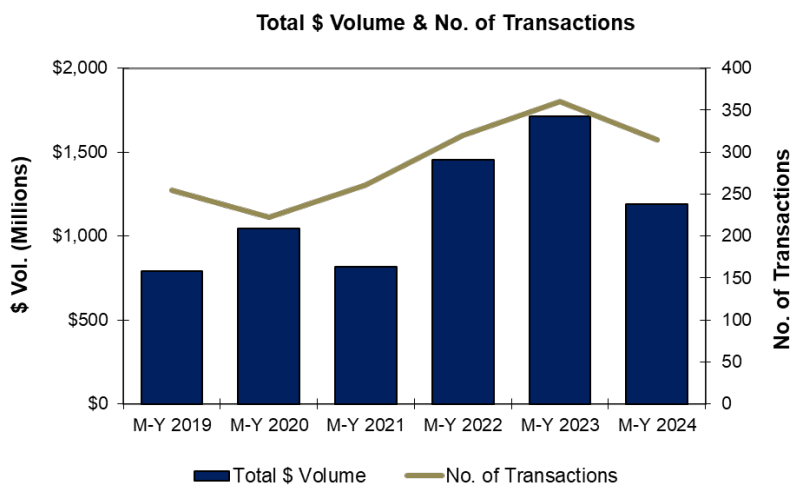


Q2 2024 EDMONTON CRE MARKET OVERVIEW

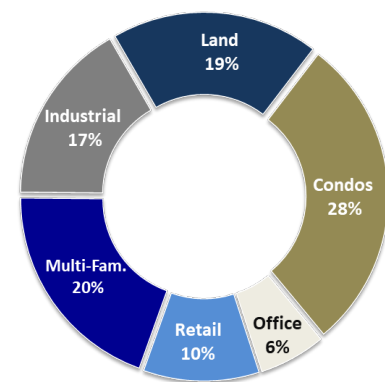
Continuing the trend begun in Q1 of this year, commercial real estate investors the Edmonton market collectively took a breather during the second quarter of 2024. From April through June, 157 transactions closed, bringing additional \$626.6 million of property and land sales. Compared to mid-year 2023, investment was up in just one of the six asset classes we track with office properties posting a year-over-year (y-o-y) gain of \$1.9 million on the same number of year-to-date sales.

While total year-to-date dollar volume of approximately \$1.2 billion represents a decrease of approximately 30% versus mid-year 2023, investment levels remained well above pre-pandemic levels. It should also be noted that several of the y-o-y decreases were small in nature; investment in commercial condominium investment was down just 7% and land was down by 11%.

	Q2 2020	Q2 2021	Q2 2022	Q2 2023	Q2 2024
Land					
Total \$ Value:	\$148,403,308	\$111,802,242	\$238,144,795	\$193,725,906	\$173,292,878
No. of Transactions:	63	41	73	76	59
Buildings					
Total \$ Value:	\$893,567,789	\$706,417,084	\$1,216,933,246	\$1,521,058,662	\$1,018,411,772
No. of Transactions:	159	220	247	284	256
Totals					
Total \$ Value:	\$1,041,971,097	\$818,219,326	\$1,455,078,041	\$1,714,784,568	\$1,191,704,650
No. of Transactions:	222	261	320	360	315



Mid-Year 2024 Sales Distribution



Commercial Condo Sales Activity Highlights

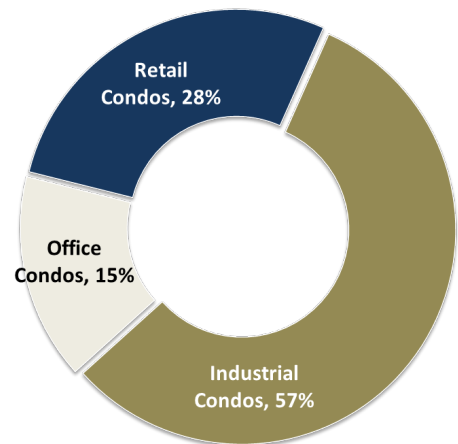
	Q2-2021	Q2-2022	Q2-2023	Q2-2024
Office Condos				
Total \$ Value:	\$15,515,572	\$15,476,880	\$15,930,720	\$8,585,675
No. Of Transactions:	20	20	23	14
Avg. Price/sq.ft.	\$330/sq.ft.	\$345/sq.ft.	\$359/sq.ft.	\$308/sq.ft.
Retail Condos				
Total \$ Value:	\$22,013,093	\$4,332,800	\$25,319,298	\$24,953,546
No. Of Transactions:	27	8	30	25
Avg. Price/sq.ft.	\$418/sq.ft.	\$343/sq.ft.	\$429/sq.ft.	\$458/sq.ft.
Industrial Condos				
Total \$ Value:	\$38,904,276	\$33,743,509	\$26,561,000	\$29,646,360
No. Of Transactions:	55	55	49	51
Avg. Price/sq.ft.	\$207/sq.ft.	\$223/sq.ft.	\$206/sq.ft.	\$206/sq.ft.
Totals				
Total \$ Value:	\$76,432,941	\$53,534,189	\$67,811,018	\$63,185,546
No. Of Transactions:	102	83	102	90

Investment in commercial condos properties decreased by approximately \$4.6 million during the first half of 2024. After a first quarter that was slightly stronger than Q1 2023 with a \$3.1 million gain, a quiet second quarter in which additional 45 properties changed hands transpired. This put mid-year sales back near mid-year 2021 levels and dollar volume just below the same time period.

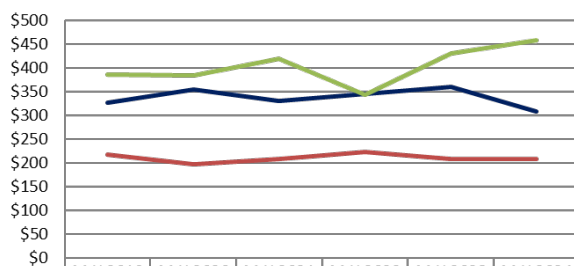
Industrial condos continued to comprise the majority of year-to-date sales, but noteworthy at this point in the year was resurgent demand for retail condos. Industrial condos have been in the highest demand of the three formats since 2019 – typically comprising more than half of total sales. Due to a variety of factors, they also tend to cost the least per square foot.

Retail condo sales remained fairly consistent with previous years, with the exception of a mid-2022 dip. Dollar volume and price per square foot however, also showed remarkable stability.

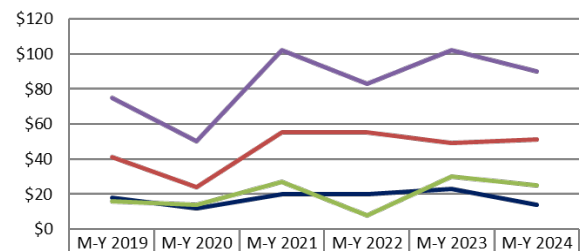
Commercial Condo Sales Distribution



Condo Average Unit Price



Commercial Condo Transactions



Office Sales Activity Highlights

	Q2-2021	Q2-2022	Q2-2023	Q2-2024
Suburban Office				
Total \$ Value:	\$49,852,000	\$37,213,535	\$76,221,000	\$65,417,500
No. Of Transactions:	10	11	19	17
Avg. Price/sq.ft.	\$212/sq.ft.	\$332/sq.ft.	\$157/sq.ft.	\$166/sq.ft.
Downtown Office				
Total \$ Value:	-	\$3,800,000	-	-
No. Of Transactions:	-	1	-	-
Downtown High-Rise Office				
Total \$ Value:	-	\$4,400,000	-	\$12,765,000
No. Of Transactions:	-	1	-	2
Totals				
Total \$ Value:	\$49,852,000	\$45,413,535	\$76,22,000	\$78,182,500
No. Of Transactions:	10	13	19	19

At the mid-point of 2024, all but two office property sales - both Q2 transactions - were in suburban locations. 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.

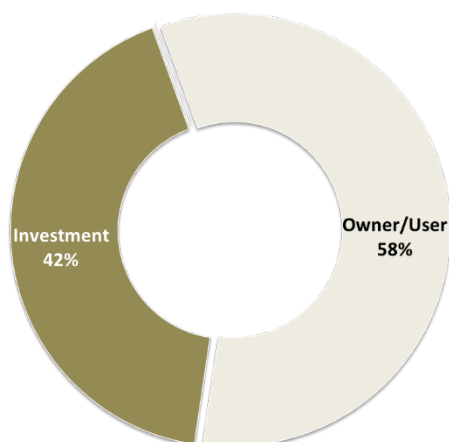
The above-mentioned April-June flurry of activity and year-over-year increase in investment levels brought this asset group to another multi-year high, as shown in the chart below. To June 30th, investment in Edmonton’s office market was nearly four time that seen in 2019 – prior to the Covid-19 pandemic.

As noted in the doughnut chart at bottom, owner/users were the primary driver of year-to-date investment. In a typical year, this group of investors will comprise approximately two-thirds of office property purchases in the Edmonton market. To June 30th, 2024, Owner/Users purchased eleven properties totalling \$18 million.

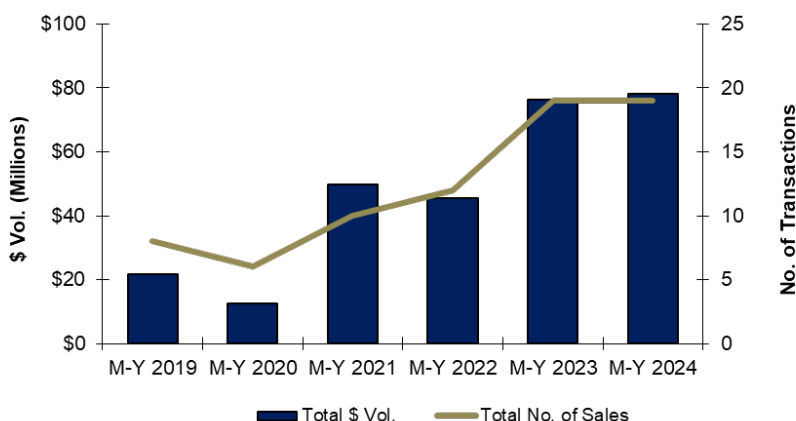
NOTABLE SALES JANUARY 1 - JUNE 30/2024

- Kingsway Professional Building - \$15,000,000
- Phipps-McKinnon (10020-101A Avenue) - \$8,265,000
- Plaza 124 (10216-124th Street) - \$8,250,000

Office Building Sales Distribution



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



Industrial Sales Activity Highlights

	Q2-2021	Q2-2022	Q2-2023	Q2-2024
<u>Owner/User Warehouse</u>				
Total \$ Value:	\$118,271,000	\$170,832,990	\$158,865,605	\$115,843,000
No. Of Transactions:	35	55	50	41
Avg. Price/sq.ft.	\$163/sq.ft.	\$185/sq.ft.	\$186/sq.ft.	\$199/sq.ft.
<u>Multi-Bay Warehouse</u>				
Total \$ Value:	\$165,535,000	\$145,415,000	\$270,666,500	\$62,475,000
No. Of Transactions:	7	16	13	7
<u>Single-Tenant Warehouse</u>				
Total \$ Value:	\$2,500,000	\$254,505,000	\$15,750,000	\$38,925,000
No. Of Transactions:	1	8	1	4
<u>Totals</u>				
Total \$ Value:	\$286,306,000	\$570,752,990	\$445,282,105	\$217,243,000
No. Of Transactions:	43	79	64	52

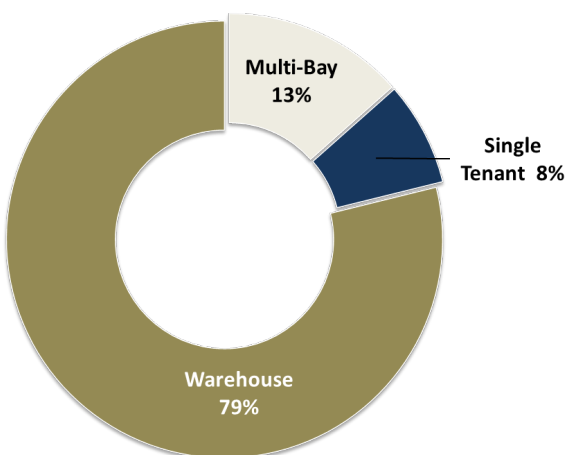
Investors took a breather during the second quarter of 2024, purchasing fewer owner/user warehouses and multi-bay properties than at the same point last year. Even with the substantial uptick in single-tenant warehouse transactions, this asset class saw a second decline in year-over-year sales since the Covid-19 pandemic began in Spring of 2019.

As is typically the case in this asset class, owner/users remained the major contributor to year-to-date sales and dollar volume through the first half of 2024. Multi-bay warehouse dollar volume was very low by historical standards – even on mid-year sales matching 2021 levels, while demand for single-tenant warehouse assets made a dramatic jump.

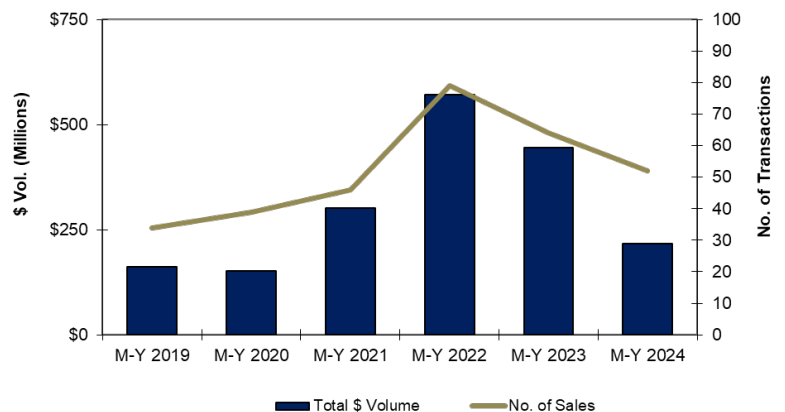
NOTABLE SALES JANUARY 1 – JUNE 30/2024

- Crossroads Business Park - \$24,800,000- 6.8% Cap Rate
- 10930-184th Street (part of a 4-bldg. portfolio incl. 10930-184 St., 11104-180 St., 9404 39 Ave-\$67,750,000- 6.05% Cap Rate
- 6005 72A Ave - \$13,790,000

Industrial Sales Distribution



Total Industrial \$ Volume & No. of Transactions



Multi-Family Sales Activity Highlights

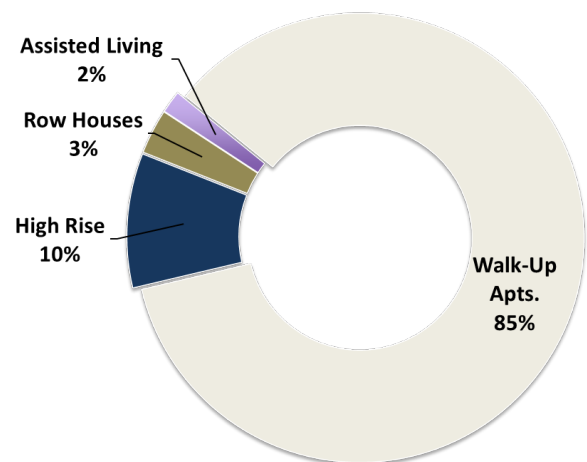
	Q2-2021	Q2-2022	Q2-2023	Q2-2024
Walk-Ups				
Total \$ Value:	\$94,767,700	\$179,847,804	\$407,613,336	\$285,515,714
No. Of Transactions:	28	31	48	53
Avg. Price/Suite	\$117,000/suite	\$139,000/suite	\$156,000/suite	\$156,000/suite
Avg. Cap Rate %	5.03%	5.04%	5.06%	5.52%
High-Rise Apartments				
Total \$ Value:	\$19,750,000	\$108,076,477	\$66,670,000	\$167,007,195
No. Of Transactions:	1	4	3	6
Misc.				
Total \$ Value:	\$9,747,400	\$109,970,000	\$189,834,000	\$57,412,075
No. Of Transactions:	7	7*	6	3
Totals				
Total \$ Value:	\$124,264,400	\$397,894,904	\$664,117,336	\$509,934,984
No. Of Transactions:	36	42	57	62

*Misc – 2 Row Houses, 1 Assisted Living development

Investment in the multi-family asset class remained strong during the second quarter of 2024. Thirty-one additional transactions closed, totalling just under \$354 million and more than doubling first-quarter dollar volume.

Whereas assisted living properties were a hot commodity – and big-ticket items - during the first half of 2023, the investment landscape was quite different at mid-year 2024 as investors focused on high-rise apartment properties. Six high-rise apartments sold at June 30th for a collective \$167 million.

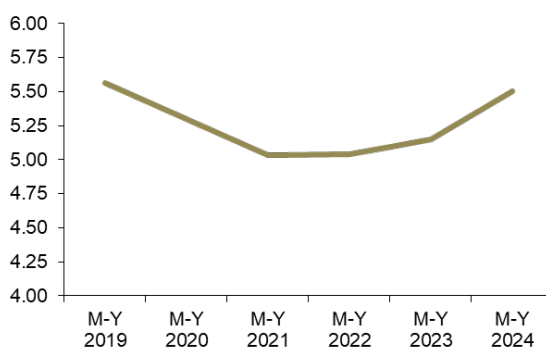
Multi-Family Sales Distribution



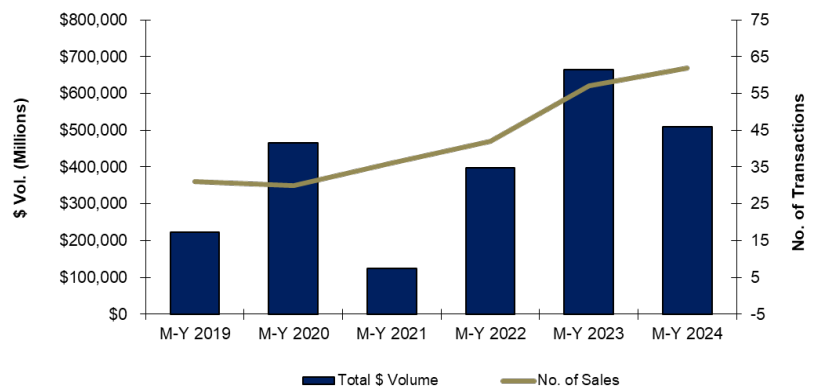
NOTABLE SALES JANUARY 1 – JUNE 30/2024

- Maple Crest Place - \$91,250,000-5% Cap
- Edmonton House - \$51,000,000-5.64% Cap
- The View at Secord - \$45,250,000-4.81% Cap

Multi-Family Capitalization Rate (%)



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



Retail Sales Activity Highlights

	Q2-2021	Q2-2022	Q2-2023	Q2-2024
General Retail				
Total \$ Value:	\$24,172,825	\$41,345,990	\$55,992,203	\$52,491,993
No. Of Transactions:	12	17	23	16
Shopping Centres				
Total \$ Value:	\$28,305,918	\$68,135,000	\$121,120,000	\$40,350,000
No. Of Transactions:	4	5	7	6
Avg. Cap Rate %	6.25%	6.06%	7.59%	7.73%
Misc.				
Total \$ Value:	\$101,133,000	\$39,857,261	\$90,515,000	\$57,023,714
No. Of Transactions:	10	8	12	11*
Totals				
Total \$ Value:	\$153,611,743	\$149,338,251	\$267,627,203	\$149,865,707
No. Of Transactions:	26	30	42	33

*Misc. –4 Car Dealerships, 3 Motels, 3 Restaurants, 1 Service Station

As with the majority of other asset classes, the commercial retail market softened during the second quarter of 2024 with both dollar volume and total transactions coming in at less than Q1 '24 levels. Just 14 transactions closed for a total of \$47.8 million from April through June and brought retail investment levels back to mid-year 2021 and 2022 levels.

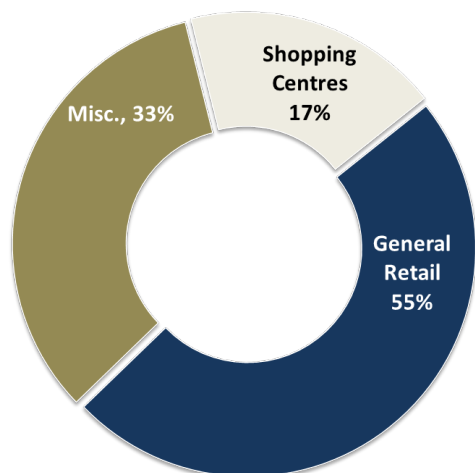
Primarily responsible for the above-noted year-over-year softness was the absence of Shopping Centre transactions during the second quarter. As a group, investment in shopping centres for the year to June 30th totalled just over \$40 million; just under one-third of total dollar volume.

Skewing the numbers somewhat when doing year-over-year comparisons is the early 2023 sale of Millwoods Town Centre & Millwoods Town Centre for \$69 million. This was the largest sale of this asset class at mid-year 2023 and the second largest of the year.

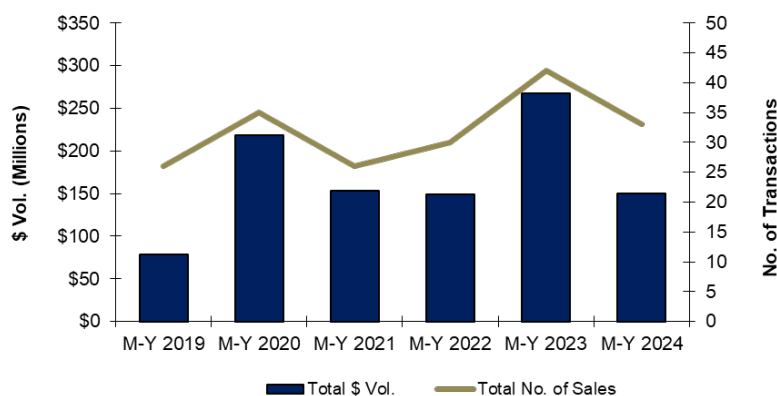
NOTABLE SALES JANUARY 1 – JUNE 30/2024

- 17104-90th Avenue (court-ordered sale) - \$17,250,000
- Toys "R" Us (3940 Gateway Blvd. - part of AB portfolio sale) - \$14,119,292

Retail Sales Distribution



Total Retail \$ Value & No. Of Transactions



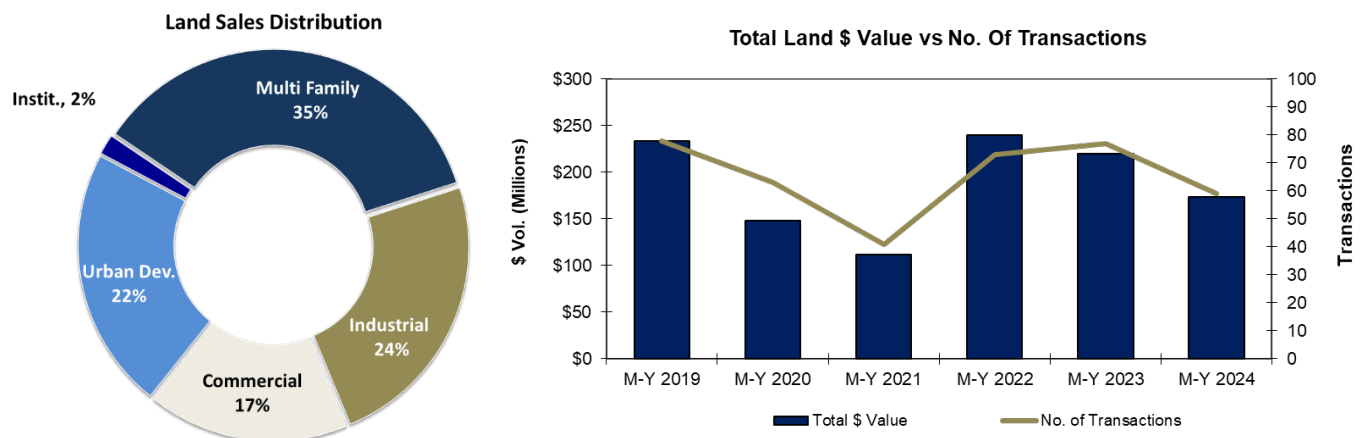
Land Sales Activity Highlights

	Q2-2021	Q2-2022	Q2-2023	Q2-2024
<u>Commercial Land</u>				
Total \$ Value:	\$28,056,739	\$37,298,250	\$17,407,032	\$21,149,400
No. Of Transactions:	9	20	10	10
Avg. Per/Sq.ft.	\$48/sq.ft.	\$52/sq.ft.	\$40/sq.ft.	\$53/sq.ft.
<u>Industrial Land</u>				
Total \$ Value:	\$1,808,000	\$117,553,350	\$67,509,082	\$24,393,365
No. Of Transactions:	3	20	29	14
Avg. Per/Acre	\$413,619/acre	\$630,253/acre	\$949,816/acre	\$938,997/acre
<u>Multi Family Land</u>				
Total \$ Value:	\$64,423,113	\$49,002,102	\$52,140,750	\$47,265,150
No. Of Transactions:	20	19	22	21
<u>Urban Development Land</u>				
Total \$ Value:	\$14,906,190	\$32,681,093	\$29,563,058	\$79,284,963
No. Of Transactions	6	18	10	13
Avg. Per/Acre	\$284,365/acre	\$327,756/acre	\$211,262/acre	\$184,044/acre
<u>Institutional Land</u>				
Total \$ Value:	\$2,389,800	-	\$27,105,984	\$1,200,000
No. Of Transactions	2	-	5	1
<u>Totals</u>				
Total \$ Value:	\$111,802,242	\$236,534,795	\$193,725,906	\$173,292,878
No. Of Transactions	41	73	76	59

Despite a busy second quarter in which 30 transactions closed for a total of \$63.8 million, the land asset class saw a net decrease in both total transactions and dollar volume versus June 30th, 2023. Investment in this asset class did, however, remain well above mid-year 2020 and 2021 levels. This is coming off a first quarter during which for the first time since 2019, investment in the land sector broke the \$100 million mark.

At the mid-year mark, investors’ renewed interest in land designated for urban development translated into the highest mid-year investment level in several years.

The stand-out transaction of 2024 to date is the \$34 million (\$222,396/acre) purchase of 153 acres at 1704-91st Street SW which at one time was the proposed Northern Alberta Institute of Technology (NAIT) campus.



MARKET SYNOPSIS & PREDICTION SUMMARY

The second quarter of 2024 saw investment remain well above pre-pandemic levels, despite the overall softening seen in sales numbers and dollar volume at mid-year. Following a robust two-year period of unexpectedly strong sales activity and investment numbers, a pull-back was inevitable; it was just a matter of when. Given though, that both investment and sales remained well above mid-2019 levels, we still believe the larger picture suggests a recovery. When we further take into account that most economic forecasts were projecting an economic downturn to emerge in late 2023 but the year finished at a six-year investment high, a mid-year reset is not unexpected.

This sentiment extends to the Edmonton & area market commercial condominium market, which has developed significantly over the previous several years and drawn increasing sales activity and dollar volume on an almost consistent quarter-over-quarter basis since 2020. Even with the year-to-date decline in closed transactions, just a \$4.6 million drop in dollar volume resulted. We interpret this as a demonstration that the appeal of owning one's real estate appears is holding strong.

More time and information are required to confidently announce a holding recovery in CRE investment. We are optimistic though, that with additional in-migration from other provinces and territories continuing to grow Edmonton's population and with further Bank of Canada interest rate cuts expected this autumn and winter, the balance of 2024 will be strong.

To obtain further details on specific transactions mentioned in the above report or to inquire about our subscriptions and services, please contact us.

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