First Quarter | 2015

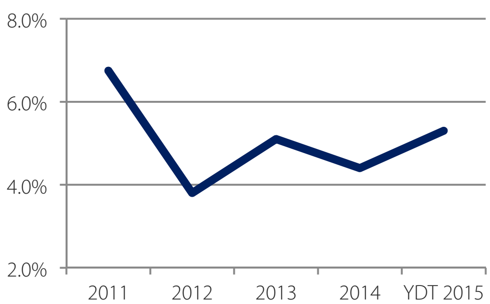
Calgary Industrial Market Overview

Partnership. Performance.

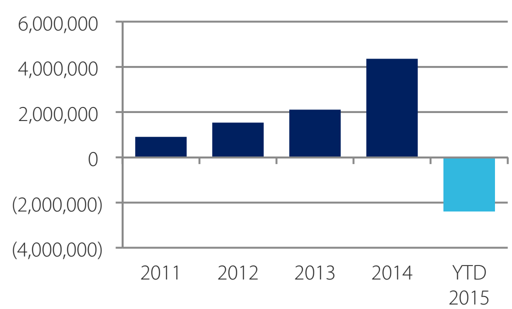
Calgary Market Conditions & Statistics

Calgary felt the impact of Target's exit from the Canadian market, as its large local industrial footprint was vacated. The amount of overall vacant space increased to 5% due to more than 2 million square feet (msf) of negative absorption in the first quarter of 2015, with 1.6 msf directly attributed to Target's distribution centre and warehouse facility. Also affecting the market was Kraft Canada's warehouse being placed on the sublease market as a result of an operations consolidation. Slower leasing activity is anticipated through the balance of 2015 as the market adjusts to the current low oil price environment. Headlease rates stabilized over the first quarter after creasing across all markets through 2014.

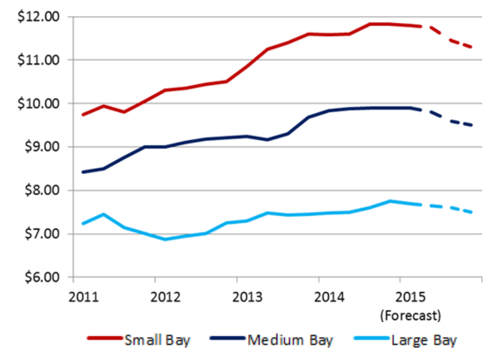
Vacancy



Absorption (Square Feet)



Historical Asking Rent



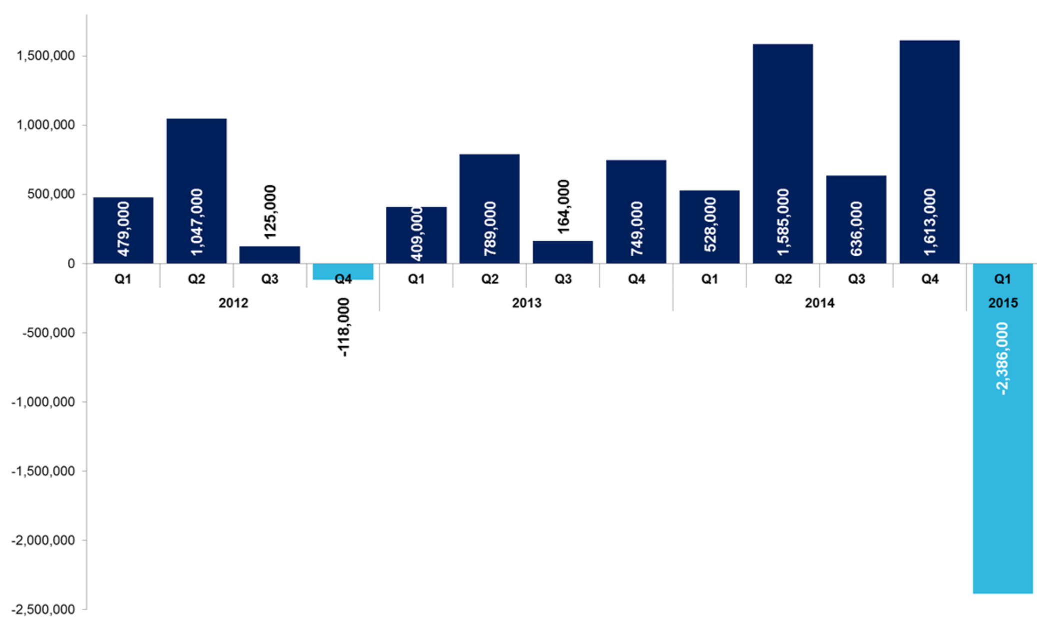
First Quarter Market Highlights

Looking past Target Canada's departure and Kraft Canada's reorganization, leasing activity was muted. Tenants took little action, preferring short-term renewals to new, longer-term leases as they assessed the impact of falling oil prices.

Asking rates on sublease spaces began falling as competition increased however, headlease asking rates remained stable as landlords sought to protect their rates of return.

Small-bay market displayed strength, given the economic environment. Much of the leasing activity occurring over the first quarter was in spaces less than 10,000 square feet. As expected, activity in the mid and large-bay markets diminished as prospective tenants for this class of property held back to assess how the changing landscape may affect them.

Overall Calgary
Historical Quarterly Absorption (Sq. Ft.)
2012 - YTD 2015



AVISON YOUNG

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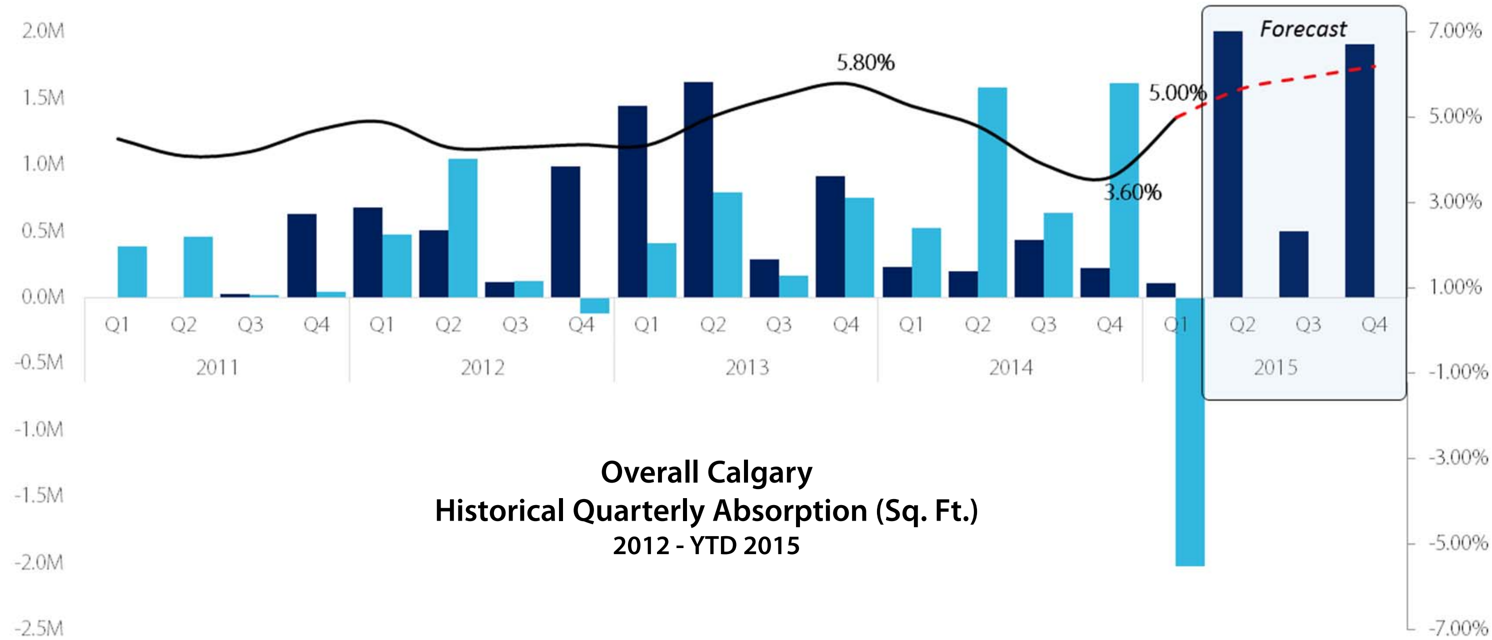

Overall Calgary
Historical Quarterly Absorption (Sq. Ft.)
2012 - YTD 2015

On The Horizon

Approximately 4 million square feet of industrial projects are under construction and scheduled for delivery during the balance of 2015. Such a large amount of new supply may present challenges if the vacated Target spaces linger on the market.

2015 Industrial Construction Summary			
Building Name	**Developer**	**Size (sf)**	**Available**
StoneGate Industrial Buildings A & E	WAM Development Group	490,000	Q2 2015
Great Plains Business Park Building 3	WAM Development Group	385,000	Q2 2015
Walmart (design-build facility)		428,000	Q2 2015
Gordon Food Service (design-build facility)		275,000	Q2 2015
CN Calgary Logistics		265,000	Q2 2015
Rocky View Business Park - Building 3		175,000	Q2 2015
High Plains	Hillwood Investment Properties	502,000	Q3 2015
Oxford Airport Bus. Park Buildings G, H & I	Oxford	843,000	Q4 2015
Home Depot Canada Rapid Distribution Centre	GWL	425,000	Q4 2015
Home Depot Canada Stock Distribution Centre	GWL	640,000	Q4 2015

Home Depot's Rapid Distribution Centre and Stocking Distribution Centre represents approximately one-quarter of new supply and is the largest of the design-built facilities to be introduced this year. Other design-built product includes Walmart's second distribution centre in Balzac and a similar facility for Gordon Food Services, also located in Balzac. The balance of new construction is being built a speculative basis.

Long-term demand for industrial real estate in Calgary is expected to stem largely from retailers who continue to recognize the city as the central distribution hub for Western Canada. Given this outlook, plus the average 18-24 months required for permits and construction, it is anticipated that developers will likely move forward with proposed developments in anticipation of better economic conditions at the time of completion.

Industrial Market Indicators

Total Industrial Inventory (SF)	Available Space Direct & Sublet (SF)	Percentage of Available Space by Region				Net Absorption (SF)
		Overall	North East	Central	South East	
138,883,000	7,408,000	5.0%	4.4%	2.0%	7.1%	-2,022,000