

Edmonton, AB



Avison Young Edmonton Office

Quick Stats

17.4%

Overall Office Vacancy

16.8%

Total Downtown Vacancy Rate

18.2%

Total Suburban Vacancy Rate

-121,632

Downtown Absorption

-148,528

Suburban Absorption

With the second wave of COVID-19 hitting Alberta in the final quarter of the year, we experienced the holidays under very different circumstances than in past years as a state of public health emergency was declared on November 24th by the Provincial Government. This notion of disruption to the norm has been prevalent since March, bringing with it innovation and change amongst the business community. The initial wave brought on the adoption of remote working and video conferencing, but once groups acclimatized to the new normal, discussions began to revolve around what needed to happen today to be successful in the future. Developing an online presence and the role office space would play for companies that fully embraced remote working as an option are some of the most notable topics.

The Government of Alberta is currently in the planning stages of their 2021 budget which is set to be tabled sometime in February. While details about it are sparse, they have indicated their priorities include finding new ways to reduce spending, balancing the provincial budget and economic diversification. Regardless of the details, municipalities will likely need to make tough decisions in their areas to meet the targets set out by the Province. This in

turn could greatly impact the commercial real estate market through increased evaluation of space requirements and an influx of sublease space.

Understandably there was little activity within the office market in Q4 2020. The overall vacancy rate remained relatively flat, only increasing by 0.7% since the previous quarter. That increase was primarily driven by the suburban districts, which themselves had an overall increase of 1.0%. Specifically, Eastgate and the South Side had the largest vacancy increases at 2.1% and 1.6% respectively. Nearly all other tracked districts remained well below the 1% mark. Rental rates also remained flat, with the continuation of large inducement packages. In terms of the downtown district, 100k sf of additional sublease space became available in Stantec Tower, offering the potential to lease 147k sf of contiguous space on floors 14 to 19 in addition to 24k sf on floor 28. This sublease opportunity is the result of increased efficiencies and implementation of a work-from-home strategy for the largest tenant in the building.

While uncertainty around the lasting effect of Covid persists, we can be certain that the consequences of the pandemic will leave long-term marks on the real estate industry.

What role does the office workplace fill in a flexible working environment

that embraces the employee's decision to choose where and how they complete their work? Traditionally, workplace design was centered around providing employees with their own personal space, with collaboration

areas being a secondary thought. While this approach to office space was fading prior to COVID-19, the pandemic has accelerated the need to understand the new expectations of returning employees to ensure their workplace provides the space, resources and technology they need to be the most productive and engaged.



In June, **Avison Young moved** from Bell Tower into brand-new space in Edmonton Tower. As we've continued building our existing service lines and adding new ones we took advantage of an opportunity to create a new modern work environment. One of our growing service lines involves our Workplace Strategy team, which provides clients with the information they need to make informed decisions on maximizing the potential of their space. When building out our new office, we utilized this expertise to ensure it would not only meet our current needs, but also allow for future growth.

Our office space was built with the mindset of embracing the technologies of today while leaving room to incorporate others in the future. By futureproofing the space, we can provide new generations of employees and seasoned veterans with all the tools they need to succeed all while the firm continues to grow. Our bistro area for example is able to accommodate Zoom calls using a large TV, surround sound speakers and an external microphone, allowing for remote and in-person employees alike to contribute to all-hands meetings.



When building our space from the ground up, we recognized early on that furnishings played an integral role in creating a welcoming environment. Around the office is artwork curated with local artist Reece Schulte, and every single workstation is equipped with a sit/stand desk. Combined with modern furnishings, the space feels warm and inviting, acting as a home away from home for many.



When we first moved into Bell Tower, we occupied 14,699 sf with roughly 35 employees. Now in our new space, we have 17,322 sf and 73 employees. While our employee count has doubled, our space has increased only a modest amount. Our designers created a customized floorplan which found a masterful balance of reducing the square footage footprint per employee while still providing ample personal space in addition to enhanced communal staff areas.

Photos by: *KAREY WOOD PHOTOGRAPHY & DESIGN*





The

Factor

Workplaces designed to accelerate the human experience

A journey for real estate occupiers who want to better understand the need for more human spaces, and utilize the best in technology, flexible office, workplace and office solutions to build customized, profitable strategies for business, designed for **human experience**.

Employees who previously didn't have access to more flexible arrangements are now voicing their expectations for flexible work, health/safety and improved work-life integration.



There will be new ways to work and technology to embrace which will no doubt bring some hiccups and plenty of discomfort for those uncomfortable with change. Our space has been designed in such a way that it allows us to incorporate the latest innovations in technology and furniture design, intended to allow flexibility to work from anywhere in the office premises but still having our own personal space. The social connectivity and ability to learn from our colleagues will be achieved to a much higher degree than our current environment.

A great work environment is a combination of the physical space and the emotional journey. As the number of staff doubled with the addition of 4 new service lines and as more clients gave us the opportunity to work with them to reach new heights, we always knew our office space played a key role in the fun we were having.

- **Cory Wosnack - Principal & Edmonton Managing Director**



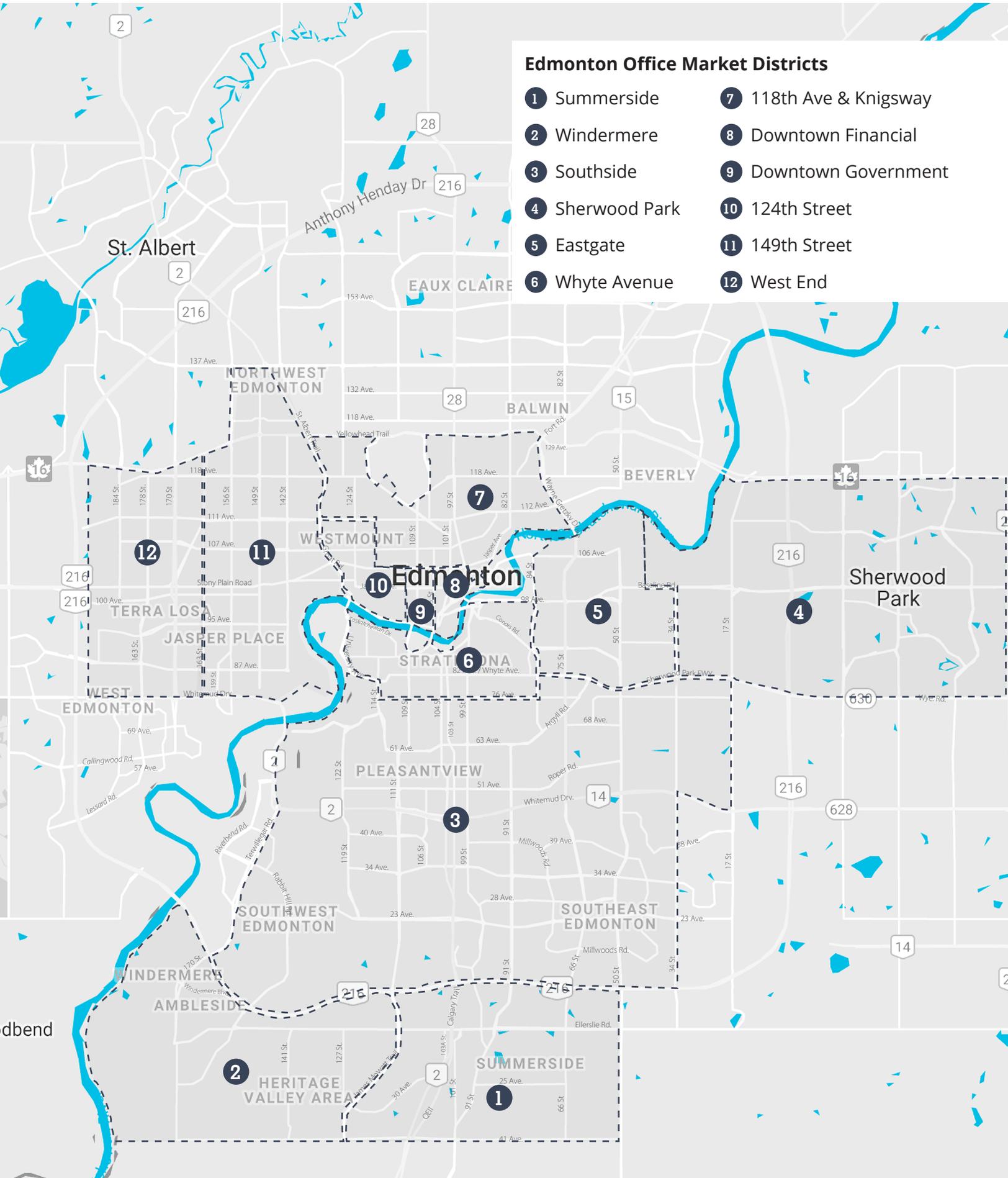
Financial responsibility

The need for businesses to optimize their real estate occupancy costs and efficiently manage their expenses will be a top priority for the foreseeable future. Reducing real estate commitments through optimized office footprint is a clear opportunity especially when considering vacant desks and office space.



Companies who invest in the human experience can see a **4X** profitability increase.

Start your journey 



Edmonton Office Market Districts

- 1 Summerside
- 2 Windermere
- 3 Southside
- 4 Sherwood Park
- 5 Eastgate
- 6 Whyte Avenue
- 7 118th Ave & Knigsway
- 8 Downtown Financial
- 9 Downtown Government
- 10 124th Street
- 11 149th Street
- 12 West End

Financial District				
Comments:	Absorption	Vacancy	Inventory	
<ul style="list-style-type: none"> Allied Properties REIT announced extensive renovations to the Revillon Boardwalk Buildings, which is set to begin in 2021 Canadian Western Bank Place sold in November for \$96.4m to Redstone Enterprises, a new ownership group to Edmonton 	-111,843 sf	16.7%	12,639,108 sf	
	Largest contiguous headlease available: Boardwalk Building 10310 - 102 Avenue		79,966 sf	
	Largest contiguous sublease available: Stantec Tower 10220 - 103 Avenue		147,219 sf	
Government District				
Comments:	Absorption	Vacancy	Inventory	
<ul style="list-style-type: none"> Compass Place saw nearly 12k sf of space get leased in Q4 2020, the most activity for any singular building in this district The limited quarter-over-quarter activity in this district resulted in only a 0.2% increase in the vacancy rate; the second lowest of all the tracked market areas 	(-9,789) sf	16.9%	5,518,603 sf	
	Largest contiguous headlease available: Former Stantec Centre 10160 - 112 Street		138,517 sf	
	Largest contiguous sublease available: Office Building 10304 - 108 Street		15,000 sf	
West End and 149th Street				
Comments:	District	Absorption	Vacancy	Inventory
<ul style="list-style-type: none"> The Edmonton Police Association brought to market 16,000 sf of excess office space that they will not utilize within the former Realtor's Association Building they purchased at 14220-112 Avenue At a 0.5% decrease, the West End was the only market to have vacancy drop 	West End	(13,013) sf	13.6%	1,989,677
	149th Street	6,711 sf	15.3%	1,228,531
	Largest contiguous headlease available: Centre 170 10403 - 172 Street			31,138 sf
	Largest contiguous sublease available: Mayfield Business Centre 10525 - 170 Street			2,993 sf
124th Street and 118th Avenue & Kingsway District				
Comments:	District	Absorption	Vacancy	Inventory
<ul style="list-style-type: none"> The former Oilers Administration Building is being redeveloped into a top quality medical/professional building set to be available Q2 2021 Both of these submarkets had an increased vacancy rate of 0.9% since Q3 2020 	124th Street	(8,944) sf	14.9%	1,017,034
	118th Avenue & Kingsway District	(7,486) sf	14.1%	863,580
	Largest contiguous headlease available: Place 123 12315 Stony Plain Road			15,000 sf
	Largest contiguous sublease available: 124 Street Place 10235 - 124 Street			5,561 sf

Eastgate and Sherwood Park				
Comments:	District	Absorption	Vacancy	Inventory
<ul style="list-style-type: none"> Eastgate had the largest quarter-over-quarter increase in vacancy amongst the suburban markets at 2.1%. This was primarily driven by nearly 9k sf of space becoming vacant in the Twin Atria building as of Q4 2020. 	Eastgate	(30,054) sf	30.4%	1,421,440
	Sherwood Park	(12,525) sf	28.9%	1,245,088
	Largest contiguous headlease available: 50th Street Atria 9405 - 50 Street			159,343 sf
	Largest contiguous sublease available: Maxxam Analytics Inc. 9331 - 48 Street			29,832 sf

Whyte Avenue and Southside				
Comments:	District	Absorption	Vacancy	Inventory
<ul style="list-style-type: none"> Southside's vacancy increased by 1.6% mainly caused by several smaller spaces becoming available The Strathcona Professional Centre saw nearly 7k sf of space become available, thereby increasing the Whyte Avenue vacancy rate by 0.9% since last quarter 	Whyte Avenue	(6,205) sf	20.9%	656,335
	Southside	(62,556) sf	19.8%	3,793,516
	Largest contiguous headlease available: Commerce South Office Park Building B 8675 - 51 Avenue			54,390 sf
	Largest contiguous sublease available: Commerce South Office Park Building A 8615 - 51 Avenue			84,678 sf

Summerside and Windermere				
Comments:	District	Absorption	Vacancy	Inventory
<ul style="list-style-type: none"> The Summerside and Windermere markets were certainly the least active this quarter, having vacancy rate changes of 0.6% and 0.0% respectively 	Summerside	(8,825) sf	7.1%	1,433,415
	Windermere	20 sf	10.5%	401,967
	Largest contiguous headlease available: Jayman Office Building 5083 Windermere Boulevard			12,856 sf
	Largest contiguous sublease available: Cassel Centre 2627 Ellwood Drive			25,512 sf

Avison Young Edmonton Service Overview

User/Occupier

- Transaction Management: Office, Industrial, Energy Investment, Retail, Multifamily
- Tenant Representation
- Consulting and Advisory
- Facility Management
- Project Management
- Occupier Solutions
- Valuation & Advisory Services
- Workplace Strategy

Owner/Investor

- Landlord Representation
- Capital Markets
- Mortgage Services
- Investment Sales
- Property Management
- Investment and Asset Management
- Project Management



	Buildings	Total Inventory	Direct Vacancy	Sublease Vacancy	Absorption	Vacancy Rate	Vacancy Direct	Vacancy Sublease	2020 Weighted Additional Rent	Average Asking Rates
Financial										
AAA**	4	2,345,524	158,029	171,142	-89,711	14.0% ▲ 3.8%	6.7% ▼ -0.3%	7.3% ▲ 4.1%	\$23.50	\$32.76
A	25	7,400,839	1,131,910	224,563	-6,691	18.3% ▲ 0.1%	15.3% ▲ 0.4%	3.0% ▼ -0.3%	\$19.60	\$21.13
B	15	1,822,009	254,390	0	-12,889	14.0% ▲ 0.7%	14.0% ▲ 0.7%	0.0% - 0.0%	\$19.27	\$14.30
C	17	1,070,736	164,801	9,375	-2,552	16.3% ▲ 0.2%	15.4% ▲ 0.2%	0.9% - 0.0%	\$16.26	\$12.63
Government										
A	15	2,696,265	569,153	0	-4,371	21.1% ▲ 0.2%	21.1% ▲ 5.3%	0.0% ▼ -5.1%	\$16.28	\$16.56
B	16	1,618,690	289,828	0	-3,872	17.9% ▲ 0.2%	17.9% ▲ 0.2%	0.0% - 0.0%	\$15.00	\$12.97
C	23	1,203,648	57,450	15,000	-1,546	6.0% ▲ 0.1%	4.8% ▲ 0.1%	1.2% - 0.0%	\$14.86	\$13.31
SUBTOTAL :	54	5,518,603	916,431	15,000	-9,789	16.9% ▲ 0.2%	16.6% ▲ 2.7%	0.3% ▼ -2.5%	\$15.66	\$14.28
Suburban										
118 Ave & Kingsway	25	863,580	121,616	0	-7,486	14.1% ▲ 0.9%	14.1% ▲ 0.9%	0.0% - 0.0%	\$15.10	\$15.48
124 Street	26	1,017,034	151,869	5,651	-14,595	15.5% ▲ 1.4%	14.9% ▲ 0.9%	0.6% ▲ 0.6%	\$15.83	\$15.15
149 Street	33	1,228,531	187,513	0	6,711	15.3% ▼ -0.5%	15.3% ▼ -0.5%	0.0% - 0.0%	\$13.71	\$13.48
Eastgate	18	1,421,440	401,844	29,832	-30,054	30.4% ▲ 2.1%	28.3% ▲ 2.1%	2.1% - 0.0%	\$13.33	\$14.57
Southside	87	3,793,516	617,583	134,933	-62,556	19.8% ▲ 1.6%	16.3% ▲ 1.4%	3.6% ▲ 0.3%	\$13.50	\$22.99
Summerside	49	1,433,415	72,043	29,257	-8,825	7.1% ▲ 0.6%	5.0% ▲ 0.6%	2.0% - 0.0%	\$13.18	\$21.16
Windermere	16	401,967	42,288	0	20	10.5% - 0.0%	10.5% - 0.0%	0.0% - 0.0%	\$14.58	\$26.60
West End	46	1,989,677	265,465	5,160	-13,013	13.6% ▲ 0.7%	13.3% ▲ 0.7%	0.3% - 0.0%	\$12.79	\$16.26
Whyte Avenue	17	656,335	123,614	13,616	-6,205	20.9% ▲ 0.9%	18.8% ▲ 0.1%	2.1% ▲ 0.8%	\$16.99	\$18.79
Sherwood Park	31	1,245,088	349,832	10,219	-12,525	28.9% ▲ 1.0%	28.1% ▲ 0.4%	0.8% ▲ 0.6%	\$8.94	\$15.77
Totals										
Downtown Total:	115	18,157,711	2,625,561	420,080	-121,632	16.8% ▲ 0.5%	15.1% ▲ 1.5%	1.7% ▼ -0.9%	\$18.67	\$17.24
Suburban Total:	348	14,050,583	2,333,667	223,017	-148,528	18.2% ▲ 1.0%	16.6% ▲ 0.9%	1.6% ▲ 0.2%	\$13.42	\$18.02
Overall:	463	32,208,294	4,959,228	643,097	-270,160	17.4% ▲ 0.7%	15.8% ▲ 1.2%	1.7% ▼ -0.4%	\$16.41	\$17.63

Get more market information

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