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**Editors/Reporters:**

• Please click on link to view and download Avison Young's Mid-Year 2016 Edmonton Office Market Report:

<http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Edmonton/Research/2016/EdmontonMid2016OfficeMarketReportAug2016.pdf>

### **Long-awaited new inventory satisfying demand for modern office space in Edmonton**

#### ***Avison Young releases its Mid-Year 2016 Edmonton Office Market Report***

**Edmonton, AB** — Edmonton's downtown office market is about to experience its most significant transformation in almost 30 years. In the next 24 months, **Enbridge Centre** (formerly Kelly Ramsey Tower), **Edmonton Tower** and **Stantec Tower** will deliver a total of 1.81 million square feet (msf) of class AA office space to the downtown financial district.

Vacancy increased to 11.9% in the third quarter of 2016 from 9.7% in the second quarter and from 8.5% at mid-year 2015.

These are some of the key trends noted in **Avison Young's Mid-Year 2016 Edmonton Office Market Report**, released today.

The 550,000-sf Enbridge Centre, which is 93% preleased and slated for completion in September 2016, will be the first of the three developments to be delivered to the market.

"Many observers have contended that Edmonton is not ready for 1.8 msf of new office inventory," comments **Kevin Goeres**, Research Manager in Avison Young's Edmonton office. "The reality, however, is that the demand for new and modern office space remains high, as reflected in significant preleasing activity."

Of the 1.66 msf of available space in Edmonton's financial district, states the report, 34% is concentrated in just four of 61 buildings. In essence, a handful of ownership groups will be most affected by the increased vacancy. The downstream impact of the new tower inventory will result in a tiered pricing effect – and not the collapse of the entire downtown office market.

Rental rates have decreased slightly quarter-over-quarter, with top-tier product leasing for \$20 to \$24 psf in the third quarter of 2016 and new construction downtown commanding \$35 to \$40 psf.

“The extent of the new inventory’s preleasing activity is a tremendous success story that will continue to unfold with the delivery of Edmonton Tower and Stantec Tower – both of which are also significantly preleased,” states Avison Young Principal **Cory Wosnack**. “These three developments represent a clear indication of the pent-up demand for new, modern office product in the city. Those tenants who will be occupying space within these new towers are almost exclusively multinational organizations.”

Wosnack continues: “As a result of the new tenant appetite for better-quality office product, the Edmonton office market is bracing for the impact that this situation will have on vintage office buildings that are forced to compete with these new towers.”

According to the report, the new inventory presents an opportunity for tenants to upgrade space as a flight to quality continues to evolve. In addition, landlords will face increasing pressure to modernize aging office buildings.

“Landlords will need to invest in capital upgrades to existing inventory in order to compete,” adds Wosnack.

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