



# THE Industrial Report

## THE MARKET REPORT

Vacancy rates in Edmonton's industrial marketplace continued their downward trend in the opening quarter of 2013 with strong business growth fueling increasing demand for usable building space and yard storage. The tightening of supply has pushed asking lease rates up by as much as 20% in the last six months for some smaller bay product with significantly higher rents now being achieved for stand alone buildings with good yard components.

The velocity of land sales in the greater Edmonton region continues and seemingly is only being constrained by the lack of available serviced industrial land within city

limits. Surrounding industrial markets, namely Nisku/Leduc and Acheson, continue to realize the benefits as the land markets in each area have been very active. The added benefit of moving to the surrounding counties is a lower tax burden that can sometimes compensate for being located outside of the City of Edmonton.

The increased demand has led to a price increase as the average serviced land costs per acre in Northwest Edmonton jumped almost 10% over Q4 2012 to \$645,000 per acre. Land in Southeast Edmonton has increased just over 2% over the same time period to an average of \$670,000 per acre.

### Feature Listings



**Vicwest Steel**  
18028 - 114 Avenue

55,849 sf on 5.96 acres for lease



**Poundmaker Industrial**  
10610 - 184 Street

Up to 170,000 sf for build to suit



**Rampart Business Park**  
142<sup>nd</sup> Street & 157<sup>th</sup> Avenue

starting from 6,400 sf for lease



**Centre West Business Park**  
12128 - 154 Street

6,000 sf to 45,000 sf available

### AVERAGE ASKING NET RENTAL RATE PER BAY SIZE

Range SF	Northwest		Southeast		Northeast		Central		Leduc/Nisku		Sherwood Park		Acheson		St. Albert	
	Net Rent		Net Rent		Net Rent		Net Rent		Net Rent		Net Rent		Net Rent		Net Rent	
0 - 5,000	\$11.40	▲	\$12.00	■	\$8.00	■	\$10.00	■	\$12.00	■	\$16.00	▲	\$12.00	▲	\$11.00	■
5,001 - 10,000	\$11.00	▲	\$11.50	■	\$7.75	■	\$10.30	▲	\$14.00	■	\$14.00	▲	\$11.00	▲	\$11.00	■
10,001 - 20,000	\$10.00	▲	\$11.25	■	\$7.00	▲	\$9.00	▲	\$18.00	▲	\$13.00	▲	\$9.50	▲	\$10.50	■
20,001 - 50,000	\$9.00	▲	\$9.50	■	\$6.50	▲	-	-	\$13.50	■	\$12.50	▲	\$9.00	▲	-	-
50,001 & up	\$8.00	▲	\$9.00	■	-	-	-	-	\$12.50	▲	-	-	-	-	-	-

\*Note: These figures are an averaged representation of market prices.

District/Class	Inventory (sf)	Direct Lease (sf)	Sublease (sf)	Vacancy Overall	Vacancy Direct	Vacancy Sublease	Serviced Land Cost (\$ per acre)
<b>City</b>							
Southeast	42,490,476	796,461	165,874	2.3%	1.9%	0.4%	\$670,000.00
Northwest	43,688,512	1,936,776	68,745	4.6%	4.4%	0.2%	\$645,000.00
Northeast	5,864,513	179,707	-	3.1%	3.1%	0.0%	\$520,000.00
Central	3,509,449	105,059	15,185	3.4%	3.0%	0.4%	-
<b>Edmonton Total</b>	<b>95,552,950</b>	<b>3,018,003</b>	<b>249,804</b>	<b>3.4%</b>	<b>3.2%</b>	<b>0.2%</b>	
<b>Surrounding Districts</b>							
Acheson	1,630,109	99,168	-	6.1%	6.1%	0.0%	\$400,000.00
Spruce Grove	1,253,536	34,285	-	2.7%	2.7%	0.0%	\$350,000.00
Stony Plain	256,955	-	-	0.0%	0.0%	0.0%	\$350,000.00
Sherwood Park	4,002,500	42,500	3,699	1.2%	1.1%	0.1%	\$550,000.00
Nisku/Leduc	8,695,455	347,361	-	4.0%	4.0%	0.0%	\$465,000.00
<b>Surrounding Total</b>	<b>15,838,555</b>	<b>523,314</b>	<b>3,699</b>	<b>3.3%</b>	<b>3.3%</b>	<b>0.0%</b>	
<b>Overall Total</b>	<b>111,391,505</b>	<b>3,541,317</b>	<b>253,473</b>	<b>3.4%</b>	<b>3.2%</b>	<b>0.2%</b>	

### Market Spotlight - Fort McMurray






Fort McMurray's industrial sector experienced considerable growth in the past several years with the continued depletion of available land sending land prices through the roof.

The most recent industrial development, TaigaNova Eco-Industrial Park, recently sold all 131 acres with plot sales ranging from \$1.5 million per acre for interior space and upwards of \$4 million per acre for land with highway frontage.

Another intended new development, Prairie Creek Business Park, is currently entering into its subdivision process. This 980 acre site located 3.3 km outside Fort McMurray along Highway 63 will feature industrial and commercial tenants.

With industrial vacancy teetering around 2%, a continued shortage of land and a growing population with an expanding economy - it will be interesting to track this important economic basin in the coming years.

## NOTABLE BUILDING LEASE TRANSACTIONS

Location	Type	Specialty	Size (sf)	Tenant
 14760 116 Avenue	Existing Building	Single Tenant Building	69,971 sf	National Concrete
 Horizon Business Park 12828 184 <sup>th</sup> Street	New Building	Multi-Tenant Building	59,260 sf	Custom Truck Parts Distributors
 Yellowhead Building 15110 Yellowhead Trail	Existing Building	Single Tenant Building	57,560 sf	Blue Water
 Cityview Business Park 6452 Roper Road	Existing Building	Multi-Tenant Building	48,739 sf	Westpower Equipment
 Horizon Business Park 12828 184 <sup>th</sup> Street	New Building	Multi-Tenant Building	30,005 sf	Iron Mountain

## NOTABLE BUILDING SALE TRANSACTIONS

Location	Subdivision	Zoning	Property	Sale Price	Unit Price (sf)	Vendor	Purchaser
 97 <sup>th</sup> Street & 45 <sup>th</sup> Avenue	Papaschase Industrial	IB	231,275 sf on 12.28 Acres	\$26,250,000.00	\$113.50 psf	SREIT (Papaschase) Ltd.	CLIP Edmonton II Nominee Inc.
 26420 Township Road 531A	Parkland County	MI	75,704 sf on 36.27 Acres	\$20,750,000.00	\$274.09 psf	937362 Alberta Inc.	Camrock Asset Management Ltd.
 16204 116 Avenue	Alberta Park Industrial	IB	120,709 sf on 5.90 Acres	\$12,750,000.00	\$105.63 psf	SREIT (Nuquest Edmonton) Ltd.	CLIP Edmonton II Nominee Inc.
 11415 168 Street	Norwester Industrial	IB	100,508 sf on 5.28 Acres	\$9,400,000.00	\$93.52 psf	SREIT (Norwester A) Ltd.	PIRET (11415.168 Street NW) Holdings Inc.
 8801 24 Street	Strathcona County	IM	60,360 sf on 4.47 Acres	\$8,250,000.00	\$136.68 psf	Fountain Tire Holdings Ltd.	Panattoni Development Co.

## NOTABLE LAND SALE TRANSACTIONS

Location & Subdivision	Sale Date	Land Size (Acres)	Sale Price	Unit Price (Acre)	Purchaser
13420 149 Street Mistatim	12/10/2012	31.10 Acres	\$21,767,900.00	\$699,932.00	I.G. Investment Management Ltd.
2807 Aurum Road Clover Bar Area	12/17/2012	12.89 Acres	\$9,343,250.00	\$475,000.00	Terra Ferma Holdings Ltd.
17 <sup>th</sup> Street & 82 <sup>nd</sup> Avenue Laurin Industrial Park	2/28/2013	12.67 Acres	\$5,031,000.00	\$390,302.56	Imperial Equities
817 - 53016 Highway 60 Acheson	01/03/2013	9.96 Acres	\$3,400,000.00	\$341,365.00	Nothern Crane Services Inc.
39 Street & 68 Avenue Leduc	12/19/2012	6.98 Acres	\$3,320,250.00	\$475,680.00	Atco Electric Ltd.



Intelligent  
Real Estate Solutions

Colin Ludwig  
Principal  
780.429.7562  
colin.ludwig@avisonyoung.com

Grant Ranslam  
Principal  
780.702.5853  
grant.ranslam@avisonyoung.com

David St. Cyr  
Assistant  
780.702.5827  
david.stcyr@avisonyoung.com

Beverly Poong  
Executive Assistant  
780.702.0695  
beverly.poong@avisonyoung.com

## MEET OUR INDUSTRIAL TEAM:

Rob Iwaschuk  
Principal  
780.429.7657  
rob.iwaschuk@avisonyoung.com

Thomas Ashcroft, SIOR  
Principal  
780.429.7571  
thomas.ashcroft@avisonyoung.com

Bryce Strilchuk, SIOR  
Principal  
780.702.5829  
bryce.strilchuk@avisonyoung.com

Ryan Zabloski  
Associate  
780.702.0691  
ryan.zabloski@avisonyoung.com

Sherri Joyce  
Executive Assistant  
780.702.0693  
sherri.joyce@avisonyoung.com

Shannon Baker  
Research Manager  
780.702.5826  
shannon.baker@avisonyoung.com

E & O.E.: The information contained herein was obtained from sources which we deem reliable and, while thought to be correct, is not guaranteed by Avison Young Real Estate Alberta Inc. All measurements quoted herein are approximate.

Avison Young is the real estate partner businesses trust for intelligent, integrated solutions. We deliver results that are aligned with your strategic business objectives, supporting real estate initiatives that add value and build competitive advantage for your organization.

2800 Bell Tower  
10104 - 103 Avenue  
Edmonton, AB T5J 0H8  
www.avisonyoung.com

T 780.428.7850  
F 780.424.5815