

Calgary Commercial Condominium Investment Insights

Market Analysis Calgary • Year-End 2023

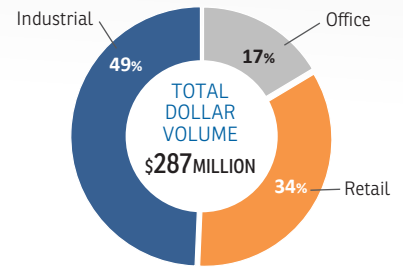
In recent years, ownership of commercial condo units has increased significantly in the Calgary market.

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 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.

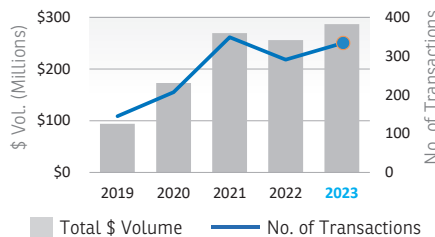
	Year-End 2022	Year-End 2023	Y-O-Y Change
Total Dollar Volume	\$256,170,394	\$287,084,026	\$30,913,632
Office Condo Dollar Volume	\$47,219,380	\$47,130,590	(\$88,790)
Retail Condo Dollar Volume	\$87,409,310	\$98,300,002	\$10,890,692
Industrial Condo Dollar Volume	\$121,541,704	\$141,653,434	\$20,111,730

Since 2019, the commercial condominium sector in Calgary has attracted an increasingly diverse group of occupiers and investors, while owners benefit from overall cost-savings and growing equity. Demonstrating the attractiveness of this commercial product, more than \$48 million in transactions closed among commercial condominiums during the final quarter of 2023. This brought total investment in this type of asset exceeded \$287 million for the year; approximately 11% over 2022 dollar volume.

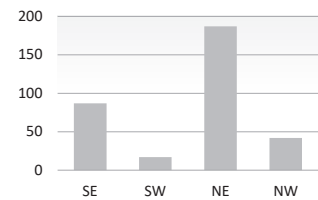
YEAR-END 2023 COMMERCIAL CONDO INVESTMENT ACTIVITY DISTRIBUTION



TOTAL \$ VOL. & NO. OF TRANSACTIONS



OVERALL TRANSACTIONS BY QUADRANT



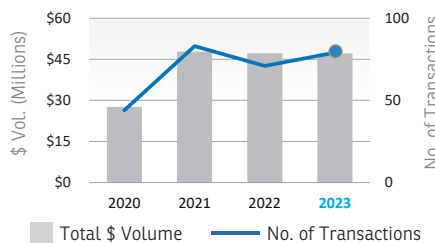
Office Condo Investment

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.

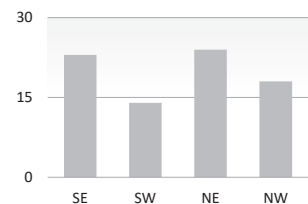
While demand varies across quadrants and building types, the desire to own one's real estate has increased over the past several years, turning office condos into a much-sought-after asset class. Sales of this format and total dollar volume through 2023 remained essentially flat for the third straight year after making a dramatic jump from 2020 levels.

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 to the right, prices per square foot for this

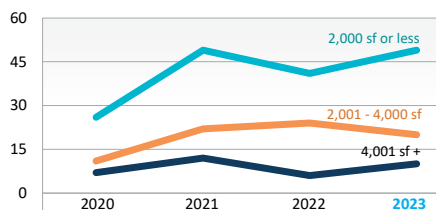
\$ VOLUME & NO. OF TRANSACTIONS



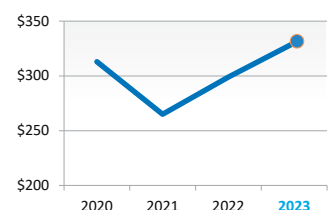
NO. OF TRANSACTIONS BY QUADRANT



NO. OF TRANSACTIONS BY SIZE RANGE



AVERAGE PRICE PER SQUARE FOOT



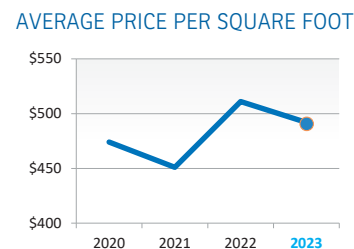
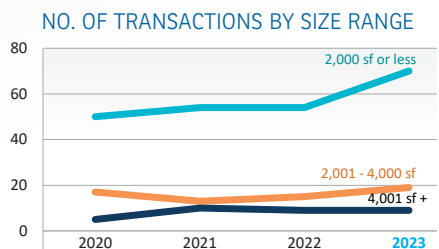
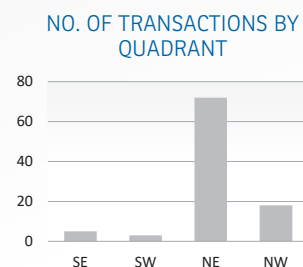
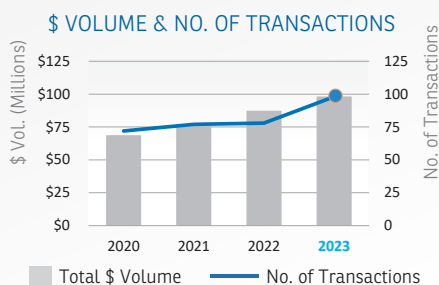
product span a fairly wide range, which is reflective of the variation in building types and urban/suburban locations in which this product can be found.

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. These services thrive best in main floor, street-level locations. Sales of this condo format have consistently increased year-over-year from 2020 through 2022, and as of year-end 2023, they are poised for a fourth year of growth.

The City of Calgary's focus on efficient land use through concepts like the '15-minute city'/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.

Retail condominiums typically represent about one-third of commercial condo sales and command the highest average price per square foot among



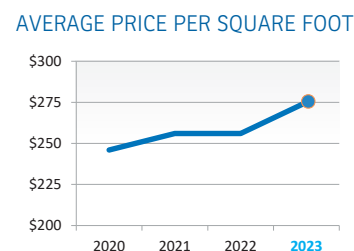
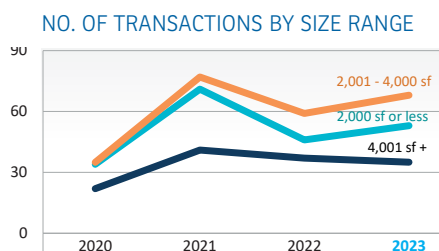
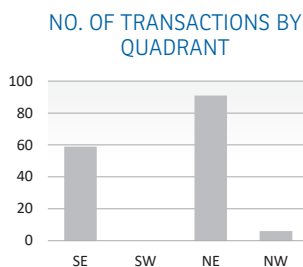
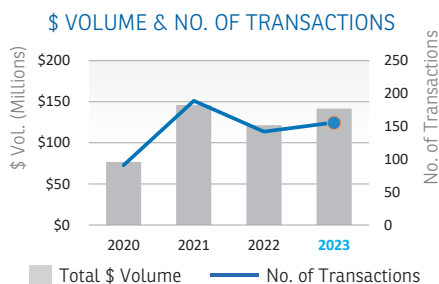
the three commercial condo formats. This is attributed to the higher costs associated with plentiful parking, unit design & construction (which often involves lots of glass for natural light and visibility), and land costs related to high-traffic locations. As noted above, prices per square foot for 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, the industrial condominium format has consistently experienced the highest demand among the three commercial condo types. At the close of 2023, industrial condo sales comprised 49% of the year's sales and continued a multi-year trend in which this format constituted approximately half of all commercial condo sales.

This particular commercial condo type is typically sought after by small contracting companies, including those in landscape/snow removal, plumbing or electrical services, automotive tuning and customizing shops, and microbreweries. Given that typical industrial condo sizes measure less than 4,000 square feet, these businesses find a natural fit in this format. Often located in urban industrial parks such as Foothills and Shepard Industrial, these spaces are convenient for customers 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 minimal parking, have an open design with



minimal construction and finishing, as a substantial portion of the unit(s) is dedicated to loading bay 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 above, prices per square foot for industrial condos fluctuate within a fairly narrow range.