

Q1 2022

# Edmonton Office Market Report

## Net Absorption

Total Market	Downtown
<b>-28K<sub>SF</sub></b>	<b>-33K<sub>SF</sub></b>
2022 Year-to-Date	Suburban
<b>-28K<sub>SF</sub></b>	<b>5K<sub>SF</sub></b>

## Vacancy

Total Market	Downtown
<b>19.6%</b>	<b>18.5%</b>
Sherwood Park	Suburban
<b>24.7%</b>	<b>21.2%</b>

## Asking Net Rent

Downtown	Suburban
<b>\$17.19<sub>PSF</sub></b>	<b>\$16.23<sub>PSF</sub></b>

## Operating Costs

Downtown	Suburban
<b>\$17.29<sub>PSF</sub></b>	<b>\$12.89<sub>PSF</sub></b>

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## Market Outlook

Beginning 2022 with the two-year anniversary since the onset of the COVID-19 pandemic, we are finally starting to see the Edmonton office market stabilize. Q1 2022 witnessed a slight increase in the overall vacancy rate from 19.5% in Q4 to 19.6% this quarter. While the overall market did continue to report negative absorption of -28,013 square feet, it is far less drastic when compared to the first quarter of 2021, which reported a significant negative absorption of -204,000 square feet. This can be largely attributed to less downsizing occurring, and less sublease space being added to the market, as the Province of Alberta dropped most of its pandemic response measures. The Province of Alberta has also announced that all staff are expected to return to their normal workplaces in some capacity during the month of April, giving both the province and other businesses clarity on restrictions and the ability to make decisions on their long-term office requirements.

Within the Downtown Financial and Government districts, the vacancy rate slightly increased from 18.3% to 18.5%, with a negative absorption of -32,631 square feet. Notable lease transactions in the Financial A district include 11,000 square feet leased at First & Jasper (Amii expanded into the podium space formerly occupied by Williams Engineering, who relocated to the 17th floor within the building) and TD Bank expanding into 17,500 square feet at TD Tower. In the Government district, 16,000 square feet was leased within the Intact Building and 12,000 square feet was leased to the Federal Government within Baker Centre. Despite this positive activity, absorption was driven down by 34,000 square feet being vacated at WSP Place by WSP as part of their global restructuring, and 14,700 square feet of sublease space that is now available at ATB Place East (Academy of Learning Career College).

The suburban districts continued to hold steady, reporting positive absorption for the third consecutive quarter, decreasing the vacancy rate to 21.2% from 21.4% in Q4. This positive absorption was largely driven by the West End district, as the former AGLC sublease opportunity at the West Campus building (39,350 square feet) was taken off the market. We will likely continue to see a trend of businesses taking their sublease spaces back as employees return to the workplace and tenants make longer-term decisions regarding their office requirements. The 149th Street district on the other hand reported an increased vacancy rate from 14.0% to 17.0%, as NAIT put their 24,000 square foot space at Parkwest Business Centre on the sublease market, and Athabasca University vacated 14,000 square feet, downsizing in Trail Business Centre. The South Henday district was impacted by Dillon Consulting and ZCL Composites vacating 20,689 square feet of space within the Karst Building, although this was slightly offset as Dillon Consulting moved into approximately 5,000 square feet at Parkwood Business Centre.

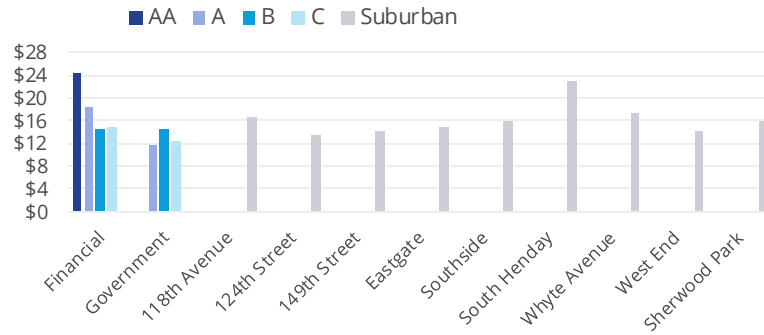
Although it will not be recognized until 2025, it is worth noting the Canadian Western Bank announcement of a brand-new tower in the ICE District. CWB will be the anchor tenant of the tenant-named building, where it is estimated they will be occupying 200,000 square feet. Upon completion, they will be vacating approximately 150,000 square feet from the currently named Canadian Western Bank Place. The recent news has created excitement around the new tower which ideally will spur more leasing activity within the Downtown core. We are optimistic about the future of the office market, as the number of lease transactions completed continued to be on an upward trajectory from the previous quarter. We expect to see this trend continue in the months to come, in combination with a reduction of the number of sublease spaces available.

Accelerating success.

# Market Overview

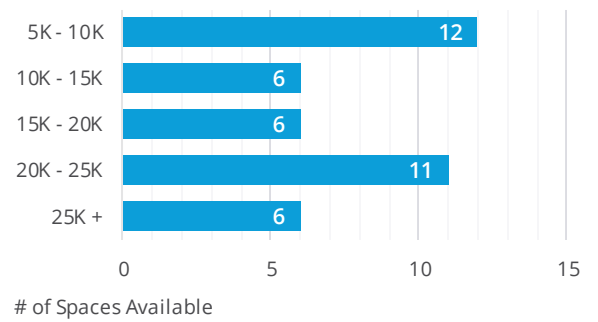
## 01 Rental Rates by Building Class

Average Asking Net Rent (PSF)



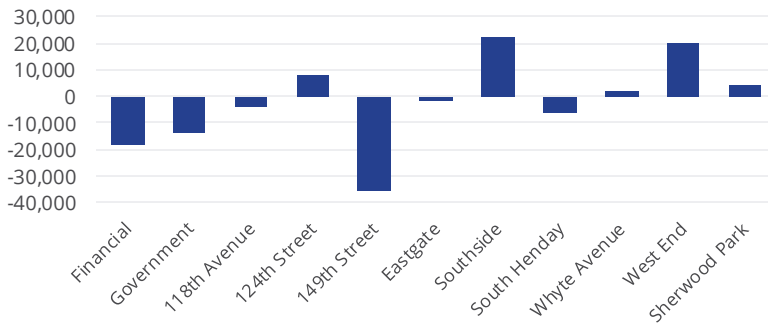
## 02 Sublease Availability

By Size Breakdown (SF)



## 03 Net Absorption by District

By Square Feet (SF)



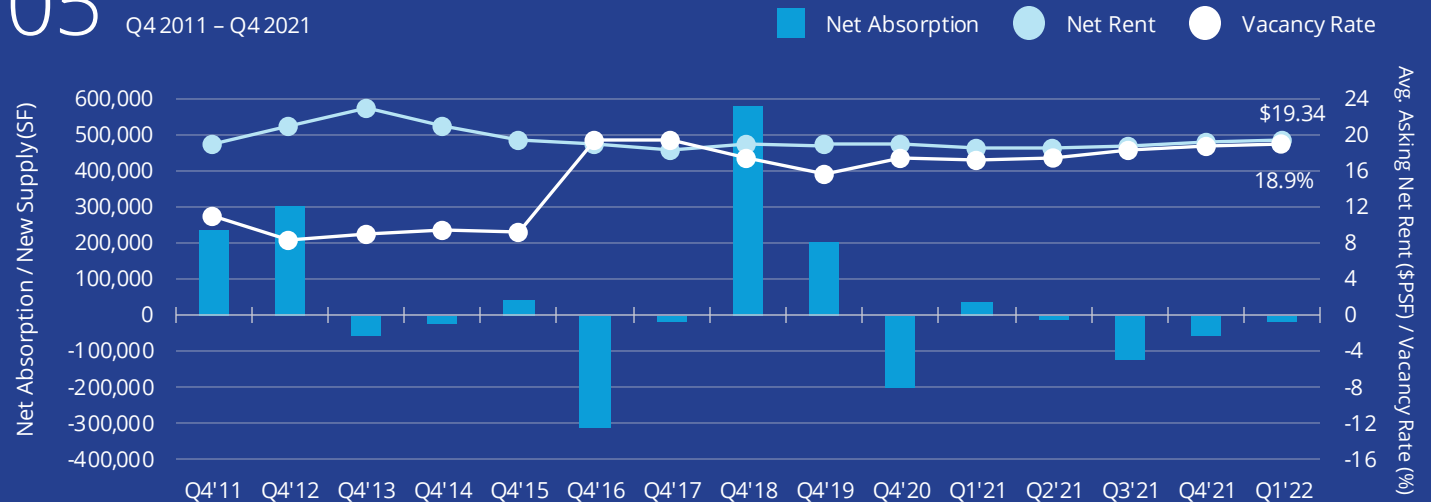
## 04 Vacancy Rate

By District | Q3 2021 - Q4 2021

Financial	18.9%	▲	Southside	21.3%	▼
Government	17.5%	▲	South Henday	10.8%	▲
118th Avenue	15.0%	▲	Whyte Avenue	21.8%	▼
124th Street	20.7%	▼	West End	21.1%	▼
149th Street	17.0%	▲	Sherwood Park	24.7%	▼
Eastgate	40.4%	▲			

## 05 Financial District Historical Overview

Q4 2011 - Q4 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	495,764	216,622	712,386	15.9%	16.0%	3,970	3,970	-	-	\$24 - \$36
		A	20	6,126,224	1,125,638	100,245	1,225,883	20.0%	20.0%	-1,807	-1,807	-	-	\$16 - \$22
		B	17	2,134,863	403,436	36,433	439,869	20.6%	19.7%	-18,772	-18,772	-	-	\$12 - \$16
		C	6	267,620	80,891	2,766	83,657	31.3%	30.5%	-1,936	-1,936	-	-	\$10 - \$14
		<b>Total</b>	<b>51</b>	<b>13,019,241</b>	<b>2,105,729</b>	<b>356,066</b>	<b>2,461,795</b>	<b>18.9%</b>	<b>18.8%</b>	<b>-18,545</b>	<b>-18,545</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Government	A	10	1,977,236	457,173	-	457,173	23.1%	22.6%	-10,886	-10,886	-	-	\$16 - \$20
		B	21	2,964,546	383,662	-	383,662	12.9%	12.8%	-7,007	-7,007	-	-	\$12 - \$16
		C	8	339,184	77,640	3,926	81,566	24.1%	25.8%	3,807	3,807	-	-	\$12 - \$14
		<b>Total</b>	<b>39</b>	<b>5,280,966</b>	<b>918,475</b>	<b>3,926</b>	<b>922,401</b>	<b>17.5%</b>	<b>17.3%</b>	<b>-14,086</b>	<b>-14,086</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	AA	8	4,490,534	495,764	216,622	712,386	15.9%	16.0%	3,970	3,970	-	-	-
	A	30	8,103,460	1,582,811	100,245	1,683,056	20.8%	20.6%	-12,693	-12,693	-	-	-	
	B	38	5,099,409	787,098	36,433	823,531	16.2%	15.7%	-25,779	-25,779	-	-	-	
	C	14	606,804	158,531	6,692	165,223	27.2%	27.5%	1,871	1,871	-	-	-	
	<b>Total</b>	<b>90</b>	<b>18,300,207</b>	<b>3,024,204</b>	<b>359,992</b>	<b>3,384,196</b>	<b>18.5%</b>	<b>18.3%</b>	<b>-32,631</b>	<b>-32,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Suburban	118 <sup>th</sup> Avenue	13	736,964	98,319	12,392	110,711	15.0%	14.5%	-3,950	-3,950	-	-	\$12 - \$18
	124 <sup>th</sup> Street	17	881,504	168,379	13,700	182,079	20.7%	23.7%	8,023	8,023	-	-	\$14 - \$20
	149 <sup>th</sup> Street	27	1,201,136	180,493	23,933	204,426	17.0%	14.0%	-35,913	-35,913	-	-	\$10 - \$18
	Eastgate	15	1,268,167	507,221	4,652	511,873	40.4%	40.3%	-1,414	-1,414	-	-	\$12 - \$18
	Southside	62	3,985,838	775,597	72,843	848,440	21.3%	21.8%	22,052	22,052	-	-	\$14 - \$24
	South Henday	30	1,397,219	100,398	50,000	150,398	10.8%	9.9%	-6,192	-6,192	-	30,000	\$20 - \$26
	Whyte Avenue	10	593,449	126,758	2,440	129,198	21.8%	22.1%	1,800	1,800	-	-	\$16 - \$22
	West End	34	1,821,889	312,240	72,147	384,387	21.1%	22.2%	20,212	20,212	-	-	\$12 - \$20
	<b>Total</b>	<b>208</b>	<b>11,886,166</b>	<b>2,269,405</b>	<b>252,107</b>	<b>2,521,512</b>	<b>21.2%</b>	<b>21.4%</b>	<b>4,618</b>	<b>4,618</b>	<b>-</b>	<b>30,000</b>	<b>-</b>

## Downtown & Suburban Total

<b>Total</b>	<b>298</b>	<b>30,186,373</b>	<b>5,293,609</b>	<b>612,099</b>	<b>5,905,708</b>	<b>19.6%</b>	<b>19.5%</b>	<b>-28,013</b>	<b>-28,013</b>	<b>-</b>	<b>30,000</b>	<b>-</b>
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## Sherwood Park Total

<b>Total</b>	<b>35</b>	<b>1,437,881</b>	<b>342,630</b>	<b>12,849</b>	<b>355,479</b>	<b>24.7%</b>	<b>26.3%</b>	<b>19,826</b>	<b>19,826</b>	<b>-</b>	<b>-</b>	<b>\$14 - \$22</b>
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## Notable Transactions

Type	Tenant / Purchaser	Building Name / Address	District / Class	Size (SF)
Lease	TD Bank	TD Tower / 10088 - 102 Avenue	Financial Class A	17,545
Lease	Confidential Tenant	Intact Building / 10830 Jasper Avenue	Government Class A	17,275
Lease	Strathcona County	Broadmoor Place 5 / 2181 Broadmoor Boulevard	Sherwood Park	13,189
Lease	Federal Government	Baker Centre / 10025 - 106 Street	Government Class B	12,172
Lease	DES Engineering	Commerce South Office Park B / 8657 - 51 Avenue	Southside	11,251
Lease	Williams Engineering	First & Jasper / 10065 Jasper Avenue	Financial Class A	11,181

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