to the activity distribution chart below, Barclay Street's analysis shows the majority of activity occurred with retail properties priced at less than \$5 million dollars; specifically, with properties in the \$1 million to \$3 million dollar range. Performing a dollar volume comparison of 2015 versus 2014, the investment decrease was not unexpected given the lack of big-ticket properties on the market and the diminished appetite for such on the part of investors.

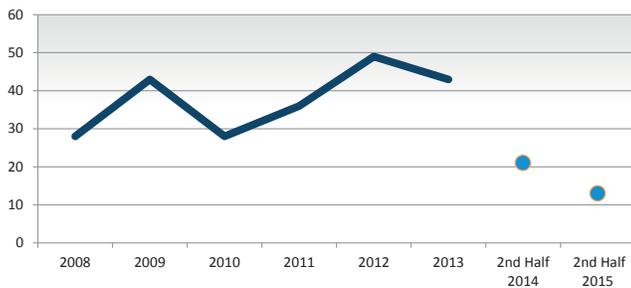
JUL-DEC 2015 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



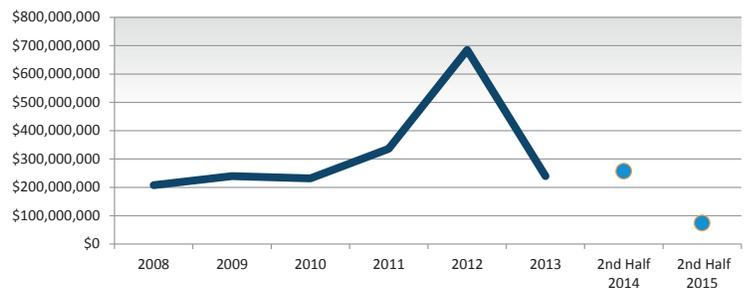
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



Industrial Investment

AS AN INVESTMENT ASSET CLASS, EDMONTON'S INDUSTRIAL MARKET DEMONSTRATED REMARKABLE STABILITY,

with the investment market during the latter half of the year remaining fairly consistent to the period one year prior. There has, however, been an increase in sale and lease offerings of single tenant manufacturing buildings as energy-focused companies consolidate operations to strengthen their balance sheets. The majority of these properties are located in areas weighted toward energy sector service, such as the Nisku-Leduc and South districts.

For well-capitalized investors, this downturn represents an opportunity to negotiate discounts on industrial assets. While only

INDUSTRIAL TRANSACTIONS OVER \$1 MILLION (TOTAL ANNUAL)

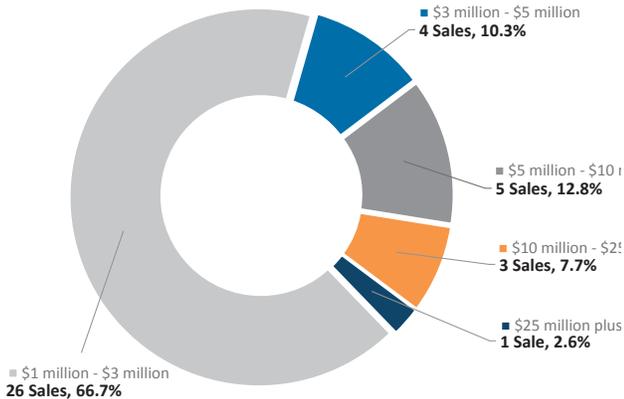
	2012	2013	2nd Half 2014	2nd Half 2015
Total \$ Volume	\$430,366,599	\$621,302,291	\$243,195,841	\$164,373,455
# of Transactions	83	132	44	39
Average Price per Square Foot	\$178	\$158	\$193	\$191
Average Price	\$5,185,140	\$4,706,836	\$5,527,178	\$4,214,704
Average Building Size (sf)	34,866	39,753	40,243	26,472

Source: The Network

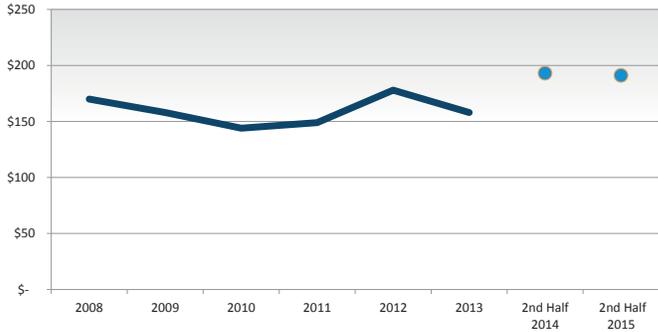
one year ago, vendors were reluctant to negotiate on price to move their real estate, they have become more willing to meet market pricing and it is anticipated that this trend will continue through much of 2016. A slight decrease has been noted in year-over-year prices per square foot as noted in the accompanying chart. Dollar volume was 68% of that invested in this asset class between July and December, 2014.

The Industrial sector demonstrated relatively consistent investment activity with the second half of 2014. Of the six asset classes Barclay Street tracks, industrial properties maintained 89% of activity levels seen one year prior with 39 transactions completed. Referring to the distribution pie chart below, Barclay Street's analysis demonstrated that more than two-thirds of activity occurred with industrial properties priced in the \$1 million to \$3 million dollar range where 26 transactions took place.

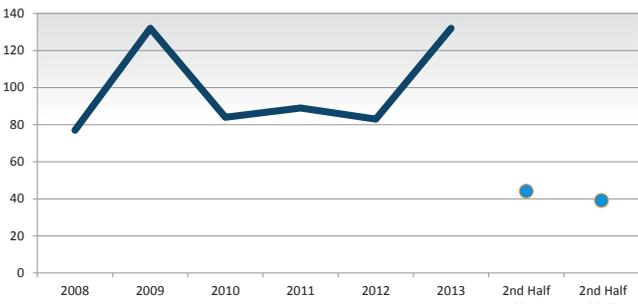
JUL-DEC 2015 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



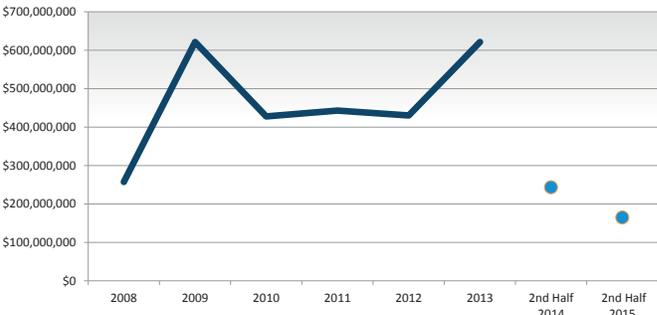
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



Multi-Residential Investment

THE MULTI-RESIDENTIAL MARKET ENDED 2015 WITH DOLLAR VOLUME AT 35% OF 2014 LEVELS, which was due in part to a substantial decrease in investor activity but the primary contributor was investors' change in focus on property pricing. This asset class continues to appeal to purchasers seeking a relatively stable cash flow. With Multi-Residential vacancy of approximately 4%, this market in Edmonton is healthy and low mortgage rates provide additional incentive for prospective buyers.

During the second half of 2015, transactions consisted of smaller properties

MULTI-RESIDENTIAL TRANSACTIONS OVER \$1 MILLION (TOTAL ANNUAL)

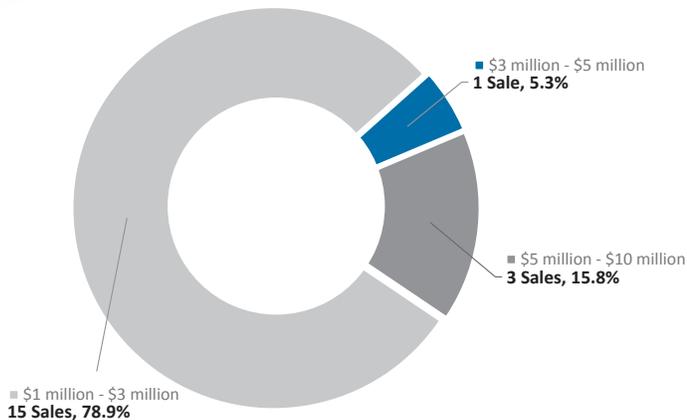
	2012	2013	2nd Half 2014	2nd Half 2015
Total \$ Volume	\$201,891,312	\$297,041,684	\$142,312,916	\$49,376,330
# of Transactions	59	59	37	19
Average Price per Unit	\$100,204	\$118,542	\$141,206	\$135,308
Average Price	\$3,421,887	\$5,034,605	\$3,846,295	\$2,598,754
Average Building Size (Units)	28	39	23	19

Source: The Network

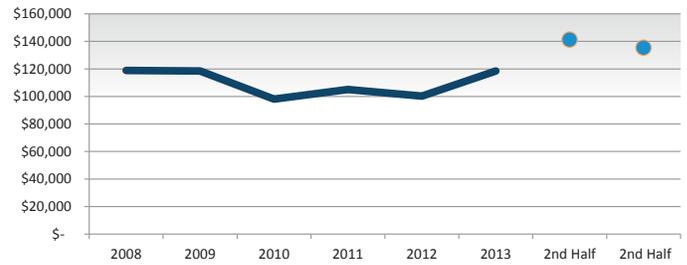
than in recent years, with assets containing an average of 19 units versus 23 units one year prior. The most informative metric in this asset class the price per unit, which decreased by less than 5% year-over-year.

In terms investment activity, the Multi-Residential sector witnessed a substantial decrease versus that seen in 2014, with 19 transactions completed versus 37 one year prior. Referring to the distribution pie chart below, Barclay Street's analysis shows 79% of activity in this asset class occurring with properties in the \$1 million to \$3 million dollar range.

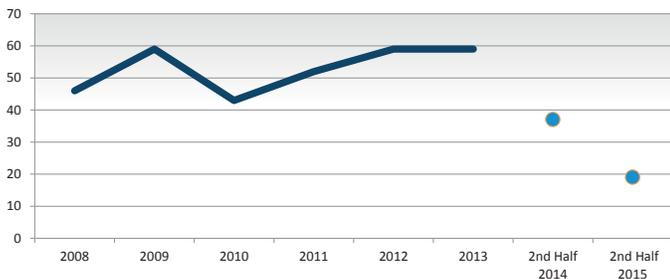
JUL-DEC 2015 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



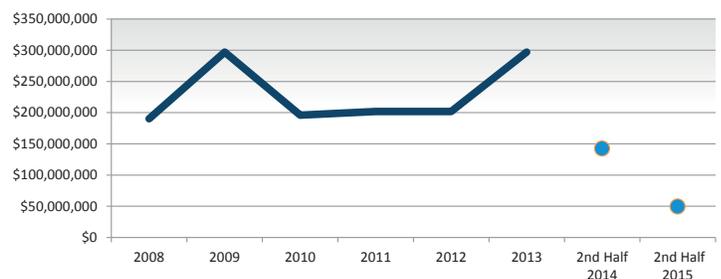
AVERAGE PRICE PER UNIT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



ICI & Residential Land Investment

THE ICI LAND (INDUSTRIAL, COMMERCIAL AND INVESTMENT LAND) SECTOR HAS CONTRIBUTED \$135 MILLION OF THE \$212 MILLION IN TOTAL LAND SALES GENERATED DURING THE SECOND HALF OF 2015. The average ICI transaction sat at \$3.7 million, with three transactions greater than \$10 million; one of which was a \$13.5 million purchase of commercial land at Airport Road & Sparrow Drive in Nisku by Nearctic Development Corporation Ltd.

In terms investment activity, the ICI Land asset class saw an approximate one-third reduction with 36 transactions completed,

ICI & RESIDENTIAL LAND TRANSACTIONS OVER \$1 MILLION (TOTAL ANNUAL)

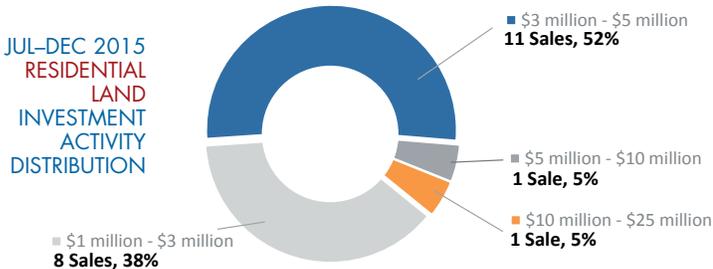
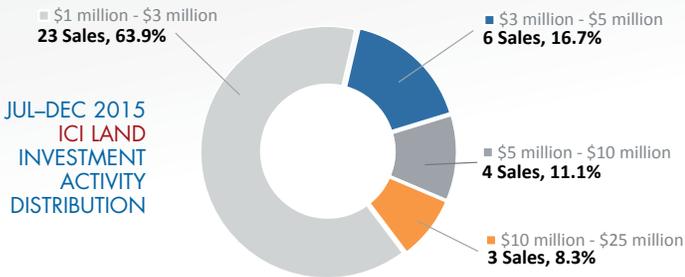
	2012	2013	2nd Half 2014	2nd Half 2015
Total \$ Volume	\$486,331,849	\$840,219,090	\$330,799,380	\$211,782,101
# of Transactions	101	141	76	57
Average Price per Acre	\$539,034	\$492,781	\$471,704	\$111,022
Average Price	\$4,815,167	\$5,959,000	\$4,352,623	\$3,701,571
Average Land Area (Acres)	2245	4607	2021	503

Source: The Network

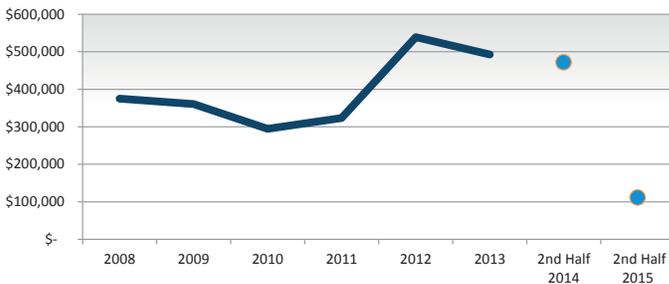
versus 54 one year prior. Referring to the distribution pie chart below, Barclay Street’s analysis shows the majority of purchases occurring in the \$1 million to \$3 million dollar range, where 23 of the 36 transactions were completed.

At \$76.6 million, Residential Land sales demonstrated the greatest consistency of the six asset classes Barclay Street tracks. The value of the average Residential transaction sat at \$3.6 million and there was one transaction greater than \$10 million. London Life Insurance Company purchased 2.33 acres at 105th Avenue and 121st Street for \$11.2 million. The largest land purchase was 18 Laderoute Place in St. Albert where 12 acres were purchased by Sarasota Homes Ltd. for \$6 million.

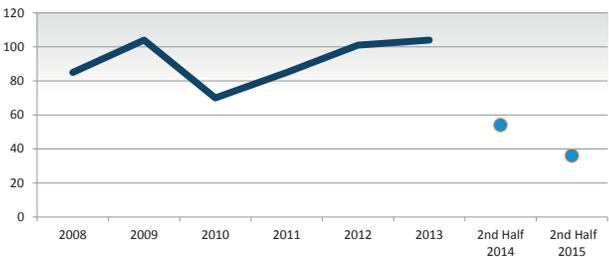
Residential land, unlike the ICI asset class, saw only a minor decrease in both investor activity and dollar volume. The number of transactions remained at 95% of that seen the previous year, with 21 completed sales; a decrease of only one sale. Tracking year-over-year dollar volume, this asset class retained 90% of year-over-year investment due in large part to the transaction noted above.



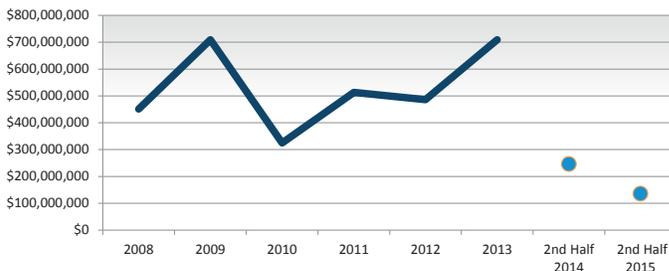
AVERAGE PRICE PER ACRE



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



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