

# Edmonton Commercial Real Estate Investment Insights

## Market Analysis Mid-Year 2024

“After two years of record commercial real estate investment in Edmonton, investors slowed their collective pace to let some froth come off the market. All indicators – population growth, low rental vacancy and expected BOC interest rate reductions - point toward a positive balance of 2024.”



David Wallach  
CCIM, Owner/Broker  
Barclay Street Real Estate

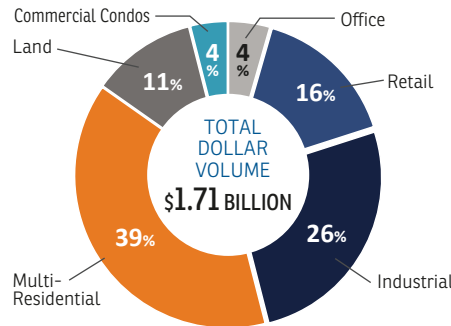
Investors in Edmonton's commercial real estate (CRE) market took a step back during the first half of 2024. While investment dollar volume increased in the office property asset group, both the number of sales and dollar volume decreased among each of the retail, industrial, multi-residential, ICI/residential land and commercial condominium assets. This brought year-over-year transaction

	Mid-Year 2023	Mid-Year 2024	Y-O-Y Change
Office	\$76,221,000	\$78,182,500	\$1,961,500
Retail	\$267,627,203	\$149,865,707	(\$117,761,496)
Industrial	\$445,282,105	\$217,243,000	(\$228,039,105)
Multi-Residential	\$664,117,336	\$509,934,984	(\$154,182,352)
Land	\$193,725,906	\$173,292,878	(\$20,433,028)
Commercial Condominiums	\$67,811,018	\$63,185,581	(\$4,625,437)
<b>Total Dollar Volume</b>	<b>\$1,714,784,568</b>	<b>\$1,191,704,650</b>	<b>(\$523,079,918)</b>

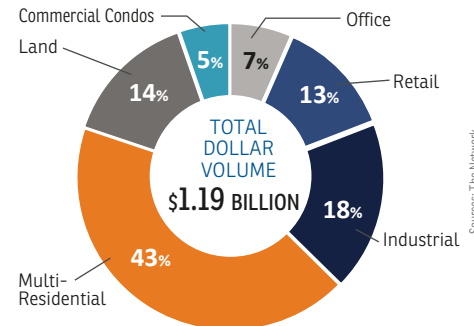
numbers down by approximately 13%. Total dollar volume decreased year-over-year to a little more than \$1.19 billion, a substantial reduction compared to mid-year 2023 investment.

While total year-to-date dollar volume of approximately \$1.2 billion represents a decrease of approximately 30% versus mid-year 2023, investment levels for the Edmonton market were the third highest we have on record, going back to 2015 and follow only the investment levels posted at the mid-points of 2023 and 2022. We'll also take this opportunity to note that the large cumulative decrease obscures the very small y-o-y investment decreases observed among commercial condominium product and land, which were down by just 7% (\$4.6 million) and 11% (\$20.4 million), respectively.

MID-YEAR 2023  
COMMERCIAL REAL ESTATE INVESTMENT



MID-YEAR 2024  
COMMERCIAL REAL ESTATE INVESTMENT



MID-YEAR 2024 MAJOR TRANSACTIONS

Property	Subdivision	Size	Sale Price	Unit Price	Vendor	Purchaser	
Office	10611 Kingsway Ave. (Kingsway Prof. Building)	Central McDougall	66,375 sf	\$15,000,000	\$226/sf	Luxor Land Ltd.	Metis Nation Holdings Ltd.
	10020 101A Ave. (Phipps-McKinnon)	Downtown	198,614 sf	\$8,265,000	\$42/sf	Canapen (Phipps-McKinnon) Ltd.	2537158 Alberta Ltd.
Retail	17104 90 Ave.	Summerlea	2 buildings	\$17,250,000	\$359,375/Suite	Jasper Summerlea Shopping Centre Ltd.	2592098 Alberta Ltd.
	3940 Gateway Blvd.	Calgary Trail South	43,750 sf	\$14,119,292	\$323/sf	2636786 Ontario Inc.	1000481236 Ontario Inc.
Industrial	11104 180 St.	Edmiston Industrial	215,909 sf	\$24,800,000	\$115/sf	West Thorn Realty Inc.	Anthem Edmonton VA Industrial GP Ltd.
	10930 184 St.	White Industrial	163,596 sf	\$17,800,000	\$109/sf	West Thorn Realty Inc.	Anthem Edmonton VA Industrial GP Ltd.
Multi-family	2701 Maple Way NW (Maple Crest Place)	Maple	362 Units	\$91,250,000	\$252,072/Suite	Maple Crest Place GP Inc.	Oneka Land Company Ltd.
	10205 100 Ave. (Edmonton House)	Downtown	328 Units	\$51,000,000	\$155,488/Suite	Edmonton House Realty Ltd.	Leston James Financial Inc.
Land	1704 91 St. SW	Ellerslie Industrial	152.88 Acres	\$34,000,000	\$222,396/Acre	Alberta Infrastructure	City of Edmonton
	1804 184 St. SW	Keswick	88.37 Acres	\$18,000,000	\$203,689/Acre	Inter-Pro Capital LLC	Cantiro Communities Keswick Ridge Ltd.
Commercial Condos	5328 Admiral Girouard St.	Westwinds	7,488 sf	\$3,150,000	\$421/sf	Jewel of Griesbach Ltd.	2503891 Alberta Ltd.
	4831 Roper Rd.	Pytypow Industrial	10,397 sf	\$2,511,250	\$242/sf	1998726 Alberta Ltd.	Estate Properties Canada Inc.

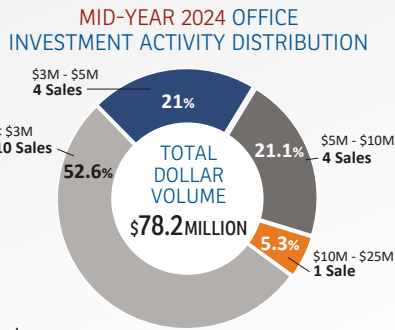
# Office Investment

Investor appetite for office buildings remained steady on a year-over-year basis and this asset type posted a small overall increase in dollar volume of just under \$2 million.

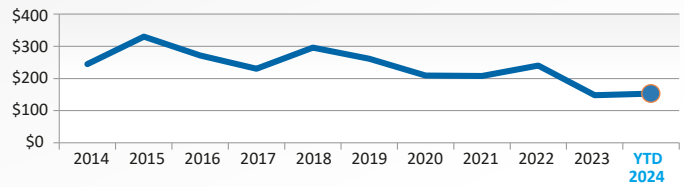
Total transactions to mid-year returned to 2019 and 2022 levels while the smaller price tags attached to the properties changing hands kept total dollar volume consistent with 2021-2023 levels. After a slow first quarter in which sales of office buildings fell substantially compared to Q1 2023, transaction activity picked up momentum in the April through June period.

At the mid-point of 2024, all but two office property sales – both Q2 transactions – were in suburban locations. As mentioned above, the second quarter of the year was particularly active, with 14 of the 19 year-to-date transactions closing during this brief period and adding more than \$60.5 million in total dollar volume to the running tally for the year.

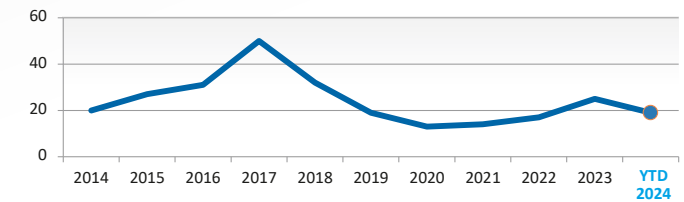
The April-June flurry of activity and year-over-year increase in investment levels brought this asset group to another multi-year high. To June 30th, investment in Edmonton's office market was nearly four times that seen in 2019 – prior to the Covid-19 pandemic.



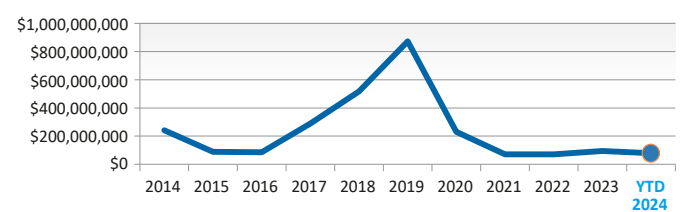
**AVERAGE PRICE PER SQUARE FOOT**



**NUMBER OF TRANSACTIONS**



**TOTAL \$ VOLUME**



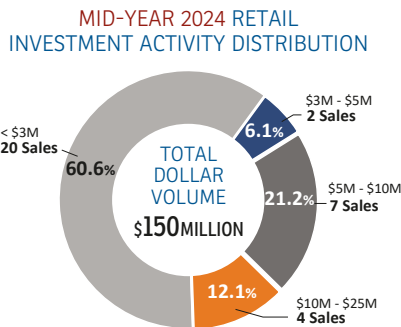
Owner/users were the primary driver of year-to-date investment, but less so than in a typical year, wherein this group of investors would comprise approximately two-thirds of office property purchases.

# Retail Investment

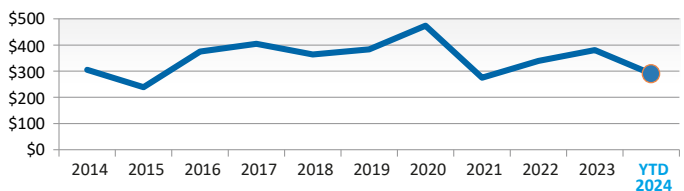
The retail asset class saw investment dollar volume totalling approximately \$150 million through the first half of 2024; considerably less than at June 30th, 2023 but roughly on-par with mid-year 2022 levels.

This comes on the heels of a record year for Investment in this asset type last year and is largely reflective of the lack of shopping centre transactions to date. Additionally, the sale Millwood Town Centre & Millwoods Town Centre Professional Building for \$69 million in the first quarter of last year provided a major boost to 2023 mid-year numbers.

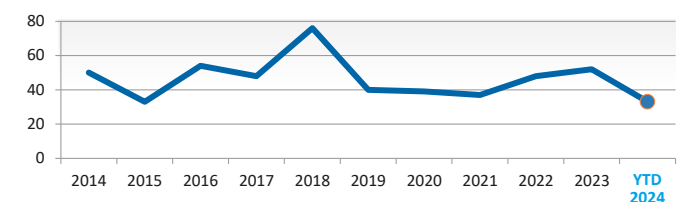
This first quarter of 2024 was quite active in this sector, with 19 transactions closing for a total of \$102 million. This was followed by a comparatively quiet Q2, during which just 14 sales closed, totalling just under \$48 million. The largest transaction to mid-year was the \$17.25 million court-ordered sale of 17104-90th Avenue, which comprises two buildings – a 3,897 square foot freestanding restaurant with drive-thru and a 5-storey, 48 suite apartment-style hotel.



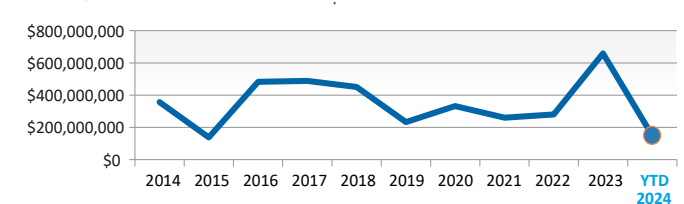
**AVERAGE PRICE PER SQUARE FOOT**



**NUMBER OF TRANSACTIONS**



**TOTAL \$ VOLUME**



# Industrial Investment

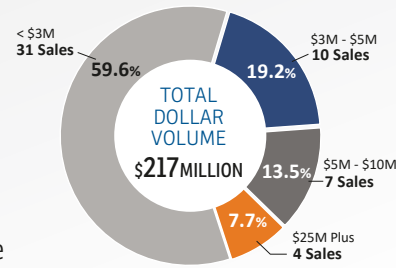
Demand for industrial properties decreased substantially on a year-over-year basis, with year-to-date transaction numbers falling 52 from 64 at June 30th 2023.

The fairly small decrease in sales however, had a large impact on total dollar volume for the year, with total dollar volume declining by 51%. To put this in context, total dollar volume at mid-year 2023 was just over \$445 million - down from more than \$570 million (a near-decade high) invested by mid-year 2022. This, in turn, was a near doubling of June 30th 2021 dollar volume and highlights the pent-up demand caused by the economic slow-down in 2019-2021.

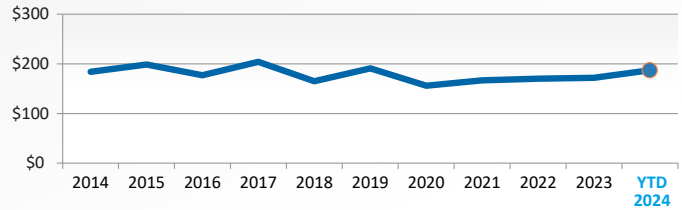
Owner/users, as a group, accounted for more than three-quarters of acquisitions and were most active among properties measuring 20,000 square feet or less. With that being said, this group also purchased several 50,000+ square foot assets - the largest of these being Hangar 11 (72,269 square feet) purchased from The City of Edmonton and was originally proposed to become a mixed-use development that included student housing, retail and art space.

Investors demonstrated strong demand for IM (industrial manufacturing)-zoned properties, with more than half of the properties changing hands to June 30th designated as such. Slightly less popular were BE (Business Employment)-zoned properties which "...allow for

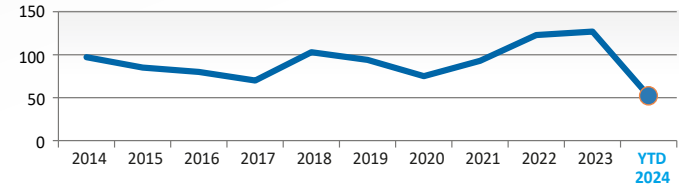
MID-YEAR 2024 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



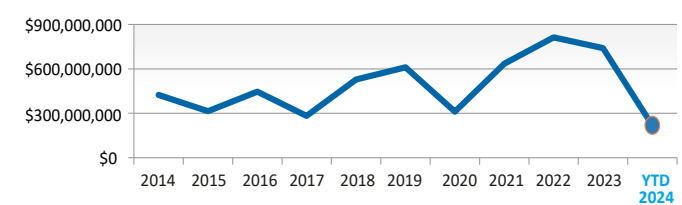
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



light industrial and a variety of small commercial businesses with a higher standard of design\*\* with 14 transactions completed. These types of property achieved average prices per square foot of \$204 and \$172 per square foot (psf), respectively.

\*<https://zoningbylaw.edmonton.ca/part-2-standard-zones-and-overlays/industrial-zones/2120-be-business-employment-zone>

Sources: The Network

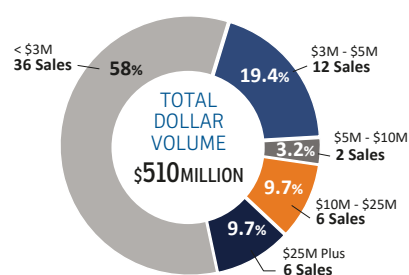
# Multi-Residential Investment

Edmonton's multi-residential market experienced a 9% year-over-year increase in sales at the mid-point of 2024, but the comparatively much smaller nature of those transactions resulted in a 23% year-over-year decrease in total dollar volume.

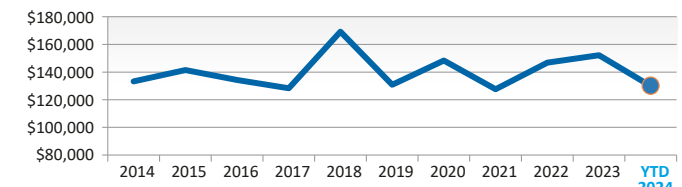
This asset class saw 109 transactions close to June 30th, including six big-ticket transactions of \$25 million or greater – two of which exceeded \$50 million.

This abrupt drop in demand for multi-residential assets stands in stark contrast to Calgary's mid-year investment levels, which witnessed a near-doubling of investment in this asset type and built on substantial investment over the course of 2022 and 2023. The appetite among investors for rental properties continues to be supported by Edmonton's extremely low rental apartment vacancy, coupled with ongoing high immigration from other Canadian provinces and territories. With strong population growth supporting demand – and therefore higher rents – sales activity among 100+ unit properties remained high, with investors

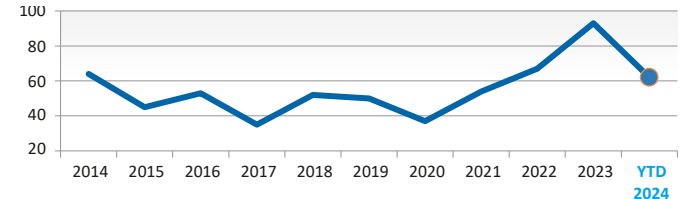
MID-YEAR 2024 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



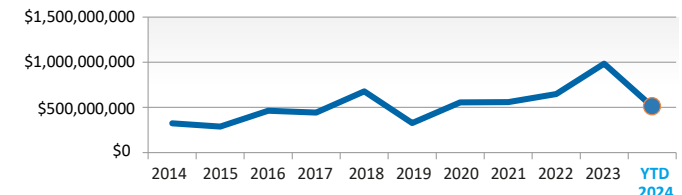
AVERAGE PRICE PER UNIT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



purchasing a similar number of them as last year but at substantially lower average prices.

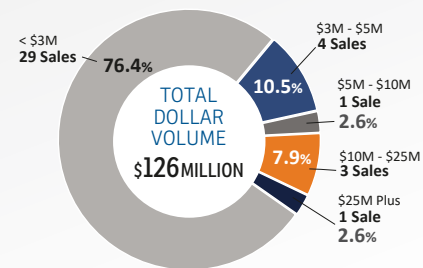
Sources: The Network

# Land Investment

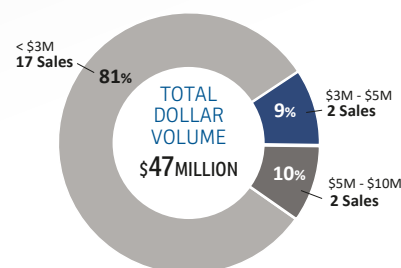
The ICI (Industrial, Commercial, and Investment) Land sector contributed more than \$138 million to the \$126 million in total land sales generated at mid-2024.

The average ICI transaction sat at \$3.3 million, with two transactions closing above \$10 million by June 30th. The largest purchase to date was made in the second quarter of the year: 152.88 acres of land in the Ellerslie Industrial area by the City of Edmonton for \$34 million. The DC1 zoning was to allow for industrial education – a proposed NAIT campus – and this land is also districted 'PSN'.

MID-YEAR 2024 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION

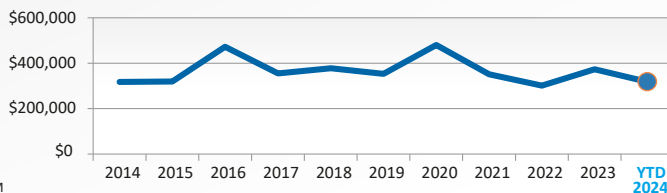


MID-YEAR 2024 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION

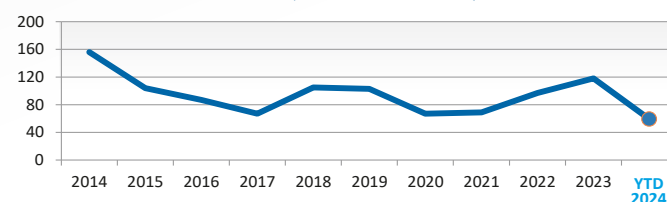


Residential Land sales exceeded \$47 million for the first half of the year, decreasing by \$4.9 million (9%) year-over-year. The number of closed transactions to June 30th was roughly the same, with 21 closing versus 22 at mid-year 2023, but all sales to date were comparatively much smaller in nature. The largest transaction to close at mid-year was the January purchase of 6.68 acres of land in the Secord subdivision by 2566157 Alberta Ltd. for \$8.9 million.

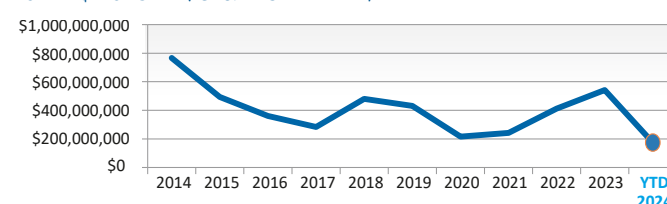
AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)



NUMBER OF TRANSACTIONS (ICI & RESIDENTIAL)



TOTAL \$ VOLUME (ICI & RESIDENTIAL)



For the year to June 30th, land sales of less than one acre comprised more than half of residential land transactions while there was just one ICI Land sale of less than a full acre. This resembles pre-pandemic years – particularly from mid-year 2015 through 2016 – when we observed a substantial number of partial-acre sales and identified the trend as a major contributor to price-per-acre inflation during that period.

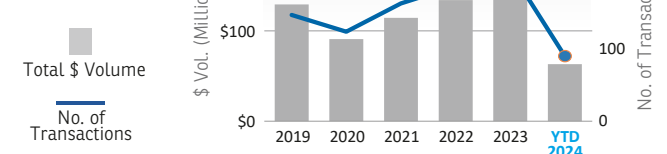
# Commercial Condominium Investment

Since 2019, ownership of commercial condo units has proven to be remarkably attractive in the Edmonton market.

Several formats – office, industrial and retail/medical are available and can be found in a variety of options from units in small, multi-tenant buildings to business parks – all of which provide distinct advantages such as fixed and clear costs, complete control over design within the premises, and notably, tax benefits not available to leasing tenants.

The commercial condominium sector has drawn an increasingly diverse group of occupiers and investors, who collectively closed more than \$63 million in purchases through the first half of 2024. Industrial condominiums were in highest demand, comprising nearly half of

TOTAL \$ VOL. & NO. OF TRANSACTIONS



total dollar volume (\$29.6 million) invested in this asset type. Sales of retail/medical format remained strong with just under \$25 million in transactions closing, while sales of office format condos were substantially weaker than at mid-year 2023 with \$8.6 million in year-to-date sales.

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