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Office vacancies flirt with 10 per cent

It is less expensive now to lease office space in downtown Edmonton than at anytime since 2006, as the office vacancy rate has risen to near 10 per cent.

In the third quarter, takeup of office space in Alberta's capital was in negative territory for the third straight quarter as tenants left behind 75,872 square feet more than they leased up from July 1 to September 30, according to [Avison Young](#).

Some however, say this may be the bottom of the market. "With asking rates back to levels not seen since 2006, tenants are taking advantage of the opportunity to sign favourable lease agreements," said Avison Young principal Cory Wosnack. The office vacancy rate downtown is now 9.6 per cent, up 1.3 per cent from the second quarter.

It is anticipated that Edmonton's office lease rates could fall another 12 per cent to 15 per cent over the next 12 months as landlords compete for tenants. Currently, the average asking rental rates for prime Class AA office space downtown is \$25 per square foot, down from \$27 per square foot in the first quarter of this year, with inducements such as a free month of rent, free upgrades are other inducements becoming common.

For more information on office markets in Western Canada, see the November 2010 issue of Western Investor.

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