

# Greater Edmonton Area



Image source: <https://edmonton.ctvnews.ca>

## Quick Stats

**14.0%**

Overall Office Vacancy

**12.8%**

Total Downtown Vacancy Rate

**15.5%**

Total Suburban Vacancy Rate

**85,142 SF**

Year-to-Date Positive  
Absorption

**\$18.10 PSF**

Average Downtown Net Rent

**\$17.25 PSF**

Average Suburban Net Rent

## Market Overview

Politically, the full impact of the provincially elected United Conservative Party (UCP) remains to be felt as they take time to set up their policies following the exit of the New Democratic Party (NDP). Federally, the new Liberal minority government shows decent signs of supporting the energy sector with their promise that construction on the Trans Mountain Pipeline expansion will continue; exemplified by the fact that the expansion is well into the construction process. However, it remains to be seen how future energy projects will fair in receiving approval under their leadership.

Despite uncertainty surrounding the energy sector, tech activity within the city has continued to show positive signs of growth.

In September, the Government of Canada announced a \$27 million investment towards 23 projects, which includes groups such as amii and Startup Edmonton.<sup>1</sup>

The landscape of downtown's ICE District progressed further with the completion of the JW Marriott luxury hotel in August.<sup>2</sup> Touted as being "the living room of ICE District" the JW has added not only extra visitor accommodation but also more high-end dining options. As more projects of this caliber are completed in the coming years, downtown Edmonton stands to experience even more market activity as the area continues to define itself as a place not only to work, but to live and play in as well.

1: <https://www.canada.ca/en/western-economic-diversification/news/2019/09/government-of-canada-supports-innovative-businesses-and-organizations-in-edmonton-and-surrounding-areas.html>

2: <https://edmontonjournal.com/business/commercial-real-estate/the-living-room-of-the-ice-district-jw-marriott-hotel-officially-opens>

3: <https://renx.ca/german-fund-buy-commercial-portion-edmonton-stantec-tower/>

## Additional Rent & Lease Breakdown



**\$18.25<sub>psf</sub>**

Financial Additional Rent



**\$14.25<sub>psf</sub>**

Government Additional Rent

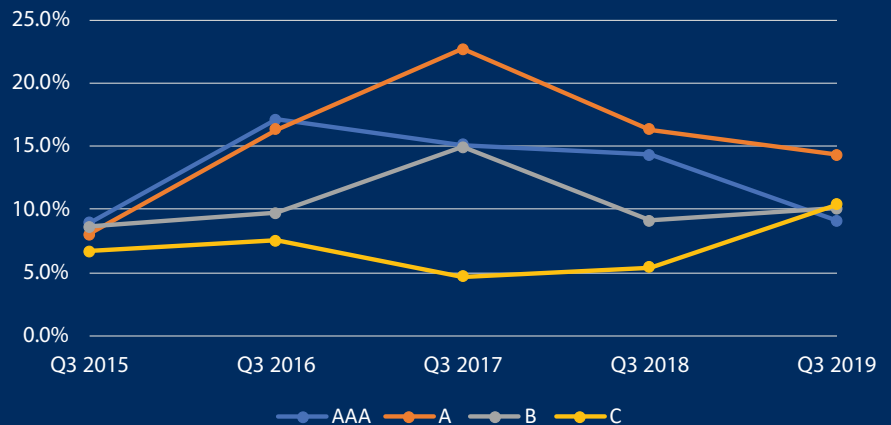


**\$12.00<sub>psf</sub>**

Suburban Additional Rent

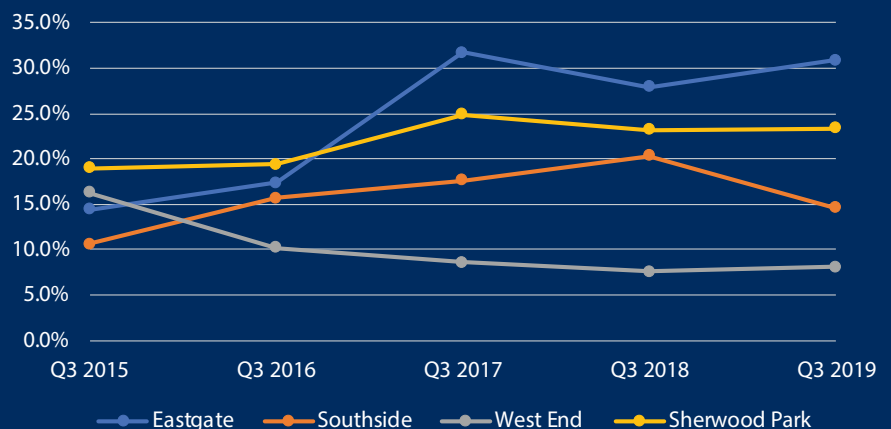
### Downtown Vacancy Comparison

AAA class vacancy has dropped to near Q3 2015 levels whereas all classes are higher yet stable, ranging from 3-6%.



### Suburban Vacancy Comparison

While up overall since Q3 2015, suburban vacancy rates have remained relatively stable for the past couple years, with the exception of Eastgate which has seen a notable increase.



## Office Overview

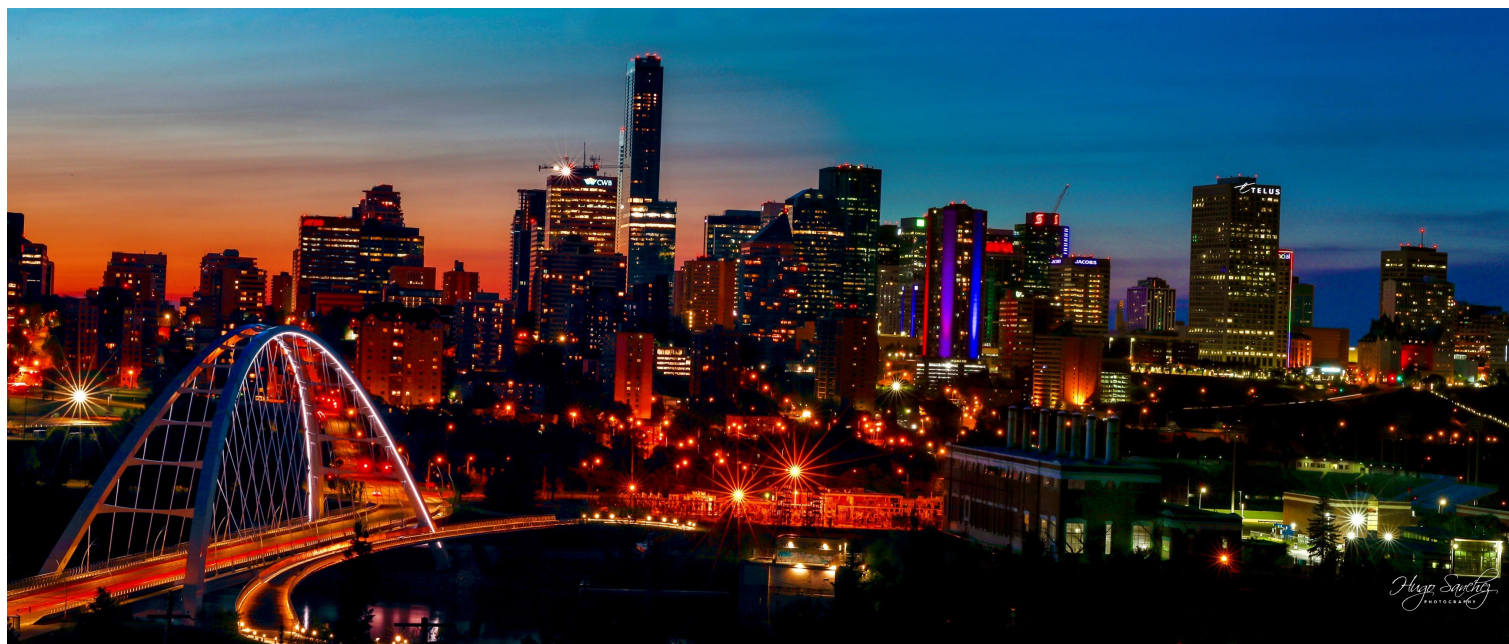
The Edmonton office market can be best summarized as being stable. Downtown vacancy rates dropped by 0.5% since last quarter, and suburban market rates also saw a decrease of 0.8%. Year-to-date absorption for the overall market remains positive at approximately 85,000 square feet (sf), a trend expected to continue moving into Q4 2019. Notable leasing included amii expanding their footprint by headleasing two additional floors at First & Jasper, having subleased two other floors earlier in the year.

Edmonton also had a high-profile foreign transaction take place by the global real estate investment giant Deka Immobilien, who purchased the commercial portion of Stantec Tower in September.<sup>3</sup> The timing of this sale is significant and reassuring, as many other investors were hesitant to transact amidst the political and economic uncertainties prevalent in the market. While office investment is expected to slow, it will be interesting to see if the Deka investment will act as a catalyst and spur on more activity in the sector.

We anticipate the office market will continue on a stable, positive trajectory for the remainder of the year given that general market conditions will likely remain unchanged.

## Notable Headlease Transactions

Address Submarket	Tenant	Size
103 Street Centre Financial District	 <b>JOBBER</b>	31,000 sf
First & Jasper Financial District	 <b>amii</b>	22,362 sf
Manulife Place Financial District	 <b>AON</b>	21,750 sf
Greystone Business Park IV Southside District	 <b>Insight</b> MEDICAL IMAGING	12,556 sf
Manulife Place Financial District	 <b>SNYDER</b> & ASSOCIATES	11,200 sf



	Buildings	Total Inventory	Direct Vacancy	Sublease Vacancy	Absorption (YTD)	Vacancy Rate			Vacancy Direct			Vacancy Sublease			Additional Rent * Taxes, OP Costs, Utilities, and Janitorial	Average Asking Rates
Financial																
AAA**	4	2,345,524	213,152	0	48,308	9.1%	▲	0.2%	9.1%	▲	0.7%	-	▼	(2.1%)	\$21.50	\$35.50
A	23	7,342,839	858,553	193,755	32,853	14.3%	▼	(1.4%)	11.7%	▼	(0.6%)	2.6%	▲	(1.5%)	\$18.50	\$20.75
B	16	1,988,921	201,152	0	(36,147)	10.1%	▲	1.6%	10.1%	▲	2.1%	-	▼	(0.2%)	\$15.50	\$15.00
C	16	1,078,675	112,025	0	(40,438)	10.4%	▲	5.1%	10.4%	▲	5.2%	-	-	-	\$13.00	\$13.50
SUBTOTAL :	59	12,755,959	1,384,882	193,755	4,576	12.4%		-	10.9%	▲	0.6%	1.5%		(1.3%)	\$18.25	\$21.20
Government																
A	15	2,706,416	244,778	237,176	56,304	17.8%	▼	(2.8%)	9.0%	▼	(0.4%)	8.8%	▼	(2.2%)	\$15.50	\$17.50
B	16	1,622,278	255,403	0	(17,025)	15.7%	▼	(0.1%)	15.7%	-	-	-	-	-	\$13.75	\$14.75
C	22	1,132,645	19,757	0	(1,529)	1.7%	▲	0.1%	1.7%	▲	0.2%	-	-	-	\$12.50	\$12.75
SUBTOTAL :	53	5,461,339	519,938	237,176	37,750	13.9%	▼	(1.4%)	9.5%		(0.2%)	4.3%	▼	(1.1%)	\$14.25	\$15.00
Suburban																
118 Ave & Kingsway	22	817,033	96,996	0	11,111	11.9%	▼	(2.5%)	11.9%	▼	(1.7%)	-	-	-	\$11.75	\$17.00
124 Street	27	1,030,896	87,136	2,868	46,332	8.7%	▼	(2.7%)	8.5%	▼	(2.1%)	0.3%	▼	(0.9%)	\$14.50	\$17.50
149 Street	35	1,259,031	233,508	0	(55,463)	18.5%	▲	3.3%	18.5%	▲	3.3%	-	▼	(0.3%)	\$11.75	\$13.00
Eastgate	18	1,375,954	425,799	0	(169,604)	30.9%	▲	4.8%	30.9%	▲	2.3%	-	▼	(1.7%)	\$11.50	\$15.00
Southside	81	3,613,977	463,172	65,504	193,430	14.6%	▼	(4.2%)	12.8%	▼	(5.3%)	1.8%	▲	0.1%	\$12.50	\$17.25
Summerside	29	979,511	89,501	3,745	51,491	9.5%	▼	(4.3%)	9.1%	▼	(1.2%)	0.4%	-	-	\$12.00	\$20.50
Windermere	12	348,042	28,573	0	(1,392)	8.2%	▲	1.1%	8.2%	▲	1.7%	-	-	-	\$13.25	\$23.50
West End	46	2,189,102	174,144	2,167	(34,263)	8.1%	▲	1.2%	8.0%	▼	(0.6%)	0.1%	-	-	\$11.00	\$17.00
Whyte Avenue	18	659,009	125,631	0	27,227	19.1%	▼	(1.8%)	19.1%	▼	(0.2%)	-	-	-	\$16.25	\$15.75
Sherwood Park	32	1,309,724	304,104	2,919	(26,053)	23.4%	▲	0.9%	23.2%	▼	(3.3%)	0.2%	-	-	\$11.50	\$16.00
Totals																
Downtown Total:	112	18,217,298	1,904,820	430,931	42,326	12.8%	▼	(0.5%)	10.5%	▲	0.4%	2.4%	▼	(1.2%)	\$16.25	\$18.10
Suburban Total:	320	13,582,279	2,028,564	77,203	42,816	15.5%	▼	(0.8%)	14.9%	▼	(1.6%)	0.6%	▼	(0.2%)	\$12.00	\$17.25
Overall:	432	31,799,577	3,933,384	508,134	85,142	14.0%	▼	(0.5%)	12.4%	▼	(0.5%)	1.6%	▼	(0.8%)	\$14.50	\$17.70
**AAA Class office buildings include Stantec Tower, Edmonton Tower, EPCOR Tower and Enbridge Centre											*Weighted average					

Cory Wosnack  
Principal, Managing Director  
780.429.7556  
cory.wosnack@avisonyoung.com

Mark Hartum  
B.Comm, SIOR, Principal  
780.429.7557  
mark.hartum@avisonyoung.com

Peter Schwann  
B.Comm, Principal  
780.429.7563  
peter.schwann@avisonyoung.com

Karnie Vertz  
LEED GA, Principal  
780.429.7551  
karnie.vertz@avisonyoung.com

Jason Gardner  
B.Comm, Senior Associate  
780.429.7569  
jason.gardner@avisonyoung.com

Hillary Smith  
B.Comm, Associate  
780.429.7564  
hillary.smith@avisonyoung.com

Chantel Ganz  
B.Comm, Sales Assistant - Licensed  
780.429.7553  
chantel.ganz@avisonyoung.com

Tori Sara  
Administrative Coordinator  
780.429.7561  
tori.sara@avisonyoung.com

Jennifer Poisson  
Client Services Coordinator  
780.702.0699  
jennifer.poisson@avisonyoung.com

Luciana Gomez  
Administrative Coordinator  
780.429.7572  
luciana.gomez@avisonyoung.com

Spencer Schulze  
Research Manager  
780.429.7555  
spencer.schulze@avisonyoung.com

Charlotte Phillips  
Graphic Designer  
780.429.7574  
charlotte.phillips@avisonyoung.com

Cori Vertz  
Marketing / Graphic Designer  
780.428.7850  
cori.vertz@avisonyoung.com



Avison Young, Edmonton  
2800 Bell Tower  
10104 - 103 Avenue  
Edmonton, AB T5J 0H8

avisonyoung.com

