

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
18.6% Vacancy Rate	▼	▼
165.4K YTD Net Absorption, SF	▲	▲
\$32.86 Gross Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
852.6K Edmonton Employment	▲	▲
9.0% Edmonton Unemployment Rate	▲	▼
6.5% Canada Unemployment Rate	▲	▬

Source: Statistics Canada, The City of Edmonton

ECONOMY: INTEREST RATES AND UNEMPLOYMENT RATES

Interest rates in Canada have seen a gradual decline since mid-2024, with the Bank of Canada cutting the policy rate from 5.00% to 4.25% between June and September 2024. Economists expect further reductions into 2025, which could help stimulate market activity. Meanwhile, Edmonton's unemployment rate remains a concern, reaching 9.0% in September 2024—a 300 basis point (bps) year-over-year (YOY) increase—despite employment growth in Alberta overall.

Source: Bank of Canada, Statistics Canada

DEMAND: SLIGHT NEGATIVE ABSORPTION AND ASSETS SELLING

The third quarter of 2024 saw the Edmonton office market at a slight negative absorption total of 23k square feet (sf), bringing up the overall city-wide vacancy rate to 18.6%. Despite this, vacancy in the Edmonton region is down 140 bps YOY, marked by strong leasing activity driven in the Suburban markets. The third quarter also saw a reduction in vacant sublease space, with the total available sublease space dropping 72,754 sf. This reduction is attributed to a combination of increased leasing activity and sublease space becoming direct space.

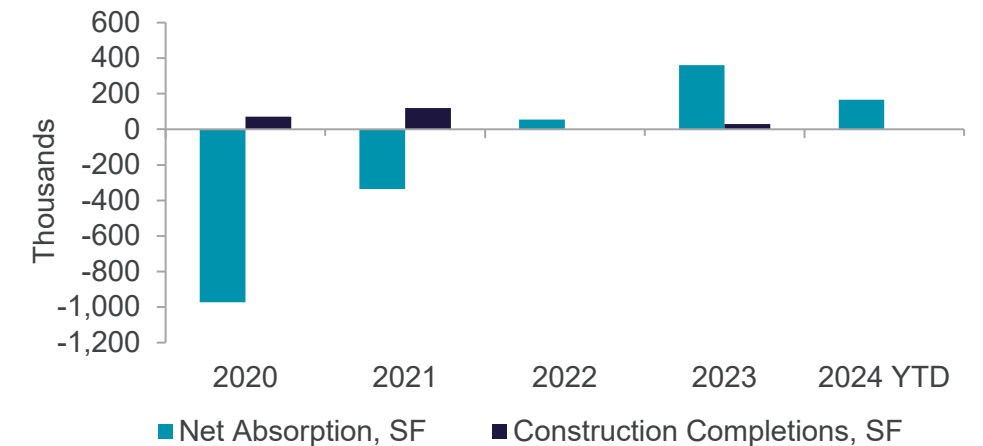
Gross asking rents have remained around the \$32 - \$33 per square foot (psf) range, with the overall city-wide rate increasing by \$0.32 YOY, underscoring the ongoing trend of rising operating costs.

The beginning of 2024 saw several office properties sell to local investors for cheap psf prices, which has continued into the third quarter of 2024. Sun Life Building in the financial core sold for \$33.0M, a psf price of \$114.02, marking the largest office sale of the year. In the suburban market the Points West Building sold for \$4.3M, a psf price of \$106.17.

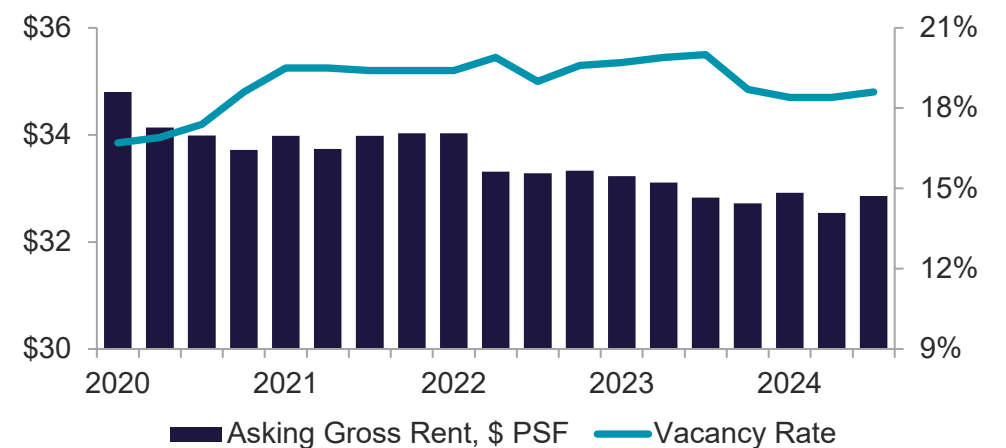
OUTLOOK: LEASING ACTIVITY AND SALE ACTIVITY TO STABILIZE

Office leasing activity is expected to stabilize in conjunction with sale activity as the year ends, but as interest rates continue to dip activity on the investor side could likely increase market activity.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & 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	12,765,917	284,822	2,306,687	20.3%	-39,866	-66,399	0	\$36.51	\$40.04
Government	34	5,058,437	0	697,292	13.8%	-35,102	20,617	0	\$30.52	\$31.91
CENTRAL TOTAL	89	17,824,354	284,822	3,003,979	18.5%	-74,968	-45,782	0	\$35.08	\$38.19
124 th Street	18	952,909	0	244,143	25.6%	-84,620	-63,609	0	\$30.50	\$35.76
149 th Street	26	1,306,141	11,269	223,776	18.0%	34,284	22,225	0	\$26.67	\$33.30
West End	38	2,142,716	59,011	324,400	17.9%	32,727	48,279	0	\$29.00	\$34.02
118 th Avenue	17	822,310	0	197,795	24.1%	-20,457	-35,439	0	\$35.48	\$38.66
Whyte Avenue	14	558,593	0	125,666	22.5%	-255	6,862	0	\$36.30	\$37.63
Southside	60	3,228,310	32,596	658,209	21.4%	42,580	172,675	0	\$30.14	\$34.13
Summerside	23	974,997	0	38,826	4.0%	311	37,181	0	\$35.27	\$35.27
Eastgate	17	1,422,943	11,752	250,082	18.4%	35,639	15,179	0	\$21.34	\$32.38
Windermere/Ambleside	13	343,402	0	26,276	7.7%	11,486	7,908	0	\$41.73	\$41.73
SUBURBAN TOTAL	226	11,752,321	114,628	2,089,173	18.8%	51,695	211,261	0	\$29.61	\$35.31
EDMONTON TOTALS	315	29,576,675	399,450	5,093,152	18.6%	-23,273	165,479	0	\$32.86	\$37.37

*Rental rates reflect full gross asking rents

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)	OVERALL AVG ASKING RENT (ALL CLASSES)*
Class AA	8	4,379,071	79,992	439,958	11.9%	-38,444	-56,863	0	\$51.62
Class A	124	14,203,886	215,741	2,429,202	18.6%	-30,902	224,665	0	\$34.73
Class B	142	9,354,754	99,987	1,994,330	22.4%	32,064	-4,113	0	\$27.36
Class C	41	1,638,964	3,730	229,662	14.2%	14,009	1,790	0	\$24.20

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3110 Calgary Trail	Southside	Edmonton Southside Primary Care Network	23,701	Headlease
1040 Parsons Road	Summerside	Underwriters Laboratories of Canada	8,626	Headlease
10426 81 Avenue	Whyte Avenue	Chivers Carpenter Lawyers	7,748	Headlease
190 Boudreau Road	St. Albert	Stratica Dermatology	6,982	Headlease
14601 134 Avenue	West End	Ahl Al-Athar Islamic Centre	5,124	Headlease

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Sun Life Place	Financial Core	SCREO II 99 Street Inc. / Ironwood IV Inc.	289,419	\$33.0M / \$114.02
Parkwood Centre (Portfolio)	Eastgate	Strategic Group Capital Corp. / G&E Vending Ltd.	41,269	\$4.9M / \$118.73
Points West Building	West End	Confidential	40,593	\$4.3M / \$106.17

JEROME RAMOS

Market Analyst

Tel: +1 780 702 2951

jerome.ramos@cwedm.com

OFFICE TEAM

Office Division

Tel: +1 780 420 1177

office@cwedm.com

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