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Media Release

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Editors/Real Estate Reporters

- Please click on link to view Avison Young's *First Quarter 2010 Edmonton Office Market Report*:
http://www.avisonyoung.com/library/pdf/Edmonton_Brochures/Research_Articles_and_Reports/2010Q1_Office_Report.pdf

Edmonton office vacancy rate remains steady as rents drop nearly 15% in first quarter of 2010

Avison Young releases its First Quarter 2010 Edmonton Office Market Report

Edmonton, AB — Occupancy levels in Edmonton's office market remain relatively strong thus far in 2010. The city's overall vacancy rate held steady in the first quarter of 2010, increasing only 0.4 percentage points from the fourth quarter of 2009, which is indicative of the overall health of the Edmonton economy when compared to other major centres across North America. In order to compete in a more competitive marketplace, landlords have had to lower asking rental rates and offer more enticing inducement packages to attract potential tenants to their properties.

These are some of the key trends noted in **Avison Young's *First Quarter 2010 Edmonton Office Market Report***, released today.

"An overall vacancy rate of 8.7% still points to Edmonton being considered a balanced market," comments Avison Young Principal **Cory Wosnack**. "The current situation allows for greater flexibility on the part of landlords in accommodating tenants' needs, which in the long term can promote greater market stability. Tenants are able to find space that suits their specific needs and will be more likely to stay in a location that is tailored to the requirements of their business."

"Competition in the office market has certainly increased over the past six to 12 months and we are seeing evidence of rental rates continuing to trend downwards," continues Wosnack. "Asking rental rates downtown have dropped by an average of \$5 per square foot (psf) in class AA and A buildings over the last six months and larger inducement packages are being offered to potential tenants. This represents a decline of approximately 15% in net rental rates. New sublease opportunities are continuing to be introduced into the marketplace, which has added to the downward pressure on rental rates. We expect this trend to continue until the third quarter of 2010, at which point rental rates should begin to stabilize."

The average asking rental rate for class AA space in the financial district dropped to \$25 – \$27 psf at the end of the first quarter of 2010 from year-end 2009, while the average asking rental rate for class A space in the downtown area dropped to \$23 – \$25 psf.

According to the report, the Edmonton office market has not yet regained the positive momentum it had prior to the economic downturn in 2008, but one positive indicator is the volume of transactions. Tenants who delayed making real estate decisions during the downturn have witnessed the market soften over the past 18 months and many are now taking advantage of more favorable financial opportunities.

“With 2009 solidly behind them, tenants are now preparing for potential business growth in the second half of 2010. It is anticipated we will continue to see an increasing amount of activity in the marketplace as the year progresses. Businesses are moving back towards their growth models and with that will eventually come a greater need for additional space,” adds Wosnack.

*Founded in 1978, **Avison Young** is Canada's largest independently-owned commercial real estate services company and the only national, Canadian-owned, principal-managed real estate brokerage firm in the country. Headquartered in Toronto, Ontario and ranked among Canada's leading national commercial real estate organizations, Avison Young is a full-service commercial real estate company comprising more than 600 real estate professionals in 17 offices across Canada and in the U.S. The company provides value-added, client-centric investment sales, leasing, advisory, management and financial services to owners and occupiers of office, retail, industrial and multi-residential properties.*

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