MARKETBEAT
EDMONTON
OFFICE Q4 2024

CUSHMAN & WAKEFIELD
Edmonton

MARKET FUNDAMENTALS

	YOY Chg	Outlook
18.4% Vacancy Rate	▼	—
199K YTD Net Absorption, SF	▼	▼
$33.07 Gross Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
881.9 Edmonton Employment	▲	▲
7.4% Edmonton Unemployment Rate	▲	—
6.7% Canada Unemployment Rate	▲	—

Source: Statistics Canada, The City of Edmonton

ECONOMY: ROBUST MIGRATION AND INTEREST RATE CUTS

Interest rates in Canada continued to ease through the final months of 2024, with the Bank of Canada lowering the policy rate from 4.25% in September to 3.25% in December. Alberta, meanwhile, welcomed an impressive 189,145 new residents between July 2023 and June 2024, representing a year-over-year (YOY) population increase of 4.4%. For the past two years, Alberta has maintained its place as Canada's top destination for interprovincial movers, highlighting the province's rising appeal.

Source: Bank of Canada, Government of Alberta

DEMAND: SUBURBAN MARKET SEEING ACTIVITY AND ASSETS SELLING

In the fourth quarter of 2024, the Edmonton office market posted a slight positive absorption of 33,558 square feet (sf), bringing the overall city-wide vacancy rate to 18.4%, down slightly by 20 basis points quarter-over-quarter. This aligned with early-year predictions, as the vacancy rate held steady at 18.4% in the first, second, and fourth quarters, with a slight increase to 18.6% in the third quarter. Leasing activity was driven by the Suburban market, particularly in the West End and Southside submarkets, which recorded positive absorption of 68,291 sf and 38,342 sf, respectively, in the fourth quarter.

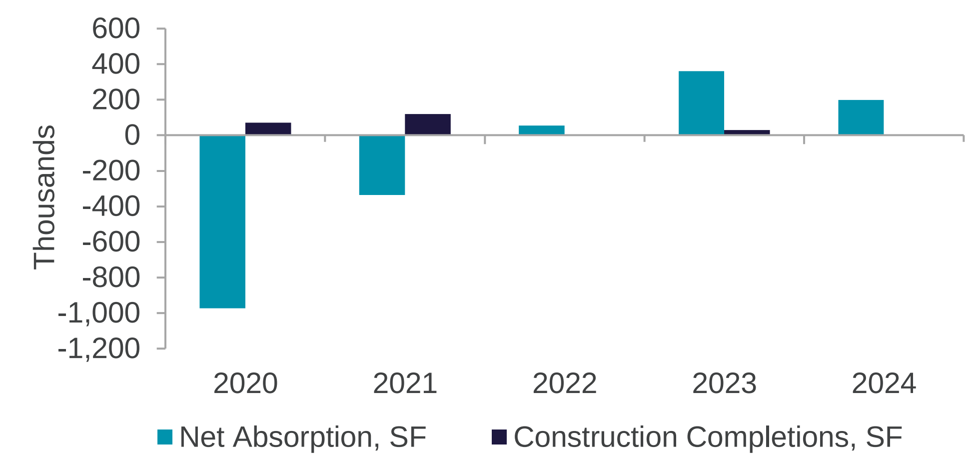
Gross asking rents have stayed within the $32–$33 per square foot (psf) range, with the overall city-wide rate increasing by $0.35 YOY to $33.07 psf. The Central Business District experienced a YOY decline of $0.12 psf, while Suburban markets saw a YOY increase of $0.48 psf, reflecting the ongoing flight-to-quality trend and the growing appeal of suburban locations.

Investor interest in office properties remained strong in the final quarter of 2024, highlighted by the sale of 102 Street Centre located in the Financial Core. The building sold for $56.7M, at a psf price of $430.64, fully leased to Alberta Health Services on a long-term basis. This asset represented the largest office sale of 2024.

OUTLOOK: VACANCY LIKELY TO REMAIN STABLE

The overall vacancy rate is expected to remain within the 18%–19% range heading into the first half of 2025. Sale activity for office properties is also anticipated to stay robust, likely supported by continued interest rate cuts and the relative affordability of office assets in the Edmonton region.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT

Better never settles

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	318,358	2,312,757	20.6%	-39,606	-106,005	0	$36.30	$40.08
Government	34	5,058,437	0	699,279	13.8%	-1,987	18,630	0	$30.36	$31.76
CENTRAL TOTAL	89	17,824,354	318,358	3,012,036	18.7%	-41,593	-87,375	0	$35.18	$38.21
124th Street	18	952,909	0	252,091	26.5%	-7,948	-71,557	0	$30.58	$36.21
149th Street	26	1,306,141	4,771	205,813	16.1%	24,461	46,686	0	$27.05	$33.14
West End	38	2,142,716	51,589	268,655	14.9%	68,291	116,570	0	$28.20	$33.47
118th Avenue	17	822,310	0	180,464	21.9%	17,331	-18,108	0	$36.37	$38.66
Whyte Avenue	14	534,593	0	115,709	21.6%	9,957	16,819	0	$35.40	$36.04
Southside	61	3,275,893	21,343	631,120	19.9%	38,342	211,017	0	$30.59	$34.30
Summerside	23	974,997	15,744	20,550	3.7%	2,532	39,713	0	$35.16	$35.16
Eastgate	17	1,422,943	11,404	319,145	23.2%	-68,715	-53,536	0	$24.38	$32.90
Windermere/Ambleside	13	343,402	0	35,376	10.3%	-9,100	-1,192	0	$41.73	$41.73
SUBURBAN TOTAL	227	11,799,904	104,851	2,028,923	18.1%	75,151	286,412	0	$29.87	$35.13
EDMONTON TOTALS	**316**	**29,624,258**	**423,209**	**5,040,959**	**18.4%**	**33,558**	**199,037**	**0**	**$33.07**	**$37.34**

**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	133,030	431,217	12.9%	-44,297	-101,160	0	$51.15
Class A	125	14,251,469	209,169	2,517,550	19.1%	-76,652	148,013	0	$34.83
Class B	142	9,354,754	79,145	1,862,243	20.8%	152,929	148,816	0	$27.42
Class C	41	1,638,964	1,865	229,949	14.1%	1,578	3,368	0	$24.21

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
IKON Building	Southside	Gobind Sarvar School Edmonton	32,069	Headlease
West Campus A	West End	The Toronto-Dominion Bank	26,734	Headlease
Devonian Building	Financial Core	Ellement Consulting Group Limited	10,203	Headlease
Mill Woods Professional Building	Southside	Solomon College	7,801	Headlease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
102 Street Centre	Financial Core	Albari Holdings Ltd. / Rohit Group	131,718	$56.7M / $430.64
Circle Square (Portfolio)	118th Ave	Strategic Edmonton GP Ltd. / 2620561 Alberta Ltd.	79,997	$11.4M / $142.50
Glenwood Health Centre	West End	Appelt Properties / Yamama Investment Group	45,668	$10.5M / $229.92
Summerside Business Centre	Summerside	1436975 Alberta Ltd. / Triple H Capital Partners Inc.	28,982	$6.8M / $234.63

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