



## Office Q2 2023

**19.9%**  
Vacancy Rate



**4,388**  
Net Absorption, SF



**\$33.11**  
Gross Asking Rent, PSF



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q2 2023

**850.5K**  
Edmonton Employment



**6.1%**  
Edmonton Unemployment Rate



**5.4%**  
Canada Unemployment Rate



Source: Statistics Canada, The City of Edmonton

### ECONOMY

Analysts predict Alberta's GDP will grow by 2.7% in 2023, making it the top-performing province and is expected to continue to outperform in the coming years. Alberta attracted 56,594 new residents between January and March 2023, a growth rate of 1.2%. This influx of people can be attributed to the province's strong job market and high standard of living. From April 2022 to April 2023, Alberta's average annual population growth rate was 4.5%. Despite recent downward pressure on global crude oil prices, Alberta's oil production is set to increase in 2023. The government's budget projection for FY 2023/24 of approximately US\$80 per barrel seems reasonable and will support industry profitability. The province remains committed to investing in healthcare and transportation infrastructure development.

### DEMAND

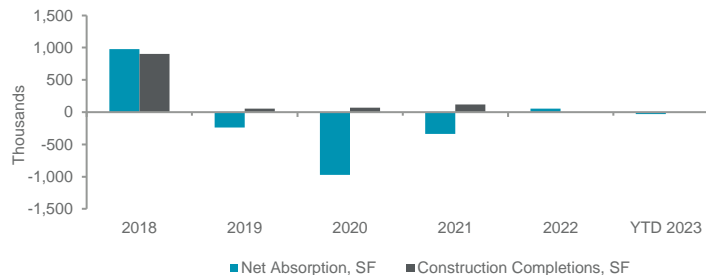
Leasing activity remained steady this quarter, although there were fewer high-profile moves and large leases compared to the first quarter. Despite this, the Edmonton market experienced slight positive net absorption. The ongoing trend of flight-to-quality continues, with tenants seeking high-grade spaces that offer abundant amenities to attract employees back to the office. Landlords are actively investing in their properties, making lobby improvements, adding new amenities, and offering tenant improvement (TI) packages and turnkey options. However, elevated interest rates and the resulting increased cost of capital are putting strain on landlords and limiting their ability to invest more in their properties.

In the second quarter of 2023, city-wide vacancy rates remained stable at 19.9%. Vacancy in the downtown core increased by 230 basis points, bringing the overall vacancy rate in that area to 21.8%. However, the suburban markets offset the downtown market's net loss by experiencing strong absorption of 74,000 SF. The suburban market continues to perform well as employees prefer shorter commutes, easy parking, and the safety offered by office parks. Gross asking rents remained relatively flat compared to the previous quarter, with the city-wide average decreasing by 12 cents to \$33.11 PSF. While rent growth has struggled to recover from year-over-year losses in the past two years, rents have started to stabilize since mid-2022 and are expected to continue on that trajectory until the available space diminishes further.

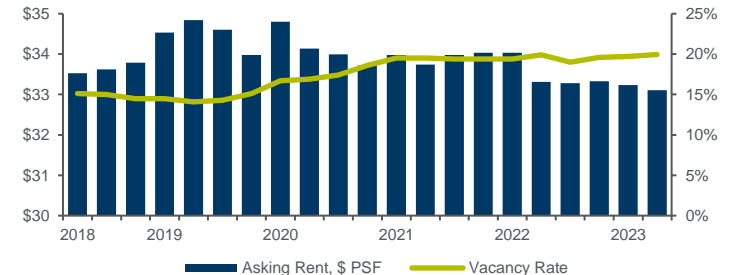
### OUTLOOK

The market has shown that tenants will continue to prioritize high-quality office spaces. Although leasing activity remains steady, many firms are expected to proceed cautiously and may only partially bring staff back to the office. It is not anticipated that consistent demand will pick up until 2025. Rents are also expected to remain stable but lower than pre-pandemic levels until the available office space decreases further. Operating costs are increasing due to relatively high energy costs and continued growth in property taxes.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & GROSS ASKING RENT



## MARKET STATISTICS

SUBMARKET	TOTAL BUILDINGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Financial Core	55	12,821,322	340,168	2,462,915	21.50%	-14,604	-87,954	200,000	\$37.59	\$41.31
Government	34	5,055,817	0	793,616	15.70%	-56,439	-13,930	0	\$30.83	\$32.56
<b>CENTRAL TOTALS</b>	<b>89</b>	<b>17,877,139</b>	<b>340,168</b>	<b>3,256,531</b>	<b>21.86%</b>	<b>-71,043</b>	<b>-101,884</b>	<b>200,000</b>	<b>\$37.59</b>	<b>\$41.31</b>
124 <sup>TH</sup> Street	18	952,909	16,572	163,490	18.90%	8,267	-4,491	0	\$28.68	\$34.61
149 <sup>th</sup> Street	26	1,306,141	12,522	259,477	20.82%	-11,124	-35,168	0	\$25.88	\$32.39
West End	37	2,052,804	53,808	272,838	15.91%	72,059	82,525	0	\$24.80	\$32.75
118 <sup>th</sup> Avenue	17	822,310	0	199,818	24.30%	-629	-16,723	0	\$34.28	\$38.46
Whyte Avenue	13	534,593	0	119,466	22.35%	18,066	23,639	0	\$38.20	\$40.01
Southside	59	3,149,800	86,496	707,198	25.20%	-24,819	-19,782	0	\$26.69	\$30.16
Summerside	22	944,997	5,000	73,710	8.33%	15,659	19,634	0	\$35.23	\$35.23
Eastgate	17	1,422,943	5,000	277,195	19.83%	37	28,489	0	\$22.36	\$28.70
Windermere/Ambleside	12	311,383	0	7,630	2.45%	-2,085	-5,465	0	\$41.06	\$41.06
<b>SUBURBAN TOTALS</b>	<b>221</b>	<b>11,497,880</b>	<b>179,398</b>	<b>2,080,822</b>	<b>19.66%</b>	<b>75,431</b>	<b>72,658</b>	<b>0</b>	<b>\$27.51</b>	<b>\$33.23</b>
<b>EDMONTON TOTALS</b>	<b>310</b>	<b>29,375,019</b>	<b>519,566</b>	<b>5,337,353</b>	<b>19.94%</b>	<b>4,388</b>	<b>-29,226</b>	<b>200,000</b>	<b>\$33.11</b>	<b>\$38.56</b>

\*Rental rates reflect direct gross asking \$psf/year

SUMMARY BY CLASS	TOTAL BUILDINGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL AVG ASKING RENT*
Class AA	8	4,379,071	99,380	486,120	13.37%	-11,876	90,044	200,000	0	\$47.81
Class A	119	14,006,952	300,033	2,508,535	20.05%	-48,567	-53,330	0	0	\$36.72
Class B	142	9,350,032	116,423	2,112,452	23.84%	69,496	-59,638	0	0	\$26.56
Class C	41	1,638,964	3,730	230,246	14.28%	-4,665	-6,302	0	0	\$22.39

\*Rental rates reflect direct gross asking \$psf/year

## KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Ford Credit Building	Suburban – Westend	Cima Engineering	14,589	Headlease
10140 117 St NW	Downtown – Government	Stratica Medical Group	10,594	Headlease
Rosenau Transport Building	Suburban – Southside	Emerald Business Solutions	9,469	Headlease
Energy Square	Downtown – Financial	Amalco Management Inc.	8,345	Headlease
10358 172nd St NW	Suburban – Westend	Hill Plain Construction Services LP	6,400	Headlease

## KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Clark Builders Place	Suburban – Southside	Manulife/Simplex Investments	121,512	\$16.6M/\$104.22
Centre 104	Suburban – Southside	Manulife/Simplex Investments	75,855	\$6.8M/\$82.36
10451 170 St NW	Suburban – Westend	Transglobe Holdings/KTC Tribal Council	66,006	\$4.4M/\$66.66

For more information, contact:

**OFFICE TEAM**+1 780 420 1177 [office@cwedm.com](mailto:office@cwedm.com)**cwedm.com**

Independently Owned and Operated / A Member of the Cushman &amp; Wakefield Alliance

©2023 All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.