

Investment Q4 2020

	YoY Chg	12-Mo. Forecast
\$2.06B Total Volume	▼	▲
227 Total Properties Sold	▼	▲
5.29M Total SF (Excluding MF)	▼	▲
\$295.8M Land Sales Volume	▼	▬

Closed transactions over \$1 million, 2020
(All Property Classes) | MF = Multifamily
Source: The Gettel Network

ECONOMIC OVERVIEW

After a difficult year, moderate GDP growth is expected in Edmonton of about 4.0% in 2021 (Source: City of Edmonton Fall 2020 Forecast Update). The COVID-19 pandemic, public health measures, and volatile oil prices will continue to weigh on the local economy and cause a slowdown in economic recovery. Seasonally adjusted unemployment in the Edmonton CMA decreased by 20 bps month-over-month to 11.1% in December 2020. Edmonton's non-residential construction permits from January to November 2020 declined by 15.2% year-over-year with industrial, commercial, and institutional decreasing by 21.5%, 13.1%, and 17.9%, respectively.

INVESTMENT OVERVIEW

Despite difficult circumstances, a few high-value transactions were recorded in 2020 with overall investment volume totaling \$2.06B, 36.5% lower than 2019. However, many properties were sold at a discount across all asset types as current market conditions put pressure on prices. Dollar volume in all sectors has declined this year, with the exception of the multifamily sector. Compared to 2019, dollar volume transactions in 2020 in retail, office, and industrial sales declined by 26.4%, 73.3%, and 50.6% respectively, while multifamily sales increased by 29.7%. Overall 2020 land sales decreased by 47.4% compared to one year ago.

With the uncertainty brought on by the COVID-19 pandemic, investors are still showing some interest in Edmonton's office market. Two additional office towers sold in the fourth quarter of 2020, CN Tower sold for \$64M (sale involves assumption of debt) and CWB Place for \$96M, bringing the total to four office towers that traded hands in 2020 for a total market value of close to \$200M. Overall office sales in 2020 were down 73.3% year-over-year, with much of that difference attributed to the Stantec and Edmonton City Centre transactions in 2019. The average price per square foot has continued to drop from 2019. Average cap rates rose slightly from last quarter to 6.9%.

Although retail property sales showed growth as three fully leased retail shopping centres traded hands in the fourth quarter of 2020, overall 2020 retail sales were down 26.4%. A total of 10 retail shopping centres changed hands this year compared to 20 last year. As anticipated, commercial land sales declined by 52.7%. The overall capitalization rate for retail dropped slightly in the fourth quarter to rest at 6.2%.

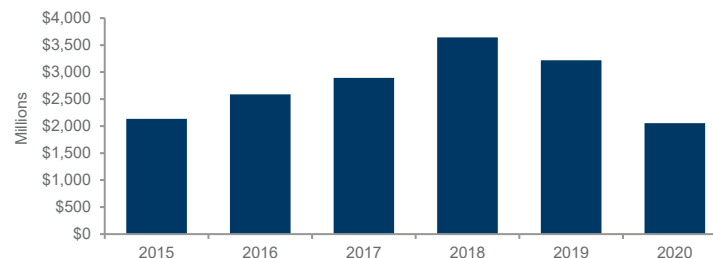
2020 Industrial sales totaled \$452M, a 50.6% decrease from 2019, as there were fewer sale transactions and smaller dollar volumes. Owner-user sales continue to dominate the market, while 16 multi-bay and 10 single-tenant warehouses transacted this year. 73% of the properties that transacted this year were located in the city while 27% were in the peripheral markets. Interest in purchasing industrial land has decreased, with land sales down over \$30M year-over-year. Capitalization rates have continued to increase through the fourth quarter of 2020 averaging 7.4%.

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
739.8K Edmonton Employment	▼	▲
11.1% Edmonton Unemployment Rate	▲	▼
8.6% Canada Unemployment Rate	▲	▼

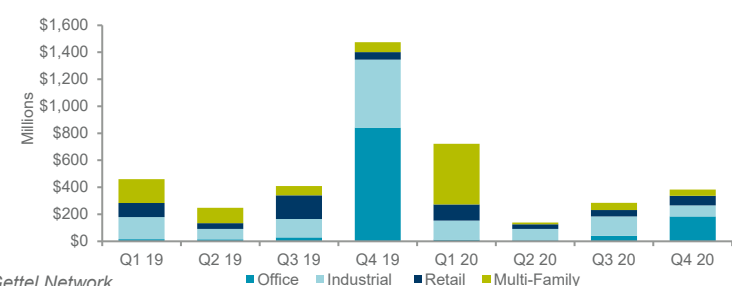
Source: Statistics Canada

INVESTMENT SALES VOLUME



Source: The Gettel Network

INVESTMENT SALES VOLUME BY SECTOR



Source: The Gettel Network

MARKETBEAT EDMONTON, AB



Investment Q4 2020

INVESTMENT ACTIVITY 2020

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME	TOTAL SOLD
Office	19	\$242,181,457	1,408,157 SF
Industrial	111	\$452,144,432	2,958,216 SF
Retail	52	\$272,022,591	925,974 SF
Multifamily	38	\$561,617,900	2,627 Units
Special Purpose	7	\$231,303,945	N/A
TOTAL	227	\$1,759,270,325	-

Sources: The Gettel Network, Cushman & Wakefield Research
Closed transactions over \$1 million, Including condo sales

SIGNIFICANT SALES 2020

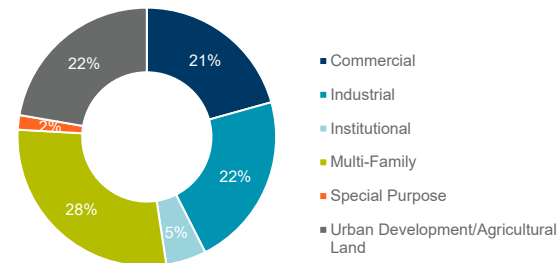
PROPERTY NAME	TYPE	TOTAL SF	PURCHASE PRICE	PRICE / UNIT (\$ PSF)	CAP RATE
The Mayfair on Jasper	High-Rise Apartment	238 Units	\$100,000,000	\$420,168	4.63%
Canadian Western Bank Place	Office: Downtown High-Rise	408,983	\$96,400,000	\$236	7.39%
Grand Central Manor II & III	High-Rise Apartment	306 Units	\$92,000,000	\$300,654	3.5%
The Westin Edmonton	Hotel	428 Units	\$66,182,936	\$154,663	8.31%
CN Tower*	Office: Downtown High-Rise	285,312	\$64,125,167	\$225	N/A
Oliver Place	High-Rise Apartment	234 Units	\$61,500,000	\$262,820	4.14%
Mayfield Common	Retail: Shopping Centre	447,588	\$56,000,000	\$250	N/A

Source: The Gettel Network
Closed transactions over \$1 million
*Sale involves an assumption of debt

CAP RATE TREND



TOTAL LAND ACQUISITIONS BY CAPITAL SECTOR



Source: The Gettel Network
Closed transactions over \$1 million, 2020

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