

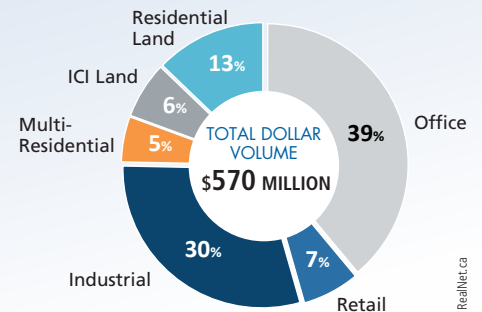
# COMMERCIAL REAL ESTATE INVESTMENT UPDATE

Investors continued to demonstrate confidence in the Calgary market through the first quarter of 2017. To March 31st, total dollar volume invested reached \$570 million; an increase of more than \$178 million over Q1 2016. Early in the quarter, Slate Properties finalized its purchase of twelve office properties from Dream

	Q1 2016	Q1 2017	Y-O-Y Change
<b>Total Dollar Volume</b>	\$391,279,838	\$569,741,230	\$178,461,392
<b>Volume Excluding Residential Land</b>	\$336,304,776	\$496,613,830	\$160,309,054
<b>Residential Land Only</b>	\$54,975,062	\$73,127,400	\$18,152,338

Office REIT for more than \$200 million. Additionally, there was renewed REIT activity with Toronto-based Summit Industrial Income REIT purchasing a light industrial property. While these transactions represent outliers in terms of price and size/class of asset changing hands this quarter, they also represent a continuation from the latter part of 2016, wherein activity among larger, more notable properties returned.

Q1 2017 COMMERCIAL REAL ESTATE INVESTMENT SALES OF \$1M AND GREATER

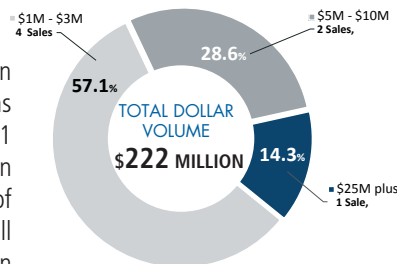


Source: RealNet.ca

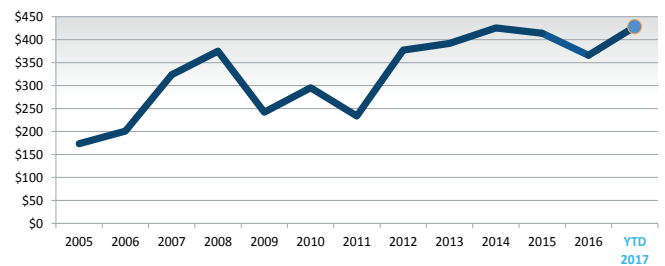
## Office Investment

The office investment market in Calgary saw 7 office transactions equal to or greater than \$1 million, totalling \$222 million during the first three months of 2017. During this period, overall investor focus was trained on Class A and B properties which comprise the aforementioned Dream portfolio. Outside of Slate

Q1 2017 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



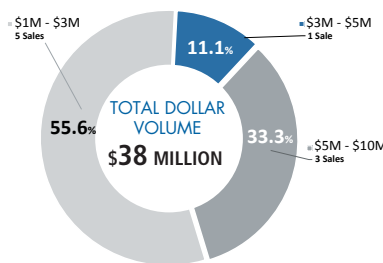
Source: RealNet.ca

Properties' portfolio purchase, six other transactions occurred but were focussed on much smaller buildings with price tags between \$1 million and \$5.7 million. This dichotomy continues to highlight the differences in appetite between institutional and private investors.

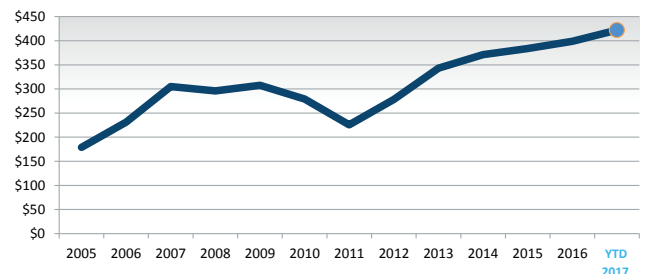
## Retail Investment

Activity and dollar volume in Calgary's retail asset class were approximately two-thirds of that seen during Q1 2016, with 9 transactions totalling more than \$38 million completed. The majority of activity continued to focus on retail properties priced in the \$1 million to \$3 million dollar range though we also observed an

Q1 2017 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



Source: RealNet.ca

increased appetite for higher-priced product in the \$5 to \$10 million dollar range. Overall, price per square foot (psf) continued a multi-year upward trend, boosted by three properties selling for more than \$600 psf. Notable is this regard were the Riverbend Shell carwash (\$664 psf) and 555 Northmount Drive (\$662 psf).

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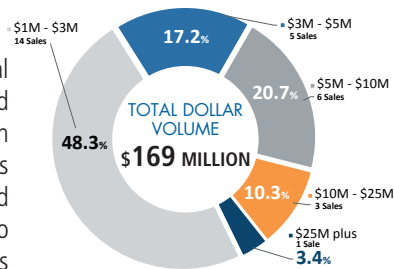


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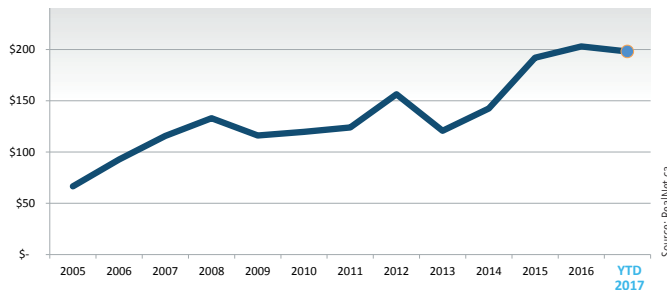
# Industrial Investment

Ongoing fluctuations in industrial market leasing dynamics continued to place property valuations in favour of prospective buyers. As such, investor activity increased significantly in comparison to Q1 2016, with 29 transactions totalling more than \$169 million closing during the third quarter. This represents a 76% dollar volume increase and 38% more year-over-year activity. Average

Q1 2017 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



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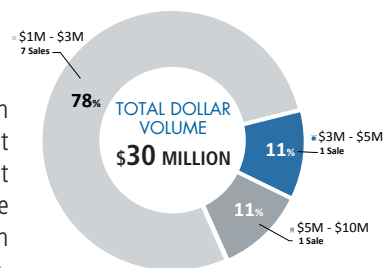


price per square foot (psf) was \$198; up slightly from \$196 psf at the beginning of 2016. The largest transaction in Calgary to date is the 225,000 sf warehouse & distribution facility purchase by Burns LC Ltd. for \$19 million. In the Greater Calgary area, Skyline Commercial REIT purchased 292177 Crosspoint Road – a warehouse & distribution facility in Balzac - for \$34 million.

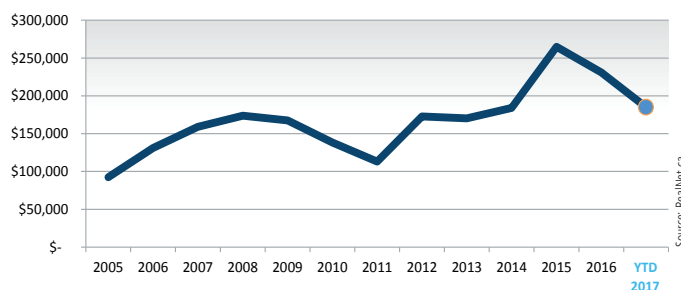
# Multi-Residential Investment

First-quarter investment activity in Calgary's Multi-Residential market was largely consistent with that seen one year prior, with nine transactions completed versus ten during Q1 2016. Dollar volume, however, decreased to \$30 million versus \$104 million as a result of much smaller properties - averaging 18 units - changing

Q1 2017 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER UNIT



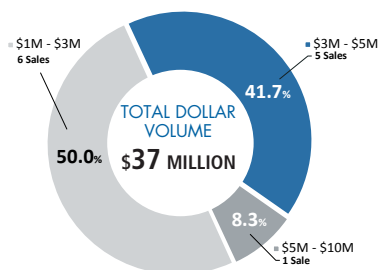
hands. For comparison, the average property size in Q1 2016 was 43 units. Over the first three months of 2017, the most significant Multi-Residential transactions to take place was the sale of 1802 - 92nd Avenue SW to Killam Properties. This property contains 66 units; substantially larger than Soho One – the next largest transaction – which comprises the 41 units.

# ICI & Residential Land Investment

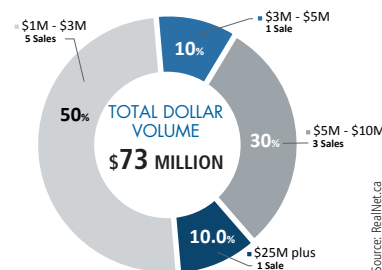
The ICI Land (Industrial, Commercial and Investment) sector represented the lesser share of land investment sales, contributing \$37 million of the \$111 million in total dollar volume to the end of March, 2017. The average ICI transaction sat at \$3.1 million which was only slightly below the Q1 2016 average of \$3.4 million.

In terms investment activity, 12 ICI Land transactions were completed during the first quarter, representing about half of that seen one year prior. Barclay Street's analysis shows that all but one transaction closed below \$5 million.

Q1 2017 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



Q1 2017 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



Residential Land sales, however, totalled than \$73 million to the end of the first quarter and averaged \$7.3 million per transaction. Both metrics were boosted by Hines' purchase of 1.4 acres in the Beltline – currently home of the Sam Livingston Building - for \$40.7 million. The site is earmarked as a future high-density residential play. Otherwise, sales in this asset class continue to be hampered by surplus inventory of multi-family product on the market as well as increasing servicing costs. Developers are therefore exercising caution by reducing the sizes of land purchases for speculative residential lot development.

Average land prices took a notable upswing during the quarter as a consequence of numerous partial acres transacting. Barclay Street observed a similar trend in the Edmonton market through the second half of 2016. Looking ahead, a shift in focus may be taking place towards partial-acre land sales.

AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)

