



Edmonton office market report

Q4 2024

**AVISON
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Edmonton area market fundamentals

▲ 19.2%

average vacancy rate
Downtown Edmonton

\$15.50

average net asking lease rate
per square foot (psf)
Downtown Edmonton, class A

18.4M

total inventory square feet (sf)
Downtown Edmonton

▲ 15.0%

average vacancy rate
Suburban Edmonton

\$15.18

average net asking lease rate (psf)
Suburban Edmonton, class A

16.3M

total inventory (sf)
Suburban Edmonton

Greater Edmonton office market trends

01

Absorption trends reverse as vacancy rates tick up

Market dynamics shifted in Q4 2024 as five consecutive quarters of positive absorption gave way to 121,651 sf of negative absorption. This contributed to a 0.49% quarter-over-quarter (QoQ) increase in the overall vacancy rate, now at 17.2%. Downtown experienced the bulk of this shift, with 122,950 sf of negative absorption driving its vacancy rate up 0.86% to 19.2%. Suburban markets fared better, reporting 1,299 sf of positive absorption and a more modest 0.12% QoQ rise in vacancy to 15.0%.

Within Downtown, Government class A and B buildings experienced the largest vacancy increases, rising 3.25% and 2.64% QoQ, respectively. Suburban submarkets were more varied: Eastgate recorded the largest vacancy jump at 3.12%, while the West End saw the most significant improvement, with vacancy decreasing by 1.84%. These localized shifts reflect varied tenant dynamics across Edmonton's office landscape.

02

Interest rates spur investment activity

The Edmonton office market saw a surge in investment activity in Q4 2024, recording seven sales totaling \$105 million at an average price of \$199.48 psf. This marks a substantial increase from Q3 2024, when only three sales were recorded, totaling \$37 million with a lower average price of \$122.22 psf. The Bank of Canada's decision to reduce its interest rate to 3.25% has contributed to this momentum, making financing more accessible and reinvigorating investor confidence.

Of the Q4 transactions, six were investment sales totaling \$102.2 million at an average of \$195.80 psf, while a single owner/user sale achieved \$2.8 million at \$221.56 psf. For 2024 overall, 29 office sales were completed, totaling \$220.1 million at an average price of \$174.10 psf. Suburban markets dominated owner/user activity, while Downtown saw limited sales, reflecting ongoing trends in buyer preferences.

03

Decentralization of office preferences

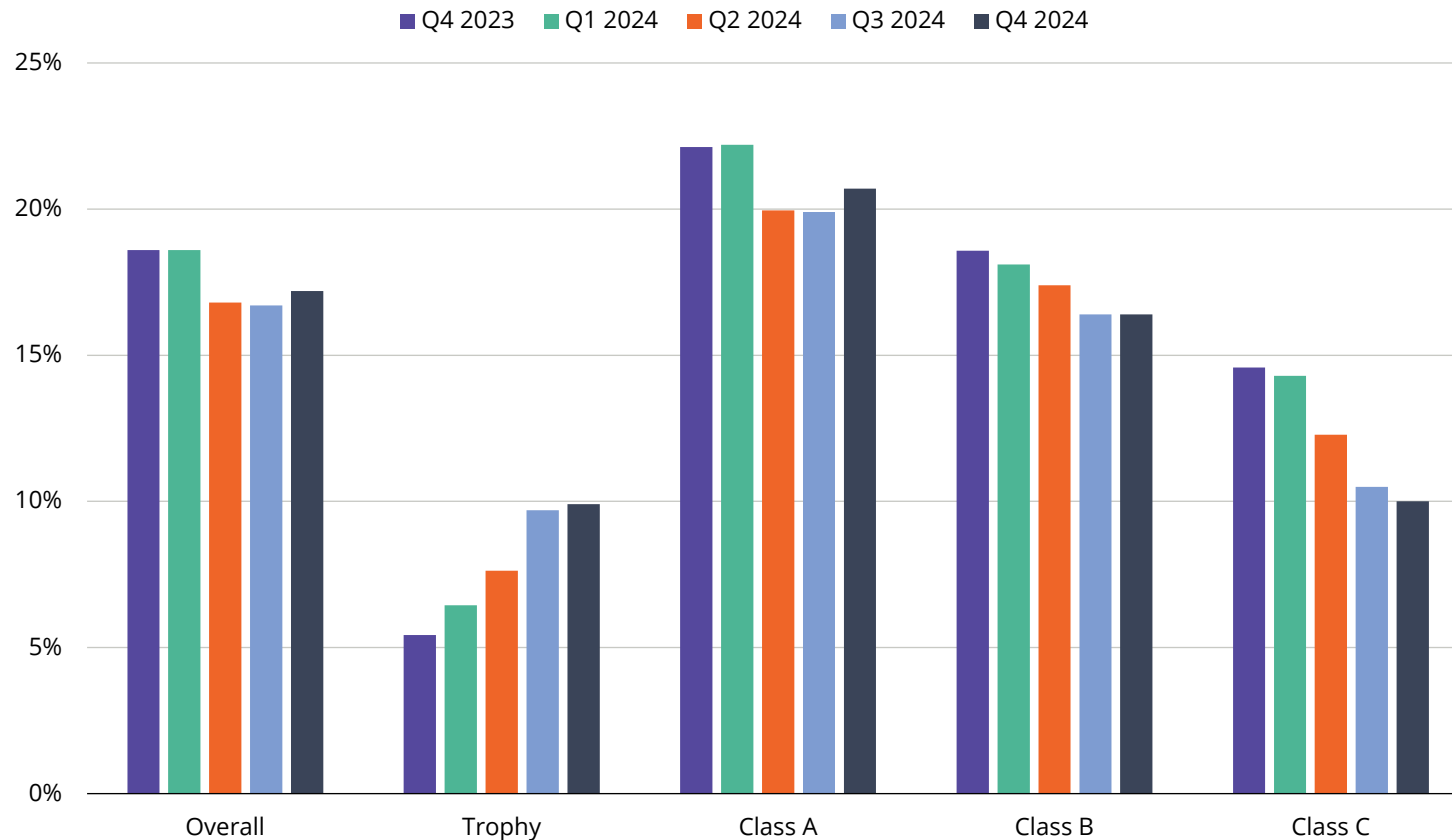
Edmonton's office market continues to exhibit a preference for suburban office space over Downtown locations, driven by accessibility, cost efficiency, and changing workplace dynamics. Vacancy rates in suburban markets further highlight this trend, standing at 15.0% compared to Downtown's 19.2%, a consistent 2% to 3% disparity in recent years.

The sustained demand for suburban office space also aligns with broader urban development patterns. As Edmonton expands outward and residential growth continues in peripheral areas, suburban office markets are positioned to attract both new businesses and established tenants seeking cost-effective alternatives to Downtown spaces.

In contrast, Downtown landlords face increasing pressure to compete with suburban offerings. Enhancing building amenities, optimizing lease structures, and exploring adaptive uses are becoming critical strategies for retaining and attracting tenants in a more competitive landscape.

Greater Edmonton office market indicators

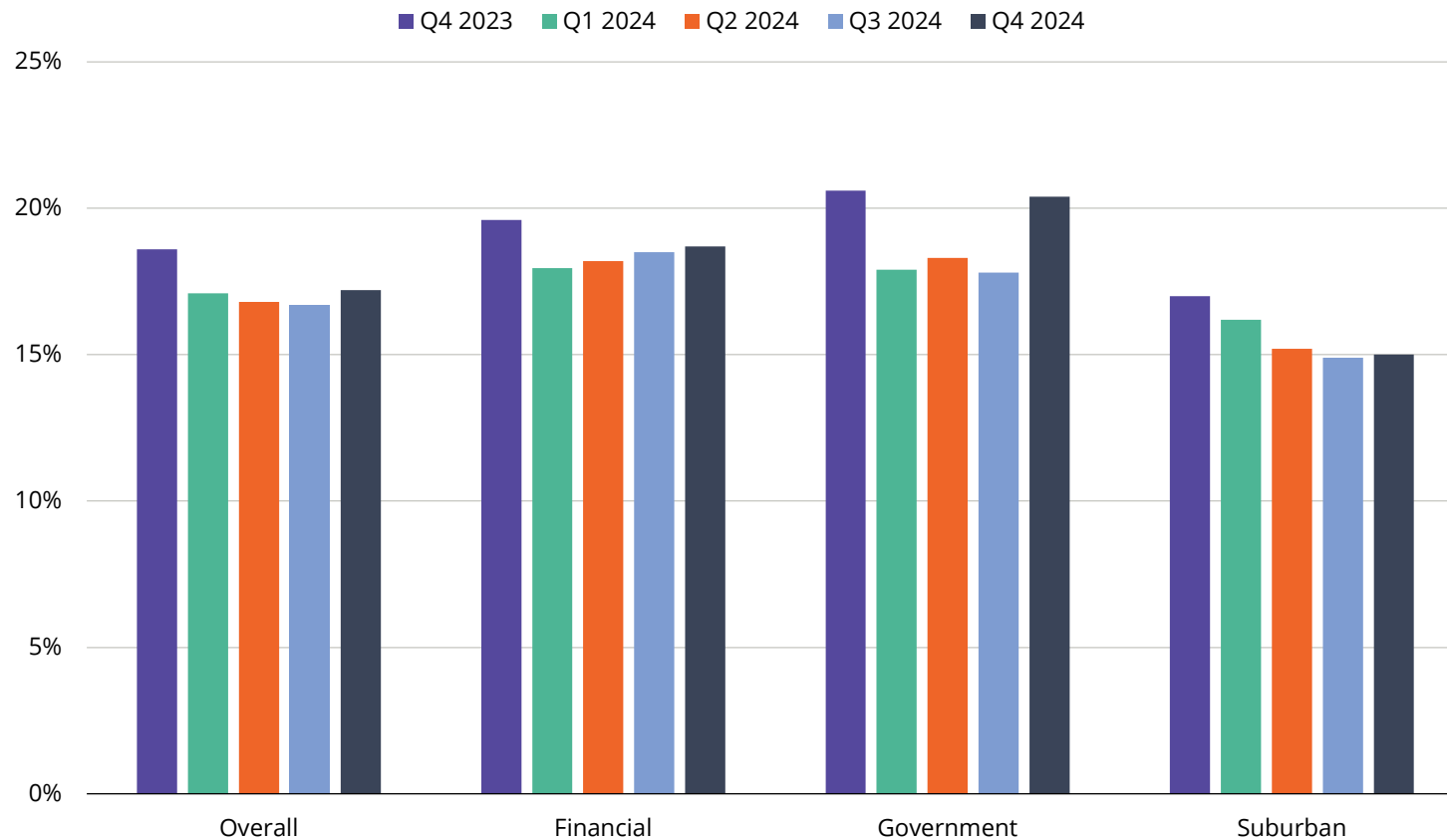
Vacancy rate by class



Office vacancy rates show stability in Trophy assets, while class A and class B face higher rates, and class C experienced steady declines throughout the year.

Greater Edmonton office market indicators

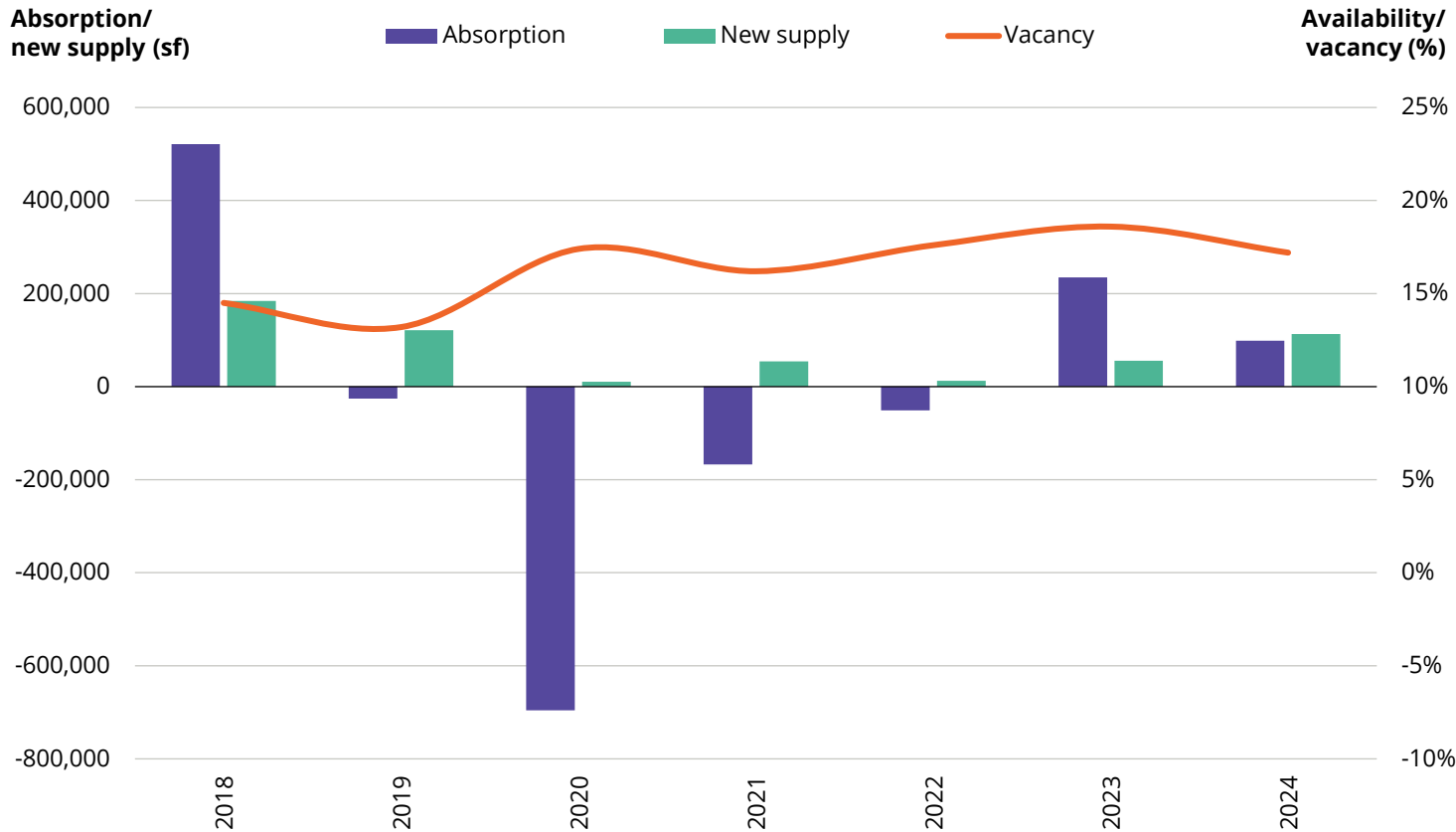
Vacancy rate by submarket



Although vacancy rates increased across all districts, suburban submarkets continue to maintain tighter conditions compared to the Financial and Government districts.

Greater Edmonton office market indicators

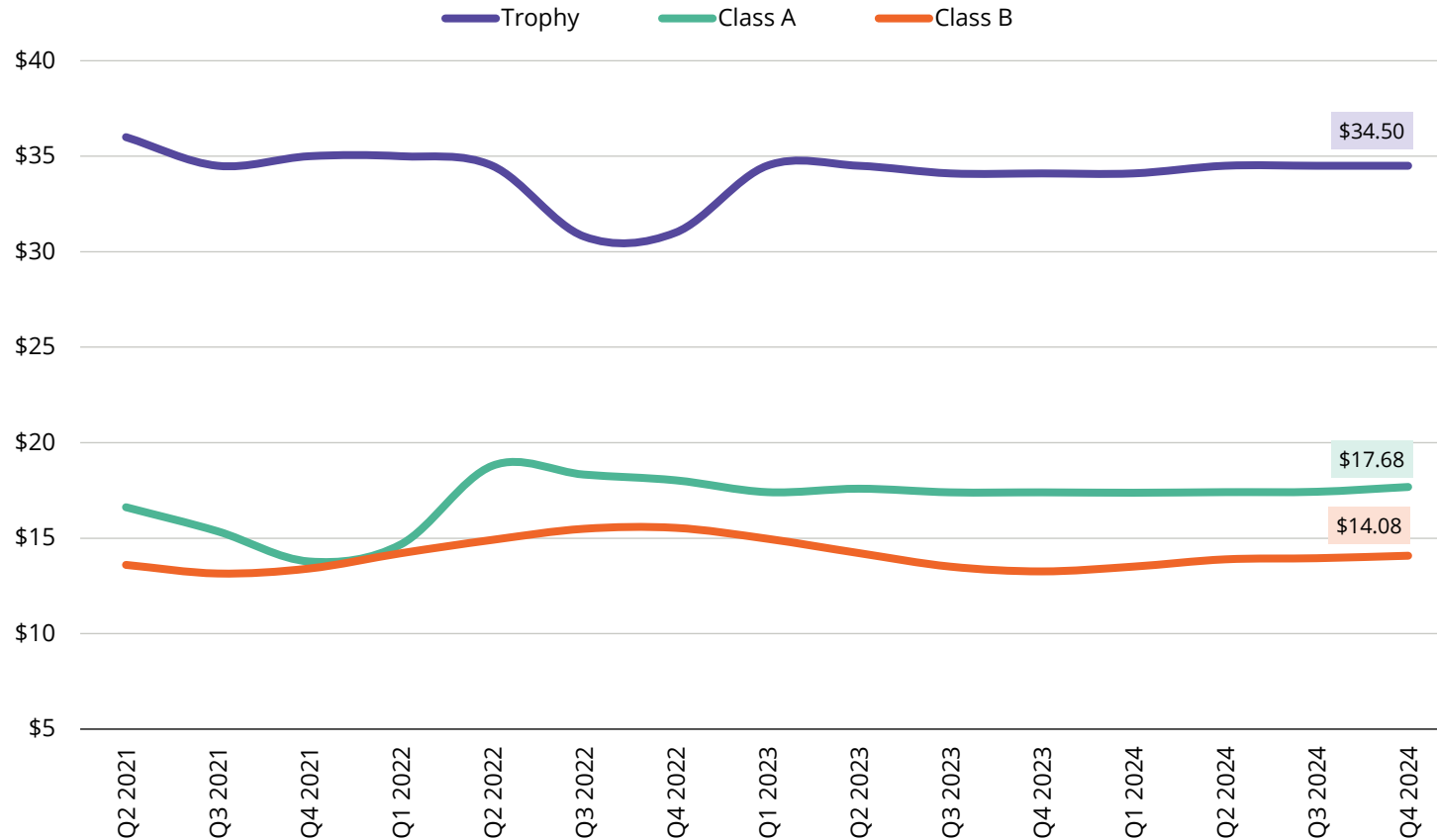
Historic office market statistics



Absorption totaled 98,729 sf for 2024, representing a 58% decrease year-over-year. Despite the decrease, the Edmonton market still recorded two consecutive years of positive absorption.

Greater Edmonton office market indicators

Net asking headlease rents (psf)

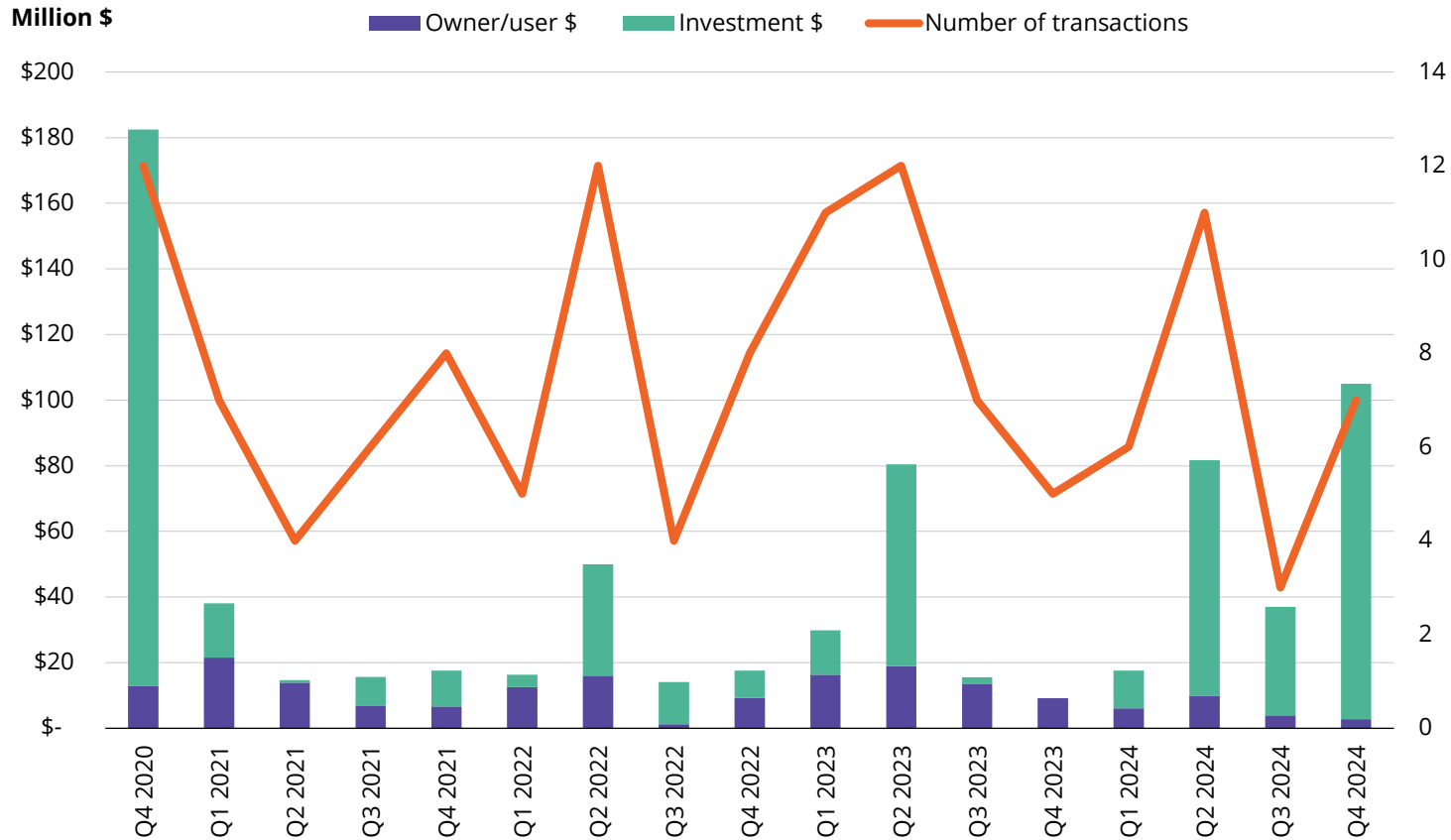


Demand for high quality space has kept trophy class as an outlier with a \$34.50 psf average net asking rent. Meanwhile, rents for classes A and B are lower at \$17.68 psf and \$14.08 psf, respectively.

*Includes Downtown and Suburban

Greater Edmonton area office market indicators

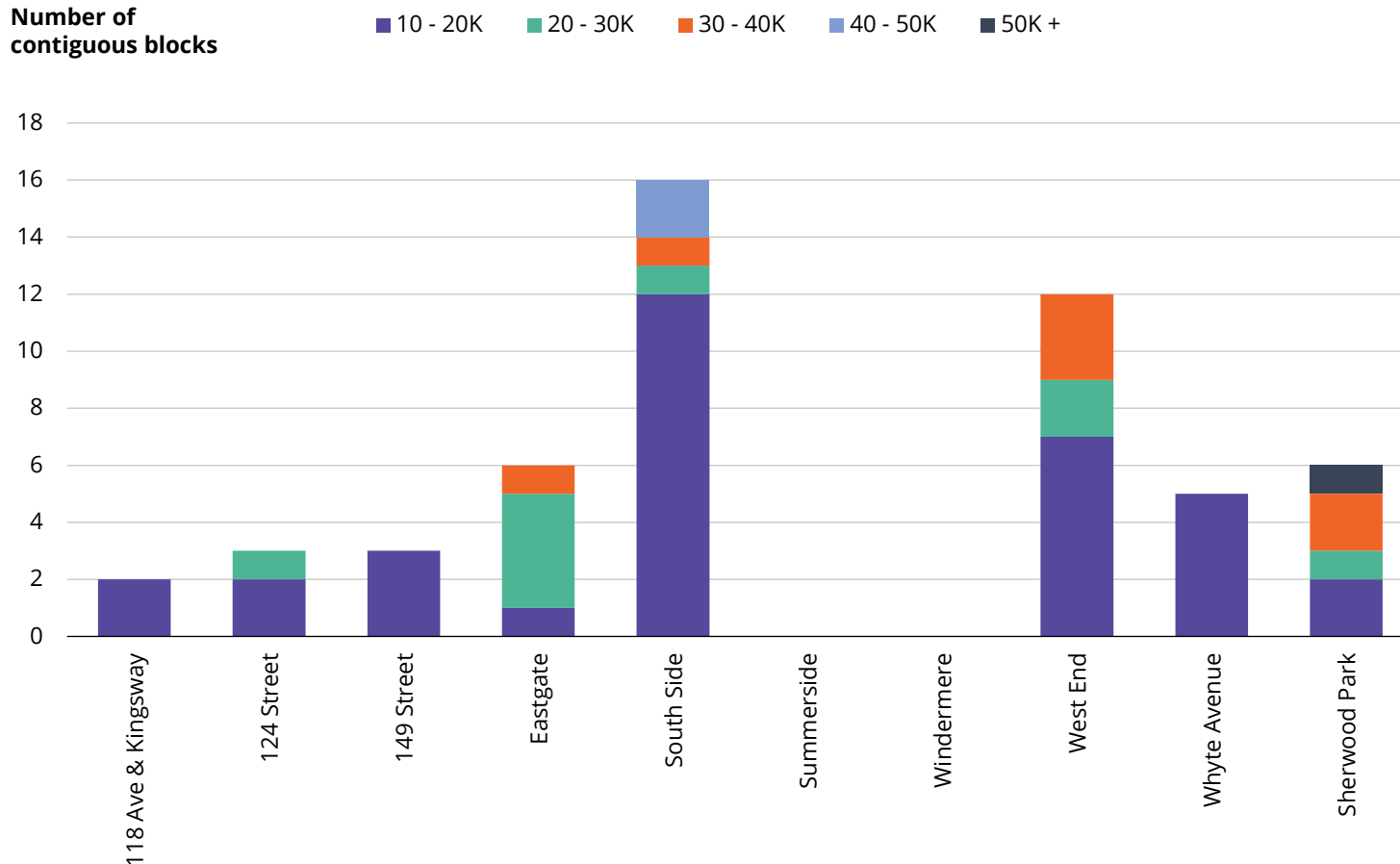
Investment sales volume



Q4 recorded four more transactions than Q3 2024, and sales volume rose by 29, reaching \$105 million.

Greater Edmonton area office market indicators

Availability of contiguous blocks of suburban space by size



There is a noticeable lack of contiguous space to accommodate large occupiers in the suburban submarkets.

Greater Edmonton area office market transactions

Notable office transactions

Building	Tenant / Purchaser	Submarket	Size (sf)	Transaction type
10405 Jasper Avenue	Leder Investments	Financial	411,000	Sale
102 nd Street Centre	Rohit Group of Companies	Financial	131,718	Sale
Circle Square	2620561 Alberta Ltd.	149 Street	79,997	Sale
Glenwood Health Centre	SAIF Holdings	West End	45,668	Sale
9897 34 Avenue	Gobind Sarvar School of Edmonton	South Side	32,069	Lease
Ellerslie Professional Centre	Investors Group	Summerside	13,535	Lease
Broadmoor Place VII	Willowridge Construction	Sherwood Park	10,641	Lease
Currents of Windermere	Medical Imaging Consultants	Windermere	8,720	Lease



Greater Edmonton area office market stats

Category / submarket	Buildings	Inventory (sf)	Total vacant (sf)	Headlease (sf)	Sublease (sf)	Quarterly absorption (sf)	Vacancy overall	Vacancy direct	Vacancy sublease	Lease rates (average psf)			
Financial													
							QoQ change	QoQ change	QoQ change				
Trophy	4	2,397,230	236,163	106,367	129,796	-3,416	9.9%	0.20%	4.4%	0.14%	5.4%	0.06%	\$34.50
Class A	27	7,844,892	1,792,397	1,636,319	156,078	-22,880	22.8%	0.29%	20.9%	0.29%	2.0%	0.00%	\$17.50
Class B	18	1,804,228	315,302	309,503	5,799	15,962	17.5%	-0.88%	17.2%	-0.14%	0.3%	-0.74%	\$10.69
Class C	17	905,191	75,332	75,332	-	-5,824	8.3%	0.64%	8.3%	0.64%	0.0%	0.00%	\$12.50
Subtotal	66	12,951,541	2,419,194	2,127,521	291,673	-16,158	18.7%	0.14%	16.4%	0.23%	2.3%	-0.09%	\$16.70
Government													
Class A	16	2,706,490	686,595	676,015	10,580	-60,021	25.4%	3.25%	25.0%	2.90%	0.4%	0.35%	\$14.45
Class B	18	1,735,386	347,868	347,868	-	-45,848	20.0%	2.64%	20.0%	2.64%	0.0%	0.00%	\$14.29
Class C	23	936,163	62,804	60,939	1,865	-923	6.7%	0.31%	6.5%	0.31%	0.2%	0.01%	\$13.10
Subtotal	57	5,378,039	1,097,267	1,084,822	12,445	-106,792	20.4%	2.61%	20.2%	2.43%	0.2%	0.17%	\$14.19
Suburban													
118 & Kingsway	32	1,064,539	177,842	177,842	-	10,728	16.7%	-1.01%	16.7%	-1.01%	0.0%	0.00%	\$14.29
124 Street	33	1,182,515	198,838	198,838	-	-19,111	16.8%	0.41%	16.8%	0.41%	0.0%	0.00%	\$17.47
149 Street	42	1,371,499	219,991	213,493	6,498	10,948	16.0%	-1.15%	15.6%	-0.78%	0.5%	-0.37%	\$12.12
Eastgate	19	1,371,925	242,769	229,886	12,883	-31,155	17.7%	3.12%	16.8%	3.13%	0.9%	0.00%	\$9.42
South Side	103	4,709,744	715,518	688,198	27,320	10,887	15.2%	0.30%	14.6%	0.02%	0.6%	0.28%	\$16.59
Summerside	49	1,425,952	71,304	45,659	25,645	-8,210	5.0%	0.58%	3.2%	-0.12%	1.8%	0.69%	\$18.38
Windermere	16	443,238	29,212	29,212	-	-2,987	6.6%	0.27%	6.6%	0.27%	0.0%	0.00%	\$27.00
West End	58	2,512,754	356,067	350,587	5,480	29,418	14.2%	-1.43%	14.0%	-1.39%	0.2%	-0.04%	\$14.19
Whyte Avenue	26	795,005	188,346	186,605	1,741	-16,101	23.7%	1.84%	23.5%	1.62%	0.2%	0.22%	\$14.32
Sherwood Park	37	1,449,984	245,147	234,219	10,928	16,882	16.9%	-0.60%	16.2%	-0.64%	0.8%	0.04%	\$15.86
Total	415	16,327,155	2,445,034	2,354,539	90,495	1,299	15.0%	0.12%	14.4%	0.01%	0.6%	0.12%	\$15.18
Totals													
Downtown	123	18,329,580	3,516,461	3,212,343	304,118	-122,950	19.2%	0.86%	17.5%	0.87%	1.7%	-0.01%	\$15.50
Suburban	415	16,327,155	2,445,034	2,354,539	90,495	1,299	15.0%	0.12%	14.4%	0.01%	0.6%	0.12%	\$15.18
Overall	538	34,656,735	5,961,495	5,566,882	394,613	-121,651	17.2%	0.49%	16.1%	0.45%	1.1%	0.04%	\$15.27

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

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