MARKETBEAT

EDMONTON, AB

Investment Q3 2021

CUSHMAN & WAKEFIELD
Edmonton

	YoY Chg	12-Mo. Forecast
$666.4M Total Volume	▲	▲
63 Total Sales Transactions	▲	▲
1.2M Total SF (Excluding MF)	▲	▲
$112.6M Land Sales Volume	▲	▲

Closed transactions over $1 million, YTD Q3 2021 (All Property Classes) | MF = Multifamily
Source: The Gettel Network

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
775.3K Edmonton Employment	▲	▲
8.2% Edmonton Unemployment Rate	▼	▼
6.9% Canada Unemployment Rate	▼	▼

Source: Statistics Canada, The City of Edmonton

ECONOMIC OVERVIEW

Edmonton continued to have a strong labour market in the third quarter of 2021. The local unemployment rate dropped by 460 basis points (bps) year-over-year (YoY) in September 2021 to 8.2%, and employment reached 775,300. The accommodation and food services, information, and culture and recreation sectors, which have been severely impacted during the pandemic, have continued to improve on a YoY basis. Unadjusted residential new construction spending in August 2021 slightly decreased by 0.9% compared to the same period last year, while non-residential new construction spending decreased by 26.2%.

INVESTMENT OVERVIEW

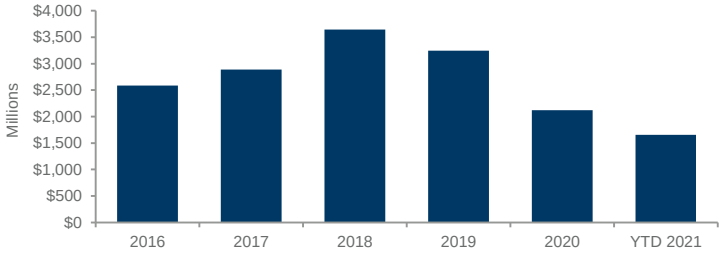
Sales in the third quarter of 2021 have significantly outperformed last quarter sales, where an increase of $309.7 million drove overall sales past the $600 million mark. As a result, year-to-date (YTD) transactions come in at a volume of $1.7 billion in sales which is 6.2% higher than last year. The overall number of transactions is still lower than pre-pandemic levels, reflecting a trend of higher-value sales driving much of the investment growth in Edmonton. Multifamily asset sales continue to outperform other sectors on a quarter-over-quarter (QoQ) basis, recording $333.4M sales this quarter and accounting for 50% of the total sales volume this quarter. Notable multifamily transactions included the 7-building portfolio sale in Northeast Edmonton for $145M, Avalon Court for $46M, and Newton Place for $44.2M. Land sales in the third quarter of 2021 decreased slightly by 5.9% QoQ but increased by 93.5% YoY. Overall, as investors find more confidence in returning to the market, Edmonton is expected to show growth through 2021.

Office sales fell by 37.9% this quarter, continuing a trend of both lower dollar value and lower number of transactions in the last quarter. Only three additional building transactions were recorded bringing the YTD total to 17 transactions. Two were owner-user sales in the suburban market totaling $5.3M. The other was an investment sale in downtown Edmonton which sold for $3.8M. Cap rates saw an increase to 7.4% on average.

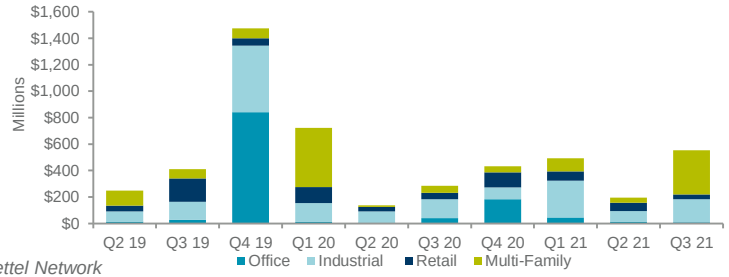
Retail sales this quarter decreased by 45.5% QoQ and by 5.9% YoY, as there were fewer large transactions recorded this quarter. Only three shopping centres traded hands this quarter, bringing the YTD total to 38 transactions. Two of which are in Edmonton totaling $21M and the other is in St. Albert which sold for $1.8M. The capitalization rate has remained stable at 6.34% on average. YTD commercial land sales declined marginally by 1.4% compared to the same period last year.

Industrial building sales have increased significantly this quarter and are now 63.4% higher than they were over the same period in 2020, driven by the sale of Henday Business Park which sold for $94.6M. Cap rates have declined to 7.0% on average. Although industrial land declined by 76.5% QoQ, YTD industrial land sales volume showed some signs of improvement as sales increased by 17.8% compared to the same period last year.

INVESTMENT SALES VOLUME



INVESTMENT SALES VOLUME BY SECTOR



Source: The Gettel Network

MARKETBEAT

EDMONTON, AB

Investment Q3 2021

CUSHMAN & WAKEFIELD
Edmonton

INVESTMENT ACTIVITY Q3 2021

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME	TOTAL SOLD
Office	3	$9,050,000	48,987 sf
Industrial	18	$173,333,000	992,458 sf
Retail	7	$36,175,000	153,434
Multifamily	14	$333,358,000	2,079 units
Special Purpose	1	$1,900,000	12,128 sf
TOTAL	**43**	**553,816,000**	**-**

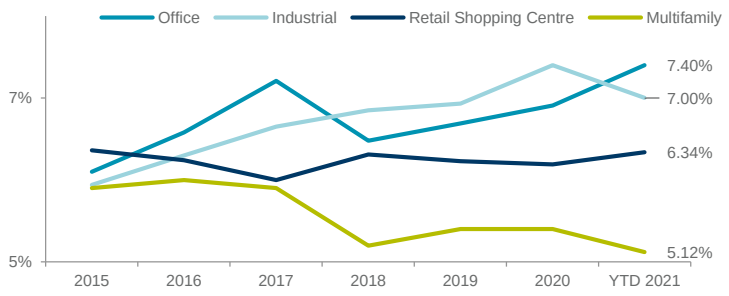
Sources: The Gettel Network, Cushman & Wakefield Research
Closed transactions over $1 million, Including condo sales

SIGNIFICANT SALES Q3 2021

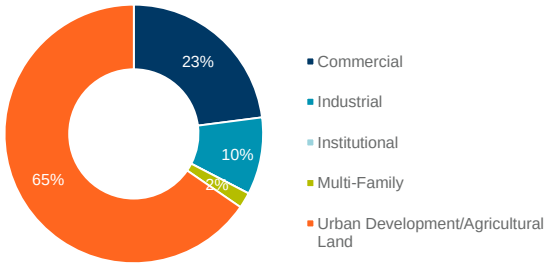
PROPERTY NAME	TYPE	TOTAL SF	PURCHASE PRICE	PRICE / UNIT ($ PSF)	CAP RATE
1112 Hermitage Road (7 building portfolio)	Walk-up Apartment	874 Units	$145,000,000	$165,904	5.13%
Henday Industrial Park (3 buildings)	Warehouse: Multi-bay	618,363	$94,600,000	$153	5.03%
Avalon Court	Walk-up Apartment	227 Units	$46,000,000	$202,643	5.30%
Newton Place	High-rise Apartment	323 Units	$44,150,000	$136,687	N/A
Rideau Tower	High-rise Apartment	134 Units	$28,408,000	$212,000	4.14%
384 Saskatchewan Avenue, Spruce Grove	Warehouse: Single Tenant	53,927	$15,700,000	$291	7.35%
Amberwynd Apartments	Walk-up Apartment	104 Units	$15,500,000	$149,038	5.02%

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

INVESTMENT TEAM
+1 780 420 1177
investment@cwedm.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of $7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

©2021 All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.