

## Multifamily H2 2022

	YoY Chg	12-Mo. Forecast
<b>47</b> Total Properties Sold	▲	▼
<b>\$301.8M</b> Total Sales Volume	▼	▼
<b>\$55.2M</b> Total Land Sales Volume	▼	▼

Closed transactions over \$1 million, YTD H2 2022  
Source: The Gettel Network

### ECONOMIC INDICATORS December 2022

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

Source: Statistics Canada

### ECONOMY

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 sitting at 5.4%; however, we anticipate an increase in 2023. Despite high commodity prices, Alberta's economy is expected to grow at a slower rate in 2023. Inflation remains historically high nationally, 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, including Alberta. In the third quarter of 2022, Alberta led the country in population growth, welcoming 58,203 new residents (a population growth rate of 1.28%).

### DEMAND

The multifamily sector saw a total sales volume of \$301.8M in the second half of 2022. This is down from the \$460.8M in the first half of 2022, in part due to the eagerness of parties to complete transactions before further rate hikes. In terms of notable transactions, the Augustana, a 240-unit and 30-storey high-rise in the downtown core, sold for \$90M in September. The total overall average capitalization rate for all multi-family properties that sold in the second half of 2022 was 5.01% - a slight decrease from the 5.21% seen in the first half of 2022. The H2 total overall average price per suite of \$210,045 (including all property types; low-rise, high-rise, and row house), surpassed the pre-pandemic levels of early 2020 (\$161,151 per suite), however, asset class and the weighting of such also contributed to this. In the last six months of 2022, 47 properties have closed totaling 1,174 units, compared to 47 properties (2,052 units) sold during the first half of 2022.

The Edmonton market experienced a sharp increase in vacancy rates in 2020 and 2021. Universities having classes online paired with less migration in this time period put downward pressure on demand, while 2021 saw the addition of significant new supply to the market. Conversely, 2022 saw demand outpace new supply and vacancy rates have been dropping market-wide as a result. Improvements in the labour market as well as, universities resuming in-person classes and record-high migration numbers were primary causes for this. Despite historically high inflation, rising interest rates and high construction costs, large projects are still under construction. The Edmonton market continues to attract out-of-province investment, spanning from private to institutional capital.

### OUTLOOK

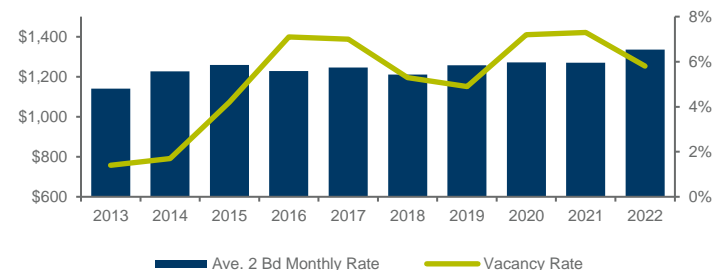
Vacancy numbers are expected to drop slightly as the federal government plans on bringing in over 465,000 immigrants in 2023. Alberta is projected to experience high levels of migration throughout 2023. The influx of new residents paired with high-interest rates that have been pricing potential buyers out of the market will apply upwards pressure on market rents, presumably leading to rental rate increases. While further cap rate decompression is expected for the first half of 2023, the increase should only be marginal.

### TOTAL SALES VOLUME VS. AVERAGE CAP RATES



Source: The Gettel Network

### AVERAGE MONTHLY RENT VS. AVERAGE VACANCY



Source: CMHC Rental Market Report, Zonda Urban Edmonton Q3 Rental Take

## CONSTRUCTION PIPELINE

PROPERTY	ADDRESS	SUBDIVISION	DEVELOPER	# OF UNITS	EXPECTED COMPLETION DATE
High Pointe at Clareview	4203 145 Av NW	North East	Keller Construction	840	June 2023
One 12	8607 112 St NW	University	Maclab Properties Group	447	March 2024
Paramount	10279 Jasper Avenue	Downtown	One Properties	369	TBD
Century Gardens at Century Park	2815 109a St NW	Southside	Procura	278	April 2023
Falcon Residential Towers Phase One	10027 104 St NW	Downtown	Langham Developments	240	2023
Peak Tower	10201 Jasper Avenue	Downtown	Lighthouse Hospitality Management	274	Spring 2023
The Parks	10756 Jasper Avenue	Downtown	Pangman Development Corp. / John Day Developments	1050	TBD
Stationlands Residential Towers	10515 101 Street NW	Downtown	Qualico	485	TBD
Holyrood Gardens (8 Buildings)	8310 93 Avenue NW	Holyrood	Regency Developments	284, 143, 200, 133, 440	TBD
University Avenue Apartments	11459 80 Avenue NW	University	Westrich Pacific Corp	159	2022

## KEY APARTMENT SALES H2 2022

PROPERTY	SUBMARKET	UNITS	YEAR BUILT	PURCHASE PRICE	PRICE / \$ UNIT	CAP RATE
Augustana	Downtown	240	2021	\$90,100,000	\$375,417	4.70%
Hollick Kenyon Apartments	Northeast	236	2013	\$48,616,000	\$206,000	4.66%
Midtown Estates	Oliver	65	2018	\$22,500,000	\$346,154	4.21%
Westpark Ridge	Westend	102	1981	\$20,900,000	\$204,902	4.61%
Cortez Manor	Fort Saskatchewan	68	2000	\$8,830,000	\$129,852	6.28%
The Plaza	Northwest	34	1975	\$6,400,000	\$188,235	4.46%
Stony Place	Westend	44	1982	\$4,875,000	\$110,795	4.40%
Spruce Haven Manor	Northeast	44	1981	\$4,829,000	\$109,750	5.05%

Source: The Gettel Network

## KEY MULTIFAMILY LAND SALES H2 2022

PROPERTY	SUBMARKET	AREA (ACRES)	PURCHASE PRICE	PRICE PER SQUARE FOOT	PRICE PER ACRE
11425 St Albert Trail	Northwest	3.71	\$7,150,000	\$44	\$1,927,224
21806 91A Ave	Westend	4.15	\$5,643,000	\$31	\$1,359,759
5873 Mullen Place	Southwest	2.71	4725000	\$40	\$1,743,542
103 Secord Dr	Northwest	3.71	\$4,637,500	\$29	\$1,250,000
301, 203 Salisbury Way	St. Albert	3.51	\$3,474,900	\$23	\$990,000
17627 63 St	Southwest	3.66	\$3,407,460	\$21	\$931,000

Source: The Gettel Network

## MULTIFAMILY TEAM

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