



Edmonton office market report

Q2 2024

**AVISON
YOUNG**

Edmonton area market fundamentals

▼ 18.2%

average vacancy rate
Downtown Edmonton

\$15.37

average net asking lease rate
per square foot (psf)
Downtown Edmonton

18.2M

total inventory square feet (sf)
Downtown Edmonton

▼ 15.2%

average vacancy rate
Suburban Edmonton

\$15.25

average net asking lease rate (psf)
Suburban Edmonton

15.7M

total inventory (sf)
Suburban Edmonton

Greater Edmonton office market trends

01

Positive absorption continues

The Edmonton office market recorded its fourth consecutive quarter of positive absorption, amounting to 108,920 sf overall. In contrast, Downtown posted negative absorption of 25,911 sf, as new vacancies at Compass Place, Stantec Tower, Intact Building, and Empire Building outweighed positive absorption. The suburban market performed more strongly, with 134,831 sf of positive absorption, led by Summerside, West End, and South Side.

Significant contributions included 44,000 sf at Commerce South Office Park Building A and E, 27,000 sf at West Campus, and 25,000 sf at Ellwood Business Centre. Summerside, West End, and South Side saw vacancy rates drop to 3%, 16.5%, and 14.8%. However, vacancy rates rose in Whyte Ave and 118 Ave & Kingsway, to 22.4% and 19.8%, respectively. Meanwhile, the Financial District's vacancy rate sits at 18.2%, with an increase in class B vacancy due to the partial residential conversion of the Phipps McKinnon Building, which removed 95,000 sf of office space from the market.

02

Local investors drive Edmonton market

In the first half of 2024, Edmonton's office market saw a significant uptick in activity, driven by local investors. Q1 2024 witnessed five sales transactions totaling \$12.6 million, while Q2 2024 saw an impressive rise of 11 sales amounting to \$86 million. Notably, six office buildings over 60,000 sf were acquired by local investors, signaling their confidence in Edmonton's future, despite high vacancy rates and national concerns about work from home trends.

Local investors, familiar with Edmonton's market dynamics, committed \$98.6 million in 2024, marking a strategic shift as national and institutional investors divested from the region. This transition reflects a growing belief in Edmonton's economic potential, with local investors capitalizing on opportunities passed up by larger funds.

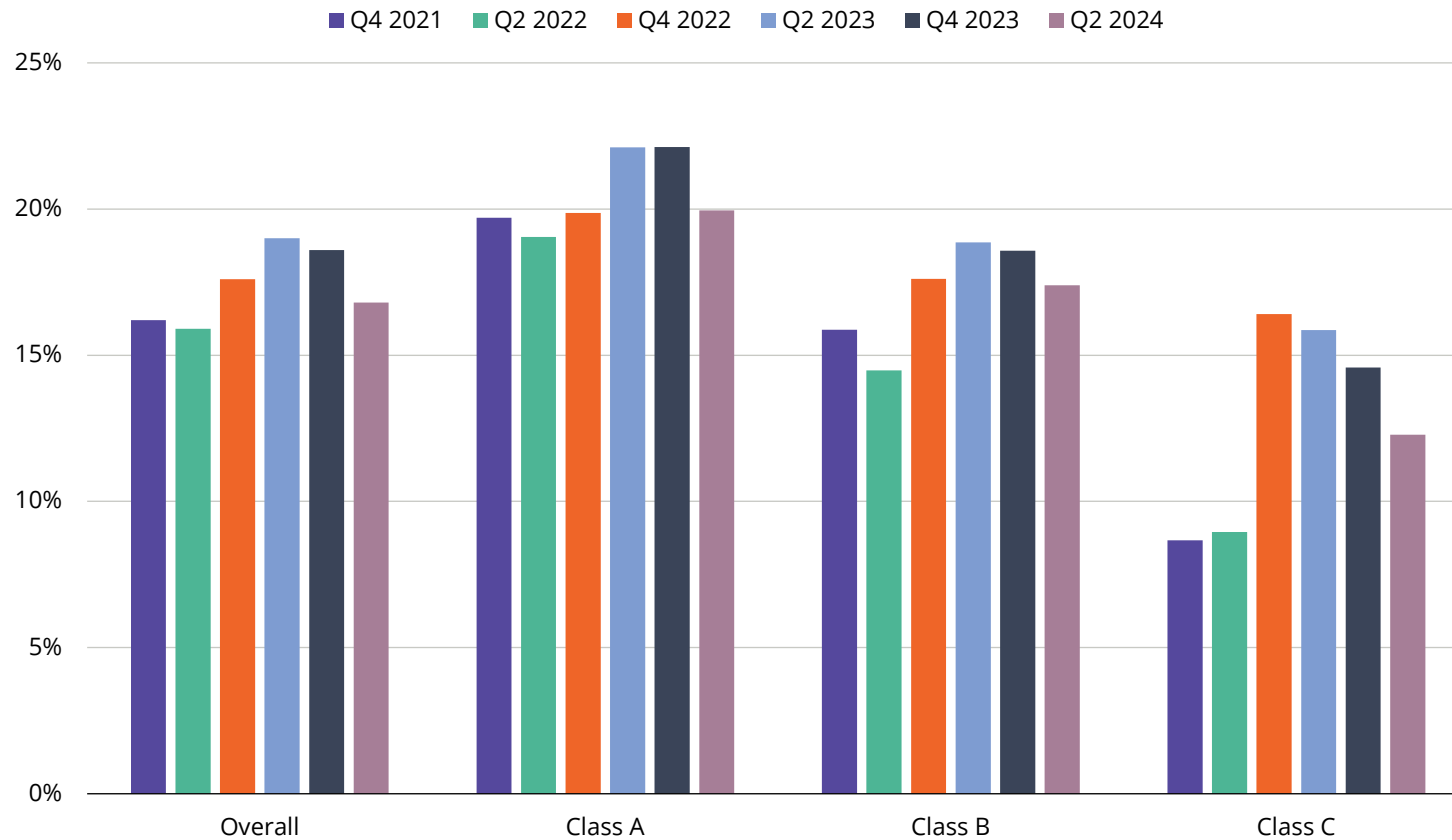
03

Limited development activity amid high vacancy rates

Development activity in Edmonton's office market remains limited due to high construction costs and elevated vacancy rates. The only ongoing project is Ever Square, a mixed-use development on Calgary Trail and 46 Avenue, which will add 84,000 sf of gross rentable office space. This cautious approach to new developments reflects broader economic conditions and the market's current oversupply of office space. Despite these challenges, several projects are in the pre-leasing phase, suggesting potential future growth as market conditions stabilize.

Greater Edmonton office market indicators

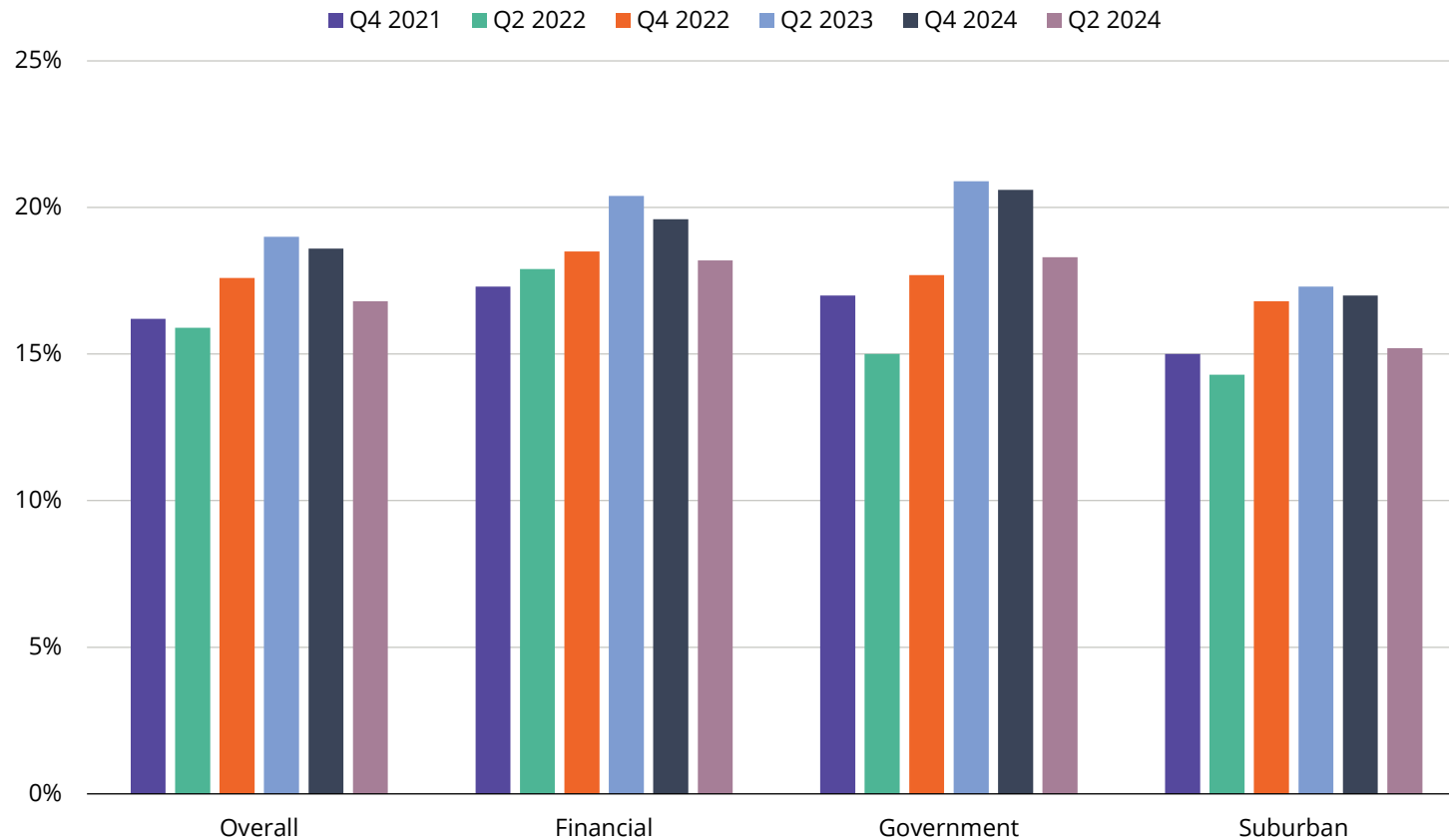
Vacancy rate by class



Overall vacancy sits at 16.8%, similar to Q2 2022 levels, with the exception of class C at 12.3%, which is 3.4% higher.

Greater Edmonton office market indicators

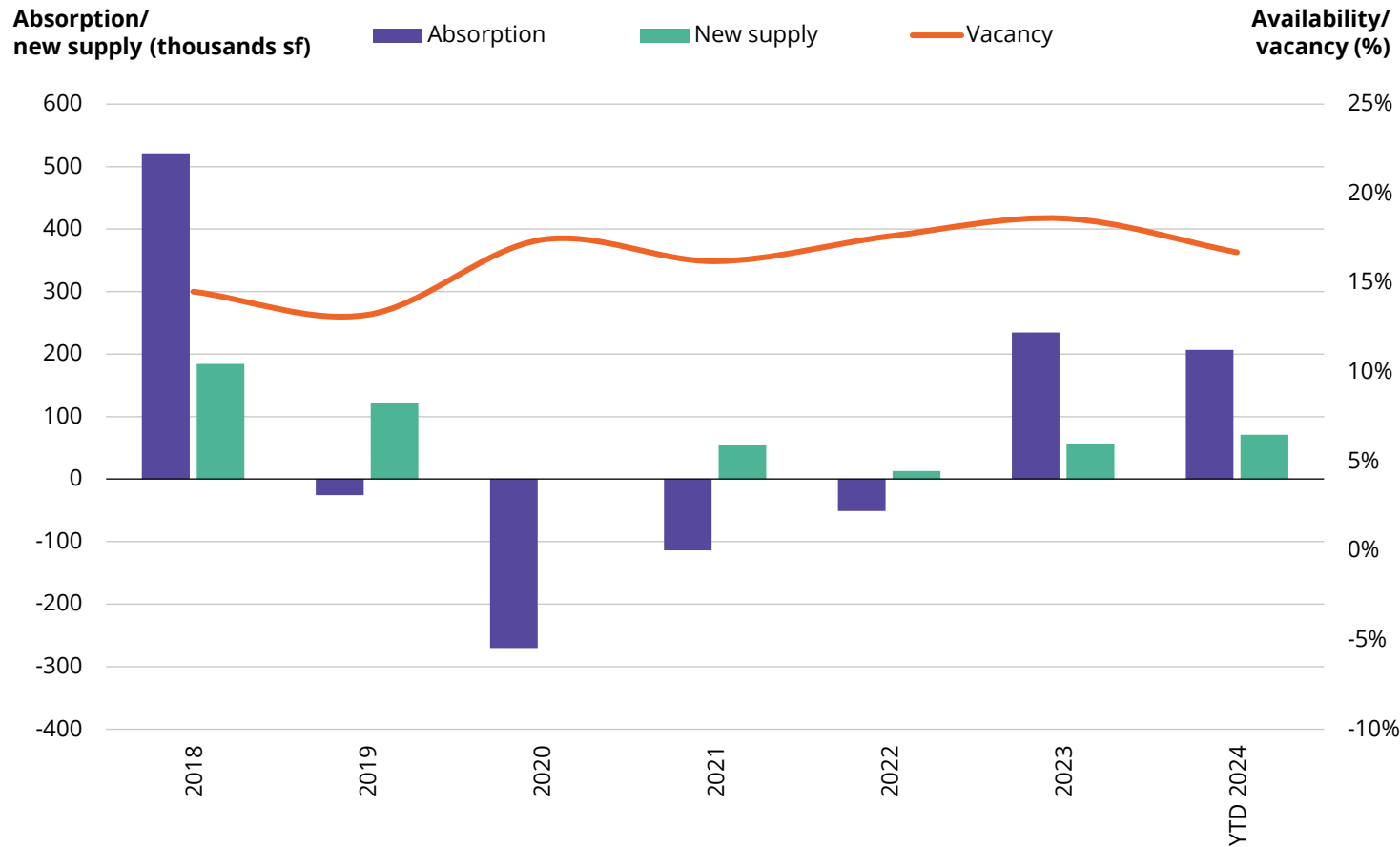
Vacancy rate by sector



Large positive absorption has caused suburban vacancy to drop. Suburban now leads all districts with the lowest vacancy and is consistent with 2021 levels.

Greater Edmonton office market indicators

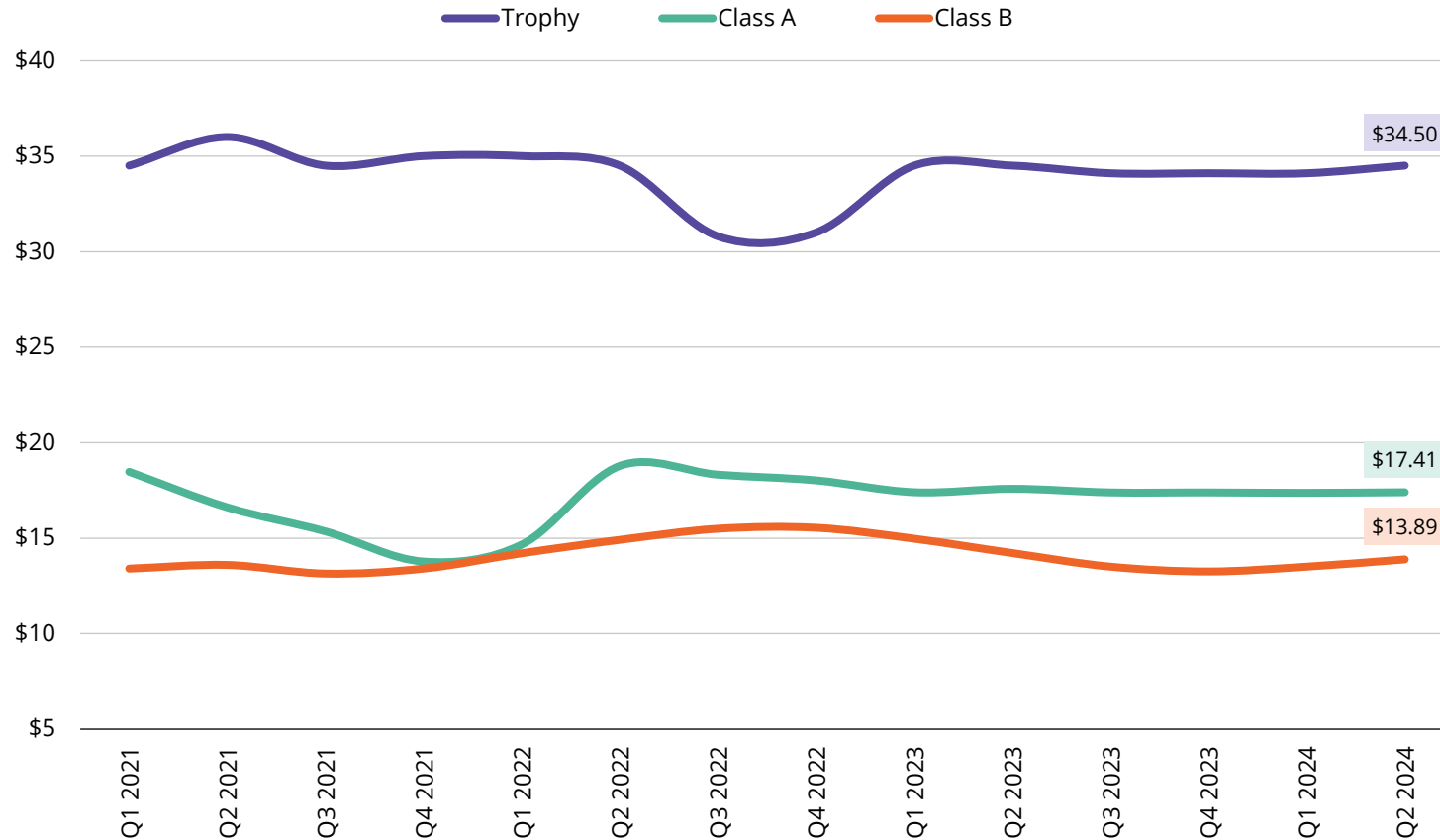
Historic office market trends



Positive absorption has reached over 200,000 sf YTD and is expected to surpass 2023 levels.

Greater Edmonton office market indicators

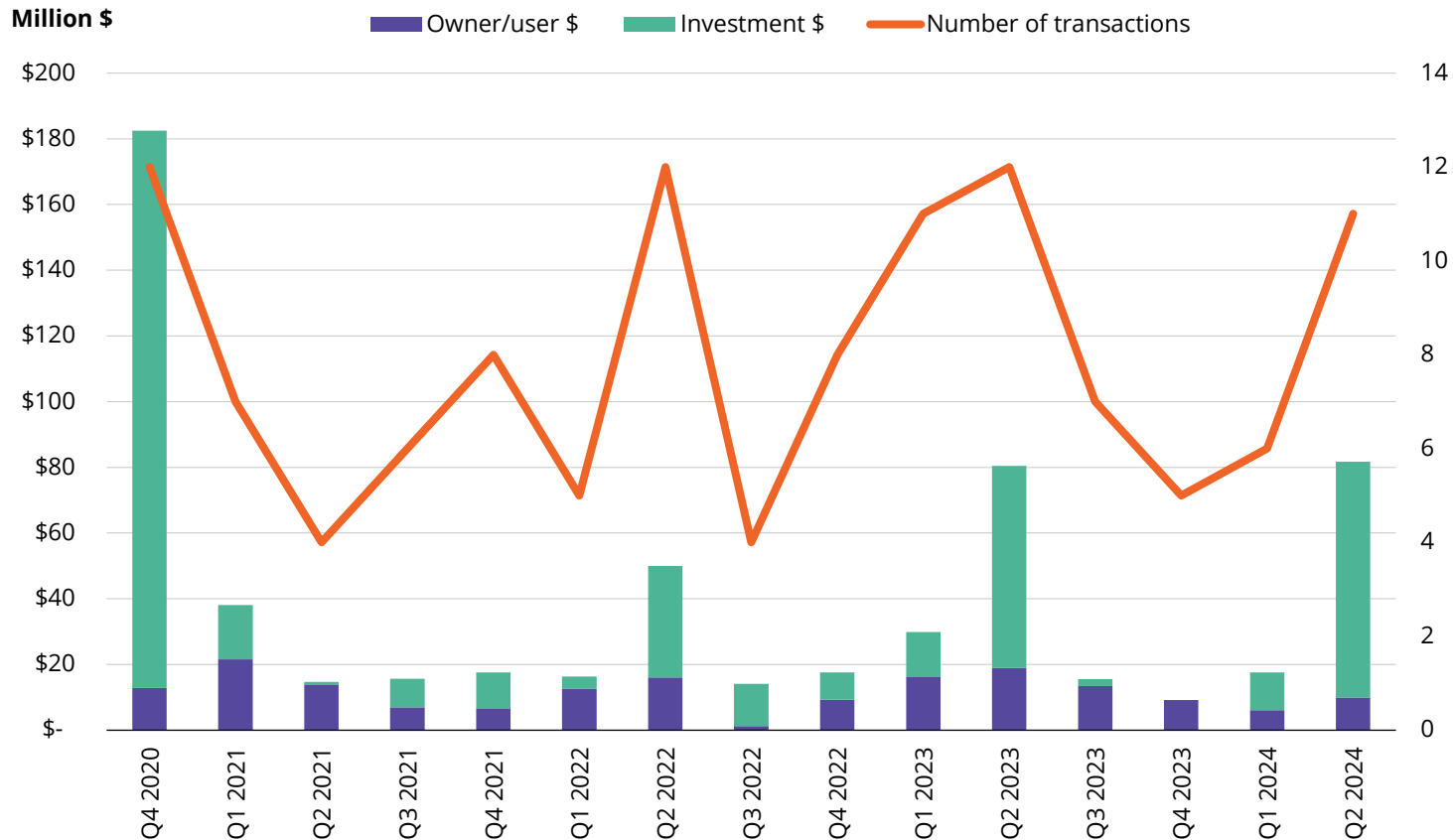
Net asking headlease rents (psf)



Demand for high quality space has kept trophy class as an outlier with a \$34.50 psf average net asking rent. Meanwhile, classes A and B are tighter at \$17.41 psf and \$13.89 psf, respectively.

Greater Edmonton area office market indicators

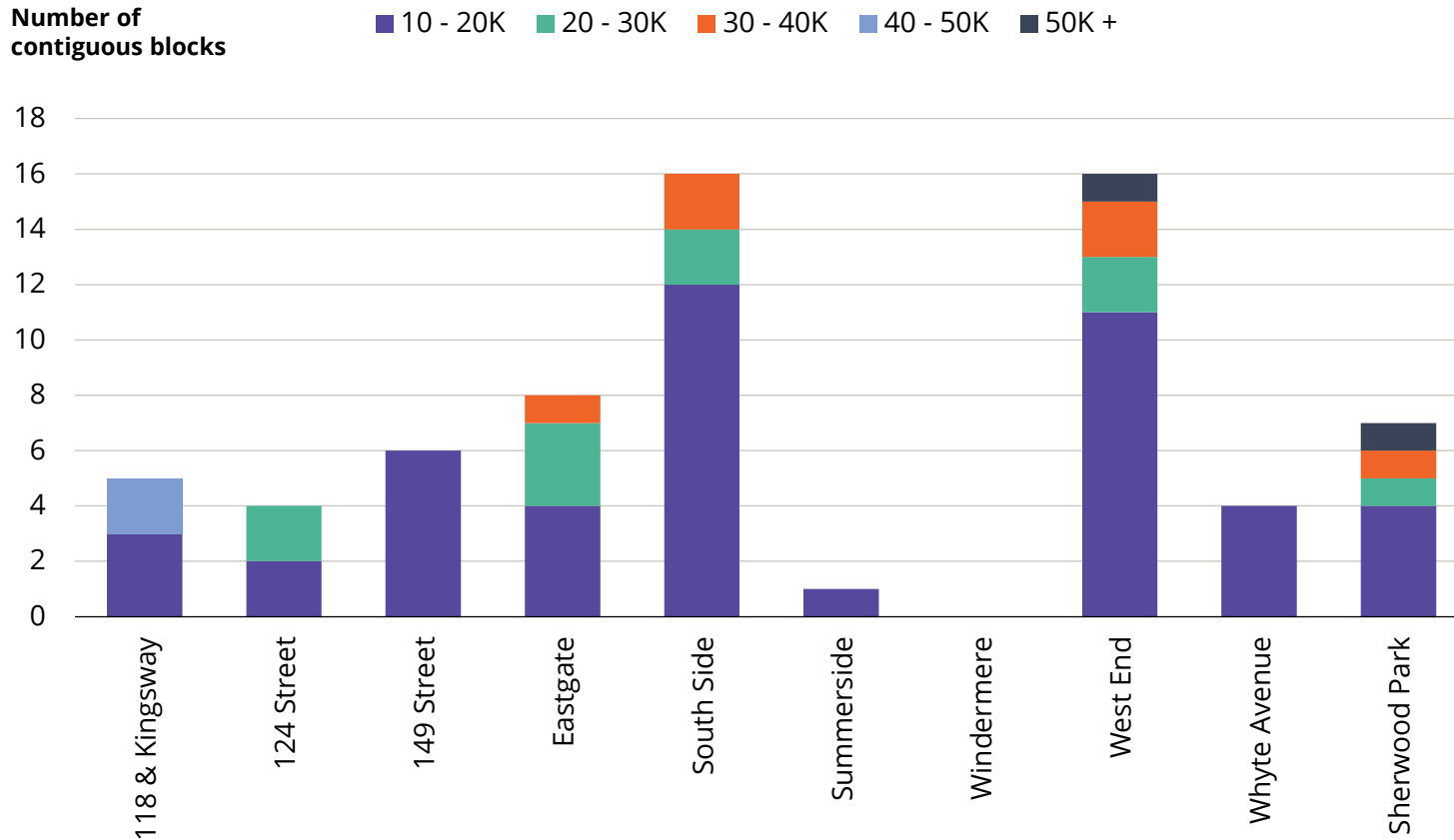
Investment sales volume



Of the 11 office building acquisitions recorded this quarter, 10 were closed by Edmonton-based investors. Six of these transactions were investment sales, accounting for \$71.8 M of \$81.7 M total sales volume.

Greater Edmonton area office market indicators

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, with only two blocks of space over 50,000 sf.

Greater Edmonton area office market activity

Major office lease transactions

Building	Tenant	Size (sf)	Lease type	Transaction type
830 Saddleback Rd, Edmonton	Aurora Charter School	29,802	Direct	New
Twin Atria, Edmonton	EllisDon Construction Services	18,283	Direct	New
Greystone Business Park, Edmonton	Insight Medical Holdings	12,556	Direct	Renewal
J22, Edmonton	SMP Engineering	8,120	Sublease	New
Commerce South Office Park, Edmonton	Wade Consulting	6,182	Direct	New
Grandin Park Village, St. Albert	Kids & Company	5,750	Direct	Renewal

Major office sale transactions

Building	Buyer	Sale date	Sale price	Sale price \$/psf	Seller
Broadmoor Place II, III, IV, Sherwood Park	CJ Broadmoor Inc.	April 2024	\$28.0M	\$125.70	KS Broadmoor Place III & IV Inc.
Kingsway Professional Building, Edmonton	Metis Nation Holdings Ltd.	May 2024	\$15.0M	\$225.99	Luxor Land Ltd.
Phipps McKinnon Building, Edmonton	2537158 Alberta Ltd.	April 2024	\$8.3M	\$41.61	Canapen Ltd.
Plaza 124, Edmonton	Plaza 124 Conversion GP Ltd.	April 2024	\$8.3M	\$53.00	Riverstock 124 Nominee Inc.
Parkwest Business Park, Edmonton	2578588 Alberta Ltd.	April 2024	\$7.8M	\$51.16	9318470 Canada Inc.
Empire Building, Edmonton	2567244 Alberta Ltd.	April 2024	\$4.5M	\$41.36	Crespoint Real Estate (Jasper) Inc.

Edmonton area office market stats

Category / submarket	Buildings	Inventory (sf)	Total vacant (sf)	Headlease (sf)	Sublease (sf)	Quarterly absorption (sf)	Vacancy overall	Vacancy direct	Vacancy sublease	Lease rates (average psf)
Financial										
Trophy	4	2,397,230	182,943	102,951	79,992	-28,496	7.6%	4.3%	3.3%	\$34.50
Class A	27	7,844,892	1,751,048	1,590,180	160,868	37,951	22.3%	20.2%	2.1%	\$17.42
Class B	18	1,804,228	344,732	318,780	25,952	-52,261	19.1%	17.7%	1.4%	\$11.42
Class C	17	905,191	74,461	74,461	-	6,080	8.2%	8.2%	0.0%	\$12.50
Subtotal	66	12,951,541	2,353,184	2,086,372	266,812	-36,726	18.2%	16.1%	2.1%	\$17.15
Government										
Class A	16	2,706,490	613,059	611,832	1,227	31,087	22.7%	22.6%	0.0%	\$14.20
Class B	15	1,617,917	287,394	287,394	-	-24,877	17.8%	17.8%	0.0%	\$11.01
Class C	24	967,530	70,236	68,371	1,865	4,605	7.3%	7.1%	0.2%	\$13.05
Subtotal	55	5,291,937	970,689	967,597	3,092	10,815	18.3%	18.3%	0.1%	\$13.29
Suburban										
118 & Kingsway	32	1,064,539	210,999	210,999	-	-28,441	19.8%	19.8%	0.0%	\$14.52
124 Street	32	1,097,094	201,759	201,759	-	8,018	18.4%	18.4%	0.0%	\$15.35
149 Street	42	1,342,997	213,723	202,454	11,269	17,671	15.9%	15.1%	0.8%	\$11.69
Eastgate	19	1,327,679	199,179	181,330	17,849	-11,733	15.0%	13.7%	1.3%	\$11.95
South Side	99	4,526,370	671,554	626,648	44,906	37,865	14.8%	13.8%	1.0%	\$16.26
Summerside	48	1,409,488	42,305	36,457	5,848	75,785	3.0%	2.6%	0.4%	\$17.83
Windermere	16	443,238	31,700	31,700	-	-4,568	7.2%	7.2%	0.0%	\$25.50
West End	54	2,390,276	394,411	370,864	23,547	39,972	16.5%	15.5%	1.0%	\$15.46
Whyte Avenue	25	773,005	172,768	172,768	-	-22,724	22.4%	22.4%	0.0%	\$15.25
Sherwood Park	35	1,364,175	248,822	248,822	-	22,986	18.2%	18.2%	0.0%	\$15.63
Total	402	15,738,861	2,387,220	2,283,801	103,419	134,831	15.2%	14.5%	0.7%	\$15.25
Totals										
Downtown	121	18,243,478	3,323,873	3,053,969	269,904	-25,911	18.2%	16.7%	1.5%	\$15.37
Suburban	402	15,738,861	2,387,220	2,283,801	103,419	134,831	15.2%	14.5%	0.7%	\$15.25
Overall	523	33,982,339	5,711,093	5,337,770	373,323	108,920	16.8%	15.7%	1.1%	\$15.28

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

Cory Wosnack

Principal, Managing Director
+1 780 429 7556
cory.wosnack@avisonyoung.com

Jason Gardner

B.Comm, Vice President
+1 780 429 7569
jason.gardner@avisonyoung.com

Tori Washington

Team Lead, Client Services
+1 780 429 7561
tori.washington@avisonyoung.com

Mark Hartum

B.Comm, SIOR, Principal
+1 780 429 7557
mark.hartum@avisonyoung.com

Hillary Williams

B.Comm, Senior Associate
+1 780 429 7564
hillary.williams@avisonyoung.com

Cory Babichuk

Associate
+1 587 416 3022
Cory.babichuk@avisonyoung.com

Peter Schwann

B.Comm, Principal
+1 780 970 7228
peter.schwann@avisonyoung.com

Cailey Martiniuk

Associate
+1 780 429 7553
cailey.martiniuk@avisonyoung.com

Crystal Finnamore

Client Services Coordinator
+1 587 400 9839
crystal.finnamore@avisonyoung.com

Karnie Vertz

LEED GA, Principal
+1 780 429 7551
karnie.vertz@avisonyoung.com

Ally Shirley

Associate
+1 780 915 2210
ally.shirley@avisonyoung.com

Edmonton Research and Marketing Team

Braydan Guy

Research Analyst
+1 780 708 2658
braydan.guy@avisonyoung.com

Charlotte Phillips

Senior Marketing Manager
+1 780 429 7574
charlotte.phillips@avisonyoung.com

Cori Vertz

Marketing/Graphic Designer
+1 587 882 9756
cori.vertz@avisonyoung.com