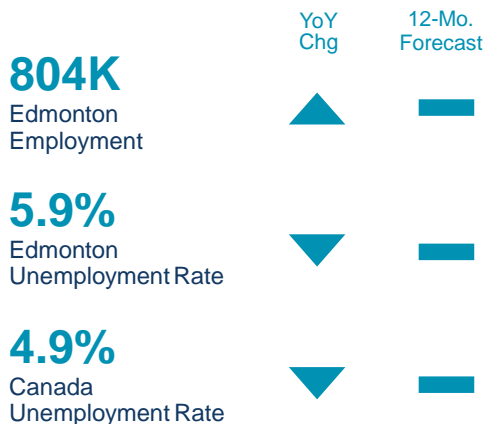


Multifamily H1 2022



Closed transactions over \$1 million, YTD H1 2022
Source: The Gettel Network

ECONOMIC INDICATORS Q2 2022



Source: Statistics Canada

ECONOMY

With the help of high oil prices, Alberta's economic recovery from the Covid-19 pandemic has far exceeded expectations from last year. By the end of 2022, optimistic forecasts project that the province's economy will fully recover to 2014 levels by expanding by 5.4%, making it one of the nation's growth leaders. High energy prices, an increase in population growth and a competitive corporate tax structure should encourage more investment. However, the Bank of Canada continues to increase interest rates in an attempt to curb historically high inflation. High inflation and increased interest rates will likely challenge these growth projections and could slow down the recovery.

DEMAND

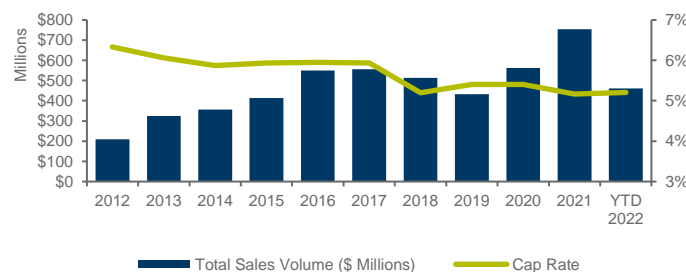
The multifamily sector saw a total sales volume of \$460.8M in the first half of 2022, up from the \$139M that transacted during the same period in 2021, nearly reaching the levels of activity seen in 2020. In terms of notable transactions, the CX Tower, a 222 unit and 22 storey high-rise in the Oliver subdivision, sold for \$81M in March. The average capitalization rate for multifamily is currently 5.21% which slightly increased from an average 5.08% cap rate during the first six months of 2021. The average price per suite is \$145,870, which includes all property types (low-rise, high-rise, and row house), a significant increase from last year's number of \$128,536 but not at the levels seen during this same time period in 2020 (\$161,151). In the first six months of 2022, 47 properties have closed totaling 2,052 units, compared to 24 properties (915 units) during this same time period last year.

According to CMHC, Edmonton vacancy in 2021 had remained relatively unchanged at 7.3% when compared to 2020. However, 2021 saw the addition of significant new supply to the market, meaning that demand kept pace with the increase in inventory. The return of students on campus, improved labour market conditions and increased migration to the city have been driving this demand. Newly built rental apartments remain competitive by offering rental incentives to attract good long-term tenants. Despite historically high inflation, rising interest rates and high construction costs, there are several large projects underway. Many of these projects are high-rises being built in the downtown core and the adjacent Oliver subdivision.

OUTLOOK

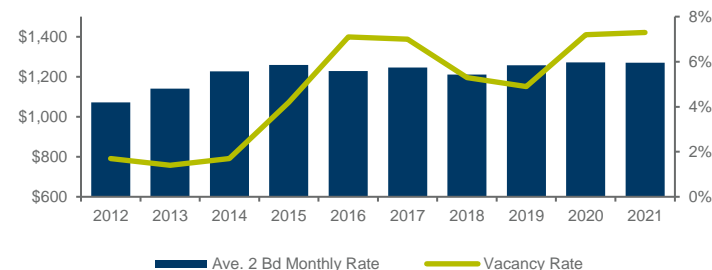
Vacancy rates are expected to decrease through the remainder of the year in part due to strengthening migration. Multifamily development outside the downtown core is expected to continue to grow as certain suburban communities plan to revitalize, and already established neighbourhoods such as Whyte Avenue remain an attractive prospect for developers. Town house development continues to remain strong in both Edmonton and the suburbs. This new construction is boosted by the decrease in price for lumber and other common construction materials. Multifamily asset sales are anticipated to remain active and cap rates are expected to remain stable.

TOTAL SALES VOLUME VS. AVERAGE CAP RATES



Source: The Gettel Network

AVERAGE MONTHLY RENT VS. AVERAGE VACANCY



Source: CMHC Rental Market Report

CONSTRUCTION PIPELINE

PROPERTY	ADDRESS	SUBDIVISION	DEVELOPER	# OF UNITS	EXPECTED COMPLETION DATE
Citizen on Jasper	10110 120 St NW	Oliver	One Properties	344	Fall 2022
The View	9922 111 St NW	Oliver	Westrich Pacific Corp	178	Summer 2022
Paramount	10279 Jasper Avenue	Downtown	One Properties	369	TBD
Glenora Park	10150 Clifton Place NW	Oliver	One Properties	291	2022
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 H1 2022

PROPERTY	SUBMARKET	UNITS	YEAR BUILT	PURCHASE PRICE	PRICE / \$ UNIT	CAP RATE
CX Tower	Oliver	222	2020	\$81,000,000	\$364,865	4.13%
South Ridge Court & South Ridge Townhomes	Southwest	262	1971	\$47,600,000	\$181,679	5.83%
The Nautical At Summerside	Southeast	180	2019	\$42,300,000	\$235,000	4.68%
La Vie	Southwest	190	2018	\$42,210,000	\$222,158	4.82%
Stonebridge Estates	Sherwood Park	180	2001	\$34,000,00	\$188,888	4.87%
Hillcrest Place	Southwest	144	1972	\$31,350,000	\$217,708	4.73%
Heartwood Apartments	Southwest	123	2019	\$28,900,000	\$234,959	5.07%
Claremont Court	Northwest	144	2000	\$26,500,000	\$184,072	4.98%

Source: The Gettel Network

KEY MULTIFAMILY LAND SALES H1 2022

PROPERTY	SUBMARKET	AREA (ACRES)	PURCHASE PRICE	PRICE PER SQUARE FOOT	PRICE PER ACRE
1215 Rabbit Hill Road SW	Southwest	6.64	\$7,100,000	\$25	\$1,076,807
8709 118 St	University	0.51	\$7,000,000	\$317	\$13,828,558
9704 137 Ave	Northwest	4.37	\$54,62,500	\$29	\$1,250,000
525/565 Griesbach Parade	Northwest	3.35	\$4,824,000	\$33	\$1,440,000
4 Redspur Drive	St. Albert	3.68	\$3,238,400	\$20	\$880,000
11910 35 Ave SW	Southwest	3.54	\$3,044,400	\$20	\$860,000

Source: The Gettel Network

MULTIFAMILY TEAM

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