Altus Group

Western Canada

2018 Market Perspective | May 8th, 2018

Altus Analytics
SOFTWARE | DATA | CONNECTIVITY

DATA SOLUTIONS

Agenda

Office Market and the Chase for Talent

Interaction Between Retail and Industrial

Investments Attracting Capital from Around the World

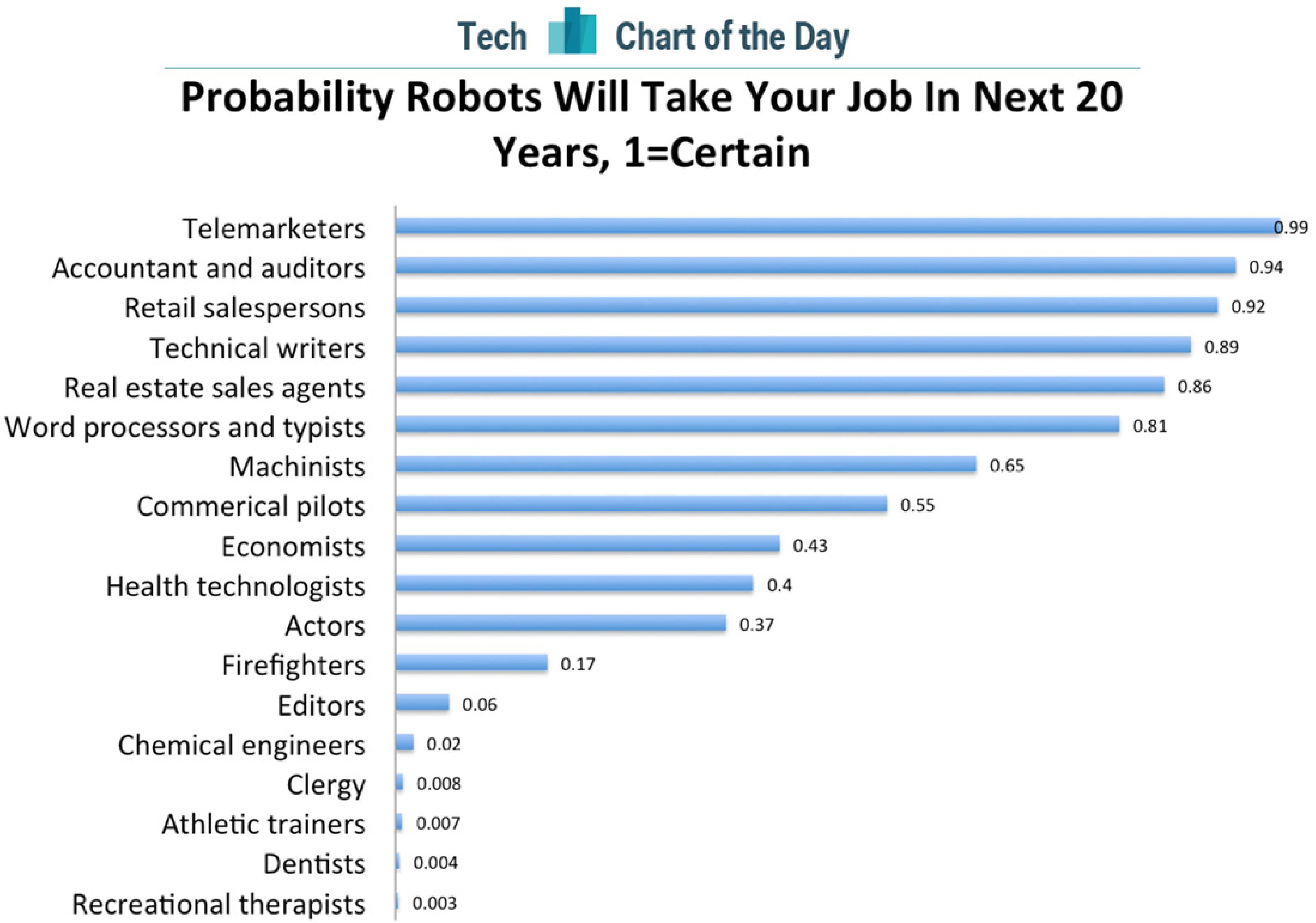
Summary

State of the Market

Office Market

It's All About Talent!

Job Changes AI Influence



Source: The Economist

Why Co-Working Space is Gaining in Popularity

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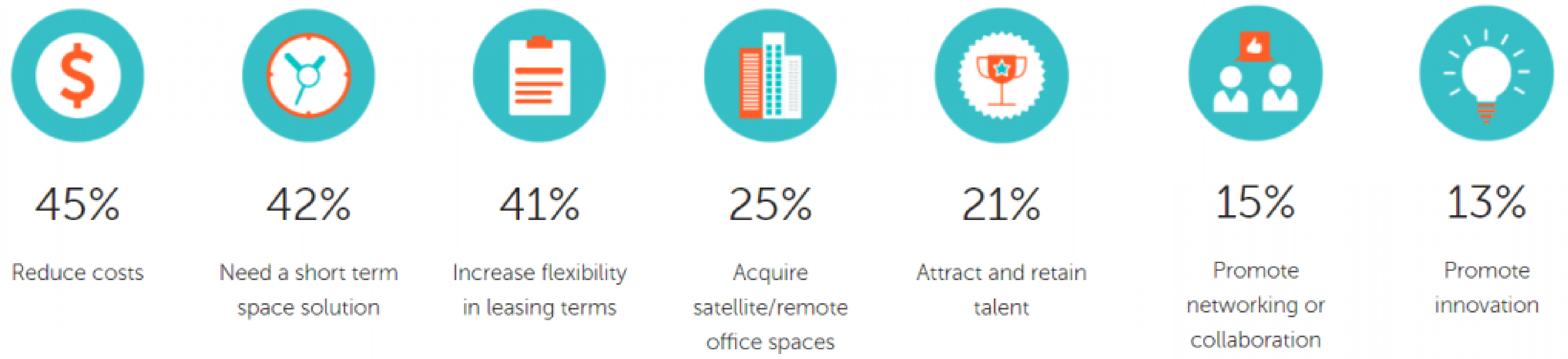

Image Source: LiquidSpace

Office Vacancy Rate in Balance With One Notable Exception

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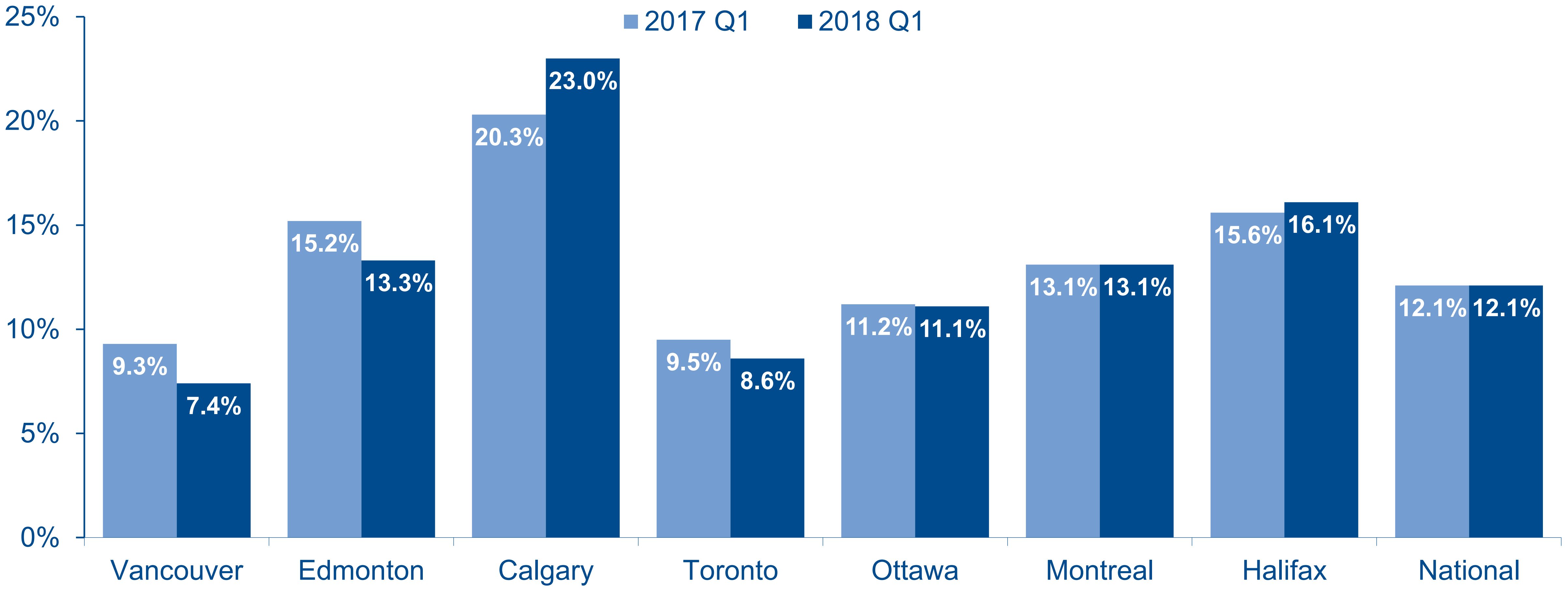
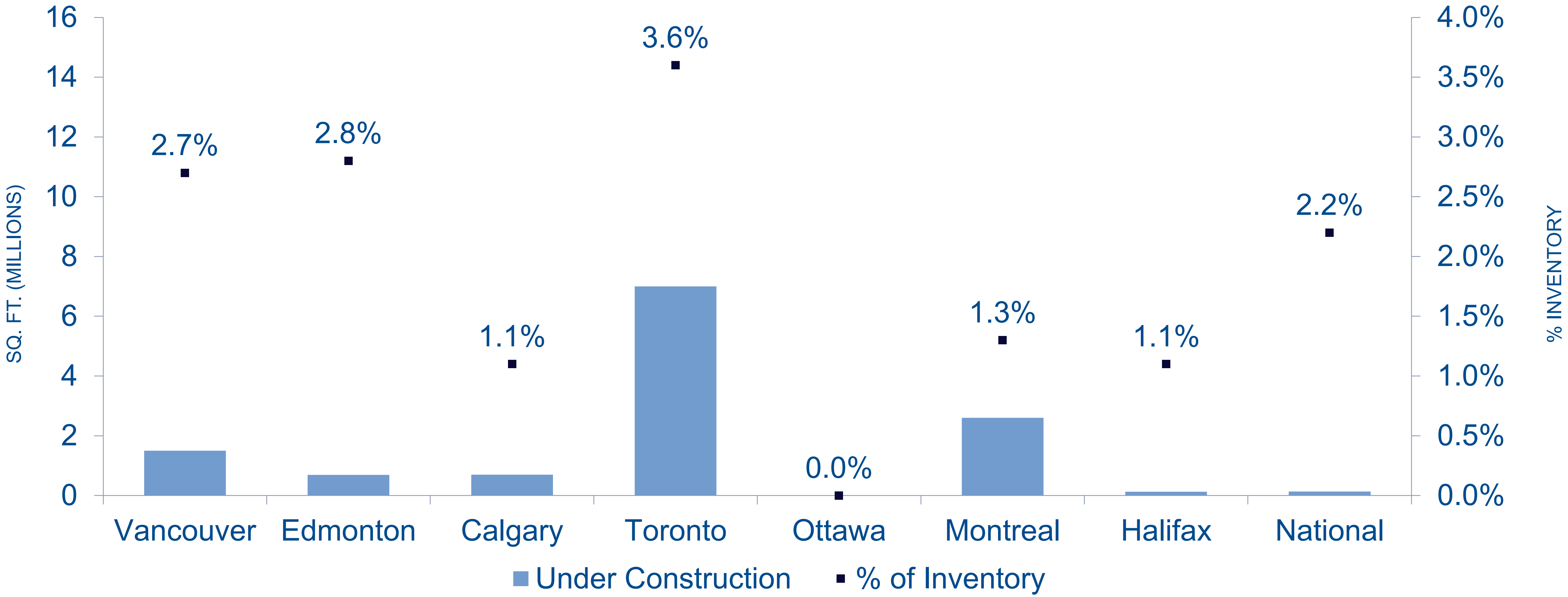


Source: Altus Group

New Office Construction, as % of Inventory

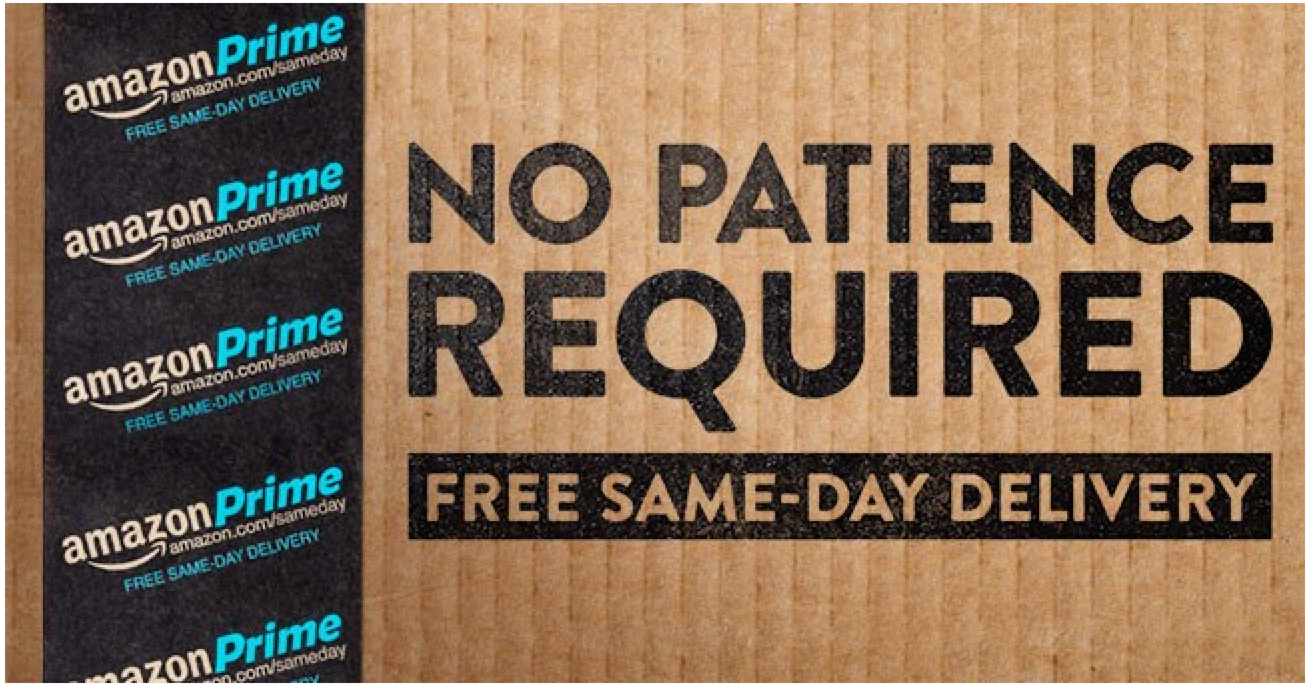


Source: Altus Group

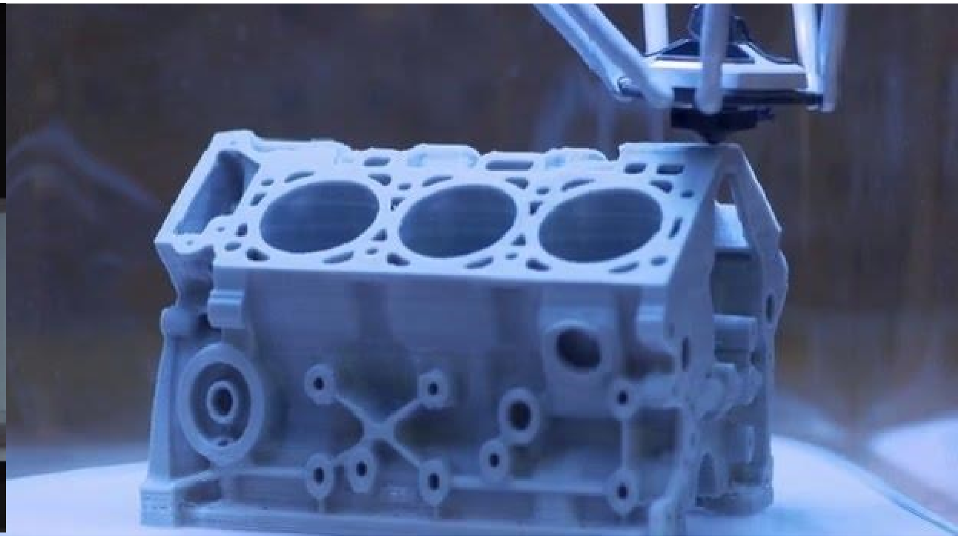
State of the Market

E-Commerce Evolution

Amazon Same Day Deliveries Now in Canada



Disruptors and Enablers



Uncertainty…But, Getting Closer

Industrial Vacancy Rates Remain Tight in Vancouver

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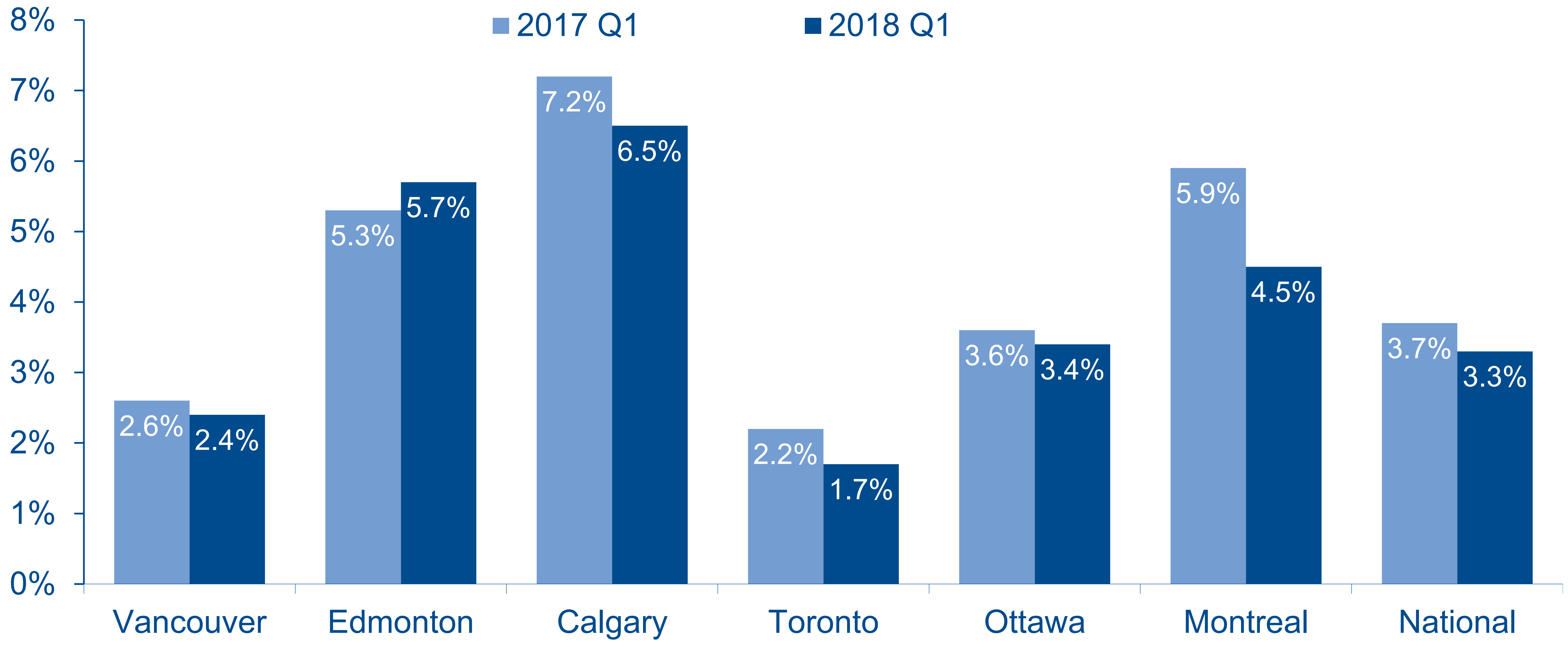
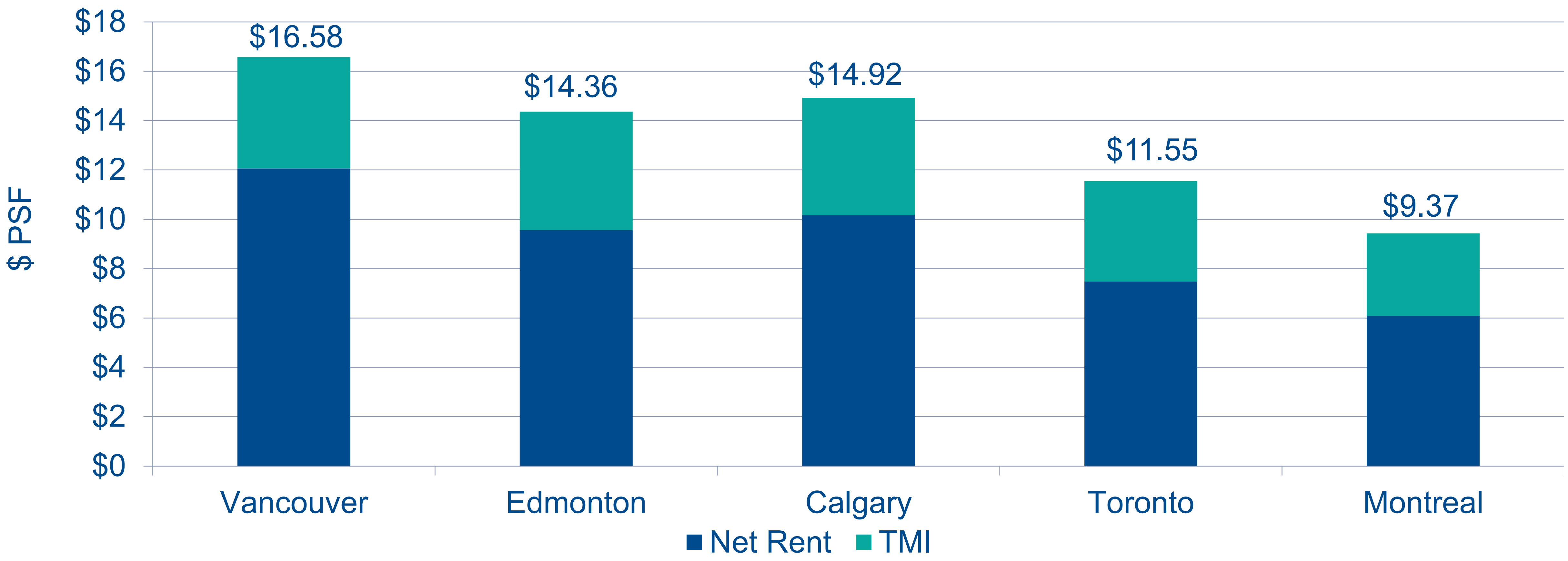


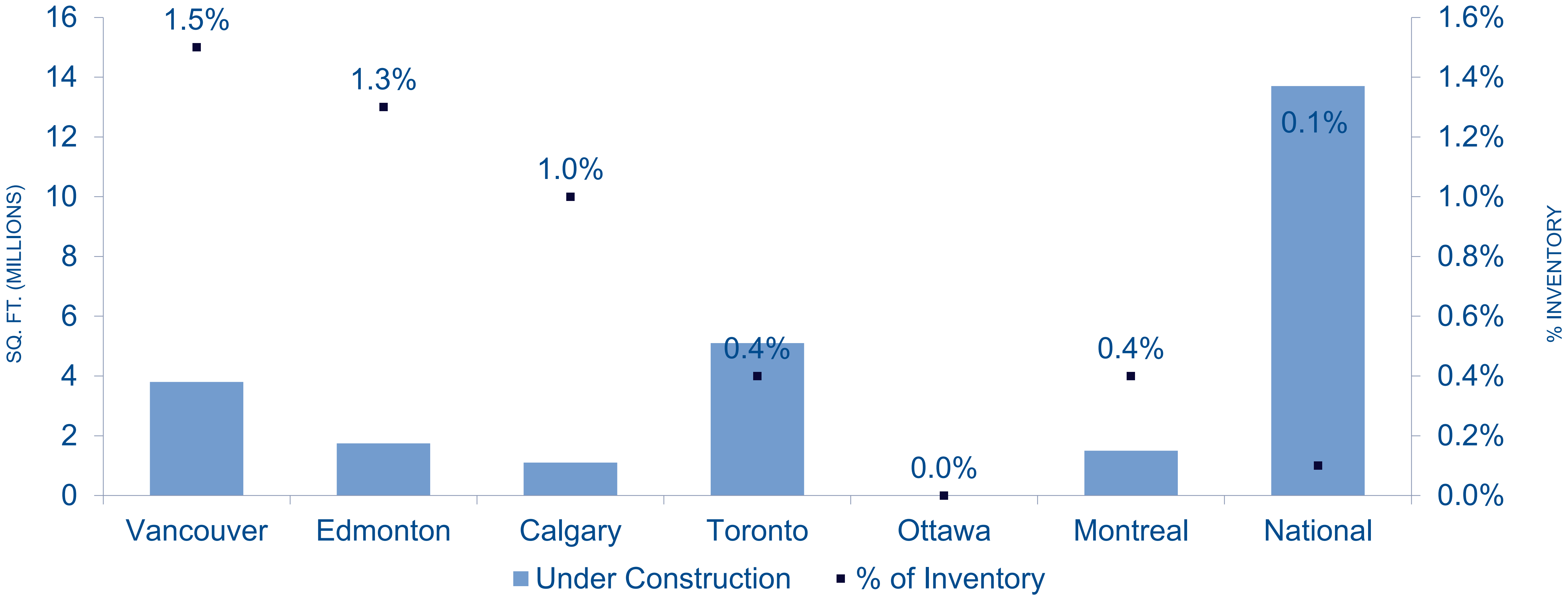
Source: Altus Group

Industrial Rental Rates continue to creep up. (1Q 2018)



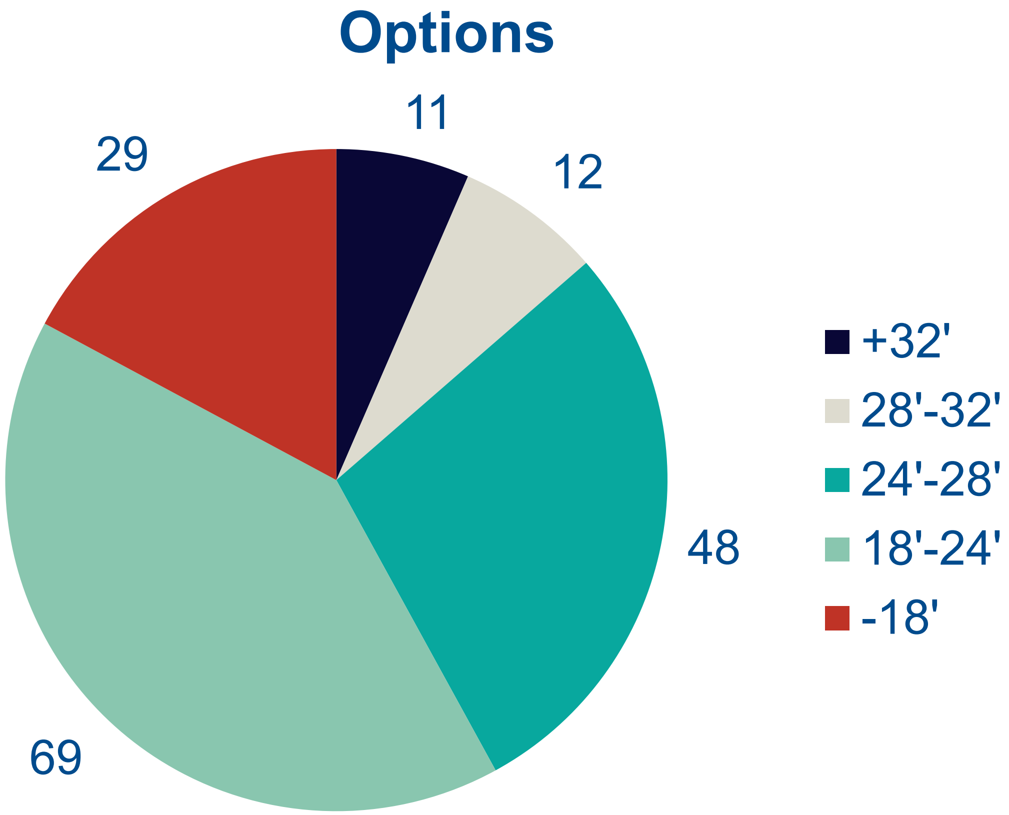
Source: Altus Group

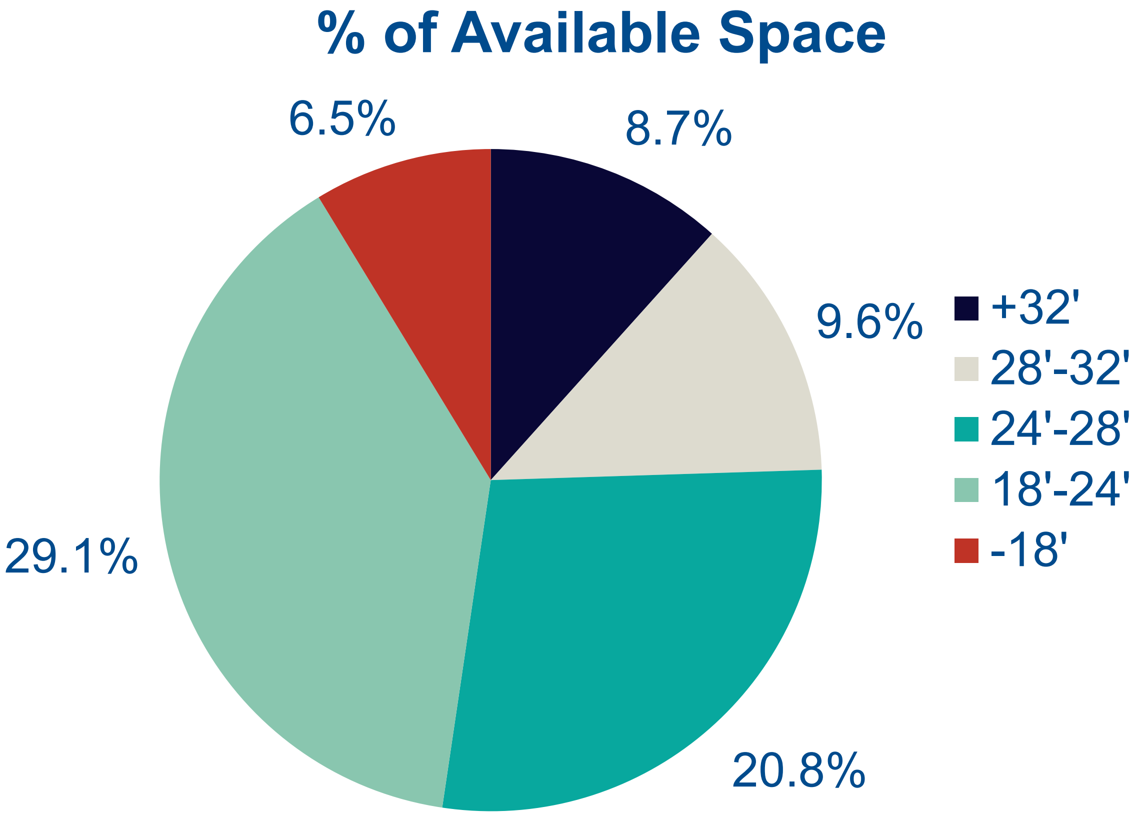
Industrial Under Construction, as % of Inventory Remains Low (Q1 2018)



Source: Altus Group

Vancouver Options by Clear Height





“Growing Op” Fast: Cannabis Facilities Across Canada

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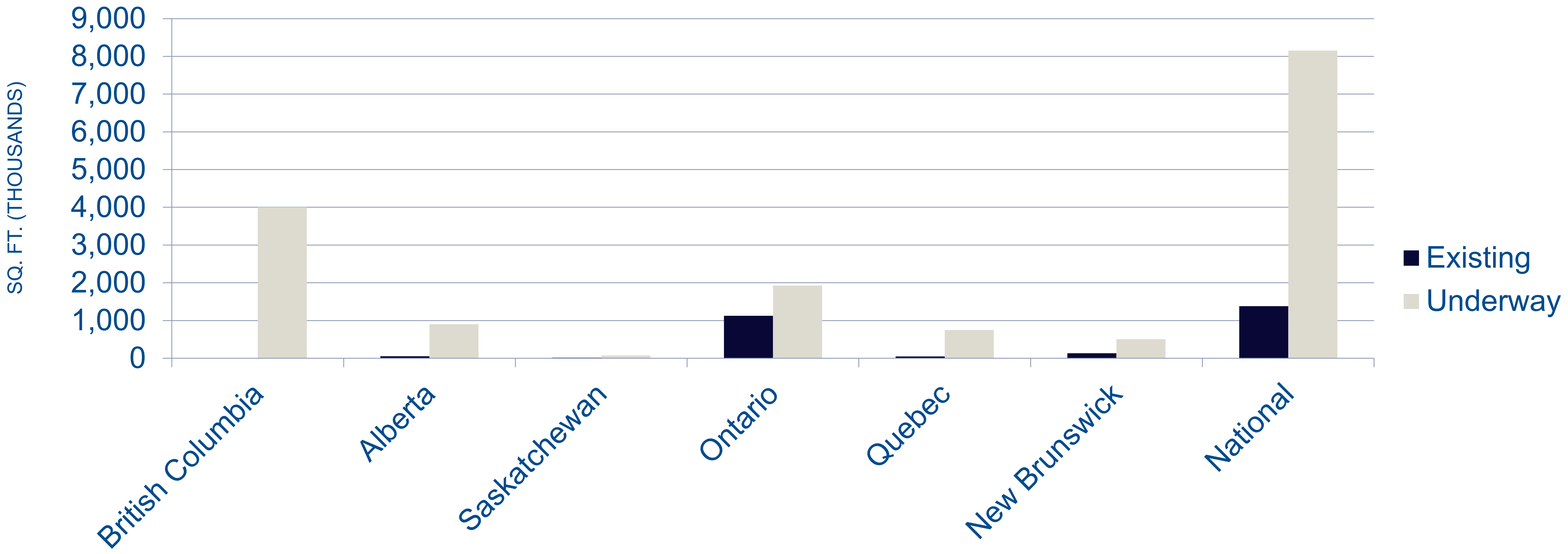


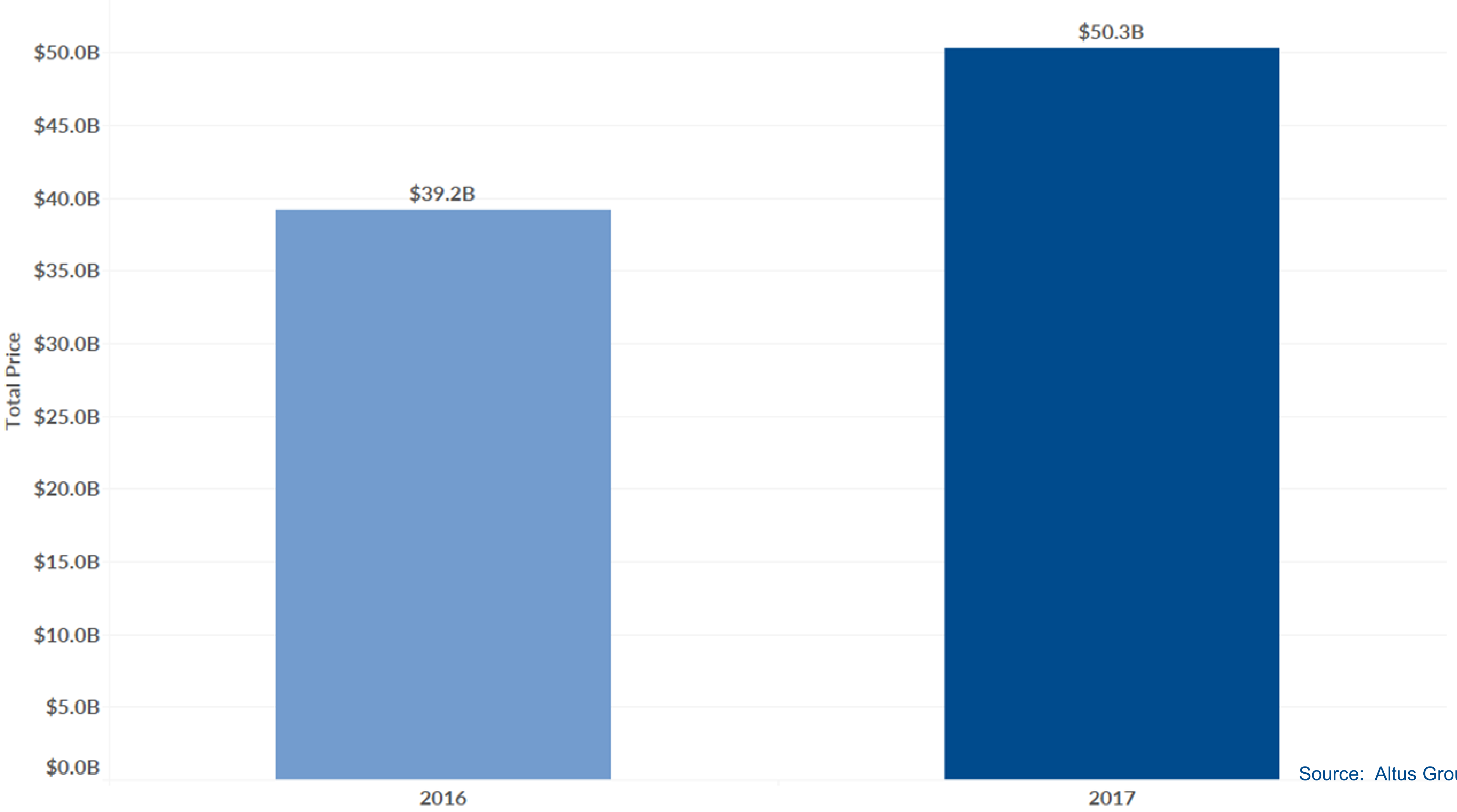
State of the Market

Investment Transactions

Residential Intensification on Retail Sites

Galleria Mall	Bayview Village Shopping Center	Yorkdale Mall
245,487 square meters Total GFA	162,270 square meters Total GFA	577,238 square meters Total GFA
2,891 units	1,132 units	1,496 Units
Dufferin & Dupont	Bayview & Sheppard	Allen Road & Highway 401

Another Record Year for Investment Activity in Canada



Source: Altus Group

Investment Activity Remains Strong Across Canada

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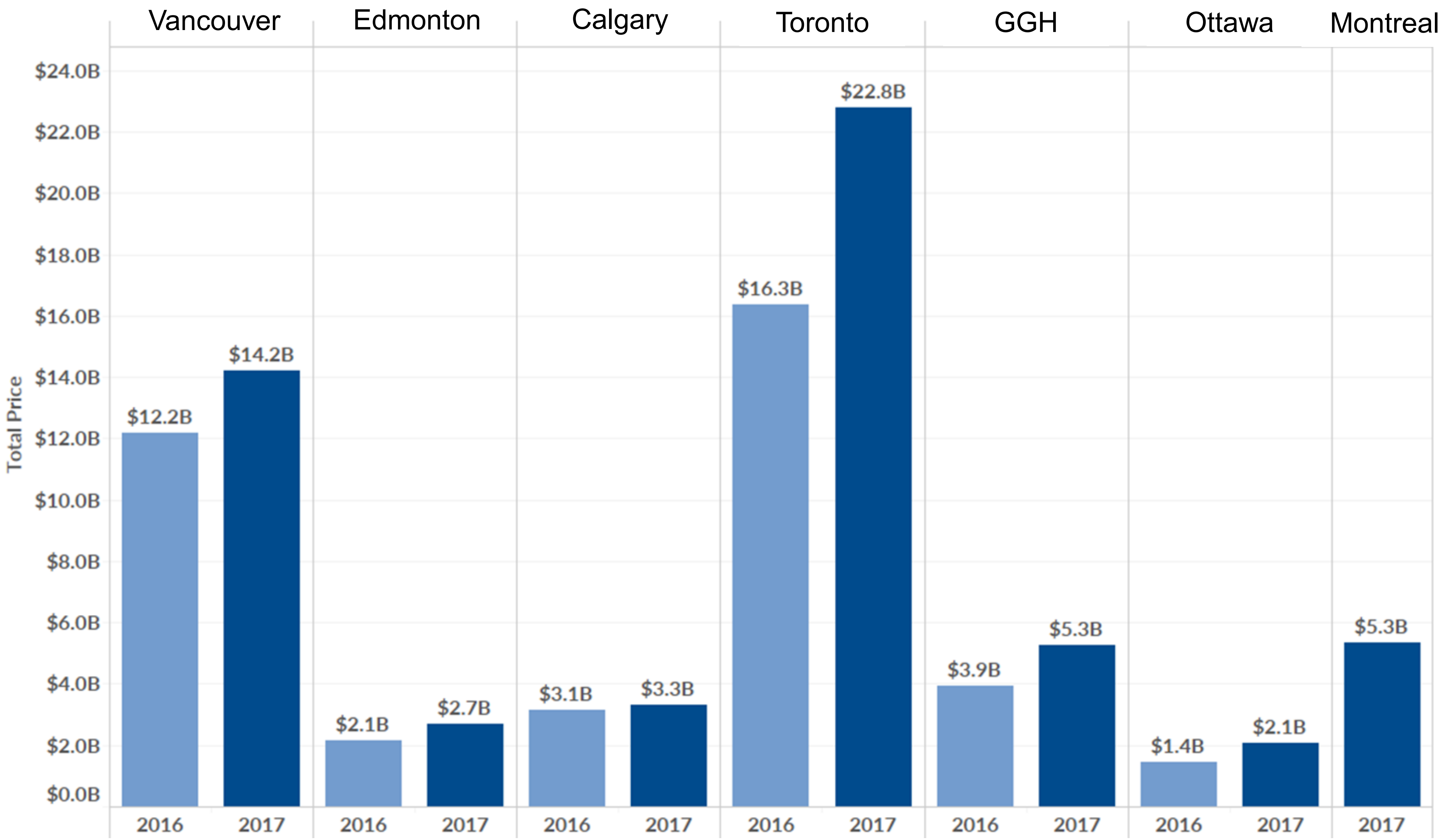
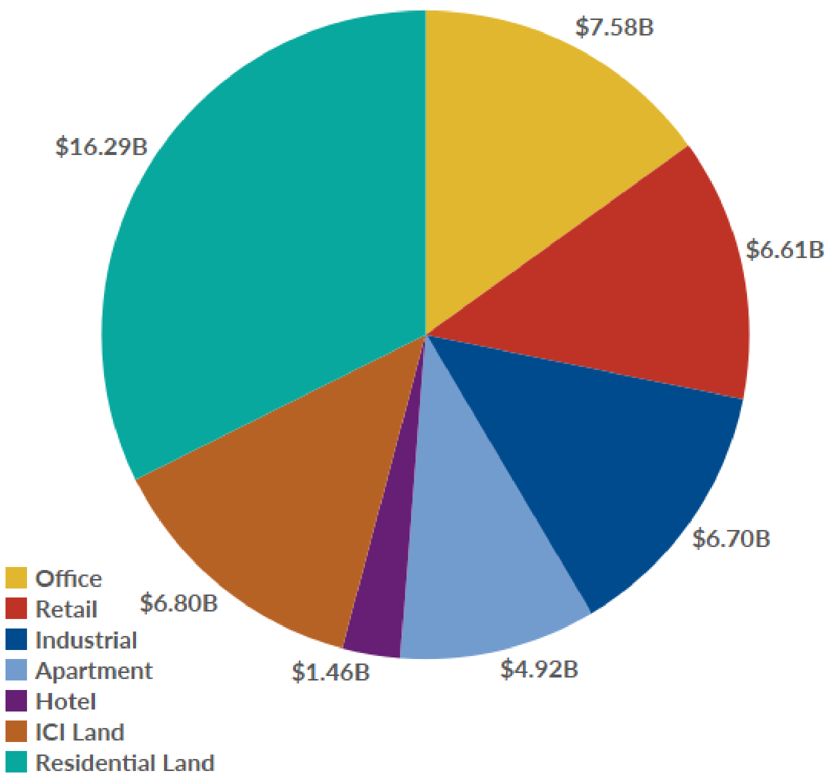


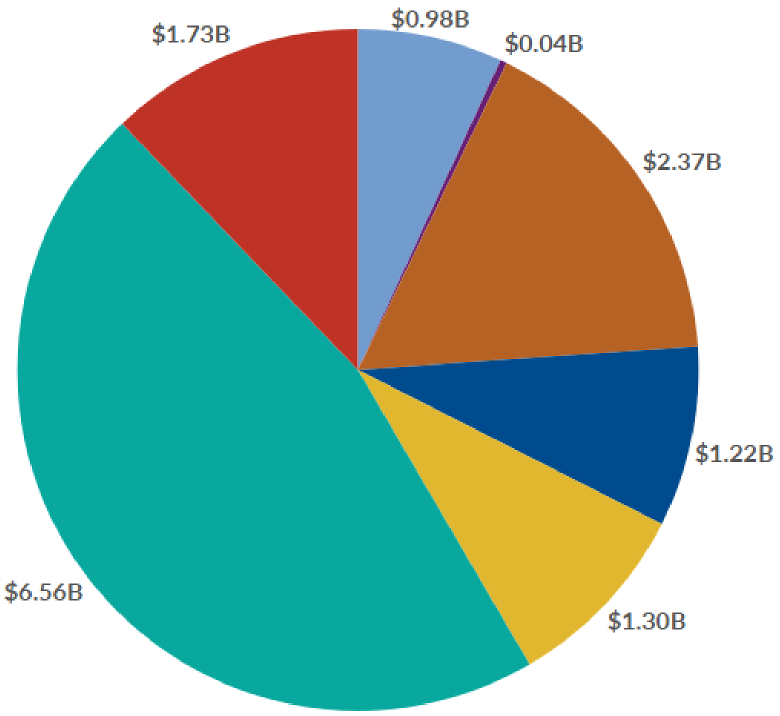
Source: Altus Group

Residential Land Transaction Activity Continues to Dominate Nationally

National

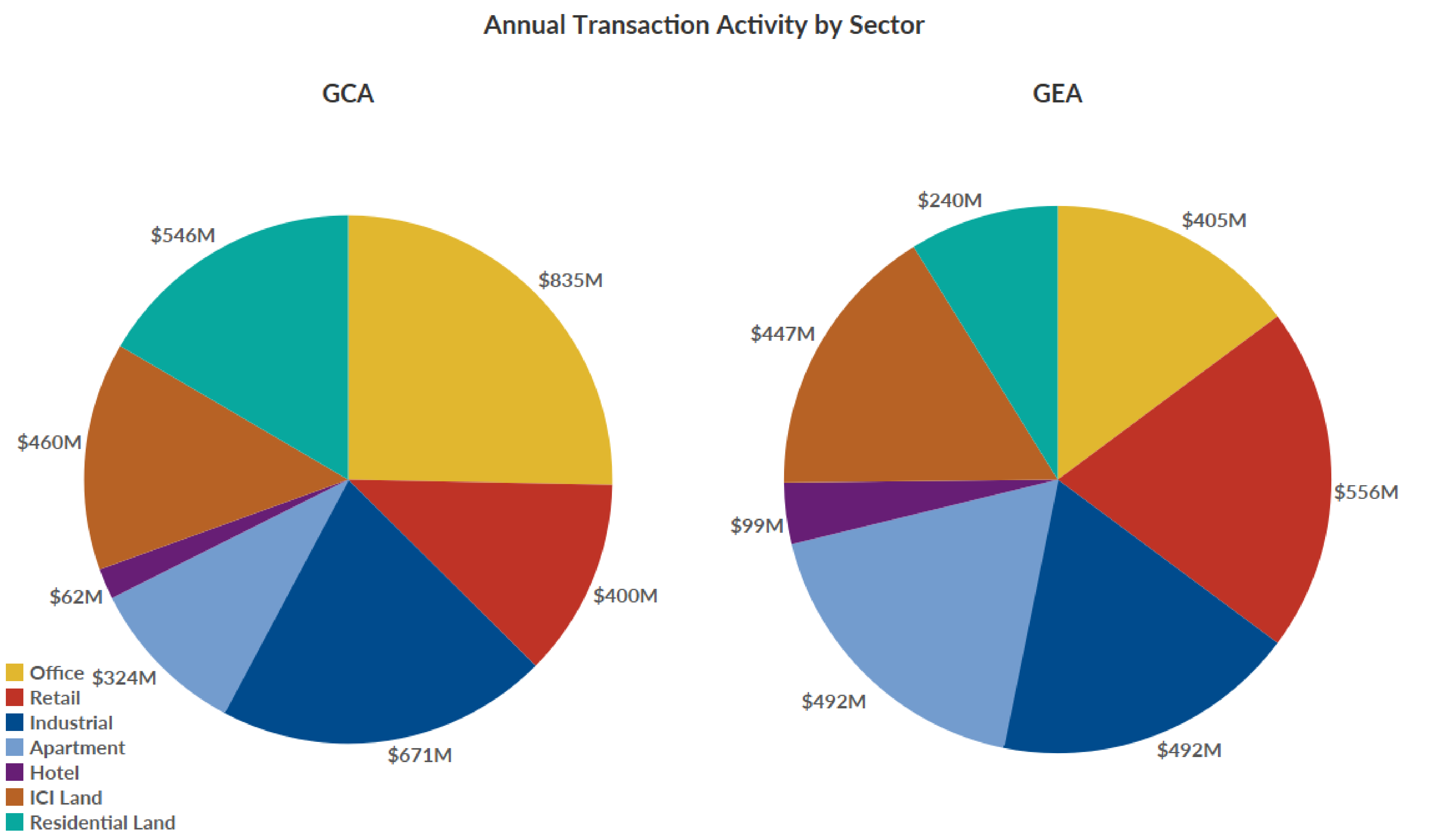


Vancouver



Source: Altus Group

Alberta a Slightly Different Story…



Source: Altus Group

And, We Wonder Why Home Prices Keep Rising…

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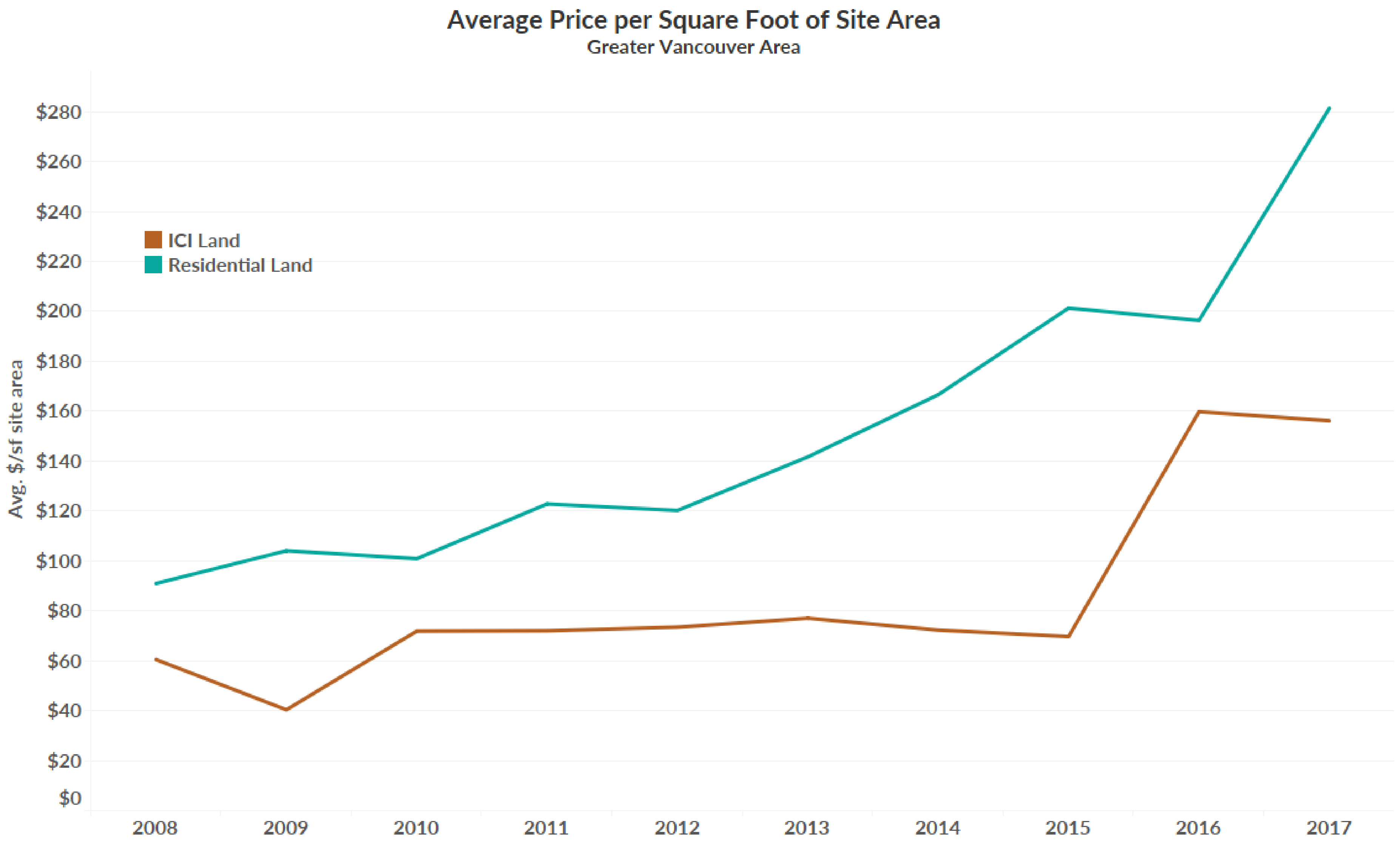


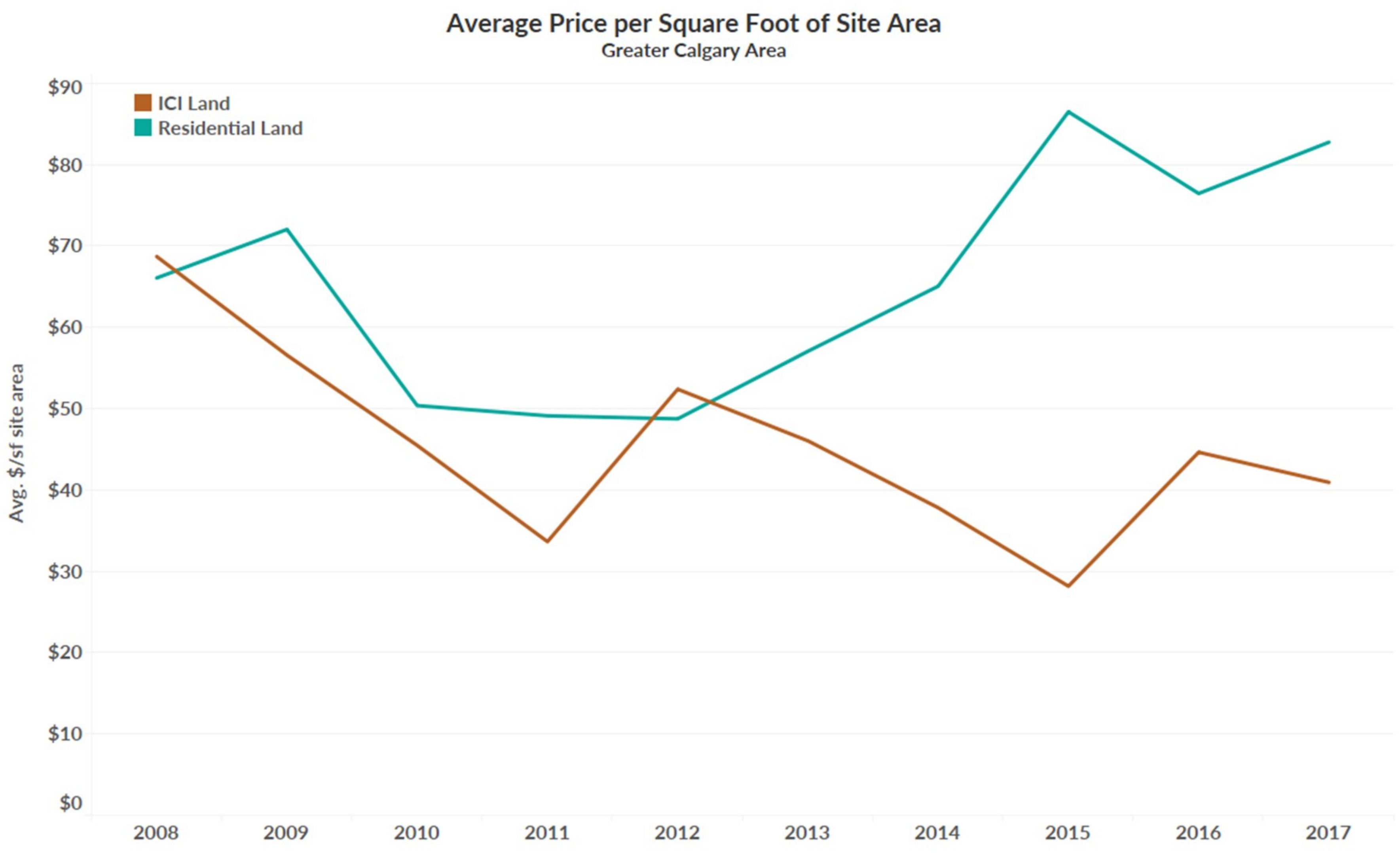
Source: Altus Group

Vancouver Growth Land Transactions

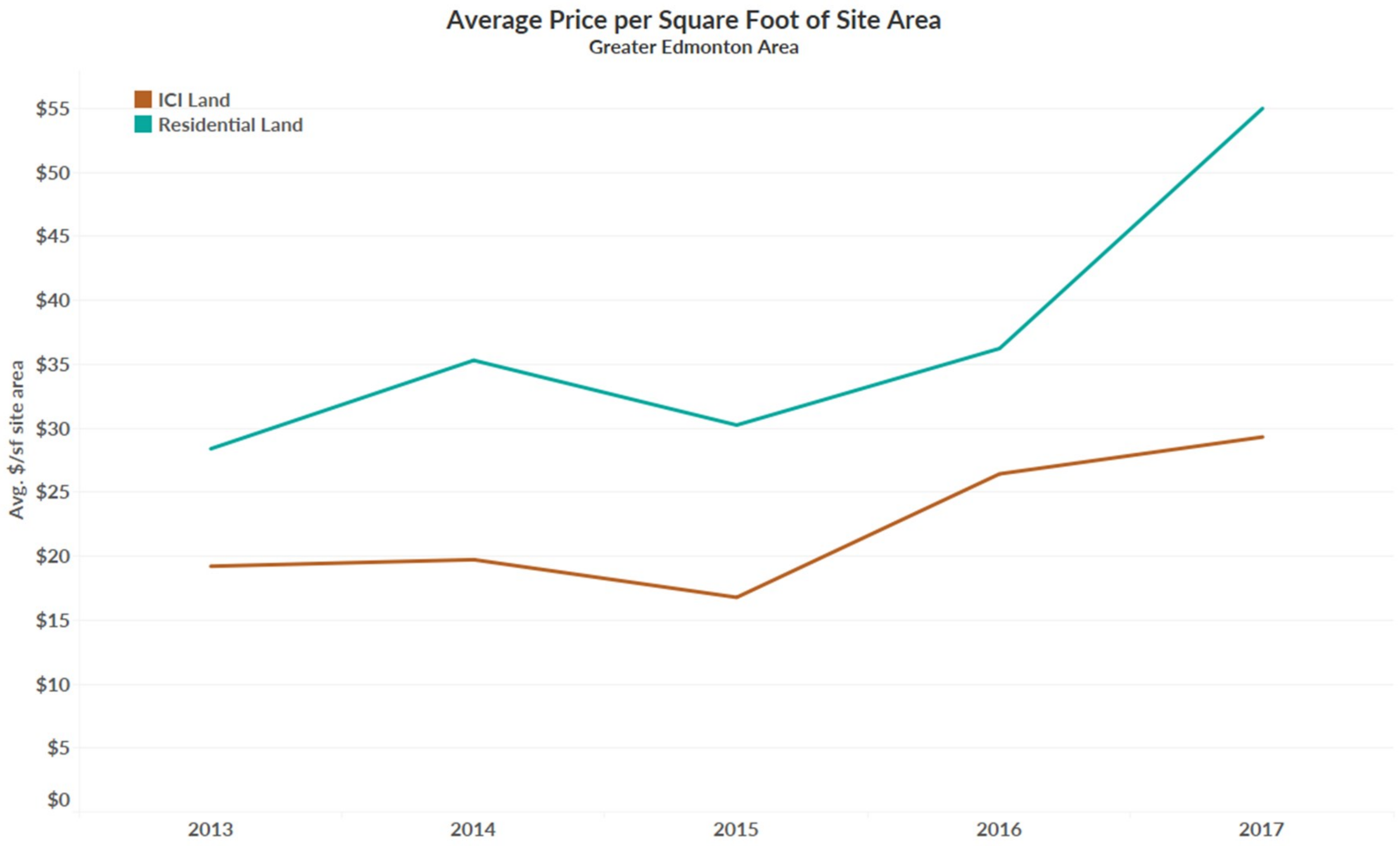
1943 East Hastings Street, Vancouver (near Victoria Dr.)	5520 & 5580 Dunbar Street, Vancouver (@39th Ave.)	9109 189th Street Surrey
Residential Land	Residential Land	Residential Land
0.139 acres	0.280 acres	2.228 acres
2018: $5,850,000	2018: $15,500,000	2018: $2,800,000
2014: $1,750,000	2015/2016: $6,430,000	2013: $996,400
1.0 FSR, or 5.0 FSR for social housing & rental projects Est $/sf buildable: $193	No applications to date Estimated $/sf buildable: $508	No applications to date Estimated $/unit buildable $85,000

Source: Altus Group

Calgary Residential Land a 1/3 of Vancouver Prices



Edmonton is Seeing Increased Activity



Office Cap Rates Flatten

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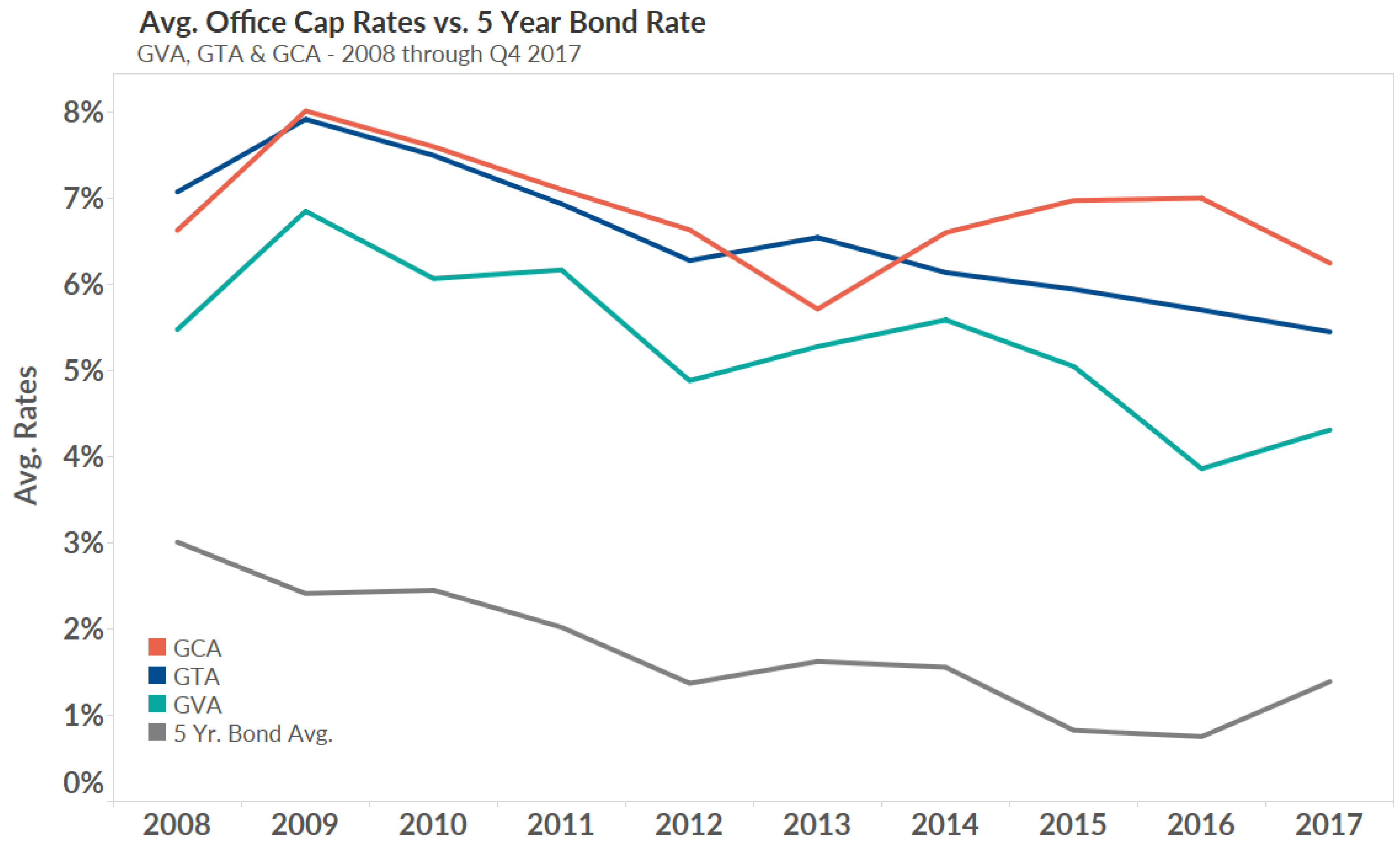

Source: Altus Group

Calgary Transactions

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1506 11th Avenue S.W., Calgary

Office

2018: $21.38M, $672/sf

Acquired by the Real Estate Council of Alberta for their own use

2891 Sunridge Way N.E., Calgary

Office

2018: $13.5M, $155/sf, 6.4%

Vendor: Dundee
Purchaser: Private Investor

9423 Shepard Road S.E., Calgary

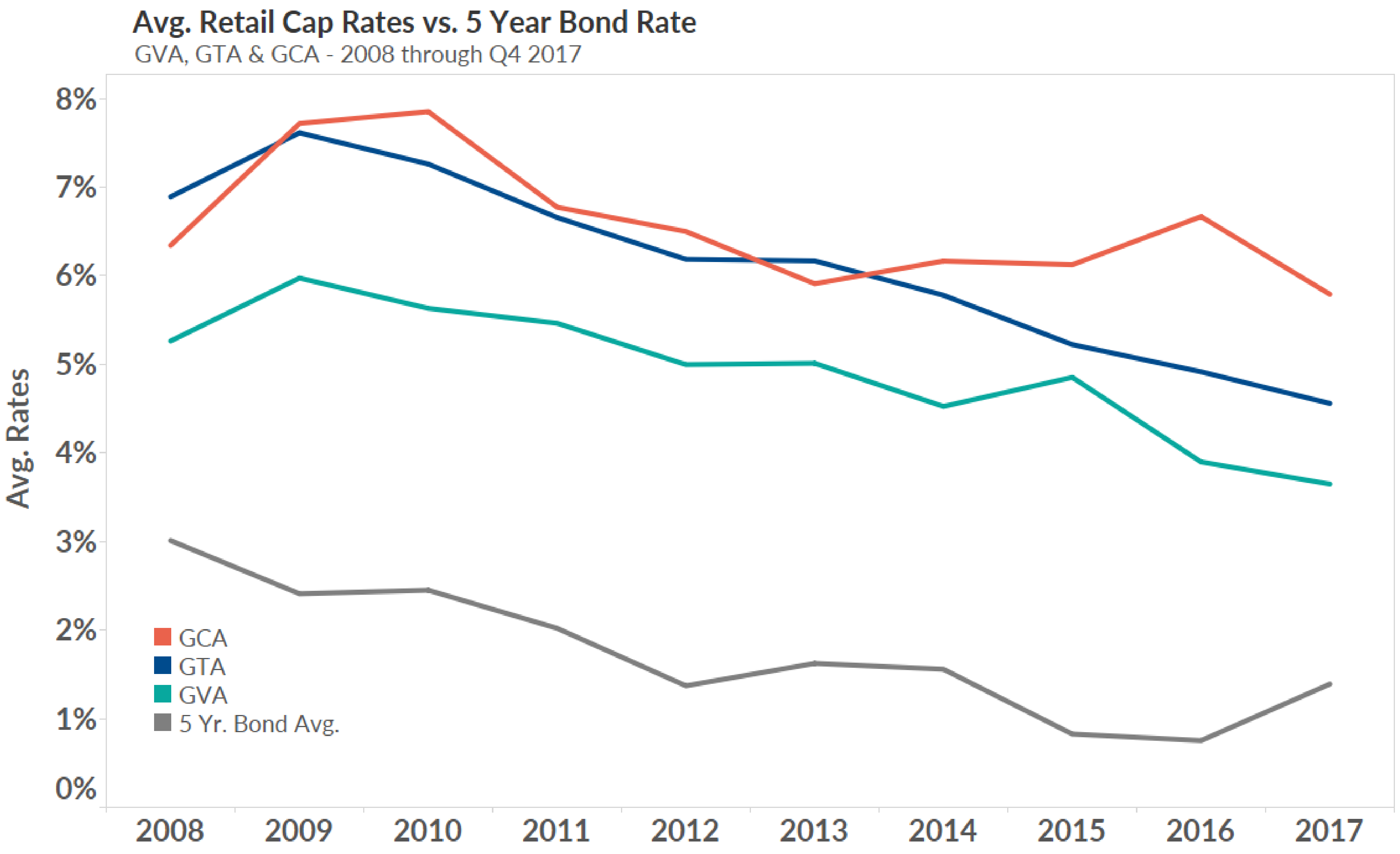
Industrial

12/2017: $11.8M, $116/sf
User acquisition

BDBC financing $15M
Some excess land valued at $650K/acre

Source: Altus Group

Despite the Noise, Retail Remains in Demand



Source: Altus Group

Vancouver Growth Transactions

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3591 West 19th Avenue @ Dunbar

Retail

2018: $5.15M, $1,334/sf

2009: $1.4M, $363/sf

6498 Fraser Street

Retail

11/2017 - $9.9M, $1,402/sf

04/2017 - $8.7M, $1,232/sf

5710 Victoria Street

Retail

2017: $5.7M, $1,061/sf

2015: $3.735M, $695/sf

15% CAGR

Source: Altus Group

Edmonton Transactions

Kameyosek Shopping Centre
Retail
2018: $18.85M, $409/sf
Vendor: Lotus Capital Purchaser: Private Investor

Westgate Shopping Centre, Edmonton
Retail
2018: $26M, $507/sf
Vendor: Katz Group Purchaser: Crestpoint

Source: Altus Group

Industrial Continues to be the Safe Choice

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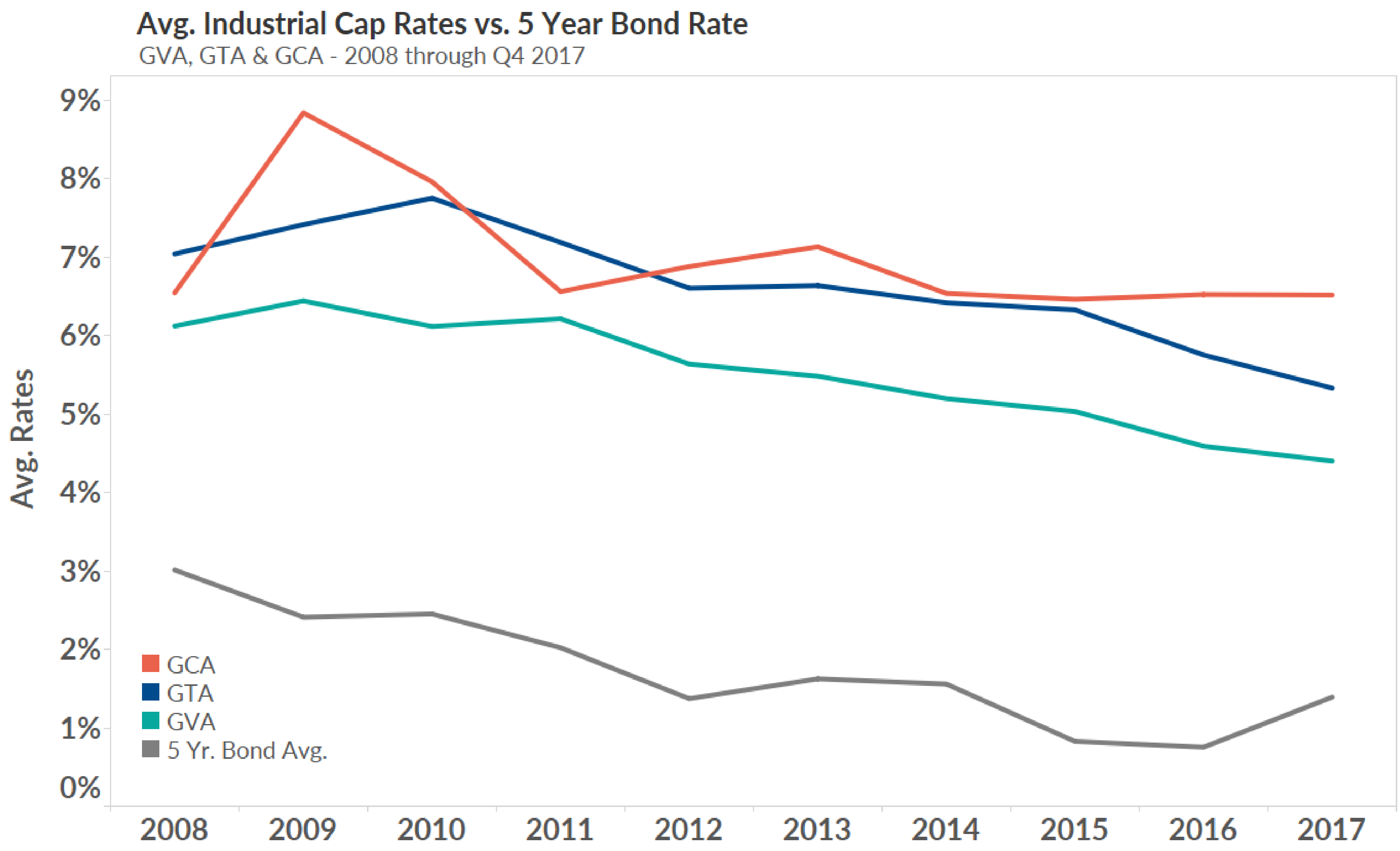

Source: Altus Group

Calgary Transaction

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1226 26th Avenue S.W. & 5060 43rd Street S.W.
Calgary

6510 20th Street & 16630 114th Avenue

Edmonton

Industrial

2018: $61,421,200

PPSF: $133/sf

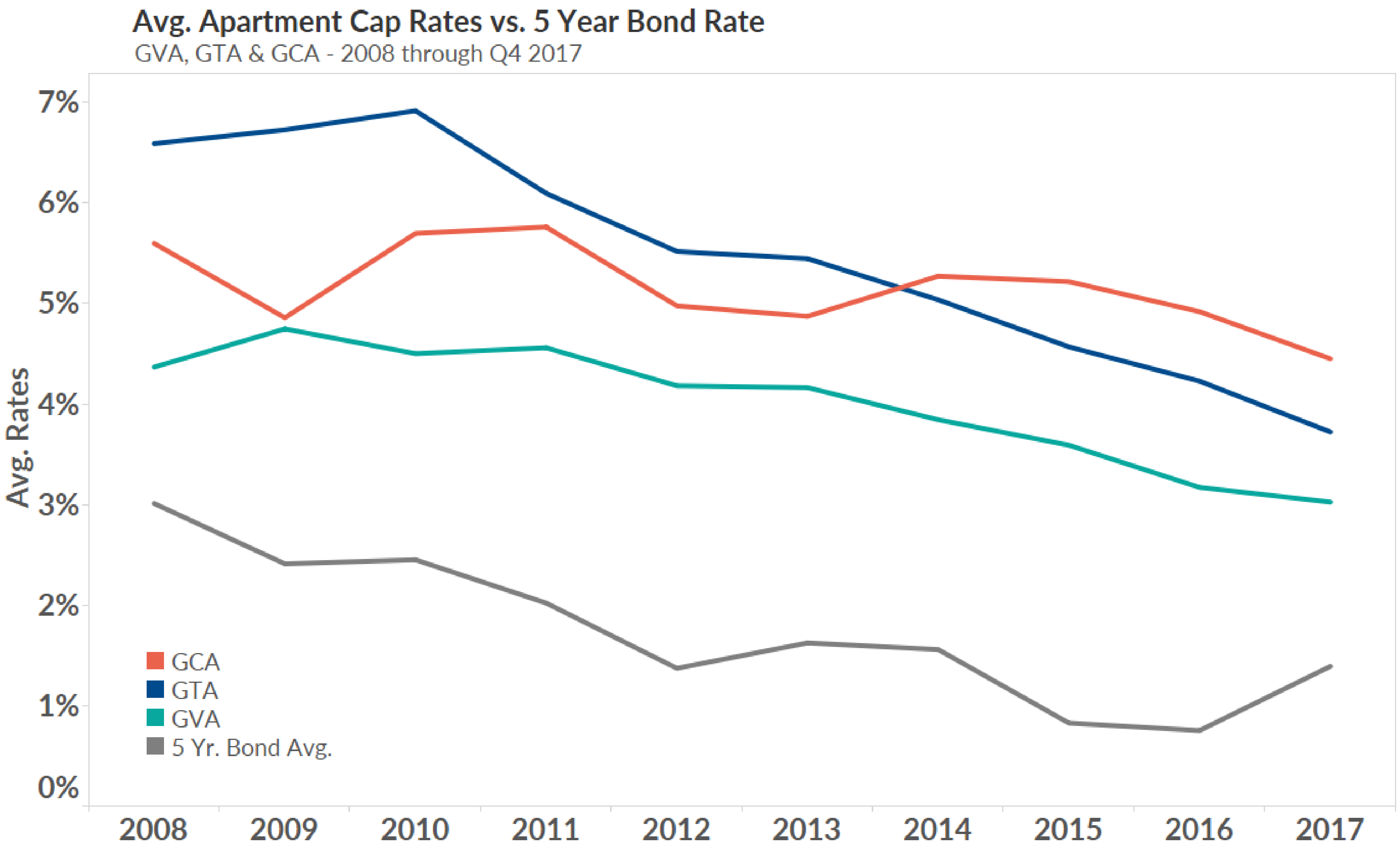
Cap Rate: 6%

Vendor: Morguard Investments

Purchaser: Fiera Properties

Source: Altus Group

Low Vacancy Rates Drive Cap Rates Lower

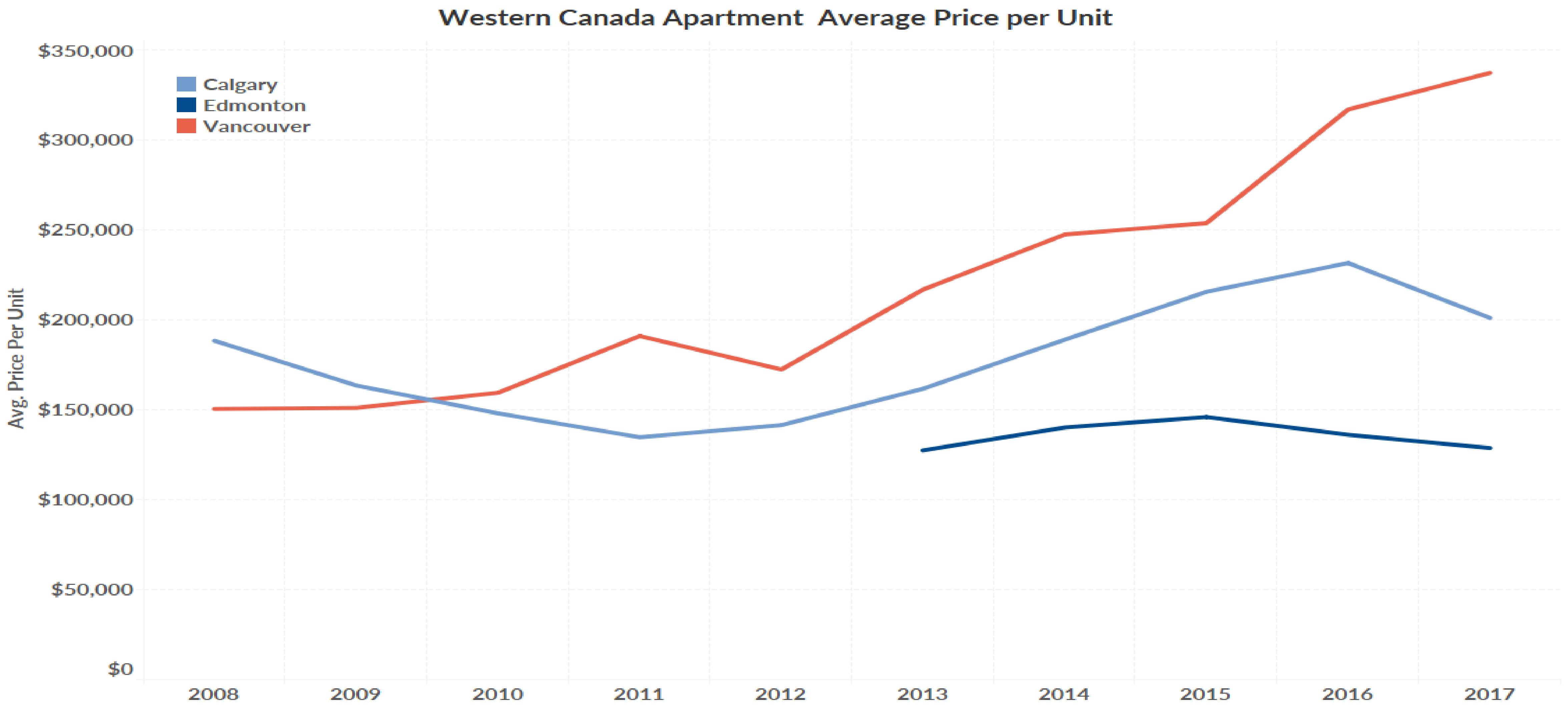


Source: Altus Group

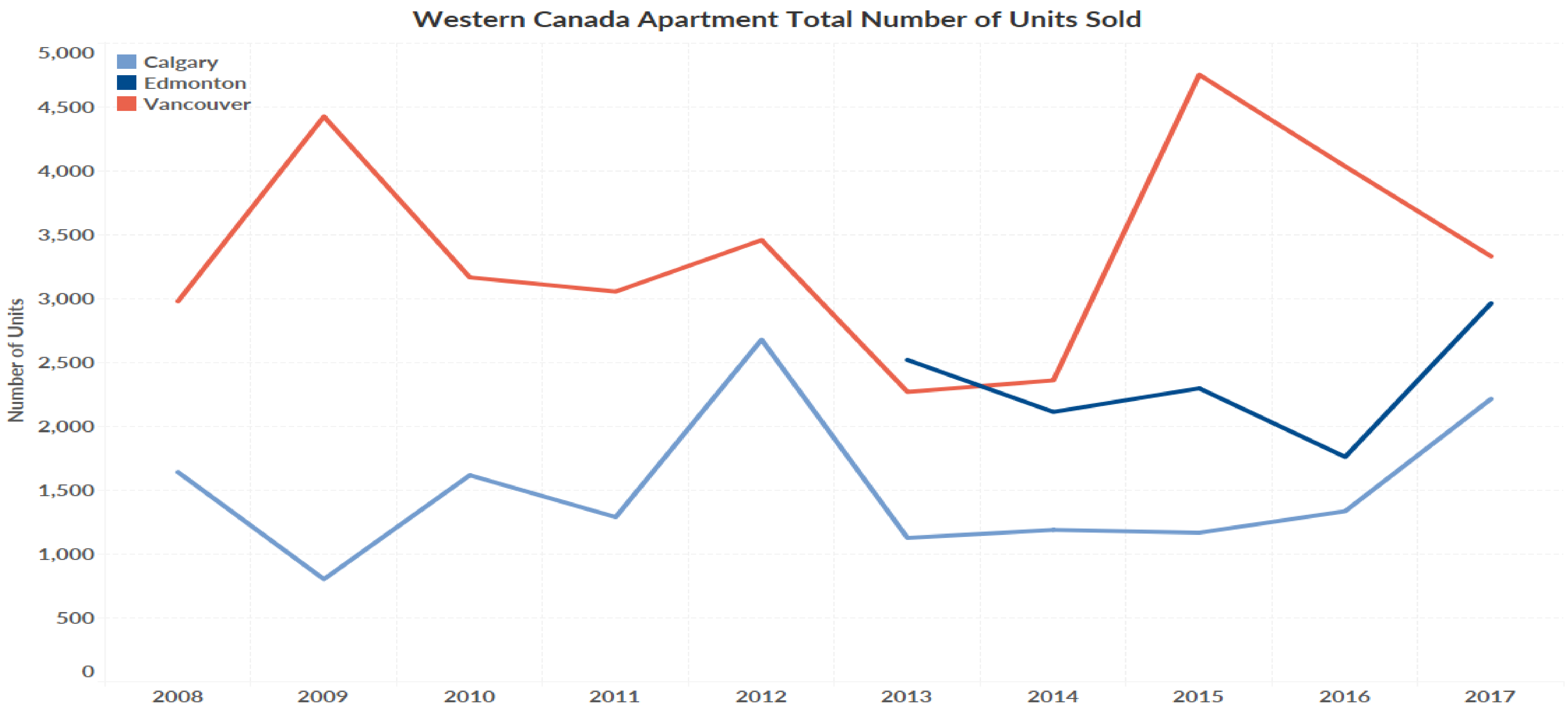
Western Canadian Market Overviews

Calgary		Edmonton		Vancouver	
PURPOSE BUILT RENTAL UNIVERSE	VACANCY RATE	PURPOSE BUILT RENTAL UNIVERSE	VACANCY RATE	PURPOSE BUILT RENTAL UNIVERSE	VACANCY RATE
42,197	6.3%	75,841	6.9%	111,551	0.9%
4,648 ADDED SINCE 2010	DOWN FROM 7.0%	11,210 ADDED SINCE 2010	DOWN FROM 7.1%	5,126 ADDED SINCE 2010	UP FROM 0.7%

Average $/Unit for Apartment Transactions



Total Annual Sales Volume



Vancouver Opportunity

1985 West Broadway
Office
2017
$39M
$795/sf
3.3% cap

901 West Broadway
Retail (DS)
2017
$22.5M
$638/sf buildable Vendor acquired 1985 West Broadway

1333 Jervis Street
Apartment
2017
$26M
3.2% cap $684K/door complete property renovation

Source: Altus Group

State of the Market

Wrap-up

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About Data Solutions

Data Solutions connects the Canadian real estate industry through the delivery of data with unparalleled breadth, integrity and relevance.

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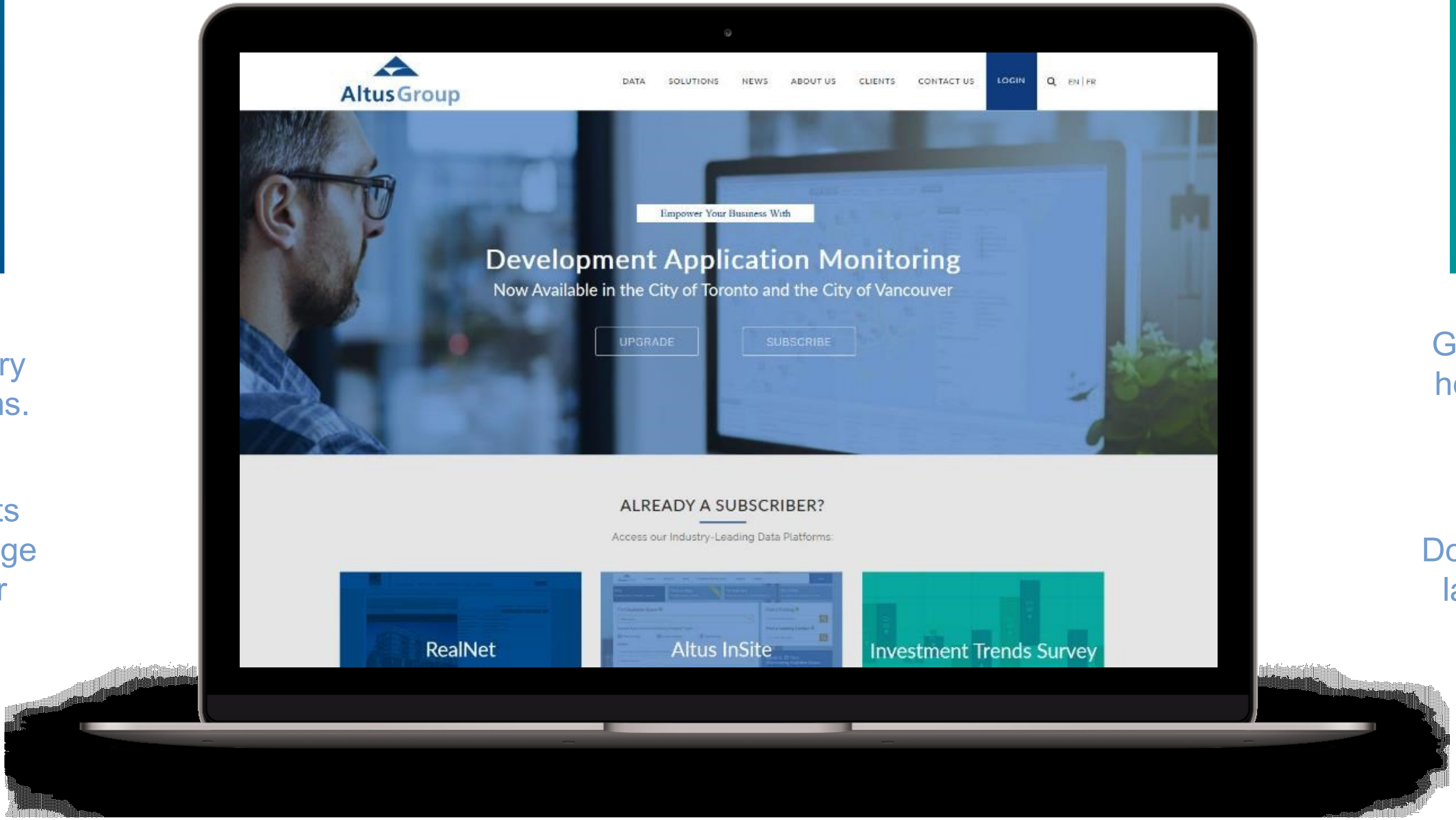
Access to our industry leading data platforms.

Learn how our clients use our data to manage risk and define their strategies.



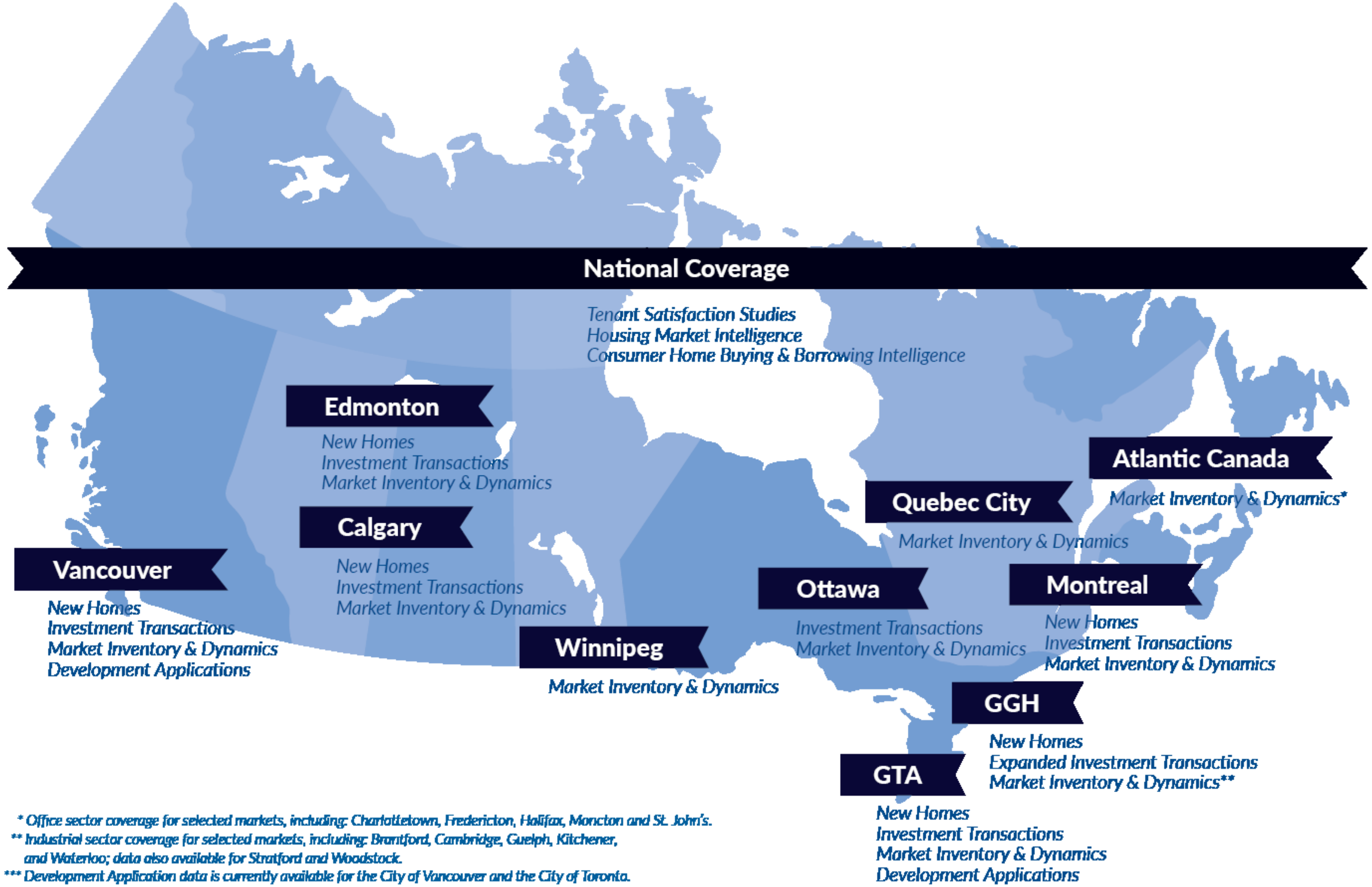
Get in touch and learn how our solutions can help you.

Download copies of our latest Flash Reports.

Our Data Co

Data Going as Fa

500+	client
47,000+	users
110,000+	Inves Trans
11,500+	New I
4,900+	Office
42,000+	Indus



Our Clients

LENDERS | INVESTORS | ASSET MANAGERS | REAL ESTATE BROKERS | BUILDER & DEVELOPERS | GOVERNMENT

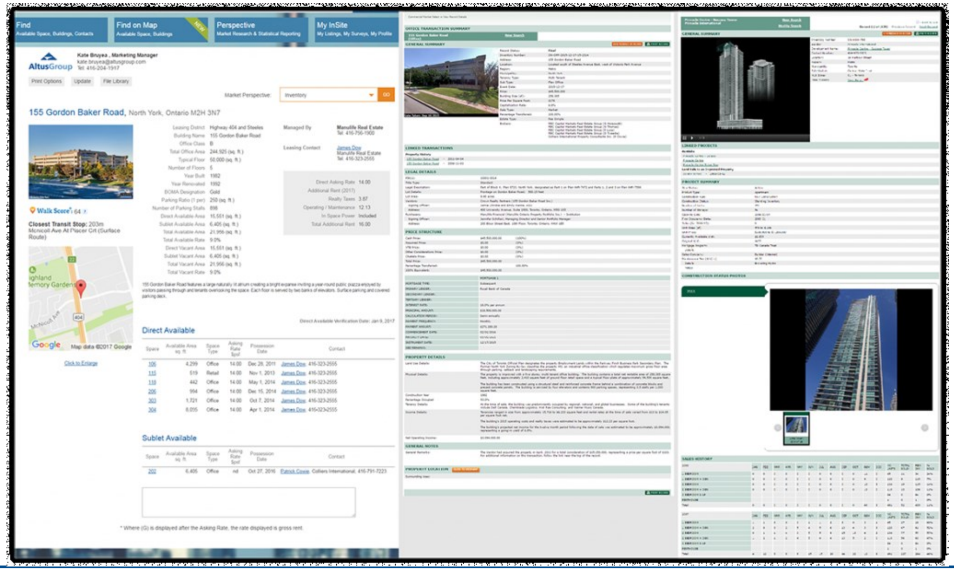
Risk Management | Understanding Market Trends | Identifying Opportunities | Negotiation Support | Planning Decisions | Policy Development

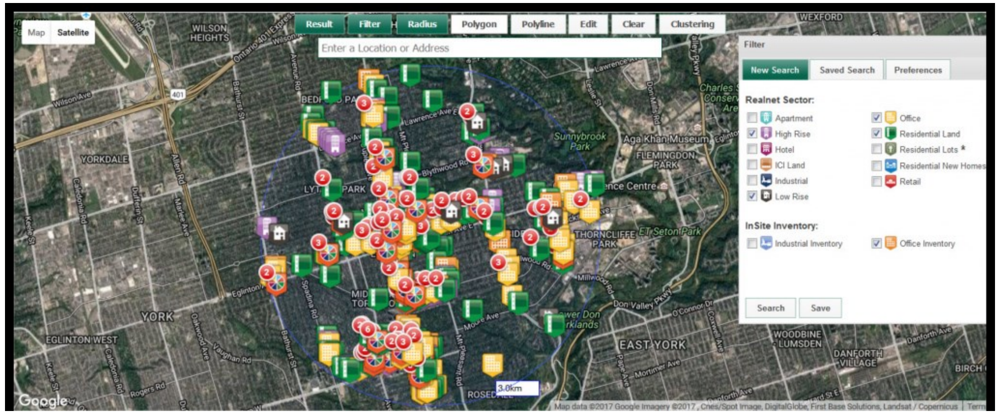
Real Estate Brokers and Boards

Examples of use cases.

Gain a complete perspective on the historical, current and future state of the market with our reports and presentations.

Access the latest and most relevant commercial investment transactions and new home developments. Empower your analysis, proposals, valuations and reports with a complete perspective.





Use our map, form or profile search to locate new home developments, commercial investment transactions and market inventory that meet your client’s criteria.

Your Western Canada Contact

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Data Solutions

(Western Region)

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Thank You.
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