



Edmonton office market report

Q2 2023

**AVISON
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Edmonton area market fundamentals

▲ 20.5%

average vacancy rate
Downtown Edmonton

\$16.95

average lease rate per square foot (psf)
Downtown Edmonton

18.1M

square feet (sf) total inventory
Downtown Edmonton

▲ 17.3%

average vacancy rate
Suburban Edmonton

\$15.22

average lease rate psf
Suburban Edmonton

15.7M

sf total inventory
Suburban Edmonton

What's the scoop?

Financial district space propelling negative absorption

The Edmonton office market has continued to experience negative absorption for the fourth consecutive quarter, primarily attributed to increased available space in the financial district. Notably, Centre Point Place and Canadian Western Bank Place contributed to this trend by returning 48,000 sf to the market.

On the other hand, the government district saw a marginal improvement in occupancy, leading to a decrease in its previously reported vacancy rate of 21.2% in the first quarter of 2023. The current rate stands at 20.9%.

In the suburban market, although more than half of the districts experienced negative absorption, there was an overall increase in occupancy. Leading this positive trend were 124th Street, West End and Summerside districts, which collectively leased nearly 27,000 sf. The average size of tenants leasing space in these districts was 2,500 to 3,500 sf, in alignment with the average tenant size within Edmonton.

Our point of view.

As we reach the midpoint of the year, it is anticipated that the market will continue moving. Increasing vacancy rates present an opportunity for tenants to capitalize on and strategically enhance their office presence by transitioning to buildings that were previously unattainable.



Office market trend – residential conversion

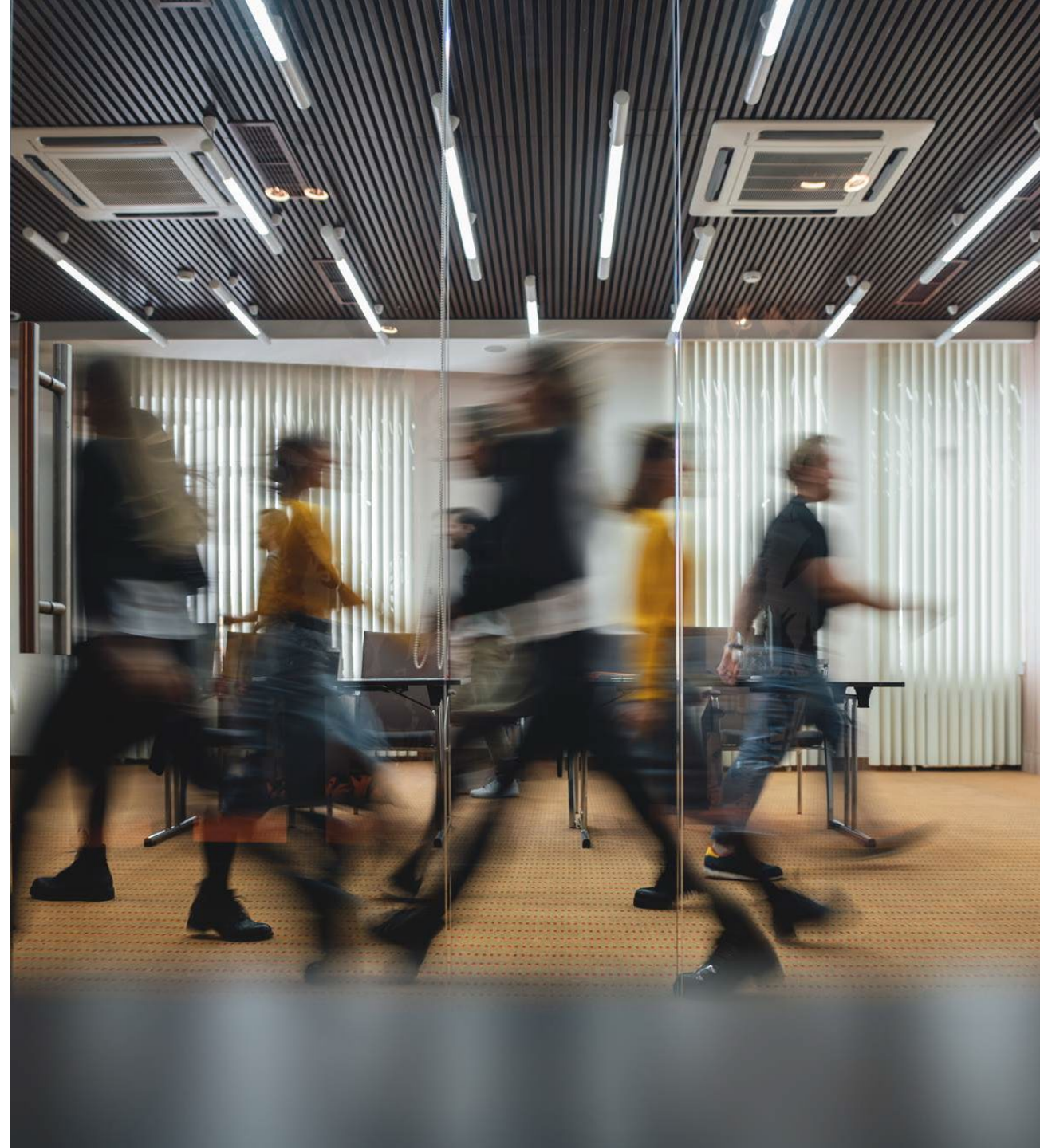
We will closely monitor the ongoing trend of office building conversions, starting with the Empire Building currently listed for sale at a price that could attract interest from both investors and conversion developers. By Q4 2023, we expect to see more buildings entering the market at similar prices, generating interest from investors and developers alike. One such building nearing completion of its conversion is the former Enbridge Tower, located on the corner of Jasper Avenue and 102nd Street, which is expected to welcome renters by the end of the year.



Edmonton office market activity

Recent leasing activity

Tenant name	Building	Size (sf)	Type
BMO Nesbitt Burns	Enbridge Centre	22,728	Headlease
Colliers	Bell Tower	13,045	Headlease
Firma Foreign Exchange	Bell Tower	11,198	Sublease
Edmonton Residential Aide Placement Service	Sterling Business Centre	5,798	Headlease
Next Event Planning	The Garage	5,568	Headlease
Vanta Group	Bell Tower	5,399	Headlease



Edmonton area office market stats

Category / Submarket	Buildings	Inventory	Total vacant	Headlease	Sublease	Absorption (YTD)	Vacancy overall		Vacancy direct		Vacancy sublease		Lease rates (average)
							Q/Q change		Q/Q change		Q/Q change		
Financial													
Trophy	4	2,345,524	151,605	97,849	53,756	44,132	6.5%	-1.9%	4.2%	-0.3%	2.3%	-1.6%	\$34.50
A	27	7,648,924	2,001,040	1,703,662	297,378	-67,674	26.2%	0.9%	22.3%	1.4%	3.9%	-0.5%	\$17.42
B	17	1,864,009	360,116	339,461	20,655	452	19.3%	0.0%	18.2%	0.0%	1.1%	0.0%	\$15.55
C	21	959,428	98,410	98,410	-	-2,304	10.3%	0.2%	10.3%	0.2%	0.0%	0.0%	\$13.88
Subtotal	69	12,817,885	2,611,171	2,239,382	371,789	-25,394	20.4%	0.2%	17.5%	0.8%	2.9%	-0.6%	\$20.34
Government													
A	16	2,705,243	726,767	720,347	6,420	2,766	26.9%	-0.1%	26.6%	-0.1%	0.2%	0.0%	\$15.67
B	18	1,622,496	284,100	284,100	-	460	17.5%	0.0%	17.5%	0.0%	0.0%	0.0%	\$12.53
C	28	970,465	97,049	89,697	7,352	10,568	10.0%	-1.1%	9.2%	-1.1%	0.8%	0.0%	\$12.50
Subtotal	62	5,298,204	1,107,916	1,094,144	13,772	13,794	20.9%	-0.3%	20.7%	-0.1%	0.3%	-0.2%	\$13.57
Suburban													
118 Avenue & Kingsway	37	1,073,028	192,781	192,781	-	2,150	18.0%	-0.2%	18.0%	-0.2%	0.0%	0.0%	\$12.45
124 Street	35	1,096,041	215,350	198,778	16,572	7,170	19.6%	-0.7%	18.1%	-2.0%	1.5%	1.2%	\$13.00
149 Street	45	1,381,314	285,169	258,257	26,912	-3,032	20.6%	0.2%	18.7%	0.2%	1.9%	0.0%	\$12.48
Eastgate	20	1,439,887	165,054	155,330	9,724	-2,400	11.5%	0.2%	10.8%	0.2%	0.7%	0.0%	\$11.32
South Side	107	4,489,336	889,299	841,577	47,722	-1,154	19.8%	0.0%	18.7%	-0.1%	1.1%	0.0%	\$16.70
Summerside	50	1,406,568	85,336	80,336	5,000	12,178	6.1%	-0.9%	5.7%	-0.9%	0.4%	0.0%	\$18.69
Windermere	20	467,872	8,092	8,092	-	-1,792	1.7%	0.4%	1.7%	0.4%	0.0%	0.0%	\$21.40
West End	54	2,304,746	446,835	345,467	101,368	7,357	19.4%	-0.3%	15.0%	-0.2%	4.4%	-0.1%	\$14.16
Whyte Avenue	30	751,683	175,789	175,789	-	-3,563	23.4%	0.5%	23.4%	0.4%	0.0%	0.0%	\$15.92
Sherwood Park	35	1,318,572	252,027	220,175	31,852	-7,259	19.1%	0.6%	16.7%	-0.9%	2.4%	1.4%	\$16.06
Total	433	15,729,047	2,715,732	2,476,582	239,150	9,655	17.3%	-0.1%	15.7%	-0.2%	1.5%	0.1%	\$15.22
Totals													
Downtown Total	131	18,116,089	3,719,087	3,333,526	385,561	-11,600	20.5%	0.1%	18.4%	0.6%	2.1%	-0.5%	\$16.95
Suburban Total	433	15,729,047	2,715,732	2,476,582	239,150	9,655	17.3%	-0.1%	15.7%	-0.2%	1.5%	0.1%	\$15.22
Overall	564	33,845,136	6,434,819	5,810,108	624,711	-1,945	19.0%	0.0%	17.2%	-0.2%	1.8%	0.1%	\$16.08

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

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