



# Edmonton Office Market Report

---

Q4 2022

**AVISON  
YOUNG**

# Key Q4 2022 market fundamentals

**18.3%**

**average vacancy rate**  
Downtown Edmonton

**\$17.60 psf**

**average rental rate**  
Downtown Edmonton

**18.1M sf**

**total inventory**  
Downtown Edmonton

**16.8%**

**average vacancy rate**  
Suburban Edmonton

**\$16.30 psf**

**average rental rate**  
Suburban Edmonton

**15.7M sf**

**total inventory**  
Suburban Edmonton

# Q4 in review

Although the quarter concluded with approximately 100,000 square feet of negative absorption, the year was not without significant positive activity. With the COVID-19 pandemic in the rearview mirror, tenants have once again begun to think about the future and their long-term plans for return-to-office and the best use of space. Opportunistic tenants have enjoyed a market that has largely offered favourable renewal terms or inducement rich relocations.

Several tenant industries have been active with relocations and re-imaginings of space. Engineering, construction, insurance, and the not-for-profit sectors have been very active through 2022, and Avison Young expects these to remain active industries in the office market through the coming year. The suburban submarkets have experienced the lion's share of activity this year, with Downtown experiencing a disproportionate increase in vacancy, particularly concentrated in A class buildings.

Thankfully, the year has witnessed several Landlords investing in their buildings to create inviting common areas and amenities to attract tenants and further encourage their employees back to the office. Examples include the lobby renovation of Bell Tower and the completion of the new suite of amenities at First & Jasper and Commerce South Business Park, to name just a few. 2023 is expected to see this trend continue, with significant renovations already underway at the Canadian Western Bank Place and more expected to be announced in the first quarter.







# Notable Q4 market activity

| Tenant name                            | Building                              | Size (SF) | Type      |
|----------------------------------------|---------------------------------------|-----------|-----------|
| Bennett Jones                          | Stantec Tower                         | 48,944    | Sublease  |
| Entrench Sports                        | 830 Saddleback Road                   | 29,802    | Headlease |
| Regus Coworking                        | Elm Business Park Building 4          | 19,800    | Headlease |
| Rohit Group of Companies               | One Twelve Business Campus            | 18,375    | Headlease |
| Cashco Financial                       | Commerce South Office Park Building E | 13,119    | Headlease |
| Alberta Veterinary Medical Association | Commerce South Office Park Building E | 11,167    | Headlease |
| Kleinfelder                            | Carrington Business Campus - West     | 8,117     | Headlease |
| Alcor Facilities Management            | Points West Building                  | 7,967     | Headlease |
| PulseMedica                            | MNP Tower                             | 7,891     | Headlease |
| Superior Safety Codes                  | Hemingway Building                    | 7,608     | Headlease |
| Diversified Staffing                   | Plaza 124                             | 7,195     | Headlease |

# Q4 market statistics

| Submarket / Category |                            | Buildings  | Inventory         | Total Vacant     | Headlease        | Sublease       | Absorption      | Vacancy Overall | Vacancy Headlease | Vacancy Sublease | Average Asking Rates |
|----------------------|----------------------------|------------|-------------------|------------------|------------------|----------------|-----------------|-----------------|-------------------|------------------|----------------------|
| <b>Financial</b>     |                            |            |                   |                  |                  |                |                 |                 |                   |                  |                      |
|                      | Trophy                     | 4          | 2,345,524         | 219,455          | 104,204          | 115,251        | 48,944          | 9.4%            | 4.4%              | 4.9%             | \$30.80              |
|                      | A                          | 27         | 7,543,589         | 1,700,804        | 1,543,623        | 157,181        | -199,164        | 22.5%           | 20.5%             | 2.1%             | \$18.54              |
|                      | B                          | 17         | 1,864,009         | 336,132          | 332,087          | 4,045          | 7,890           | 18.0%           | 17.8%             | 0.2%             | \$17.45              |
|                      | C                          | 21         | 1,064,763         | 115,573          | 108,998          | 6,575          | 6,575           | 10.9%           | 10.2%             | 0.6%             | \$13.33              |
|                      | <b>Financial Subtotal</b>  | <b>69</b>  | <b>12,817,885</b> | <b>2,371,964</b> | <b>2,088,912</b> | <b>283,052</b> | <b>-144,079</b> | <b>18.5%</b>    | <b>16.3%</b>      | <b>2.2%</b>      | <b>\$20.03</b>       |
| <b>Government</b>    |                            |            |                   |                  |                  |                |                 |                 |                   |                  |                      |
|                      | A                          | 16         | 2,696,265         | 576,637          | 572,944          | 3,693          | -12,846         | 21.4%           | 21.2%             | 0.1%             | \$15.60              |
|                      | B                          | 18         | 1,622,496         | 282,890          | 282,890          | 0              | 23,883          | 17.4%           | 17.4%             | 0.0%             | \$16.69              |
|                      | C                          | 28         | 970,465           | 77,051           | 75,186           | 1,865          | -18,615         | 7.9%            | 7.7%              | 0.2%             | \$12.95              |
|                      | <b>Government Subtotal</b> | <b>62</b>  | <b>5,289,226</b>  | <b>936,578</b>   | <b>931,020</b>   | <b>5,558</b>   | <b>-7,578</b>   | <b>17.7%</b>    | <b>17.6%</b>      | <b>0.1%</b>      | <b>\$15.08</b>       |
| <b>Suburban</b>      |                            |            |                   |                  |                  |                |                 |                 |                   |                  |                      |
|                      | 118 Avenue & Kingsway      | 37         | 1,073,028         | 194,931          | 194,931          | 0              | 7,734           | 18.0%           | 18.0%             | 0.0%             | \$14.71              |
|                      | 124 Street                 | 35         | 1,096,041         | 208,394          | 204,838          | 3,556          | 1,386           | 19.0%           | 18.7%             | 0.3%             | \$14.71              |
|                      | 149 Street                 | 44         | 1,362,014         | 242,970          | 218,056          | 24,914         | 7,528           | 17.8%           | 16.0%             | 1.8%             | \$13.10              |
|                      | Eastgate                   | 20         | 1,439,887         | 158,415          | 148,691          | 9,724          | -6,726          | 11.0%           | 10.3%             | 0.7%             | \$11.36              |
|                      | South Side                 | 107        | 4,489,336         | 950,412          | 904,083          | 46,329         | 70,681          | 21.2%           | 20.1%             | 1.0%             | \$16.79              |
|                      | Summerside                 | 50         | 1,466,568         | 109,828          | 84,828           | 25,000         | -70             | 7.5%            | 5.8%              | 1.7%             | \$20.64              |
|                      | Windermere                 | 19         | 474,217           | 6,007            | 6,007            | 0              | -29,353         | 1.3%            | 1.3%              | 0.0%             | \$24.50              |
|                      | West End                   | 53         | 2,224,746         | 386,341          | 322,924          | 63,417         | -1,443          | 17.4%           | 14.5%             | 2.9%             | \$14.55              |
|                      | Whyte Avenue               | 29         | 750,883           | 185,615          | 185,615          | 0              | 1,485           | 24.7%           | 24.7%             | 0.0%             | \$16.73              |
|                      | Sherwood Park              | 35         | 1,318,572         | 197,012          | 184,163          | 12,849         | 10,172          | 14.9%           | 14.0%             | 1.0%             | \$15.83              |
|                      | <b>Suburban Total</b>      | <b>429</b> | <b>15,695,292</b> | <b>2,639,925</b> | <b>2,454,136</b> | <b>185,789</b> | <b>61,394</b>   | <b>16.8%</b>    | <b>15.3%</b>      | <b>1.2%</b>      | <b>\$16.29</b>       |
| <b>Totals</b>        |                            |            |                   |                  |                  |                |                 |                 |                   |                  |                      |
|                      | Downtown Total             | 131        | 18,107,111        | 3,308,542        | 3,019,932        | 288,610        | -151,657        | 18.3%           | 16.7%             | 1.6%             | \$17.56              |
|                      | Suburban Total             | 429        | 15,695,292        | 2,639,925        | 2,454,136        | 185,789        | 61,394          | 16.8%           | 15.6%             | 1.2%             | \$16.29              |
|                      | <b>Overall</b>             | <b>560</b> | <b>33,802,403</b> | <b>5,948,467</b> | <b>5,474,068</b> | <b>474,399</b> | <b>-90,263</b>  | <b>17.6%</b>    | <b>16.2%</b>      | <b>1.4%</b>      | <b>\$16.92</b>       |

# Downtown recovery

## 01

### Downtown → YEG

**Express bus from airport to Downtown  
seen as business boost**  
– Taproot Edmonton, Oct 7<sup>th</sup>

“The business community has claimed that this would attract more events Downtown ... moreover, most taxi rides from the airport are to Downtown.” – Councillor Anne Stevenson [paraphrased]

[Click here to learn more](#)

## 02

### Henry Singer *on ICE*

**Henry Singer to relocate Downtown  
Edmonton flagship store to the ICE District**  
– Retail Insider, November 30<sup>th</sup>

“Cory Wosnack, Principal and Managing Director of global real estate firm Avison Young, said the move further solidifies the dynamism that is now Edmonton’s Central Social District.”

[Click here to learn more](#)

## 03

### Boyle Street Move Halted

**Boyle Street Community Services Relocation plan  
halted by development appeal board**  
– CBC News, November 25<sup>th</sup>

“Jordan Reiniger [Executive Director] said he is not viewing the decision as a failure but rather a hurdle, adding that Boyle Street will continue to work toward attaining a larger, better equipped facility.”

[Click here to learn more](#)



# Submarket showdown

## Financial District

Most of the activity in the Financial District was concentrated around ICE District, with both Stantec Tower and Bell Tower Annex attracting several high-profile tenants. This demonstrates the importance of central social districts and their influence on post-pandemic office culture. Remaining A class properties, by far the largest contributor to negative absorption, are in a difficult position; both Trophy/AA and B class buildings can offer either best-in-class space and amenities or lower rental rates, respectively. Indeed, those large tenants currently making moves are eager to take advantage of brand-new, custom space or generous TI allowances.

## Sherwood Park

The Sherwood Park market continues to advertise strong asking rents at around \$16/SF. The region is clearly benefitting from the boom in residential housing and commercial centres in the north, driven by a young, skilled labour pool with high discretionary incomes. Sherwood Park's proximity to thriving industrial parks, excellent retail amenities, and natural areas such as Broadmoor Lake and Elk Island National Park, continues to attract a rich diversity of medium sized businesses. In fact, much of the region's leasing activity in 2022 occurred in the Broadmoor Place Business Park, where Avison Young alone completed over 30 deals and 165,000 SF.

## Government District

The Government District, despite its excellent walkability, is suffering from a lack of foot traffic and vibrancy due to the slow adoption of the government sector to implement return-to-work mandates. As a result, vacancy remains elevated at 17.7% with large blocks of space persisting on the market. However, with the addition of a trendy restaurant in Energy Square, lobby renovations to Baker Centre complete, and Rohit Group of Companies moving their suburban offices to One Twelve Business Campus, the Government District looks to be on the rise. In addition, Warehouse Park and The Parks apartment complex will add tremendous value to this area.

## 149 Street and West End

149 Street enjoyed a particularly strong second half of the year which saw the multi-disciplinary Avison Young team help Nexus Business Park achieve full occupancy for the first time in its 40-year history. While rental rates in the area are comparatively low at around \$13/SF and vacancy slightly elevated at 16.0%, the general activity in the submarket nonetheless reflects the resilience of the blue-collar roots that provide the foundation for the Edmonton economy. In comparison, the West End technically has a tighter vacancy rate at 14.5%, yet also has the highest sublease availability of all suburban markets at 2.9%.

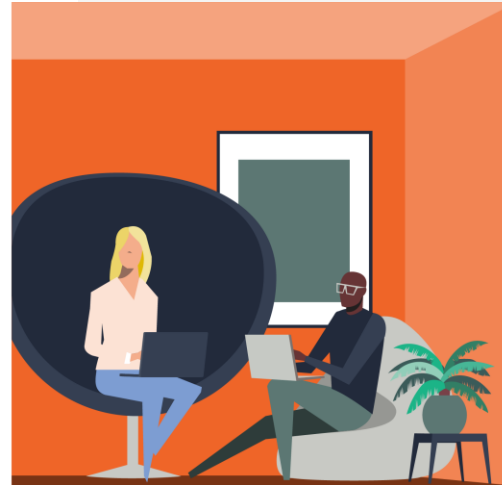
# Submarket showdown

## South Side, Summerside and Windermere

The South Side submarket is one of the largest areas that Avison Young tracks at nearly 4.5M square feet across 107 buildings. It had a strong 2022 with vacancy declining over 3% from the beginning of the year. Commerce South Office Park was one of the primary drivers of this region with several large blocks of space being filled and more to come in 2023. Summerside and Windermere, on the other hand, remained relatively flat in 2022 after enjoying a strong 2021. This is likely due to the rental premium for the area in what was overwhelmingly a tenant's market.

## Whyte Avenue and 124 Street

Office properties on Edmonton's two social strips did not experience a strong 2022, which may have been the reason nearly 15,000 SF of office space in Raymond Block has been set to be converted to additional residential. The one distinct bright spot of these cultural hubs was the lease-up of Princeton Place on 124th Street. Now that students have returned to the University and Garneau area, and that shoppers and brunchers are gradually returning to the shops and restaurants of 124th Street, these areas should see an increase in activity as the city returns to "normal" in 2023. Vacancy sits at 24.7% on Whyte Avenue and 19.0% on 124<sup>th</sup> Street.





# Year in review and forward looking

In our previous year end review, we noted that A class buildings could see a gradual increase in vacancy, that low rental rates and lower vacancy in B and C class buildings would be unlikely to fluctuate, and that leasing activity would improve as tenants took advantage of favourable deal terms and COVID-19 restrictions began to ease.

Ultimately, this all came true: A class assets in both the Financial and Government Districts remain the most vacant buildings (21-22%), whereas rental rates on B and C class buildings have remain depressed but have generally benefitted from lower vacancy (13-17%). Moreover, there were indeed small pockets of absorption throughout the year that followed the final easing of COVID-19 related restrictions, as people gradually resumed working in the office and resumed shopping at brick-and-mortar sites again.

New UCP leader, Danielle Smith, made it clear in no uncertain terms that under her leadership there would be no further lockdowns, a strong sentiment that may have been necessary for people to feel emboldened enough to start realistically returning to the office. Her leadership will be tested at the 31<sup>st</sup> Alberta general election held on or before May 29<sup>th</sup>, 2023, but it seems unlikely that we will once again experience lockdowns *en masse*.

Foot traffic does continue to improve Downtown, with even the City of Edmonton reporting that approximately 50% of their staff are back two to three days per week. Their incentive-based, hybrid policy has prioritized permanent desks in better locations for regular office returnees and has been well received by staff. It was also a foundation laying year for groups such as [Edmonton Unlimited](#) (who amalgamated a few local advocacy, start-up, and innovation groups) who then immediately aligned with [Explore Edmonton](#) and [Edmonton Global](#). These groups are joined by the newly founded [Downtown Recovery Coalition](#), who continue to lobby on behalf of businesses, residents, and property owners of Downtown Edmonton. Expect these groups to be loud and proud in 2023.

As 2023 begins, expect significant blocks of sublease space on the market which may represent an opportunity for businesses in the incubation stage to take advantage of well-outfitted space to support their growth. This in turn will add further pressure on building owners to provide competitive amenities and rental rates. Continuing the theme of the past few years, the buildings with the best amenities will attract the best tenants.

*More trends to follow...*



# 10 trends for 2023

NEW YEAR, NEW TRENDS.

[EXPLORE ALL 10](#) ►



[Read more](#)

## 02. Operational excellence

Mainstream asset classes are requiring more operational intensity and investors are also targeting niche sectors requiring a greater focus on underlying occupier demand dynamics.



[Read more](#)

## 03. Doctor's orders

Medical office and related property sectors are seeing increased investor demand, with data analytics helping identify the best opportunities.

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

#### Edmonton Office Team

**Cory Wosnack**

Principal, Managing Director  
780.429.7556  
[cory.wosnack@avisonyoung.com](mailto:cory.wosnack@avisonyoung.com)

**Mark Hartum**

B.Comm, SIOR, Principal  
780.429.7557  
[mark.hartum@avisonyoung.com](mailto:mark.hartum@avisonyoung.com)

**Peter Schwann**

B.Comm, Principal  
780.429.7563  
[peter.schwann@avisonyoung.com](mailto:peter.schwann@avisonyoung.com)

**Karnie Vertz**

LEED GA, Principal  
780.429.7551  
[karnie.vertz@avisonyoung.com](mailto:karnie.vertz@avisonyoung.com)

**Jason Gardner**

B.Comm, Vice President  
780.429.7569  
[jason.gardner@avisonyoung.com](mailto:jason.gardner@avisonyoung.com)

**Hillary Williams**

B.Comm, Senior Associate  
780.429.7564  
[hillary.williams@avisonyoung.com](mailto:hillary.williams@avisonyoung.com)

**Tori Washington**

Senior Client Services Coordinator  
780.429.7561  
[tori.washington@avisonyoung.com](mailto:tori.washington@avisonyoung.com)

**Cailey Martiniuk**

Associate, Brokerage Services  
780.429.7553  
[cailey.martiniuk@avisonyoung.com](mailto:cailey.martiniuk@avisonyoung.com)

**Ally Shirley**

Associate, Brokerage Services  
780.702.0699  
[ally.shirley@avisonyoung.com](mailto:ally.shirley@avisonyoung.com)

**Hannah Belter**

Client Services Coordinator  
780.409.8796  
[hannah.belter@avisonyoung.com](mailto:hannah.belter@avisonyoung.com)

#### Edmonton Research & Marketing Team

**Nathan Cannataro**

Research Manager  
780.412.1080  
[nathan.cannataro@avisonyoung.com](mailto:nathan.cannataro@avisonyoung.com)

**Vincent Hassanieh**

Research Analyst  
780.938.3561  
[vincent.hassanieh@avisonyoung.com](mailto:vincent.hassanieh@avisonyoung.com)

**Charlotte Phillips**

Senior Marketing Manager  
780.429.7574  
[charlotte.phillips@avisonyoung.com](mailto:charlotte.phillips@avisonyoung.com)

**Cori Vertz**

Marketing/Graphic Designer  
587.882.9756  
[cori.vertz@avisonyoung.com](mailto:cori.vertz@avisonyoung.com)