

Edmonton Commercial Real Estate Investment Insights

Investment Market Analysis | Edmonton • Year-End 2023

“2023 was a true comeback story for commercial investment in Edmonton. Driven by demand for multi-residential and retail assets, investors bought more than \$3 billion in total assets; far exceeding 2018 and 2019 pre-pandemic levels.”



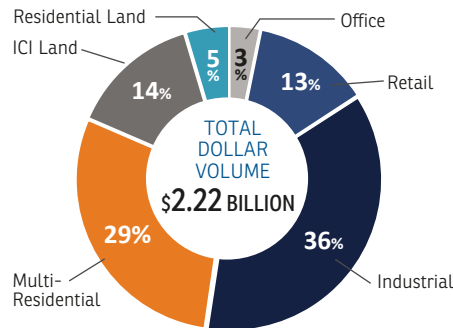
David Wallach
CCIM, Owner/Broker
Barclay Street Real Estate

Edmonton's commercial real estate (CRE) market was awash with investor activity during 2023. Tracking sales equal to or exceeding \$1 million, the number of sales increased among each of the office, retail, industrial, multi-residential and ICI/residential land asset classes, driving year-over-year transaction numbers up by 18%. Total dollar volume increased to more than \$3.02 billion, a substantial 36% boost compared to investment in 2022.

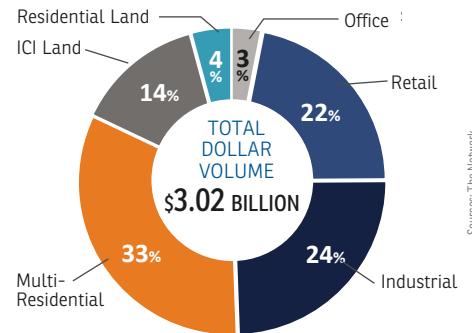
	Year-End 2022	Year-End 2023	Y-O-Y Change
Total Dollar Volume	\$2,223,445,085	\$3,020,935,144	\$797,490,059
Volume Excluding Residential Land	\$2,121,289,225	\$2,893,719,374	\$772,430,149
Residential Land Only	\$102,155,860	\$127,215,770	\$25,059,910

Of primary interest were multi-residential properties; dollar volume invested in this asset class rose by nearly one-third over year-end 2022 levels to just under one billion dollars. Retail properties were also in very high demand, posting investment totalling nearly \$659 million – more than double the dollar volume posted in 2022. Investment among industrial assets through 2023 surpassed \$740 million, but this represents a slight year-over-year decline from more than \$812 at the end of 2022. Last year, this asset class was the top performer. Also making a strong comeback was the office asset class, which posted the highest total dollar investment since 2020 and the greatest number of sales since 2018 – the last year total sales reached into the mid-twenties.

YEAR-END 2022 COMMERCIAL REAL ESTATE INVESTMENT SALES OF \$1M AND GREATER



YEAR-END 2023 COMMERCIAL REAL ESTATE INVESTMENT SALES OF \$1M AND GREATER



Major Transactions of 2023

Office	Address	Subdivision	Bldg Size	Sale Price	Price/sf	Cap Rate	Vendor	Purchaser
	5555 Calgary Trail	Calgary Trail North	159,276 sf	\$16,600,000	\$104/sf	12.24%	5555 Calgary Trail (AB) Properties Inc.	Simplex Investment Corp.
	9618 42 Avenue	Strathcona Industrial Park	108,865 sf	\$9,470,000	\$87/sf	-	Whitemud Equities Inc.	Whitemud Business Centre General Partner Inc.
	5241 Calgary Trail	Calgary Trail North	82,559 sf	\$6,800,000	\$82/sf	11.73%	5241 Calgary Trail (AB) Properties Inc.	Simplex Investment Corp.
Retail	Address	Subdivision	Bldg Size	Sale Price	Price/sf	Cap Rate	Vendor	Purchaser
	7055 Argyll Rd	Girard Industrial	72,000 sf	\$93,215,619	\$1,295/sf	8.01%	Pure Canadian Gaming Corp.	Pure Can Holdings GP 2 ULC
	2331 66 St NW	Mill Woods Town Centre	455,701 sf	\$69,000,000	\$151/sf	10.44%	Mill Woods Centre Inc.	2471617 Alberta Ltd.
	12464 153 St	Gagnon Estate Industrial	75,000 sf	\$53,714,519	\$716/sf	8.01%	Pure Canadian Gaming Corp.	Pure Can Holdings GP 3 ULC
Industrial	Address	Subdivision	Bldg Size	Sale Price	Price/sf	Cap Rate	Vendor	Purchaser
	17803 111 Ave	Wilson Industrial	739,092 sf	\$94,000,000	\$127/sf	5.40%	HOOPP Realty Inc.	Skyline Commercial Real Estate Holdings Inc.
	14530 157 Ave	Rampart Industrial	357,667 sf	\$67,750,000	\$189/sf	4.20%	HOOPP Realty Inc.	Skyline Commercial Real Estate Holdings Inc.
	2710 51 Ave	Southeast Industrial	358,860 sf	\$55,736,500	\$155/sf	-	Hopewell (Whitemud) Developments Inc.	Optrust Industrial Inc.

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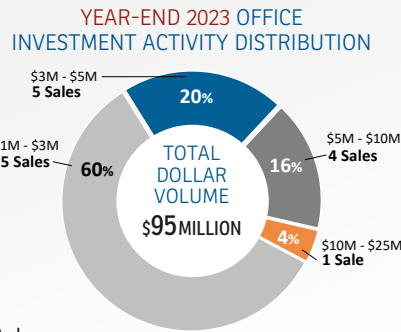
Office Investment

Investor appetite for office buildings increased markedly year-over-year, as did overall investment.

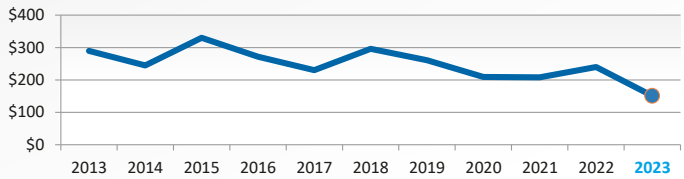
Total transactions for the year maintained a multi-year upward trajectory and approached 2018 levels with 25 office transactions closing over the course of the year. Total dollar volume reached just over \$95 million, up from approximately \$71 million in 2022. Sales activity during 2023 was largely confined to smaller properties, generally measuring less than 35,000 square feet.

Edmonton's office market has a fifteen-year average of approximately \$319 million per year in commercial property sales of \$1 million and greater. In only five pre-pandemic years (2009, 2014, 2015, 2016 and 2017) has total investment fallen below that level. The latter four year stretch coincided with the most significant drop in oil prices in modern history when, from 2014 into 2016, the global economy faced a 70% price drop.

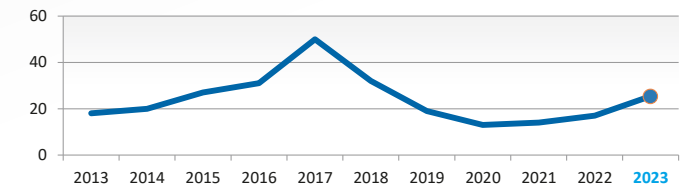
2023 represented the fourth year of another string of below average commercial office investment years. However, with the COVID-19



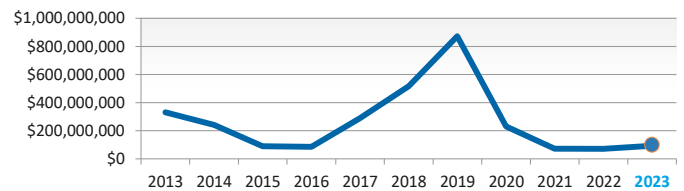
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



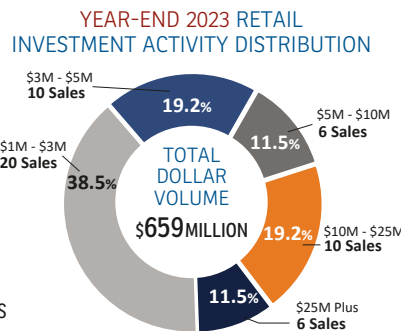
pandemic clearly in their rearview mirror, Edmonton's office market witnessed a 31% year-over-year investment recovery.

Retail Investment

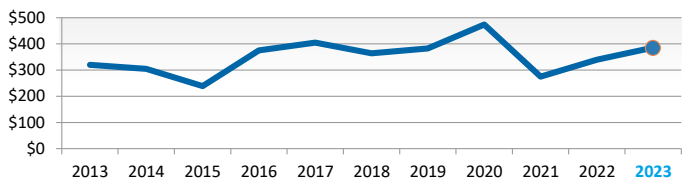
The retail asset class saw robust investment dollar volume totalling approximately \$659 million through 2023; more than 2021 and 2022 investment combined.

Investment in retail properties started off slowly with eleven transactions closing during the first quarter of the year – among them was the \$69 million sale of Millwood Town Centre & Millwoods Town Centre Professional Building. This was followed by a very active second quarter, in which eighteen transactions closed, two of which were among the largest of the year: Pure Argyl Casino (7055 Argyl Road) for \$93.2 million and Pure Yellowhead Casino (12464 – 153rd Street) for \$53.7 million.

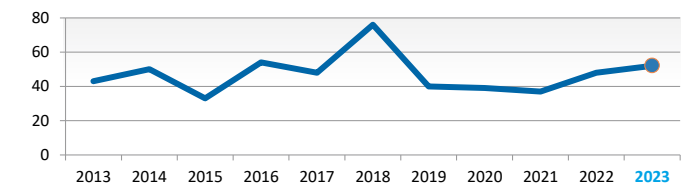
The rest, as they say, is history. The commercial retail market had far surpassed full year 2022 investment volume by the end of the second quarter of 2023 and with several additional large transactions closing in the second half of the year – including Century Casino & Hotel which sold for \$64 million – investment in Edmonton's retail market reached its second-highest level since 2008. In 2012, \$685 million in retail assets were purchased in this market.



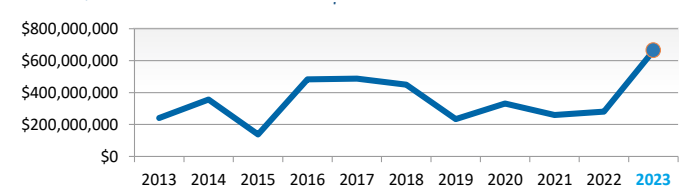
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



Industrial Investment

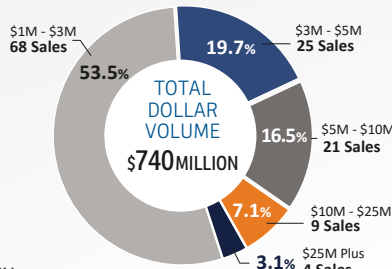
Demand for industrial properties remained flat on a year-over-year basis, with total transaction numbers rising by just four to 127 from 123.

The increased sales however, were not reflected in total dollar volume for the year as investment declined by 9%. Total dollar volume for 2023

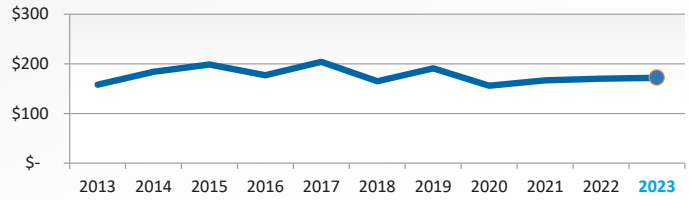
was just over \$740 million – down slightly from more than \$812 million invested in 2022. Owner/users, as a group, accounted for more than two-thirds of acquisitions and were most active among properties measuring 20,000 square feet or less. That said, this group also purchased several 50,000+ square feet assets – the largest of these was the Northgate Industries Complex (247,719 square feet) purchased by The City of Edmonton, with NAIT leasing the aviation building.

Investors demonstrated strong demand for IM (industrial manufacturing)-zoned properties, with nearly two-thirds of the properties changing hands designated as such. Slightly less popular were IB (industrial business)-zoned properties, with 33 transactions completed. Both types of property achieved average prices per square foot of \$173 and \$170 per square foot (psf), respectively. This metric

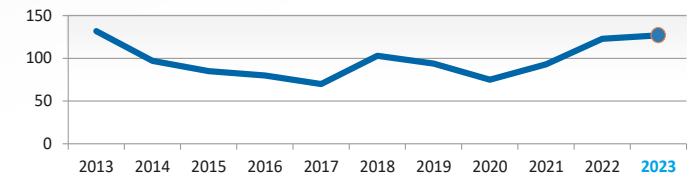
YEAR-END 2023 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



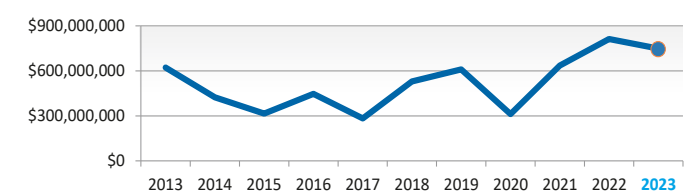
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



remains notably lower than we tracked through 2017, when average per square foot prices exceeded \$200 in each of these categories.

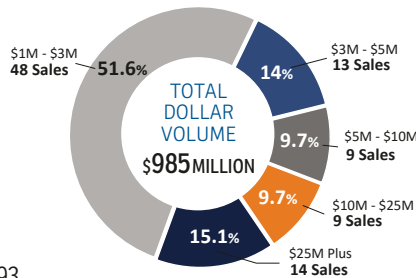
Multi-Residential Investment

In 2023, Edmonton's Multi-Residential market experienced a 39% year-over-year increase in sales and with those additional transactions came an all-time record for investment at \$985.3 million.

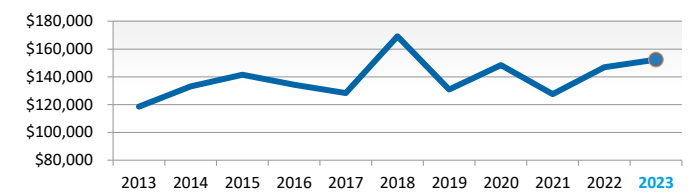
This asset class saw 93 transactions close, including fourteen big-ticket transactions of \$25 million or greater – five of which exceeded \$50 million.

This mirrors an equally strong demand for multi-residential assets in Calgary, which itself witnessed a substantial investment over the course of 2023. This appetite among investors for large properties is being supported by Edmonton's extremely low rental apartment vacancy, which dropped to the low 4% range earlier this year. With strong population growth supporting demand – and therefore higher rents – sales activity among 100+ unit properties increased notably over the previous two years. During 2023, seventeen such properties sold – one of which was the 300+ unit 121 West (4.71% cap) for \$91.6 million.

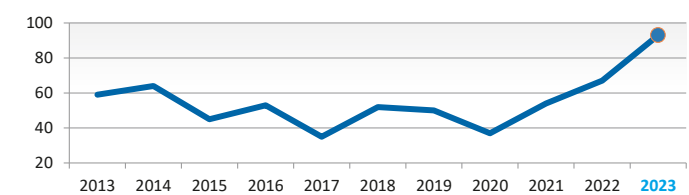
YEAR-END 2023 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



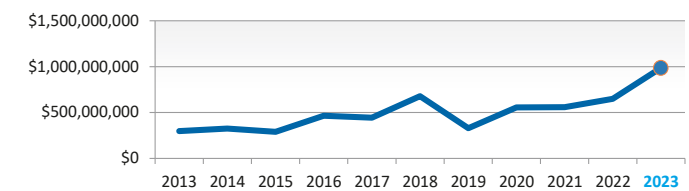
AVERAGE PRICE PER UNIT



NUMBER OF TRANSACTIONS



TOTAL \$ VOLUME



Land Investment

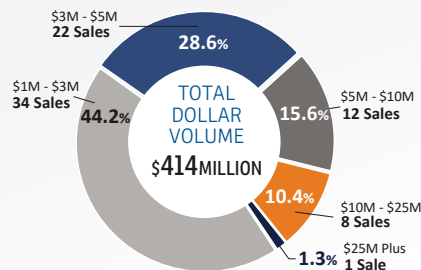
The ICI (Industrial, Commercial, and Investment) Land sector contributed more than \$414 million to the nearly \$542 million in total land sales generated in 2023.

The average ICI transaction sat at \$5.4 million, with no transactions closing above \$10 million through the year. The largest purchase of 2023 was made in the third quarter of the year: 26.7 acres of land in the Blatchford area by the NAIT Board of Governors for \$50.8 million, which entailed the acquisition of five sites adjoining the NAIT campus for campus expansion.

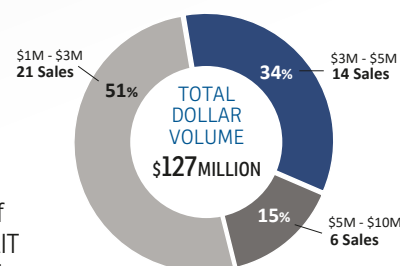
Residential Land sales exceeded \$127 million for the year, rising by more than \$25 million (25%) year-over-year. This was supported by a substantial increase in transactions, with 41 closing versus 31 through 2022. Of note, no sales greater than \$10 million took place in 2023; the largest transaction to close by the end of the year was the September purchase of 9.9 acres of land in the Alces subdivision by Alces General Partner Ltd. for \$8.5 million.

The land sector saw the average price per acre rise to \$373,000 per acre

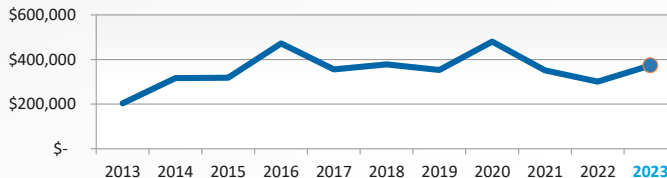
YEAR-END 2023 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



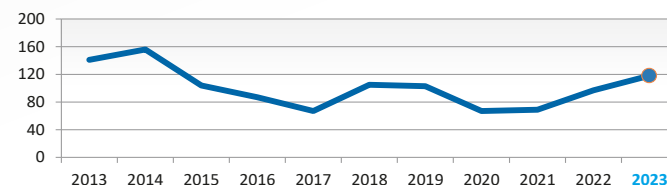
YEAR-END 2023 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



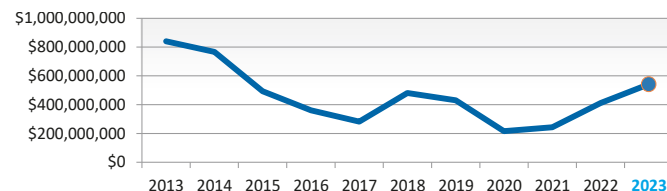
AVERAGE PRICE PER ACRE (ICI & RESIDENTIAL)



NUMBER OF TRANSACTIONS (ICI & RESIDENTIAL)



TOTAL \$ VOLUME (ICI & RESIDENTIAL)



from a little more than \$335,000 per acre at the end of 2022. Over the course of the year, land sales of less than one acre comprised about one-quarter of residential land transactions while there were just three ICI Land of less than a full acre. As we noted in our third quarter report, this is a remarkable change from the 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.

Major Transactions of 2023 (cont.)

Multi-family	Address	Subdivision	Bldg Size	Sale Price	Price/Unit	Cap Rate	Vendor	Purchaser
	10506 121 St	Westmount	396 units	\$91,600,000	\$231,313/unit	4.71%	1812230 Alberta Ltd.	1427003 B.C. Ltd.
	10043 108 St	Downtown	117 units	\$63,000,000	\$538,462/unit	-	TCG E11even Capital GP Inc.	Capital YEG Capital Corp.
	11804 Abbottsfield Rd.	Abbottsfield	248 units	\$59,500,000	\$239,919/unit	-	Riverview Crossing Residences Limited Partnership	The City of Edmonton Non-Profit Housing Corp.
ICI Land	Address	Subdivision	Site Area	Sale Price	Price/Ac	Cap Rate	Vendor	Purchaser
	11904 109 St NW	Blatchford Area	26.72 ac	\$50,768,000	\$1,900,000/ac	-	The City of Edmonton	The NAIT Board of Governors
	10050 Macdonald Dr	Downtown	1.56 ac	\$22,000,000	\$14,102,564/ac	-	The Board Of Governors of Grant MacEwan University	The Board of Trustees of Edmonton School Division
	20703 23 Ave NW	Stillwater	134.43 ac	\$22,000,000	\$163,654/ac	-	Sunwapta Holdings Corp.	Qualico Stillwater Land Co.
Residential Land	Address	Subdivision	Site Area	Sale Price	Price/Ac	Cap Rate	Vendor	Purchaser
	303A 34 St SW	Alces	9.93 ac	\$8,539,800	\$860,000/ac	-	Cantiro Communities Charlesworth Ltd.	Alces General Partner Ltd.
	380 Clareview Stn Dr	Clareview Town Centre	4.62 ac	\$5,796,000	\$1,254,545/ac	-	JL Clareview Ltd.	North Pointe Developments Inc.
	130 Hawks Ridge Blvd	Hawks Ridge	3.43 ac	\$5,400,000	\$1,574,344/ac	-	Norstar Hawks Ridge Ltd.	Creme De La Creme Luxury Townhouses Ltd.

PREPARED BY BARCLAY STREET REAL ESTATE

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