



Edmonton industrial market report

Q3 2022

**AVISON
YOUNG**

Greater Edmonton area market fundamentals

▼ **3.9%**

Total vacancy rate
Down 0.5% since Q2 2022

▼ **3.9%**

Edmonton vacancy rate
Down 0.3% since Q2 2022

▼ **4.1%**

Suburban vacancy rate
Down 1.1% since Q2 2022

▼ **6.46m**

Square feet vacant
Marketwide

▲ **3.92m**

Square feet absorption
Includes 2.9m Acheson Amazon
Facility completion

▼ **3.5m**

Square feet under construction
Marketwide

Industrial market trends

01

Vacancy rates keep getting tighter

It was a long-anticipated marker, but the Edmonton industrial market vacancy rate has dropped below 4.0% as of Q3 2022. This compression of vacancy rates is a culmination of several factors, one of which being related to the lack of new supply available for lease. A primary driver of the robust development activity on the Edmonton market over the last two years has been focused on purpose-built projects, although new speculative projects have certainly been making waves. Overall, demand for industrial products remains greater than supply. While the pandemic has been hard on many businesses, there are others who have flourished and continue to seek new spaces to match their growth.

02

Labour shortage fosters adoption of new technology

Labour shortage is one of the biggest issues companies are currently facing today. Finding and retaining talent has been difficult in all sectors of the economy. The pandemic has put a spotlight on the acute labour shortage prevailing in the logistics and supply chain sector, at a period where demand for these services exploded worldwide. To keep up with increased reliance on this sector in the context of labour shortage, innovative technologies requiring new skills are being implemented. Labour shortage is likely to be a persistent issue until the talent pool has had time to adjust and develop these new [skill sets](#).

03

Overall market outlook remains positive in the short term

Moving into the next 6-12 months, it becomes difficult to predict how the market will respond to recessionary pressures. Rising interest rates, persistent inflation and labour shortages will certainly test the Edmonton industrial market's resilience. However, we are expecting available space will continue to be absorbed, at least in the short to medium term. As a result, more emphasis might be placed on vacant, developable land parcels in anticipation of even more development starts down the road.



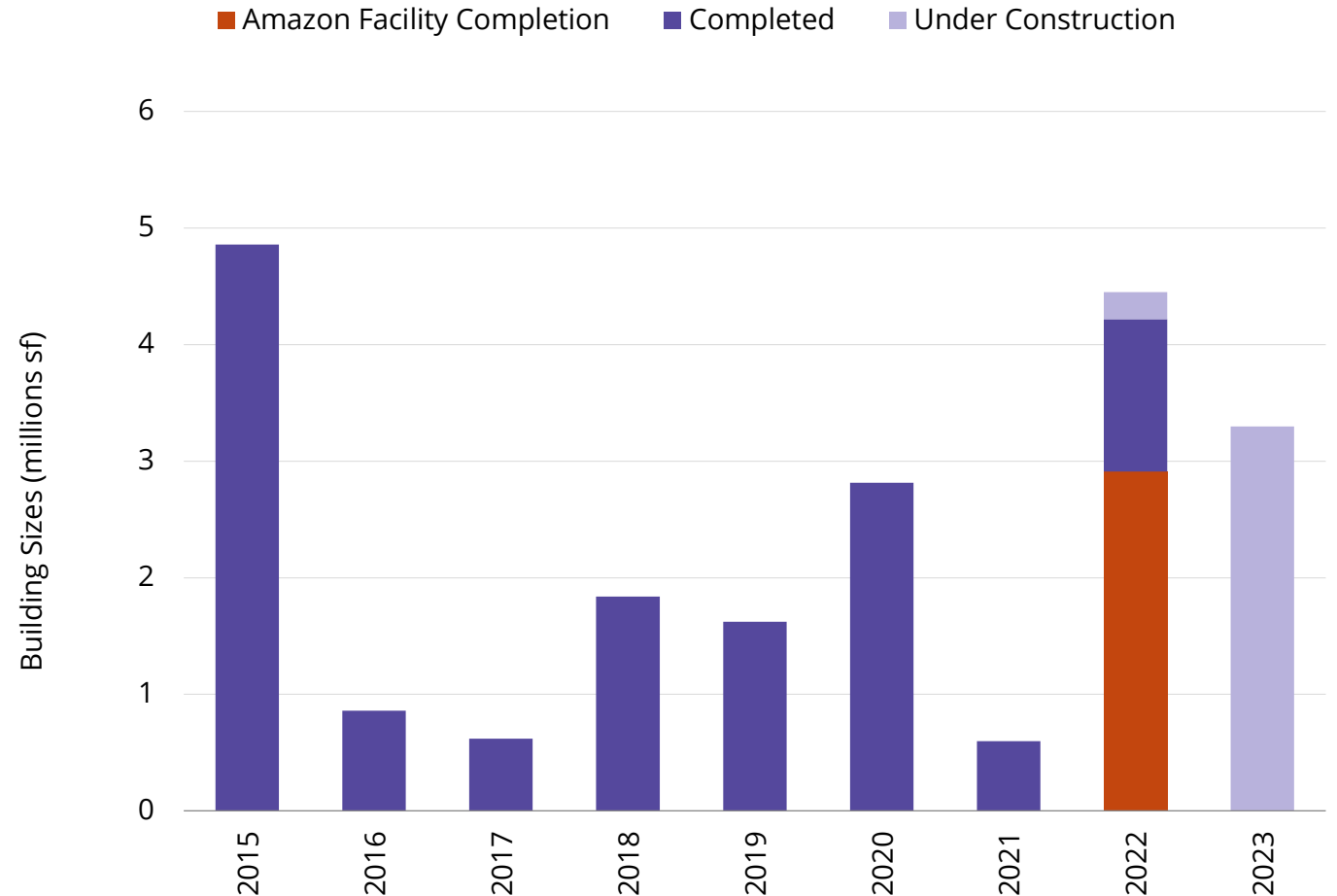
Development levels steadily returning

For the past five years, the amount of space under construction always had an asterisk, as the Amazon “Slingshot” sortation facility in Acheson was sometimes greater in total area than all other active projects combined. Heading in to 2023, there is a new story.

The amount of new supply slated for 2023 delivery is the most we’ve seen since 2015, even without the new 2.9m sf Amazon site. Additionally, many of these projects were announced in 2022 with an understanding of economic uncertainties and high construction costs. This level of new supply in the current economic climate, coupled with a shrinking vacancy rate, may indicate sustained development activity over the short term.

Selection of notable 2023 projects	Submarket	Size (sf)
Pioneer Skies – Buildings 1 & 2	Leduc/Nisku	622,424
Border Business Park – Building M	Leduc/Nisku	481,450
Anthony Henday Business Park – Buildings 2A & 2B	St. Albert	432,481

Development pipeline



Average rental rate breakdown

Existing Product	South/Southeast		Northwest		Leduc/Nisku		Sherwood Park		Acheson	
	Multi Tenant	Single Tenant	Multi Tenant	Single Tenant	Multi Tenant	Single Tenant	Multi Tenant	Single Tenant	Multi Tenant	Single Tenant
0 - 5,000 sf	\$10.25	\$15.00	\$10.00	\$14.00	\$12.00	-	-	-	\$15.00	\$20.00
5,001 - 10,000 sf	\$10.00	\$14.00	\$10.00	\$13.00	\$11.50	\$16.00	-	-	\$14.00	\$19.00
10,001 - 20,000 sf	\$9.50	\$12.75	\$9.50	\$12.00	\$11.00	\$15.00	-	-	\$13.00	\$18.00
20,001 - 50,000 sf	\$9.25	\$12.25	\$9.25	\$11.50	\$10.00	\$14.00	\$15.25	\$12.50	-	\$16.00
50,001 - 100,000 sf	\$8.75	\$11.50	\$8.75	\$10.75	\$9.25	\$13.75	-	-	-	\$15.00
100,001 sf & Up	\$8.50	\$11.00	\$8.50	\$10.25	\$8.50	\$13.50	\$12.75	\$12.50	\$13.00	\$14.00
New, under construction and pre-leasing product										
50,001 - 100,000 sf	\$10.00	\$11.75	\$10.00	\$11.75	\$10.00	\$12.50	-	-	-	-
100,001 sf & Up	\$9.75	\$11.50	\$9.75	\$11.50	\$9.75	\$12.00	-	-	-	-

\$10.80*
Edmonton average

\$13.40*
Suburban average

\$12.05*
Greater Edmonton average

*New and existing product

Industrial market transactions

Land Sales

Address	Submarket	Site Size (Acres)	Sale Price	Zoning
13106 - 93 Avenue	South Edmonton	7.96	\$3,074,550	ILES
310 Commerce Rd N	Spruce Grove	4.87	\$2,050,000	M1
6703 - 26 Street	South Edmonton	3.86	\$1,850,000	IM

Owner-User Building Sales

Address	Submarket	Building Size (sf)	Sale Price	Zoning
6008 75 St	South Edmonton	104,800	\$10,350,000	IB
602 13 Ave	Nisku	44,550	\$6,560,000	IND
61 Mica Link	Spruce Grove	43,147	\$8,150,000	M1

Market Lease Deals

Address	Submarket	Building Size (sf)	Tenant	Tenancy
12846 - 170 Street	West Edmonton	100,058 sf	Bunzl	Multi
Discovery Centre III	Nisku	75,857 sf	Rocanda	Multi
5710 - 36 Street	South Edmonton	60,900 sf	Impulse Downhole Tools Ltd.	Single

Featured listings

Lease

Edmonton, AB



North Rail Building

- 30,123 sf bay with approximately 1,500 sf of office space
- 28 foot ceiling height with dock and grade loading
- Potential for rail loading
- Asking rate: \$8.50 psf

[Click to view property](#)

Lease

Edmonton, AB



Cityview Business Park

- 172,962 sf across 13 buildings
- Dock and grade loading
- Yard available
- Great access to major distribution roadways

Coming Soon

Lease

Edmonton, AB



Skyline Rampart and Westpoint Business Parks

- 20,300 sf and up to 31,662 sf available respectively
- Asking rates starting at \$9.95 psf
- Dock and grade loading
- Large marshalling areas between buildings

Coming Soon

Lease

Edmonton, AB



50th Street Business Park

- 115,174 sf across 5 buildings
- Lease rate starting from: \$8.95
- Flexible bay sizes with dock & grade loading
- Yard available
- Great access to major distribution roadways

[Click to view property](#)

Industrial market statistics

Submarket	Inventory	Direct Vacancy	Sublease Vacancy	Quarterly Absorption	Total vacancy		Direct Vacancy		Vacancy Sublease		Serviced Land Cost
<u>Edmonton</u>											
South/Southeast	53,784,457	2,262,292	395,481	521,227	4.9%	(1.0%)	4.2%	(1.0%)	0.7%	0.1%	\$650,000 – \$800,000
Northwest	62,239,056	1,936,579	126,727	-7,417	3.3%	-	3.1%	-	0.2%	-	\$625,000 – \$750,000
Northeast	6,809,847	55,299	0	-9,785	0.8%	0.1%	0.8%	0.1%	-	-	\$525,000 – \$650,000
Central	3,959,926	140,643	0	-59,634	3.6%	1.5%	3.6%	1.5%	-	-	-
<u>Surrounding Municipalities</u>											
Acheson	11,387,036	140,471	0	2,922,075	1.2%	(0.6%)	1.2%	(0.6%)	-	-	\$450,000 – \$650,000
Sherwood Park	6,365,000	167,326	0	-36,490	2.6%	0.6%	2.6%	0.6%	-	-	\$650,000 – \$750,000
Nisku/Leduc	20,116,548	1,077,542	159,184	590,511	6.1%	(1.5%)	5.4%	(1.5%)	0.8%	-	\$450,000 – \$675,000
<u>Greater Edmonton Region</u>											
Edmonton Total	126,793,286	4,394,813	522,208	444,391	3.9%	(0.3%)	3.5%	(0.3%)	0.4%	0.1%	-
Surrounding Total	37,868,584	1,385,339	159,184	3,476,096	4.1%	(1.1%)	3.7%	(1.1%)	0.4%	-	-
Overall	164,661,870	5,780,152	681,392	3,920,487	3.9%	(0.5%)	3.5%	(0.5%)	0.4%	0.1%	-

For more market insights
and information visit
avisonyoung.com

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