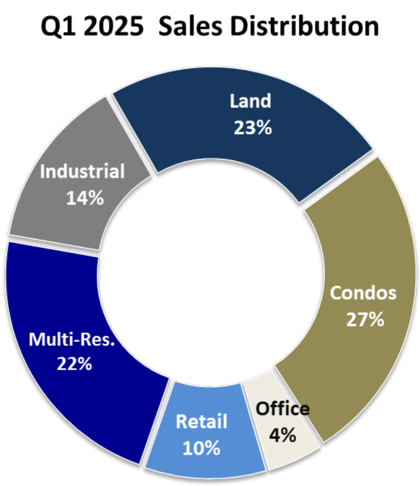
Q1 2025 Edmonton CRE Market Overview

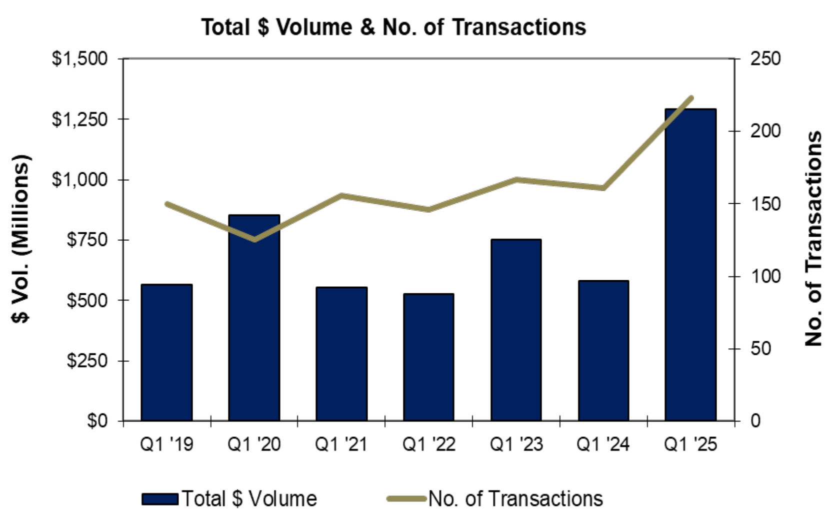
May 2025

Commercial real estate investors in the Edmonton market were back and in full force through the first quarter of 2025. More than $1.92 billion of assets was purchased through the first three months of the year, representing an overall year-over-year increase of approximately $711 million (122%) and saw investment levels skyrocket well above the city's long-term average. Compared to Q1 2024, investment was up across all six of the asset classes we track. Multi-residential properties produced the strongest investment gains with sales up by approximately 50% and dollar volume up by nearly $300 million year-over year (y-o-y).

Retail properties were number two on investors' lists with just under $350 million worth of assets purchased this period. The industrial asset class was the next top performer, drawing more than $213 million. Making a surprise comeback was the commercial office sector with a four-year investment high of $34.2 million over 10 transactions. This is a near tripling of last year's dollar volume and a doubling of Q1 '24 transactions.

	Q1-2022	Q1-2023	Q1-2024	Q1-2025	Y-O-Y Change
Land					
Total $ Value:	**$78,765,100**	**$75,514,508**	**$109,482,600**	**$180,247,517**	**$70,764,917**
No. of Transactions:	**35**	**33**	**29**	**52**	**23**
Buildings					
Total $ Value:	**$446,214,356**	**$677,088,890**	**$471,143,260**	**$1,111,437,082**	**$640,293,822**
No. of Transactions:	**113**	**134**	**132**	**171**	**39**
Totals					
Total $ Value:	**$524,979,456**	**$752,603,398**	**$580,625,860**	**$1,291,684,599**	**$711,058,739**
No. of Transactions:	**146**	**167**	**161**	**223**	**62**





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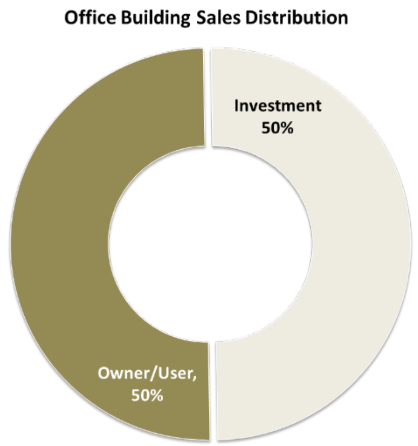
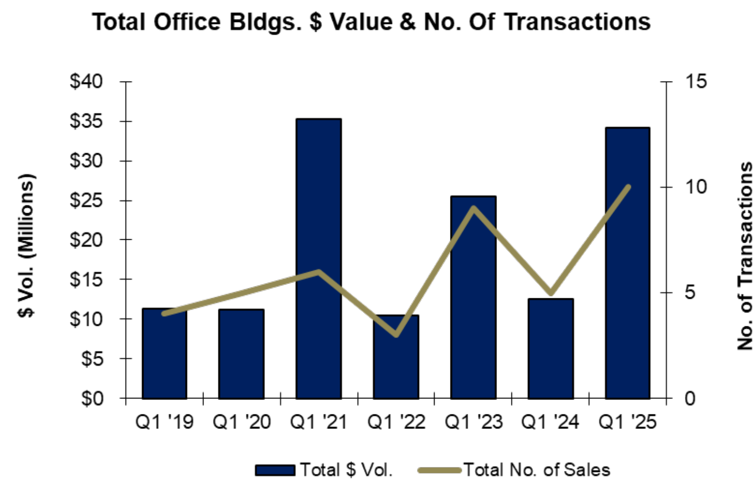
Office Sector

In addition to sales of office buildings doubling Q1 2024 levels, dollar volume invested nearly tripled at $34.2 million from $12.6 million a year ago. Edmonton's office asset sales historically occur in the suburbs, and with the exception of Q1 2024 this trend held true; just three of the ten office transactions closed through March 31st were in the Downtown. Unlike the first quarters of several previous years, however, there was no identifiable subdivision of choice among investors in Edmonton's suburbs.

Also in contrast to the trends observed in previous years, an equal distribution between owners/users and investment-oriented office building purchasers emerged this quarter. The largest transaction of the year to date fell into the purely investment category with 2660906 Alberta Ltd. purchasing Cecil Place (10404 Jasper Avenue) for $10.5 million.



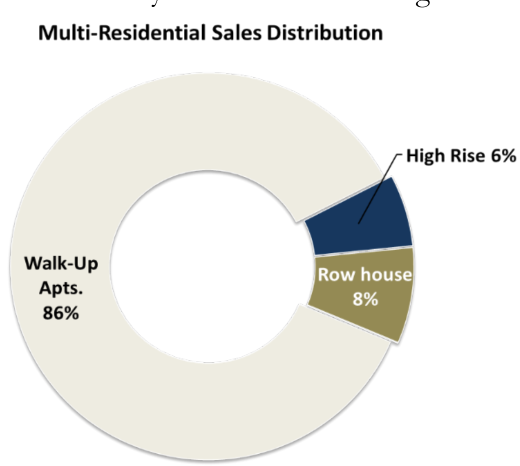


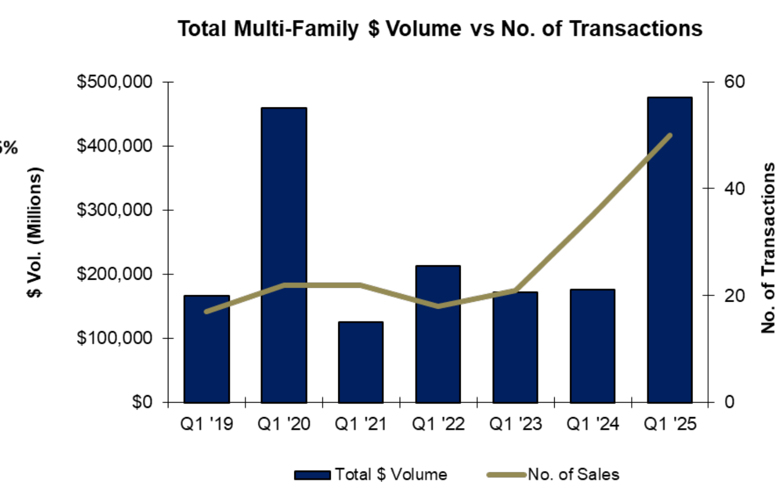
Multi-Residential Sector

Investors' appetite for multi-residential properties increased dramatically compared to any of the previous six years and unlike Q1 2024 when investors focused on lesser-priced assets, big-ticket properties were back under consideration. Through Q1 '25, seven transactions closed above $20 million, whereas just four transactions were on the cusp of the $10 million threshold through Q1 '24. These seven transactions alone more than doubled Q1 2024 total investment in this asset group.

During the first quarter of this year, multi-residential properties moved for an average of $146,000 per unit as opposed to $130,000 a year earlier. Cap rates also came in at 5.2% at March 31st, 2025 versus 5.6% last year.

The most significant transactions of the quarter were the $80 million purchase (4.71% cap., $205,000/unit) of a four-property portfolio by Boardwalk REIT, followed closely by the $79.4 million sale (4.4% cap., $331,000/unit) of The MacLaren by 102 Avenue Holdings Ltd.



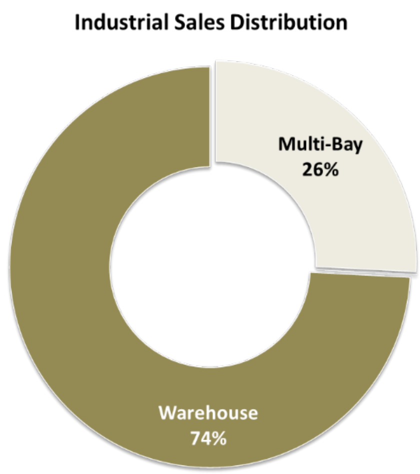


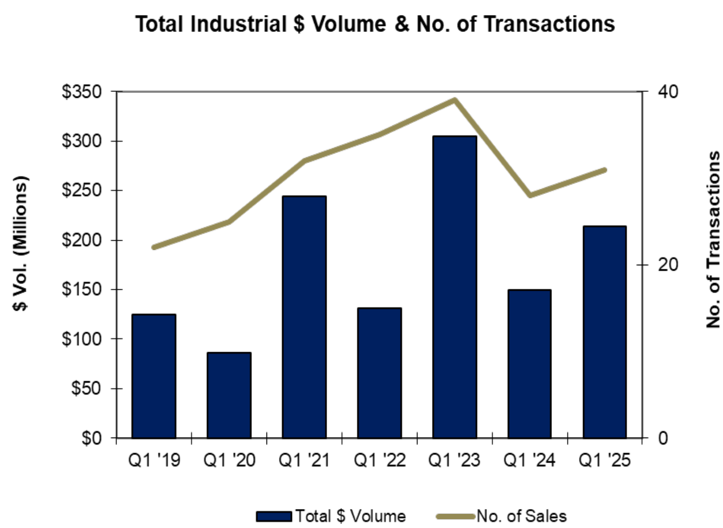
INDUSTRIAL SECTOR

First-quarter sales activity resumed an upward trajectory through March 31st, 2025 after hitting a multi-year low at the same point last year. As shown in the bar chart below, industrial properties were a surprisingly popular asset class among investors in Q1 2023 - both in terms of sales and total dollar volume but conditions seemed to signal that the asset group had become overbought. After a 'reset' in Q1 '24, investors returned and bought $64.4 million more in properties than a year ago ($213.6 million vs. $149.2 million) on just three additional y-o-y transactions.

Owner/User facilities accounted for 22 of the 31 transactions completed during this period and comprised nearly half ($88.2 million) of total year-to-date investment. The largest transaction within this group was the $15 million purchase of 16910 129 Avenue by Concrete Facilities Inc. ($185/sf).

Overall, average price per square foot for industrial properties remained steady at $185/sf – down just slightly from the post-COVID 19 average of $190/sf. Two purchases that helped maintain this metric were 7103 42 Street and 7210 82 Avenue which sold for $470/sf and $430/sf, respectively.

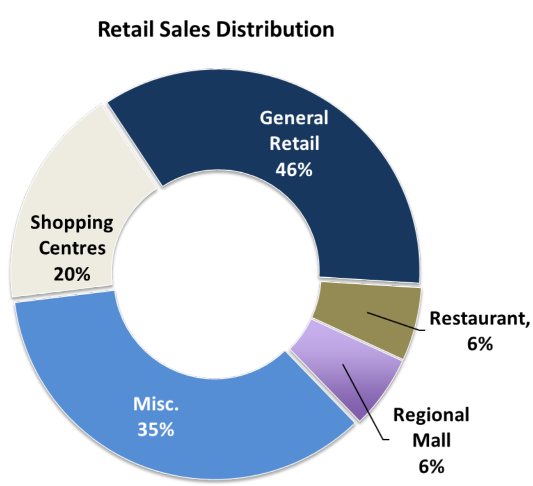


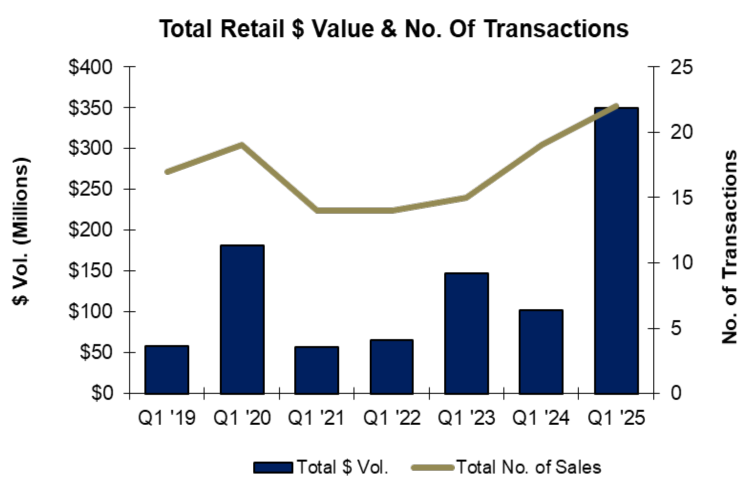


RETAIL SECTOR

Dollar volume invested in retail assets reached more than three-fold from Q1 2024 levels, achieving $349.7 million versus just over $102 million a year ago. Transaction numbers however, ticked upward just slightly. This demonstrated the power of the big-ticket properties changing hands through the first quarter of 2025 and how the lack thereof impacted first-quarter numbers last year.

While five sales exceeded the $15 million threshold, it was the $239.5 million sale of 5015 111 Street (Southgate Mall, 5.35% cap, $566/sf) that made this quarter so notable. The two next largest transactions - Mill Creek Centre and Whitemud Crossing- sold for $24.3 million (6.3% cap) and $23.6 million (7.3% cap), respectively.

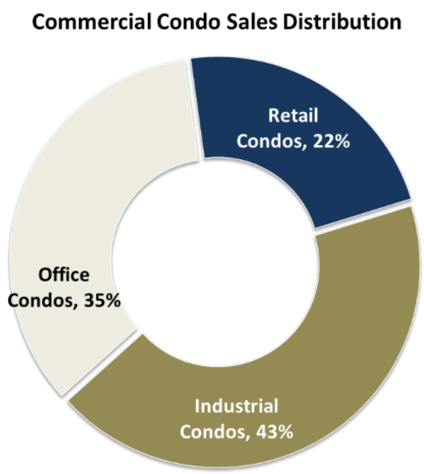


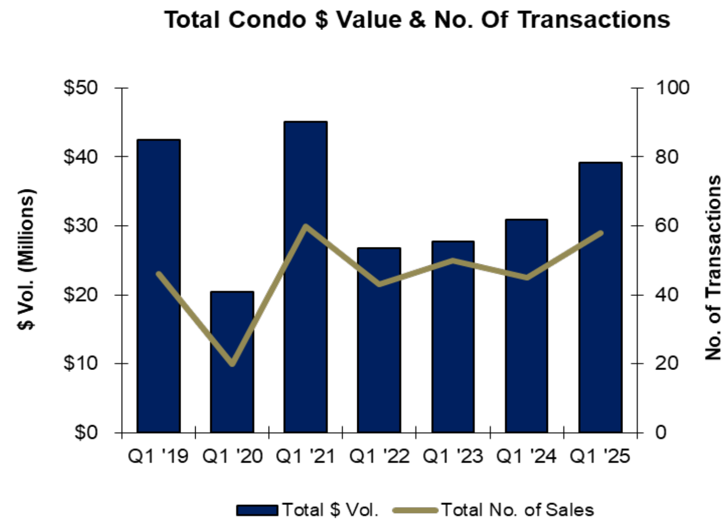


Commercial Condominium Sector

Demand for commercial condos was a major contributor to first-quarter investment levels for a fourth year in a row. Total year-over-year sales increased substantially, and a net $8.3 million year-over-year investment increase was posted. The rebound from Q1 2024 put both of the above metrics in a close second place to Q1 2021 which represents the highest level for commercial condominium investment since we began tracking this asset group.

Prices per square foot increased slightly year-over-year for office and industrial condos to $328 (psf) and $233 psf, respectively, while per square foot prices for retail condominiums broke a multi-year upward trend and decreased by more than $50/sf to an average of $408 psf; down from $461 psf one year earlier.



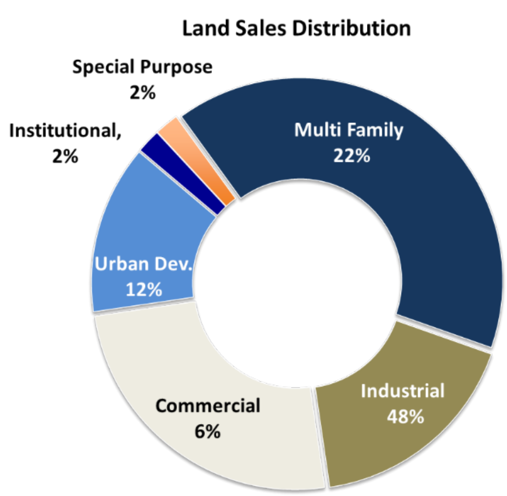


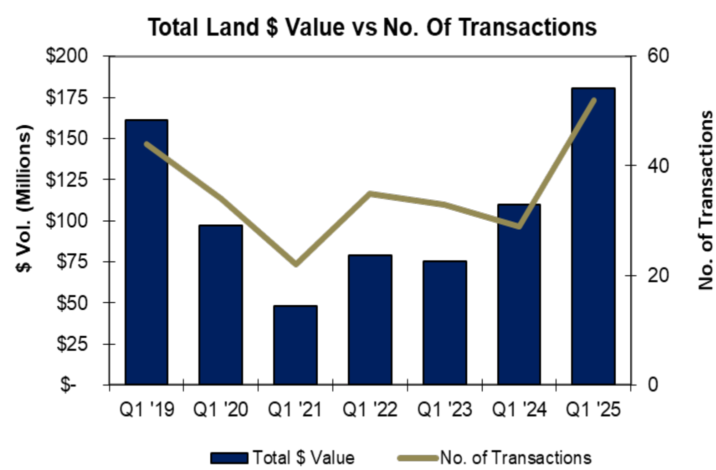
Land Sector

For the second time since 2019, Q1 investment in the land sector broke the $100 million mark with levels reaching nearly $200 million at March 31st, 2025. Total investment in land reached $180.2 million and overall sales nearly doubled Q1 2024 levels. Of the year-to-date sales, investors were heavily focused on multi-residential and general commercial land – to the near-exclusion of institutional and special purpose-designated land. As in Calgary, demand for industrial land fell significantly.

Speaking to the above, multi-family and general commercial-designated land generated $53.3 million and $48.8 million in sales, respectively.

The stand-out transaction of this quarter was the 80-acre purchase at 2904 170 St SW by 2550556 Alberta Ltd. for $22.8 million.





Market Synopsis & Prediction Summary

The first quarter of 2025 saw investment surpass long-term averages by a significant margin. The source of this outstanding first-quarter boom was not just a 38% increase in transactions closing, but also a general willingness on the part of investors to plunk down large sums on properties with large price tags such as with Southgate Mall. This was altogether unexpected given the current economic concerns from U.S.-imposed tariffs. We specifically anticipated a similarly reduced interest in retail properties as we observed in our report covering Calgary.

As we noted in our year-end report for Edmonton, we continue believe the larger picture painted is of a sustained overall recovery. While we don't believe the coming quarters will bring sales activity and dollar volume similar to what we just witnessed, we do anticipate ongoing strength to manifest in the Edmonton & area market commercial condominium market. This asset group 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.

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