

# MARKETBEAT EDMONTON, AB



## Investment Q2 2023

	YoY Chg	12-Mo. Forecast
<b>\$1.30B</b> Total Volume	▲	▲
<b>152</b> Total Properties Sold	▲	▲
<b>2.78M</b> Total SF (Excluding MF)	▼	▲
<b>\$148.2M</b> Land Sales Volume	▲	▲

Closed transactions over \$1 million, YTD Q2 2023  
(All Property Classes) | MF = Multifamily  
Source: The Gettel Network

## ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
<b>850.5K</b> Edmonton Employment	▲	▼
<b>6.1%</b> Edmonton Unemployment Rate	▲	▲
<b>5.4%</b> Canada Unemployment Rate	▲	▲

Source: Statistics Canada, The City of Edmonton

## ECONOMIC OVERVIEW

Analysts predict Alberta's GDP will grow by 2.7% in 2023, making it the top-performing province and is expected to continue to outperform in the coming years. Alberta attracted 56,594 new residents between January and March 2023, a growth rate of 1.2%. This influx of people can be attributed to the province's strong job market and high standard of living. From April 2022 to April 2023, Alberta's average annual population growth rate was 4.5%. Despite recent downward pressure on global crude oil prices, Alberta's oil production is set to increase in 2023. The government's budget projection for FY 2023/24 of approximately US\$80 per barrel seems reasonable and will support industry profitability. The province remains committed to investing in healthcare and transportation infrastructure development.

## INVESTMENT OVERVIEW

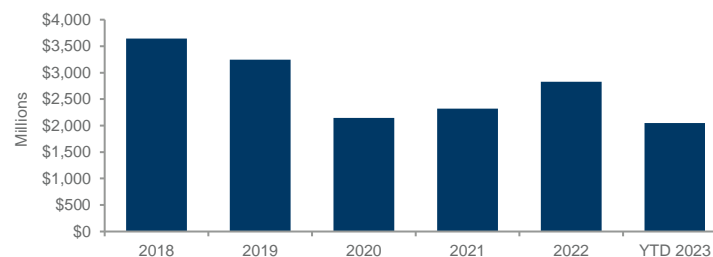
Edmonton's real estate investment market had a really strong quarter, reversing the trend of decreasing sales volumes as seen in the second half of 2022. The second quarter's sales volumes have increased by 73% quarter-over-quarter, with \$1.15 billion in building sales and \$148.2 million in land sales. The sale of industrial buildings and multi-family properties continues to be the biggest drivers of growth for sales volumes. The sale of Champion Petfoods processing plant in Acheson for \$154 million was the largest sale of the Quarter. Mars Champion bought the real estate and business of Champion Petfoods.

Edmonton's office market had a strong quarter with \$88.5M in sales recorded. Office sales tripled this quarter, with sales volumes increasing by \$58M Quarter-over-Quarter (QoQ). There were 21 significant office sales this quarter, which is over 100% higher than the 10 sold last quarter. The capitalization rates for office assets continues to go up, and will likely continue to experience upward pressure until office occupancy and vacancy rates improve and stabilize, and interest rates decrease and stabilize.

Just like the previous quarter, only four retail shopping centres traded hands this quarter. The sales volume was lower this quarter as the Mill Woods Town Centre sold for \$69M last quarter, which alone was more than the \$39.4M that transacted this quarter. The largest shopping centre that sold this quarter was the Belmont Town Centre, which sold for \$20.4M. The capitalization rates continue to increase as purchasers need to maintain the spreads between their interest rates and capitalization rates for the deals to be feasible.

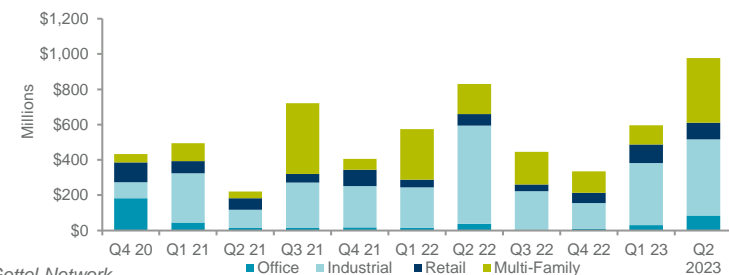
Industrial assets remain attractive, with over \$440M in assets sold so far this quarter. This represents a 25% increase from the \$351M of industrial assets that were transacted last quarter. The largest transaction was the Champion Petfoods processing plant in Acheson. It was sold to Mars Champion Petfoods, who bought Champion Petfoods' real estate and business portfolio. The plant sold for \$154M and 1,116 PSF, although that price includes the excess land on the property and all of the business components. Industrial cap rates remained relatively unchanged from last quarter, with A-class product being in the 4.75%-6.25% and B-class falling in the 5.75%-7.50% range.

## INVESTMENT SALES VOLUME



Source: The Gettel Network

## INVESTMENT SALES VOLUME BY SECTOR



# MARKETBEAT EDMONTON, AB

## Investment Q2 2023



### INVESTMENT ACTIVITY Q2 2023

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME	TOTAL SOLD
Office	21	\$88,506,922	735,625 SF
Industrial	88	\$440,644,632	1,423,038 SF
Retail	42	\$113,246,098	400,165 SF
Multifamily	50	\$389,772,815	1,709 Units
Special Purpose	5	\$233,390,000	-
<b>TOTAL</b>	<b>206</b>	<b>\$1,265,560,467</b>	<b>2,558,828 SF / 1,709 Units</b>

Sources: The Gittel Network, Cushman & Wakefield Research

Closed transactions over \$1 million, including condo sales, YTD Q2 2023

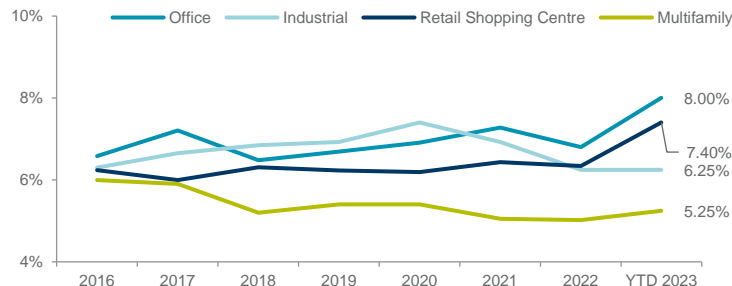
### SIGNIFICANT SALES Q2 2023

PROPERTY NAME	TYPE	TOTAL SF	PURCHASE PRICE	PRICE / UNIT (\$ PSF)	CAP RATE
Champion Petfoods processing plant	Warehouse	138,181	\$154,310,00	\$1,116.72	N/A
Mill Woods Town Centre	Shopping Centre	455,701	\$69,000,000	\$151.42	10.44%
Lowes 3421 158 Ave	Big Box Retail	123,414	\$22,000,000	\$178.26	N/A
Broadmoor Place Buildings VII & VIII	Suburban Office	163,705	\$21,200,000	\$129.50	8.79%
Belmont Town Centre	Shopping Centre	56,416	\$20,400,000	\$361.60	6.78%
Clark Builders Place	Suburban Office Highrise	159,276	\$16,600,000	\$104.22	10.40%
10814 119 St	Self-Storage	49,895	\$14,700,000	\$294.62	5.84%

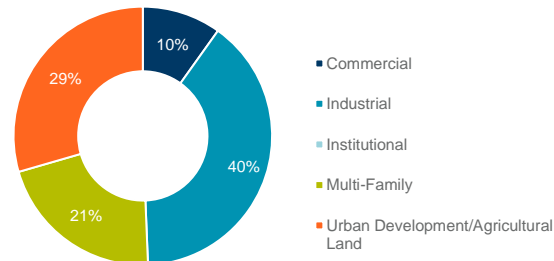
Source: The Gittel Network

Closed transactions over \$1 million

### CAP RATE TREND



### TOTAL LAND ACQUISITIONS BY CAPITAL SECTOR



Source: The Gittel Network

Closed transactions over \$1 million

\*Note that no reported sales of Institutional Land took place in Q2 2023

### INVESTMENT TEAM

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### A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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