



# Edmonton office market report

Q3 2024

**AVISON  
YOUNG**

# Edmonton area market fundamentals

▲ 18.3%

average vacancy rate  
Downtown Edmonton

\$15.91

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

18.4M

total inventory square feet (sf)  
Downtown Edmonton

▼ 14.9%

average vacancy rate  
Suburban Edmonton

\$18.40

average net asking lease rate (psf)  
Suburban Edmonton, class A

15.9M

total inventory (sf)  
Suburban Edmonton

# Greater Edmonton office market trends

## 01

### Positive absorption continues

The Greater Edmonton office market recorded its fifth consecutive quarter of positive absorption in Q3 2024 totaling 13,677 sf, and leading to a 13 basis point (bps) decrease in the vacancy rate to 16.7%. Downtown recorded a slight increase in vacancy, up 5 bps to 18.3%, driven by 43,231 sf of negative absorption. Meanwhile, the suburban market saw stronger activity, with a 32-bps decline in vacancy to 14.9% following positive absorption of 56,908 sf. Vacancy trends varied across districts: in the Financial district, headlease vacancy expanded by 12,000 sf quarter-over-quarter (QoQ) and sublease vacancy grew by over 36,000 sf, while the Government district's headlease vacancy contracted by more than 18,000 sf.

New key vacancies included a 49,804 sf sublease by Intuit at EPCOR Tower and 26,988 sf vacated by Ketek at 10457 184 Street, significantly impacting absorption. Without these two blocks of space, the market would have recorded positive absorption of 89,125 sf.

## 02

### Number of concentrated vacancies

In the Financial district, the vacancy rate is 18.5%, with class A buildings seeing the highest vacancy at 22.6%. Meanwhile, trophy class buildings show a low vacancy of 9.7%, and class C vacancy stands even lower at 7.7%. The Government district has a similar overall vacancy at 17.8%, with class A and B buildings leading vacancies showing similar values. Much of Downtown's vacancy is concentrated in class A spaces across these two districts.

While an overall Downtown vacancy rate of 18.3% may seem high, 14 properties make up 50% of the vacancy in the area. These 14 buildings represent only 26% of the total Downtown inventory, showing that the majority of vacancy is concentrated in a limited number of properties. Similarly, in suburban submarkets, 24 buildings accounting for 16% of the inventory hold 50% of the vacant space.

## 03

### Edmonton investment volume slows

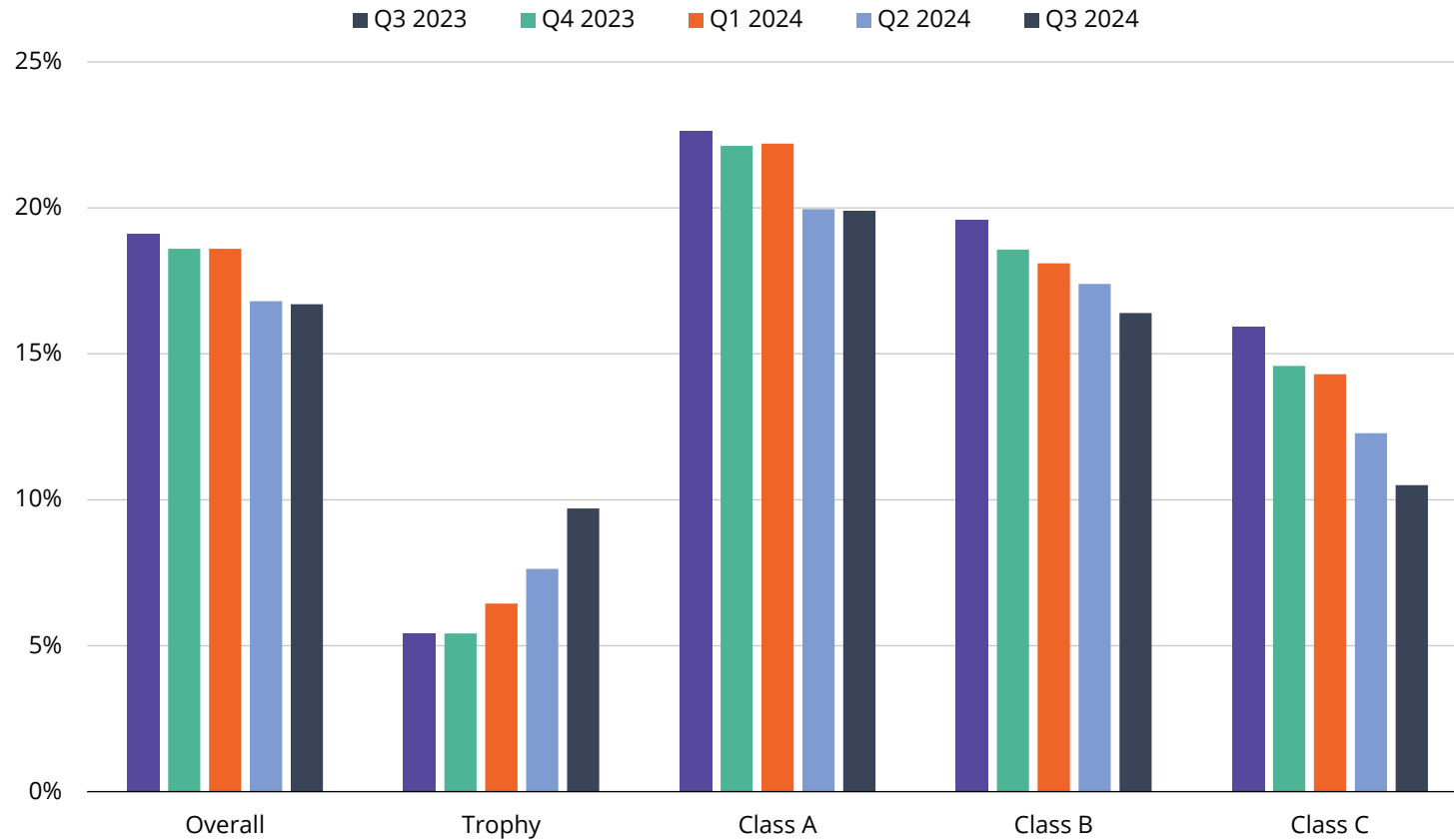
Following a strong surge in Q2 2024, Edmonton's office investment volume has cooled significantly in Q3 2024. In Q2 2024, the market recorded 14 sales, totaling \$88.5 million and spanning 1.04 msf, with an average price of \$85.40 psf. However, in Q3 2024, only three sales were recorded, amounting to \$37.0 million across 302,526 sf. Despite the lower total dollar volume QoQ, these three Q3 2024 sales achieved a much higher average price of \$122.22 psf, representing a 43% increase compared to Q2 2024.

Year-to-date (YTD), the market has seen 23 office sales, totaling \$143.1 million and covering 1.5 msf, with an average price of \$95.18 psf. While the number of transactions has slowed in the second half of the year, the rising price per square foot highlights growing interest in select office properties.

Recent interest rate cuts, with the latest drop from 4.25% to 3.75% and a further cut anticipated in Q4 2024, could support renewed investment activity in the market.

# Greater Edmonton office market indicators

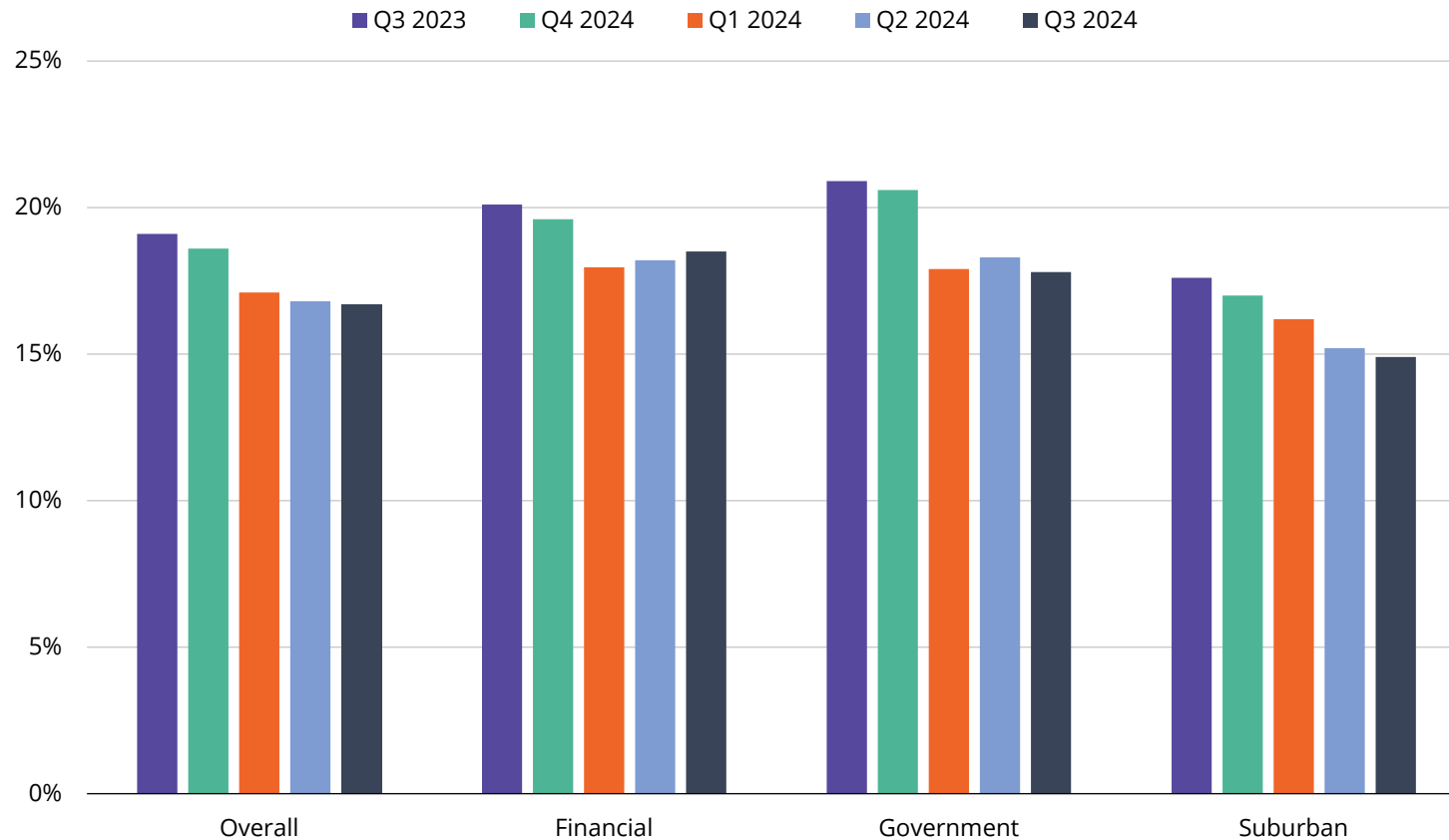
Vacancy rate by class



**Vacancy rates have been contracting across class A, B, and C buildings since Q3 2023.**

# Greater Edmonton office market indicators

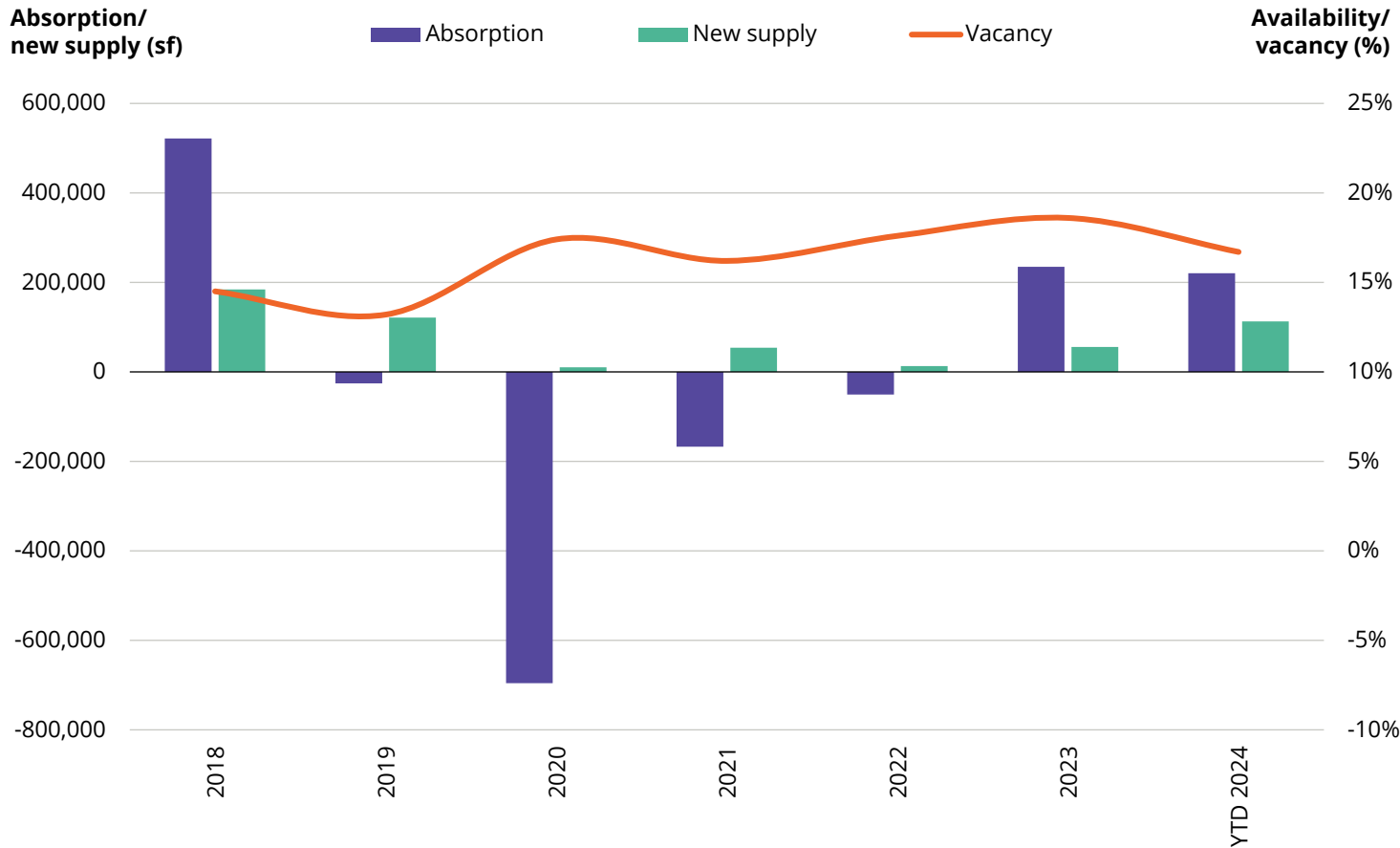
Vacancy rate by submarket



**The suburban submarkets remain notably tighter than Financial and Government districts, featuring a lower vacancy rate by 36 bps and 29 bps, respectively.**

# Greater Edmonton office market indicators

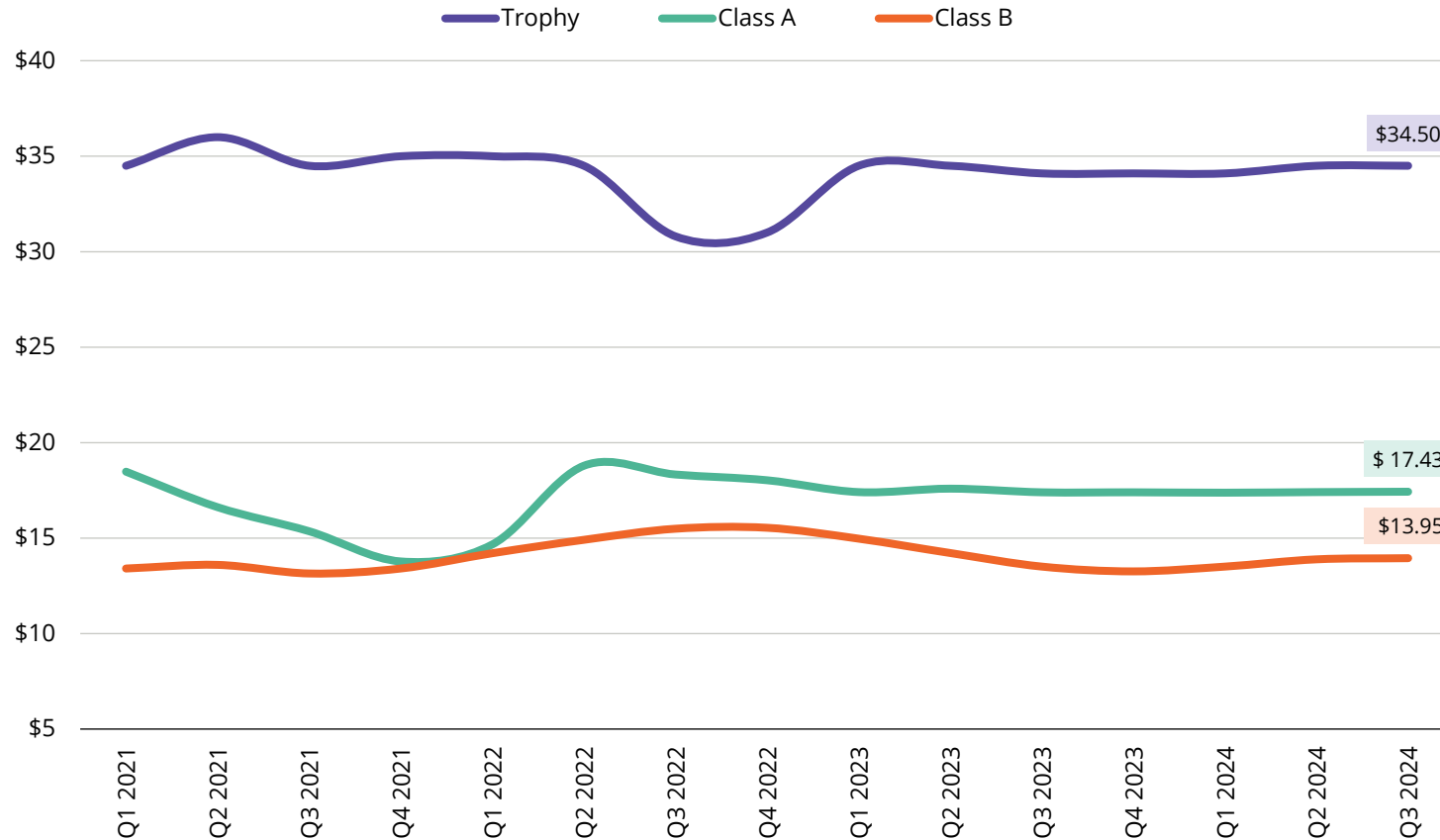
## Historic office market statistics



**Absorption has exceeded 220,000 sf YTD. If this momentum continues, absorption is on track to surpass the 235,000 sf recorded in 2023.**

# Greater Edmonton office market indicators

Net asking headlease rents (psf)



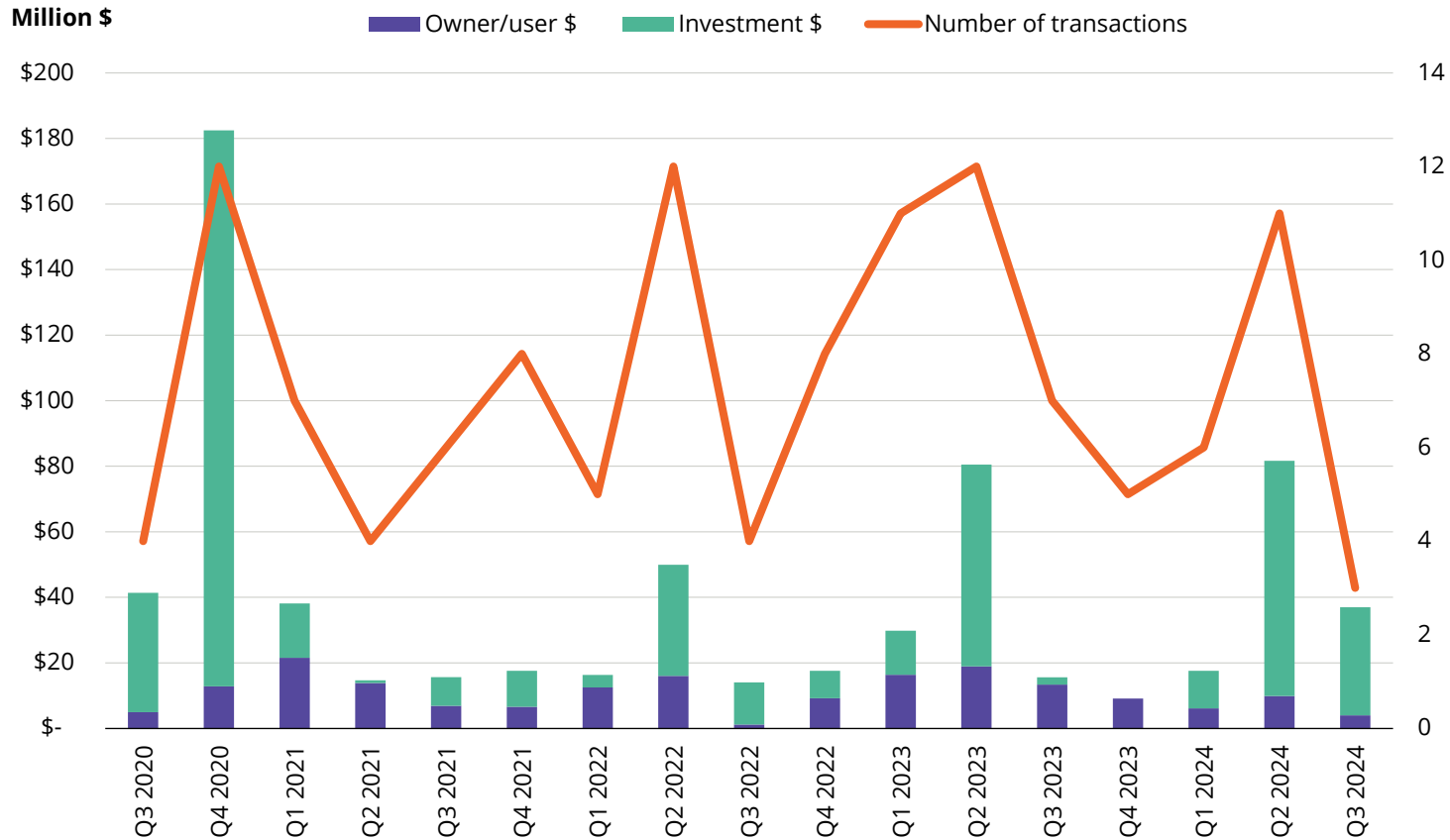
**Demand for high quality space has kept trophy class as an outlier with a \$34.50 psf average net asking rent. Meanwhile, rents classes A and B are lower at \$17.43 psf and \$13.95 psf, respectively.**

\*Includes Downtown and Suburban



# Greater Edmonton area office market indicators

## Investment sales volume

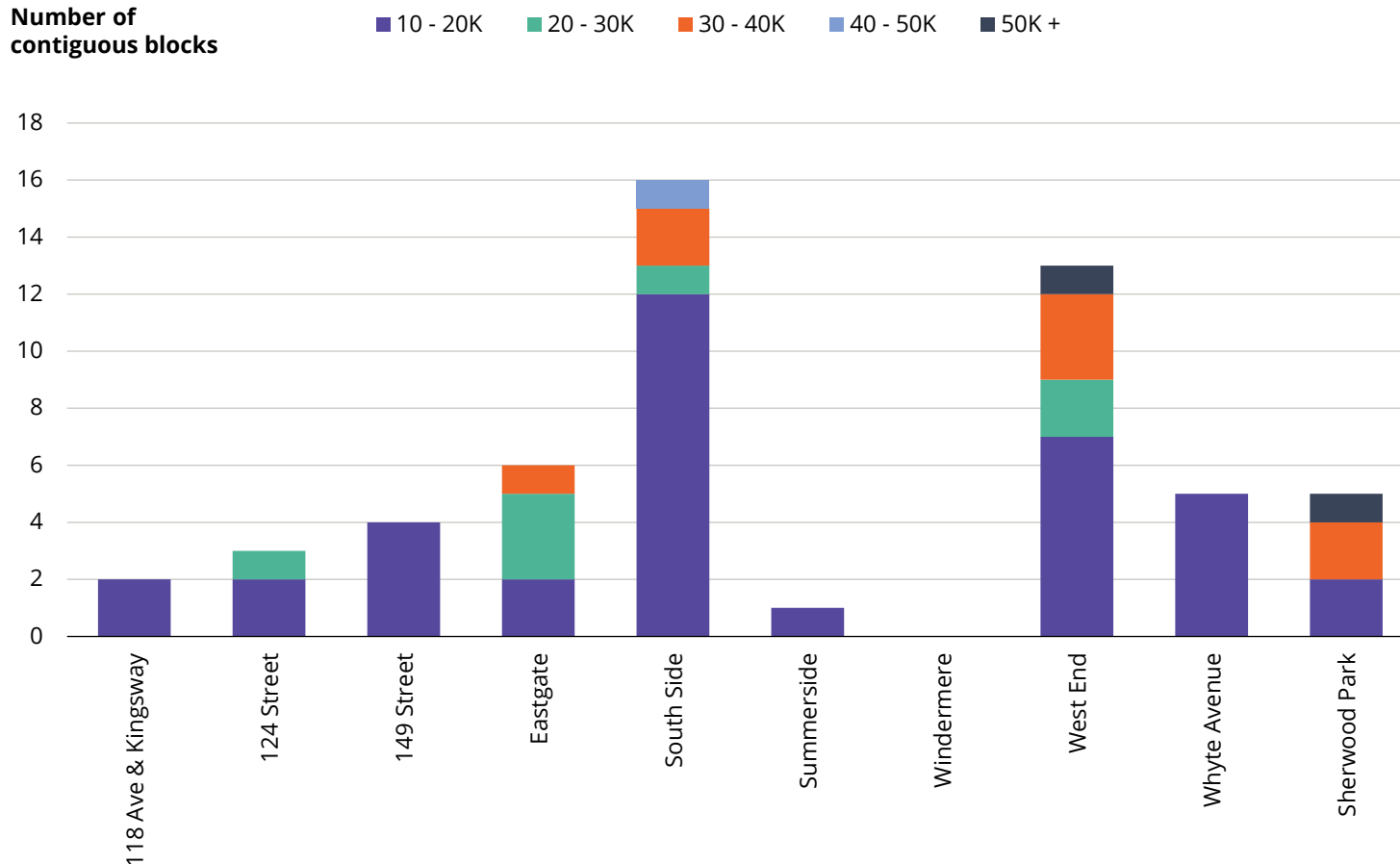


**Following a hot previous quarter, sales declined to three transactions in Q3 2024, one being the sale of Sun Life Place for \$33 million.**



# 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.**

# Greater Edmonton area office market transactions

## Notable office transactions

Building	Tenant / purchaser	Submarket	Size (sf)	Transaction type
Sun Life Place	Ironwood IV Inc.	Financial	289,419	Sale
HYS Centre	Medical Imaging Consultants (MIC)	118 & Kingsway	22,816	Renewal
16901 109 Avenue	Bird Construction	West End	20,569	Sublease
10355 Jasper Avenue	Consentia	Financial	11,825	Lease
106 Street Tower	ABMI	Government	10,581	Lease
AUMA Building	Academy of Healthcare Services	Whyte Ave	10,450	Sale
Beverly Old Towne Centre	Beverly Towne Medical Clinic & Pharmacy	North Side	6,435	Expansion
Beaver House	Global Furniture Group	Financial	5,418	Renewal



# Greater 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)			
<b>Financial</b>													
							QoQ change	QoQ change	QoQ change				
Trophy	4	2,397,230	231,403	102,951	128,452	-48,460	9.7%	2.02%	4.3%	0.00%	5.4%	2.02%	\$34.50
Class A	27	7,844,892	1,769,542	1,613,659	155,883	-29,566	22.6%	0.24%	20.6%	0.30%	2.0%	-0.06%	\$17.21
Class B	18	1,804,228	331,160	312,017	19,143	15,736	18.4%	-0.75%	17.3%	-0.37%	1.1%	-0.38%	\$11.42
Class C	17	905,191	69,508	69,508	-	4,953	7.7%	-0.55%	7.7%	-0.55%	0.0%	0.00%	\$12.50
<b>Subtotal</b>	<b>66</b>	<b>12,951,541</b>	<b>2,401,613</b>	<b>2,098,135</b>	<b>303,478</b>	<b>-57,337</b>	<b>18.5%</b>	<b>0.37%</b>	<b>16.2%</b>	<b>0.09%</b>	<b>2.3%</b>	<b>0.28%</b>	<b>\$17.03</b>
<b>Government</b>													
Class A	16	2,706,490	598,748	597,521	1,227	20,377	22.1%	-0.92%	22.1%	-0.92%	0.0%	0.00%	\$14.17
Class B	18	1,735,386	302,020	302,020	-	-14,626	17.4%	-0.36%	17.4%	-0.36%	0.0%	0.00%	\$14.30
Class C	24	967,530	61,881	60,016	1,865	8,355	6.4%	-0.86%	6.2%	-0.86%	0.2%	0.00%	\$14.31
<b>Subtotal</b>	<b>58</b>	<b>5,409,406</b>	<b>962,649</b>	<b>959,557</b>	<b>3,092</b>	<b>14,106</b>	<b>17.8%</b>	<b>-0.75%</b>	<b>17.7%</b>	<b>-0.75%</b>	<b>0.1%</b>	<b>0.00%</b>	<b>\$14.24</b>
<b>Suburban</b>													
118 & Kingsway	32	1,064,539	188,570	188,570	-	22,429	17.7%	-2.11%	17.7%	-2.11%	0.0%	0.00%	\$14.52
124 Street	32	1,095,879	179,727	179,727	-	21,210	16.4%	-1.99%	16.4%	-1.99%	0.0%	0.00%	\$16.27
149 Street	42	1,342,997	230,852	219,583	11,269	-17,129	17.2%	1.28%	16.4%	1.28%	0.8%	0.00%	\$12.10
Eastgate	19	1,365,625	199,014	186,131	12,883	218	14.6%	-0.43%	13.6%	-0.03%	0.9%	-0.40%	\$12.45
South Side	100	4,568,320	680,372	666,716	13,656	35,500	14.9%	0.06%	14.6%	0.75%	0.3%	-0.69%	\$16.23
Summerside	49	1,425,952	63,094	47,350	15,744	-20,789	4.4%	1.49%	3.3%	0.79%	1.1%	0.70%	\$18.13
Windermere	16	443,238	28,037	28,037	-	3,663	6.3%	-0.83%	6.3%	-0.83%	0.0%	0.00%	\$24.00
West End	57	2,464,754	384,585	378,105	6,480	9,826	15.6%	-0.90%	15.3%	-0.18%	0.3%	-0.72%	\$14.32
Whyte Avenue	25	773,005	168,884	168,884	-	3,884	21.8%	-0.50%	21.8%	-0.50%	0.0%	0.00%	\$14.17
Sherwood Park	35	1,391,070	243,527	233,649	9,878	-1,904	17.5%	-0.20%	16.8%	-0.91%	0.7%	0.71%	\$15.71
<b>Total</b>	<b>407</b>	<b>15,935,379</b>	<b>2,366,662</b>	<b>2,296,752</b>	<b>69,910</b>	<b>56,908</b>	<b>14.9%</b>	<b>-0.25%</b>	<b>14.4%</b>	<b>-0.03%</b>	<b>0.4%</b>	<b>-0.22%</b>	<b>\$15.00</b>
<b>Totals</b>													
Downtown	124	18,360,947	3,364,262	3,057,692	306,570	-43,231	18.3%	0.05%	16.7%	-0.14%	1.7%	0.19%	\$15.70
Suburban	407	15,935,379	2,366,662	2,296,752	69,910	56,908	14.9%	-0.32%	14.4%	-0.10%	0.4%	-0.22%	\$15.00
<b>Overall</b>	<b>531</b>	<b>34,296,326</b>	<b>5,730,924</b>	<b>5,354,444</b>	<b>376,480</b>	<b>13,677</b>	<b>16.7%</b>	<b>-0.13%</b>	<b>15.6%</b>	<b>-0.13%</b>	<b>1.1%</b>	<b>0.00%</b>	<b>\$15.19</b>



# Declining office assessments

## Reductions in Edmonton's office property tax base

Edmonton is grappling with a significant decline in its office property tax base, a trend that could soon impact owners of other asset classes, as well as homeowners, through increased taxes. A recent analysis of six key office buildings reveals a substantial drop in property tax assessments from 2022 to 2024.

The properties—Sun Life Place, Phipps McKinnon, Plaza 124, Compass Place, Empire Building, and Energy Square—have seen their assessments shrink year-over-year, contributing to a collective tax reduction of more than \$950,000 over the last two years. For example, Sun Life Place was assessed at \$32.6 million in 2022 and decreased to \$28.5 million by 2024, resulting in a nearly \$66,500 tax reduction over the period. Similarly, Phipps McKinnon saw its assessment plummet from \$19.9 million to \$7.9 million, resulting in a staggering tax reduction of \$294,000 in 2024 relative to 2022.

Altogether, the cumulative tax reduction for the six buildings was over \$354,000 from 2022 to 2023 and nearly \$600,000 from 2023 to 2024, forcing a tax shift to other commercial property classes. As office property values continue to decrease, the City of Edmonton faces a growing challenge: compensating for this decline in revenue. Without intervention, the burden will likely spread market-wide, which will impact residential taxpayers, through increased mill rates.

This office tax base erosion underscores the broader economic challenges facing Edmonton's commercial real estate market, and with the inability to run a budget deficit, the City of Edmonton's financial strategy stands to be tested in the coming years.



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

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