

Calgary Commercial Real Estate Investment Insights

Investment Market Update **Calgary • Q3 2023**

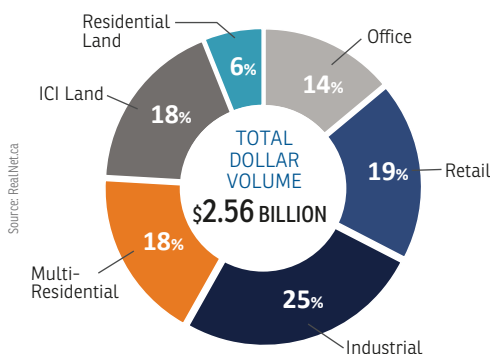
Investors' interest in the Calgary market remained quite strong through the third quarter of 2023. During the quarter, 85 transactions closed at or above \$1 million, for a total of \$468.8 million. To September 30th, total dollar volume invested reached \$2.56 billion.

	YTD Q3 2022	YTD Q3 2023	Y-0-Y Change
Total Dollar Volume	\$3,113,304,201	\$2,560,148,668	(\$553,155,533)
Volume Excluding Residential Land	\$3,020,573,226	\$2,405,221,814	(\$615,351,412)
Residential Land Only	\$92,730,975	\$154,926,854	\$62,195,879

While this represents a decrease of approximately \$553 million or 18% percent year-over-year, the negative calculation is due entirely to the 2022 sale of The Bow* overinflating last year's investment numbers. Removing that outlier, we see investment up year-over-year across the board.

Notable contributors to year-to-date investment volume were retail and multi-residential properties which saw total dollar volume increase by 32% and 26%, respectively. Investment in all other assets classes we track posted more muted gains.

YTD 2023 COMMERCIAL REAL ESTATE INVESTMENT SALES OF \$1M AND GREATER

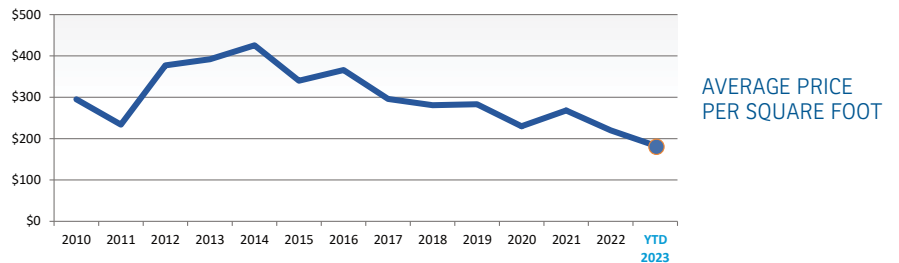
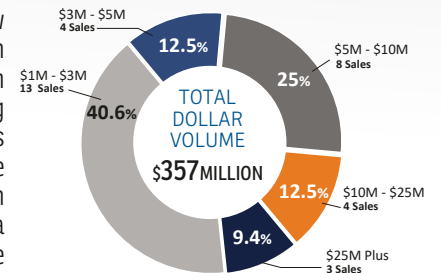


* Sale announced in 2021, finalized in 2022

Office Investment

The office investment market in Calgary saw 32 office transactions equal to or greater than \$1 million, totaling more than \$357 million during the first nine months of 2023. During this period, investment in this asset class was supported primarily by two transactions: the \$75.8 million purchase of 3536-3636 Research Rd. NW (SMART Technologies Inc.) by Alberta Infrastructure and the \$54.7 million purchase

YTD 2023 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



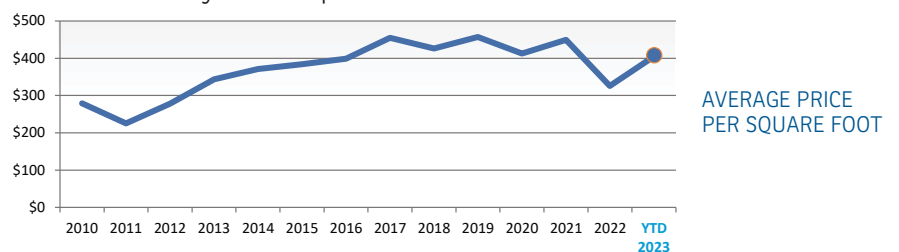
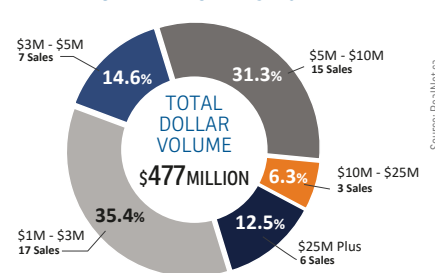
(representing the consolidating 50% interest) of 330 5 Ave SW (Calgary Place) by KingSett Capital. Year-to-date sales activity was up by about one-third but as stated earlier, dollar

volume was down significantly due to last year's sale of The Bow for \$1.2 Billion. ■

Retail Investment

Dollar volume in Calgary's retail asset class increased markedly year-over-year, with dollar volume up by more than \$152 million to \$477 million, which was reflective of notably increased investor activity. Of the 48 transactions concluded to September 30th, six closed above \$25 million with the largest of those being the purchase of two Real Canadian Superstore properties comprising six buildings (food and liquor stores plus gas stations) on Southport Rd. and Sarcee Tr. by Choice Properties.

YTD 2023 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



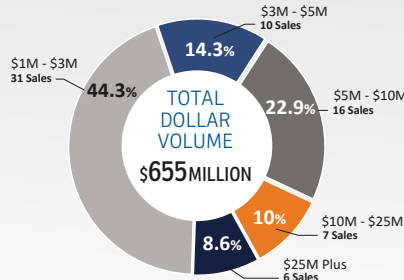
Investors were active across all price ranges of retail properties with unusually high activity among big-ticket items (\$25+ million). This is a marked reversal of a trend that began in the

third quarter of 2017 through much of the Covid-19 pandemic, in which investors avoided big-ticket purchases. ■

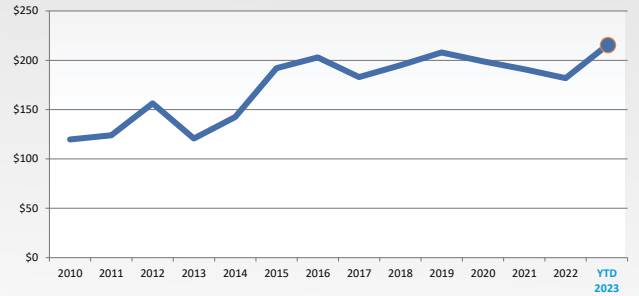
Industrial Investment

Calgary's consistently tight industrial sector continued to be a major draw for investors. With overall vacancy rates remaining in the low-2% range for the year to Sept. 30th, investors were drawn to properties bearing large price tags. Total sales of industrial properties produced a small year-over-year dollar volume, with this asset class posting \$654.9 million in closed transactions at Q3; a year-over-

YTD 2023 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



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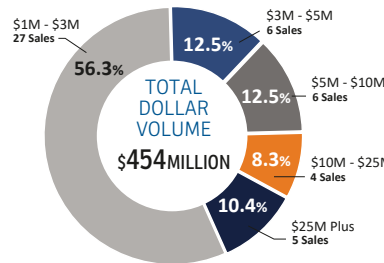
year increase of approximately \$25 million from \$630 million a year prior.

A major contributor to the overall investment increase was the sale of 4920-5280 72 Ave. SE to Skyline Commercial Real Estate Holdings Inc for \$90.3 million. This was part of the Alberta Industrial Portfolio which comprises four business parks containing 16 buildings in Calgary and Edmonton. ■

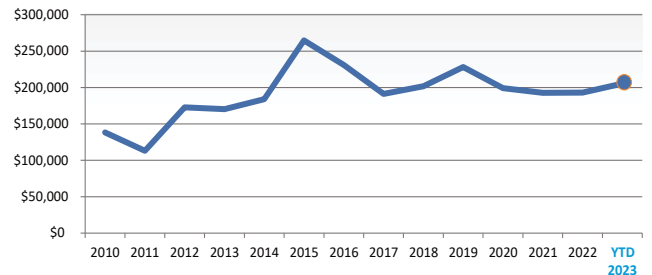
Multi-Residential Investment

Investment activity in Calgary's Multi-Residential market through Q3 was generally consistent with that seen one year prior, with 48 transactions completed at Sept. 30th. Dollar volume, however, increased substantially year-over-year to \$453.9 million from \$336.5 at Q3 2022. Part of this equation was Calgary's extremely low rental apartment vacancy, which has created an appetite

YTD 2023 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



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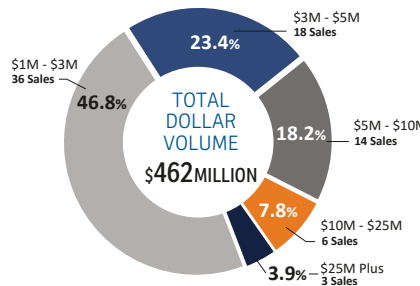
among investors for large properties. With strong population growth supporting demand – and therefore higher rents - we've seen increased sales activity among 100+ unit properties over the previous two years. Through the first nine months of 2023, six such properties sold – two of which were 300+ unit properties: Westview Heights and Wyldewood Estates. These two properties also represented largest sales to date at \$83.4 million and \$58 million, respectively. ■

ICI & Residential Land Investment

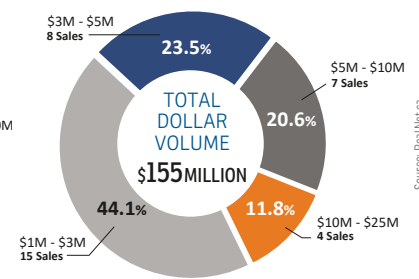
The ICI Land (Industrial, Commercial and Investment) sector witnessed a significant year-over-year upswing in activity. This land category represented the majority of total land investment sales, contributing \$461.9 million of the \$617 million in total dollar volume to the end of September, 2023. The average ICI transaction sat at \$6 million; on par with the Q3 2022 average of \$5.9 million.

In terms of investment activity, ICI Land transactions increased by approximately 30% year-over-year to 77 from

YTD 2023 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



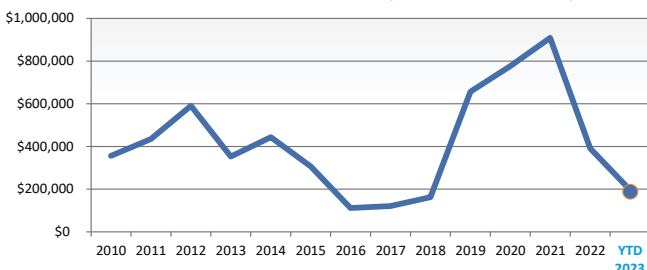
YTD 2023 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



59 at Q3 '22. Our analysis of these sales shows greater investment among properties priced above \$10 million with nine such transactions closing at Sept. 30th, 2023. Those sales comprised nearly half of total ICI Land investment.

Residential Land sales totalled approximately \$155 million at the end of the third quarter and averaged \$4.5 million per transaction. Noteworthy in this category is that all completed transactions involved land areas smaller than seven acres. Equally noteworthy, we have also observed a substantial year-over-year increase in the number of partial-acre residential land sales, which typically closed at above-market prices. To September 30th, 14 partial-acre purchases had closed at an average of \$9 million/acre whereas eight had closed at the same point of 2022 at an average of \$6.6 million/acre. ■

AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)



PREPARED BY BARCLAY STREET REAL ESTATE

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

