

Edmonton Market Report Sept. 30, 2011

Edmonton is the capital city of Alberta and like Calgary is a hub for economic activity.

Edmonton is a major base internationally for advanced technology and health care industries, but is also linked to the energy sector, oil sands, and other resource industries in northern Alberta, northeastern B.C., and the Northwest Territories. More than \$145 billion worth of financial assets are managed in the Edmonton region.

Edmonton is also an important link in the Asia-Pacific gateway, with rail connections to Prince Rupert and the lower mainland in British Columbia.

The University of Alberta, located in Edmonton, is recognized as one of the best universities in Canada. The main campus covers 50 city blocks with over 90 buildings. The Province of Alberta has gone through phases of economic booms driven by the oil and gas sector, and this led to Bill 1 - the Access to Future Act, in March 2005 which established \$4.5 billion in new and expanded post-secondary endowments and scholarships.

The bill established a new \$3 billion Access to the Future endowment that once fully funded will generate an estimated income of \$135 million annually for advancing post-secondary opportunities in Alberta. The Alberta Heritage Scholarship Fund was expanded by \$1 billion, which will provide an estimated \$35 million in additional revenue annually. The bill also provided for a \$500 million expansion to the Ingenuity Fund – a research fund.

The University of Alberta is 3rd in Canada for total annual research funding (\$513.5 million). Edmonton is home to the National Institute for Nanotechnology and the Mazankowski Heart Institute.

Edmonton Employment Statistics August 2011

Population (CMA)	1,034,945
Unemployment Rate (Aug-11)	5.6%
Unemployment Rate (Aug-10)	7.2%
Participation Rate (Aug-11)	74.5%
Participation Rate (Aug-10)	72.1%

Source: City of Edmonton

There is increased activity in Edmonton's commercial real estate market but new inventory is masking the real story. EPCOR Tower, a 265,000 SF facility anchored by EPCOR Utilities Inc. and set to open this year, is one of the projects that has led to an increase in vacancy rates in the financial core. Positive absorption would have dropped the overall downtown vacancy rate to 6.55% without the addition of inventory. Companies like IBI Group, ZCL Composites Inc., and Rosenau Transport have all recently expanded.

Edmonton Commercial Real Estate

Industrial Q2 11	
Inventory (SF)	96,666,134
Vacancy Rate Q2 11	3.38%
Vacancy Rate Q1 11	3.49%
Vacancy Rate Q2 10	4.27%
Downtown Office Q2 11	
Inventory (SF)	17,080,737
Vacancy Rate Q2 11	9.89%
Vacancy Rate Q1 11	7.72%
Net Absorption Q2 11 (SF)	207,009
Net Absorption YTD (SF)	204,755
Net New Supply Q2 11 (SF)	625,000
Under Construction Q2 11 (SF)	355,206
Suburban Office Q2 11	
Inventory (SF)	8,940,468
Vacancy Rate Q2 11	13.31%
Vacancy Rate Q1 11	14.81%
Net Absorption Q2 11 (SF)	138,745
Net Absorption YTD (SF)	182,269
Net New Supply Q2 11 (SF)	0
Under Construction Q2 11 (SF)	40,000

Source: Colliers