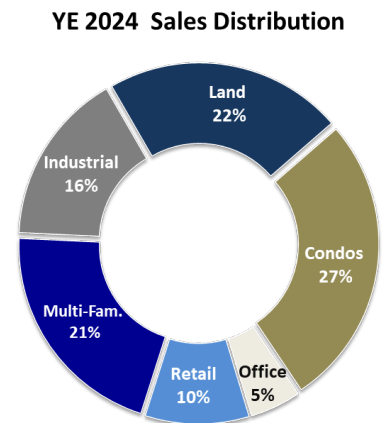
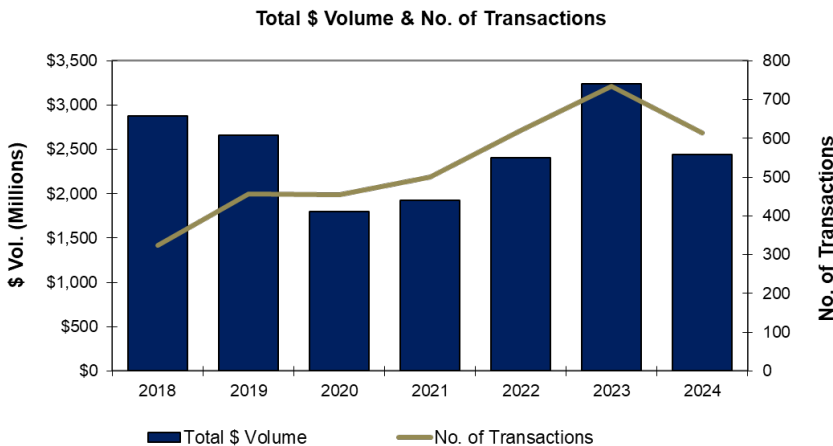


2024 YEAR-END EDMONTON MARKET OVERVIEW

Following the second-largest commercial investment since 2007, investors generally took a step back from the Edmonton market through 2024 to let a few sectors cool off. Continuing the trend that began in Q1 of this year, a slower pace of acquisitions continued through the final quarter of year. From October through December, 135 transactions closed, adding \$497.2 million of property and land sales to the year-to-date total. Compared to 2023, investment was up in just two of the six asset classes we track with multi-residential property assets garnering an additional \$75 million in total dollar volume. Commercial office assets once again posted a year-over-year gain and more than doubled 2023 levels, rising by more than \$108 million - albeit on a reduced number of sales.

As the year ended, the remaining asset types had generally returned to pre-2023 levels with the lone exception being industrial properties. The latter posted the most notable decrease in total transactions and dollar volume, such that total investment was similar to 2020 levels. Commercial condominium investment softened after several consecutive years of strong sales, and despite a third-quarter resurgence in retail property sales, investment in that asset type remained muted in comparison to the previous five years. Land sales remained within a narrow post-pandemic band of total transactions and dollar volume.

	2020	2021	2022	2023	2024
Land					
Total \$ Value:	\$237,360,367	\$243,446,339	\$434,611,899	\$575,451,295	\$432,194,941
No. of Transactions:	118	86	140	176	135
Buildings					
Total \$ Value:	\$1,552,163,992	\$1,647,182,026	\$1,971,650,200	\$2,660,716,992	\$2,008,643,306
No. of Transactions:	335	407	480	559	480
Totals					
Total \$ Value:	\$1,789,542,359	\$1,890,628,365	\$2,406,262,099	\$3,236,168,287	\$2,440,838,239
No. of Transactions:	453	493	620	735	615



Commercial Condo Sales Activity Highlights.

	2020	2021	2022	2023	2024
Office Condos					
Total \$ Value:	\$21,417,914	\$24,038,442	\$44,552,906	\$28,748,620	\$20,450,745
No. Of Transactions:	29	34	48	49	32
Avg. Price/sq.ft.	\$310	\$325	\$343	\$332	\$319
Retail Condos					
Total \$ Value:	\$34,688,732	\$31,052,969	\$26,497,246	\$55,262,705	\$45,558,430
No. Of Transactions:	38	41	36	57	47
Avg. Price/sq.ft.	\$393	\$407	\$381	\$428	\$462
Industrial Condos					
Total \$ Value:	\$34,723,114	\$59,332,972	\$62,057,149	\$60,846,862	\$50,555,109
No. Of Transactions:	57	88	103	103	82
Avg. Price/sq.ft.	\$198	\$205	\$235	\$209	\$211
Totals					
Total \$ Value:	\$90,829,760	\$114,424,383	\$134,107,301	\$144,959,187	\$116,564,284
No. Of Transactions:	124	163	187	209	161

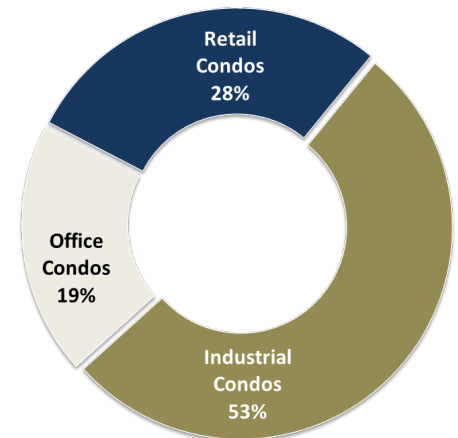
Year-over-year investment in commercial condos properties decreased by approximately \$26 million in 2024, bringing investment in this asset class back to roughly 2021 levels. Through the final quarter of 2024, demand cooled and just 31 sales closed for a total of \$30 million. For comparison, 60 transactions closed during the final three months of 2023 and totalled just under \$42 million.

As noted in the *Transactions* chart below, the decrease in sales was most notable among industrial and office condos, while a more moderating effect was seen for the retail format. With that said, average prices per square foot for the latter format continued a multi-year uptick.

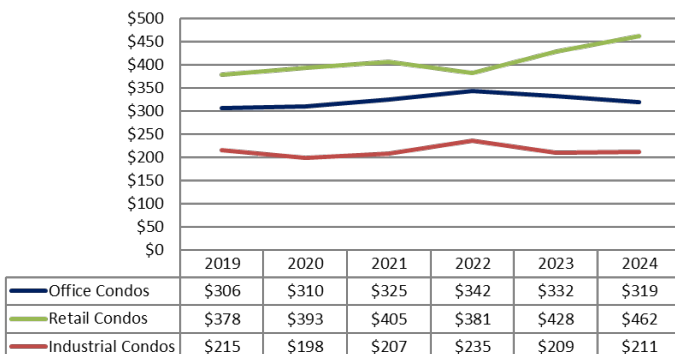
Industrial condos meanwhile, continued to comprise the majority of commercial condo sales but after reaching a three-year investment dollar plateau in 2023, returned to pre-2022 levels.

Office condo sales and investment dollar volume followed a similar trajectory as industrial format. Transaction numbers, dollar volume and average price per square foot fell back to levels seen two years ago.

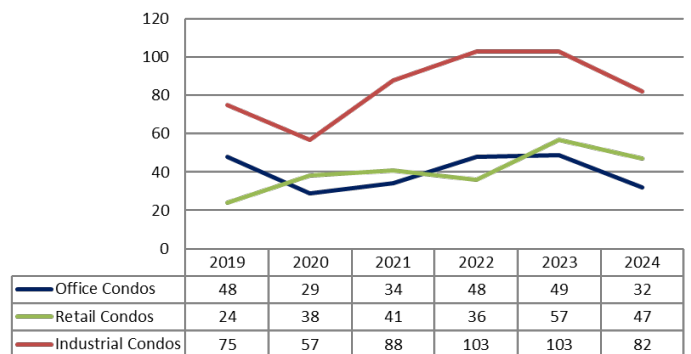
Commercial Condo Sales Distribution



Average Condo Unit Price



Commercial Condo Transactions



Office Sales Activity Highlights.

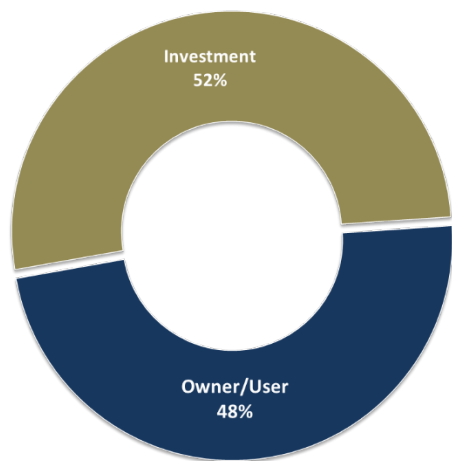
	2020	2021	2022	2023	2024
Suburban Office					
Total \$ Value:	\$30,283,250	\$67,640,000	\$67,520,188	\$93,663,500	\$104,052,500
No. Of Transactions:	16	19	22	30	23
Avg. Price/sq.ft.	\$248	\$254	\$283	\$178	\$175
Downtown Office					
Total \$ Value:	\$5,530,500	\$8,750,000	\$3,800,000	\$6,800,000	\$45,823,913
No. Of Transactions:	1	2	1	1	2
Downtown High-Rise Office					
Total \$ Value:	\$199,525,167	-	\$4,400,000	-	\$58,265,000
No. Of Transactions:	4	-	1	-	4
Totals					
Total \$ Value:	\$235,338,917	\$76,390,000	\$75,720,188	\$99,363,500	\$208,141,413
No. Of Transactions:	21	21	24	31	29

Whereas sales of office properties were extremely localized in 2023 - all but one office property sale that year were in suburban locations – 2024 marked a return to a more broadened appetite among investors. During the fourth quarter, nearly half of the years’ dollar volume transacted, with seven sales totalling just under \$93 million closing. Among those was the largest transaction of the year: the \$44.7 million purchase of 102nd Street Centre. This late-year activity brought investment to its highest point since 2020. The inverse was true for prices per square foot, however; this metric – for suburban office properties specifically - reached a multi-year low.

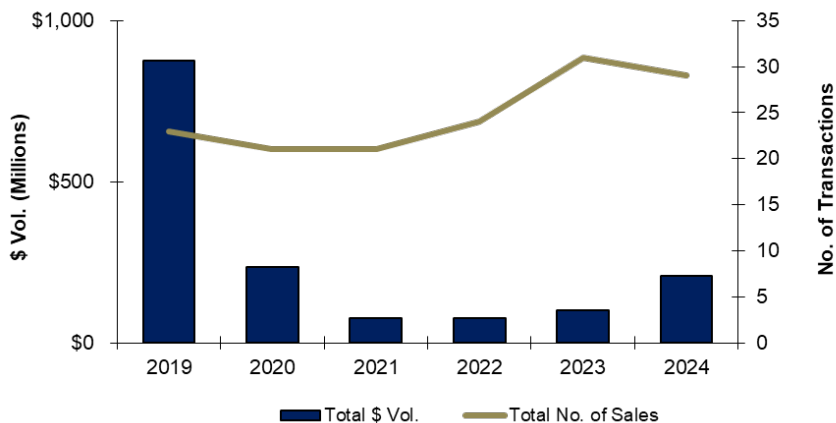
Owner/users remained the primary driver of investment through 2024, although the ratio moderated as the year progressed. Earlier in the year, this group of investors was collectively responsible for 60% of total purchases.

As we noted in a previous report but will reiterate, the unusually high 2019 office investment seen in the below chart was fueled by the \$517.5 million purchase of 10220-103 Avenue. Removing that outlier, 2019 office investment in Edmonton was well within long-term averages and puts 2024 investment at the top-end. With this in mind, we continue to believe this asset class is showing a post-pandemic recovery.

Office Building Sales Distribution



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



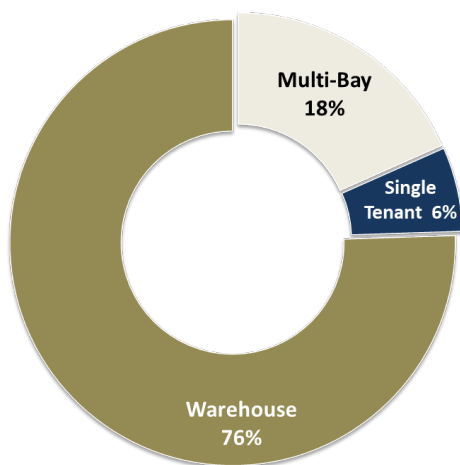
Industrial Sales Activity Highlights.

	2020	2021	2022	2023	2024
<u>Owner/User</u>					
<u>Warehouse</u>	\$216,707,538	\$294,856,000	\$284,998,789	\$307,582,427	\$199,531,500
Total \$ Value:	68	82	99	103	74
No. Of Transactions:	\$151	\$181	\$173	\$181	\$193
Avg. Price/sq.ft.					
<u>Multi-Bay Warehouse</u>					
Total \$ Value:	\$67,115,000	\$317,995,000	\$253,626,699	\$354,436,500	\$147,474,777
No. Of Transactions:	16	15	23	26	18
Avg. Price/sq.ft.	\$134	\$126	\$133	\$133	\$133
Avg. Cap Rate	7.5%	6.6%	6%	6.9%	7.2%
<u>Single-Tenant</u>					
Total \$ Value:	\$38,323,000	\$21,250,000	\$280,165,000	\$86,475,000	\$52,625,000
No. Of Transactions:	5	4	11	11	6
Avg. Price/sq.ft.	\$172	\$137	\$215	\$165	\$146
Avg. Cap Rate	7%	6.3%	5.8%	6.9%	7.9%
<u>Misc.</u>					
Total \$ Value:	-	\$11,920,000	-	-	-
No. Of Transactions:	-	1	-	-	-
<u>Totals</u>					
Total \$ Value:	\$332,145,538	\$646,021,000	\$818,790,488	\$748,493,927	\$399,631,277
No. Of Transactions:	89	102	133	140	98

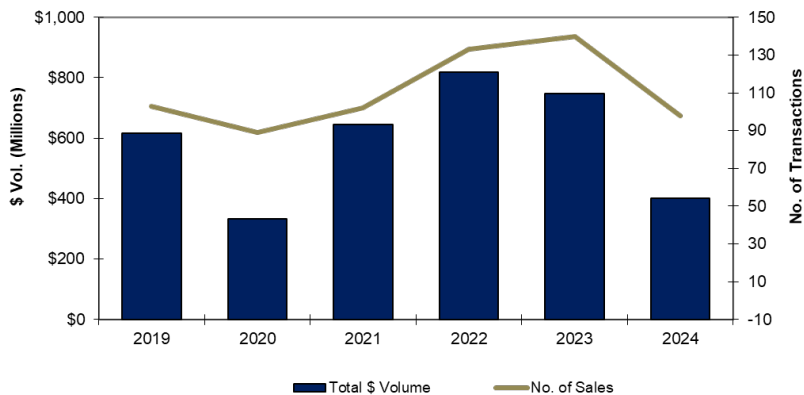
Investors continued easing off the gas pedal through the final quarter of 2024, purchasing just 19 properties for a total of \$96.3 million. As a consequence, this asset class saw a second decline in year-over-year investment – and on significantly decreased sales - since the post-Covid-19 pandemic burst seen in 2022.

As is typically the case in this asset class, owner/users remained the major contributor to overall sales and dollar volume through 2024. Multi-bay warehouse dollar volume moderated after several years of higher-than-average activity and dollar volume. Similarly, single-tenant warehouse investment decreased significantly from 2021 through 2023 levels.

Industrial Sales Distribution



Total Industrial \$ Volume & No. of Transactions



Multi-Residential Sales Activity Highlights.

	2020	2021	2022	2023	2024
Walk-Ups					
Total \$ Value:	\$205,998,100	\$385,404,000	\$337,274,424	\$634,203,942	\$722,576,014
No. Of Transactions:	39	60	62	92	110
Avg. Price/Suite	\$121,000	\$117,000	\$125,000	\$140,000	\$125,000
Avg. Cap Rate %	5.5%	5.1%	4.9%	5.07%	5.54%
High-Rise Apt's					
Total \$ Value:	\$305,000,000	\$104,103,000	\$198,176,477	\$165,273,000	\$280,420,528
Avg. Price/Suite	\$290,000	\$172,000	\$280,000	\$169,500	\$213,000
No. Of Transactions:	3	4	5	5	9
Misc.					
Total \$ Value:	\$79,997,641	\$124,652,900	\$121,997,500	\$195,784,000	\$66,832,075
No. Of Transactions:	10	6	13	8	9*
Totals					
Total \$ Value:	\$590,995,741	\$614,159,910	\$657,448,401	\$995,260,942	\$1,069,828,617
No. Of Transactions:	52	70	80	105	128

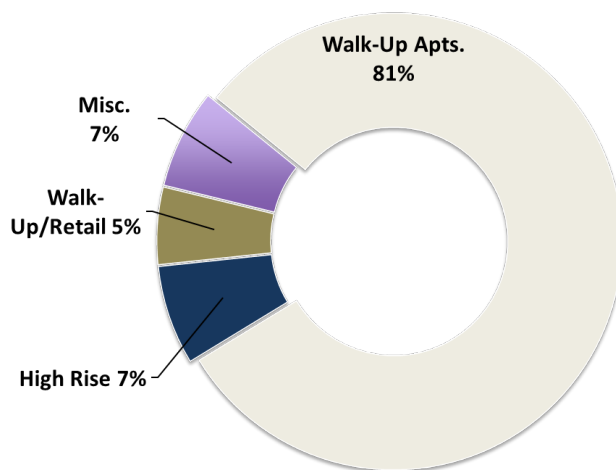
*Misc – 6 Row Houses, 2 Rooming Houses, 1 Assisted Living development

Investment in the multi-family asset class continued its upward trajectory through the final quarter of 2024. In doing so, investment topped \$1 billion for the first time and marked an all-time record for investment in this asset type.

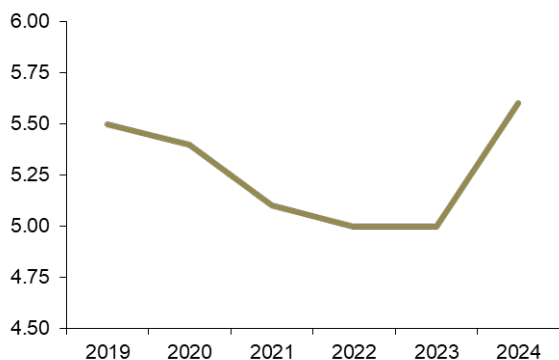
The ongoing population growth through 2024 in Edmonton, paired with compressing rental apartment vacancy rates, continued to drive demand for these assets right through the final quarter of the year.

Bucking the trend seen through 2023, investors focused on row houses versus assisted living facilities. Six of the former format transacted through the year for a total of \$57.3 million while the lone assisted living property sold for \$8.8 million.

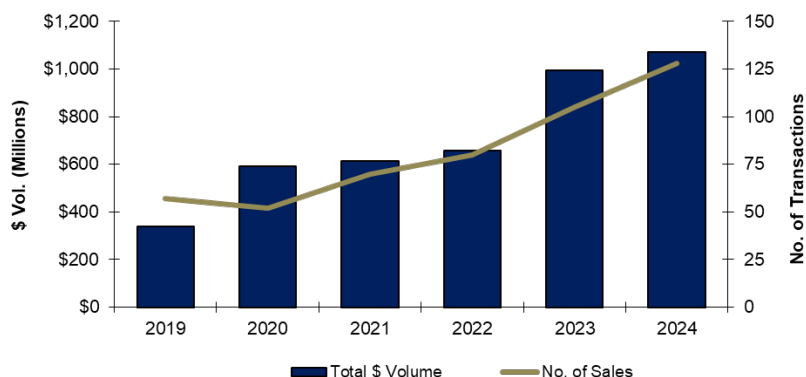
Multi-Residential Sales Distribution



Multi-Family Capitalization Rate (%)



Total Multi-Family \$ Value & No. Of Transactions



Retail Sales Activity Highlights.

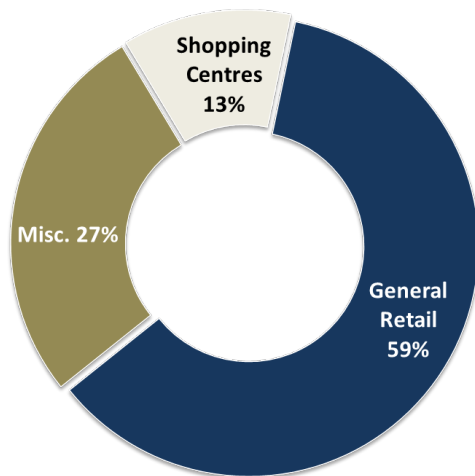
	2020	2021	2022	2023	2024
General Retail					
Total \$ Value:	\$40,727,000	\$55,812,825	\$89,167,240	\$286,439,436	\$88,126,993
No. Of Transactions:	25	23	33	42	36
Shopping Centres					
Total \$ Value:	\$130,255,000	\$82,555,918	\$90,910,000	\$215,720,000	\$44,050,000
No. Of Transactions:	10	11	7	10	7
Avg. Cap Rate %	6.1%	6.1%	6.2%	7.27%	7.33%
Misc.					
Total \$ Value:	\$208,038,177	\$129,265,930	\$105,506,582	\$170,480,000	\$80,043,714
No. Of Transactions:	20	16	16	22	16*
Totals					
Total \$ Value:	\$342,020,177	\$267,634,673	\$285,583,822	\$672,639,436	\$212,220,707
No. Of Transactions:	55	50	56	74	59

*Misc. – 6 Car Dealerships, 5 Restaurants, 3 Motels & 2 Service Stations

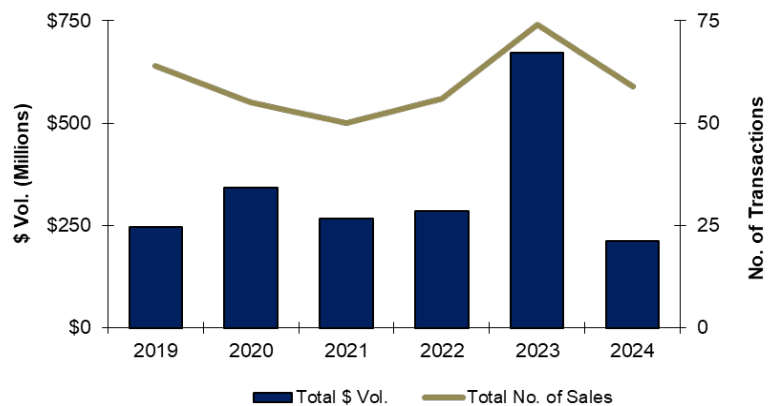
Similar to many other asset types, the commercial retail market saw a marked deceleration through 2024. The final quarter of the year, for example, saw just eight transactions close for a total of \$5 million. As seen in the table above, total transactions for the year were similar to pre-2023 levels but the absence of big-ticket (\$25+ million) transactions through the year were the primary reason for dollar volume falling below 2020-2022 levels.

In many ways, 2023 was a major outlier for this asset type with six transactions closing above the \$25 million threshold through that year, totalling more than \$362 million – almost the entire year-over-year difference in dollar volume. 2024 by contrast, was in many ways a return to the mean.

Retail Sales Distribution



Total Retail \$ Value & No. Of Transactions



Land Sales Activity Highlights.

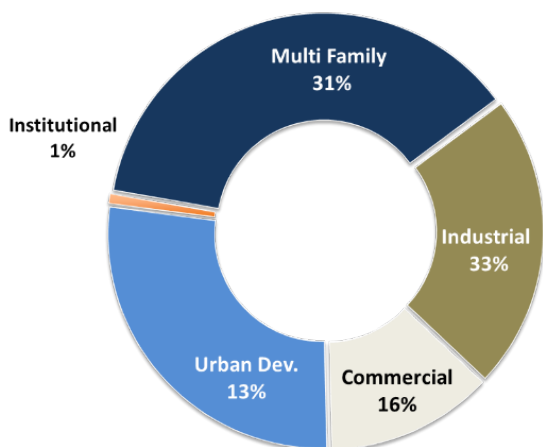
	2020	2021	2022	2023	2024
<u>Commercial Land</u>					
Total \$ Value:	\$60,444,096	\$63,453,056	\$50,635,303	\$80,506,952	\$31,693,760
No. Of Transactions:	30	23	40	29	17
Avg. Price/Sq.ft.	\$66	\$58	\$48	\$56	\$39
<u>Industrial Land</u>					
Total \$ Value:	\$52,206,837	\$13,326,500	\$154,309,591	\$134,010,533	\$47,294,365
No. Of Transactions:	28	10	23	57	30
Avg. Price/Acre	\$707,399	\$501,734	\$829,506	\$918,868	\$672,090
<u>Multi Family Land</u>					
Total \$ Value:	\$77,459,479	\$106,538,193	\$107,286,812	\$137,015,770	\$106,334,650
No. Of Transactions:	28	31	39	55	50
<u>Urban Development Land</u>					
Total \$ Value:	\$30,999,750	\$53,970,390	\$113,307,268	\$99,390,723	\$245,672,166
No. Of Transactions	26	17	32	22	37
Avg. Price/Acre	\$211,175	\$180,459	\$276,663	\$195,908	\$190,033
<u>Institutional Land</u>					
Total \$ Value:	\$14,936,690	\$2,389,800	\$7,462,925	\$124,527,317	\$1,200,000
No. Of Transactions	3	2	5	13	1*
<u>Totals</u>					
Total \$ Value:	\$242,060,36	\$254,873,259	\$434,611,899	\$575,541,295	\$432,194,941
No. Of Transactions	7	92	140	176	135

*Misc. – Church

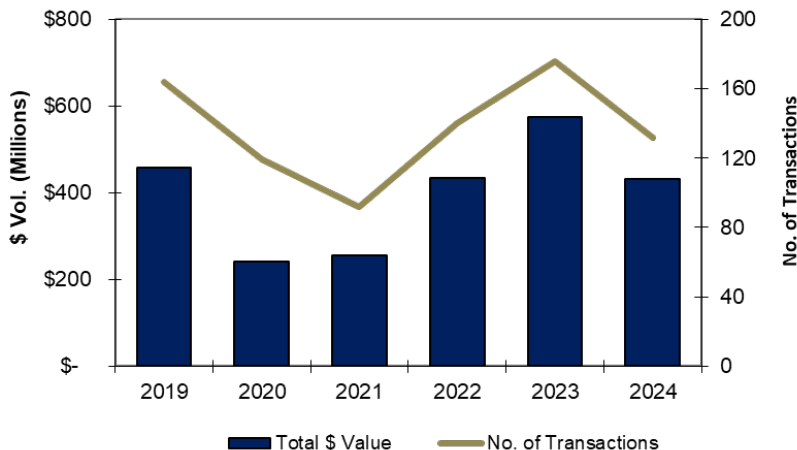
By the end of the third quarter the Edmonton market was on-track to post reduced year-over-year investment numbers – but in line with historical averages, nonetheless. Despite nearly one-third of the years’ transactions closing during the fourth quarter -totalling \$110.6 million – the sector ended 2024 more reflective of 2022 when investors emerged from the Covid-19 pandemic positive, yet cautious.

We observed an interesting turn from 2023 in this asset group; while land designated for multi-family and residential development led land sales it was Urban Development/Agricultural land that led in terms of total dollar volume and posted a notable increase in total sales as the year came to a close.

Land Sales Distribution



Total Land \$ Value vs No. Of Transactions



MARKET SYNOPSIS & PREDICTION SUMMARY

2024 saw investment remain well above pre-pandemic levels, despite the overall softening seen in sales numbers and dollar volume observed through the 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 sales remained well above 2018 and 2019 levels, we still believe the larger picture suggests a sustained overall recovery. When we further take into account that most economic forecasts were projecting an economic downturn to emerge in late 2023 or early 2024 but both years finished at multi-year highs, a period in which investors let some froth come off the market is not unexpected. 2024 appears to have been that period.

This sentiment extends to the Edmonton & area market commercial condominium market, which has developed significantly over the previous several years and drawn strong, sustained sales activity and dollar volume on an almost consistent quarter-over-quarter basis since 2020. Even with the 2024 decline in transactions, the return to a long-term average was again in line with general expectations. We continue to interpret this as a demonstration that the appeal of owning one's real estate is holding strong in the Edmonton market.

More time and information are required to confidently announce a holding recovery in CRE investment, but we are optimistic 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 in early 2025, the coming year will be a strong one.

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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