REAL ESTATE INVESTMENT NETWORK

TOP TEN

ALBERTA

TOWNS AND CITIES

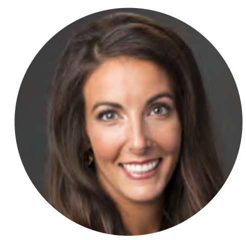
REIN REAL ESTATE INVESTMENT NETWORK

IN THIS REPORT:

- REIN'S PROPERTY GOLDMINE SCORECARD AT WORK
- LEARN WHERE THE TOP INVESTMENT TOWNS AND CITIES ARE IN REIN'S REAL ESTATE CYCLE
- REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS FOR EACH LOCATION

AUTHORS

REIN REAL ESTATE INVESTMENT NETWORK



Don R. Campbell
Senior Analyst, REIN

Jennifer Hunt
Vice President, REIN

6 – 27250 58 Cr
Langley, BC V4W 3W7

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Tel 1-888-824-7346

E-Mail: info@reincanada.com
Web Page: www.reincanada.com

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REIN's TOP TEN TOWNS AND CITIES

ALBERTA

REIN's Property Goldmine Scorecard Economic, Demographic and Market Influencers: Methodology

To generate a list of the top ten towns and cities in a province, the Real Estate Investment Network (REIN) began with the research-based **REIN Property Goldmine Scorecard** and **REIN Long-term Real Estate Success Formula**. This methodology includes all economic and demographic fundamental key drivers combined with the current market influencers impacting specific markets.

REIN combined this research with additional "on-the-street" research to uncover local influences that may affect the long-term future of a real estate market. For more than 25 years, this approach has allowed REIN to uncover cities that are about to see market increases in demand and values, long before they occur. The reverse is also true: when the research reveals markets with a great public reputation but are about to enter a market slowdown or "slump" in REIN's Real Estate Cycle.

For example, many REIN Members invested in Hamilton, ON and Surrey, B.C., or Airdrie, AB long before these markets experienced a dramatic uptick in housing demand. Other Members extracted themselves from markets before it was too late.

For this report, REIN's research team reviewed the details of 20 towns and cities in Alberta, and through the above process narrowed it down to the Top 10 Towns and Cities with the best potential for the coming 5+ years.

In addition, for the first time, included here are the results of REIN's research team's analysis of trends, and application of **REIN's Real Estate Cycle Scorecard and Clock** to identify exactly where each Top 10 Town or City's market sits in its real estate cycle (as outlined in the best-selling book **Secrets of the Canadian Real Estate Cycle**.) This is critical information for investors and homebuyers, as it tells them what's coming next **and** what tactics they should deploy in their specific market.

Also, for the first time, this report summarizes the main real estate tactics available, and when we recommend or advise against each tactic. **REIN's Real Estate Cycle Investment Tactics**, include:

- Buy and Hold techniques
- Lease to Own/Rent to Own techniques
- Fix and Flip/Reno to Rent techniques

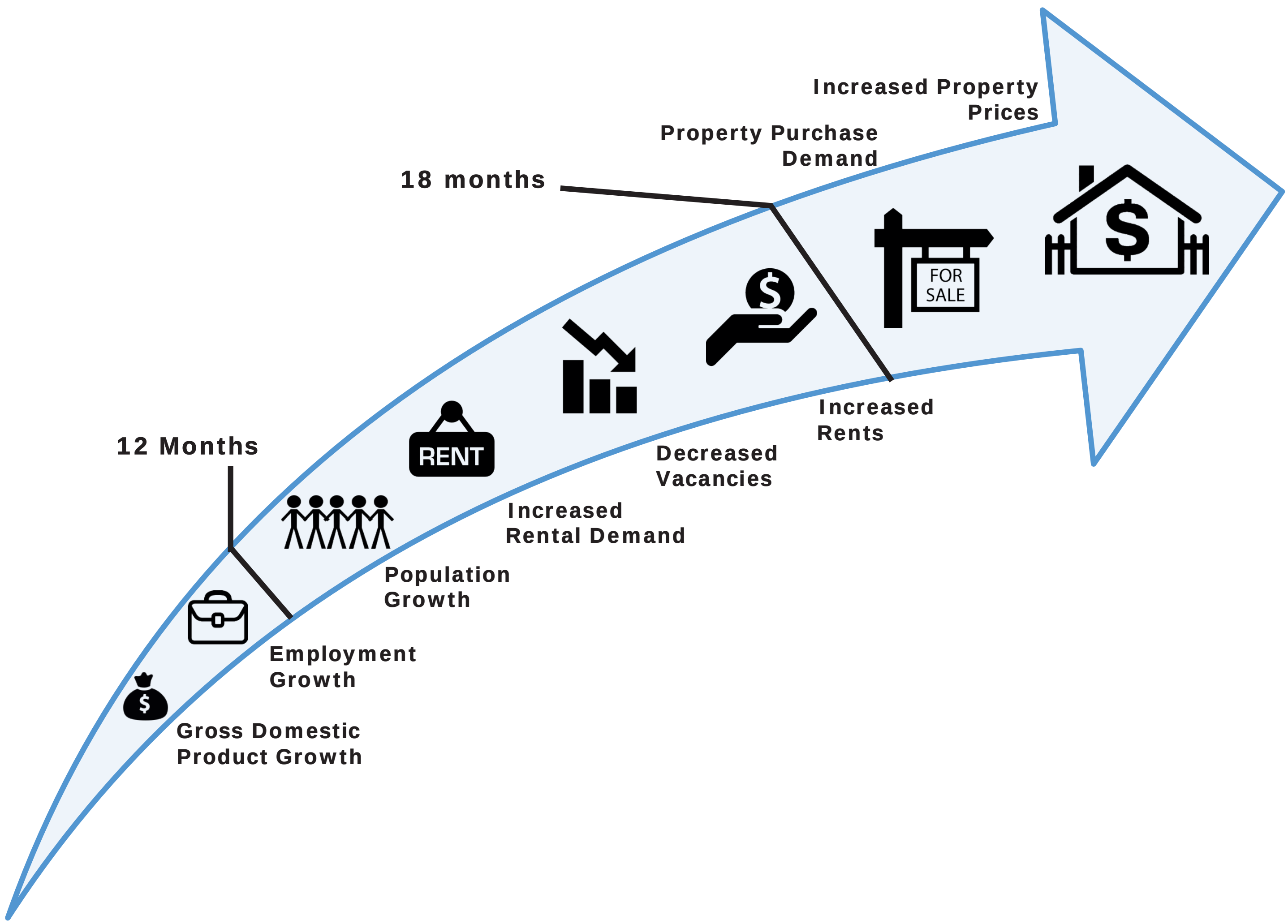
For much more detail on tactics, read chapter 15 in the **Secrets of the Canadian Real Estate Cycle** book. This chapter teaches more about why each specific tactic works best at different times in the real estate cycle.

For more insights into the methodology, refer to **REIN's Property Goldmine Scorecard** and **The Secrets of the Real Estate Cycle**.

REIN's Property Goldmine Scorecard Economic, Demographic and Market Influencers: At a Glance

Market influencers are factors that affect the perception of an impending change in the real estate cycle. They have a temporary, and sometimes harmful, impact on the market so it is necessary to be aware of them, but not necessarily add them into your calculations.

REIN's Long-Term Real Estate Success Formula

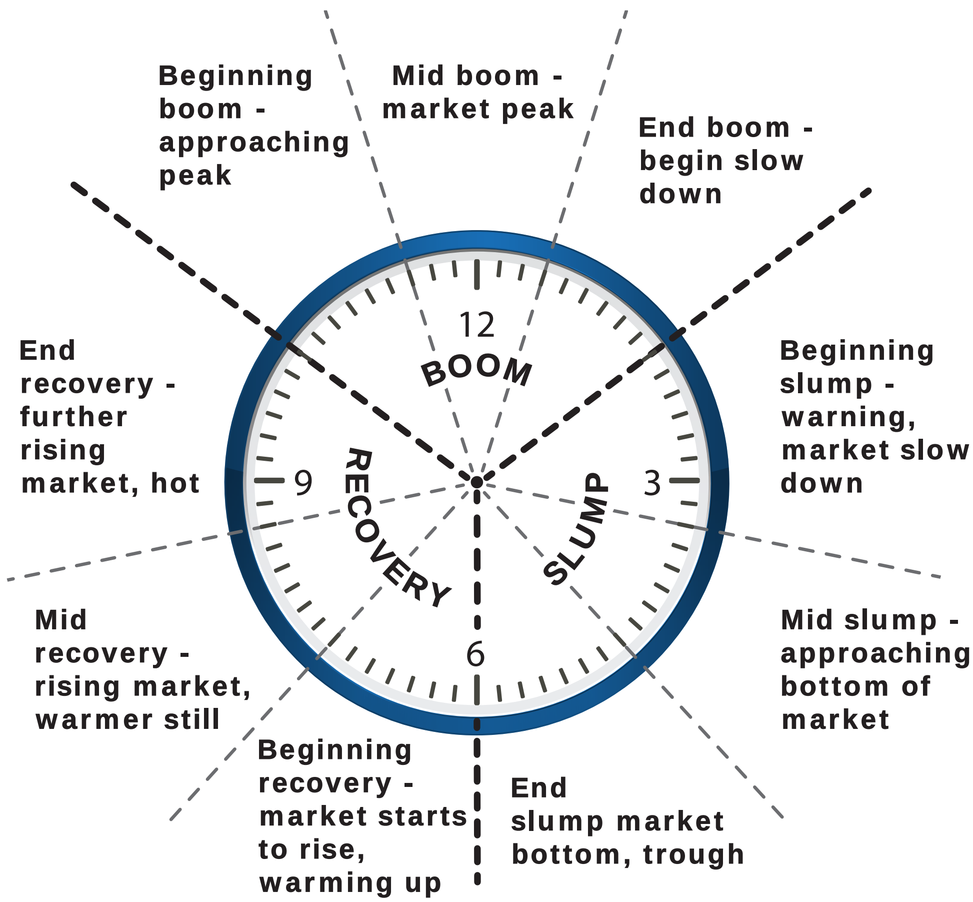


ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Key drivers are market factors that propel the real estate market through the real estate cycle. They directly affect supply and demand.

REAL ESTATE CYCLE CLOCK

Apply REIN's Real Estate Cycle Scorecard and Clock to identify what stage of the cycle the local market is.



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS:

Given where each of these top towns' or cities' markets are in the real estate cycle, what real estate tactics, should you use – or avoid – now. Here's **REIN's Real Estate Cycle Investment Tactics** - at a glance.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

Legend

Optimal	Good	Plausible	Tricky	Avoid

REIN's ANALYSIS

MARKET INFLUENCERS: MACRO - CANADA AND ALBERTA

When it comes to trade agreements, Canada (being a primarily commodity driven economy) plays a huge role in trade agreements such as the North American Free Trade Agreement (NAFTA.) Canada does a great job leveraging the fact it's a "trading nation" and proves it is a valuable player in the world's trade economy, reinforced by the signing of two large trade agreements with the European Union and the Trans-Pacific partnership in 2016. When we consider Canada's role in the world economy at a national level, it reveals a plethora of factors going for the country, which ripple down to provincial economies and ultimately influence real estate prices. However, given the current state of NAFTA and other trade discussions with the US, there are additional risk factors in play and we cannot measure them directly until policy is set.

Ease of financing and mortgage rates are two other main factors analyzed to assess financing health for real estate investors and homeowners.

While ease of real estate financing had been "very accessible" across Canada for many years, with all-time low interest rates, new mortgage rules enacted in 2016 impacted the ability to source financing, and in 2017 additional mortgage qualification rules go into effect tightening the ability for Canadians to purchase property.

Assessment of mortgage rates is on a national level, and approximately two thirds of all mortgages in Canada are conventional five-year fixed mortgages. Even before the Bank of Canada began to raise their rate, major banks and other lenders "increased" their mortgage rates by shrinking or eliminating discounts from the prime rate. So, Canadians experienced 18 months of slow mortgage rate rises.

Further, with Canada's economy growing at an astounding rate, many experts predict a potential additional mortgage rate increase.

Combined, these recent changes indicate that real estate financing may become even more difficult to obtain, and more expensive, as we enter the later months of the year.

Technically a key driver, **first-time home buyer,** is worth mentioning in this more macro national and provincial section. That's because, at this time, the recent changes that impact the ease of financing, combined with the decreasing GDP and employment options in Alberta for the last couple of years, are the primary reasons that "first-time home buyers with the financial ability to enter the market" is slowly trending down.

Foreign exchange rate is another macro influencer evaluated on a national level. The Canadian dollar ranks as the seventh most traded currency on the Foreign Exchange market (Forex.) Numerous central banks hold Canadian dollars as a reserve currency. The most common measure we use to evaluate the value of the currency is against the US dollar. Currently (September 2017), one Canadian dollar is equivalent to approximately 0.81 US dollars. This is the highest it's been in 2017, after falling below 0.75 US dollars earlier in the year. The lower values of the Canadian dollar in the years 2015-2017 are some of the main reasons Canada saw a great increase in foreign investment as well as strong exports. Although the Canadian dollar is on the rise, it is still not at a level which will severely impact foreign investment, even with large Canadian real estate markets such as Toronto and Vancouver having a foreign buyers tax in place.

Another important market influencer is the **availability of, and access to, alternative investments.** There is a major trend towards hunting for yield as a large number of Baby Boomers look for ways to replace or enhance their incomes. While investors enjoy ready access to many other investment options such as bonds, stocks, and other investment funds, the return on these forms of investments are not, typically, nearly as high as real estate.

Inflation is another macro influencer that can help identify the overall health of the economy. Rising prices of everyday goods and services have a major impact on key factors that affect real estate such as cost of living, cost of business, cost of building, and borrowing. When it comes to increases in specific goods and services, generally a yearly increase of below 2 percent is ideal. Alberta averaged 1.1 per cent across the various categories, and goods and services in 2016 is on pace to continue at this rate through 2017. This is indicative of healthy inflation.

Lastly, we have **"What's Behind the Curtain" (WBTC.)** At the Real Estate Investment Network, we use this term to describe an incredibly important, but often unnoticed and overlooked group of market influencers. The term serves as a reminder to investors to seek the truth behind the hype and misinformation, and to dig deeper into other background factors that contribute to current economic conditions. These include, but are not limited to, global trends, politics, policies, media, trade agreements, the political economy, and the effects of all these on the economy, which ultimately impact real estate.

Specifically, in Alberta, the province experienced a tremendous economic downturn and it still looks for a solid economic base to begin a long-term GDP growth trend. This economic turmoil resulted in an overall decrease in the expected drivers: property prices, property demand, rents, vacancies, rental demand, population growth, jobs, and GDP. As such, while reading this report, it is important to note that while we discuss the trends of increases in prices, rent, etc., the time horizon is important. Overall, the long-term trend in Alberta was one of decreasing indicators and although there are a few economic positive indicators beginning to rise, a solid and sustainable trend has not yet set itself in place. For those investors who pay close attention to these indicators, this lull can provide opportunity, but only with select property types and locations.

1. EDMONTON

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

It's no surprise to see the capital city of Alberta once again atop this list. Located in the geographical center of Alberta, and as a hub for many major transportation routes, it is easy to see why Edmonton weathered the economic storm better than other centers in the province, and is poised to be one of the first cities to exit the slump.

In addition, as the center of government in the province, it prospered under the current Alberta government mandate of hiring many new government employees. In fact, this mandate is the major new job creator in the province over the last two years. Philosophically, these jobs divide opinions, but from a pragmatic investor's point of view they helped Edmonton's housing market weather the economic storm better than the rest of the province.

In national studies, Edmonton often ranks in the top three most diversified economies of major Census Metropolitan Areas (CMAs.) This is often a surprise to many, but it is a factor in buffering the city's housing market during downturns. This diversification also sets Edmonton up to be among the leaders when it comes to reaping the benefits of the next economic upturn. Despite these few years of lower economic performance, a healthy GDP, above the Canadian national average, is forecasted for Alberta in 2018 and especially Edmonton region.

With this forecast of GDP growth, job creation and employment growth should follow. According to the federal census in 2016, the City of Edmonton had a population of 932,546. Over the period of 2011 to 2016, the population growth rate was 14.8 per cent, which is among the leaders of all major Canadian cities. This growth rate did not continue through 2017, but with economic health improvement in the forecast, expect the population growth rate to begin to rise again.

Despite Edmonton's unemployment rates showing improvement from the first quarter of 2017, the trend shows a slow upward movement. This may alarm some; however, since employment is a lagging indicator in REIN's Long-Term Real Estate Success Formula, watch closely for the impact of the GDP growth on employment opportunities.

Recently, the average selling price for residential listings showed a slight upward trend (despite some months of downward movement and others upward – which is often a sign of a market finding a new foundation from which to build or plateau.) Condo prices saw the largest year-to-year increase, mostly due to the large number of new (and thus more expensive) units built and sold.

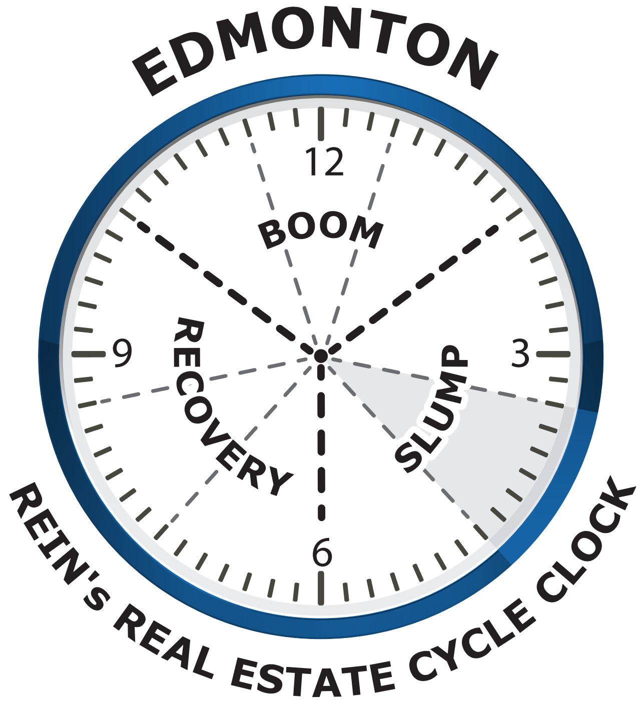
When it comes to sales versus inventory, recently there was a drop in sales and an increase in inventory. Typically, this is not an optimal scenario, but we expect this behaviour for a market in the middle of a slump, as buyers are fearful and the lack of buyers pushes prices down. This is exactly reflected in month-to-month statistical swings in Edmonton. However, with a longer view in mind, we generally see inventory decreasing with sales increasing.

Recently, the average single-bedroom monthly rent rate is $910. This figure is nearly a 10 per cent decrease since 2016 and is quite a bit lower than other major Canadian cities. In fact, according to Padmapper, Edmonton sits outside the top 15 for most expensive rental places in Canada. The two-bedroom rent rate faired a little better as the drop from last year was only four per cent, due to an increase in people leaving one bedroom units to share rental properties to save living costs during the downturn. This trend occurs in every economic dip and is why we speak regularly at REIN about the additional volatility risk that one bedroom, studio and micro-suites add to a portfolio. Rents remain on the downward trend. When we take into consideration that the vacancy rate seems to be increasing (recently around 7.1 per cent), it shows signs of plateauing. These facts align with indications we would expect during the slump phase of REIN's Real Estate Cycle Clock.

The main conclusion for strategic investors from these key drivers is that Edmonton is a unique combination of a large city with a diverse economy that is also affordable. This is rare in the Canadian rental market.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard and Clock, the economic fundamental key drivers and the market influencers indicate Edmonton`s real estate market is: "middle of the slump - approaching bottom of market."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Based on being in the middle of the slump, the Buy and Hold tactic is good. However, watch closely as this becomes the optimal tactic when the city's real estate market moves towards the end of the slump.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

2. CALGARY

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Calgary is the largest city in Alberta, in terms of population, land area, and overall size of economy. It serves as an economic hub connecting western and eastern Canada. Not only does Calgary historically possess one of the highest GDP per capita of all census metropolitan areas (CMAs), but as a city it ranks number two in Canada for the criteria of healthy lifestyle and life satisfaction by the City Health Monitor, making it an attractive place for newcomers. Just like Edmonton, Calgary (as the other major city in Alberta) is very susceptible to shifts in the energy sector, but buffered due to the inevitable diversity of a larger center.

Since the summer of 2016, Calgary experienced slow, quiet and steady growth in employment. Yet at the same time, the unemployment rate increased in many monthly statistics. This anomaly indicates a continued population growth as well as an additional younger cohort finishing school and entering the job market. The unemployment rate trend peaked in late 2016, and now indicates a downward trend. Currently the unemployment rate sits at 8.5 per cent, while the employment rate is 68.6 per cent. These are the best figures since the crash in oil prices in late 2015.

The latest federal census in 2016 concluded that the City of Calgary had a population of 1,239,220 in 2016. The population growth rate from 2011 to 2016 was 13.0 per cent, which, just like Edmonton, is among the leaders of all major Canadian cities. Although the city estimates the yearly growth rate at around 1.2 per cent from 2017-2022, this will provide the city with a greater ability to deal with backlogs. Calgary is also home to a very young population with the median age of just 36.4 years. It is also estimated that 47.7 percent of residents are between the ages of 25 and 54.

On average, prices are down slightly from the same time last year. However, when we look at the overall trend, we see prices took a strong move upwards in the first three quarters of 2017, indicating some confidence moving back in the housing market. This demonstrates the housing market appears to have hit a longer-term trough in real estate values. Most of these increases in prices are for detached homes where apartments and condos seem to be doing worse compared to last year. This is no surprise, given the overbuild situation the city condo market finds itself in.

When examining sales and listings, we find the trend is for an increase in listings, while sales decrease. These metrics align with the early and middle slump phases of REIN's Real Estate Cycle Scorecard and Clock. With home construction of 5,525 from January-June 2017, this is not bad at all. In fact, compared to 2016 (January-June), housing starts went up 43.1 per cent and, with relatively proportional sales numbers, this signifies higher market confidence by builders. Housing starts are also a good indicator of employment trends, which in turn support the growth of the city GDP.

Recently, the average one-bedroom rent in Calgary is $1,020 per month. Although this still ranks number eight out of all major Canadian cities, it is down nearly five per cent from last year. The two-bedroom rent rate sits at $1,300 and has not seen much change for the same reasons we see that trend in Edmonton and other centers during a down-cycle. The official apartment vacancy rate remains at 6.9 per cent; however, this number is lower than actual market conditions. Tenants have more choice now than ever before in Calgary and are using this downturn to upgrade their living conditions and move to upgraded or new units. This pushes vacancy rates downward while increasing vacancies in older, un-renovated units.

The City of Calgary forecasts the vacancy rate will remain at this peak for the remainder of 2017 and they forecast it will taper down in 2018, which is a good sign of growth in housing demand to come. Taking into account these facts, one can conclude that the rental market in Calgary is stagnant right now but shows potential for greater cash flow for investors willing to invest for the long-run.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard and Clock, the economic fundamental key drivers and the market influencers indicate Calgary`s real estate market is: "middle of the slump - approaching bottom of market."

REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Based on being in the middle of the slump, the Buy and Hold tactic is good. However, watch closely as this becomes the optimal tactic when the city's real estate market moves towards the end of the slump.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

3. LEDUC

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Located just south of Edmonton, Leduc is only a 15-minute drive from Edmonton's outer borders. Leduc is right next to the Edmonton International Airport and the area surrounding the city acts as a transportation hub for many major rail and trucking companies. The fact that Leduc is only 33 kilometers from the Edmonton city core means it is one of the first cities to benefit from the ripple effect of any influxes to Edmonton's economy and housing market.

Employment-wise, Leduc is similar to Edmonton but more volatile. The unemployment rate is slightly higher than Edmonton's and sits at 8.8 per cent, while the employment rate is slightly lower at 66.3 per cent. The city attracts newcomers by creating jobs inside the city despite being in close proximity to Edmonton. In fact, the city states that 61 per cent of residents are locally employed (this figure excludes Edmonton.) The Nisku Business Park is a large contributor to this, as it is home to more than 400 companies and employs more than 6,000 workers. Agriculture, forestry, fishing, and hunting all saw growth over the past five years, while the goods producing sector leads the way. This business park, although traditionally oil and gas driven, used this downturn to diversify.

The dramatic growth of the Edmonton International Airport helped to provide jobs for Leduc residents and now, with the nation's largest legal marijuana growing facility under construction near Leduc and the airport, this too will help to diversify, and thus stabilize, the local job market and economy.

The latest federal census states Leduc's population at 29,993 as of 2016. The growth rate from 2011 to 2016 was an astounding 23.4 per cent. This is among the leaders when it comes to census cities in Alberta. Although the recent growth rate was only two per cent according to a 2017 city census, the city still expects to experience steady growth for years to come. Leduc also possesses a low median age of 34 years, a figure which is decreasing and creating an environment optimal for growth.

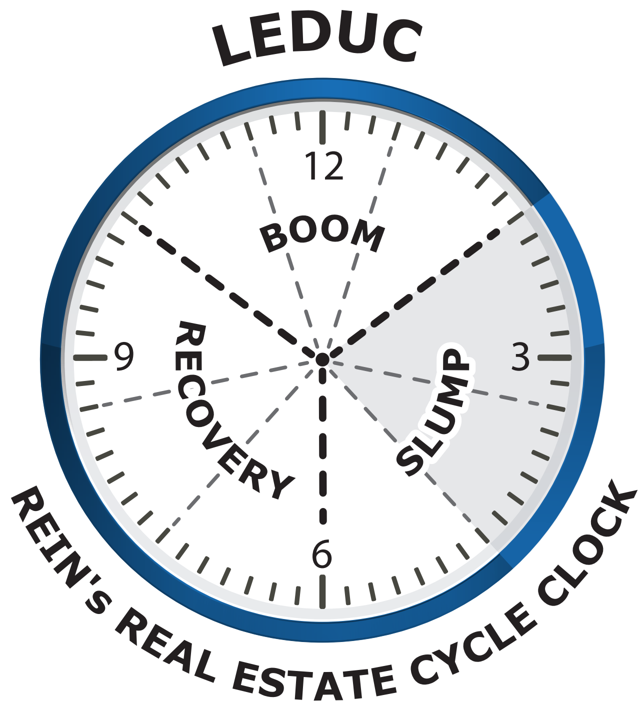
The average residential selling price was $364,272 in August 2017. This is a year-to-year increase of 10.4 per cent, which is the highest among census cities in Alberta. A month prior, average prices reached almost $390,000, which, if taken in a month-over- month view, could indicate the peak at the end of the boom, and the beginning of the slump. However, taking a look at the longer and broader trend, prices decreased slightly, which indicates a trough.

As for inventory and sales, inventory is increasing while sales are decreasing, like the rest of Alberta's main markets, aligning with typical metrics in a slowing, or troughing, real estate market.

The average rent for a one-bedroom apartment listed at $970 in August, a 2.5 per cent increase from the previous month. Two-bedroom apartments were slightly higher at $1,049, while three bedroom apartments averaged $1,385. However, the trend over the past couple of years shows rents are lower. The vacancy rate of 7.1 per cent is far from optimal, but is in line with a slowing market.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard and Clock, the economic fundamental key drivers and the market influencers indicate Leduc's real estate market is: "beginning to middle of the slump."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Watch closely as this market approaches bottom and becomes an optimal place for Buy and Hold at the end of the slump. Avoid Fix and Flip.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

4. FORT SASKATCHEWAN

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Located just 25 kilometers north of Edmonton, Fort Saskatchewan is another city that is a part of the Edmonton Census Metropolitan Area (CMA.) It is home to many large petrochemical-value-added facilities, and serves as a gateway to a large part of Alberta's oil and gas industry. The city also prides itself on its state of the art recreation, cultural, and historical amenities - with features such as over 75 kilometers of parkland and an excellent recreation centre (Dow Centennial Centre.)

The Northeast Edmonton Ring Road helps to support the growth of Fort Saskatchewan housing as it makes it much more accessible to other job centers in the region. When the recovery begins to kick-in, this Ring Road will become an even more positive influence on the city's economy.

Just like Leduc, employment numbers in Fort Saskatchewan are very similar to Edmonton due to the close proximity. Regional unemployment rates are 8.8 per cent while the employment rate is 66.3 per cent. These numbers are likely to begin to improve as Alberta's economy begins to recover. Perhaps the number that stands out the most, is the staggering median income of $119,610. This high income seems to be associated with high paying energy sector jobs. The fact that the median family income is nearly $30,000 higher than Edmonton's median family income could serve as a huge location incentive for families migrating to Alberta for work, as well as support for higher priced properties and higher rents in the future.

Although its population is not as large as other cities on this list, it is situated in an ideal spot to take full advantage of economic booms; primarily related to the energy sector. According to the most recent federal census, Fort Saskatchewan`s population was 24,149 in 2016. Perhaps the more important figure to look at is the growth rate of 26.9 per cent from 2011 to 2016. In fact, the city reports an average annual growth rate of 5.1 per cent over the past 10 years and this trend is likely to continue. It appears as though the net-migration troughed during this time. The median age sits at an economically optimal 35.4 and may very well decrease further due to the influx of young families migrating to Edmonton for work.

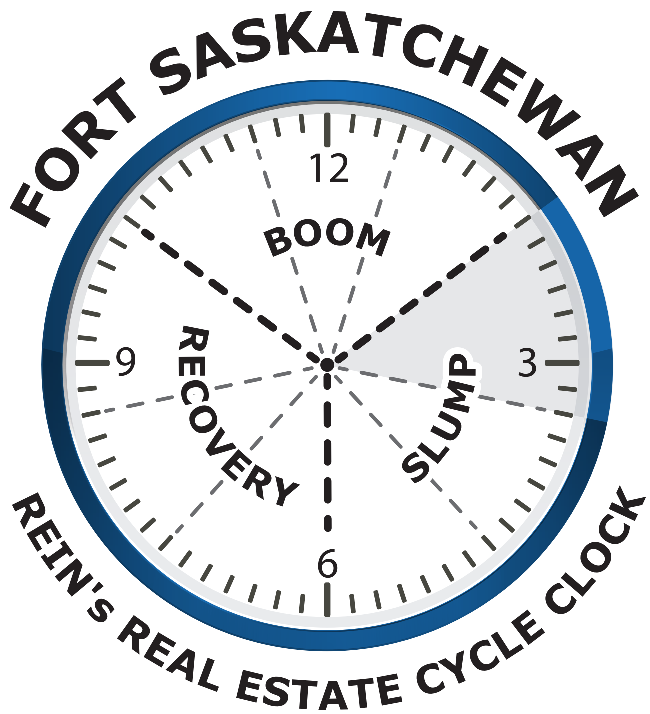
In August, the average residential price hit a yearly high of $385,214. This is a yearly increase of 9.4 per cent, which ranks third among Greater Edmonton districts right behind Leduc. Overall, a look at the longer view shows that while prices clearly jumped to a peak in 2016, the trend for average prices along with median residential prices seem to follow a slow upward trend reflective of the high average income.

When it comes to sales and inventory, both hit highs during the months of April through June and thought to have peaked. This was the case until inventory figures started to increase again in July and could plateau or move upwards slightly in the winter months. Meanwhile, sales are down, indicating a slowing market. It is also important to note that the average residential listing stays on the market for 40 days and is increasing, traditional as autumn and winter set in.

In August, one-bedroom apartments in Fort Saskatchewan rented for $1,300, which is one of the highest rent rates in the Edmonton CMA. This is a nearly 30 per cent increase from last year. This rate seems to be stabilizing the past few months, indicative of an area with reliable rental cash flow. Regional vacancy rates are still at 7.1 and, just like Edmonton, align with a slowing market. The strong rental market combined with its location, are key factors giving Fort Saskatchewan an edge over other smaller top towns and cities.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard and Clock, the economic fundamental key drivers and the market influencers indicate Fort Saskatchewan's real estate market is: "beginning of the slump."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Watch closely as this market reaches middle of the slump and begins to approach bottom, and becomes an optimal place for Buy and Hold at the end of the slump. Avoid Fix and Flip.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

5. LETHBRIDGE

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Lethbridge is one of the few cities in Alberta where the local economy is not heavily reliant on oil and gas. This means the city's economy is less volatile to economic turmoil, but also does not reap as much benefit of rising oil prices as most other larger districts in Alberta. However, Lethbridge serves as the economic hub of Southern Alberta, so when Alberta's economy flourishes, the impact is felt more quickly here than in other smaller cities.

A number of statistics reflect this uncoupling from oil and gas, not the least of which is the unemployment rate. According to the latest Work Alberta employment report, the Lethbridge region leads the province with an unemployment rate of just 4.1 per cent. This is the lowest since July of 2015. There is no telling if it reached a trough but it appears to be trending down. Oddly enough, the employment rate appears to have peaked and is trending down as it sits at 63.4 per cent, which is unusually low given the low level of unemployment. This means that the total labour force remains stagnant; in fact, in this case, it is actually decreasing. A contributing factor to this may be the median family income in Lethbridge. It lists at $80,490. Although this is a respectable figure, it ranks at the lower end of the spectrum for cities in Alberta.

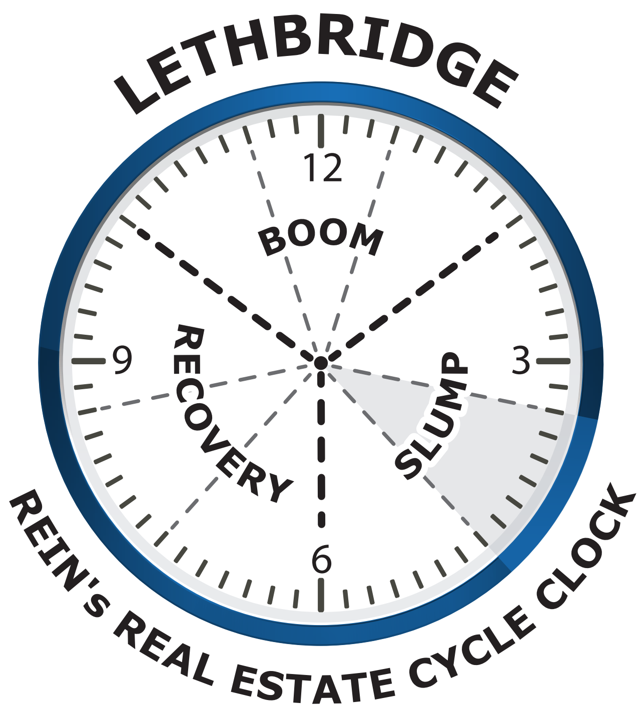
The federal census in 2016 stated Lethbridge's population is 92,729, with a growth rate of 11 per cent from 2011 to 2016. Although this growth rate may not be as high as others on this list, much of this growth comes from people who migrate both inter and intra-provincially. The median age of 36.6 is at an optimal level, which encourages development and people have the finances in place to fuel the economy. The city tends to attract a younger population. It offers amenities such as Lethbridge University and Lethbridge Community College, in conjunction with jobs in a wide variety of industries.

Economic diversification is also apparent in the housing market; during the roaring boom in Alberta a few years ago, Lethbridge lagged percentages of price growth, but during the economic downturn, it did not feel the market pain that others experienced. In fact, in 2017, the market showed stability, with slight increases from 2016. Year-over-year, inventory increased, while sales figures decreased, displaying conditions indicative of a slightly slowing market, which is also typical as we enter the final quarter of the year.

According to the latest regional rental report by CMHC, the vacancy rate is eight per cent, which is very high, and investors will want to watch to see if this is the peak. Where Lethbridge really shines is the average rent rate. The average monthly rent rate of a one-bedroom apartment is $900, according to RentBoard. This is another figure that shows stability throughout the economic downturn. Given the price of real estate, this provides investors with opportunity for excellent monthly cash flow from well-chosen properties. In fact, Lethbridge has one of the highest Real Estate ROI's in all of Alberta.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard and Clock, the economic fundamental key drivers and the market influencers indicate Lethbridge's real estate market is: "middle of the slump."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Watch closely as this market approaches bottom, and becomes an optimal place for Buy and Hold at the end of the slump.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

6. OKOTOKS

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

As one of the largest bedroom communities of Calgary, Okotoks is 15 minutes from one of the largest economic engines in the province. Okotoks is a part of the Foothills region; a region that is located in the Calgary CMA. Initially, a cap of 30,000 residents was set for this town to retain its "small town" feel. However, due to immense population growth from 2001 to 2011, and continued demand, authorities scrapped the cap and encourage growth. Although still not classified as a census city, the town very much behaves like one. The municipality is keen to retain its culture and heritage, while at the same time adopting sustainable practices and encouraging business, creating an environment ideal for expansion.

As of August 2017, the unemployment rate was 8.3 per cent, while the employment participation rate sat at 68.9 per cent. As part of the Calgary CMA, we expect these figures to be more or less on par with Calgary's employment numbers. Being so close to Calgary, a large part of Okotoks' workforce is commuters who primarily work in Calgary, however a shift is occurring and there is local job growth. Where Okotoks separates itself from Calgary is the median family income. It was recently stated at $117,720. This is one of the highest among cities or towns in Alberta and it is growing in a linear fashion. With a year-over-year increase of 5.16 per cent, Okotoks seems to be an attractive destination for people involved in high paying industries and professions.

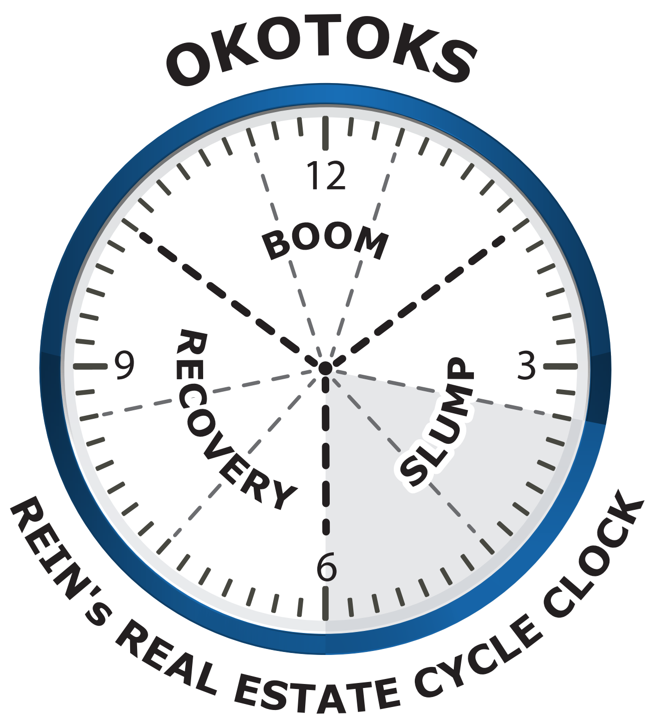
The latest Federal Census in 2016 lists Okotoks population at 28,881 making it the largest official "town" in Alberta. The growth rate from 2011 to 2016 was 17.8 per cent. This is far from the 43 per cent growth rate the town underwent during the boom phase from 2006 to 2011 but it is still a figure that ranks among the best in Alberta. A factor that may play a role in this decrease was that the town cap for population was initially set at 30,000 according to the city's master plan. However, since removing the cap, the city is experiencing much more growth than originally anticipated. Going forward, we can expect the growth rate to slow down modestly, yet it should still stay well above average levels.

Given its smaller number of transactions, we expect swings in average sale prices, as witnessed in July 2017 when they dropped $50,000. These statistical anomalies cause excellent headlines, however they are not clear indicators of market health. The town makes up for nearly 50 per cent of the sales activity of the Foothills region. It is no surprise, given the average income in the town, those properties at, or above, $500,000 sell strongly.

The average rent rate for a one-bedroom apartment is $1,020, while rent for two-bedroom apartments is $1,238. House prices greatly fluctuated in 2017, yet the rent rates remained relatively constant, though declining slightly (as is typical in a slowing market.) Combine this with a vacancy rate of around four per cent (which is considerably lower than the rest of the Calgary CMA), we conclude that Okotoks has a great rental market with expected solid monthly cash flow.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard and Clock, the economic fundamental key drivers and the market influencers indicate Okotoks' real estate market is: "middle to end of the slump."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

This market is nearing market bottom. Buy and Hold is an optimal tactic at the end of the slump.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

7. RED DEER

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Located in Central Alberta, Red Deer is the third largest city in the province. Conveniently located about midway between Edmonton and Calgary, the city serves as a large distribution centre for oil and agriculture. Although agriculture, along with oil and gas, are large sectors, the city features a diverse economy. Sectors such as Healthcare, retail, and food services project to experience the most growth by 2021. With more than 5,000 businesses spread across a wide array of industries, Red Deer is one of the more resilient cities when it comes to economic booms and busts.

Employment in Red Deer is looking quite stable, with an unemployment rate of 5.8 per cent and an employment rate of 67.3 per cent. The unemployment rate is the lowest since November of 2015, while employment is on the upswing. The employment rate, along with relatively steady job creation, ensures employment levels increase proportionally to the population increase. Recent statistics show the median family income was $93,010. This was an increase of 11.5 per cent over a span of five years; however, the year-over-year increase slowed to 2.3 per cent.

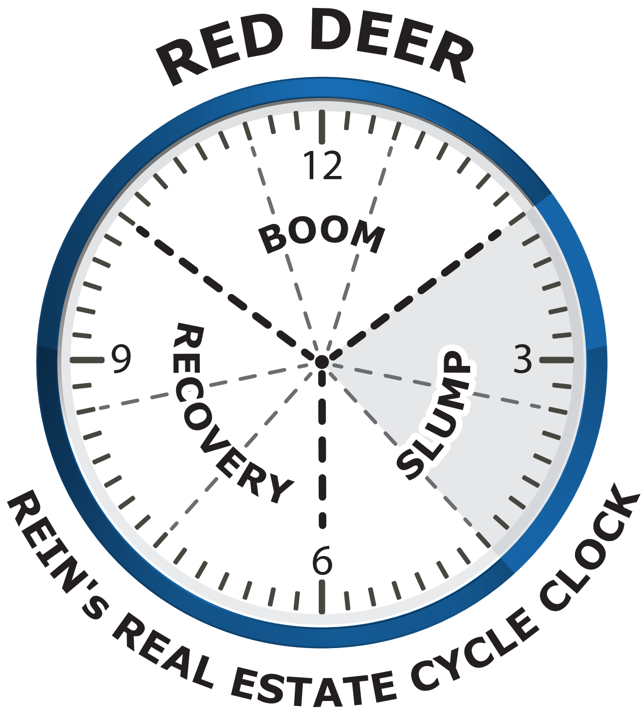
Acording to the Federal Census in 2016, Red Deer had a population of 100,418, while the growth rate between the years 2011 to 2016 was 10.9 per cent. In 2016, the city did experience a one per cent loss in population; however, this was due to oil prices declining in late 2015. This should not be the case come 2018; in fact, the city forecasts that with a moderate growth rate of 2.23 per cent, Red Deer should reach a population of 128,420 by 2020, and 175,000 by 2041. A median age of 34.7 will aid this growth in population, serviced by the proper infrastructure now in place to accompany this growth.

The average house price in Red Deer fluctuated quite a bit from month-to-month in 2017 and is another reason that strategic investors or homebuyers cannot use month-to-month average sale prices as indicators of market health. As we enter autumn, we witness a typical pattern of sales trending down and inventory up. However, Red Deer's economic fundamental key drivers, such as employment, suggest it will be well poised for recovery after the overall provincial economy completes its downward cycle.

With an average one-bedroom rental price of $813, Red Deer is one of the more affordable larger cities in which to rent in the province. Two-bedroom apartments go for an average of $993, while three-bedrooms are just slightly more, making Red Deer more affordable for families who rent. The most recent CMHC Rental Market Report stated the vacancy rate is 12.7 per cent, which is higher than ideal, and indicates an overabundance of rental properties that will slow the increase of rents when the recovery begins. Although rental rates remain relatively low, the more affordable housing makes Red Deer a viable option for many families.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Red Deer's real estate market is: "beginning to middle of the slump." It has a way to go before true market recovery kicks in.



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Watch closely as this market approaches bottom and becomes an optimal place for Buy and Hold at the end of the slump. Avoid Fix and Flip.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

8. MEDICINE HAT

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Located in Southeast Alberta, Medicine Hat is, population-wise, the sixth largest city in Alberta. One of the largest assets of the city is that it is right near the Trans-Canada and Crowsnest Highways intersection. In fact, the Trans-Canada Highway passes right through the city, leading to the Saskatchewan border, which is less than an hour drive away. Furthermore, the South Saskatchewan River passes through the heart of the city, adding another element of recreation and leisure activities to enjoy. While location may be the most apparent bright spot, the economy is also recovering, with a GDP growth of 1.7 per cent expected through 2017. The economy in Medicine Hat is trying to diversify to counter the volatility of the oil and gas sector, but that is a journey. A positive for the city is its fairly close proximity to the energy sector in Saskatchewan, where jobs are more stable than in Alberta.

A reflection of this is in the July statistic where Medicine Hat's unemployment rate sat at 4.1 per cent, ranking it among the lowest of all cities in Alberta. This indicates economic conditions improving and some job creation on both sides of the provincial border. The percentage of the population employed seems to be rising after a dip in early 2017. A statistic where Medicine Hat falls short of other cities is median family income. With a median income of $87,930, the city ranks on the lower end of the scale. However, taking into account housing prices and overall cost of living, the city is one of the most affordable larger markets in the province.

The latest federal census in 2016 revealed that Medicine Hat had a population of 63,260, with a growth rate of 5.4 per cent between the years 2011 to 2016. Although this outpaces the national growth rate of five percent, it ranks quite low among cities in Alberta. However, the city has a history of steady growth. We do not expect large influxes and decreases in population. In terms of median age, Medicine Hat has one of the (relatively) older populations compared to other cities in Alberta. However, when compared nationally, a median age of

39.3 is still quite a young population. In fact, it is still in the healthy range for optimal growth.

The average residential price in Medicine Hat trends slightly upwards on a multi-year basis. Volatility in the month-to-month figures often indicates the market is looking for a solid bottom from which to begin its consistent climb.

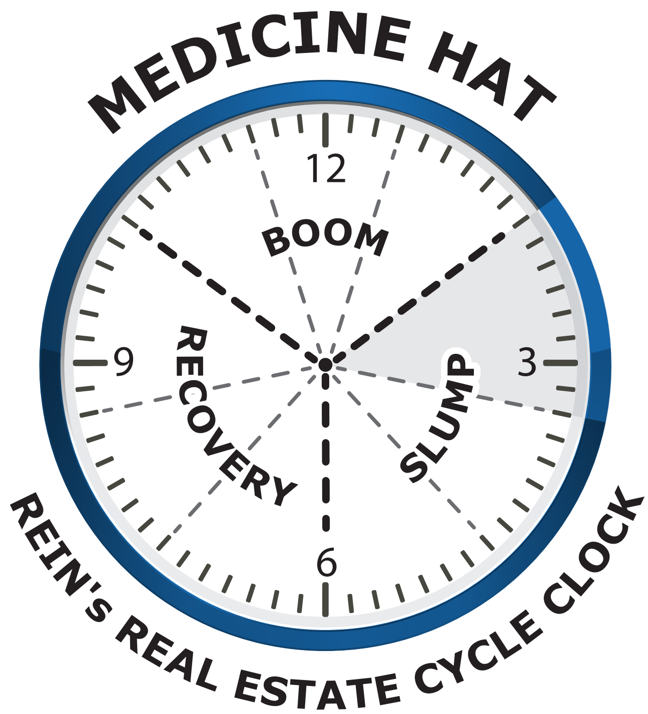
Take into account the fact that other economic fundamentals in place are beginning to improve in Medicine Hat, and indications are that the bottom is near and we could see a market turnaround as early as late spring 2018.

A vacancy rate of three per cent indicates a balanced market. The latest CMHC Rental Market Report stated Medicine Hat's one-bedroom vacancy rate at 3.7 per cent which was the lowest among all Alberta census cities surveyed. This vacancy rate seems stable for now. However, due to the real estate market heating up and slow housing construction, a further decline in the vacancy rate would not be out of the discussion.

The rent rate for a one-bedroom apartment in the month of August was $722, with two-bedroom apartments being similar in rate. For investors this may seem low relative to other cities; however, rents rose steadily in 2017 and, given the price of real estate, return on investment for real estate is still quite good.

REIN’S REAL ESTATE CYCLE CLOCK

Based on REIN’s Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Medicine Hat’s real estate market is: “beginning of the slump.”



REIN’S REAL ESTATE CYCLE INVESTMENT TACTICS

Watch closely as this market approaches bottom and becomes an optimal place for Buy and Hold at the end of the slump. Avoid Fix and Flip.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

9. AIRDRIE

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Located just north of Calgary, Airdrie is a smaller city with an incredible growth in population, and thus, housing options to accommodate the influx of newcomers. Just a five-minute drive from the outer borders of the City of Calgary and the Ring Road, residents in Airdrie enjoy easy access to major amenities in Calgary while owning more affordable housing. Airdrie may not be an economic powerhouse like Edmonton or Calgary, but when it comes to sheer percentages in economic fundamental key driver growth, there are not many cities in Alberta that can keep up.

When it comes to employment, key statistics, such as unemployment rate and participation rate, are similar to Calgary's considering that Airdrie is in the Calgary Regional District. Although many residents do commute to Calgary for work, we see job growth consistently increasing in Airdrie. Another key statistic to note is the high median family income. Most recent government stats list the median at $109,570 in 2013, which is an 11.9 per cent increase in the previous five years.

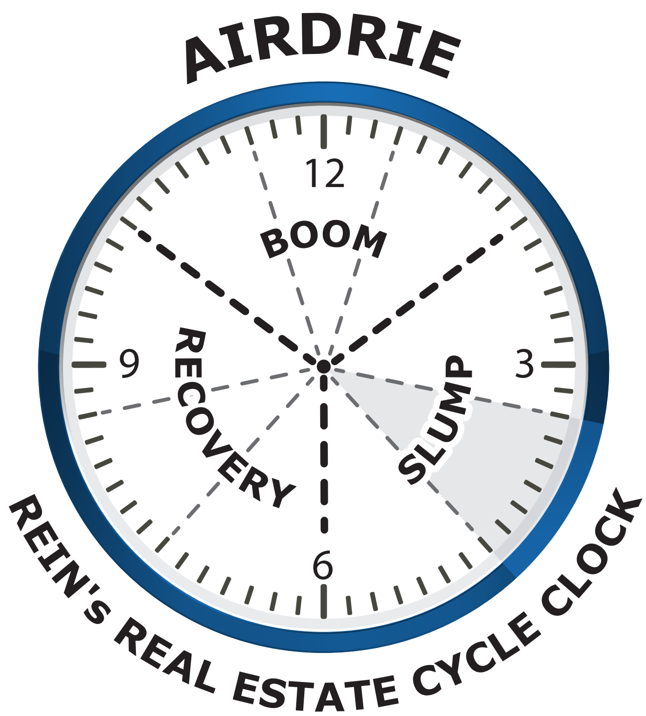
The 2016 Statistics Canada federal census listed Airdrie's population at 61,581 while the growth rate from 2011 to 2016 was an astounding 42.3 per cent. This was the highest among all census cities in Alberta. Most recent city statistics list the city's population at 64,922. This is a nearly 5 per cent growth in just the past year alone. This population is also a young one, with a median age of only 32.4. It is very early in the economic life cycle and indicative of faster economic growth in the coming decade.

As with most cities in Alberta, 2017 MLS statistics seem volatile and overall trended slightly downward. The average-selling price, although not indicative of market health, is a sizable amount less than the average residential prices in the City of Calgary and generally one of the more affordable figures when compared to other parts of the Calgary Regional District. As for total active listings, this number increased while sales saw a small decline. This generally indicates a slowing of market conditions, but more likely typical seasonal fluctuations combined with province-wide market volatility.

Overall, rent prices decreased as vacancies lasted longer. Although, RentBoard shows the average rent of one-bedroom apartments at $1,047 per month, with similar two-bedroom apartment rates. The regional vacancy rate is 7.5 per cent. Although a bit higher than Calgary, expect the trend of increased vacancies to hit a peak by the start of 2018, and then decrease through 2018. Overall rent rates are very healthy, considering real estate prices compared to other cities. This is an excellent opportunity for strategic investors who have a long-time horizon to begin to capitalize on market conditions combined with well-chosen properties.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Airdrie real estate market is: "middle of the slump."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Watch closely as this market approaches bottom and becomes an optimal place for Buy and Hold at the end of the slump.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

10. LACOMBE

ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Population-wise, Lacombe is one of the smallest census cities in Alberta. However, when examining its economic fundamentals, it is easy to see why Lacombe is a sound place to invest. Located in central Alberta, Lacombe is in Alberta's most fertile area, thus agriculture serves as the foundational economic base of the city. Supplementing the agriculture sector is the petrochemical industry, with large producers such as Nova Chemical and Dow Chemicals - both with established footholds in the area. Although the economy may be smaller and less diverse than some other cities on this list, strong agricultural and petrochemical foundations will buffer and buoy Lacombe's economy in times of turmoil and boom.

Although up-to-date specific employment statistics for the City of Lacombe are not readily available, regional employment data from Work Alberta suggest the unemployment rate is 5.8 per cent. This is the lowest since late 2015, right before oil prices took a monumental hit. Total employment is starting to rise, so current job creation could attract newcomers and a population increase. Lacombe's economy, while slightly with diversified industries to help buoy the economy, is still heavily reliant upon the oil and gas sector for employment. With oil prices beginning to stabilize, Lacombe is likely to experience positive effects of the energy sector.

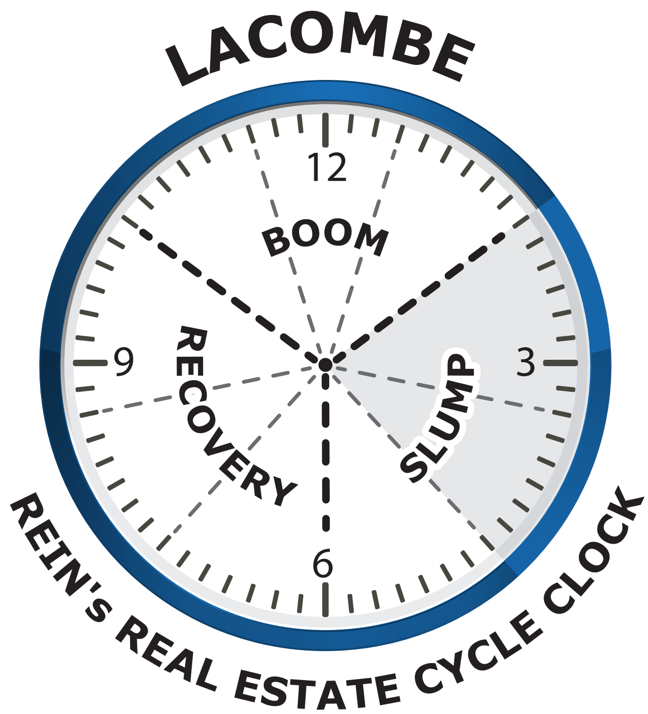
According to the most recent federal census in 2016, Lacombe had a small population of 13,057 while the growth rate from 2011 to 2016 was 11.5 per cent. Considering the fact the city is approximately midway between Edmonton and Calgary, in close proximity to Red Deer, it is an ideal candidate to attract young families, and benefit from increasing real estate values in these larger cities. The ripple effect of an economic upturn, and as recently seen, economic turmoil, could potentially drive up the population growth rate of nearby cities like Lacombe. The city is also home to a relatively young population, as the median age sits at 37.1, and with an affordable real estate and rental market, this figure is likely to decrease in the upcoming years.

Lacombe itself is a smaller real estate market with just over 4,600 homes. The Central Alberta Realtors Association provides no specific housing market stats on Lacombe; instead we have housing statistics for all of the Central Alberta Housing Market (the region excludes Edmonton CMA.) Although Red Deer makes up for the largest part of this market, Lacombe is a major contributor. Only 25 kilometers north of Red Deer, real estate prices are similar, if slightly lower. However, it is important to note that, given the small number of monthly transactions, we expect average price volatility. A longer view of housing prices suggests an overall decrease in recent years but good properties retain their demand and value.

The rental market in Lacombe is also similar to Red Deer's. Average rent for a one-bedroom apartment for the month of August was $695, while two-bedroom apartments were about $875, according to RentBoard. These are some of the cheapest rents among all cities Alberta and thus very attractive to young families. The latest CMHC Rental market Report lists Lacombe's one-bedroom vacancy rate at 12.3 percent, but the main demand is felt in 2-bedroom and larger units. Although rental income may not be as much as other cities, real estate is a bit cheaper. And when we take into account that the city is approximately midway between the two largest economic centers and right next to Red Deer, Lacombe has real potential to be one of the largest beneficiaries as Alberta's economy begins its journey to recovery, due to location and the lifestyle it provides.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Lacombe real estate market is: "beginning to middle of the slump."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Watch closely as this market approaches bottom and becomes an optimal place for Buy and Hold at the end of the slump. Avoid Fix and Flip.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Lease to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

SOURCING INFORMATION

Your sources for the answers to these critical economic questions will come from many sources. These include, but are not limited to:

- Research reports published by Canadian Mortgage and Housing Corporation (CMHC)
- Statistics Canada's most recent census information available at the time
- Multiple Listing Service (MLS)
- Rental sites like Padmapper.com, Craigslist, Kijiji
- Canadian Home Builders' Association
- Federal government
- Provincial government
- Municipal government - City Economic Development
- City and Regional Real Estate Boards
- Locals, particularly REIN Members living and/or investing in the area, who can provide 'real time' and 'on the street' experience.

ALBERTA PHOTOS