

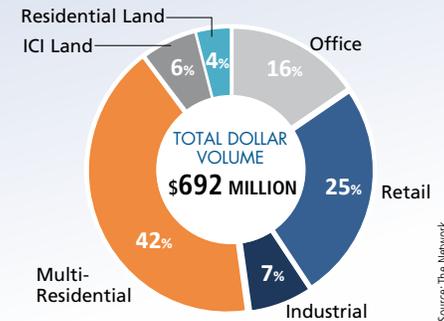
COMMERCIAL REAL ESTATE INVESTMENT UPDATE

Investors continued to demonstrate interest and confidence in the Edmonton market through the first quarter of 2017. Commercial real estate (CRE) investment reached \$692 million; a year-over-year increase of \$339 million over Q1 2016. Early in the year, Dream Office

REIT divested itself of four office towers. To March 31st, the multi-residential asset class was the top-performer, comprising \$290 million or 42% of first quarter investment. The retail asset class continued to demonstrate strength as an area of investment, maintaining one-quarter of overall dollar volume. At the other end of the spectrum, a notable decrease was seen in Residential Land, both in terms of sales activity and dollar volume.

	Q1 2016	Q1 2017	Y-O-Y Change
Total Dollar Volume	\$353,181,046	\$692,320,575	\$339,139,529
Volume Excluding Residential Land	\$280,847,698	\$664,695,575	\$383,847,877
Residential Land Only	\$72,333,348	\$27,625,000	\$(44,708,348)

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

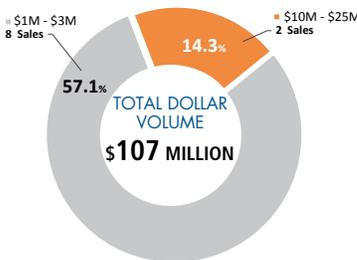


Source: The Network

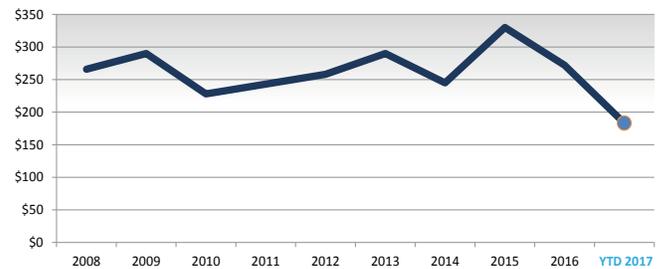
Office Investment

The office investment market in Edmonton saw 14 transactions during the first quarter, totalling \$107 million. The most significant office activity of the quarter was the \$80 million sale of four buildings from Dream Office REIT – two to AIMCo and two to a private investor. It is notable that each of the buildings sold at a substantial discount to their previous purchase

Q1 2017 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



Source: The Network

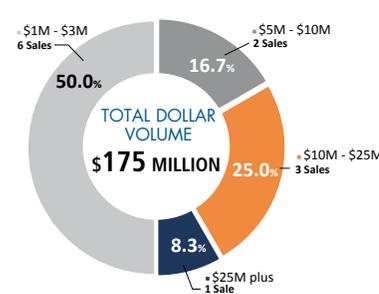
price (see Hat-tip below). It should be pointed out that the seller was motivated to reduce its exposure to the Alberta market in general. As noted in the Calgary Q1 2017 CRE Investment Update, DREAM Office REIT sold a portfolio of twelve properties there to achieve this goal.

Hat-tip: EdmontonCommercial.Com (April, 2017). 4 Edmonton Office Towers Just Sold for Surprising Prices. www.edmontoncommercial.com/4-office-towers-just-sold-edmonton-surprising-prices/

Retail Investment

The retail asset class saw greater than a four-fold increase in dollar volume over Q1 2016. To March 31st, approximately \$176 million was transacted, with 12 sales taking place across all but one price range. This trend carries forward from mid-year 2016, when investors began responding to accelerating leasing activity and the positive ripple effects of the Rogers Place completion and First Capital's Brewery District, which

Q1 2017 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



AVERAGE PRICE PER SQUARE FOOT



Source: The Network

each effectively changed the landscape of Edmonton's downtown and Oliver neighbourhood, creating attractive retail, dining and entertainment destinations. The most significant transactions during the first quarter was the purchase of 11103 Ellerslie Road SW by C Store USA from 7-Eleven Canada Inc. 7-Eleven Canada Inc. remained an active purchaser as well, acquiring the Images & Shades Cosmetics property at 12320 107 Ave. This transaction closed at \$698 psf.

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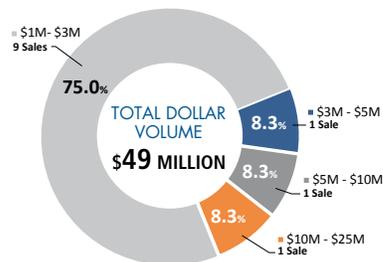


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Industrial Investment

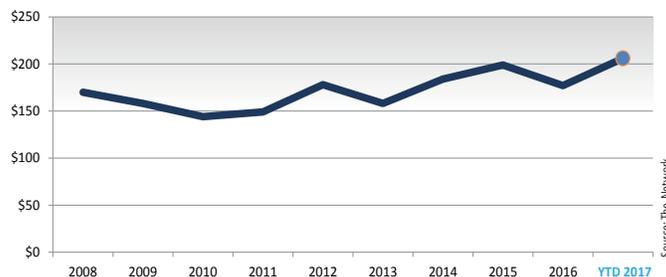
The Greater Edmonton Area industrial real estate market showed signs of improvement through the first quarter of 2017 as leasing activity levels rose. As some major international energy companies sold their oil sands interests, local and regional companies back-filled by providing services to an energy sector that began ramping-up production. The greatest level of activity occurred in bays measuring 10,000 square feet

Q1 2017 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



(sf) or less. Demand was high for properties with access to arterial roadways and particularly for buildings with IB (industrial business) zoning that can accommodate a variety of industrial uses. Investor demand also focused on IB-zoned properties in the first quarter of 2017. These properties comprised more than half of Q1 transactions and achieved an average of \$181 psf. That said, on a year-over-year basis, investment decreased approximately 40% with \$49 million transacted. This is primarily a function of comparably slower activity which was about half of that seen in Q1 2016.

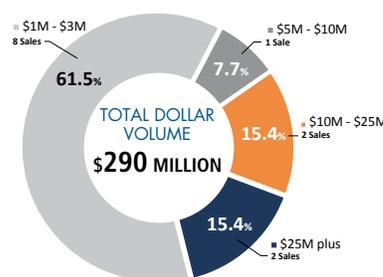
AVERAGE PRICE PER SQUARE FOOT



Multi-Residential Investment

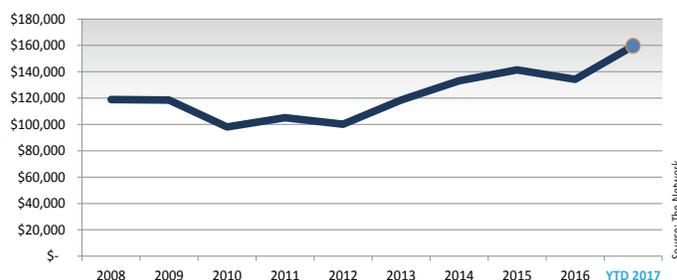
Edmonton's Multi-Residential market continues to appeal to purchasers seeking a relatively stable cash flow. With Multi-Residential vacancy sitting at approximately 7%, this asset class is healthy and low mortgage rates provide additional incentive for prospective buyers. During the first quarter of 2017, this asset class saw 13 transactions, totalling \$290 million. Average price per

Q1 2017 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



unit rose from year-end 2016 to more than \$159,000. Investors continued to display a healthy appetite for larger properties with price tags greater than \$5 million. The primary contributor to overall dollar volume during the quarter was Resport Equities Inc. who purchased 8508 Jasper Ave for \$191 million. This 694-unit complex went for more than \$275,000 per door. Minto Properties was also active in this market, purchasing 10023 115 St from Pembroke Investments Ltd. for \$46.8 million. These purchases represent more than 82% of this quarter's investment dollar volume.

AVERAGE PRICE PER UNIT

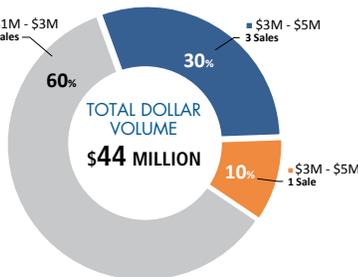


ICI & Residential Land Investment

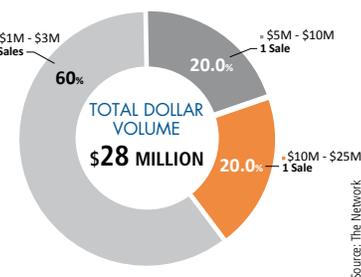
The ICI (Industrial, Commercial and Investment) Land sector contributed approximately \$44 million of the \$71.7 million in total land sales generated during the first quarter of 2017. The average ICI transaction sat at \$4.4 million, with one transaction greater than \$22 million; the purchase of 33.6 acres of land at 2028 156 Street SW by Winderemere At Glenriding Inc.

Residential Land sales totalled \$27.9 million during the quarter, with five transactions taking place at an average of \$5.5 million. One sale greater than \$10 million took place during this period

Q1 2017 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



Q1 2017 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



and was the largest. Ice District Corp. purchased 1.4 acres of land at 10537-10545 104 Street from Construction Workers Building and Benevolent Society of Edmonton for multi-residential development. This transaction rang in at \$14 million.

Combined, average prices per acre fell back in-line with 2014 and 2015 averages after a substantial increase during 2016. As we noted in our Year-End Edmonton CRE Investment Report, a substantial number of land sales of less than one acre in the were identified as a significant contributor to this inflation. During Q1 2017, ICI Land saw just two partial land transactions while Residential Land saw four partial land transactions. It is anticipated however, that a shift in focus toward partial-acre land sales will continue to emerge over the duration of the year.

AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)

