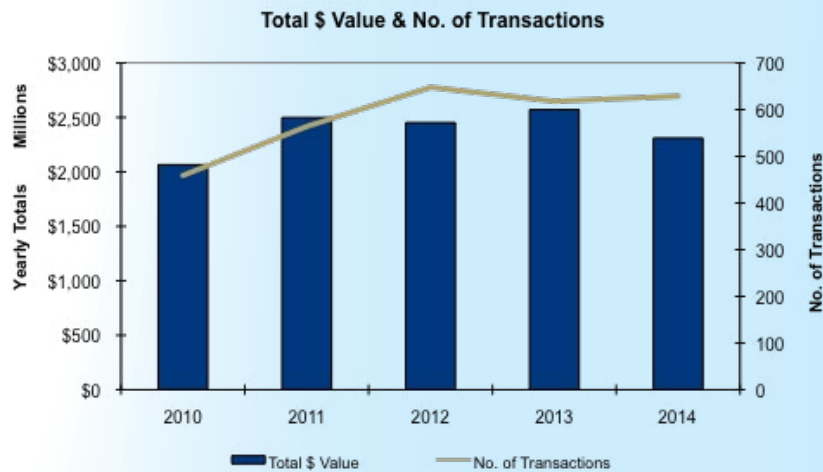


2014 YEAR END MARKET OVERVIEW

The REALTORS® Association of Edmonton is pleased to provide you with the 2014 Year End Market Overview Report covering trends for the commercial real estate market within the City of Edmonton. This report will provide a general synopsis of overall sales activity observed within the City of Edmonton during 2014, with a 5 year summary also being presented to assist in gauging activity in 2014 in relation to the preceding 4 years. The Market Overview will key on overall sales activity and trends within the City of Edmonton as well as analysis of a number of sub-sectors.

The following will highlight the total sales volume as well as number of transactions relating to all sectors of the market covered by The Network, with this in turn, being segregated into two property types, land and buildings:

	2010	2011	2012	2013	2014
LAND					
Total \$ Value Land	\$385,387,570	\$574,791,505	\$713,645,471	\$876,062,808	\$794,202,701
No. of Transactions	128	172	230	201	207
BUILDINGS					
Total \$ Value Bldgs	\$1,680,173,318	\$1,923,871,501	\$1,738,329,933	\$1,695,421,254	\$1,516,702,021
No. of Transactions	331	392	418	417	422
Total					
Total \$ Value	\$2,065,560,828	\$2,498,663,006	\$2,451,975,404	\$2,571,484,062	\$2,310,904,722
No. of Transactions	459	564	648	618	629

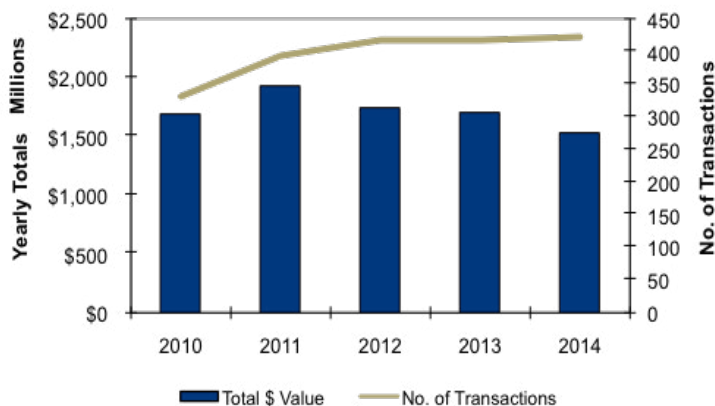


The data in this document is provided to the REALTORS® Association of Edmonton courtesy The Network Real Estate Intelligence.

2014 YEAR END MARKET OVERVIEW

In the 2013 year-end report, The Network was forecasting a strong year in 2014. Leading into the first part of the year, demand was very high although the lack of available product was expected to be a factor throughout the year. This in fact did come into play and overall sales volumes dropped approximately 10% as contrasted to 2013. This drop in sales volume was largely supply driven with demand being very strong throughout the year. The total sales volume for 2014 was essentially on par with the average observed over the past 4 years.

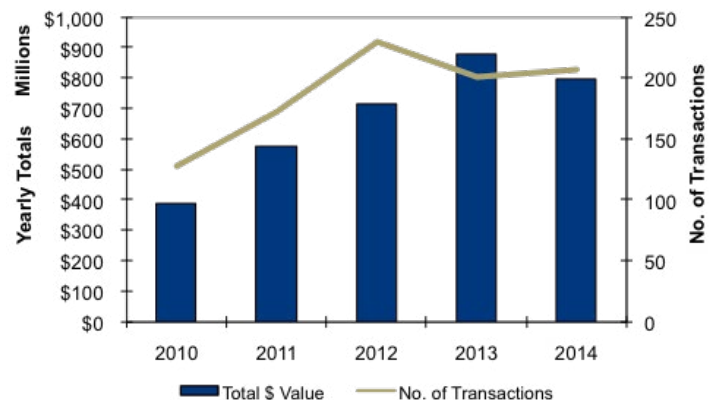
Total Building \$ Volume & No. of Transactions



The overall volume of buildings sales was down approximately 11% as contrasted to 2013. The total number of buildings sold was up slightly as compared to the previous year.

The overall volume of land sales dropped approximately 10% in 2014 as compared to the previous year, with there being a slight increase in the total number of sales. Despite the decline, the total volume of sales in 2014 is the second highest total over the past 5 years. Sales activity for the year was up in the industrial and multi-family sectors but was down with the regard to the commercial and urban development land sectors.

Total Land \$ Volume & No. of Transactions



2014 YEAR END MARKET OVERVIEW

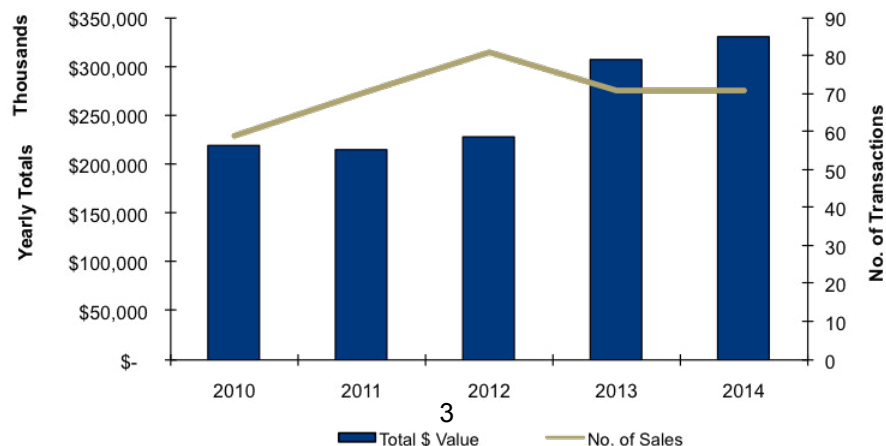
MULTI-FAMILY MARKET

	2010	2011	2012	2013	2014
WALK-UP APTS					
Sales Volume	\$196,084,183	\$206,185,390	\$219,314,500	\$229,554,053	\$215,325,500
Average \$/Suite	\$90,833	\$99,933	\$94,384	\$111,275	\$126,341
Average Cap Rate	6.29	6.34	6.36	6.08	5.92
No. of Sales	56	64	78	67	61
OTHER APTS					
HIGH RISE					
High Rise \$ Value	\$0	\$0	\$0	\$72,000,000	\$52,751,800
No. of Sales	0	0	0	3	2
ROW HOUSE					
Row House \$ Value	\$0	\$2,482,000	\$6,642,000	\$4,469,840	\$22,241,200
No. of Sales	0	1	1	1	3
WALK-UP/RETAIL					
Walk-up/Retail \$ Value	\$850,000	\$3,546,000	\$0	\$0	\$39,100,216
No. of Sales	1	2	0	0	4
MISC.					
Misc. \$ Value	\$22,329,159	\$1,566,000	\$1,255,399	\$0	\$890,000
No. of Sales	2	3	2	0	1
Sub-Total Other					
Total Other \$ Value:	\$23,179,159	\$7,594,000	\$7,897,399	\$76,469,840	\$114,983,216
Total No. of Sales:	3	6	3	4	10

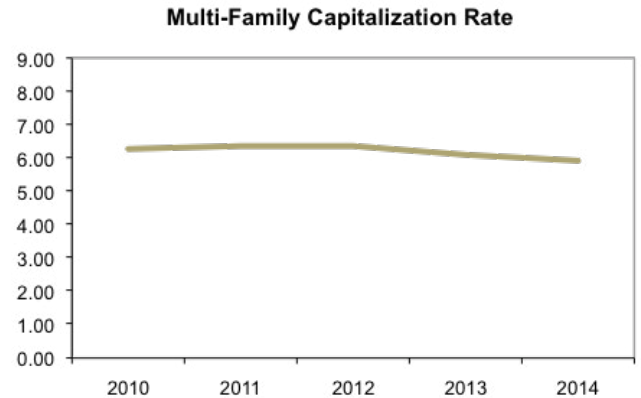
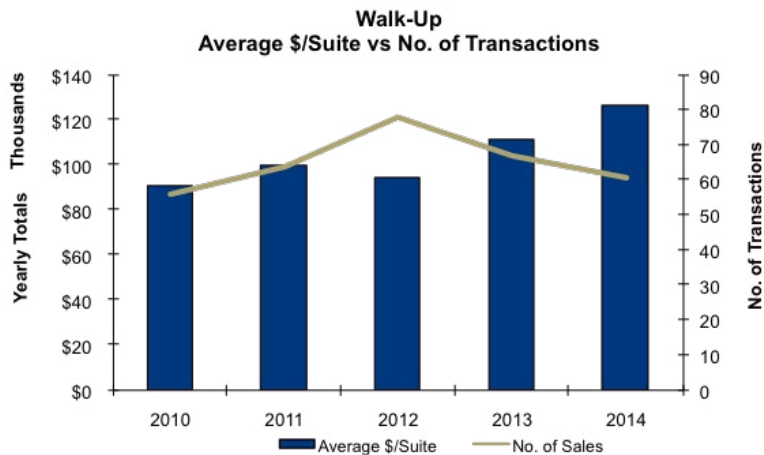
TOTAL

Overall Total \$ Value:	\$219,263,342	\$213,779,390	\$227,211,899	\$306,023,893	\$330,307,716
Total No. of Sales:	59	70	81	71	71

Total Multi-Family \$ Volume vs No. of Transactions



2014 YEAR END MARKET OVERVIEW



The multi-family market during 2014 was once again very active. The total sales volume for the year is the highest over the past 5 years and was up approximately 8% as contrasted to 2013 totals. The total number of properties sold was essentially on par with 2013. The Edmonton CMA vacancy rate as of October 2014 stood at 1.7%, up from 1.4% the previous year. There was upward pressure on rental rates, with the average rent for two bedroom apartments increasing 6.1% between October 2013 and October 2014. This factor combined with strong demand resulted in upward pressure on values and the average sale price per suite for walk-up apartments in 2014 at \$126,341.00 is the highest recorded over the last 5 years and is up over 13% as compared to 2013. The average sale price per suite for 2014 is up 27% as contrasted to the previous 4 year average. The total number of walk-up apartment buildings sold declined slightly however, there were two high-rise sold during the year, three row house projects sold and there were four sales of walk-up/retail buildings.

The following will summarize some of the notable sales which took place during the year:

<u>ADDRESS</u>	<u>SALE PRICE</u>	<u>NUMBER OF SUITES</u>	<u>\$ PER SUITE</u>
16450 - 50 Street	\$47,300,000.	235 suite walk-up	\$201,276.
10037 - 109 Street	\$46,500,000.	237 suite high-rise	\$196,202.
8128 - 102 Street	\$33,275,216.	106 suite walk-up/retail	\$313,917.
10049 - 103 Street	\$15,750,000.	86 suite high-rise	\$183,139.
2474 Bowen Wynd SW	\$15,510,000.	69 suite walk-up	\$224,782.
7715 - 159 Street	\$13,500,000.	125 suite row house	\$132,352.

2014 YEAR END MARKET OVERVIEW

INDUSTRIAL MARKET

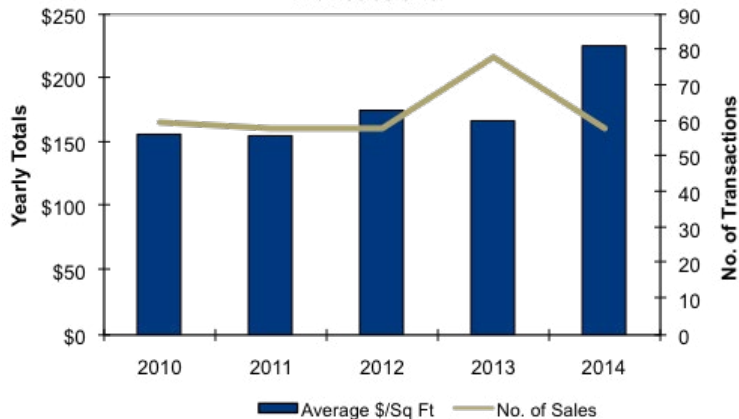
	2010	2011	2012	2013	2014
MULTI-BAY					
Sales Volume	\$391,068,677	\$152,632,155	\$184,280,000	\$218,428,722	\$143,245,314
Average \$/Sq Ft	\$103.66	\$103.05	\$136.56	\$130.18	\$134.02
Average Cap Rate	7.46	7.37	7.08	6.33	7.01
No. of Sales	18	15	18	33	26
SINGLE TENANT					
Sales Volume	\$68,475,000	\$90,637,652	\$101,120,926	\$145,786,889	\$45,669,775
Average \$/Sq Ft	\$134.31	\$161.68	\$190.46	\$125.86	\$208.75
Average Cap Rate	7.38	7.03	6.68	6.45	6.65
No. of Sales	12	19	11	17	10
MISC. - MINI STORAGE					
Sales Volume	\$0	\$0	\$8,500,000	\$4,850,812	\$3,413,480
Average \$/Sq Ft	\$0	\$0	\$132.71	\$0	\$70.52
Average Cap Rate	0	0	8.11	8.45	0
No. of Sales	0	0	1	1	1
WAREHOUSE (OWNER USER)					
Sales Volume	\$137,771,264	\$192,568,349	\$141,728,909	\$237,156,444	\$172,243,691
Average \$/Sq Ft	\$155.50	\$154.17	\$174.72	\$166.65	\$224.38
No. of Sales	60	58	58	78	59
TOTAL OVERALL SALES					
Sales Volume	\$597,314,941	\$435,838,156	\$435,629,835	\$606,222,867	\$364,572,260
No. of Sales	90	92	88	129	96

Total Industrial \$ Value & No. of Transactions

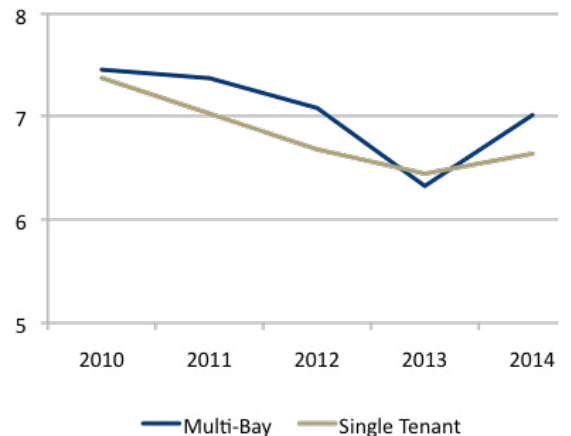


2014 YEAR END MARKET OVERVIEW

Industrial Owner User Unit Price & No. Of Transactions



Industrial Capitalization Rates



The industrial sector was characterized by a sharp decrease in activity in 2014 as compared to 2013 and the previous 4 years in general. The total volume of sales for the year was down approximately 40% as compared to the previous year and the total number of sales was down approximately 26%. This once again was not a reflection of demand, with industrial real estate being much sought after. There was simply a lack of available product within the market. The average sale price per square foot increased for multi-bay, single tenant and warehouse owner/user buildings. The increase observed in warehouse owner/user buildings was 35%. Capitalization rates for multi-bay buildings were up and the same was evident in single tenant buildings. The increase in the multi-bay sector was primarily a function of the type of buildings which sold during the year, with there being a weighting towards older facilities typically presenting higher risk. Higher quality buildings were typically yielding capitalization rates under 7.0%.

Notable sales for the year include the following:

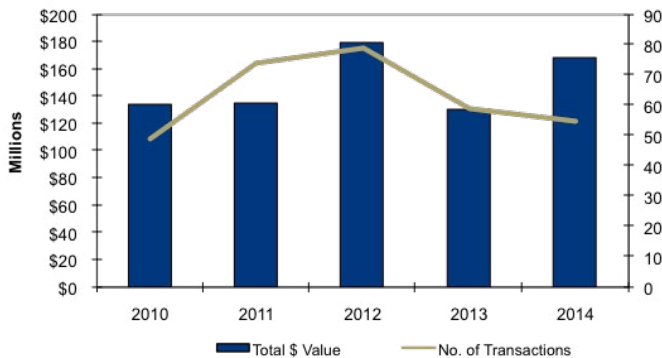
<u>ADDRESS</u>	<u>SALE PRICE</u>	<u>PROPERTY TYPE</u>
11641 - 151 Street	\$46,775,000.	Multi-bay 6 building complex
9503/9603 - 42 Avenue	\$22,550,000.	Multi-bay 4 property portfolio
4503 - 82 Avenue	\$19,800,000.	Multi-bay 6 building complex
9421 - 17 Avenue	\$18,766,666.	O/U warehouse/office complex
14404 - 128 Avenue	\$17,050,000.	Multi-bay complex
6891 - 97 Street	\$14,925,000.	Single tenant complex
17204 - 114 Avenue	\$13,200,000.	Multi-bay complex

2014 YEAR END MARKET OVERVIEW

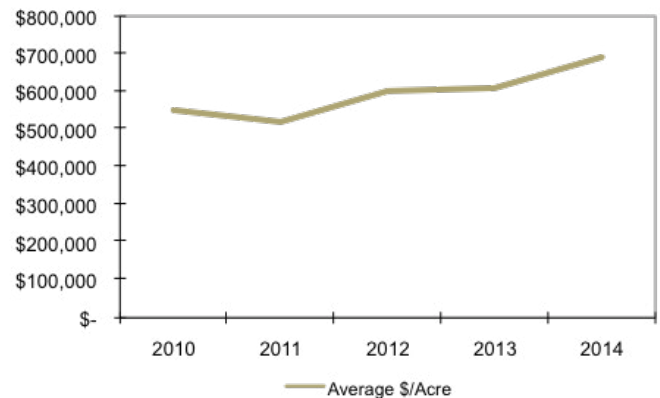
INDUSTRIAL LAND

	2010	2011	2012	2013	2014
Total \$ Value	\$133,949,424	\$135,121,861	\$178,985,906	\$130,245,380	\$167,628,020
Average \$/Acre	\$ 553,144	\$ 519,638	\$ 601,499	\$ 609,652	\$ 691,581
No. of Transactions	49	74	79	59	55

Industrial Land \$ Value vs No. Of Transactions



Industrial Average \$/Acre



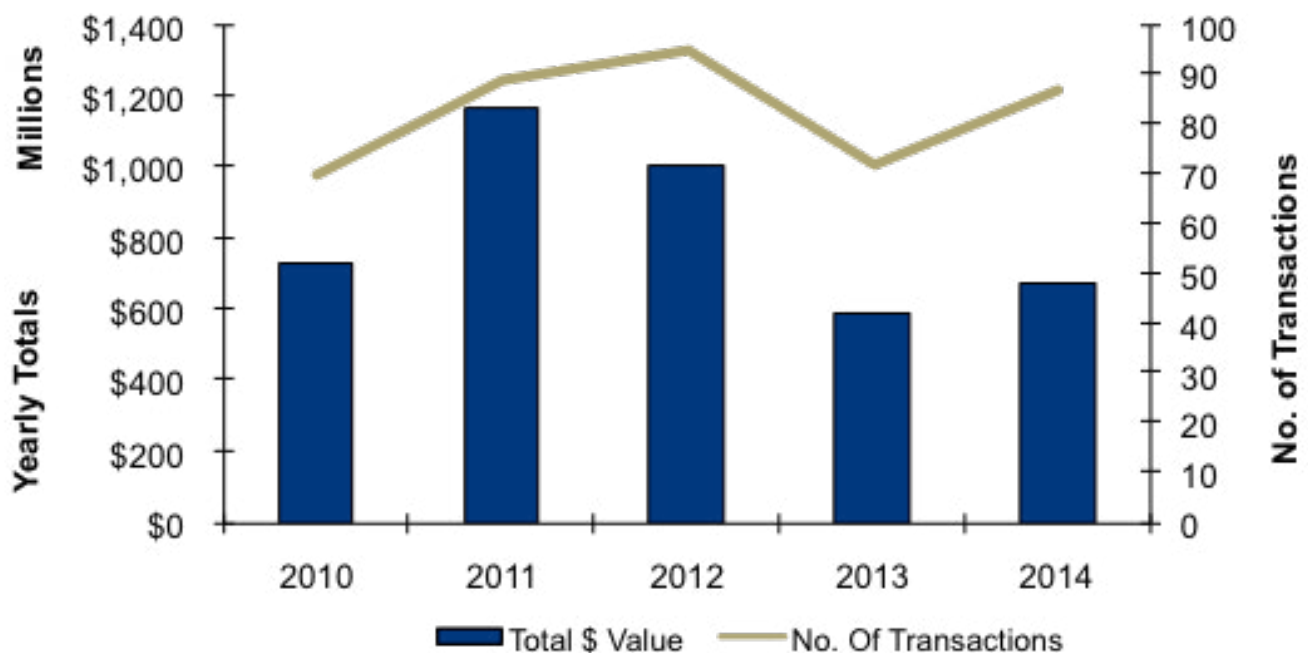
The total number of industrial land sales in 2014 was essentially on par with 2013 however, the total dollar value of sales increased approximately 29% and this is the second highest volume of sales over the past 5 years. The average sale price per acre increased over 13% to \$691,581.00. There is a limited supply of serviced industrial land within the city and this factor combined with strong demand resulted in substantial upward pressure on values, particularly during the second half of the year. Within the Southeast and Northwest Industrial sectors, values for conventional lots were approaching \$1,000,000.00 per acre +/- by year end.

2014 YEAR END MARKET OVERVIEW

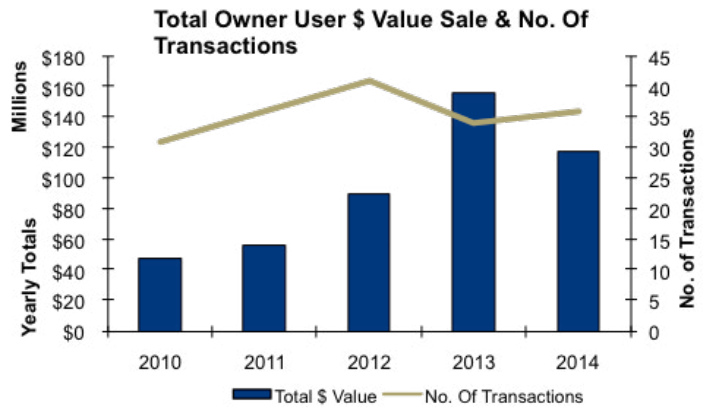
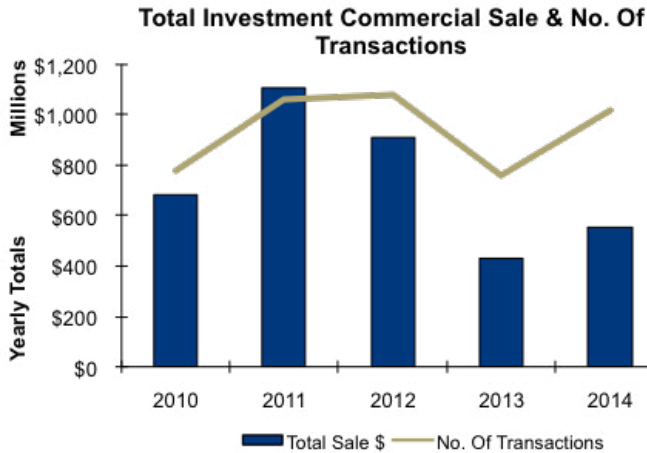
COMMERCIAL MARKET

	2010	2011	2012	2013	2014
INVESTMENT					
Sales Volume	\$681,957,950	\$1,105,909,086	\$909,797,841	\$430,433,656	\$555,368,009
No. of Sales	39	53	54	38	51
OWNER/USER					
Sales Volume	\$47,522,545	\$56,025,764	\$88,916,690	\$155,840,376	\$117,072,671
No. of Sales	31	36	41	34	36
TOTAL OVERALL SALES					
Overall Total \$	\$729,480,495	\$1,161,934,850	\$998,714,531	\$586,274,032	\$672,440,680
No. of Sales	70	89	95	72	87

Total Commercial \$ Value & No. Of Transactions



2014 YEAR END MARKET OVERVIEW



Activity within the commercial market was up approximately 15% on an overall basis in terms of the total dollar volume and was up approximately 20% in terms of total sales. There was a sharp increase in the total sales volume pertaining to investment properties however, there was a decline with regard to owner/user properties. In terms of the office sector, there was no sales activity pertaining to major projects within the Downtown core. There were two major sales during the year in the suburban office sector. A concern with regard to the office market is the substantial new construction currently underway within the Downtown core which will elevate the supply substantially over the next 1 to 3 years. Construction also remains on-going within the suburban market. Concerns relating to the anticipated increase in supply has created downward pressure on lease rates and upward pressure on capitalization rates. An example of the increase in capitalization rates would be the Twin Atria complex located in suburban Edmonton which is a high quality facility dominated by government tenancies where the capitalization rate was slightly in excess of 7.5%. There were several major sales in the retail shopping centre category during the year including Capilano Mall, Century Park and White Oak Square. There was also a partial interest sale in Mayfield Common. The retail sector remains one of the most desirable aspects of the Edmonton market and major sales such as Capilano Mall and Century Park were at sub 6.0% capitalization rates.

The following will highlight some of the notable transactions which occurred during the year:

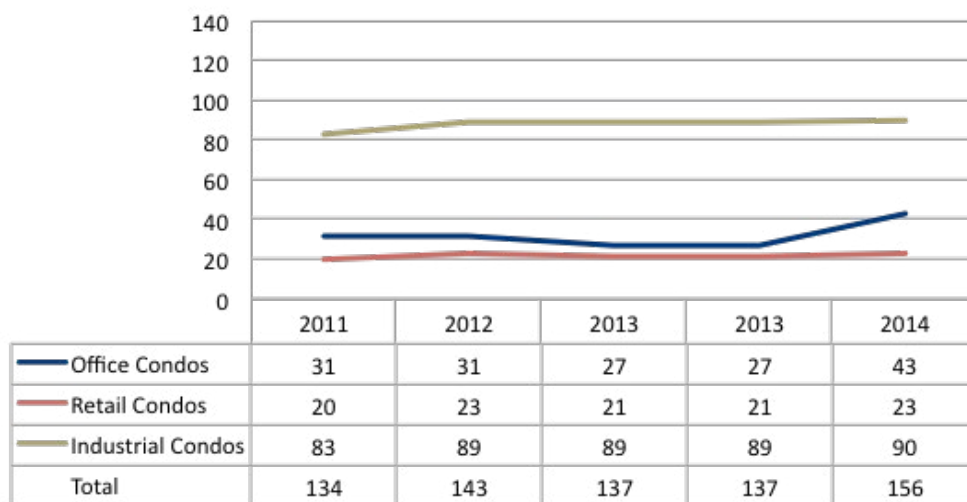
ADDRESS	SALE PRICE	PROPERTY TYPE
4999 - 98 Avenue	\$94,000,000.	Suburban office
5055 - 101 Avenue	\$68,930,268.	Retail shopping centre
2303 - 111 Street	\$43,000,000.	Retail shopping centre
12222 - 137 Avenue	\$31,375,000.	Retail shopping centre
100 Mayfield Common	\$26,645,000.	Retail shopping centre (partial interest)
13140 St. Albert Road	\$24,500,000.	Suburban office

2014 YEAR END MARKET OVERVIEW

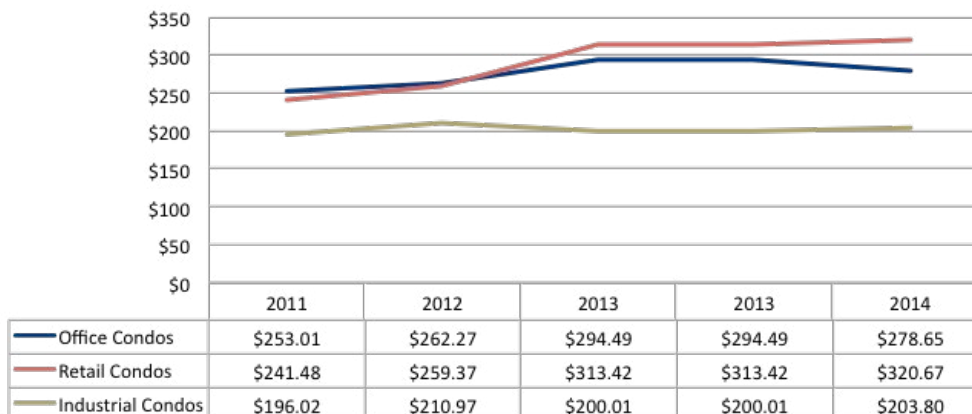
INDUSTRIAL/COMMERCIAL CONDOMINIUM MARKET

Industrial and commercial (office and retail) condominiums have become a significant component of the market, and this has been particularly true over the past 5 years. Recent trends in this sector are outlined in the following graphs:

Condo No. of Transactions



Condo Average Unit Price



At 156 units, 2014 has set the recent peak for total number of sales during the year. Overall activity levels were up 14% as compared to 2013. The strongest increase was in the office condo sector. Average prices were up slightly for retail and industrial condominiums whereas there was a decrease in the average price paid for office condos. The latter would primarily be a function of the type of units sold. There was a large volume of new office condos sold during the year which typically sell undeveloped and hence, lower per square foot values are the norm.

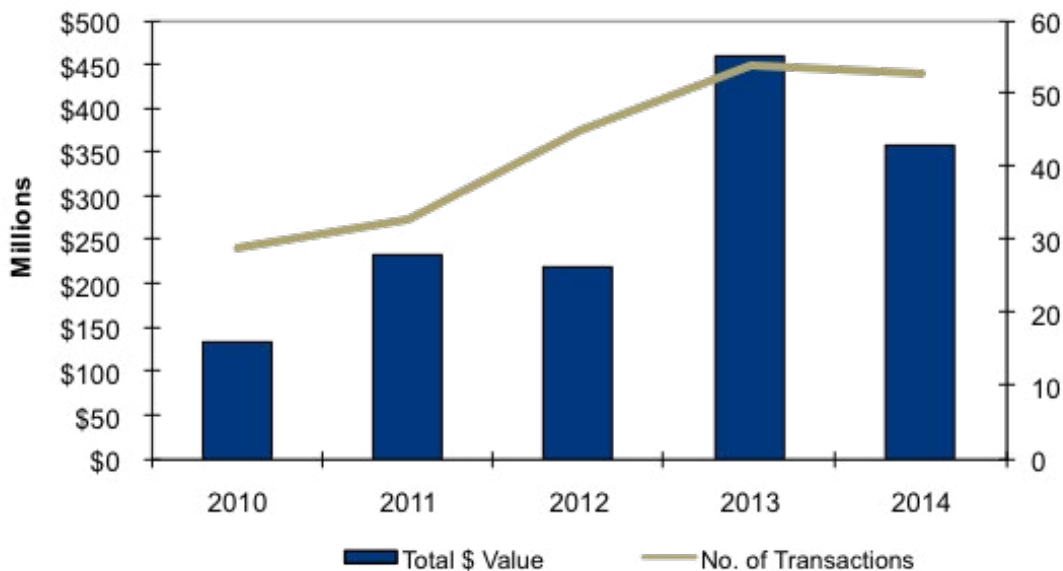
2014 YEAR END MARKET OVERVIEW

URBAN DEVELOPMENT LAND MARKET

This market sector involves raw, unserviced land typically situated within peripheral areas of the city. Lands of this type can be allocated for residential, industrial or commercial use. This does represent a significant aspect of the market and the following will highlight activity in this sector:

	2010	2011	2012	2013	2014
Total \$ Value	\$133,556,318	\$232,653,497	\$219,466,999	\$459,011,108	\$357,474,784
Average \$/Acre	\$123,561	\$149,962	\$165,023	\$221,071	\$228,941
No. of Transactions	29	33	45	54	53

Urban Land \$ Value vs No. Of Transactions



The total number of sales of urban development land during the year was on par with 2013 however, the total dollar volume of sales was down approximately 22%. There was a slight increase in the average sale price per acre. As is typical, the bulk of sales occurred with regard to future residential development land. There was however an increase in activity in the industrial sector and there was one major sale in the Winterburn Industrial Area at \$279,000.00 per acre and there was also a sale of a large block of land comprising 329 acres in the Edmonton Energy And Technology Park. An Area Structure Plan is currently under consideration for the Rural South East sector of the city which will become known as Decoteau. With the pending approval of this Area Structure Plan, there was a noticeable increase in acquisition activity within the area during the year. A series of ten properties sold within the Rural South East. As the latter is a developing area, the average per acre values were lower within this area as contrasted to prime residential development areas, where values for short term development land continue to equal or exceed \$300,000.00 per acre.

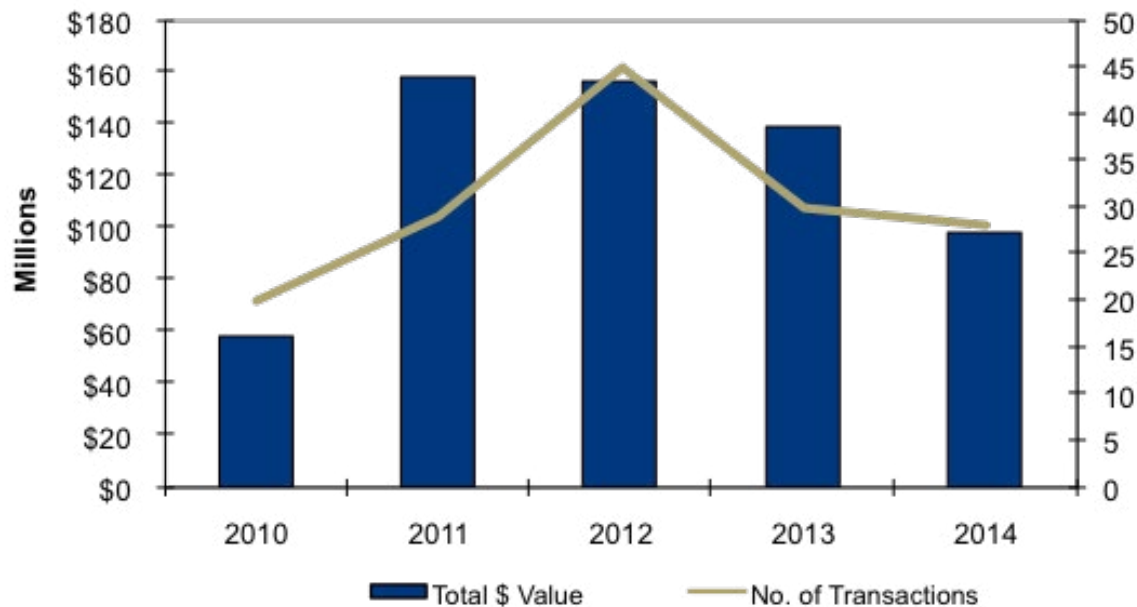
2014 YEAR END MARKET OVERVIEW

COMMERCIAL LAND MARKET

This represents the second year in which commercial land has been analyzed. The following will highlight the total number of sales over the past 5 years as well as the total dollar volume of sales:

	2010	2011	2012	2013	2014
Total \$ Value	\$57,650,848	\$158,012,600	\$155,895,493	\$138,691,812	\$97,808,385
No. of Transactions	20	29	45	30	28

Commercial Land \$ Value vs No. Of Transactions



The overall sales volume of commercial land declined approximately 29% to just over \$97 million dollars which is the lowest total since 2010. The total number of sales at 28 essentially remained on par with 2013. Of interest is that there was a sharp drop off in acquisition activity pertaining to commercial land within the Downtown core. There were only four sales during the year and all entailed smaller blocks of land totaling just over \$14 million dollars overall. As implied, the bulk of the acquisition activity related to suburban commercial land where values are sharply lower.

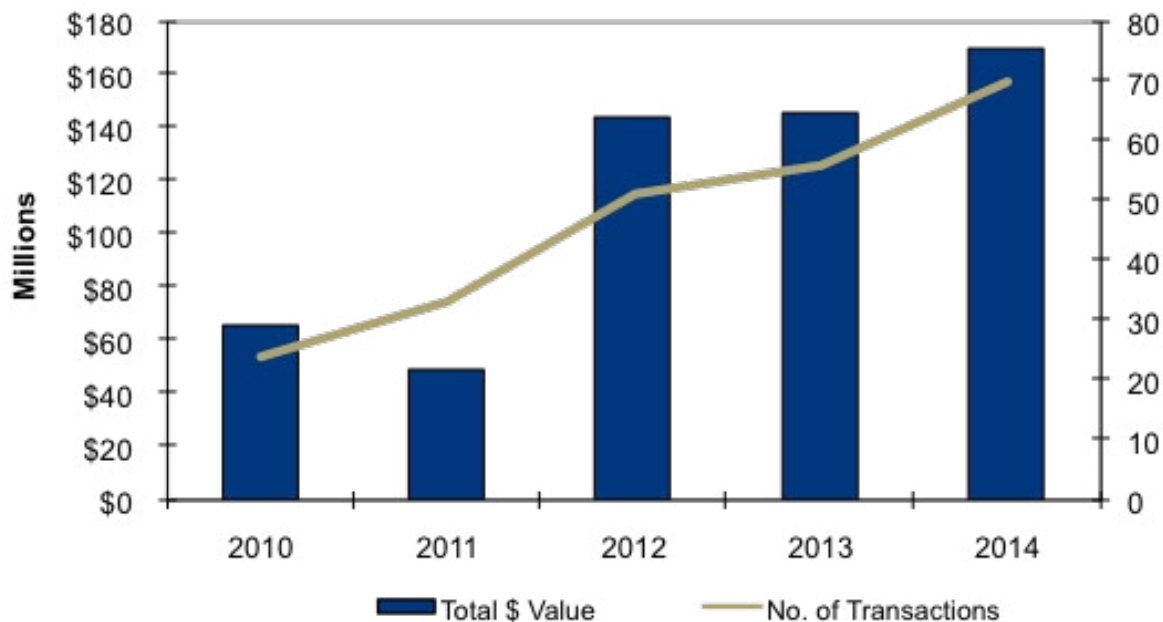
2014 YEAR END MARKET OVERVIEW

MULTI-FAMILY LAND MARKET

This is the third year in which multi-family land has been analyzed. The following will highlight the total number of sales as well as dollar volume of sales over the past 5 years:

	2010	2011	2012	2013	2014
Total \$ Value	\$65,466,500	\$48,727,002	\$143,547,682	\$145,677,675	\$169,513,112
No. of Transactions	24	33	51	56	70

Multi-Family Land \$ Value vs No. Of Transactions



The strength which emerged in the multi-family market in 2012 and which carried over into 2013 was once again evident in 2014. The total volume of sales activity is the highest recorded over the past 5 years and increased over 16% as compared to 2013. The total number of sales was up 25%. Multi-family housing starts within the city totaled 5,048 units in 2014, down from the totals in 2012 and 2013. Demand for land however remained high. As highlighted last year, strong demand remains evident for town-house type land and values for RF5 land continue to parallel that suitable for walk-up apartment development or RA7 land.

SUMMARY

In terms of forecasting activity for 2015, economic considerations are of primary importance. Since the latter part of 2014, there has been strong downward pressure on world oil prices which as of February 2015, are hovering near \$50.00 per barrel, down almost one-half from the high point in 2014. Economic forecasters are projecting a sharp decline in economic activity for the City of Edmonton and Province of Alberta for 2015. Given the pessimistic growth projections, The Network is forecasting a decline in activity for 2015 and this is expected to be relatively broad affecting all categories. Typical of this type of economic situation, the initial reaction during the first 2 months of 2015 has been towards a decline in activity. The overall impact on real estate values will be a function of how deep and how long the economic downturn is.

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