

Edmonton Commercial Real Estate Investment Insights

Market Analysis Year-End 2024

“After record-breaking investment in Edmonton through 2023, investors continued to see significant upside in Edmonton’s multi-residential and office markets through 2024. This speaks to the power of population growth and low rental vacancy in the city.”



David Wallach
CCIM, Owner/Broker
Barclay Street Real Estate

Investors in Edmonton’s commercial real estate (CRE) market generally took a step back during 2024. While investment dollar volume increased among office properties and multi-residential assets, the same could not be said for retail, industrial and multi-residential properties, land or commercial condominium assets. Year-over-year transaction numbers were down by approximately

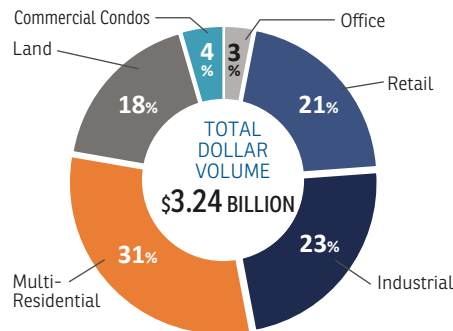
	Year-End 2023	Year-End 2024	Y-O-Y Change
Office	\$99,363,500	\$208,141,413	\$108,777,913
Retail	\$672,639,436	\$212,220,707	(\$460,418,729)
Industrial	\$748,493,927	\$399,631,277	(\$348,862,650)
Multi-Residential	\$995,260,942	\$1,069,828,617	\$74,567,675
Land	\$575,541,295	\$432,194,941	(\$143,346,354)
Commercial Condominiums	\$144,959,187	\$118,821,284	(\$26,137,903)
Total Dollar Volume	\$3,236,258,287	\$2,440,838,239	(\$795,420,048)

17% and total dollar volume decreased year-over-year by a little less than \$800 million (~25%). Both represented a substantial reduction compared to 2023 investment, though it should be stated that

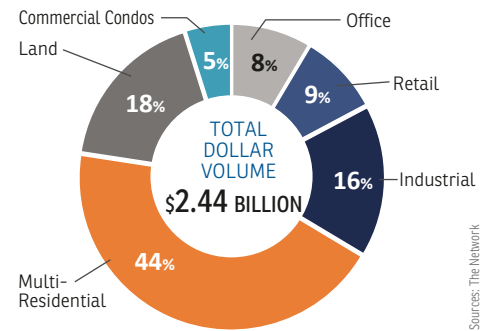
2023 was a major outlier for CRE investment for the Edmonton market. Five-year average dollar volume for Edmonton – including 2023 – is \$2.405 billion.

For a second straight year, multi-residential properties were of primary interest; dollar volume invested in this asset class rose by 7% over year-end 2023 levels to just over one billion dollars – an all-time record. Making a major comeback was the office asset class, which posted the highest total dollar investment since 2020 with sales numbers on-par with last year. This resurgence in demand for office assets translated into more than \$208 million in dollar volume – more than double the levels posted in 2023. The remaining asset types covered in this report all posted year-over-decreases but regardless, investment levels for the Edmonton market were the third highest we have on record going back to 2015 and follows only the investment levels reached in 2023 and 2018, respectively.

YEAR-END 2023
COMMERCIAL REAL ESTATE INVESTMENT



YEAR-END 2024
COMMERCIAL REAL ESTATE INVESTMENT



YEAR-END 2024 MAJOR TRANSACTIONS

Property	Subdivision	Size	Sale Price	Unit Price	Vendor	Purchaser
10150 102 St. (102nd Street Centre)	Downtown	131,718 sf	\$44,723,913	\$431/sf	Albari Holdings Ltd.	102 Street Centre Ltd.
10123 99 St. (Sun Life Place)	Downtown	289,076 sf	\$33,000,000	\$114/sf	SCREO II 99 Street Inc.	Ironwood IV Inc.
17104 90 Ave.	Summerlea	3,897 sf	\$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.
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 Northwest Edmonton Industrial Holdings GP Ltd.
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.
9922 111 St. (The View)	Oliver	179 Units	\$79,333,333	\$443,203/Suite	Westrich View Inc.	Capreit Apartments Inc.
17510 Meridian St. NW	Marquis	323.91 Acres	\$34,994,878	\$108,018/Acre	H2 Land Corporation	Qualico Developments West Ltd.
1704 91 St. SW	Ellerslie Industrial	152.88 Acres	\$34,000,000	\$222,396/Acre	Alberta Infrastructure	City of Edmonton
2803 50 Ave.	Southeast	7,045 sf	\$3,317,936	\$471/sf	2534780 Alberta Ltd.	16104835 Canada Inc.
5328 Admiral Girouard St.	Griesbach	7,488 sf	\$3,150,000	\$421/sf	Jewel of Griesbach Ltd.	2503891 Alberta Ltd.

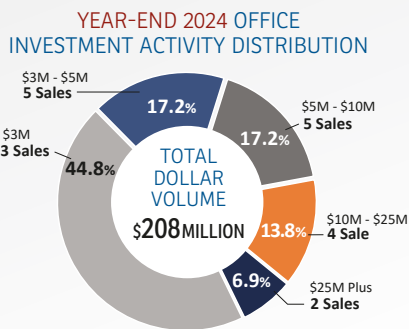
Office Investment

Investor appetite for office buildings remained steady on a year-over-year basis and this asset type posted an overall increase in dollar volume for a second year.

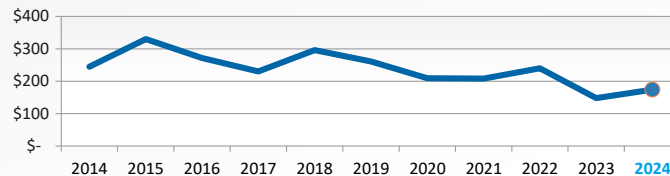
The increase was such that 2024 investment more than doubled 2023 levels. The last time investment dollar volume surpassed the \$200 million mark was 2020. After a slow first quarter in which sales of office buildings fell substantially compared to Q1 2023, transaction activity picked up momentum in the April through June period. During the second half of the year, ten additional sales closed – including 102nd Street Centre, which was the largest of the year.

As mentioned above, the second quarter of the year was particularly active, with 14 of the 19 transactions to that point closing during the brief three-month period. The April-June flurry of activity and year-over-year increase in investment levels brought this asset group to a multi-year high and even with the slowing activity during the latter half of the year, investment in Edmonton's office market nearly reached early Covid-19 pandemic levels.

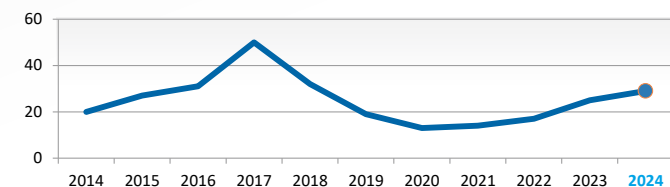
Purchasers through 2024 were split nearly evenly between owner/users and investors (14 by the former, 15 by the latter), which marked an



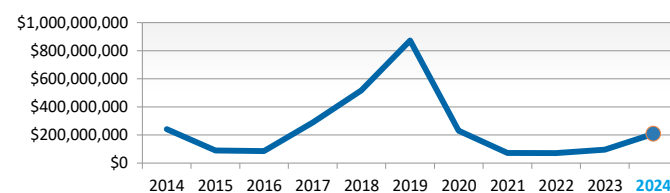
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



interesting turn. In a typical year, owner/users as a group of investors typically comprise approximately two-thirds of office property purchases. At the end of 2024, all but five office property sales were in suburban locations and all were purchased for investment purposes.

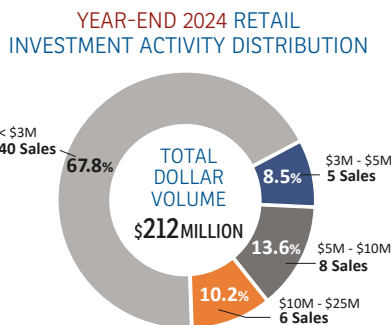
Sources: The Network

Retail Investment

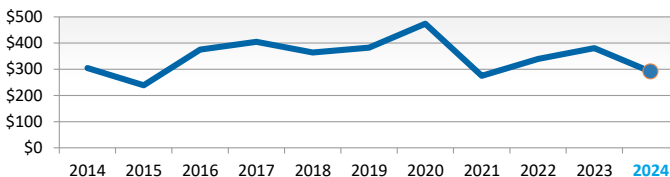
Building on approximately \$150 million in dollar volume tracked during the first half of 2024, an additional \$62 million worth of sales transacted through the second half of the year.

This came on the heels of a record year for investment in this asset type in 2023 and is largely reflective of the absence of big-ticket sales of \$25 or greater. Six such transactions closed during 2023, totalling nearly \$363 million and this accounts for nearly the entirety of the year-over-year dollar volume change.

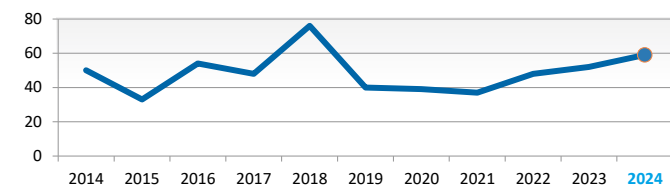
The first quarter of 2024 was quite active in this sector, with 19 transactions closing for a total of \$102 million. This was followed by a comparatively quiet Q2, during which just 14 sales closed, totalling just under \$48 million. Activity remained muted throughout the second half of the year with 25 additional transactions closing but none surpassing the largest transaction, which closed by mid-year: 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.



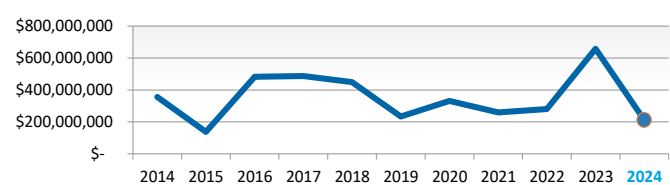
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



Sources: The Network

Industrial Investment

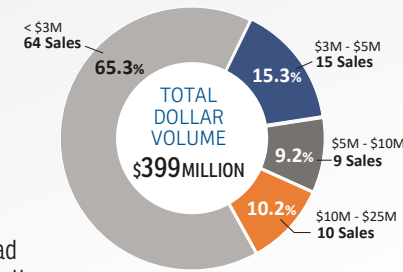
Demand for industrial properties decreased substantially on a year-over-year basis, with year-to-date transaction numbers falling from 140 in 2023 to 98 at the end of 2024.

The decrease in sales had a large impact on total dollar volume for the year, with total dollar volume declining by 47%. Context is required here, however. The immediate post-COVID 19 pandemic period saw the industrial market heat up dramatically; more than \$800 million in transactions closed through 2022 and just under \$750 million in dollar volume was registered through 2023. The total dollar volume of just under \$400 million at year-end 2024 marks a general return to the long-term, pre-pandemic average just over \$400 million.

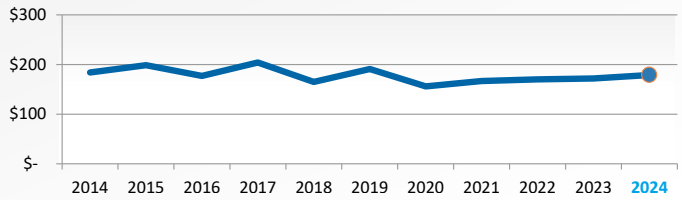
Owner/users accounted for more than three-quarters of acquisitions and as at mid-year, were most active among properties measuring 20,000 square feet or less. That being said, this group also purchased several 50,000+ square foot assets – the largest of these being Hangar 11 (72,269 square feet) purchased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

Investors demonstrated strong demand for IM (industrial manufacturing)-zoned properties through 2024, with more than half

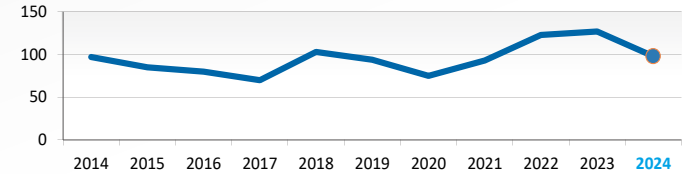
YEAR-END 2024 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



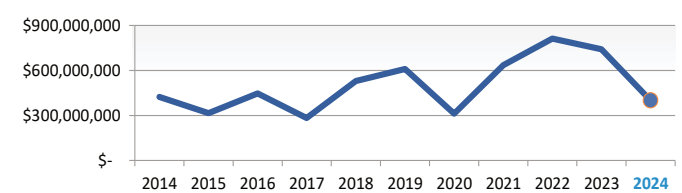
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



(57 total) of the properties changing hands designated as such. The next most popular properties were BE (Business Employment)-zoned, which "...allow for light industrial and a variety of small commercial businesses with a higher standard of design"* with 28 transactions completed. These types of property achieved averaged prices per square foot of \$187 and \$173 per square foot (psf), respectively.

*<https://zoningbylaw.edmonton.ca/part-2-standard-zones-and-overlays/industrial-zones/2120-be-business-employment-zone#:~:text=To%20a%20low%20for%20light%20industrial,apparent%20outside%20an%20enclosed%20building.>

Sources: The Network

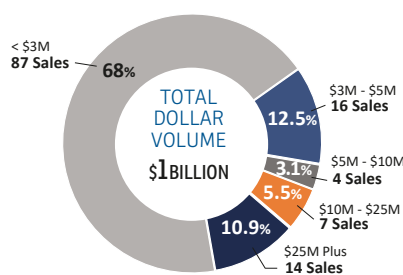
Multi-Residential Investment

Edmonton's multi-residential market experienced a 22% year-over-year increase in sales at the end of 2024, but the comparatively much smaller nature of those transactions versus 2023 translated into just a 7% year-over-year decrease in total dollar volume.

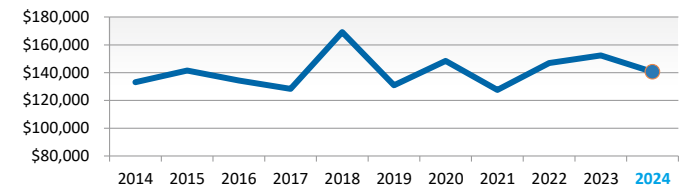
This asset class saw the majority of activity occur in the first half of the year with 109 of the year's 128 total transactions closing by June 30th. That period included six big-ticket transactions of \$25 million or greater - two of which exceeded \$50 million. The remaining eight big-ticket transactions contributed more than \$434 million to the total for the year and included five additional sales exceeding \$50 million.

This powerful appetite for multi-residential assets registered a new all-time high-water mark for investment and mirrors that seen in Calgary, which itself witnessed a near-doubling of investment in this asset type at mid-year and posted a new record for dollar volume invested. The appetite among investors for rental properties continues to be supported by Edmonton's extremely low rental apartment

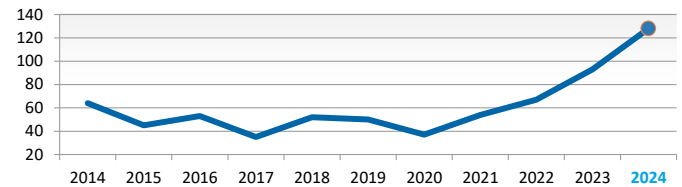
YEAR-END 2024 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



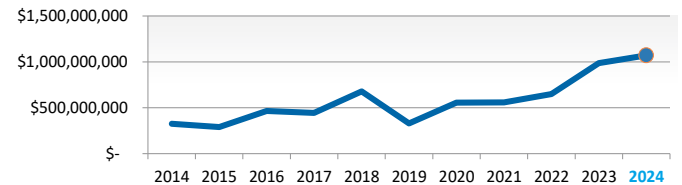
AVERAGE PRICE PER UNIT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



vacancy, coupled with ongoing high in-migration 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 purchasing a similar number of them as last year but at substantially lower average prices.

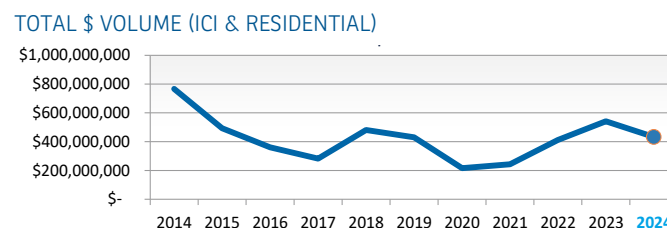
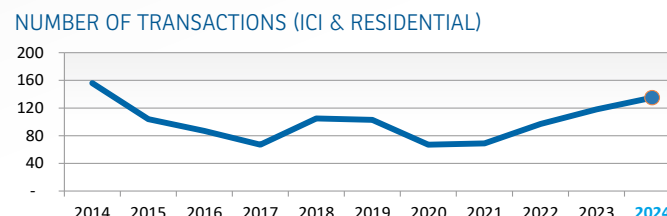
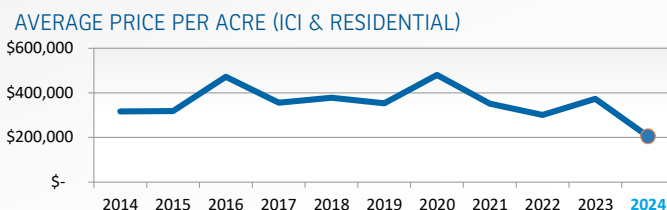
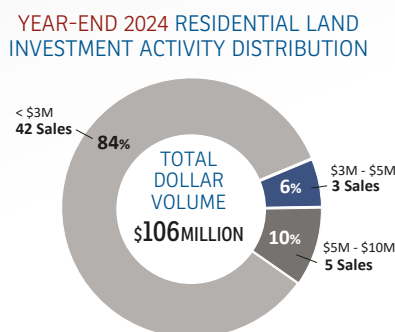
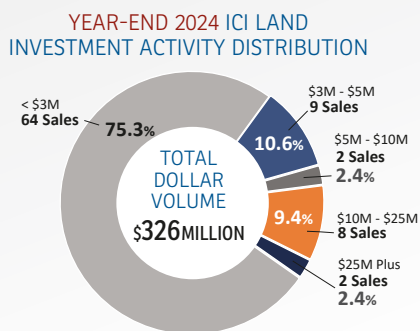
Sources: The Network

Land Investment

The ICI (Industrial, Commercial, and Investment) land sector contributed just under \$326 million to the \$432.1 million in total land sales generated through 2024.

The average ICI transaction sat at \$3.8 million, and two transactions closed above \$25 million by the end of the year. The largest purchase of 2024 was made in the final quarter of the year: 323.9 acres of land in the Marquis area by Qualico for just under \$34 million. The other sale of note this year was the \$34 million purchase of land in Ellerslie Industrial by the City of Edmonton. The land was rezoned DC1 to allow for industrial education – a proposed NAIT campus.

Residential Land sales exceeded \$106 million for the year, decreasing by about \$21 million (8%) year-over-year. The number of closed transactions however, more than doubled, with 85 closing versus 41 through 2023, but all sales to date were comparatively much smaller in nature. The largest transaction to close at mid-year was the July purchase of 7.4 acres of land in the Hays Ridge subdivision by Hays Ridge Capital Corp. for \$9 million.



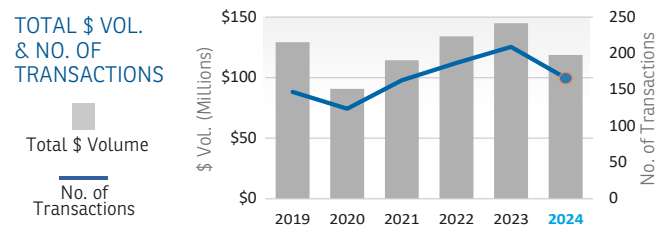
For the year, land sales of less than one acre comprised approximately two-thirds (66%) of residential land transactions while there were just 13 ICI Land sales of less than a full acre. As we noted in our mid-year report, this resembled pre-pandemic years—particularly from mid-year 2015 through 2016—when 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

Over the previous six years, 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 dedicated 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 \$118 million in purchases through 2024. Industrial condominiums were



in highest demand, comprising just over half of total sales and about half (~\$53 million) of total dollar volume invested in this asset type. Sales of retail/medical format were nearly strong with ~\$45.6 million in transactions closing, while sales of office format condos produced a little more than \$20 million in sales.

For more information please contact:

- ▶ Doug Grinde – Vice President • 403-815-0283 • dgrinde@barclaystreet.com
- ▶ Murray McKay – Vice President • 780-940-2100 • mmckay@barclaystreet.com
- ▶ Aline Schoepp – Associate • 780-910-6893 • aschoepp@barclaystreet.com
- ▶ David Wallach, CCIM – Owner/Broker • 403-290-0178 • dwallach@barclaystreet.com

PREPARED BY BARCLAY STREET REAL ESTATE

Anthony B. Scott – Director of Research • 403-294-7164 • ascott@barclaystreet.com



LOCAL EXPERTISE MATTERS