NAI Advent

Commercial Real Estate Services, Worldwide.

Fall 2022

Calgary Market Report

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DOWNTOWN OFFICE TRENDS

Total Inventory (SF)		43,500,000
Total Availability	↓	29.7%
Asking Rental Rates (PSF)		
AA Class	↔	$22.23
A Class	↑	$16.37
B Class	↓	$10.51

INDUSTRIAL TRENDS

SQ FT Net Absorption (Q3)		983,275
Vacancy Rate	↓	2.5%
Asking Rental Rates (PSF)	↑	$10
SQ FT Delivered to Market (YTD)		628,265
SQ FT Under Construction		4,944,467

SUBURBAN OFFICE TRENDS

Total Inventory (SF)		22,900,000
Total Availability	↑	25.5%
Asking Rental Rates (PSF)	↑	$15.00

RETAIL TRENDS

SQ FT Net Absorption (Q3)		196,537
Vacancy Rate	↓	3.31%
Asking Rental Rates (PSF)	↑	$29.34
SQ FT Delivered to Market (YTD)		1,048,622
SQ FT Under Construction		1,793,594

Albertan Macro-Economic Overview

Amidst an ongoing global energy crisis, extreme geopolitical tensions and inflation at a 40-year high, Alberta remains a beacon of light through this period of turmoil. A continuation in surging energy prices has left the country and our neighbouring allies more dependent than ever on Alberta's oil and gas industry to continue producing the cleanest and most ethical oil and gas in the world. According to the Government of Alberta, Alberta has seen a 29% increase in rigs currently drilling compared to last year.

The recent increase in reliance on Alberta has aided the province's ability to be "recession proof"; according to Deloitte's latest economic outlook this is a claim few other provinces will be able to make. This winter Alberta is expected to maintain positive real GDP growth. This reinforces the claim that the province will serve as a beacon of light to the rest of Canada, helping to guide the country through a period of increased uncertainty. Because of this, Alberta continues to see a surge in its employment rate; Statistics Canada has noted a 10,800 increase in jobs available, with only a 0.1% rise in unemployment.

When comparing Alberta to the rest of the provinces it is clear we are in a more comfortable position; apart from Alberta and the Prairie Provinces, Deloitte projects a slight 2-quarter recession throughout the rest of the country. Indeed, out-of-province businesses are beginning to wake up to that fact. Thanks to Alberta's competitive tax regime there has been a steady continuation of investments into the province from across the country, as well as an influx of new migrants looking for a more affordable and less inflated place to live. While it is important to recognize the continued effects inflation plays on Alberta and the nation as a whole, it is also worth noting that investors looking to diversify and protect their portfolios will transfer wealth from currency into assets such as real estate. In addition, it is important to highlight the impact supply chain shortages have possessed on Albertan and other Canadian businesses. While supply chain issues are expected to continue, less companies overall are feeling its effects. Statistics Canada reports that while the last quarter exhibited 32.1% of businesses suffering from supply chain issues, this dropped to 28.3% over the recent 3-month period.

While the rest of the world struggles to stay functioning due to numerous factors, Alberta remains at its peak to live and invest in. In fact, according to the recent Global Livability Index (ranking cities based on factors such as economic prosperity, education, housing and more), Calgary is ranked the number three city in the world to live in. We should be truly proud to be Albertan!

Alberta Economic Forecasts (Annual average % change, unless otherwise noted)

ECONOMIC INDICATORS	2022	2023	2024
Real GDP	4.9	1.8	1.4
Nominal GDP	26.5	3.3	3.4
Employment	4.7	0.9	1.0
Unemployment Rate (%)	6.0	6.1	6.4
Housing Starts (000's)	36.2	26.5	26.4
Existing Home Prices	3.1	-6.7	5.2
Home Sales	-1.9	-22.2	-13.3

Figure 1 | Source: Statistics Canada, CHMC, CREA, Forecast by TD Economics

INDUSTRIAL MARKET OVERVIEW

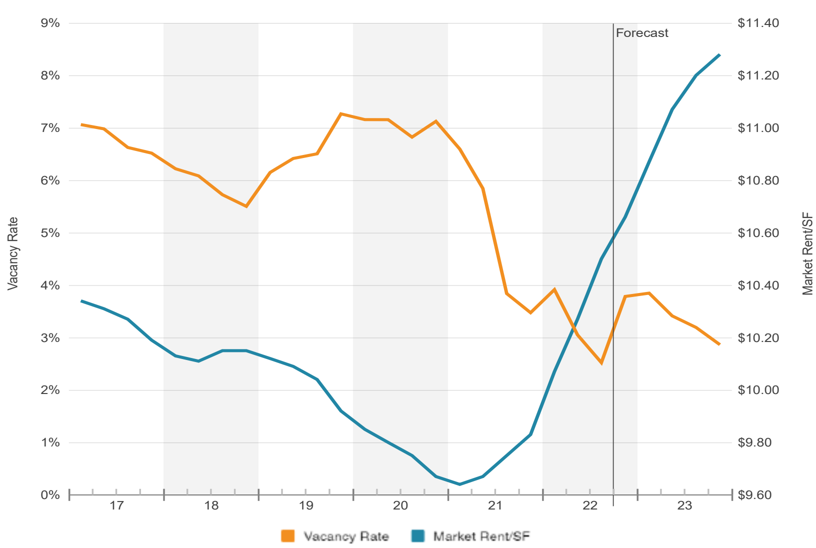
Calgary's thriving industrial market means current vacancy rates sit below 3%, leading to immense pressure on inventory and available space. With positive market conditions projected to continue into the long term, is relief anticipated for those seeking vacancies? The answer is "Yes!", coming in the form of 4.7 million sq ft of industrial space currently being constructed and expected to be delivered in the next 12 months

Calgary is now a major distribution hub for Western Canada, with the warehouse and logistics sectors as driving forces behind Industrial market surge in demand. While Calgary's geographic location plays a huge role in this growth, several other strong fundamentals make the city an enticing place to set up shop: abundance of land, influx of tenants, and strategic rethinking of geographic footprints.

Calgary currently has an abundance of land zoned for Industrial development, making costs far more palatable than places like Vancouver. Both Calgary and Rocky View County see Industrial real estate as high growth areas and are streamlining approval processes to bring new inventory online sooner.

Calgary is also seeing an influx of tenants moving from bigger centers like Vancouver to relocate their operations. As tight as Calgary's Industrial market is, Vancouver's sits at 0.4%; this is forcing groups out of the market and leaving them homeless. In many cases Calgary's rental rates are a third or even half of what is paid in Vancouver, making the move fiscally responsible for many companies.

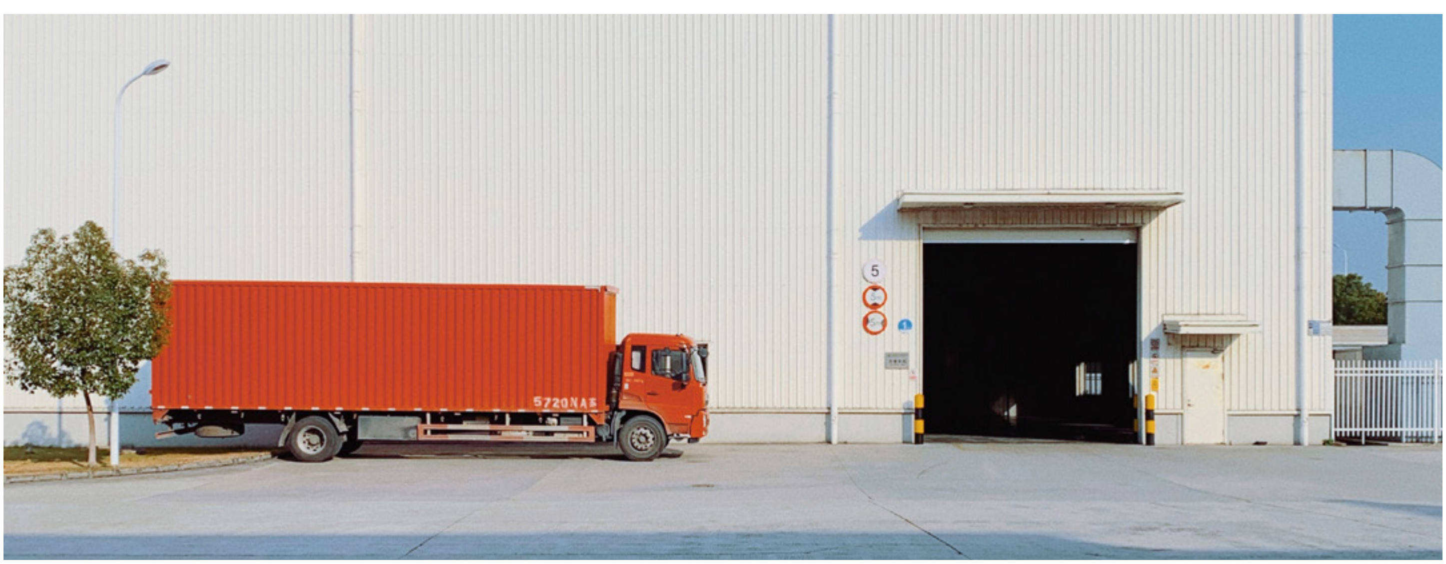
Vacancy Rate & Market Rent



Source: CoStar

Lastly, Calgary's logistics sector is benefiting from companies rethinking their geographic footprint. Plagued by supply chain issues, businesses are now strategically positioning smaller warehouses across Canada rather than utilizing one massive facility in Vancouver or the East to serve the country.

Even with millions of sq. ft. coming to the Industrial market over the next 12 months, landlords and developers are still very bullish on the Calgary market, seeing huge potential for continued growth. With vacancy rates projected to stay below 4% throughout 2023 and potentially dropping below 3% moving into 2024, we expect to see significant absorption of the product coming to market. Based on this absorption and low vacancy rates we anticipate increases of 5-6% in lease rates for industrial buildings, particularly in the logistics center.



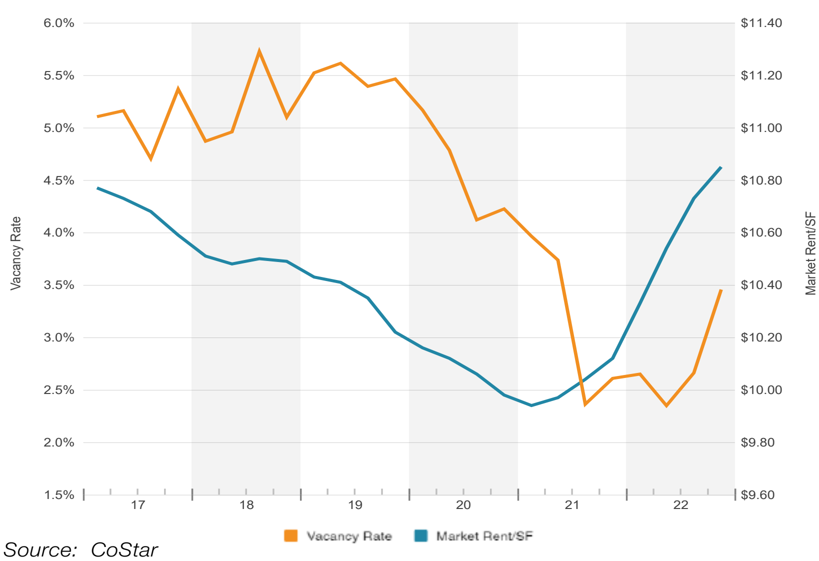
South Central Industrial Market

The South Central industrial market consists of the following areas: Manchester; Fairview; Ogden; Bonny Brook; High Field, and Burns Industrial. Vacancy rates here have been hovering around 2.70%, a slight increase from 2.30% last quarter. Despite the increase, this market still holds one of the lowest vacancy rates in the city, only to be outperformed by the South East industrial market which sits at a vacancy rate of 1.80%.

Low vacancy rates in the South Central market could indicate that more traditional industrial users (such as manufacturing and distribution) are on the hunt for space, while retail/flex users that the area traditionally caters to become more stagnant. Low vacancy numbers could also be attributed to the fact that many of the vacancy pockets currently available are office intensive unit's zoned I-G. Despite being zoned for industrial use these units are built almost entirely out of office space, which has not been a sought-after asset for quite some time. As such, landlords are having to explore demolishing these offices, or risk sitting on their vacancies for a while before filling them. The need for more industrial space in the South Central market is also shown by some of the new projects soon to be released. Earlier this year Atlas Development Corporation bought a former casino site and began converting it into a multi-tenanted industrial building. 42 Highfield, located at 1010 42 Ave SE, is currently undergoing renovations with projected occupancy available in Quarter One of 2023.

Thanks to the overall decrease in industrial vacancies and in part due to inflation, rental rates have increased in the South Central market, shifting from $9.27 to $10.18 over the past quarter. This is a common theme amongst all industrial markets and is expected to continue until more new builds come to sale and inflation starts to cool.

South Central Vacancy Rate & Market Rent



Source: CoStar

Area	Net Absorption SF (Q2 2022)	Net Absorption SF (Q3 2022)	Avg. Net Asking Rate (Q2 2022)	Avg. Net Asking Rate (Q3 2022)	Avg. Net Market Rate (Q2 2022)	Avg Net Market Rate (Q3 2022)	Market Cap Rate (Q2 2022)	Market Cap Rate (Q3 2022)	Vacancy (Q2 2022)	Vacancy (Q3 2022)	Availability (Q2 2022)	Availability (Q3 2022)
East Fairview	-2,625	-48,771	$20.15	$11.18	3.50%	2.20%	6.56%	6.66%	2.97%	4.07%	5.60%	5.40%
North Manchester	-14,092	-4,218	$12.74	$12.70	$10.32	$10.49	6.63%	6.46%	1.20%	1.30%	1.40%	1.60%
South Highfield	-723	1,585	$6.38	$8.68	$10.28	$10.48	6.30%	6.43%	2.00%	1.90%	6.40%	2.40%
Highfield	-20,530	5,982	$7.50	$8.32	$9.71	$9.92	6.41%	6.52%	1.70%	1.50%	2.20%	2.60%
Riverview	-8,559	-62,322	$10.50	$10.32	$9.86	$9.97	6.56%	6.86%	5.80%	11.00%	9.90%	11.10%
Fairview	16,498	9,507	$12.38	$12.22	$10.85	$10.99	6.38%	6.49%	2.60%	1.80%	4.30%	2.90%
Burbank	31,471	18,178	$11.99	$11.84	$9.98	$10.15	6.50%	6.62%	8.30%	6.90%	8.20%	8.60%
South Manchester	34,740	-18,122	$10.72	$11.14	$11.19	$11.29	6.31%	6.43%	1.80%	2.20%	2.40%	2.30%
Bonnybrook	30,879	-677	$10.30	$10.94	$10.85	$11.10	6.48%	6.61%	0.53%	0.55%	1.20%	0.90%
Alyth	-687	NA	$17.77	$55.92	$10.68	$10.84	6.35%	6.47%	2.70%	2.70%	2.70%	2.70%
Ramsay	5,618	-13,150	$25.00	NA	$9.09	$9.31	6.59%	6.71%	4.90%	5.70%	5.90%	6.90%
Total	**71,990**	**-112,008**	**$9.27**	**$10.18**	**$10.54**	**$10.73**	**6.20%**	**6.30%**	**2.30%**	**2.70%**	**3.70%**	**3.20%**

Figure 2 | Source: CoStar

South East Industrial Market

6.22%
CAP RATE

1.80%
VACANCY

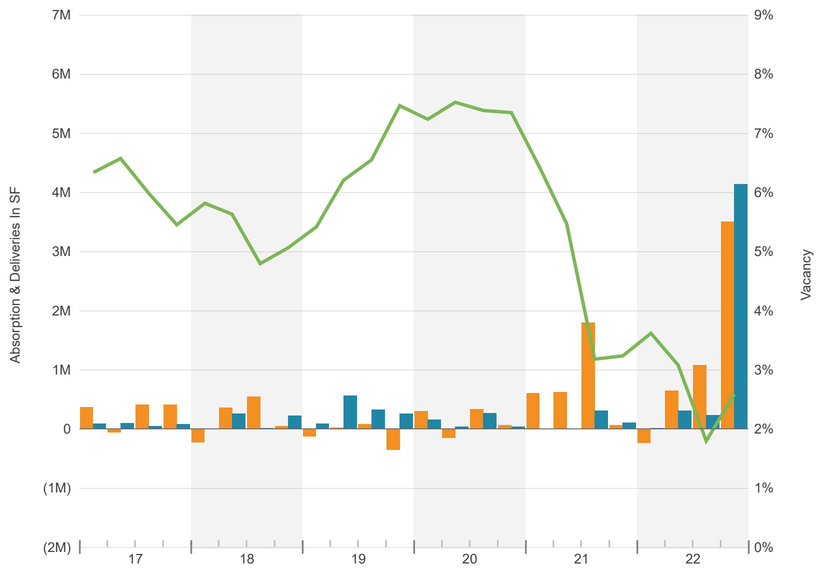
$9.85
RENTAL RATE

The South East industrial market continued to see a downward push on availability this quarter, decreasing to 5.10% from 5.80% previously. This is in part due to the additional positive absorption of 681,116 sq. ft. from Quarter Two to Quarter Three, totaling 1,213,636 sq. ft. for Quarter Three. Additionally, almost all the current developments are built to suit with very limited space available for local businesses.

Vacancy rates in the South East market have seen a substantial decrease from 3.10% in Q2 to 1.80% in Q3, and with low supply, rental rates continued to increase. This is also reflected in Quarter Three, averaging $9.87 per sq. ft. per annum, up 26 BPS from last quarter. Compared to other major cities like Toronto and Vancouver this is still considerably lower; as such, companies will continue to expand to the Calgary area in the coming years so long as supply keeps up with demand. The highest vacancy and availability rates were seen in Starfield and Shepard, and the largest absorption was yet again witnessed in Great Plains at over 50% of the total South East industrial market. The largest overall change in positive absorption was seen in East Shepard and Dufferin.

With increasing interest rates and a spike in inflation we will likely see less acquisitions in the new year from buyers requiring financing. We may also see receivership sales from those who possibly over-committed on price. Quarter Three cap rates continue to climb averaging 6.21%up 11 BPS from Quarter Two. With interest rates on the rise, downward pressure on pricing and a further climb in cap rates may be seen.

South East Net Absorption, Net Deliveries & Vacancy



Source: CoStar

Area	Net Absorption SF (Q2 2022)	Net Absorption SF (Q3 2022)	Avg. Net Asking Rate (Q2 2022)	Avg. Net Asking Rate (Q3 2022)	Avg. Net Market Rate (Q2 2022)	Avg Net Market Rate (Q3 2022)	Market Cap Rate (Q2 2022)	Market Cap Rate (Q3 2022)	Vacancy (Q2 2022)	Vacancy (Q3 2022)	Availability (Q2 2022)	Availability (Q3 2022)
East Fairview	-2,625	-48,771	$20.15	$11.18	3.50%	2.20%	6.56%	6.66%	2.97%	4.07%	5.60%	5.40%
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Highfield	-20,530	5,982	$7.50	$8.32	$9.71	$9.92	6.41%	6.52%	1.70%	1.50%	2.20%	2.60%
Riverview	-8,559	-62,322	$10.50	$10.32	$9.86	$9.97	6.56%	6.86%	5.80%	11.00%	9.90%	11.10%
Fairview	16,498	9,507	$12.38	$12.22	$10.85	$10.99	6.38%	6.49%	2.60%	1.80%	4.30%	2.90%
Burbank	31,471	18,178	$11.99	$11.84	$9.98	$10.15	6.50%	6.62%	8.30%	6.90%	8.20%	8.60%
South Manchester	34,740	-18,122	$10.72	$11.14	$11.19	$11.29	6.31%	6.43%	1.80%	2.20%	2.40%	2.30%
Bonnybrook	30,879	-677	$10.30	$10.94	$10.85	$11.10	6.48%	6.61%	0.53%	0.55%	1.20%	0.90%
Alyth	-687	NA	$17.77	$55.92	$10.68	$10.84	6.35%	6.47%	2.70%	2.70%	2.70%	2.70%
Ramsay	5,618	-13,150	$25.00	NA	$9.09	$9.31	6.59%	6.71%	4.90%	5.70%	5.90%	6.90%
Total	**71,990**	**-112,008**	**$9.27**	**$10.18**	**$10.54**	**$10.73**	**6.20%**	**6.30%**	**2.30%**	**2.70%**	**3.70%**	**3.20%**

Figure 3 | Source: CoStar

North East Industrial Market

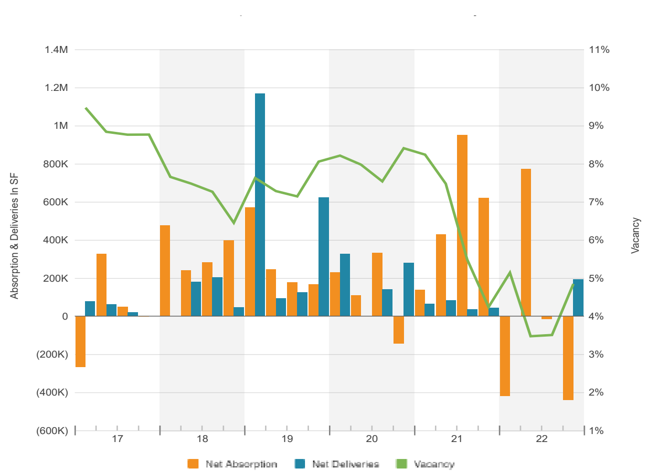
6.26% CAP RATE

3.70% VACANCY

$10.21 RENTAL RATE

The sector strength we anticipated coming into 2022 materialized quickly, with many new and existing operators seeking space. Vacancies in the North East industrial market continue to decline, leaving industrial space at a premium. Net absorption slowed to 340,000 sq. ft. in Quarters Two and Three of 2022 for the North East industrial quadrant and Rocky View County; this is largely due to lack of available inventory. Vacancy rates are also surpassing all-time lows, now pegged at 2.3% down from 2.9% in early 2022. The logistics and trucking industries, in particular, are struggling to secure property with both adequate warehouse/ service buildings and yard components in the 1-20 acre range. Properties in this category are currently selling at "over ask" pricing, and associated lease rates for similar industrial properties have seen increases as high as 30% year-over year.

North East Net Absorption, Net Deliveries & Vacancy



Source: CoStar

Overall activity in the North East market has somewhat diminished as the rush back to business calms. Lack of inventory, increasing inflation and associated interest rates have also contributed to the slight cooling off from an over-heated spring 2022.

Supply chain and labor issues still plague developers and continue to slow the progress of new inventory coming to market. However, with each passing month these issues are diminishing as developers regain the confidence to build with speed and efficiency. Until we see those new products come online (in the form of available leasable space), vacancy rates will remain low and leasing rates will continue to escalate; this is especially so with the onset and continuing forecast of significant inflation moving through 2022. All this is great news for landlords but may be less so for start-ups or businesses looking to acquire more useable space.

Area	Net Absorption SF (Q2 2022)	Net Absorption SF (Q3 2022)	Avg. Net Asking Rate (Q2 2022)	Avg. Net Asking Rate (Q3 2022)	Avg. Net Market Rate (Q2 2022)	Avg Net Market Rate (Q3 2022)	Market Cap Rate (Q2 2022)	Market Cap Rate (Q3 2022)	Vacancy (Q2 2022)	Vacancy (Q3 2022)	Availability (Q2 2022)	Availability (Q3 2022)
Outlying NE/Balzac	325,568	1,098,146	$13.23	$13.45	$11.27	$11.65	5.73%	5.83%	3.70%	2.60%	4.80%	7.20%
Airport Hangers	76,770	-12,361	$13.91	$13.00	$10.32	$10.53	6.20%	6.36%	7.00%	7.70%	11.50%	11.90%
Stoney 3	113,826	30,335	$14.29	$13.50	$10.41	$10.80	5.93%	6.02%	3.20%	1.70%	3.20%	1.80%
Stoney 2	377,275	30,335	$11.50	$11.80	$10.38	$10.77	6.12%	6.22%	4.20%	3.50%	4.00%	4.60%
Stoney 1	24,008	1,201	N/A	N/A	$9.63	$10.06	6.18%	6.28%	1.40%	1.30%	1.40%	1.30%
Westwinds	1,882	5,116	$18.32	$18.32	$12.09	$12.33	6.19%	6.26%	0.40%	0.20%	1.10%	1.10%
Pegasus	-6,899	19,946	$11.01	$11.07	$11.09	$11.18	5.89%	5.98%	7.20%	3.00%	4.60%	3.00%
Deerfoot Business	24,224	-12,916	$10.08	$10.08	$9.76	$10.06	6.22%	6.33%	0.10%	0.10%	0.80%	0.80%
Skyline East	-54,361	29,995	$8.41	$8.35	$9.97	$10.14	6.08%	6.19%	20.00%	17.70%	19.10%	14.70%
Skyline West	79,361	-3,179	$8.75	$8.75	$10.78	$10.96	6.13%	6.23%	1.00%	1.00%	1.00%	1.00%
Greenview Industrial	-5,256	6,425	$7.99	$7.92	$11.11	$11.24	6.18%	6.30%	1.90%	1.60%	1.90%	1.60%
McCall	-8,275	-65,409	$9.06	$9.62	$10.34	$10.47	5.96%	6.05%	4.02%	6.20%	6.70%	7.40%
North Airways	97,438	-3,424	$7.60	$6.58	$10.69	$10.89	5.97%	6.07%	3.10%	3.30%	3.10%	3.60%
Horizon	52,860	36,413	$7.83	$10.46	$9.63	$9.90	6.14%	6.25%	3.30%	2.40%	6.30%	5.20%
South Airways	106,328	-59,154	$10.96	$10.73	$10.45	$10.54	6.14%	6.25%	5.90%	7.20%	7.20%	7.90%
Franklin	-3,561	-10,764	$10.56	$10.74	$9.48	$9.62	6.48%	6.60%	2.90%	3.30%	4.60%	4.10%
Sunridge	10,228	-	$16.00	-	$10.32	$10.55	6.19%	6.29%	0.20%	0.20%	0.90%	0.90%
Meridian	-34,879	-5,324	$12.61	$11.70	$10.79	$11.09	6.02%	6.11%	2.70%	3.00%	5.50%	6.30%
Mayland	6,250	1,052	$11.00	$11.00	$9.57	$9.68	6.27%	6.39%	6.50%	6.50%	0.20%	0.20%
Total	**1,182,787**	**1,086,433**	**$10.09**	**$10.21**	**$10.38**	**$10.61**	**6.16%**	**6.26%**	**3.60%**	**3.70%**	**4.70%**	**4.60%**

Figure 4 | Source: CoStar

RETAIL MARKET OVERVIEW

With COVID-19 behind us, more and more retailers are looking to the future. New demand has been set by consumers post-pandemic and, based on this, retailers are quickly adapting to meet needs. Many areas in the Retail industrial market continue to see growth including: quick service restaurants, service-based businesses, recreational facilities, and anything regarding the pet industry.

5.66% CAP RATE

3.31% VACANCY

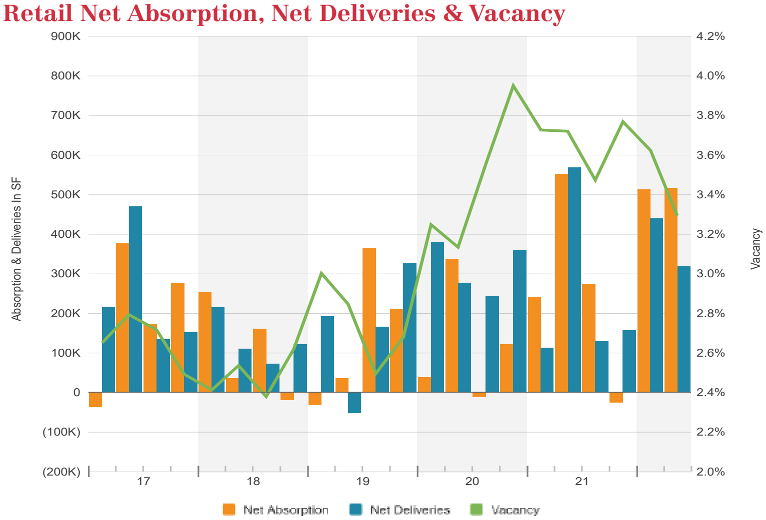
$29.34 RENTAL RATE

The demand for this market remains solid, with retailers focusing on community-based businesses that add to and enhance the neighbourhood. Overall vacancy has slightly gone up, but this uptick is in relation to new construction released to the market.

According to the Government of Alberta, our province has experienced an enormous influx of migrant's for the second quarter in a row – over 3000% compared to last year! This creates a lucrative opportunity for Toronto and Vancouver retailers, who not only see affordability but growth in terms of consumers moving from other metropolitans to Calgary.

Despite the fear of a looming recession the Retail market has never been stronger. With activity at an all-time high, we predict the next quarter will see strong absorption as well as continued growth in rates.

Retail Net Absorption, Net Deliveries & Vacancy



Source: CoStar

Area	Net Absorption SF (Q2 2022)	Net Absorption SF (Q3 2022)	Avg. Net Asking Rate (Q2 2022)	Avg. Net Asking Rate (Q3 2022)	Avg. Net Market Rate (Q2 2022)	Avg Net Market Rate (Q3 2022)	Market Cap Rate (Q2 2022)	Market Cap Rate (Q3 2022)	Vacancy (Q2 2022)	Vacancy (Q3 2022)	Availability (Q2 2022)	Availability (Q3 2022)
North West	51,836	-9,340	$28.14	$29.43	$32.80	$32.28	5.54%	5.62%	3.11%	3.30%	4.50%	4.50%
North East	39,652	89,403	$22.55	$25.83	$26.45	$26.01	5.66%	5.72%	2.75%	2.43%	3.10%	3.80%
South West	179,803	150,390	$29.07	$30.78	$28.63	$28.17	5.58%	5.66%	3.25%	3.41%	4.23%	3.89%
South East	224,690	-31,560	$32.83	$34.13	$27.49	$27.63	5.38%	5.51%	2.51%	3.06%	2.79%	3.28%
Downtown/ Beltline	-2,674	-2,356	$26.84	$26.85	$28.24	$27.79	5.64%	5.71%	5.50%	5.50%	6.00%	6.10%
Total	**493,307**	**196,537**	**$27.26**	**$29.34**	**$28.74**	**$28.29**	**5.58%**	**5.66%**	**3.24%**	**3.31%**	**4.05%**	**4.17%**

Figure 5 | Source: CoStar

DOWNTOWN OFFICE MARKET OVERVIEW

10.60% CAP RATE

30.20% VACANCY

$12.93 RENTAL RATE (A class)

Green shoots continue to sprout within the Calgary Downtown Office economy, supported by an oil and gas market that remains strong going into the end of the year. The oil and gas industry is banking on predictions that both oil and gas will see several years of higher prices brought about by historical underinvestment and geo-politics. The renewed confidence within Calgary's historical economic driver coupled with the growing technology sector seems to have put a floor in Calgary downtown's overall vacancy rate. As reported last quarter, landlords of some more challenged buildings continue to explore ways to convert their properties to residential use, with a few completed and several more in the planning stage.

Return to Office Drive

The "Return to the Office Experiment" continues to play out, with several national financial institutions and oil and gas companies returning to the physical office this fall. Although some industries still have large portions of their personnel predominantly working from home (insurance is one example), the majority of Calgary firms have moved forward with a hybrid of varying levels of office and home work. Interestingly, more than issues with actual COVID-19 threats, this hybrid model appears to be anecdotally driven by staff retention demands. Currently, the most noticeable change caused by the return of office workers to the downtown core is higher levels of traffic and busier food courts rather than higher lease rates or occupancy. This new flexible work environment will most likely take many quarters, if not years, to truly stabilize into a work "normal".

Downtown Office market activity remained positive for the Third Quarter, but at a muted pace. Although the downtown continues to attract users from the suburbs, total vacancy remains high at 29.7% with positive net absorption of 217,500 sq. ft. Overall rates for all classes are showing signs of firming, attributed mostly to the gradual expiry of many subleases that have been weighing on the market over the last few years.

Notable Downtown Office Lease Transactions

TENANT	SF OCCUPIED	BUILDING NAME/ADDRESS	LEASE TYPE
MNP LLP	85,000	The Ampersand	Headlease
Cooperators	54,000	First Tower	Headlease
Quorum Software Inc	45,512	Livingston Place - West Tower	Headlease
Canadian Natural Resources	41,009	Bankers Hall - West Tower	Sublease

Figure 6 | Source: CoStar

SUBURBAN OFFICE MARKET OVERVIEW

9.62% CAP RATE

23.9% VACANCY

$15.23 RENTAL RATE

The Third Quarter of 2022 saw a push from companies for employees to return to work. It appears several downtown and Beltline companies made this a strong priority, which was noticeable with increased congestion in food courts, parking lots, and rush hour traffic. This back-to-work movement saw tenants reclaiming unused or underutilized office space; to adapt to the new hybrid model of business some tenants even reconfigured these spaces to accommodate more employees per square foot. Some of the return-to-work strategies that have been adopted or provided by many companies include: health and wellbeing spaces (including gym and amenity space), catered breakfasts and or lunches for staff, relaxation and meeting areas, outdoor spaces for gathering, outdoor work areas, better parking or transportation programs, easier offsite and login remote computer access and better built-out and furnished working areas.

The overall activity and trend are positive for the Third Quarter. Although the Beltline had several significant deals completed in A-class buildings, its overall vacancy remains high at 29.1%. Throughout 2022 we have watched the trend of suburban tenants exploring moving their offices to either the Beltline or downtown. The Third Quarter showed that many of these tenants decided to remain in the suburbs; additionally, some downtown tenants relocated here. Despite this positive movement and decline in sublease space, the Suburban market vacancy rate has increased across all sectors of the Suburban market.

The remainder of the 2022 calendar year looks like it may be an extension of this past quarter, with the continuation of tenants investigating better buildings with newer common areas and improved amenities.

Notable Suburban Office Lease Transactions

TENANT	SF OCCUPIED	BUILDING NAME/ADDRESS	LEASE TYPE
Worley	98,000	Quarry Park Parkside - Building B	Headlease
Wood	78,450	Third Avenue Building	Headlease
Aveva	34,000	Quarry Crossing - Building B	Headlease

Figure 7 | Source: CoStar

MULTI-FAMILY MARKET OVERVIEW

Calgary is rounding out the year with the rental market remaining strong. With inflation bringing mortgage rates up combined with an increased cost of living, the rental market has captured prospective home-buyers who cannot make purchasing a home a reality; this is a trend that will continue for the foreseeable future. Another factor is the influx of net migration, especially coming from Ontario. Alberta's campaign to attract Ontario residents has seen our province receive 12,700 people from Ontario in Quarter Two of 2022, up 121% from last year. Total net migration into Alberta in the second quarter was 34,883 compared to 1,049 in the same quarter of 2021(an increase of 3,225.4%). These factors have kept the vacancies low and continues to increase the overall average of rents. Rates have increased 1.3% to a weighted average of $2.60 per sq. ft.

AVERAGE RENTS BY UNIT TYPE

Unit Type	Active Concrete	Active Wood Frame	Fully leased Concrete	Fully leased Wood Frame
STUDIO	$1,519	$1,388	$1,754	-
1 BED	$1,828	$1,600	$1,745	$1,602
1 + DEN	$2,116	-	$2,078	$1,615
2 BED/1 BATH	$2,719	-	$2,340	$1,877
2 BED/2 BATH	$2,538	$2,075	$2,330	$2,024
2 + DEN	-	-	-	$2,921
3 BED	$3,169	-	$2,900	$2,110

Figure 8 | Source: Zonda Urban

In Quarter Three, 407 new rental units were added to the market across three new projects. The overall vacancy decreased 0.6% to an average of 5.1%. Calgary currently has 127 rental projects, with 118 of them fully leased. There are currently nine projects actively leasing.

The new purpose-built condo market has seen a significant increase in sales of 38%. In the Third Quarter a total of 847 condos sold, and seven new projects were launched; the majority of these new projects were marketed to investors in Ontario, and offered a two-or-three year rental guarantee. Townhome sales experienced a decline of 56% in quarterly sales, despite seeing a 10% increase in price when compared to the same quarter last year.

Average pricing for new wood frame condominiums increased by 17% compared to the Third Quarter of 2021;sales totals in the Downtown and Inner South submarkets also increased due to new condo launches during that same time.

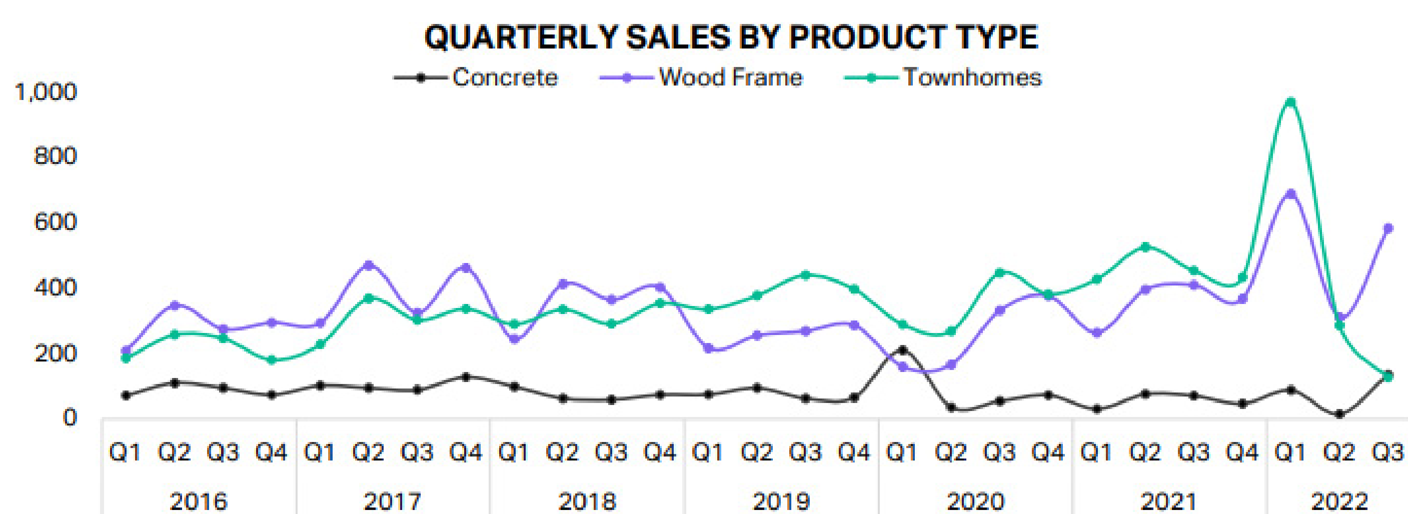


Figure 9 | Source: Zonda Urban

We are geared to handle all our clients' needs under one roof. We specialize in buying, selling and leasing of Commercial Real Estate as well as Property Management, Consulting and Group Investment.

Our goal is to provide a collaborative personalized approach with our clients in creating superior real estate solutions. We offer a unique project-driven approach to the industry which encourages a more long-term strategy than just simply buying, selling, or leasing a property. By doing so, we are able to offer more value to our clients.

Our Brokerage
About Us

NAI Advent is a full service commercial real estate firm located in Calgary Alberta Canada

We are locally owned and operated yet we have the advantage of being part of one of the largest commercial real estate networks in the world: NAI Global. NAI Global offices are leaders in their local markets and work in unison to provide clients with exceptional solutions to their commercial real estate needs. NAI Global has more than 400 offices strategically located throughout North America, Latin America, Europe, Africa and Asia Pacific, with over 7,000 local market professionals, managing in excess of 425 million square feet of property. Annually, NAI Global completes in excess of $20 billion in commercial real estate transactions throughout the world.

Our membership in NAI Global keeps our firm on the leading edge of the industry, while allowing us to maintain our local ownership and hometown loyalty. We benefit from the resources of a "corporate office" and hundreds of affiliated account executives worldwide without getting bogged down in bureaucracy. This arrangement makes it possible for us to take advantage of the best resources NAI has to offer and integrate them into a market-specific, and even client-specific approach.

NAI Advent is a progressive full service commercial real estate brokerage serving our five-county area, providing our brokers and their clients with a quality and quantity of services unmatched by our competitors. With our broad based list of specialists in house, we offer a unique project driven approach to real estate which encourages a more strategic and long term strategy than just simply buying, selling, or leasing a property. By doing so, we are able to offer more value-add to most types of commercial real estate.

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Our Sales Team

NAI Advent offers peace of mind that comes from knowing your real estate needs are in capable hands. We take a unique project-driven approach to commercial and industrial real estate which encourages a more strategic and comprehensive focus than just buying, selling or leasing. Our knowledgeable professionals offer extensive experience in their disciplines and a proven track record of successful commercial real estate projects.

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Property & Asset Management

NAI Advent actively manages properties for both investors and owner occupiers to help enhance investment returns. Our wide range of property management capabilities extends to all types of properties, from office, to industrial, to retail facilities. In all instances, our day to day focus ensures properties are managed with quality care and attention to detail and in lock-step with our leasing team to ensure value is maximized whenever possible.

Our services include:

- Financial Management
  - Full accounts receivable and account payable accounting
  - Comprehensive monthly Property Management reports
  - Banking; Monthly financial statements and analysis
  - Annual Budgeting; Financial reporting
  - Annual Operations cost reconciliations
- Property Management Services
- Renewals and Leasing Service
- Owner/Client Liaison

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NAI Advent
Featured Listings

110-1915 27 AVE NE

REDUCED RATE
Busy high traffic location with plenty of restaurants and business in the area. Large bonus Mezzanine area at no charge. Ample assigned parking (8 stalls). Near Sunridge Shopping Centre, Peter Lougheed Hospital, Calgary International Airport, golf course, LRT and public transportation. **Contact Kaile Landry, Jamie Coulter or Brody Butchart for more details.**

202 CANAL COURT , UNIT E

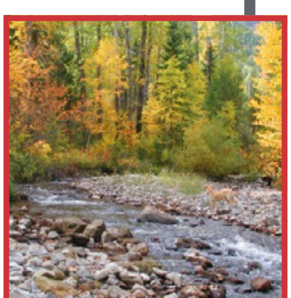
Incredible opportunity to buy industrial condo with bonus mezzanine. Pavement in front of building and graveled in the back. Close proximity to Starthmore Home Hardware, Walmart Supercentre, Co-op grocery store, and Strathmore District Health Services (Hospital). Sump. Mezzanine 510 + SF. **Contact Aaron Gunn or Tyler Guluchue for more details.**

HWY27 & HWY 2A OLDS,AB

NE Corner of 46th Avenue (Highway 2A) and Highway 27 in Town of Olds, Alberta; Legal Description: SW Quarter, Section 4, Township 33, Range 1, West of the 5th Meridian; Located within the Town limits. Adjacent to existing Residential and Commercial development and Olds College. **Contact Brian West and Connor West for more details.**

#200-1212 ST SE

Bright office space in the Beltline submarket. Comes with a full kitchen, balcony, on-site showers and plotting room. Two blocks from Victoria Park C-train station and Accessible to Calgary Transit services including multiple bus routes. **Contact Larry Gurtler for more details.**



FERNIE LAND

228+/- acre residential development land for sale. Proposed for 110 single family lots, 5 multi-family sites & 1 rural residential lot. Fantastic location near excellent amenities and all within city limits.
Contact Jamie Coulter, Brody Butchart or Kaile Landry for more details.

5901 49 AVE OLD,AB

Located in the quickly growing commercial node of Olds, AB with easy access to the highway. Services at the property line with subdivision potential. Only three blocks from Olds College. **Contact Jim Balfour for more details.**

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Sources

- Costar
- Zonda Urban
- Government of Alberta
- Calgary Economic Development
- Alberta Energy Regulator
- ATB Owl
- ATB Economics

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