



Edmonton office market report

Q1 2024

**AVISON
YOUNG**

Momentum has accelerated in Q1 2024

Due to vibrant leasing activity in the Downtown and the suburban areas, the Edmonton market has achieved a notable three-quarter streak of positive absorption.

20.1%

Downtown Financial
vacancy rate

up 0.1%
from Q4 2023

-12,114 sf absorption

19.2%

Downtown Government
vacancy rate

down 1.2%
from Q4 2023

65,797 sf absorption

17.2%

Suburban
vacancy rate

down 0.2%
from Q4 2023

35,741 sf absorption

18.6%

Overall
vacancy rate

down 0.3%
from Q4 2023

89,424 sf absorption

Edmonton office market

Conditions are improving in Downtown Edmonton

The downtown Edmonton vacancy rate has decreased by 0.3% from the last quarter, driven by significant positive absorption in the Government District, which represents 65,797 square feet (sf) of space. Robust activity was observed in Energy Square and One Twelve Campus, with M2 Engineering concluding a new agreement in the two-tower complex.

Conversely, activity in the Financial submarket remained relatively static, recording a negative absorption of 12,114 sf. Nonetheless, the overall vacancy in Downtown Edmonton has continued its gradual decline, currently standing at 19.8%.

Over the last two quarters, the Downtown area has recorded a positive absorption of 157,634 sf, which helped push the Downtown vacancy rate below the 20% mark.

Positive absorption in the southern part of the city

The suburban markets observed a positive absorption of 35,741 sf, most of which is concentrated in the South Side and Windermere markets in the southern part of the city. This growth was propelled by significant leasing activity, including the conclusion of Acera Insurance's lease at 5103 Windermere Boulevard, and Weyerhaeuser's lease at Carrington Business Campus. As a result, the overall suburban vacancy declined to 17.2%, dropping by 0.2% since Q4 2023.

Suburban tenants, especially those with office spaces of 10,000 sf or larger, tend to be loyal to their existing submarkets, preferring to relocate and expand within familiar neighborhoods. This preference is influenced by several key factors, including the convenience of commuting, proximity to amenities, retail options and parking. This trend has a notable impact on the broader suburban office space market, which impacts availability across the city.

Three quarters of positive absorption

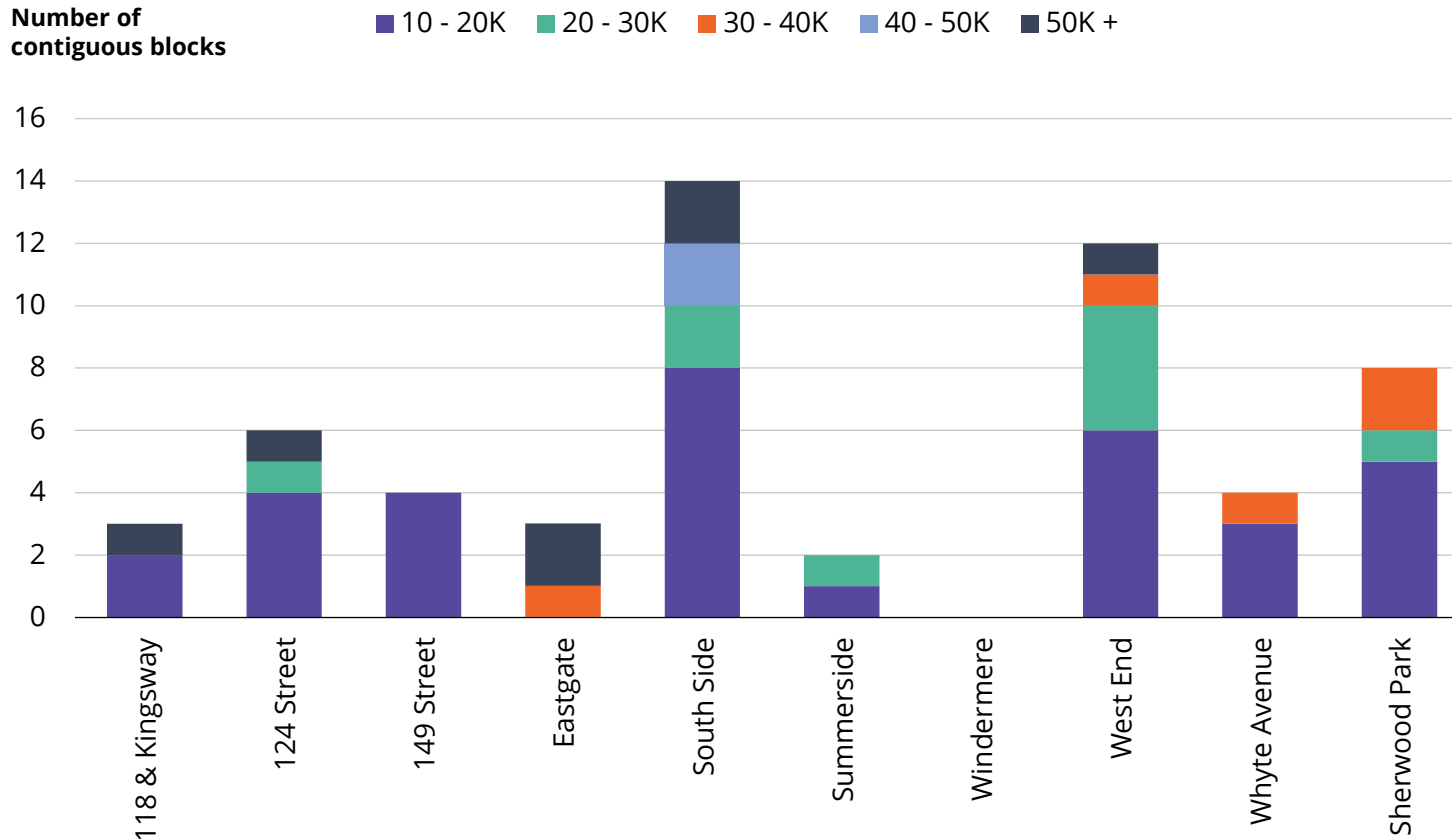
The Edmonton market recorded a three-quarter streak of positive absorption, amounting to 394,437 sf. This pushed the overall vacancy rate to drop by 0.3%, while the Downtown and suburban vacancy rates decreased by 0.3% and 0.2% respectively. Some submarkets still experienced an uptick in vacancy, including the Financial district, where it increased by 1% for trophy assets, and 124 Street, where it rose by 1.3%.

This trend is supported by strong leasing activity in Downtown and suburban markets, which can cater to a diverse range of tenant needs. Economically, Edmonton is well positioned to leverage Alberta's ongoing growth, indicating a promising outlook for market expansion and vitality.

As vacancy tightens, tenants looking for space may be surprised by the scarcity of options available within specific criteria (location, asset class, contiguous floorplate, etc.), especially in suburban areas and class AAA office towers Downtown.

Limited availability based on needs

Availability of contiguous blocks of suburban space by size

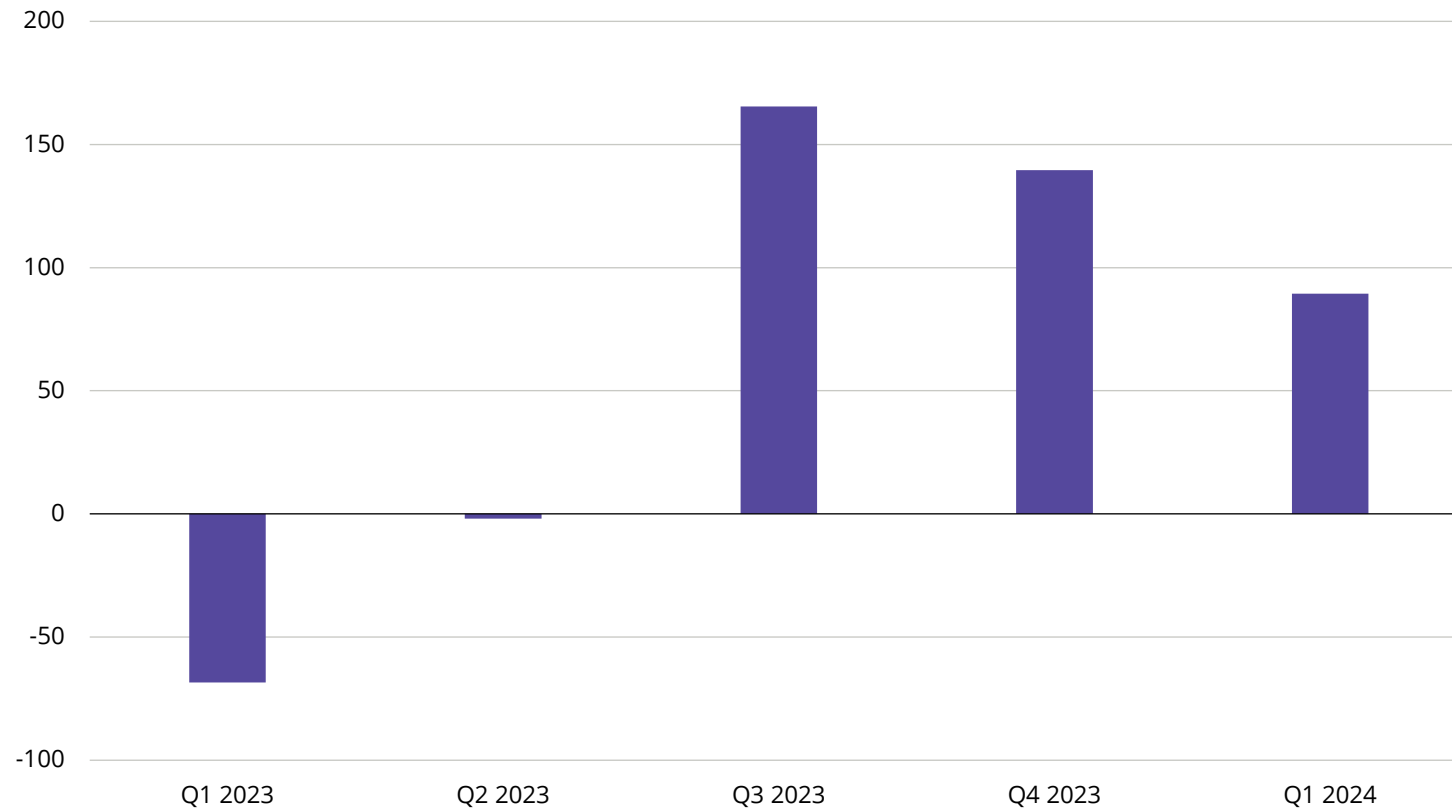


There is a noticeable lack of contiguous space to accommodate large occupiers in the suburban submarkets.

Edmonton office market indicators

Overall office market absorption

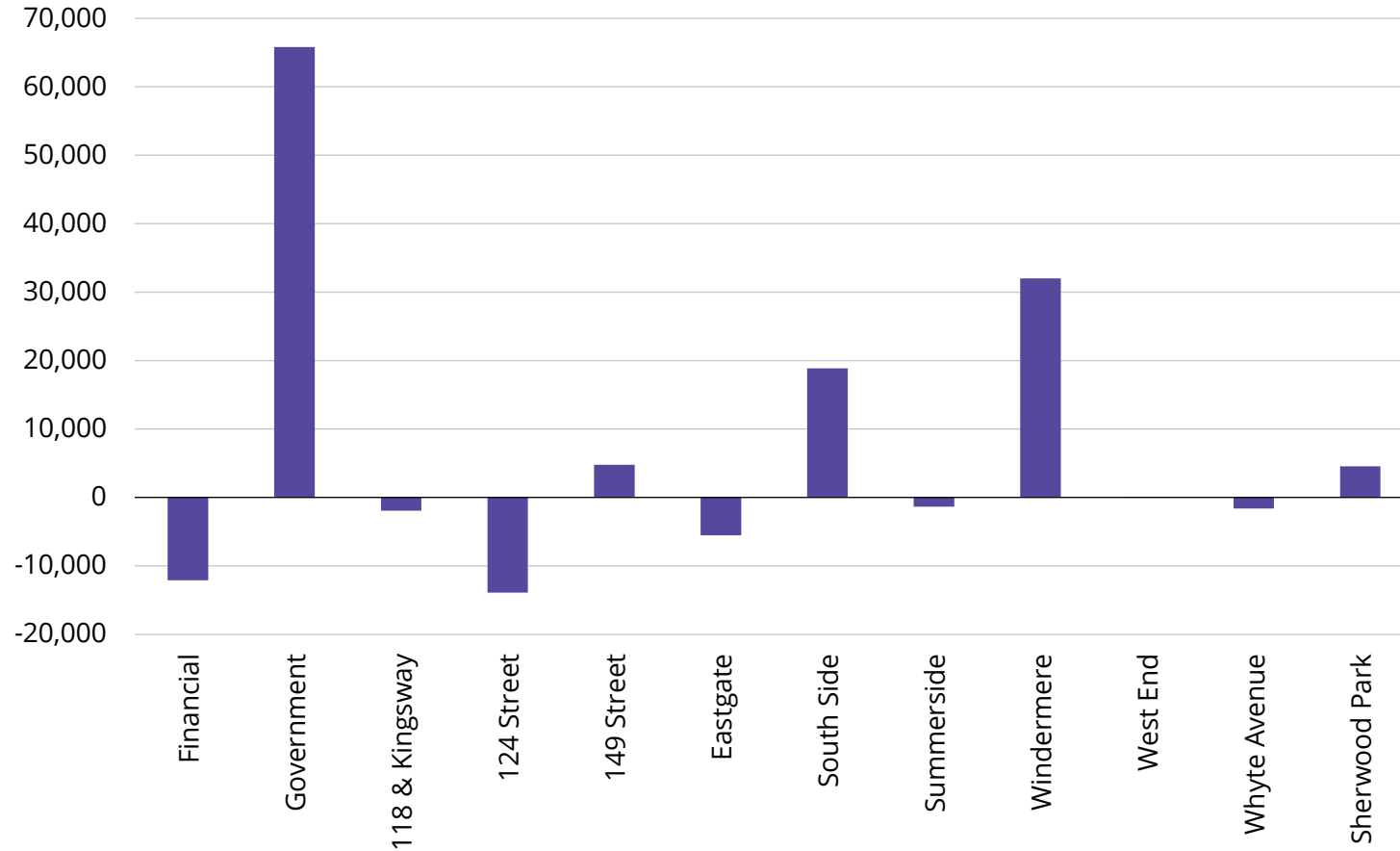
Absorption/
new supply (msf)



**The overall
Edmonton office
market has
experienced three
straight quarters
of positive growth.**

Net absorption by submarket

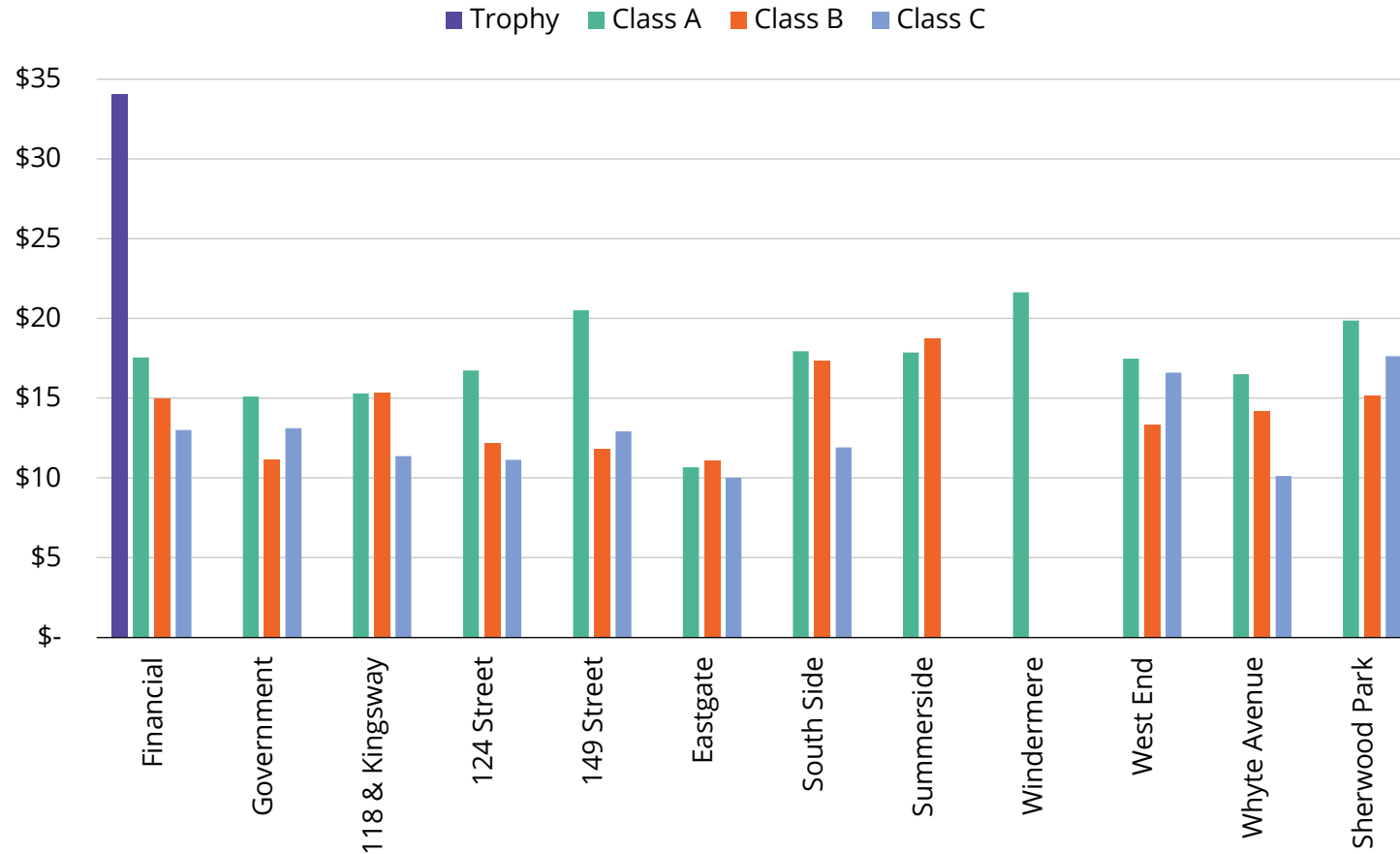
Q1 2024 net absorption by submarket (sf)



Edmonton's three best performing submarkets were Government, Windermere, and South Side in Q1 2024.

Rental rates by submarket

Net asking rental rates by building class (\$/sf)



Trophy class remains the outlier with a \$34.10 average net asking rate. Meanwhile, Financial, Government, and Suburban submarkets feature \$19.90, \$13.50, and \$15.50 average rental rates, respectively.

Office leasing activity, Q1 2024

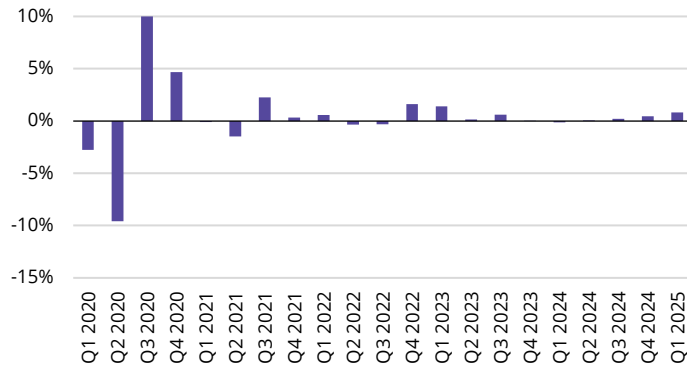
Recent transactions

Building	Submarket	Size	Lease type
5103 Windermere Boulevard	Windermere	14,000 sf	Headlease
Sun Life Place	Financial	11,426 sf	Headlease
Energy Square	Government	10,890 sf	Headlease
Energy Square	Government	10,890 sf	Headlease
One Twelve Campus	Government	9,192 sf	Headlease
Alberta Park Centre	West End	8,145 sf	Headlease
Carrington Business Campus	Summerside	6,617 sf	Headlease

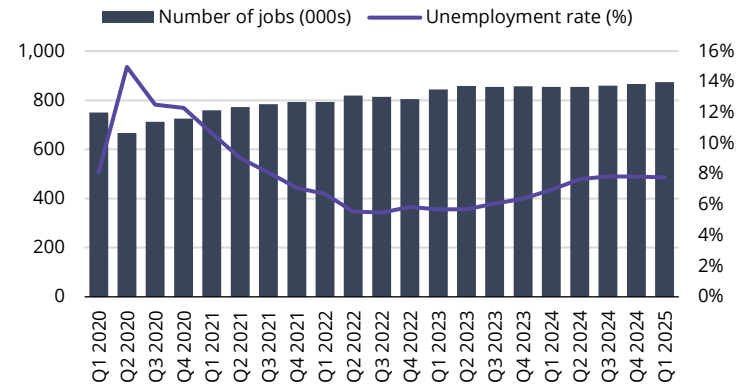
The Government submarket was the largest contributor to the Edmonton leasing activity in Q1 2024, with 30,972 sf of office transactions.

Edmonton economic snapshot

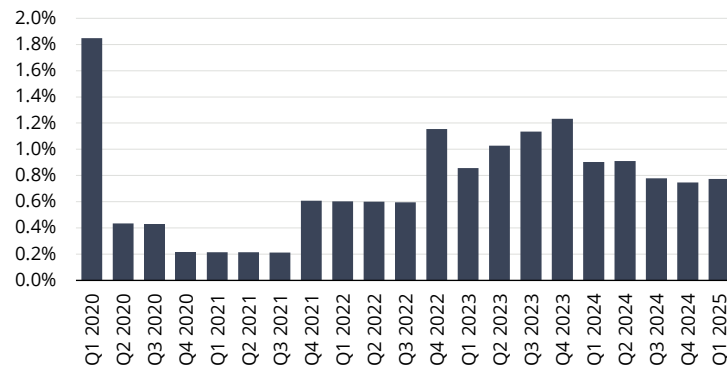
GDP growth (%)



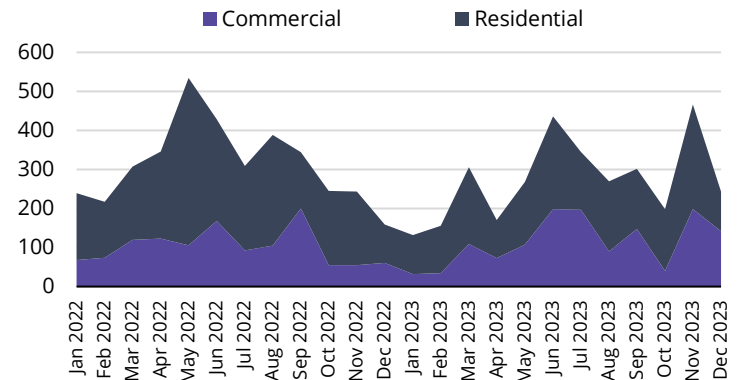
Employment growth



Population growth (%)



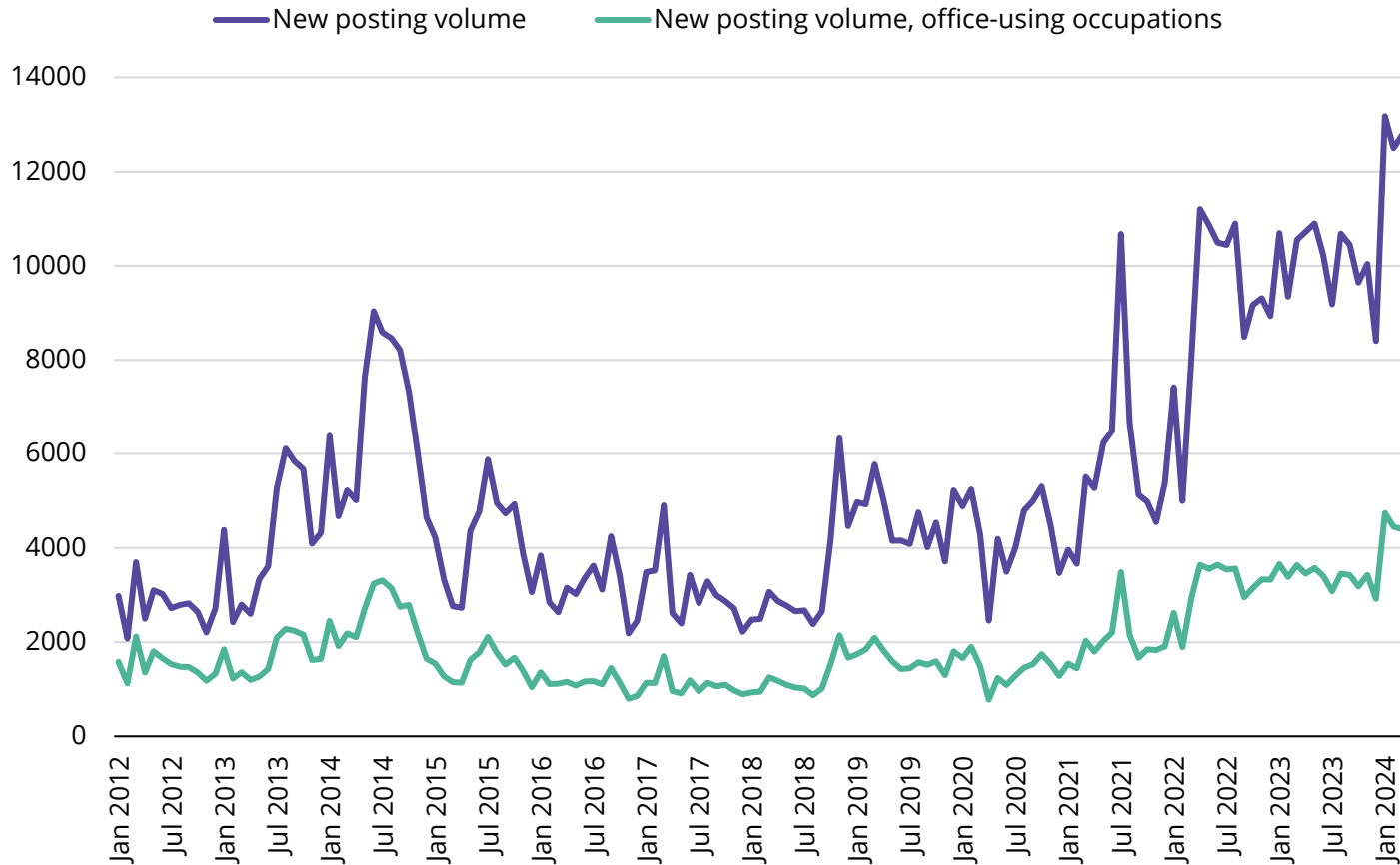
Investment in construction (millions \$)



GDP growth is expected to follow a slow and steady recovery in 2024. Meanwhile, the population influx will present both challenges and opportunities.

Edmonton Job Postings

New job office job postings



Edmonton continues to see a steady rise in job posting volume as Alberta maintains a record levels of immigration.

Edmonton area office market stats

Category / submarket	Buildings	Inventory	Total vacant	Headlease	Sublease	Q4 absorption	Vacancy overall		Vacancy direct		Vacancy sublease		Lease rates (average)
							Q/Q change		Q/Q change		Q/Q change		
Financial													
Trophy	4	2,397,230 sf	154,447 sf	97,849	56,598 sf	-24,453 sf	6.4%	1.0%	4.1%	-0.1%	2.4%	1.0%	\$34.09
Class A	27	7,775,773 sf	1,970,314 sf	1,672,928	297,386 sf	16,049 sf	25.3%	-0.2%	21.5%	0.3%	3.8%	-0.1%	\$17.56
Class B	17	1,864,009 sf	372,809 sf	352,154	20,655 sf	2,200 sf	20.0%	-0.1%	18.9%	0.3%	1.1%	0.0%	\$14.98
Class C	18	941,023 sf	107,665 sf	107,665	0 sf	-5,910 sf	11.4%	0.6%	11.4%	1.4%	0.0%	0.0%	\$13.00
Subtotal	66	12,978,035 sf	2,605,235 sf	2,230,596	374,639 sf	-12,114 sf	20.1%	0.1%	17.2%	0.3%	2.9%	0.1%	\$19.91
Government													
Class A	16	2,706,490 sf	645,079 sf	640,666 sf	4,413 sf	20,030 sf	23.8%	-0.7%	23.7%	-0.8%	0.2%	0.0%	\$15.11
Class B	17	1,617,917 sf	290,336 sf	290,336 sf	0 sf	45,767 sf	17.9%	-2.8%	17.9%	-2.8%	0.0%	0.0%	\$11.15
Class C	25	951,349 sf	79,175 sf	77,310 sf	1,865 sf	-	8.3%	0.0%	8.1%	-1.2%	0.2%	0.0%	\$13.12
Subtotal	58	5,275,756 sf	1,014,590 sf	1,008,312 sf	6,278 sf	65,797 sf	19.2%	-1.2%	19.1%	-1.4%	0.1%	0.0%	\$13.54
Suburban													
118 & Kingsway	33	1,050,894 sf	190,180 sf	190,180 sf	0 sf	-1,934 sf	18.1%	0.2%	18.1%	-0.9%	0.0%	0.0%	\$14.92
124 Street	31	1,071,357 sf	233,202 sf	216,630 sf	16,572 sf	-13,908 sf	21.8%	1.3%	20.2%	0.7%	1.5%	0.0%	\$13.04
149 Street	44	1,372,119 sf	265,554 sf	253,032 sf	12,522 sf	4,775 sf	19.4%	-0.3%	18.4%	-1.1%	0.9%	0.0%	\$12.53
Eastgate	19	1,327,679 sf	201,049 sf	186,673 sf	14,376 sf	-5,548 sf	15.1%	0.4%	14.1%	1.5%	1.1%	0.1%	\$10.69
South Side	101	4,504,361 sf	789,271 sf	727,518 sf	61,753 sf	18,855 sf	17.5%	-0.4%	16.2%	-0.1%	1.4%	0.0%	\$16.95
Summerside	49	1,409,488 sf	96,143 sf	91,143 sf	5,000 sf	-1,353 sf	6.8%	0.1%	6.5%	0.1%	0.4%	0.0%	\$18.06
Windermere	17	443,238 sf	32,153 sf	32,153 sf	0 sf	32,000 sf	7.3%	-7.2%	7.3%	0.4%	0.0%	0.0%	\$21.64
West End	52	2,308,056 sf	500,504 sf	419,705 sf	80,799 sf	-57 sf	21.7%	0.0%	18.2%	-0.1%	3.5%	0.0%	\$15.64
Whyte Avenue	24	716,231 sf	135,572 sf	135,572 sf	0 sf	-1,628 sf	18.9%	0.2%	18.9%	0.5%	0.0%	0.0%	\$14.96
Sherwood Park	34	1,308,588 sf	224,966 sf	206,994 sf	17,972 sf	4,539 sf	17.2%	-0.3%	15.8%	-0.7%	1.4%	0.8%	\$16.64
Total	404	15,510,356 sf	2,668,594 sf	2,459,600 sf	208,994 sf	35,741 sf	17.3%	-0.2%	15.9%	0.0%	1.3%	0.1%	\$15.54
Totals													
Downtown	124	18,253,791 sf	3,619,825 sf	3,238,908 sf	380,917 sf	53,683 sf	19.8%	-0.3%	17.7%	-0.2%	2.1%	0.1%	\$18.07
Suburban	404	15,510,356 sf	2,668,594 sf	2,459,600 sf	208,994 sf	35,741 sf	17.2%	-0.2%	15.9%	0.0%	1.3%	0.1%	\$15.54
Overall	528	33,764,147 sf	6,288,419 sf	5,698,508 sf	589,911 sf	89,424 sf	18.6%	-0.3%	16.9%	-0.1%	1.7%	0.1%	\$16.91

For more market insights and information visit **avisonyoung.ca**

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