



Edmonton office market report

Q3 2022

**AVISON
YOUNG**

Greater Edmonton area market fundamentals

18.2%

average vacancy rate
Downtown Edmonton

\$17.90

average rental rate
Downtown Edmonton

18.1m sf

total inventory
Downtown Edmonton

16.7%

average vacancy rate
Suburban Edmonton

\$16.60

average rental rate
Suburban Edmonton

15.7m sf

total inventory
Suburban Edmonton

Flight to quality

The Edmonton office market continues to experience an **asymmetrical and articulated recovery**; a gradual flight to quality benefitting Trophy and Class A properties, spikes in foot traffic on the collectively agreed upon “return-to-office” days, and space downsizing or remodelling that may move tenants into the periphery or even suburban market.

The heavy-handed interest rate hikes meant to combat inflation, arguably later than they should have been, have abruptly cooled investment activity across all asset classes. This should not deter savvy, long-term investors who can see **opportunity in capital investment projects**. Office towers such as Bell Tower and Baker Centre, for instance, have seen an increase in touring and leasing activity following the completion of their upgrades.

This trend extends to the suburban office market as well. **Nexus Business Park**, once an overlooked development near the intersection of 142nd Street and 118th Avenue, has transformed into a thriving, well-balanced, and fully tenanted site thanks to the foresight of Nearctic and the hard work of Avison Young’s multi-disciplinary leasing team. This demonstrates the continued importance of refreshing and renovating spaces to keep tenants and consumers engaged.



Q3 market activity

Tenant name	Address	Size (SF)	Type	Lease
Grant Thornton LLP	Rice Howard Place	28,605	Renewal	Direct
Dynalife Labs (1)	Manulife Place	21,809	New	Sublease
Arcadis IBI Group	The Annex	15,000	New	Direct
Paladin Security	Centre Point Place	14,941	New	Direct
CASA – Child, Adolescent, and Family Mental Health	149 Street Business Park A	13,500	New	Direct
Capital Engineering	Ford Credit Building	13,500	Expansion	Direct
Canadian Food Inspection Agency	Edmonton Research Park Building	12,500	New	Direct
Legal Aid Alberta	Sun Life Place	11,616	New	Direct
Government of Alberta	124 Street Business Park East	11,443	Renewal	Direct
Dynalife Labs (2)	Currents of Windermere Medical Wellness Centre	10,495	New	Sublease
Backwoods Energy Services	Morrison Hershfield Building	9,901	New	Direct
Sexual Assault Centre of Edmonton	Princeton Place	8,839	New	Direct
IBM	First & Jasper	8,119	New	Direct
Mikiskew Cree Child and Family Services	Parkwest Business Centre	6,700	New	Sublease
Africa Centre	Circle Square	6,250	New	Direct



Q3 market statistics

Q3 2022	Category / Submarket	Buildings	Inventory	Total Vacant	Headlease	Sublease	Absorption (YTD)	Vacancy Overall		Vacancy Direct		Vacancy Sublease		Lease Rates (Average)
									<i>change</i>		<i>change</i>		<i>change</i>	
Financial														
	Trophy	4	2,345,524	268,399	104,204	164,195	8,036	11.4%	-0.3%	4.4%	-0.3%	7.0%	0.0%	\$30.80
	A	26	7,543,589	1,557,835	1,386,500	171,335	58,536	20.7%	-0.8%	18.4%	-1.1%	2.3%	0.3%	\$19.48
	B	17	1,864,009	347,288	344,755	2,533	-24,683	18.6%	1.3%	18.5%	3.1%	0.1%	-1.7%	\$16.80
	C	22	1,064,763	194,249	187,674	6,575	-4,664	18.2%	0.4%	17.6%	0.4%	0.6%	0.0%	\$14.14
	Financial Subtotal	69	12,817,885	2,367,771	2,023,133	344,638	37,225	18.5%	-0.3%	15.8%	-0.2%	2.7%	-0.1%	\$20.31
Government														
	A	16	2,696,265	578,012	574,319	3,693	-33,997	21.4%	1.3%	21.3%	1.1%	0.1%	0.1%	\$16.82
	B	18	1,622,496	288,023	288,023	0	-19,010	17.8%	1.2%	17.8%	1.2%	0.0%	0.0%	\$15.97
	C	28	965,455	64,429	62,564	1,865	-29,189	6.7%	3.0%	6.5%	2.8%	0.2%	0.2%	\$13.50
	Government Subtotal	62	5,284,216	930,464	924,906	5,558	-82,196	17.6%	1.6%	17.5%	1.5%	0.1%	0.1%	\$15.43
Suburban														
	118 Avenue & Kingsway	37	1,073,028	147,316	147,316	0	5,829	13.7%	-0.5%	13.7%	-0.5%	0.0%	0.0%	\$15.71
	124 Street	35	1,096,041	197,438	188,309	9,129	19,947	18.0%	-1.8%	17.2%	-1.8%	0.8%	0.0%	\$14.83
	149 Street	44	1,362,014	233,527	221,005	12,522	10,764	17.1%	-0.8%	16.2%	-1.3%	0.9%	0.5%	\$13.22
	Eastgate	20	1,439,887	179,810	144,978	34,832	-2,320	12.5%	0.2%	10.1%	-1.9%	2.4%	2.1%	\$12.90
	South Side	107	4,489,336	1,005,127	978,321	26,806	-36,117	22.4%	0.8%	21.8%	0.9%	0.6%	-0.1%	\$17.09
	Summerside	49	1,447,038	81,610	56,610	25,000	19,646	5.6%	-1.4%	3.9%	-1.4%	1.7%	0.0%	\$20.94
	Windermere	19	474,217	6,862	6,862	0	20,729	1.4%	-4.4%	1.4%	-4.4%	0.0%	0.0%	\$22.67
	West End	53	2,224,746	372,064	308,647	63,417	-13,510	16.7%	0.6%	13.9%	-2.2%	2.9%	2.9%	\$14.71
	Whyte Avenue	28	743,143	190,376	190,376	0	-5,307	25.6%	0.7%	25.6%	1.0%	0.0%	-0.3%	\$17.28
	Sherwood Park	35	1,318,572	208,907	196,058	12,849	-16,282	15.8%	1.2%	14.9%	0.3%	1.0%	1.0%	\$15.88
	Suburban Total	427	15,668,022	2,623,037	2,438,482	184,555	3,379	16.7%	0.0%	15.6%	-0.7%	1.2%	0.7%	\$16.52
Totals														
	Downtown Total	131	18,102,101	3,298,235	2,948,039	350,196	-44,971	18.2%	0.2%	16.3%	0.3%	1.9%	0.0%	\$17.87
	Suburban Total	427	15,668,022	2,623,037	2,438,482	184,555	3,379	16.7%	0.0%	15.6%	-0.7%	1.2%	0.7%	\$16.52
	Overall	558	33,770,123	5,921,272	5,386,521	534,751	-41,592	17.5%	0.1%	16.0%	-0.2%	1.6%	0.3%	\$17.20

Powered by people

According to data from Avison Young's market leading **Vitality Index** (link), foot traffic in Edmonton's downtown office market has returned to approximately **60% of pre-pandemic average**, which is the highest level of recovery in Canada.

This trend is expected to continue as the highly popular "Alberta is calling" campaign began *after* a reported **25,000 net new migrants** (international and interprovincial) moved to Alberta in Q2 alone.

If these new residents to Edmonton need a place to live, where better than the **2,500 multi-residential units** currently *under construction* in the downtown and Oliver neighbourhoods?

Though safety and security have been front of mind this year, the past quarter saw Edmonton's political and business leaders **increasingly united** to make downtown Edmonton a safer place to live, work, and play.



Downtown recovery

01

Downtown Recovery Coalition

Downtown coalition implores change to make Edmonton's core safer – CTV News, September 30th

"In order to get people here...we have to have a level of maintenance, cleanliness, and safety." – Puneeta McBryan, Downtown Business Association

[Click here to learn more](#)

02

Chinatown Safety Hub

Chinatown operations hub funding gets green light from Edmonton city council – CBC News, August 15th

With the funding, the police will hire about 30 new constables while the city adds 16 community peace officers, two community safety liaison and three firefighters.

[Click here to learn more](#)

03

Art to Activate Alleyways

Building social space in the nooks and crannies of the inner city – Taproot Edmonton, July 18th

"We have been trying for a long time to get folks to want to linger and hang out and spend time in our downtown, and investing in our public realm is part of that solution," – Councillor Ashley Salvador

[Click here to learn more](#)



Real estate, transforming

Anyone who has spent their weekends strolling up and down 124th Street may have noticed a new arrival at the intersection of Stony Plain Road.

The YWCA recently completed their relocation, and their new office space is as impressive as the surrounding art galleries!

After Aspen Advisory and the Avison Young office team helped find the YWCA a new home for their organization, the Avison Young project management team took over and began implementing the YWCA's vision for a **true hybrid workspace** that benefits both staff and clientele.

Stay tuned for an **exclusive interview** featuring insights from YWCA CEO Katherine O'Neill, REET Institute founder Andrel Wisdom, and Scott Varga, Director of Project Management at Avison Young. Readers will learn more about how good hybrid design is an excellent strategy to bring people out of their homes and back into the community.



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