



YoY Chg 12-Mo. Forecast

19.5%

Vacancy Rate



-251,137

Net Absorption, SF



\$33.98

Gross Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

760.8K

Edmonton Employment



11.2%

Edmonton Unemployment Rate



7.5%

Canada Unemployment Rate



Source: Statistics Canada

ECONOMY

As the third wave of new COVID-19 cases emerges in Alberta, tighter public health measures have been recently implemented to help prevent the spread of the virus. As a result, many businesses will be impacted by limited business hours and services as well as potential closures. Until there is widespread vaccination and leading economic indicators start to improve, the local economy's recovery is likely to remain uncertain and gradual. Seasonally adjusted unemployment in the Edmonton CMA decreased by 40 basis points (bps) month-over-month to 11.2% in March 2021. Residential new construction permits in February 2021 increased by 26.2% compared to the same period last year, while non-residential new construction permits declined by 46.9%.

DEMAND

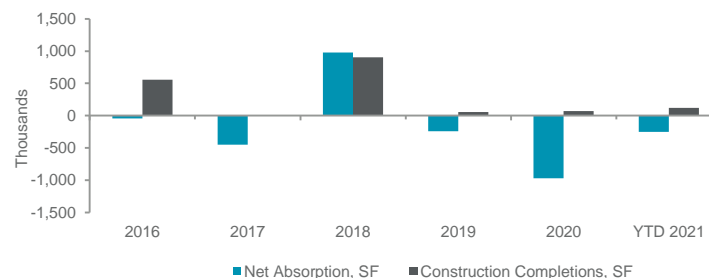
Office demand remained subdued in Edmonton as many companies continued to face a challenging economic environment. Consequently, the first quarter of 2021 continued the trend of negative absorption, as overall net absorption of office space fell by 251k square feet (sf). Negative absorption was primarily located in Class A/AA, totaling negative 134k sf, while Class B and C recorded negative absorption of 115k sf and 2k sf, respectively. Overall vacancy rates increased by 90 bps quarter-over-quarter to 19.5%, driven by limited leasing activity and many companies reducing office space needs. After a quarter-over-quarter decrease throughout 2020, rents stabilized at \$17.55 per square foot in the first quarter of 2021. However, rents remain 3.3% lower compared to the same period last year.

Smaller-sized deals continued to dominate the Edmonton office market. However, some decisive tenants were able to take advantage of the current market conditions and secure space, which bodes well for the Edmonton market as overall vacancy has climbed to a record-high. Bitcoin Well, an Edmonton-based Bitcoin company, is relocating from the suburban market to a 34,928-sf space in the downtown core by the end of the year. Another anticipated move is the consolidation of Edmonton Catholic School's operations to their recently purchased 189,000-sf building in the suburban market called 50th Street Atria. They plan to occupy 120,000 sf in the building and operate out of the new location in 2022.

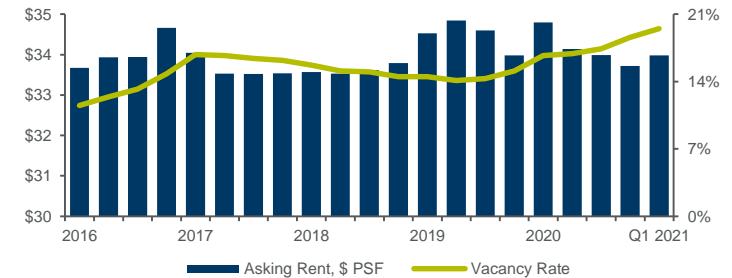
OUTLOOK

Available space is expected to continue to rise in the coming months as leasing activity remains quiet across the city. Landlords that offer creative inducements and/or attractive rent rates will continue to appeal to occupiers on the market for space or looking to relocate. Asking rents will continue to soften if not stabilize until the market starts to pick up again.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & GROSS ASKING RENT



MARKET STATISTICS

SUBMARKET	TOTAL BUILDINGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Financial Core	54	12,712,753	442,596	1,978,108	19.0%	-122,706	-122,706	0	\$37.52	\$37.49
Government	36	5,267,537	14,263	635,447	12.3%	-5,778	-5,778	0	\$31.58	\$32.40
CENTRAL TOTALS	90	17,980,290	456,859	2,613,555	17.1%	-128,484	-128,484	0	\$37.07	\$35.82
124 th Street	18	952,909	16,977	179,449	20.6%	-6,434	-6,434	0	\$29.33	\$32.77
149 th Street	26	1,257,029	0	213,872	17.0%	-5,900	-5,900	0	\$27.45	\$30.30
West End	37	2,054,428	72,843	337,546	20.0%	-18,873	-18,873	0	\$25.84	\$34.09
Kingsway	17	822,310	0	206,666	25.1%	-23,825	-23,825	0	\$33.14	\$37.76
Whyte Avenue	13	538,121	5,411	133,608	25.8%	-31,900	-31,900	0	\$37.71	\$41.51
Southside	59	3,130,008	143,479	646,788	25.2%	17,065	17,065	0	\$30.56	\$32.77
Summerside	22	944,045	75,512	61,202	14.5%	-24,292	-24,292	0	\$33.23	\$33.23
Eastgate	17	1,423,618	5,000	522,391	37.0%	-32,308	-32,308	0	\$26.51	\$30.70
Windermere/Ambleside	12	311,383	0	49,782	16.0%	3,814	3,814	0	\$40.00	\$40.00
SUBURBAN TOTALS	221	11,433,851	319,222	2,351,304	23.4%	-122,653	-122,653	0	\$29.54	\$33.58
EDMONTON TOTALS	311	29,414,141	776,081	4,964,859	19.5%	-251,137	-251,137	0	\$33.98	\$34.99

*Rental rates reflect direct gross asking \$psf/year

SUMMARY BY CLASS	TOTAL BUILDINGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL AVG ASKING RENT*
Class AA	8	4,377,804	242,084	479,235	16.5%	-49,939	-49,939	0	0	\$50.11
Class A	120	14,006,732	398,526	2,475,697	20.5%	-83,785	-83,785	0	120,000	\$34.99
Class B	141	9,200,246	116,895	1,737,482	20.2%	-115,096	-115,096	0	0	\$27.32
Class C	42	1,829,359	18,576	272,445	15.9%	-2,317	-2,317	0	0	\$23.34

*Rental rates reflect direct gross asking \$psf/year

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Cecil Place	Downtown – Financial	Bitcoin Well	34,928	Relocation
REMAX Building*	Suburban – 124 Street	Undisclosed	17,042	Headlease
Argyll Centre	Suburban – Southside	Undisclosed	15,000	Headlease
Greystone Business Park	Suburban - Southside	Undisclosed	7,300	Relocation
Ellwood Business Centre South	Suburban - Summerside	Undisclosed	5,625	Headlease

*Not included in statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Stantec Centre	Downtown – Government	112 Street (Edmonton) Limited / 112 Campus Ltd	189,304	\$14.3M / \$75
Carna Building	Suburban – 149 Street	College And Association of Registered Nurses of Alberta / 2301460 Alberta Ltd	31,186	\$4.7M / \$149
EPA Building	Downtown – Government	The Edmonton Police Association / Three Finger Holdings Ltd	8,399	\$1.9M / \$226

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