

Investment 2022 Review

	YoY Chg	12-Mo. Forecast
\$2.8B Total Volume	▲	▼
488 Total Properties Sold	▲	▼
9.3M Total SF (Excluding MF)	▲	▼
\$491.4M Land Sales Volume	▲	▼

ECONOMIC OVERVIEW

In 2022, Alberta's economy was one of the fastest growing in the nation. The province saw significant job growth, especially in the professional, scientific, and technical services industries. Unemployment is currently at 5.4%; however, that number is expected to climb in 2023. Despite high commodity prices, Alberta's economy is expected to cool and grow at a slower rate in 2023. Inflation remains historically high, with the CPI coming in at 6.8% in November. To fight this, the Bank of Canada increased the overnight lending rate by 50 Basis Points (bps) in November, bringing it to 4.25%. The rate hikes, paired with a healing supply chain and less intense energy price increases, should ease inflation across the nation. In the third quarter of 2022, Alberta led the country in population growth and net positive interprovincial migration, welcoming 58,203 new residents (33,297 international and 19,285 interprovincial migrants).

INVESTMENT OVERVIEW

The fourth quarter of 2022 continued the trend of declining sales volumes that started in the third quarter. The fourth quarter's sales volumes have declined by 15.3% quarter-over-quarter, with \$424.3 million in property sales and \$86.2 million in land sales. Despite this downward trend, 2022 had more deals finalized and a higher sales volume than 2021. 2022's overall volume totalled over \$2.8 Billion for the year, an increase of 21.7% from 2021. Industrial building sales were the biggest driver of growth in sales volume, up 30.8% from 2020 levels, and multifamily sales were also up 12.9% for the year, with numerous high-value properties transacted in both asset classes in 2022.

Office sales increased by \$5.6 million or a 39% quarter-over-quarter (QoQ) increase in the fourth quarter. However, the overall office building market remained weak. Only six office buildings transacted this quarter, all located in suburban sub-markets. The majority of office properties sold for less than \$3 million. Cap rates decreased to 6.80% on average.

Commercial retail property sales increased by 53.5% QoQ in the fourth quarter, driven by the sale of a couple of high-value retail assets in the Greater Edmonton Region. Three shopping centres traded hands this quarter, totalling \$23.3 million, while thirteen shopping centres in the Greater Edmonton Region traded hands in 2022 for a total market value of \$137.8 million. Capitalization rates have slightly decreased to 6.18% on average.

Industrial building transactions led the market in 2022 with over \$1.142 billion in industrial buildings sold, a 30.8% increase year-over-year. Much of the activity in 2022 is the result of portfolio sales, with nearly 40% of all volume being attributed to portfolio transactions. The higher interest rate environment has led to a higher cost of capital and a drop in sales volume. This trend is expected to carry over into 2023. Average industrial capitalization rates have continued to drop this year; however, they are anticipated to decrease in 2023 as a result of this decrease in sales volume and a higher interest rate environment.

Closed transactions over \$1 million, YTD 2022
(All Property Classes) | MF = Multifamily

Source: The Gettel Network

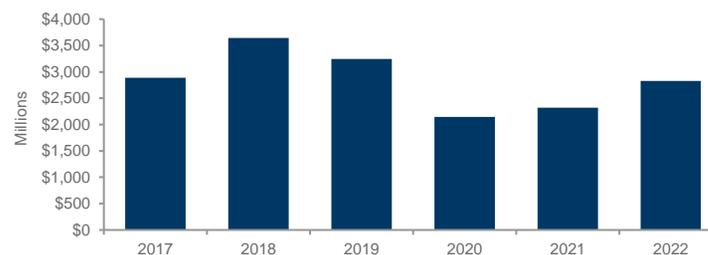
Due to reporting delays, additional transactions that have closed in 2022 will be reported in the coming months. Therefore, the final numbers for 2022, including sale volumes and the number of deals will increase and changes in cap rates for each asset class are anticipated. The data provided here is based on year-to-date reporting.

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
806.2K Edmonton Employment	▲	▼
5.4% Edmonton Unemployment Rate	▼	▲
5.0% Canada Unemployment Rate	▼	▲

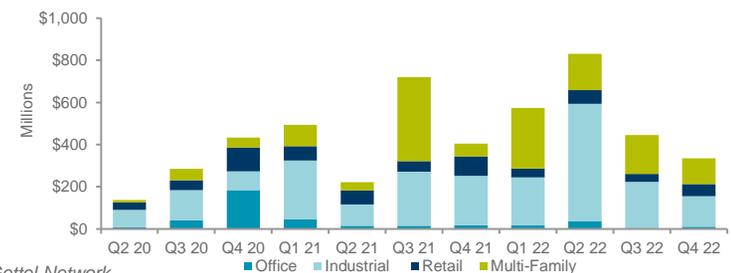
Source: Statistics Canada, The City of Edmonton

INVESTMENT SALES VOLUME



Source: The Gettel Network

INVESTMENT SALES VOLUME BY SECTOR



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INVESTMENT ACTIVITY 2022

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME	TOTAL SOLD
Office	35	\$123,283,790	628,705 sf
Industrial	180	\$1,142,596,465	7,035,770 sf
Retail	56	\$268,163,255	1,262,958 sf
Multifamily	69	\$677,825,001	3,380 units
Special Purpose	2	\$5,610,000	-
TOTAL	342	\$2,217,478,511	-

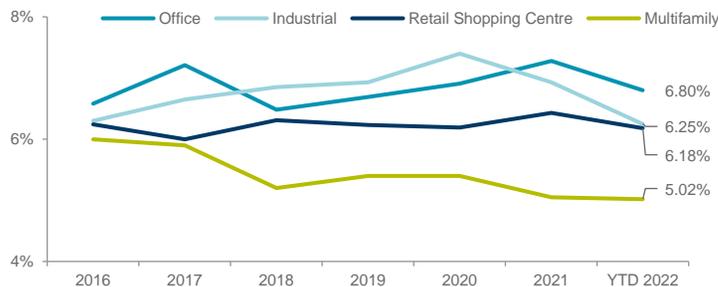
Sources: The Gettel Network, Cushman & Wakefield Research
Closed transactions over \$1 million, including condo sales, YTD 2022

SIGNIFICANT SALES Q4 2022

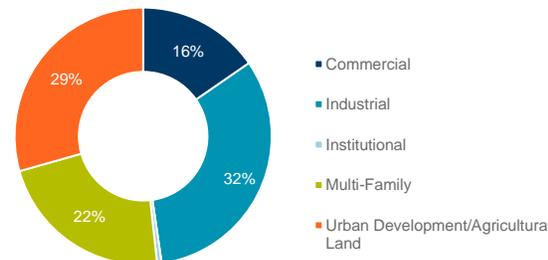
PROPERTY NAME	TYPE	TOTAL SF	PURCHASE PRICE	PRICE / UNIT (\$ PSF)	CAP RATE
Midtown Estates	Walk-up Apartment	65 Units	\$22,500,000	\$346,154	4.21%
3850 98 St	Warehouse: Multi-Bay	260,916	\$21,900,000	\$84	N/A
Westpark Ridge	Walk-up Apartment	102 Units	\$20,900,000	\$204,902	4.61%
5240 Edgemont Blvd	Land	79.12 Acres	\$18,000,000	\$5	N/A
14490 164 St NW	Land	85 Acres	\$13,521,750	\$4	N/A
3905 Allard Ave	Warehouse: Single Tenant	51,228	\$12,958,000	\$253	N/A
9871 279 St	Warehouse: Multi-Bay	45,048	\$11,478,000	\$255	6.96%

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

CAP RATE TREND



TOTAL LAND ACQUISITIONS BY CAPITAL SECTOR



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

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