



What's in Store for Investors in 2020

The CMHC 2019 Annual Rental Market Report will not be available until mid to late January 2020 (historically produced in late October/November). We expect the report will indicate an overabundance of vacant units in most of Alberta.

Braden Equities Inc., having thousands of rental units in Northern Alberta are constantly conducting rental surveys in order to minimize vacancy while achieving the maximum rent possible.

Our surveys indicate:

- B+ to A locations – incentives no longer necessary to maintain 98% occupancy but rent increases were not possible in 2019.
- B locations – reduced incentives over the previous year with rents remaining the same.
- C locations – competition is still intense with incentives driving re-rentals with stagnant rents.

Maintaining 98% occupancy with quality tenants was predicated on each project's condition. We found it was necessary in most cases that turnover units would require partial or complete upgrades in order to attract quality tenants. Vacancy rates in most areas are still high preventing landlords from raising rents.

Our closing paragraph in last year's yearend report stated 2020 turnaround in our economy will depend on the Alberta and Federal elections.

Alberta has seen a major change in government with a more business and oil friendly UCP government receiving a large majority mandate. Federally a minority government for the Liberals may or may not be a good thing for Alberta. Time will tell if the Liberal government will reverse its negative approach to resource development.

The Transmountain pipeline is well into the construction stage and its completion will allow Alberta oil to ramp up production and receive world prices from exports. Thousands of jobs have been created for the construction in Alberta and British Columbia.

A new oil sands project is now in front of the Federal government for final approval. A yes vote from the Liberals will be a positive signal to the world that Alberta is again open

for business. Also, another positive for Alberta oil is its low sulfur content. New regulations for global sulfur content for marine fuel will be capped at 0.50%, down from the previous 3.50%. This will affect 100,000 ships floating in our oceans. Suppliers of 0.50% fuel will be in high demand. Many countries production is a high sulfur content oil that will allow Alberta oil a competitive edge in this market.

Finally, on another positive, near Fort Saskatchewan the \$2 billion dollar state of the art bitumen upgrade plant is under construction. Scheduled to be operational by 2022 the refined oil will be more pipeline friendly and readily usable by more countries. More than 2,000 construction jobs will also add to the Edmonton and area economy.

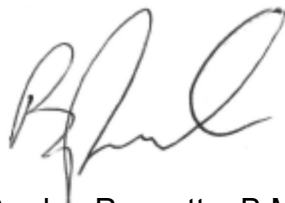
We would like to encourage all our battle worn investors to reflect on history. Once the economy turns upwards all owners start to raise rents to recapture lost revenue caused by high vacancy. Values and cash flow will normally exceed previous highs reached before the current down cycle. Patience will eventually bring its rewards.

In conclusion, there are positives that will slowly improve our economy and improve our employment numbers in the new year. This will hopefully relate to our entire rental market improvement by the end of 2020.

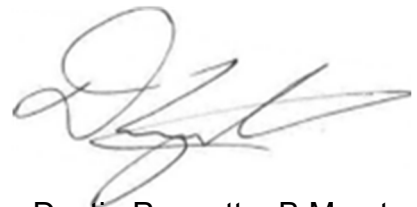
Best wishes,



R. Paquette
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