

Investment Q2 2024

	YoY Chg	12-Mo. Forecast
\$667.4M Total Volume	▼	▲
126 Total Properties Sold	▼	▲
2.1M Total SF (Excluding MF)	▼	▲
\$117.2M Land Sales Volume	▼	▲

Closed transactions over \$1 million, YTD Q2 2024
(All Property Classes) | MF = Multifamily
Source: The Gettel Network

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
853.3K Edmonton Employment	▲	▼
7.1% Edmonton Unemployment Rate	▲	▲
6.4% Canada Unemployment Rate	▲	▲

Source: Statistics Canada, The City of Edmonton

ECONOMIC OVERVIEW

Canada's journey toward the 2% CPI inflation target has been marked by a mix of optimism and challenges. Economic growth has picked up but remains weak relative to population growth, leading to declining consumer spending per capita and subdued residential investment. The cooling labour market has caused the national unemployment rate to rise from 5.4% in June 2023 to 6.4% in June 2024, an 18% year-over-year (YOY) increase. Edmonton has experienced a similar trend, with unemployment climbing from 6.1% to 7.1% over the same period. Despite these obstacles, Canada's economy remains robust. Inflation has decreased from 3.4% in December 2023 to 2.7% in June 2024. The Bank of Canada started easing monetary policy with consecutive 25 basis point (bps) cuts in both June and July resulting in the current 4.5% overnight rate. Investment in the Edmonton region is expected to remain strong as strong population growth, a competitive tax environment, and more affordable cost of living relative to most of the country will continue to encourage investment flow.

Source: Statistics Canada, Bank of Canada, TD Economic Outlook

INVESTMENT OVERVIEW

In Q2 2024 the Edmonton investment market saw a notable decline in activity, with total sales volume reaching \$667.4 million. This represents a substantial drop from the \$1.3 billion recorded in Q2 2023, reflecting a 48% YOY decrease. The number of properties sold was down by 26 compared to the previous year, and land sales fell to \$117.2 million, a decrease of \$31 million YOY.

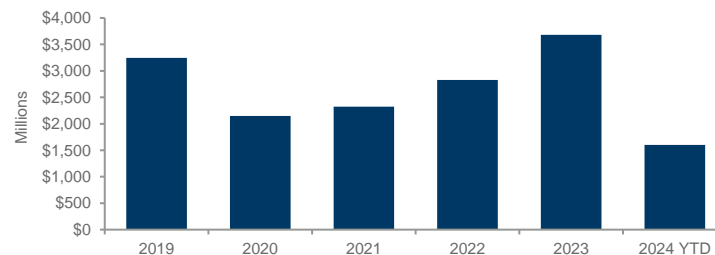
Despite the overall downturn several asset classes, including the multi-family segment, continue to attract strong interest. In this quarter, 32 multi-family properties were sold for a combined total of \$270.9 million, making up 40.5% of the investment sales volume. Seven of the top ten highest-trading assets were multi-family buildings, with the Edmonton House high-rise apartment leading the pack, selling for \$51 million at a cap rate of 5.64%. Industrial properties also remained popular, with 34 assets selling for a total of \$134.9 million.

The office asset class had trades totaling \$81.4 million, marking a significant quarter-over-quarter increase of \$42.5 million. The majority of these trades were at highly discounted values on a price per square foot basis and were acquired by private local investors, which has been a trend in the Edmonton market in recent quarters. The largest office transaction this quarter was the sale of Broadmoor Place II, III, and IV, which sold for \$27.9 million at a cap rate of 9.41%. Office cap rates in Edmonton remain high, reflecting the ongoing perception of these assets as relatively risky despite heavy local investor appeal.

Retail properties sales volume declined notable in Q2 2024, totaling \$62.8 million, down 65.2% from the previous quarter.

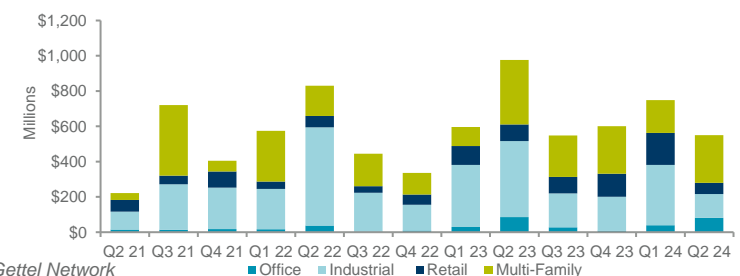
Capitalization rates have seen minor adjustments across various asset classes. Industrial Class A assets now have cap rates ranging from 6.00% to 7.00%, while Class B assets range from 7.00% to 8.00%. Multi-family high-rises have cap rates between 4.25% and 5.25%, and low-rises range from 5.00% to 6.25%. Retail strip plazas have seen a slight increase in cap rates, now ranging from 7.00% to 8.00%.

INVESTMENT SALES VOLUME



Source: The Gettel Network

INVESTMENT SALES VOLUME BY SECTOR



MARKETBEAT EDMONTON, AB



Investment Q2 2024

INVESTMENT ACTIVITY Q2 2024

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME	TOTAL SOLD
Office	10	\$81,455,000	977,621 SF
Industrial	34	\$134,990,500	942,538 SF
Retail	14	\$62,888,820	184,544 SF
Multi-family	32	\$270,942,770	1642 Units
Land	36	\$117,208,115	1,142 AC
TOTAL	126	\$667,485,205	2,104,703 SF / 1,642 Units / 1,142 Acres

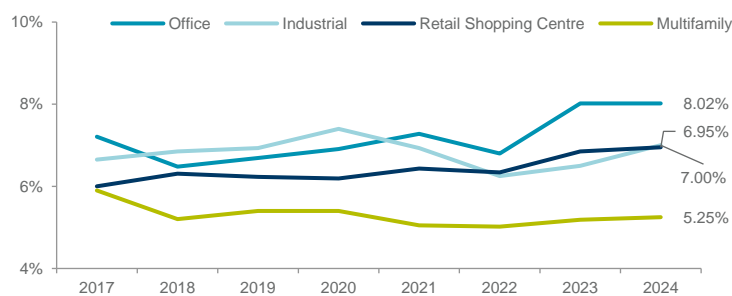
Sources: The Gettel Network, Cushman & Wakefield Research
Closed transactions over \$1 million, including condo sales, YTD Q2 2024

SIGNIFICANT SALES Q2 2024

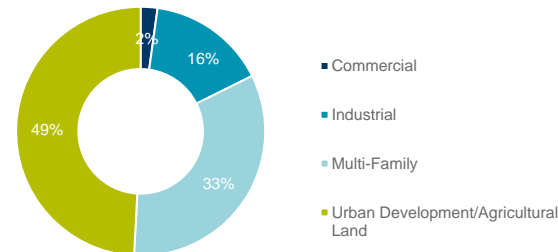
PROPERTY NAME	TYPE	TOTAL SOLD	PURCHASE PRICE	PRICE / UNIT	CAP RATE
Edmonton House	High-Rise Apartment	328 Units	\$51,000,000	\$155,487 (Unit)	5.64%
Rosewood Townhomes at Secord	Row House	90 Units	\$29,162,075	\$324,023 (Unit)	5.31%
The Churchill	High-Rise Apartment	179 Units	\$28,500,000	\$159,217 (Unit)	N/A
Broadmoor Place II, III, IV	Office: Suburban	222,476 SF	\$27,965,000	\$125.70 (PSF)	9.41%
MacTaggart Place	Low-Rise Apartment	126 Units	\$24,625,000	\$195,436 (Unit)	4.95%
17104 90 Ave	Hotel & Restaurant	3,897 SF	\$17,250,000	\$359,375 (PSF)	N/A
Kingsway Professional Building	Office: Suburban	66,375 SF	\$15,000,000	\$225.99 (PSF)	N/A

Source: The Gettel Network
Closed transactions over \$1 million

CAP RATE TREND



TOTAL LAND SALES VOLUME ACQUISITIONS BY CAPITAL SECTOR



Source: The Gettel Network
Closed transactions over \$1 million

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