

## Commercial property sales value rises 4%

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real estate

Mario Toneguzzi

Commercial real estate sales in Calgary in the first three quarters of this year totalled just over \$2.9 billion, up \$118 million, or four per cent, from the same 40-week period in 2007, says a report by Avison Young.

The Fall 2008 Calgary Investment Review said there were 196 transactions for all six asset classes for the first nine months of 2008, compared with 296 sales a year ago and \$2.8 billion in value over the same period.

"Global capital markets are suffering a continuing period of contraction caused by a world-wide credit freeze and the resulting wait-and-see reaction by many investors," said the report by Susan Thompson, research manager at Avison Young in Calgary.

People are now looking for quality assets

Adam Legge, Calgary economic development

"While investors are still looking for quality purchases to make, highly tightened financing requirements are limiting the number of buyers and limited product availability are resulting in fewer transactions taking place. An increase in distress property sales is likely to be recorded should conditions persist. Those investment acquisitions still being made are of much higher quality with solid fundamentals."

In the Calgary office market, the first 40 weeks have seen 28 property transactions with a combined total selling price of \$1.04 billion, up \$211 million, or 25 per cent, from 2007's \$832-million volume on 38 sales, said the Avison Young report.

The city has seen a rise in commercial real estate values in a healthy year "so (investors) are focusing more on quality versus quantity," said Adam Legge, vice-president and chief economist for Calgary Economic Development.

"The quick buck time is over in Calgary for the time being," he said. "And the people are now looking for quality assets, long-term holds with good lease rates and good tenants and good leases in place."

Avison Young said in the retail sector this year there have been 29 property transactions with a combined total selling price of \$506 million, up \$125 million or 33 per cent from last year.

"Investment in industrial property continues to smash records in Calgary," said the report. "Already exceeding the entire dollar amount of sales taking place in 2007, year-to-date sales in Calgary industrial total \$602 million in 60 sales."

That's up by 103 per cent, or \$306 million, from 2007.

The report said the "housing market pinch" is definitely being felt in the multi-family investment market. So far this year, there have been 12 multifamily property transactions with sale prices of \$2 million or more, with a combined total selling price of \$214 million, a decrease of 52 per cent, or \$234 million, from a year ago.

The fallout is also spilling over to demand for residential development land. Year-to-date, residential land sales have only recorded \$186 million in 26 sales valued at \$2 million or more -- a decrease of 55 per cent, or \$230 million, from 2007.

Year-to-date sales for ICI (Industrial/ Commercial/ Institutional) Land with sale prices of \$2 million or more have totalled \$358 million in 41 transactions. That's 14 per cent, or

\$60 million, behind what it was in 2007 after three quarters.

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