

Investor confidence stable for Calgary commercial real estate market

By Mario Toneguzzi on May 7, 2018

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Investor confidence in the Calgary commercial real estate market remained fairly stable in the first quarter of this year, according to a new report by [Barclay Street Real Estate](#).

The report found that transactions in the market in the first quarter reached \$560 million, which was down about \$9.5 million or 1.7 per cent year-over-year, despite a 25 per cent increase in investor activity.

"Q1 2018 saw commercial investment return to the norm in terms of property size and prices being transacted, whereas early 2017 and the latter part of 2016 were characterized by several very large outliers. Notable contributors to aggregate Q1 2018 investment were retail properties and land – both ICI (industrial, commercial, investment) and residential, in which dollar volume more than doubled in each category on a year-over-year basis," said the report.

It said the office investment market in Calgary saw eight office transactions equal to or greater than \$1 million, totalling more than \$73 million during the first three months of 2018.

"During this period, investors typically focused on B Class properties with the notable exception of the Beltline's newest building, 1506 11th Ave. S.W., otherwise known as the RECA (Real Estate Council of

Alberta) Building. While activity in this asset class was similar to that during the first quarter of 2017, dollar volume was approximately one-third of prior year levels due to the absence of large purchases such as Slate Properties' portfolio purchases from Dream," said the report.

The retail sector saw clear increased activity from a year ago, with dollar volume more than doubling (up 253 per cent) to \$95.6 million and activity up 67 per cent.

"Of the 15 transactions concluded during the quarter, three closed above \$10 million with the largest being the purchase of 5809 Macleod Trail by Calgary Co-op for \$26.4 million. Similar to Q1 2017, the majority of activity continued to focus on retail properties priced in the \$1 million to \$3 million dollar range. ... Q1 2018 saw an appetite for higher-priced product that was absent during the same period last year. Year-to-date price per square foot, however, decreased slightly following a multiyear upward trend. The highest per-square foot prices of the quarter were paid for 151 Copperfield Boulevard (\$641/sf) Forest Lawn Plaza (\$575/sf)."

Respected business writer Mario Toneguzzi is a veteran Calgary-based journalist who worked for 35 years for the Calgary Herald in various capacities, including 12 years as a senior business writer.