

MARKETBEAT EDMONTON, AB

Multifamily H1 2023



73

Total Properties Sold

YoY
Chg



12-Mo.
Forecast



\$580.7M

Total Sales Volume



\$56.5M

Total Land Sales Volume



Closed transactions over \$1 million, YTD H1 2023

Source: The Gettel Network

ECONOMIC INDICATORS

December 2022

850.5K

Edmonton
Employment

YoY
Chg



12-Mo.
Forecast



6.1%

Edmonton
Unemployment Rate



5.4%

Canada
Unemployment Rate



Source: Statistics Canada

ECONOMY

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 2023 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. Despite this, Edmonton's unemployment rate has risen by 50 basis points (bps) since Q4 2022 (seasonally adjusted).

DEMAND

The multifamily sector saw a total sales volume of \$580.7M and 73 properties in the first half of 2023. This is up significantly from the \$301.8M and 47 properties sold in the second half of 2022, representing a 92% dollar volume increase since. This is due to the large influx of migration to the province, tightening vacancy rates, and strong investor sentiment. In terms of notable transactions, Raymond Block, a 95-unit mixed-use midrise on Whyte Ave, sold for \$51M in February. The capitalization rate range for highrises in the Edmonton market this quarter is 3.75% to 5% and 4.5% to 6.5% for low-rise apartments. Per the latest CMHC rental market report, Edmonton's purpose-built rental vacancy rate had decreased to 4.3%, down 3000 bps from the previous year, with the average rent for a purpose-built 2-bedroom apartment increasing by 1.6% year over year to \$1,304 per month.

Driven by improved labour market conditions and a record 10-year high in both net international migration and net interprovincial migration, the demand for rentals has surged, outstripping the growth in supply. Notably, Edmonton has remained at the forefront of this trend, experiencing robust expansion in the purpose-built rental sector. In fact, the pace of growth in this sector has exceeded that of any previous decade, as evidenced by data reaching back to 1990. Within this context, same-sample apartment rents saw a moderate uptick in 2022. The prevalence of lower vacancies, especially in specific sub-areas of the Census Metropolitan Area (CMA), exerted upward pressure on rental rates. Additionally, the rising mortgage rates led to an increase in ownership costs for first-time homebuyers, potentially prompting a higher demand for rentals. This intricate interplay between market factors underscores the dynamic nature of the rental landscape.

OUTLOOK

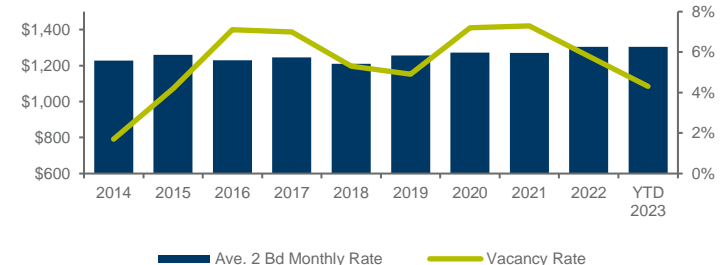
Vacancy numbers are expected to drop slightly as the federal government plans on bringing in over 465,000 immigrants in 2023. Alberta is projected to experience high levels of migration throughout 2023. The influx of new residents paired with high-interest rates that have been pricing potential buyers 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 second 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

MARKETBEAT EDMONTON, AB

Multifamily H1 2023



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 2025
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
11151 84 Ave NW	11151 84 Ave NW	University	North American Development Group	217	2024

KEY APARTMENT SALES H1 2023

PROPERTY	SUBMARKET	UNITS	YEAR BUILT	PURCHASE PRICE	PRICE / \$ UNIT	CAP RATE
Rundle at Riverview Crossing Residence	Northeast	248	2022	\$59,500,000	\$239,919	N/A
Raymond Block	Whyte Ave	95	2018	\$51,000,000	\$536,842	5.53%
Dwell at Schonsee	Northeast	188	2020	\$41,736,000	\$222,000	4.75%
Capital Apartments	Downtown	117	2020	\$33,782,755	\$157,863	N/A
Rossdale House	Downtown	204	-	\$33,000,000	\$161,765	4.65%
Holyrood Square Apartments	Northeast	89	2921	\$27,225,000	\$305,899	4.20%
Southfort Village	Fort Saskatchewan	106	2015	\$24,253,813	\$228,809	5.98%
Spruce Haven Manor	Northeast	44	1981	\$4,829,000	\$109,750	5.05%

Source: The Gettel Network

KEY MULTIFAMILY LAND SALES H1 2023

PROPERTY	SUBMARKET	AREA (ACRES)	PURCHASE PRICE	PRICE PER SQUARE FOOT	PRICE PER ACRE
130 Hawks Ridge Blvd	Northwest	3.43	\$5,400,000	\$36	\$1,574,344
165 Albany Dr	Northwest	4.89	\$5,379,000	\$25	\$1,100,000
5388 Admiral Girouard St	Northwest	4.55	\$5,130,000	\$26	\$1,127,473
9305 160 Ave NW	Northwest	5.1	\$4,000,000	\$18	\$784,314
5315 Edgemont Blvd	Southwest	3.61	\$3,339,250	\$21	\$925,000
4 Redspur Dr	St. Albert	3.68	\$3,238,400	\$20	\$880,000

Source: The Gettel Network

MULTIFAMILY TEAM

+1 780 420 1177 apartment@cwedmonton.com

[cwedmonton.com](https://www.cwedmonton.com)

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