



Office Q4 2021

19.4%
Vacancy Rate



63,022
Net Absorption, SF



\$34.03
Gross Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

791.6K
Edmonton Employment



6.6%
Edmonton Unemployment Rate



5.9%
Canada Unemployment Rate



Source: Statistics Canada, The City of Edmonton

ECONOMY

Alberta's economic growth rates are expected to rise; however, recovery from the COVID-19 recession is not expected until 2022. After two years in the pandemic, the labour market in the province continues to show signs of positive growth. The health care and social assistance and goods-producing sectors led the employment gains month-over-month in December 2021 by 7,400 and 6,200 respectively. The unemployment rate in the Edmonton region has dropped significantly year-over-year by 480 basis points (bps) to 6.6%. Overall, non-residential building permits in Edmonton declined in November 2021 by 19% year-over-year and by 34% month-over-month.

DEMAND

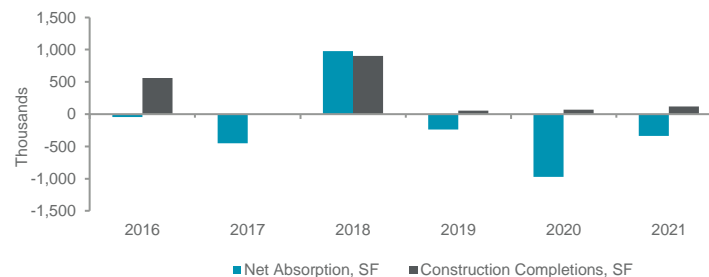
The fourth quarter of 2021 continued the trend of positive absorption within the Edmonton office market. This recovery in net absorption was the result of the market continuing to see more activity in both the downtown and suburban market. Notable leases this quarter include a 75,000-square foot (sf) space in One Twelve Business Campus, and BGC Engineering relocating to a 20,000-sf space downtown from the suburban market. The majority of the positive absorption generated in the fourth quarter of 2021 came from the Government submarket which posted 92,678 sf of positive absorption. All asset classes recorded positive absorption this quarter, with Class AA being the largest contributor with 29,461 sf absorbed, accounting for 46.7% of total net absorption. Overall city vacancy stabilized at 19.4%, unchanged from last quarter, signaling a slower pace of vacancy increases. However, sublease space increased this quarter and accounted for 13.6% of total vacant space compared to 12.8% last quarter.

Overall gross asking rents rose 5 cents quarter-over-quarter as lower-priced space in Class C was removed from the market. In the CBD, the average gross asking rent marginally increased by 0.1% to \$37.50 per square foot (psf), while the average gross asking rent in non-CBD increased by 0.41% to \$29.14 psf quarter-over-quarter.

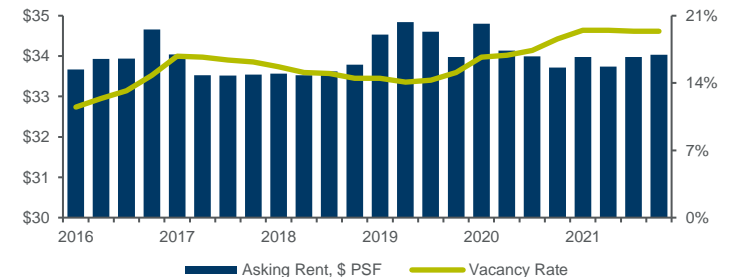
OUTLOOK

The province of Alberta continues to see high rates of COVID-19 infections due to the Omicron variant. This may lead to a disruption to office space demand and many companies delaying plans to return to office. This, coupled with expected upcoming vacancies, is likely to drive up vacancy in the first quarter of 2022. Rents are anticipated to remain lower than pre-pandemic levels until the pool of available office space contracts further.

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	12,779,727	402,333	2,177,631	20.2%	-29,702	-315,501	0	\$37.69	\$37.57
Government	34	5,055,817	3,926	553,722	11.0%	92,678	70,312	0	\$31.16	\$31.95
CENTRAL TOTALS	88	17,835,544	406,259	2,731,353	17.6%	62,976	-245,189	0	\$37.50	\$35.73
124 th Street	18	952,909	12,846	193,510	21.7%	11,808	-18,412	0	\$28.74	\$32.77
149 th Street	26	1,257,029	7,235	192,277	15.9%	8,580	-6,722	0	\$26.62	\$30.29
West End	37	2,052,997	95,133	369,914	22.7%	-46,930	-77,155	0	\$27.12	\$33.36
Kingsway	17	822,310	1,000	182,500	22.3%	9,010	-2,172	0	\$33.58	\$37.76
Whyte Avenue	13	534,593	0	143,412	26.8%	-4,738	-47,731	0	\$36.32	\$39.18
Southside	59	3,127,637	193,759	648,278	26.9%	-5,947	-62,709	0	\$30.50	\$32.10
Summerside	22	940,045	50,000	62,320	11.9%	10,836	-29,799	0	\$33.56	\$33.56
Eastgate	17	1,423,618	5,000	357,147	25.4%	10,946	134,570	0	\$24.34	\$30.58
Windermere/Ambleside	12	311,383	0	30,796	9.9%	6,481	19,381	0	\$38.59	\$38.59
SUBURBAN TOTALS	221	11,422,521	364,973	2,180,154	22.3%	46	-90,749	0	\$29.14	\$33.22
EDMONTON TOTALS	309	29,258,065	771,232	4,911,507	19.4%	63,022	-335,938	0	\$34.03	\$34.77

*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	4,379,071	243,418	447,472	15.8%	29,461	-19,166	0	0	\$50.89
Class A	119	13,980,732	365,607	2,441,486	20.1%	16,049	-143,633	0	120,000	\$34.77
Class B	141	9,258,623	145,316	1,755,151	20.5%	9,676	-181,076	0	0	\$27.51
Class C	41	1,639,639	16,891	267,398	17.3%	7,836	7,937	0	0	\$24.62

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

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
One Twelve Business Campus	Downtown – Government	Undisclosed	75,000	Headlease
Revillon Building	Downtown – Financial	BGC Engineering	20,011	Headlease
Bell Tower	Downtown – Financial	Microsoft	12,332	Headlease
Parkwood Office Centre	Suburban – Eastgate	Centre for Autism	10,032	Headlease
Manulife Place	Downtown – Financial	Investors Group	8,864	Headlease

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
7815 101 Avenue	Suburban - Northeast	Venture Elite Equities Corp / 2315701 Alberta Ltd	5,075	\$1.7M / \$325

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