

Greater Edmonton Area



18 2019 2020 2021 2022

Quick Stats

13.2%

Overall Office Vacancy

13.1%

Total Downtown Vacancy Rate

13.5%

Total Suburban Vacancy Rate

-25,686 SF

Year-to-Date Absorption

\$17.66 PSF

Average Downtown Net Rent

\$17.63 PSF

Average Suburban Net Rent

Market Overview

Edmonton was heavily impacted by political and global market uncertainty in 2019 as well as delays in getting new oil pipeline projects underway. Despite these factors, the outlook for 2020 is positive and exciting.

The United Conservative party (UCP) introduced their aggressive Alberta Budget proposal, which aims to reduce operating expenses by 2.8% over four years.¹ While this has led Edmonton City Council to dig deep and find ways to save costs, it also makes it clear that the province wants to balance their books to allow for stable, economic growth in the future.

On the energy front, progress on the Trans Mountain pipeline (TMX) continues with completion slated for 2022-2023. As well, Enbridge and TC Energy are working on

optimization that would increase the flow of oil through existing pipelines in early 2020.² The added immediate production increase in oil coupled with the optimism coming from the TMX getting started is expected to encourage more energy sector investments.

From bringing investment back to Alberta to Edmonton being able to craft a sustainable growth model for the city, 2020 appears to be the first step in getting back to a healthy economic position by reducing uncertainties and establishing a plan of action for the province. While it is unreasonable to predict it will be a "boom" year, it does provide more assurance to the market than what has been the case in recent years.

 **2020 FORECAST**

[Click here](#) for insights into the top trends influencing real estate and market forecasts.

Average Additional Rent & Historic Vacancy Comparison



\$18.16 psf
Financial
Additional Rent



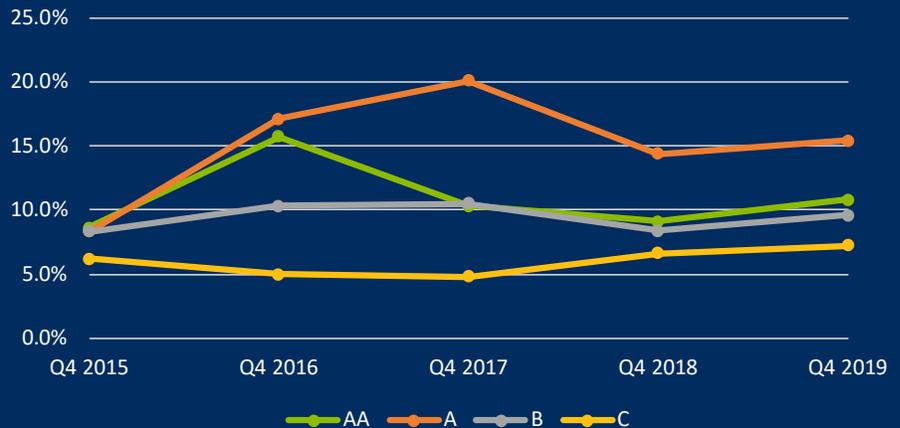
\$14.36 psf
Government
Additional Rent



\$11.97 psf
Suburban
Additional Rent

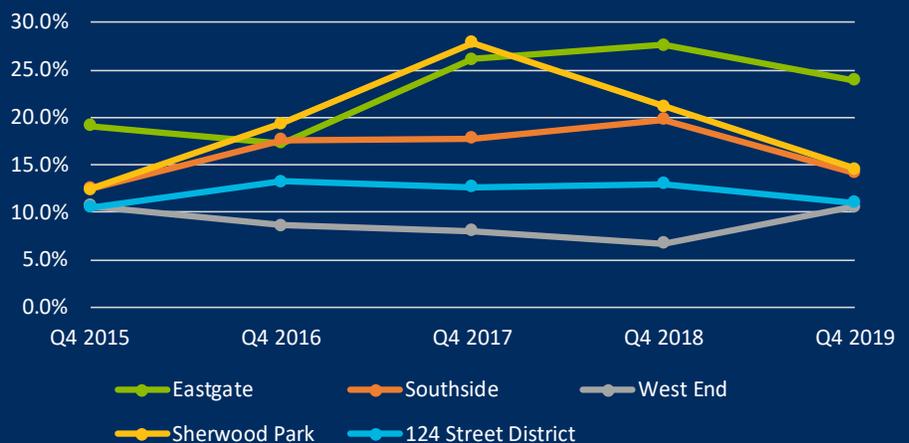
Downtown Financial District Vacancy Comparison

Year-over-year vacancy rates have risen by just over 1% for all building classes aside from C class, which saw an increase of just 0.6%.



Suburban Vacancy Comparison

With the exception of West End which increased by 3.9%, Suburban vacancy rates have decreased by an average of 4.5%.



Office Overview

Moving into 2020, office inventory is expected to shrink as no new office construction is planned, and older B and C class buildings consider conversions to residential or hotel uses amidst pockets of high vacancy. A prime example of this is the 12-story, B-class Milner Building that is slated to convert into a residential apartment complex consisting of roughly 200 units with main floor retail. The property, constructed in 1957, experienced consistently high vacancy levels and made the switch to residential to breathe new life into the building and surrounding area.³

Space occupied by public-sector groups may become available as some look to save costs by reducing their footprint. While this may lead to a temporary rise in vacancy in the downtown Government District, the reduction in inventory and slight revitalization of the energy sector should help offset that rise. Further, while the UCP have promised to open Alberta for business by reducing red tape and corporate taxes, they repealed five tax credits which were critical for certain tech groups looking to ramp up operations.⁴ This may lead to a slowdown of tech based leasing in the first part of the year as groups take time to re-evaluate their business plans.

Notable Headlease & Sublease Transactions

Address Submarket	Tenant	Size
TELUS House Financial District <i>Sublease</i>		50,000 sf
Raymond Block Whyte Avenue District <i>Headlease</i>		10,000 sf
Building 11 Brewery District <i>Headlease</i>		6,738 sf
Petwin Tower Government District <i>Headlease</i>		6,552 sf
103 Street Centre Financial District <i>Headlease</i>		5,700 sf



Raymond Block, Whyte Avenue District

Buildings	Total Inventory	Direct Vacancy	Sublease Vacancy	Absorption (YTD)	Vacancy Rate	Vacancy Direct	Vacancy Sublease	Additional Rent * Taxes, OP Costs, Utilities, and Janitorial	Average Asking Rates	
Financial										
AAA**	4	2,345,524	203,046	50,933	22,594	10.8% ▲ 1.7%	8.7% ▼ (0.4%)	2.2% ▲ 2.2%	\$21.50	\$34.75
A	23	7,342,839	902,790	227,477	(165,499)	15.4% ▲ 1.1%	12.3% ▲ 0.6%	3.1% ▲ 0.5%	\$18.50	\$21.00
B	16	1,988,921	190,953	0	(23,245)	9.6% ▼ (0.5%)	9.6% ▼ (0.5%)	- - -	\$15.75	\$14.00
C	16	1,078,675	74,382	3,239	9,698	7.2% ▼ (3.2%)	6.9% ▼ (3.5%)	0.3% ▲ 0.3%	\$13.00	\$13.50
SUBTOTAL:	59	12,755,959	1,371,171	281,649	(156,452)	13.0% ▲ 0.6%	10.7% ▼ (0.2%)	2.2% ▲ 0.7%	\$18.16	\$20.81
Government										
A	15	2,706,416	226,888	237,176	59,322	17.1% ▼ (0.7%)	8.4% ▼ (0.6%)	8.8% - -	\$15.50	\$16.50
B	16	1,622,278	245,989	0	(24,027)	15.2% ▼ (0.5%)	15.2% ▼ (0.5%)	- - -	\$13.75	\$14.50
C	22	1,132,645	17,347	0	1,786	1.5% ▼ (0.2%)	1.5% ▼ (0.2%)	- - -	\$12.50	\$12.50
SUBTOTAL:	53	5,461,339	490,224	237,176	37,081	13.3% ▼ (0.6%)	9.0% ▼ (0.5%)	4.3% - -	\$14.36	\$14.50
Suburban										
118 Ave & Kingsway	22	817,033	71,657	0	11,111	8.8% ▼ (3.1%)	8.8% ▼ (3.1%)	- - -	\$11.75	\$16.00
124 Street	27	1,030,896	110,931	2,868	37,436	11.0% ▲ 2.3%	10.8% ▲ 2.3%	0.3% - -	\$14.75	\$16.75
149 Street	35	1,259,031	182,271	0	(21,665)	14.5% ▼ (4.0%)	14.5% ▼ (4.0%)	- - -	\$11.75	\$12.75
Eastgate	18	1,375,954	328,987	0	(233,975)	23.9% ▼ (7.0%)	23.9% ▼ (7.0%)	- - -	\$11.50	\$15.50
Southside	81	3,613,977	450,113	61,960	217,368	14.2% ▼ (0.4%)	12.5% ▼ (0.3%)	1.7% ▼ (0.1%)	\$12.25	\$17.00
Summerside	29	979,511	64,020	3,745	117,181	6.9% ▼ (2.6%)	6.5% ▼ (2.6%)	0.4% - -	\$12.00	\$20.25
Windermere	12	348,042	32,285	0	(450)	9.3% ▲ 1.1%	9.3% ▲ 1.1%	- - -	\$13.25	\$27.25
West End	46	2,189,102	221,570	11,213	(138,367)	10.6% ▲ 2.5%	10.1% ▲ 2.1%	0.5% ▲ 0.4%	\$11.25	\$16.75
Whyte Avenue	18	659,009	95,141	0	83,585	14.4% ▼ (4.7%)	14.4% ▼ (4.7%)	- - -	\$16.25	\$17.75
Sherwood Park	32	1,309,724	188,162	2,919	21,461	14.6% ▼ (8.8%)	14.4% ▼ (8.8%)	0.2% - -	\$8.50	\$16.00
Totals										
Downtown Total:	112	18,217,298	1,861,395	518,825	(119,371)	13.1% ▲ 0.3%	10.2% ▼ (0.3%)	2.8% ▲ 0.4%	\$16.26	\$17.66
Suburban Total:	320	13,582,279	1,745,137	82,705	93,685	13.5% ▼ (2.0%)	12.8% ▼ (2.1%)	0.6% - -	\$11.97	\$17.60
Overall:	432	31,799,577	3,606,532	601,530	(25,686)	13.2% ▼ (0.8%)	11.3% ▼ (1.1%)	1.9% ▲ 0.3%	\$14.42	\$17.63
**AAA Class office buildings include Stantec Tower, Edmonton Tower, EPCOR Tower and Enbridge Centre					*Weighted average					

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Sources

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