

MARKETBEAT

Edmonton

Multifamily H2 2019



ECONOMIC INDICATORS

Alberta

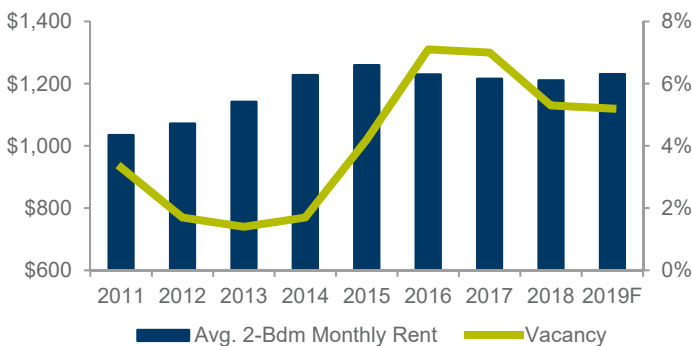
	2018	2019F	12-Month Forecast
GDP Growth	2.2%	1.7%	▼
CPI Growth	2.1%	2.3%	▲
Consumer Spending Growth*	2.0%	1.5%	▼
Retail Sales Growth	2.0%	2.4%	▲

Edmonton

	2018	2019F	12-Month Forecast
Household Income	\$113,281	\$118,136	▲
Population Growth	2.1	2.0%	▲
Unemployment	6.4%	7.0%	▲

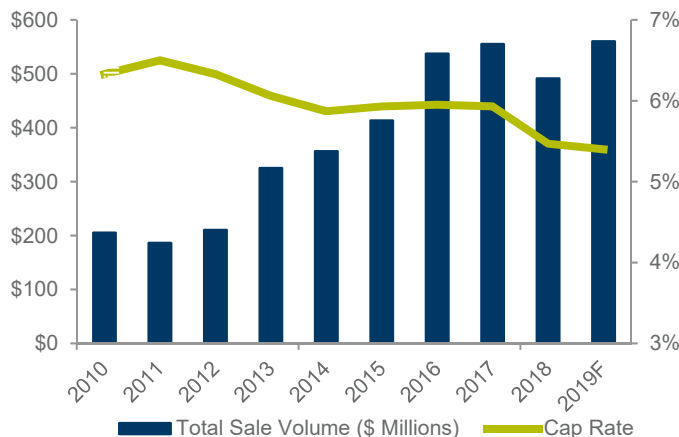
Source: Finance Alberta, Statistics Canada, SiteWise *Canada

Average Monthly Rent vs. Average Vacancy



Source: CMHC Housing Market Outlook, 2018

Average Sale Price Per Unit vs. Average Cap Rate



Source: Cushman & Wakefield Edmonton, The Network

Economy

The Alberta economy is starting to show growth towards the halfway point of the year following the weakness at the end of 2018 and early 2019. Unemployment rate in Edmonton slightly climbed up month-over-month, rounding at 7.0% in June as 600 part-time positions were lost while full-time employment saw an increase the same month. Although non-residential permits in Alberta increased by 20% month-over-month in April which was mostly led by industrial, institutional, and governmental permits, overall building permits remained lower compared to 2018. Higher prices and production in the oil sector, WTI currently averaging around \$60 USD a barrel, and stronger exports of non-energy products, are suggesting a slight optimism for Alberta's economy. The recent approval of Trans Mountain pipeline expansion and the anticipation of the federal election remain key concerns for the industry across the province.

Source: City of Edmonton, Finance Ministry of Alberta, RBC Economics

Market Overview

Multi-family asset sales were strong in 2018 with sales totaling \$567 million and have continued to show strength as several high-value transactions were recorded halfway through 2019. Notable transactions included the newly built Portofino low-rise apartment building located in southside Edmonton, which sold for over \$55 million. Sales per suite have averaged \$136,522 during the first half of the year, while high-rises reached \$241,124 on average. Capitalization rates have increased to 5.46% from last year, due to several walk-ups trading well above 5%, while high-rise cap rates remain stable at around 3.5%. This improvement in cap rates is likely due to the consistent interest of purchasers seeking a stable cash flow. Although the market is seeing several new projects entering the market, such as Falcon One in downtown, the multi-family vacancy rate still managed to decrease to 5.3% in 2018. This declining vacancy rate is expected to continue through 2019 as increased demand for the rental market is observed across the city.

Outlook

Multi-family vacancy is expected to remain in the 5% range in the coming months as demographics in the city shift towards more older people downsizing, a desire to be in, or close to, downtown and where they work, and more people choosing to live in spaces with minimal maintenance and proximity to amenities and public transportation. Supply is likely to meet the increased demand as several projects under construction are expected to be completed in the coming months and into 2020. As a result of this wave of new development, available land for multi-family development will remain scarce. Cap rates are expected to remain stable and multi-family asset sales are anticipated to remain active.

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Recent Apartment Sales

SALE DATE	PROPERTY NAME	MARKET	# OF UNITS	YEAR BUILT	PURCHASE PRICE	PRICE/UNIT	CAP RATE
Q2 2019	Signature 3	Southwest	124	2018	\$35,610,000	\$287,177	5.46%
Q2 2019	Spruce Arms Apartments*	Sherwood Park	48	1969	\$6,955,000	\$144,896	5.88%
Q2 2019	Royal Alex & Royal Manor	Central	24	1961	\$3,000,000	\$125,000	5.16%
Q1 2019	Portofino*	Southeast	240	2018	\$55,856,212	\$232,734	5.22%
Q1 2019	Gateway Gem	Southeast	88	2018	\$22,968,000	\$261,000	4.93%
Q1 2019	Northgate Towers	Northeast	71	1969	\$13,850,000	\$195,070	3.80%
Q1 2019	Oxford Campus*	Northwest	48	2013	\$7,487,000	\$155,979	5.48%

Sources: Cushman & Wakefield Edmonton Research Services, The Network
*Walk-up Apartments

Completed and Future Construction Pipeline

PROPERTY NAME	ADDRESS	MARKET	OWNERSHIP / DEVELOPER	# OF UNITS	STATUS	COMPLETION DATE
Fox Towers 1 & 2*	10226 104 th Street NW	Central	Langham Developments	169	Completed	Completed
The Hendrix	9733 111 st Street	Central	Edgar Development Corp	260	Completed	Completed
Vibe Lofts	10604 116 th Street	Central	Carrington Communities	179	Completed	Completed
Symphony Tower*	9704 106 th Street	Central	Allan Wasnea Engineering	143	Completed	Completed
The MacLaren	124 th Street & 102 nd Avenue	Central	Edgar Development	240	Under Construction	Q3 2019
Augustana	9901 107 th Street	Central	Pangman Development	216	Under Construction	2020
Emerald Tower	114 Street & Jasper Avenue	Central	Regency Developments	237	Under Construction	2021
Century Park – Central Tower	111 th Street and 23 rd Avenue	Southwest	Procura	176	Under Construction	Q3 2019
SKY Residences*	10310 102 nd Street NW	Central	Katz Group / ONE Properties	486	Under Construction	Q4 2019
Encore Tower*	10182 103 rd Street NW	Central	Westrich Pacific Corp	179	Under Construction	2020
E11even	111 Street and Jasper Avenue	Central	Strategic Group	177	Under Construction	Q3 2019

Sources: Cushman & Wakefield Edmonton Research Services
* Predominantly condominium developments

Significant Multifamily Land Sales

SALE DATE	ADDRESS	MARKET	AREA (ACRES)	PURCHASE PRICE	PRICE PER SQUARE FOOT	PRICE PER ACRE
Q2 2019	11339/61 University Ave	McKernan	0.80	\$5,243,003	\$151	\$6,553,753
Q2 2019	2050 Glastonbury Blvd	Granville	3.29	\$2,961,000	\$20.66	\$900,000
Q1 2019	7431 May Common	Magrath Heights	10.11	\$12,120,000	\$27.52	\$1,198,813
Q1 2019	10620 Muttart Crossing	Boyle Street	2.06	\$5,150,000	\$57.39	\$2,500,000
Q1 2019	10130 95A St	Boyle Street	0.52	\$3,250,000	\$143.48	\$6,250,000

Sources: Cushman & Wakefield Edmonton Research Services, The Network

Cushman & Wakefield Edmonton

Suite 2700 TD Tower
10088 – 102 Avenue
Edmonton, AB T5J 2Z1
www.cwedm.com

For more information, contact:
Multifamily Team
Tel: 780 420 1177
Fax: 780 424 9780
Apartment@cwedm.com

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