

Q1 2021

Edmonton

Office Market Report

Net Absorption

Total Market	Downtown
-204K SF	41K SF
2021 Year-to-Date	Suburban
-204K SF	-245K SF

Vacancy

Total Market	Downtown
18.6%	16.9%
Sherwood Park	Suburban
28.6%	21.1%

Asking Net Rent

Downtown	Suburban
\$16.66 PSF	\$16.24 PSF

Operating Costs

Downtown	Suburban
\$17.75 PSF	\$14.53 PSF

Colliers Macaulay Nicolls Inc.

Market Outlook

The performance of the Edmonton office market in the first quarter of 2021 was largely comparable to the last two quarters of 2020, with significant negative absorption and more sublease space brought onto the market, resulting in an increased overall vacancy. At 18.6%, the vacancy rate for the Edmonton office market is the highest that it has been in at least 20 years. Fortunately, the roll-out of the COVID-19 vaccine has resulted in increasing levels of optimism among both tenants and landlords, and we suspect that we are nearing the “bottom” of the market. We also anticipate a decrease in the number of large sublease spaces added to the market.

While the overall vacancy for the city increased, the vacancy rate downtown decreased during the first quarter of 2021, driven by activity within the Financial district. BDO's relocation of 33,000 square feet to 103 Street Centre, and Bitcoin Well's new lease of 34,000 square feet at Cecil Place were responsible for the positive absorption within Financial Class A.

The suburban market on the other hand did not fare as well, and the Southside, Eastgate, and West End districts specifically were hit the hardest. Several new subleases totaling approximately 50,000 square feet, in combination with Dell/EMC

closing their 29,000 square foot office on Calgary Trail resulted in an increase of 2.26% in the Southside district's vacancy rate. The negative absorption reported in Eastgate was driven almost entirely by the addition of the Former Service Alberta Building to the office inventory – 62,000 square feet of vacant space; however, the Edmonton Catholic School Board announced their purchase and intention to operate out of 50th Street Atria in Fall 2022, which will account for approximately 189,000 square feet of positive absorption next year. The West End was also impacted by one large tenant, as Go Auto put their entire 54,000 square foot office building on the market for sublease. Although the negative absorption reported in the South Henday district was not as extreme as the above-noted districts, it is worth noting that Magna IV Engineering is marketing another 25,000 square feet for sublease – bringing the total available space in this building to 50,000 square feet.

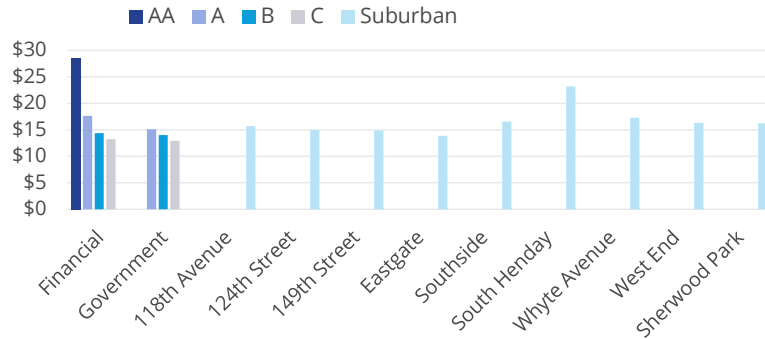
Although there continued to be large sublease spaces added to the market over the first quarter of the year, we hope that as large-scale vaccinations are completed and more people return to the office, the need and demand for office space will slowly begin to return. We expect to have more clarity by the end of 2021.

Accelerating success.

Market Overview

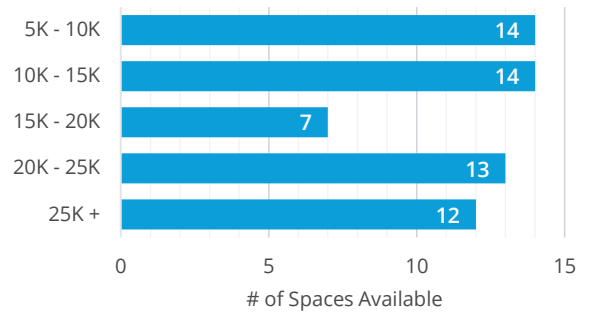
01 Rental Rates by Building Class

Average Asking Net Rent (PSF)



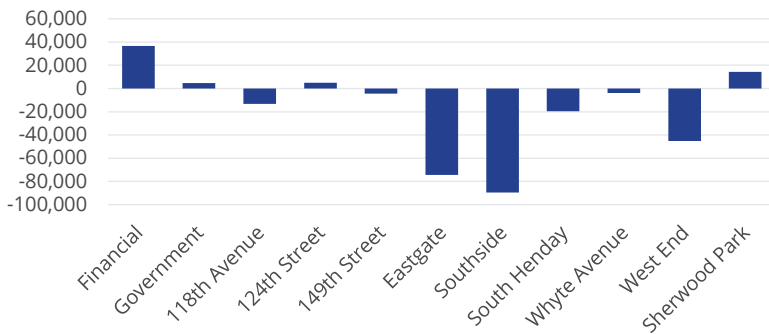
02 Sublease Availability

By Size Breakdown (SF)



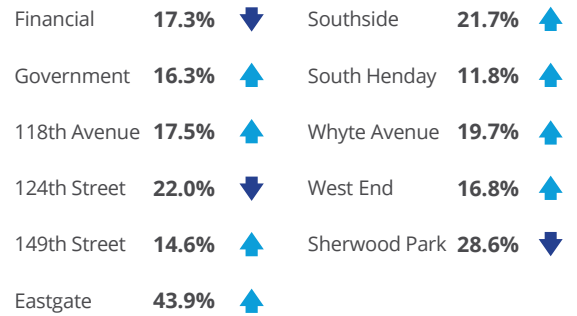
03 Net Absorption by District

By Square Feet (SF)



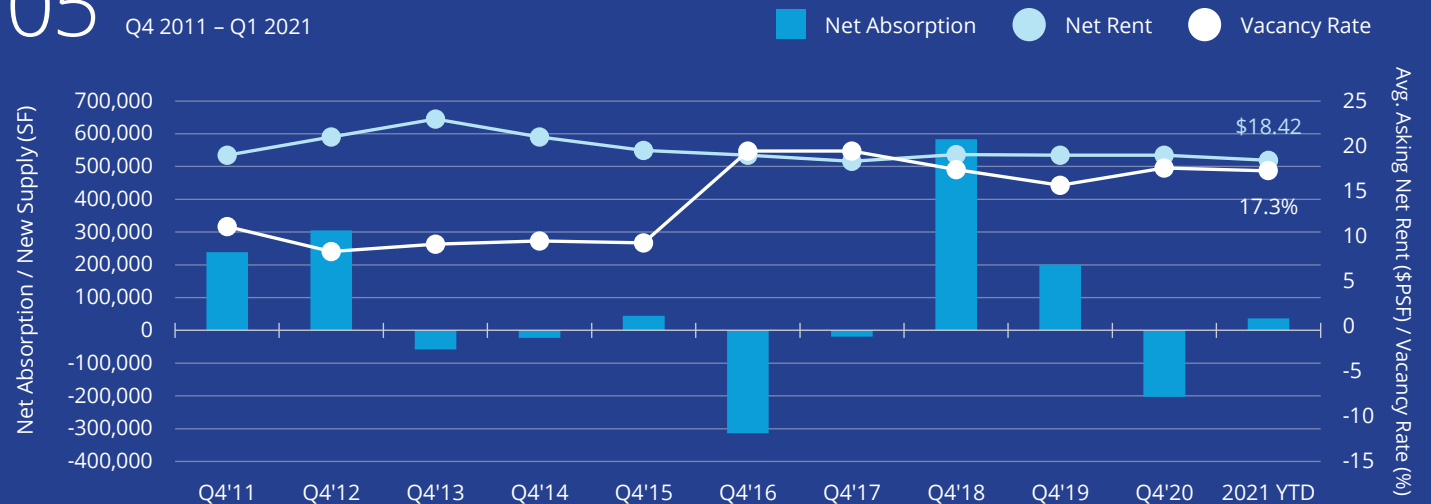
04 Vacancy Rate

By District | Q4 2020 - Q1 2021



05 Financial District Historical Overview

Q4 2011 - Q1 2021



Market Statistics & Transaction Highlights

	Class	# of Bldgs	Total Inventory (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Total Vacant Space (SF)	Vacancy Rate (Current Q)	Vacancy Rate (Previous Q)	Net Absorption (SF)	Net Absorption YTD (SF)	New Supply (SF)	Under Construction (SF)	Asking Net Rent Range (PSF)	
Downtown	Financial	AA	8	4,490,534	513,028	260,699	773,727	17.2%	17.3%	716	716	-	-	\$24 - \$36
		A	21	6,234,712	825,898	206,544	1,032,442	16.6%	17.1%	37,029	37,029	-	-	\$16 - \$22
		B	16	2,026,375	351,334	12,050	363,384	17.9%	18.1%	-1,068	-1,068	-	-	\$12 - \$16
		C	6	267,620	75,945	-	75,945	28.4%	28.4%	-	-	-	-	\$10 - \$14
		Total	51	13,019,241	1,766,205	479,293	2,245,498	17.3%	17.6%	36,677	36,677	-	-	-
	Government	A	10	1,977,236	446,107	-	446,107	22.5%	21.3%	1,260	1,260	-	-	\$16 - \$20
		B	22	3,114,766	346,490	10,337	356,827	11.5%	11.7%	2,036	2,036	-	-	\$12 - \$16
		C	8	339,184	80,126	3,926	84,052	24.8%	25.1%	1,271	1,271	-	-	\$12 - \$14
		Total	40	5,431,186	872,723	14,263	886,986	16.3%	16.0%	4,567	4,567	-	-	-
		Total	91	18,450,427	2,638,928	493,556	3,132,484	16.9%	17.1%	41,244	41,244	-	-	-
Suburban	118 th Avenue	13	736,964	129,012	-	129,012	17.5%	15.7%	13,214	13,214	-	-	\$12 - \$18	
	124 th Street	17	876,542	183,390	9,825	193,215	22.0%	22.6%	4,824	4,824	-	-	\$14 - \$20	
	149 th Street	27	1,201,136	175,180	-	175,180	14.6%	14.4%	-4,529	-4,529	-	-	\$10 - \$18	
	Eastgate	15	1,268,167	556,342	-	556,342	43.9%	39.9%	-74,388	-74,388	62,333	-	\$12 - \$18	
	Southside	61	3,958,404	643,267	217,252	860,519	21.7%	19.5%	-89,548	-89,548	-	-	\$14 - \$24	
	South Henday	30	1,397,219	89,536	75,512	165,048	11.8%	10.4%	-19,537	-19,537	-	-	\$20 - \$26	
	Whyte Avenue	10	593,449	111,793	5,411	117,204	19.8%	19.1%	-3,945	-3,945	-	-	\$16 - \$22	
	West End	33	1,696,889	218,605	67,770	286,375	16.9%	15.3%	-45,145	-45,145	-21,605	-	\$12 - \$20	
	Total	206	11,728,770	2,107,125	375,770	2,482,895	21.2%	19.4%	-245,482	-245,482	40,728	-	-	
	Downtown & Suburban Total		297	30,179,197	4,746,053	869,326	5,615,379	18.6%	17.9%	-204,238	-204,238	40,728	-	-
Sherwood Park Total		35	1,437,881	401,273	10,219	411,492	28.6%	29.1%	14,459	14,459	-	-	\$14 - \$22	

Notable Transactions

Type	Tenant	Building Name / Address	District / Class	Size (SF)
Lease	Bitcoin Well	Cecil Place / 10404 Jasper Avenue	Financial Class A	34,928
Lease	BDO	103 Street Centre / 10130 - 103 Street	Financial Class A	33,054
Lease	ONE Properties	103 Street Centre / 10130 - 103 Street	Financial Class A	10,999
Sale	Edmonton Catholic Schools	50 th Street Atria / 9405 - 50 Street	Eastgate	189,000

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