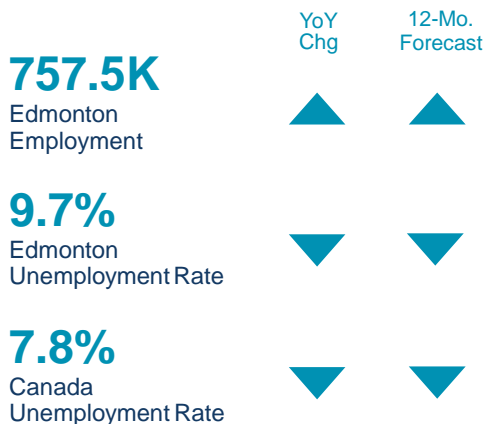


Multifamily H1 2021



Closed transactions over \$1 million, YTD H1 2021
Source: The Gettel Network

ECONOMIC INDICATORS Q2 2021



Source: Statistics Canada

ECONOMY

As Alberta's economy is anticipated to see more favorable economic conditions as oil prices begin to rise, vaccination rates continue to increase, and almost all restrictions in Alberta have been lifted, investor sentiment and business optimism in the Albertan markets will start to see improvement in the medium term. However, there will continue to be occasional hiccups from the pandemic, and growth is not expected to return to its pre-pandemic levels until 2022/23. Unemployment in the Edmonton region has dropped year-over-year by 610 basis-points (bps) to 9.7%. Residential new construction spending in May 2021 increased by 14.9% compared to the same period last year, while non-residential new construction spending slightly declined by 0.6%.

DEMAND

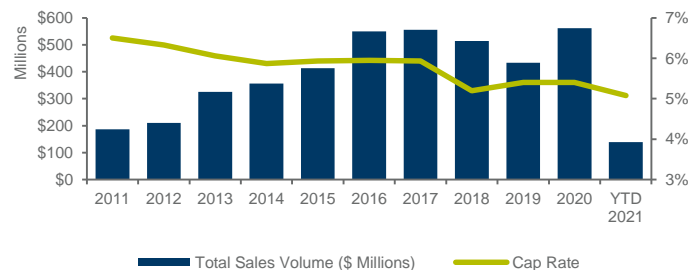
Multifamily property sales saw a total sales volume of \$139M in the first half of 2021, down from the \$462M that transacted during the same period in 2020 where several high-value transactions were recorded. In terms of transaction activity, a combination of a few high-rise apartments and several low-rise apartments in the suburban market drove investment sales, totaling \$76.8M. The average capitalization rate is 5.08% which has dipped from 5.3% over the first six months of 2021. The decrease is attributed to the sale of small and large stabilized properties. The average price per suite is \$128,536, which includes all property types (low-rise, high-rise, and row house), a decrease from last year's number of \$161,151 where a large portfolio of high-rises that was sold in early 2020 drove up the average price per unit. In the first six months of 2021, 24 properties have closed totaling 915 units, compared to 23 properties (1,968 units) during this time last year.

According to CMHC, Edmonton vacancy has increased from 4.9% in 2019 to 7.1% in 2020. However, due to improving economic conditions brought on by the ongoing widespread vaccination rollout, rental demand is anticipated to increase in the coming years. The vaccination program could lead to easing travel restrictions, stronger migration flows and a declining unemployment rate, translating to rental demand in the city. Newly built rental apartments remain competitive by offering rental incentives to attract good long-term tenants. A few projects are slated for completion this year, including the CNIB Tower with 345 units, 121 West with 396 units, Phase I of the Louvre at Century Park with 104 units, and CX with 212 units.

OUTLOOK

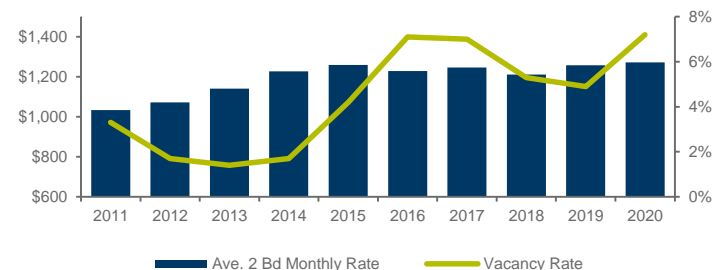
Until the overall health of the local economy improves, multifamily vacancy is expected to continue to increase this year. The increase can be largely attributed to a surge of new supply slated to arrive on the market and subdued demand for rental apartments and condominiums. Multifamily development outside the downtown core is expected to continue to grow as certain suburban communities plan to revitalize, and already established neighbourhoods such as Whyte Avenue remain an attractive prospect for developers. Multifamily asset sales are anticipated to remain active, and cap rates are expected to remain stable.

TOTAL SALES VOLUME VS. AVERAGE CAP RATES



Source: The Gettel Network

AVERAGE MONTHLY RENT VS. AVERAGE VACANCY



Source: CMHC Rental Market Report

CONSTRUCTION PIPELINE

PROPERTY	ADDRESS	SUBDIVISION	DEVELOPER	# OF UNITS	EXPECTED COMPLETION DATE
CNIB Tower	12024 Jasper Avenue	Oliver	One Properties	345	2021
Capital (Centre West Office Conversion)	10035 108 Street	Oliver	One Properties	154, 60	Completed
Hat @ Five Corners	10215 95 Street	Downtown	Cidex Group	199	Completed
121 West	10511 122 Street NW	Downtown	Regency Developments	396	Summer 2021
The Louvre at Century Park (Phase 1)	2504 110 Street	Southside	Century Park Developments and Procura	104	Summer 2021
Southpark on Whyte (Phase 1)	10601 82 Avenue	Whyte Avenue	One Properties	97	Completed
CX	10022 110 Street NW	Oliver	Cantiro Communities	212	Summer 2021
Augustana	10620 99 Avenue NW	Downtown	Pangman Development	240	Completed
Holyrood Gardens (8 Buildings)	8310 93 Avenue NW	Holyrood	Regency Developments	284, 143, 200, 133, 440	TBD
University Avenue Apartments	11459 80 Avenue NW	University	Westrich Pacific Corp	159	TBD

KEY APARTMENT SALES H1 2021

PROPERTY	SUBMARKET	UNITS	YEAR BUILT	PURCHASE PRICE	PRICE / \$ UNIT	CAP RATE
Sunset Valley Apartments	Southeast	128	2013	\$24,960,000	\$195,000	4.94%
Windrose Townhomes	Leduc	107	2013	\$24,075,000	\$225,000	4.93%
Fairgreen Gardens	Southwest	168	1971	\$22,500,000	\$133,929	5.04%
Jasper House	Northwest	115	1963	\$19,750,000	\$171,739	3.69%
Vermillion Condominiums	Northwest	63	2018	\$5,500,000	\$87,301	N/A
Vernon Street Townhomes	Northwest	23	1978	\$3,875,000	\$168,478	5.24%
11831 101 Street	Northwest	16	2020	\$3,800,000	\$237,500	N/A

Source: The Gettel Network

KEY MULTIFAMILY LAND SALES H1 2021

PROPERTY	SUBMARKET	AREA (ACRES)	PURCHASE PRICE	PRICE PER SQUARE FOOT	PRICE PER ACRE
8019 105 Street	Southeast	2.16	\$14,396,750	\$153	\$6,665,162
21805 91A Avenue	Northwest	4.40	\$5,500,000	\$29	\$1,250,000
11323/35 University Avenue	Southwest	0.64	\$5,204,500	\$188	\$8,194,759
50 Ebony Boulevard	Sherwood Park	3.86	\$4,427,500	\$26	\$1,147,021
2010 Guardian Road	Northwest	8.11	\$4,400,000	\$12	\$542,540
5275/5301 Chappelle Road SW	Southwest	4.37	\$4,142,000	\$22	\$947,826
2035 Chambers Way SW	Southwest	5.56	\$3,717,193	\$15	\$668,560

Source: The Gettel Network

MULTIFAMILY TEAM

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