



## Office Q4 2023

**18.7%**

Vacancy Rate

YoY  
Change



12-Mo.  
Forecast



**396,255**

Net Absorption, SF



**\$32.72**

Gross Asking Rent, PSF



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q4 2023

**852.1K**

Edmonton  
Employment

YoY  
Change



12-Mo.  
Forecast



**6.6%**

Edmonton  
Unemployment Rate



**5.8%**

Canada  
Unemployment Rate



Source: Statistics Canada, The City of Edmonton

### ECONOMY

Canada's inflation rate has steadily declined dropping 90 basis points (bps) from 5.9% in January 2023 to 3.1% in November 2023, marking its lowest point since June 2021. Heading into 2024, expert economists remain cautious by adopting a "wait and see" approach, looking for more evidence supporting the potential halt in the Bank of Canada's rate hikes to reach its 2% target. This target would be encouraging for investment opportunities as tenants and landlords would welcome the heightened affordability. Notably, Alberta attracted 61,118 new residents between July 2023 and October 2023, a growth rate of 1.3%. This influx of people can be attributed to the province's strong job market, high standard of living, and attractive living affordability relative to other provinces.

### DEMAND

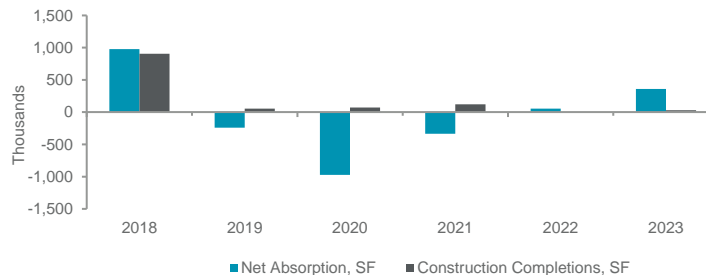
The Edmonton office market experienced a surge of newly signed deals leading to a prominent uptick with 396,255 square feet (sf) of positive net absorption in the fourth quarter of 2023. Significant positive absorption was seen in the downtown core largely fueled by Canadian Western Bank opting to lease 200,000 sf in Manulife Place instead of proceeding with their initial plans of occupying a new tower in the ICE District. This move underscores the ongoing challenges of rising construction costs and elevated interest rates. Tenants like Canadian Western Bank are adapting by seeking high-end spaces in Class AA/A properties undergoing major renovations with Manulife Place and Rice Howard Place serving as examples in the downtown core.

In the fourth quarter of 2023, the overall vacancy rate decreased by 130 bps from last quarter to 18.7%. Although downtown core vacancy experienced a substantial drop of 217 bps from last quarter to 19.7%, persistent challenges such as worker retention and ongoing safety concerns in downtown Edmonton have kept vacancy rates relatively high. Average gross asking rents in the downtown core dropped 10 cents quarter-over-quarter (QOQ) to \$36.53 per square foot (psf). Suburban vacancy held steady at 19.6%, with just a 39-bps decrease from last quarter. The suburban market remains attractive as employees continue to prefer shorter commutes, easy parking, and the increased safety offered by suburban offices. Gross asking rents in the suburban market remained flat at \$29.28 psf this quarter, with the city-wide average dropping by 11 cents QOQ to \$32.72 psf.

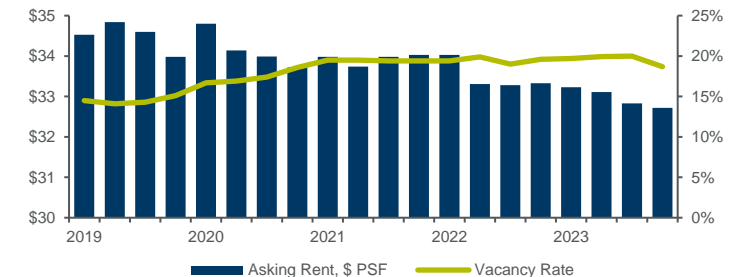
### OUTLOOK

A prevalent theme heading into 2024 involves tenants and landlords grappling with the challenges imposed by inflation. Tenants remain hesitant to lease spaces due to the increased cost of living, while landlords continue to face challenges in securing financing to improve existing inventory. The long-awaited LRT Valley Line has been pivotal in connecting the key suburb of Millwoods to the downtown core, increasing foot traffic and providing an alternative transportation choice for employees. Finally, there is a positive trend of converting older, underutilized office spaces into dynamic new residences aimed at infusing vibrancy to the downtown core. Calgary's City Council has led this trend by pledging up to \$153M to office conversions with Edmonton hoping to adopt a comparable initiative in 2024.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & GROSS ASKING RENT



## MARKET STATISTICS

SUBMARKET	TOTAL BUILDINGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Financial Core	55	12,824,215	305,329	2,219,801	19.7%	257,536	192,892	0	\$36.53	\$40.01
Government	34	5,058,437	3,693	714,216	14.2%	77,153	64,397	0	\$30.43	\$31.73
<b>CENTRAL TOTALS</b>	<b>89</b>	<b>17,882,652</b>	<b>309,022</b>	<b>2,934,017</b>	<b>18.1%</b>	<b>334,689</b>	<b>257,289</b>	<b>0</b>	<b>\$35.06</b>	<b>\$37.96</b>
124 <sup>TH</sup> Street	18	952,909	16,572	163,962	18.9%	-5,511	-4,963	0	\$28.74	\$35.97
149 <sup>TH</sup> Street	26	1,306,141	6,498	250,772	19.7%	29,769	-20,439	0	\$27.32	\$32.86
West End	37	2,052,804	60,230	350,791	20.0%	-66,566	-1,850	0	\$28.15	\$33.52
118 <sup>TH</sup> Avenue	17	822,310	0	162,355	19.7%	22,651	20,740	0	\$38.51	\$39.37
Whyte Avenue	13	534,593	0	108,528	20.3%	72	34,577	0	\$39.01	\$40.48
Southside	59	3,149,800	86,497	698,473	24.9%	41,452	-11,058	0	\$30.11	\$34.74
Summerside	23	974,997	5,000	76,007	7.8%	33,045	52,337	0	\$35.35	\$35.35
Eastgate	17	1,422,943	11,752	265,261	19.5%	1,189	33,671	0	\$21.32	\$31.24
Windermere/Ambleside	12	311,383	0	2,165	0.7%	5,465	0	0	\$41.79	\$41.79
<b>SUBURBAN TOTALS</b>	<b>222</b>	<b>11,527,880</b>	<b>186,549</b>	<b>2,073,314</b>	<b>19.6%</b>	<b>61,566</b>	<b>103,015</b>	<b>0</b>	<b>\$29.39</b>	<b>\$35.26</b>
<b>EDMONTON TOTALS</b>	<b>311</b>	<b>29,410,532</b>	<b>495,571</b>	<b>5,007,331</b>	<b>18.7%</b>	<b>396,255</b>	<b>360,304</b>	<b>0</b>	<b>\$32.72</b>	<b>\$37.16</b>

\*Rental rates reflect direct gross asking \$psf/year

SUMMARY BY CLASS	TOTAL BUILDINGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL AVG ASKING RENT*
Class AA	8	4,379,071	32,145	430,942	10.6%	138,353	212,457	0	0	\$47.40
Class A	120	14,037,743	280,431	2,433,998	19.3%	127,838	71,600	0	30,000	\$35.37
Class B	142	9,354,754	179,265	1,910,939	22.3%	137,464	83,755	0	0	\$27.11
Class C	41	1,638,964	3,730	231,452	14.3%	-7,400	-7,508	0	0	\$23.98

\*Rental rates reflect direct gross asking \$psf/year

## KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Manulife Place	Downtown – Financial	Canadian Western Bank	200,000	Headlease
Intact Insurance Building	Downtown – Financial	NorQuest	63,000	Headlease
Stantec Tower	Downtown - Financial	Ogilvie LLP.	23,923	Sublease
Enbridge Centre	Downtown - Financial	BMO Nesbitt Burns Corporation Ltd.	22,785	Headlease
Vercon Building	Suburban – Summerside	Wood Canada Limited	14,933	Headlease
9431 41 Ave NW	Suburban – Southside	START Architecture Inc.	11,066	Headlease

## KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
10241/45 109 St	Downtown – Financial	Mayiz Enterprises Ltd/Board of Governors of Norquest College	34,989	\$5.7M/\$162.90
6020 104 St	Suburban – Southside	Artis Einstein Ltd/Capital 100 Inc.	28,520	\$3.4M/\$110.26

For more information, contact:

## OFFICE TEAM

+1 780 420 1177 [office@cwedm.com](mailto:office@cwedm.com)[cwedm.com](http://cwedm.com)

## A CUSHMAN &amp; WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com).

Independently Owned and Operated / A Member of the Cushman &amp; Wakefield Alliance

©2024 All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.