

May 16, 2023

# Q1 2023 EDMONTON MARKET OVERVIEW

 **COMMERCIAL.**



*Melissa Saretsky*  
**CENTURY 21**  
Masters

# First Quarter 2023

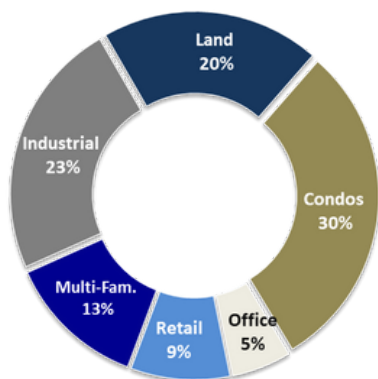
## Edmonton CRE Market Overview

### May 2023

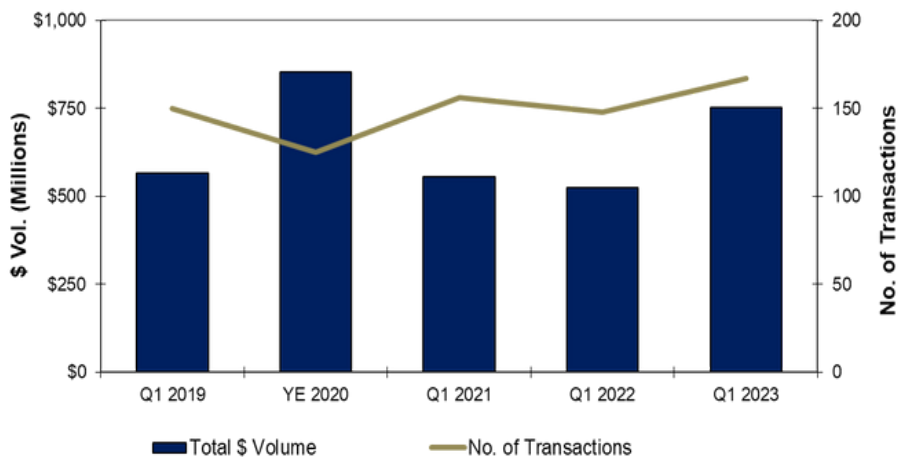
Commercial real estate investors were back in a big way in the Edmonton market, purchasing \$752.6 million of assets through the first quarter of 2023. This represents a significant increase of more than \$227 million (43%) versus Q1 2022 and brought investment within the pre-pandemic average. Investment was up across four of the six asset classes we track, with dollar volume falling slightly among multi-family properties and land. Industrial properties were number one on investors' lists, with more than \$304 million worth of assets purchased. The multi-family asset class was the next top performer despite the above-noted decrease, drawing more than \$172 million. Retail assets were also back on the radar, attracting more than \$147 million in purchases. At the other end of the spectrum, just nine office buildings totalling \$25.4 million changed hands during the quarter. Also of note was the level of sales activity this quarter at 167 transactions, which was up 14% year-over-year. This is a multi-year high, surpassing Q1 '22 and Q1 '19 activity of 156 and 150 transactions, respectively.

	Q1- 2020	Q1- 2021	Q1- 2022	Q1- 2023	Y-O-Y Change
<b>Land</b>					
Total \$ Value:	\$97,088,230	\$48,203,382	\$78,765,100	\$75,514,508	\$(3,250,592)
No. of Transactions:	34	22	35	33	(2)
<b>Buildings</b>					
Total \$ Value:	\$757,472,631	\$506,354,186	\$446,214,356	\$677,088,890	\$230,874,534
No. of Transactions:	91	134	113	134	21
<b>Totals</b>					
Total \$ Value:	\$854,560,861	\$554,557,568	\$524,979,456	\$752,603,398	\$227,623,942
No. of Transactions:	125	156	146	167	19

Q1 2023 Sales Distribution



Total \$ Volume & No. of Transactions

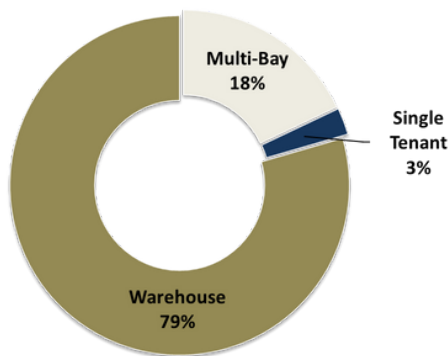


# Q1 2023 Edmonton CRE Market Overview

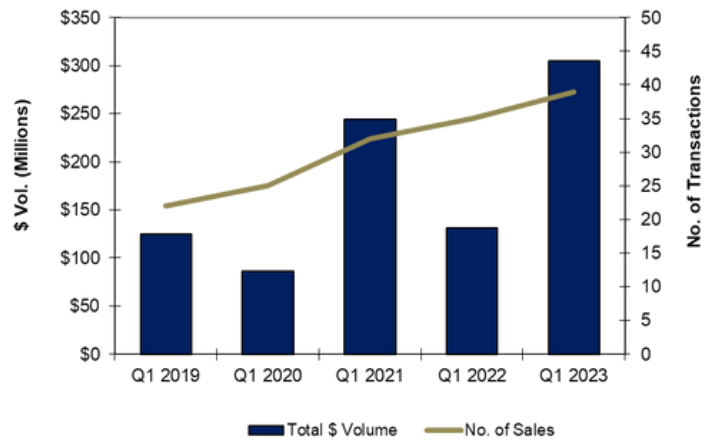
## INDUSTRIAL SECTOR

In Q1 2023, industrial properties were a popular asset class among investors, with total dollar volume more than doubling Q1 2022 levels to \$304.3 million. Owner/User warehouse facilities accounted for 31 of the 39 transactions completed during this period, comprising more than \$107 million. The average price per square foot increased to \$190/sf from \$171/sf a year ago, with the sales of 7804 - 18 Street and 2460 132 Avenue NE contributing to this increase.

**Industrial Sales Distribution**  
39 Transactions  
\$304,345,605 Total \$ Volume



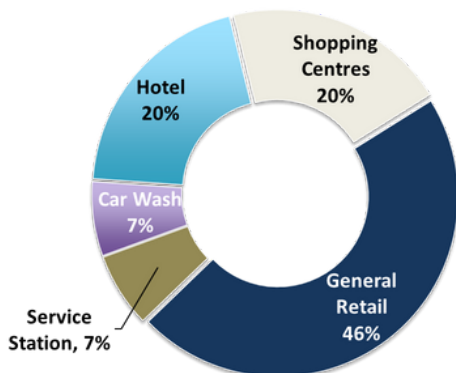
**Total Industrial \$ Volume & No. of Transactions**



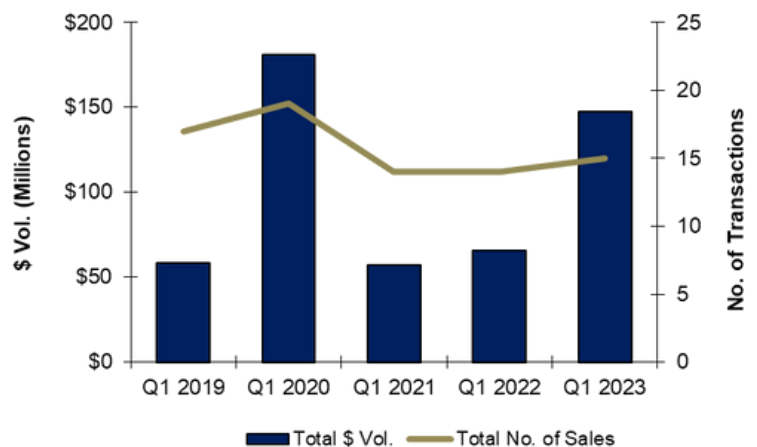
## RETAIL SECTOR

Dollar volume invested in retail assets more than doubled YoY, reaching \$147 million, while sales numbers remained essentially flat with just one additional transaction. Four sales comprised around half of the total investment, including the \$69 million sale of Millwoods Town Centre & Millwoods Town Centre Professional Building to Maclab Developments and the \$23.6 million sale of Northgate Chevrolet Buick GMC to 2450575 Alberta Ltd.

**Retail Sales Distribution**  
15 Transactions  
\$147,125,000 Total \$ Volume



**Total Retail \$ Value & No. Of Transactions**

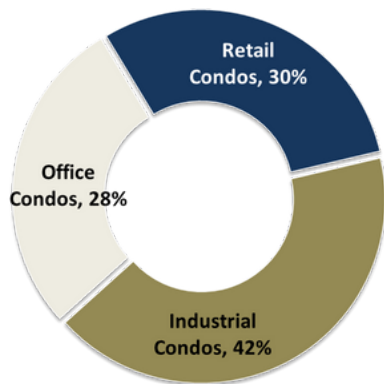


# Q1 2023 Edmonton CRE Market Overview

## COMMERCIAL CONDOMINIUM SECTOR

Demand for commercial condos remained steady, with total dollar volume invested increasing by just \$1 million over Q1 2022. However, sales activity increased notably with 50 transactions closing at March 31st totaling \$27.8 million. Demand for industrial condos was far greater than for office and retail product, with prices per square foot decreasing slightly year-over-year for office and industrial condos to \$339 psf and \$214 psf, respectively. Retail condominiums saw an increase in prices per square foot to an average of \$454 psf from \$359 psf one year earlier.

**Commercial Condo Sales Distribution**  
50 Transactions  
\$27,767,701 Total \$ Volume



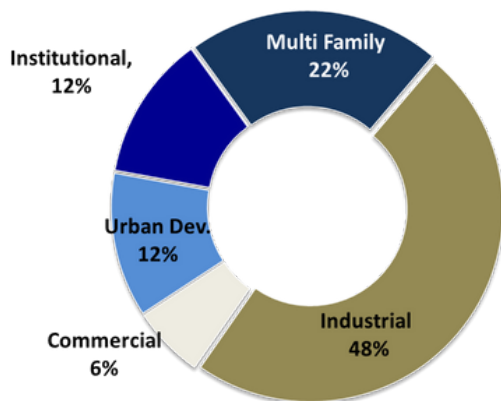
**Total Condo \$ Value & No. Of Transactions**



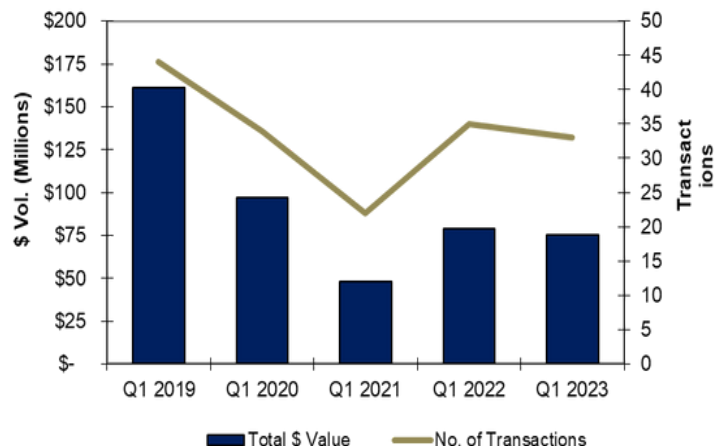
## LAND SECTOR

Investment in the land sector was slightly lower in Q1 2023 compared to the previous year, with a total of \$75.5 million and 33 transactions closing. The industrial and multi-family-designated land were in highest demand, generating \$36.7 million and \$19.6 million in sales, respectively. The stand-out transaction was the 62-acre purchase by One Ninety Nine Business Park Ltd. for \$20.5 million, which included 12 fully serviced IB and IM-zoned industrial lots.

**Land Sales Distribution**  
33 Transactions  
\$75,514,508 Total \$ Volume



**Total Land \$ Value vs No. Of Transactions**

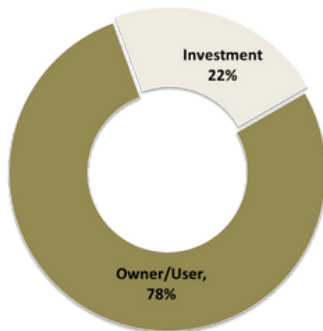


# Q1 2023 Edmonton CRE Market Overview

## OFFICE SECTOR

Edmonton's office asset class saw a significant increase in sales and dollar volume year-over-year, but remained the weakest of the six tracked. Over \$25 million was invested in nine transactions, with seven sales to owner/users and two sold as investments. The largest sales were \$9.5 million for 9618-42 Avenue and \$4 million for 7121-7125 – 109th Street (5.7% cap.).

Office Building Sales Distribution  
9 Transactions  
\$25,451,000 Total \$ Volume



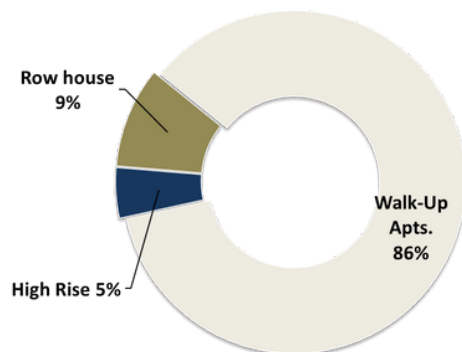
Total Office Bldgs. \$ Value & No. Of Transactions



## MULTI-FAMILY SECTOR

Multi-family properties experienced slight growth in Q1 2022, with an increase in sales in lesser-priced assets. The average price per unit moved up to \$172,000 from \$121,000, and cap rates rose to 5.2% from 4.2% compared to the same period last year. The most significant transaction was the purchase of Raymond Block by Auctus Property Fund GP Inc for \$51 million at a cap rate of 5.53%. The price paid per unit was \$537,000/suite, influenced by a large commercial component.

Multi-Family Sales Distribution  
21 Transactions  
\$172,399,584 Total \$ Volume



Total Multi-Family \$ Volume vs No. of Transactions



# First Quarter 2023 Edmonton CRE Market Overview

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## MARKET SYNOPSIS & PREDICTION SUMMARY

The first quarter of 2023 saw investment more in line with pre-pandemic levels and appears to suggest a recovery. Investment numbers this strong were unexpected, especially considering that most economic forecasts were projecting a downturn in activity for 2023. Also, investor activity was spread across a much larger number of asset classes, whereas investors were much more focused in 2022 - a trend we anticipated would extend into this year.

Over the previous few years, we've witnessed strong demand emerge for commercial condominiums in the Edmonton & area market. Despite Q1 '23 investment remaining below the multi-year high seen in the first quarter of 2021, the appeal of owning one's real estate appears to be holding strong, as demonstrated by the increased year-over-sales we noted. This was another unexpected development, as we had anticipated an investment decrease in this type of asset due to the series of quick and consistent interest rate increases through late 2022.

More time and information are required to confidently announce a recovery in CRE investment. We are, however, optimistic that with the level and breadth of investment this quarter being similar to Q1 2019 and 2020 levels, sunny days lay ahead for the balance of 2023.

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