



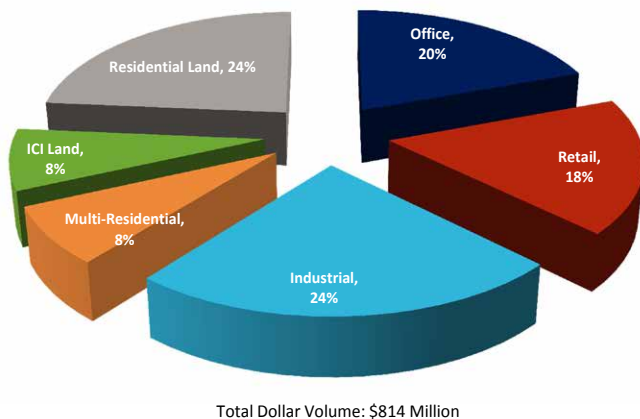
The pace of investment in Calgary’s commercial real estate market was subdued during the first six months of 2015. There was \$814 Million allocated to purchases in office, industrial, retail and multi-residential properties, as well as land, using transactions of \$2 Million or greater as our benchmark. This volume of transactions represents only 65% of the \$1.2 Billion invested during the same period in 2014. The office asset class diminished substantially as a percentage of overall investment, from 48% at mid-year 2014 to 20% as of June 30, 2015. On a year-over-year basis, investment volume diminished slightly in the industrial and retail asset classes as well as in residential land. A small increase in dollar volume was seen in the ICI land asset classes, while investment in Calgary’s multi-residential asset class more than doubled to \$61 Million versus \$30 Million during the first half of 2014. This was largely driven by the sale of a notable, newly-constructed project known as The Laurier in Quarry Park.

State of the Calgary Market

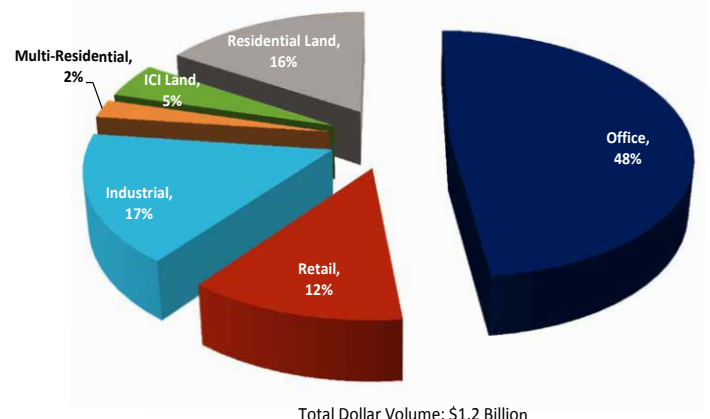
The dramatic fall in energy prices through the end of 2014 and first half of 2015, coupled with the provincial election of a new, untested New Democratic Party, has resulted in a substantial reduction in investment activity. These events have generally brought about a ‘wait and see’ attitude in the investment market for major and minor players alike. Potential investors are patiently waiting on the sidelines, looking for opportunities but having said that, few properties of consequence have been placed on the market for sale as current owners have shown little interest in selling. Should the current situation with soft energy markets and political uncertainty hold through the second half of the year, it is anticipated that investment activity will remain relatively quiet as investors continue to experience both a dearth of available product and challenges underwriting the purchase of properties not available at discounted price levels.

A total of 98 transactions occurred during the first two quarters of 2015, compared to 105 during the same period last year. This slight decline is largely a result of muted activity in the office property asset class. With that aside, Calgary has demonstrated great resilience with respect to the other asset classes we track. The impact of Target Canada’s departure ultimately became a non-issue because of the structure of Calgary’s retail and industrial markets. Within months, the 1.35 million square foot (msf) distribution centre left behind was purchased by Sobey’s and leases for all but two of its former Calgary retail locations were acquired by several major landlords and by Lowes. We have also seen significant progress with regard to Calgary establishing itself as Western Canada’s distribution hub, as demonstrated by the timely purchase of Target’s distribution centre as well as new design-built facilities for Gordon Food Services and Walmart Canada. Home Depot’s new Rapid Distribution Centre and Rapid Stock Centre in Calgary are expected to reach completion at the end of 2015.

Commercial Real Estate Sales Over \$2 Million
January - June 2015



Commercial Real Estate Sales Over \$2 Million
January - June 2014

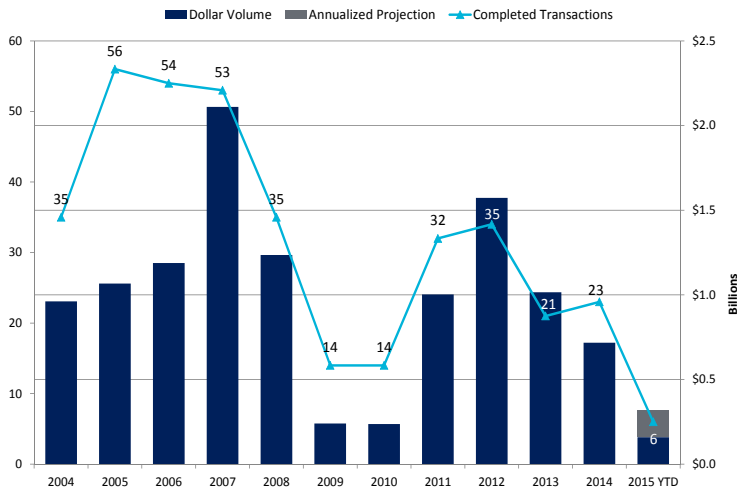


Office

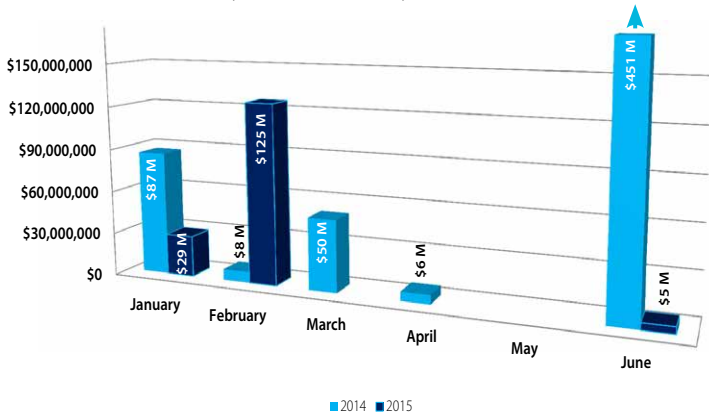
Calgary's office inventory continues to expand, which may prove to be problematic over the next 12 - 24 months. As mentioned in the Q2 2015 Avison Young Office Market Report, 270,000 sf of new suburban product was delivered at the end of the second quarter, much of which started construction in 2014 under very different market conditions. Four of the five new properties were spec-built projects which were delivered with substantial vacancy. More than 20 office developments remain under construction in Calgary, comprising approximately 6.2 msf of space. Delivery of more than 1 msf of office space is expected during the balance of the year with the next major delivery being Cadillac Fairview's Calgary City Centre, which is anticipated to occur at the end of the fourth quarter. Construction continues on a speculative basis for several projects, such as Place 10 (Centron), Quarry Crossing B (Remington), Meredith Block (Remington) and Crowfoot 75 (Telsec) while Cominar REIT recently made the decision to move forward with their Mountain View Business Campus IV project.

Excluding sales under \$2 Million, total dollar volume for this asset class during the first half of 2015 represented approximately 25% of the activity level seen during the same period of 2014. Similarly, the number of transactions fell from 14 to 6 during these time periods. This sector of Calgary's real estate investment market represented 20% of overall investment, and these purchases were divided between a mix of developers and private investors. It should be noted that Aspen Properties' purchase of Encana Place (now marketed as 150 – 9th Avenue SW) for \$116 Million comprised 73% of the total dollar volume invested in office properties during this period.

City of Calgary Annual Office Property Sales
(Sale Prices of \$2 Million and Greater)



Office Transaction Dollar Volume
January-June, 2014 vs. January-June 2015



Notable Office Sales

Sale Date	Property/Address	Vendor	Purchaser	Total Price	Size (sf)	\$/SF
January 16, 2014	Condon Block * (1609 1414 Street SW)	Condon Properties Ltd.	Arlington Street Investments	\$6,752,000	23,700	\$284
January 23, 2015	Sam Livingston Building * (510 12th Avenue SW)	Canada Lands Company	Luxor Land Ltd.	\$21,750,000	43,700	\$497
February 24, 2015	Encana Place (150 9th Avenue SW)	1731325 Alberta Ltd.	Aspen Properties	\$116,000,000	446,300	\$260

Source: RealNet.ca

* Purchased as high density, mixed-use development play

Average sale price per square foot (psf) for office properties was \$339, which represents a drop from the average of \$350 psf for the first half of 2014. This metric remains well above the low witnessed in 2009 at \$254 psf. The market peak was set in 2008 at \$376 psf.

Retail

Calgary's retail market displayed surprising buoyancy against successive corporate retail chain closures during the first half of 2015. In addition to the aforementioned exit by Target Canada following two years of sustained losses, Mexx Canada disappeared from the Canadian retail landscape and Best Buy made the decision to close the operation of its sister brand Future Shop and rebrand about half of its Future Shop stores under the Best Buy banner. This process excluded three stores in Calgary, which

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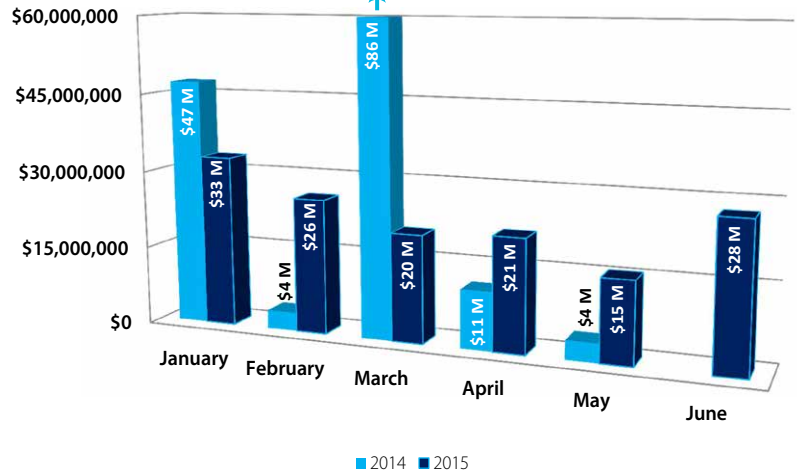
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were vacated. The negative headlines, however, were soon forgotten as Cadillac Fairview, Ivanhoe Cambridge and Lowes won numerous lease bids for the former Target store spaces, and the majority of the smaller retail spaces left behind by MEXX were backfilled.

Retail sales per capita in Alberta traditionally exceed the national average, suggesting a need for more retail space, however, Calgary's land use regulations often have the impact of limiting retail development opportunities. As a result, vacant space stemming from closures is highly sought-after. This has been demonstrated consistently over the years through the immediate action by local retailers to take advantage of opportunities in existing centres as they become available. At the end of Q2 2015, Calgary boasted one of the lowest retail vacancy rates in North America.

The sustained demand for retail space has supported a similarly strong investment appetite for retail properties. The retail asset class comprised 18% of total commercial retail investment dollar volume in the first half of 2015, with 22 transactions totalling \$144 Million. Despite representing a larger share of overall dollar volume on a percentage basis, this activity marks a 5% decline from the \$152 Million of volume over 13 transactions recorded during the same period of 2014.

**Retail Transaction Dollar Volume
January-June, 2014 vs. January-June 2015**



Notable Retail Sales

Sale Date	Property/Address	Vendor	Purchaser	Total Price	Size (sf)	\$/SF
January 28, 2015	802-818 - 16th Avenue SW	William-Arnold Holdings Ltd.	First Capital Realty	\$22,750,000	40,400	\$563
February 11, 2015	Horizon Auto Centre (3304 & 3310 - 32nd Street NE)	Prime Properties Inc.	Memory Express Computer Products	\$10,000,000	40,800	\$244
June 11, 2015	Fish Creek Village (380 Canyone Meadows Drive SE)	Jack Carter Chevrolet Cadillac	Landsdowne Equity Ventures Ltd.	\$20,124,000	53,300	\$378

Source: RealNet.ca

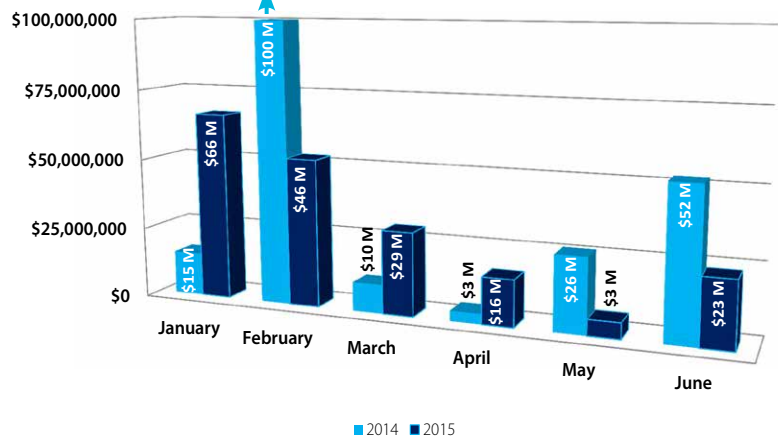
Average price per square foot (psf) for retail properties was \$396, which represents a decrease from \$439 psf during the same period one year ago. This metric remains well above a low of \$254 psf witnessed in 2009.

Industrial

Calgary's overall industrial vacancy declined marginally over the first six months of 2015 from 5% in Q1 to 4.9% at the end of Q2. Leasing activity however, slowed substantially compared to 2014, with the majority of tenants opting to renew their existing leases as growth and expansion plans were put on hold.

At the end of the first quarter, Calgary temporarily felt the impact of Target's exit from the Canadian market, as its 1.3 msf distribution centre and 300,000 sf warehouse facility were vacated. In addition, Kraft Canada's warehouse was placed on the sublease market as a result of an operations consolidation. The market recovered somewhat during the second quarter as Gordon Food Services and Walmart took possession of their new design-build distribution centres, and Sobeys purchased the Target distribution centre in Balzac.

**Industrial Transaction Dollar Volume
January-June, 2014 vs. January-June 2015**



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The Calgary industrial market experienced a small increase in the number of transactions during the first half of 2015 yet investment dollar volume decreased. This reduction was expected, given the ties between this asset class and the energy sector. The ongoing diversification in Calgary's industrial sector, however, is helping to provide stability and is insulating it from swings in energy prices. As a percentage of total dollar volume, industrial properties accounted for 24% of overall investment activity. On a year-over-year comparison, industrial activity comprised \$194 Million over 32 transactions, down from \$207 Million in sales over 29 transactions during the first six months of 2014.

Notable Industrial Sales

Sale Date	Property/Address	Vendor	Purchaser	Total Price	Size (sf)	\$/SF
January 7, 2015	32nd Avenue Business Centre (2010 - 30th Avenue NE & 2015 - 2035 - 32nd Avenue NE)	Sun Life Assurance Company of Canada	Advent Commercial Real Estate Group	\$26,100,000	162,500	\$161
January 9, 2015	McCall Business Centre (3419 - 3449 12th Street NE & 1245 - 34th Avenue NE)	Sun Life Assurance Company of Canada	Advent Commercial Real Estate Group	\$10,600,000	92,500	\$104
February 11, 2015	6839 - 44th Street SE & 4330-4363 - 68th Avenue SE	Prime Location Properties Inc. Southline Real Estate Ltd. Prime Industrial Properties Inc.	Renoir Management	\$11,080,000	55,200	\$172
February 24, 2015	6303 - 30th Street SE	Contempo Developments Ltd.	Arlyn Enterprises Ltd.	\$11,460,000	76,700	\$149

Source: RealNet.ca

Average price per square foot (psf) for industrial properties was \$160, which represents a decrease from \$181 psf during the same period one year ago.

Multi-Residential

A noteworthy trend in Calgary is the number of new purpose-built, multi-residential rental projects under construction, particularly in the inner city. Following an extensive multi-decade trend of multi-residential condominium conversion and development, the relative scarcity of product in Calgary has prompted institutional players to begin developing new rental properties as a means of balancing their real estate exposure across several asset classes.

To address the historic undersupply of purpose-built rental towers in the last 20-30 years, large pension funds, investment fund advisors and REIT's are looking to allocate a portion of their portfolio into multi-family rental towers as a long-term investment strategy. Bentall Kennedy, which Sun Life Financial recently announced its intentions to acquire, has been particularly active in this asset class. Given Calgary's status as a leading economy in Canada and its 1.4% vacancy rate among rental units, multi-residential investment in Calgary is viewed as a financially sound endeavor.

While the number of transactions went unchanged from this reporting period versus January through June 2014, dollar volume increased substantially to \$61 Million versus \$30 Million one year prior and average transaction price more than doubled to \$15 Million per building. The purchase of The Laurier in Quarry Park by Minto represents an outlier in this asset class on a price per unit basis at nearly \$350,000 versus a five year average of \$166,000.

Notable Multi-Residential Sales

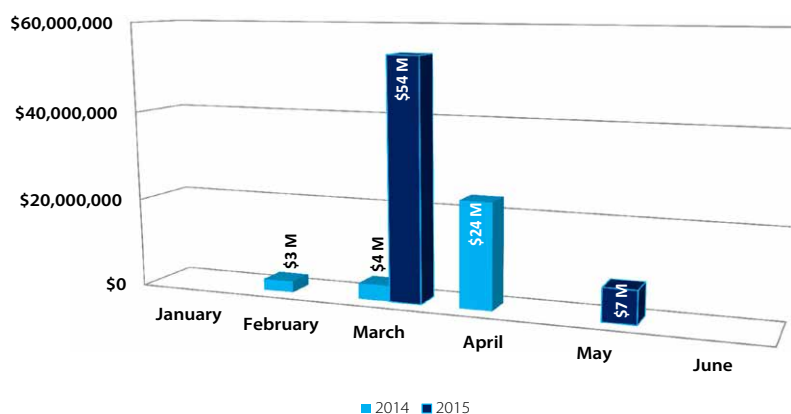
Sale Date	Property/Address	Vendor	Purchaser	Total Price	# Units	\$/unit
March 5, 2015	1815 - 16A Street SW	Castle Mountain Properties Ltd.	1493489 Alberta Ltd.	\$3,710,000	24	\$154,600
March 25, 2015	The Laurier (100 & 200 Quarry Villas SE)	Remington Properties Inc.	Minto (The Laurier) Inc.	\$50,000,000	144	\$347,200
May 19, 2015	4340 - 73rd Street NW 6115 & 6116 Bowness Road NW	Vista Group Inc.	Ability Society of Alberta	\$5,350,000	27	\$198,100
May 28, 2015	2126 - 4th Avenue NW	Private seller	Korz Equity Corporation	\$2,000,000	12	\$166,700

Source: RealNet.ca

Overall, the average price per unit fell to \$217,000 during the first half of 2015 from \$292,000 in comparison to the same time period in 2014. Excluding the Minto purchase, the average price per unit was \$173,000. Notably, this per unit price represents the second highest price per unit paid for a multi-residential investment property in Calgary since 1990.

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Multi-Residential Transaction Dollar Volume
January-June, 2014 vs. January-June 2015



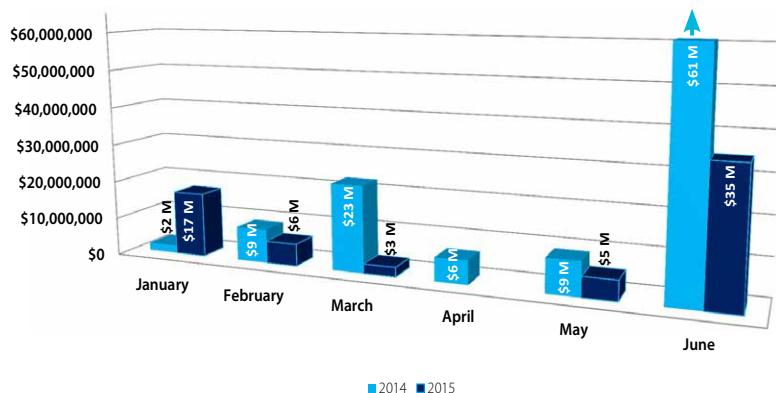
The multi-residential asset class increased as a component of overall commercial real estate investment activity to 8% from 2% one year ago when this asset class represented the smallest segment of overall investment activity.

Land (ICI, Residential and Large Tract)

ICI (Industrial, Commercial and Investment) Land investment activity slowed during the first half of 2015, with 12 transactions taking place compared to 17 for the same period of 2014. Total dollar volume, however, increased to \$65 Million, versus \$57 Million during the same period one year prior. Average transaction price increased to \$5.4 Million, up from \$3.4 Million during the first half of 2014. As a percentage of overall commercial real estate investment activity, ICI Land increased marginally from 5% to 8%.

The total quantity of ICI Land purchased decreased substantially on a year-over-year basis, with 130 acres changing hands from January through June 30, 2015 versus 585 acres during the first half of 2014. Notably, land area per transaction was halved, with an average parcel size of 11 acres changing hands during the first half of this year, compared to 24 acres per transaction during the first half of 2014. Average price per acre for ICI Land was \$1.9 Million, which represents an increase from \$1.7 Million per acre during the same period one year ago. Excluding the Ontrea purchase, average price per acre was \$701,000.

ICI Land Transaction Dollar Volume
January-June, 2014 vs. January-June 2015



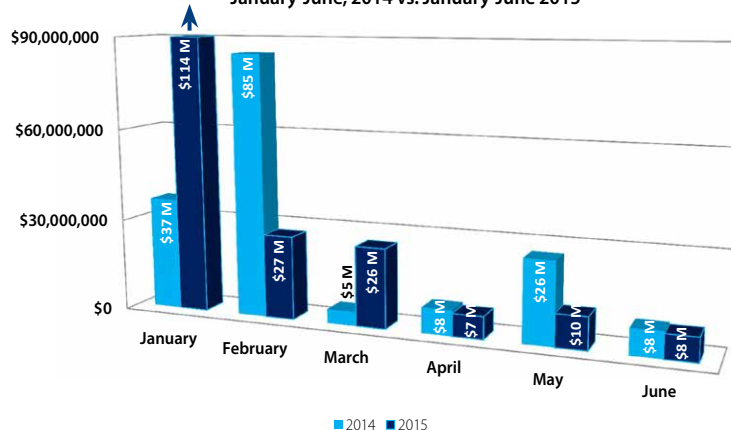
Notable ICI Land Sales

Sale Date	Property	Vendor	Purchaser	Total Price	Area (Acres)	\$/Acre	Density
January 13, 2015	10450 - 50th Street SE	Mancal Properties Inc.	Beebie Group	\$7,400,000	11.2	\$204,000	Low
June 3, 2015	9595 - 149th Street NW	1623052 Alberta Ltd.	The City of Calgary	\$9,148,000	45.7	\$200,000	Low
June 11, 2015	202 - 4th Avenue SW	Canadian National Railway	Ontrea Inc.	\$23,500,000	1.5	\$16,206,900	High

Source: RealNet.ca

The residential and large tract land asset class comprised 24% of overall investment activity for this reporting period, with 22 transactions greater than \$2 Million during the first six months of 2015. Investments totalled \$192 Million, averaging \$8.7 Million per sale. In comparison, 2014 began with 28 transactions above \$2 Million, which totalled \$201 Million, at an average of \$7.21 Million per sale. Of note, a single transaction by Genesis Building Corp. comprised 60% of total dollars traded for residential land during this reporting period, with three parcels of land totalling 349 acres south of Seton. It should be noted that this transaction did not materially swing price per acre average.

Residential Land Transaction Dollar Volume
January-June, 2014 vs. January-June 2015



Notable Residential Land Sales

Sale Date	Property	Vendor	Purchaser	Total Price	Area (Acres)	\$/Acre	Density
January 16, 2015	21820, 21210 & 22720 - 56th Street SE	Private seller	Genesis Building Corp.	\$52,500,000	349.3	\$150,000	Low
January 23, 2015	221 - 210th Avenue SE	E.T. Equities Inc.	United Communities	\$24,500,000	119.9	\$204,400	Low
March 11, 2015	431 - 6th Avenue S.E.	Calgary Municipal Land Corporation	Embassy Bosa Inc.	\$16,384,631	1.41	\$11,620,300	High

Source: RealNet.ca

Average price per acre for Residential Land was \$1.6 Million, which represents a substantial increase from \$927,000 per acre during the same period one year ago. This was due in large part to Embassy Bosa's land purchase in East Village for more than \$11.6 Million per acre or \$267 per square foot of site area. Slated for the site is a high density, inner-city mixed-use development. Excluding the Embassy Bosa purchase, the average price per acre for Residential Land was \$824,000. ■

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 Thompson, M. & LaPlante, J. (June, 2015). Calgary Multi-Family Outlook. Avison Young (Calgary) | Toneguzzi, M. (June, 2015). Sobeys buying Target distribution centre in Balzac area. Calgary Herald. Retrieved from: <http://calgaryherald.com/business/commercial-real-estate/sobeys-buying-target-distribution-centre-in-balzac-area>

AVISON YOUNG'S FEATURED INVESTMENT OPPORTUNITIES

STANDEN'S INDUSTRIAL ASSEMBLY



Four Properties: 11 St & 58 Ave SE
 100% leased, 322,090 square foot assembly of warehouse and manufacturing industrial space, well located in Burns Industrial Park. Currently generates in-place net operating income exceeding \$2.2 million.

BELVEDERE DEVELOPMENT LAND



8775 - 17 Avenue SE
 Future development land strategically located in SE Calgary within the mixed use community of Belvedere. 880 feet of frontage along 17 Ave SE, close proximity to Stoney Trail SE, immediate access to the East Hills super regional retail centre by RioCan.

CALGARY HERALD BUILDING



215 - 16 Street NE
 Iconic 391,590 sf mixed-use office and industrial building situated at one of the most high profile locations in inner-city Calgary.

PROPERTIES RECENTLY SOLD BY AVISON YOUNG'S CAPITAL MARKETS GROUP



CENTRE 222 & NEIGHBOURING PARCEL - 222-208 - 16 AVENUE NE, CALGARY, AB
 Fully leased mixed-use retail/office investment property



AULL BLOCK - 1201 & 1205 - 1 STREET SW, CALGARY, AB
 Fully leased retail investment property with excellent redevelopment potential

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