# Edmonton, Alberta, Canada

## Contact

NAI Commercial
Edmonton
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## Country Data

| | |
|---|---|
| Area (KM²) | 9,200,000 |
| Population (Millions) | 32.9 |
| GDP 2006 (US$ B) | 1406.4 |
| GDP Growth (%) | 2.5 |
| GDP/Capita (US$) | 42738.21 |
| Inflation Rate (%) | 2.2 |
| Interest Rate (%) | 4.5 |
| Unemployment Rate (%) | 6.1 |

The Edmonton Economic Development Corporation is forecasting GDP growth to be 5.8% for 2007 and 5.0% for 2008. In 2007, major provincial projects totaled $183 billion, with $120 billion of the projects slated for Northern Alberta. Demand for income properties remains strong and there is a continued downward pressure on capitalization rates. In Prince Rupert, the $160 million first phase, shipping container port opened. CN rail's Edmonton container yard will be the main marshalling center for containers exported to the U.S. and central Canada. This increase of exports from Canada will have a strong impact on the economy.

Office vacancy is 3.36%, down from 2006's year-end vacancy rate of 4.04%. Office rents are continuing to rise with downtown rates at $20 per square foot and class A buildings at $25-$30 per square foot.

In 2007, there were many major office transactions in the market. Dundee REIT sold Epcor Square (the former Bank of Montreal Building), a 10% interest in the Odeon Theatre and Dundee's entire eastern Canadian portfolio for $2.3 billion. The buyer was GE Real Estate. The Federal government sold nine office complexes to Larco Investments Ltd, a private Vancouver investor, for $1.64 billion. British Columbia Investment Management Corporation purchased CHIP REIT, which includes Coast Terrace Edmonton Inn South, Delta Edmonton South, Mayfield Inn and Suites and Ramada Hotel and Conference Center for $1.2 billion.

In addition, Procura is reconstructing and expanding its office building and its proposed 40-story office, retail condominium development for $70 million. Hudson's Bay building is adding 500,000 square feet for $100 million; and GWL Realty Advisors purchased the 209,428-square-foot Oxbridge Place for $48.3 million.

Edmonton's retail vacancy is 2.89%, down from last year's rate of 3.38%. Due to the rapid growth of residential areas, retail centers continue to add additional space. Significant retail transactions include: First Capital Realty's purchase of Westmount Shopping Center for $70 million with the addition of a $21 million Home Depot; SmartCenters' purchase of the 300,000-square-foot Capilano Mall; Southgate Center's $108 million, 155,000-square-foot expansion; Kingsway Garden Mall's $60 million redevelopment; and the addition of a 200,000-square-foot Super Wal-Mart in South Edmonton.

The industrial market remains strong. Total inventory of industrial space has grown 3.3% in the past year; however, vacancy rates are low at 1.12%. Industrial land is more readily available in larger parcels; however, one to five acre lots are in short supply. Lots in neighboring communities are increasing at a fever pitch and now trading at $350,000 to $425,000 per acre.

Additional significant industrial transactions include: Day & Ross Transportation Group's $9.1 million purchase of a terminal in northwest Edmonton; Sysco Food Services' 345,000-square-foot purchase of the Tolko Industries building in Acheson; a 130,000-square-foot manufacturing plant on 22 acres in Sturgeon County; and CE Franklin's construction of a 133,000-square-foot distribution center and 10 acre pipe yard.

The Edmonton's economy is strong; however, labor shortages, inflation of labor and supply costs, strains on the infrastructure, availability of affordable housing and environmental challenges remain a concern.

## Edmonton At A Glance

**Conversion: .98 CDN = 1 US$**

| | NET RENT/SF/YEAR | | US$ NET RENT/SF/YEAR | | |
|---|---|---|---|---|---|
| | **Low** | **High** | **Low** | **High** | **Vacancy** |
| **DOWNTOWN OFFICE** | | | | | |
| New Construction (AAA) | N/A | N/A | N/A | N/A | N/A |
| Class A (Prime) | CDN 25 | CDN 30 | $ 25.61 | $ 30.73 | 1.86% |
| Class B (Secondary) | CDN 17 | CDN 23 | $ 17.41 | $ 23.56 | 4.29% |
| **SUBURBAN OFFICE** | | | | | |
| New Construction (AAA) | CDN 22 | CDN 25 | $ 22.53 | $ 25.61 | N/A |
| Class A (Prime) | CDN 18 | CDN 22 | $ 18.44 | $ 22.53 | 2.16% |
| Class B (Secondary) | CDN 10 | CDN 17 | $ 10.24 | $ 17.41 | 5.75% |
| **INDUSTRIAL** | | | | | |
| Bulk Warehouse | CDN 5 | CDN 10 | $ 5.12 | $ 9.73 | 1.12% |
| Manufacturing | CDN 7 | CDN 14 | $ 6.66 | $ 14.34 | 1.12% |
| High Tech/R&D | CDN 7 | CDN 14 | $ 7.17 | $ 14.34 | 1.12% |
| **RETAIL** | | | | | |
| Downtown | CDN 18 | CDN 37 | $ 18.44 | $ 37.90 | 5.41% |
| Neighborhood Service Centers | CDN 18 | CDN 32 | $ 18.44 | $ 32.78 | 3.98% |
| Community Power Center | CDN 24 | CDN 35 | $ 24.58 | $ 35.85 | 1.44% |
| Regional Malls | CDN 30 | CDN 125 | $ 30.73 | $ 128.03 | 3.24% |

| **DEVELOPMENT LAND** | **Low** | **High** | **Low** | **High** |
|---|---|---|---|---|
| Office in CBD (per buildable SF) | N/A | N/A | N/A | N/A |
| Land in Office Parks (per acre) | N/A | N/A | N/A | N/A |
| Land in Industrial Parks (per acre) | CDN 325,000 | CDN 700,000 | $ 332,889 | $ 716,993 |
| Office/Industrial Land - Non-park (per acre) | CDN 400,000 | CDN 1,000,000 | $ 409,710 | $ 1,024,275 |
| Retail/Commercial Land (per acre) | CDN 400,000 | CDN 1,000,000 | $ 409,710 | $ 1,024,275 |
| Residential (per acre) | CDN 200,000 | CDN 1,000,000 | $ 204,855 | $ 1,024,275 |