

Investment Q2 2020

| | YoY Chg | 12-Mo. Forecast |
|---|---------|-----------------|
| \$1.04B Total Volume | ▲ | ▼ |
| 119 Total Properties Sold | ▼ | ▼ |
| 2.41M Total SF (Excluding MF) | ▲ | ▼ |
| \$152.73M Land Sales Volume | ▼ | ▬ |

Closed transactions over \$1 million, YTD 2020
(All Property Classes) | MF = Multifamily
Source: The Gettel Network

ECONOMIC INDICATORS Q2 2020

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| 675.4K Edmonton Employment | ▼ | ▲ |
| 13.6% Edmonton Unemployment Rate | ▲ | ▼ |
| 13.7% Canada Unemployment Rate | ▲ | ▼ |

Source: Statistics Canada

ECONOMIC OVERVIEW

Edmonton's economic outlook took a dramatic turn at the end of the first quarter of the year due to the impact of the coronavirus pandemic and its damaging effect on all sectors of the economy. These unprecedented times have resulted in a snowball effect worldwide, causing business closures, mass layoffs, volatile oil prices, and economic uncertainty and slowdown. Edmonton employment, where the pandemic's impact in the economy was first observed in mid-March, lost 48,200 positions across all industries between April and May 2020, while the unemployment rate climbed to 13.6% from 10.0% during the same period. In response to these difficult times, the Government of Alberta has announced several policies and initiatives to create jobs, an example is increased spending on infrastructure projects. Edmonton's year-to-date non-residential construction permits declined by 3.2% year-over-year (YoY) with industrial increasing by 21.0% and commercial decreasing by 12.8%.

INVESTMENT OVERVIEW

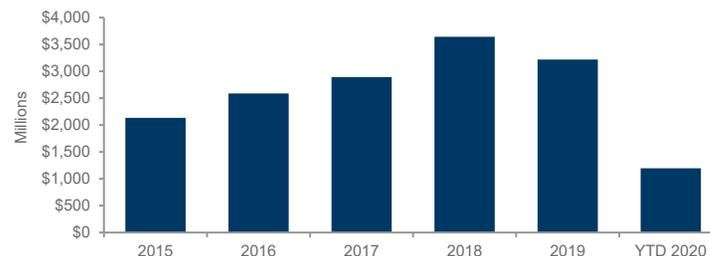
Edmonton's year-to-date (YTD) investment sales transactions have totaled \$1.19B, a 34.2% increase from the same period last year. This increase can be attributed to transaction volume of \$928.99M in the first quarter 2020, driven by several substantial retail, multifamily, and industrial transactions. However, the second quarter recorded only 31 transactions valued at \$113.45M. This decline was due to the lack of high-value transactions and investors holding off on purchasing decisions due to the economic slowdown. Compared to the first half of 2019, overall land sales volume decreased by 40.0%, while commercial, multifamily, and urban development/agricultural land saw the most significant declines by 72.5%, 19.0%, and 44.0% respectively.

Office investment sales continued to slow quarter-over-quarter due to the softening demand for office space amid the pandemic. As companies adapt their business models to the "new normal", it is too early to say how much demand there will be post-COVID. While working from home is becoming more prominent across industries, this suggests an opportunity for companies to be space-efficient and to reduce operating costs. However, other companies might still find offices that offer a collaborative environment essential to operate their businesses.

Similar to office investment sales, the retail industry is also experiencing a decline in investment activity. Only 5 retail shopping centres have traded hands so far this year, and all occurred pre-COVID. As limited retail operations and change in consumer behavior largely contribute to retail revenue decreasing, we have seen brick-and-mortar stores that have permanently closed, employees getting laid-off, and tenants struggling to pay rent. The Retail cap rates are expected to rise, driven by the higher risk associated with the pandemic and tenant's reduced ability to pay rent.

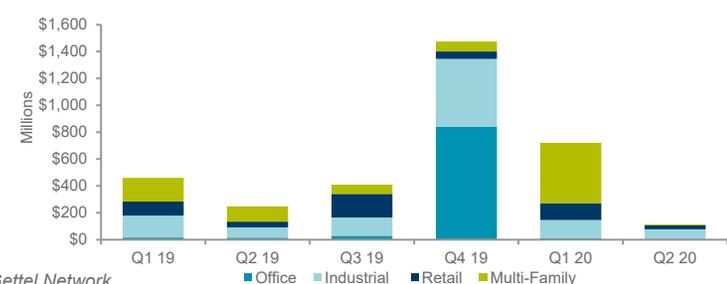
YTD Industrial building sales posted gains as transaction volumes have totaled \$205.77M so far this year, a 2.3% increase from the same period last year. Most sales continue to be for owner-users while single-tenant warehouses continue to be limited. The rapid growth of e-commerce and the demand for logistics and distribution services is expected to help drive these investment figures to stabilize in the near term.

INVESTMENT SALES VOLUME



Source: The Gettel Network

INVESTMENT SALES VOLUME BY SECTOR



MARKETBEAT EDMONTON, AB



Investment Q2 2020

INVESTMENT ACTIVITY YTD 2020

| PROPERTY TYPE | PROPERTIES SOLD | SALES VOLUME | TOTAL SOLD |
|-----------------|-----------------|------------------------|--------------|
| Office | 6 | \$16,695,250 | 214,217 SF |
| Industrial | 55 | \$205,765,963 | 1,550,997 SF |
| Retail | 32 | \$156,382,771 | 645,987 SF |
| Multifamily | 21 | \$455,269,250 | 1,876 Units |
| Special Purpose | 5 | \$208,332,936 | N/A |
| TOTAL | 119 | \$1,042,446,170 | - |

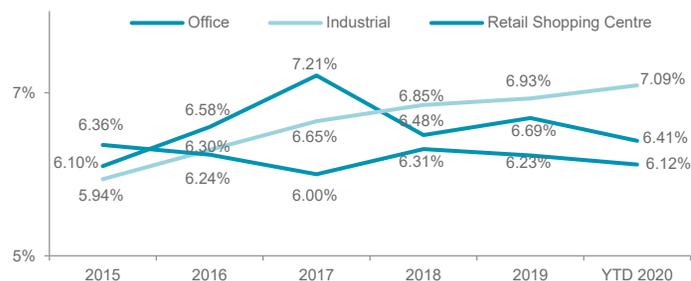
Sources: The Gettel Network, Cushman & Wakefield Research
Closed transactions over \$1 million

SIGNIFICANT SALES YTD 2020

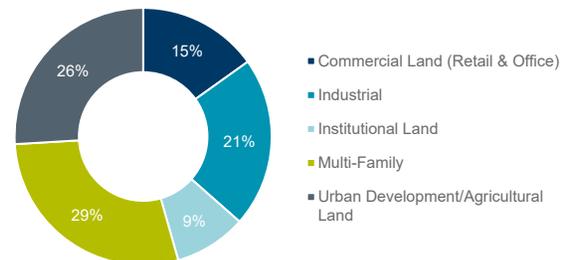
| PROPERTY NAME | TYPE | TOTAL SF | PURCHASE PRICE | PRICE / UNIT (\$ PSF) | CAP RATE |
|-------------------------------|-------------------------|------------|----------------|-----------------------|----------|
| The Mayfair on Jasper | High-Rise Apartment | 238 Units | \$100,000,000 | \$420,168 | 4.63% |
| Grand Central Manor II & III | High-Rise Apartment | 306 Units | \$92,000,000 | \$300,654 | 3.5% |
| Oliver Place | High-Rise Apartment | 234 Units | \$61,500,000 | \$262,820 | 4.14% |
| Mayfield Common | Retail: Shopping Centre | 447,588 SF | \$56,000,000 | \$250 | N/A |
| Riverside Tower | High-Rise Apartment | 292 Units | \$51,500,000 | \$176,370 | 4.04% |
| The Level at Upper Windermere | Walk-up | 171 Units | \$40,800,000 | \$238,596 | 4.61% |
| Infiniti on 105 | Walk-up | 109 Units | \$28,300,000 | \$259,633 | 5.08% |
| 6020 20 Street NW | Warehouse | 249,021 SF | \$23,750,000 | \$95 | N/A |

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

CAP RATE TREND



TOTAL LAND ACQUISITIONS BY CAPITAL SECTOR



Source: The Gettel Network
Closed transactions over \$1 million, YTD 2020

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