Greater Edmonton industrial market report

Q1 2024

AVISON YOUNG

Greater Edmonton area market fundamentals

▼ 4.4%

total vacancy
down 0.3% quarter-over quarter

▼ 4.3%

Edmonton vacancy
down 0.2% quarter-over quarter

▼ 4.9%

surrounding municipalities vacancy
down 0.7% quarter-over quarter

168.6M

square feet (sf) of inventory

417K

sf of positive absorption
year-to-date

1.7M

sf under construction

Greater Edmonton area industrial market trends

01

Vacancy declines across all submarkets

A prominent theme in Q1 2024 was the continued decline in vacancy, which dropped to 4.4% from 4.7 in Q4 2023.

The South and Central submarkets recorded a vacancy decrease for the second consecutive quarter. This trend was mirrored across all submarkets, with significant drops seen in the Northeast, Central, and Sherwood Park markets.

While vacancy in these submarkets declined by more than 1% in Q1 2024, lower deal activity and limited inventories (ranging between 4 and 6 msf) underscore the reactivity of the vacancy to minor changes in occupied space.

02

Fifteenth consecutive quarter of positive absorption

All submarkets consistently recorded a positive absorption in Q1 2024, except Sherwood Park, contributing to a net gain of 417,000 sf across the Greater Edmonton region.

For the sixth quarter in a row, the South and Nisku markets led in positive absorption. The Northwest closely trailed the South/Southeast markets with a positive absorption of 79,000 sf.

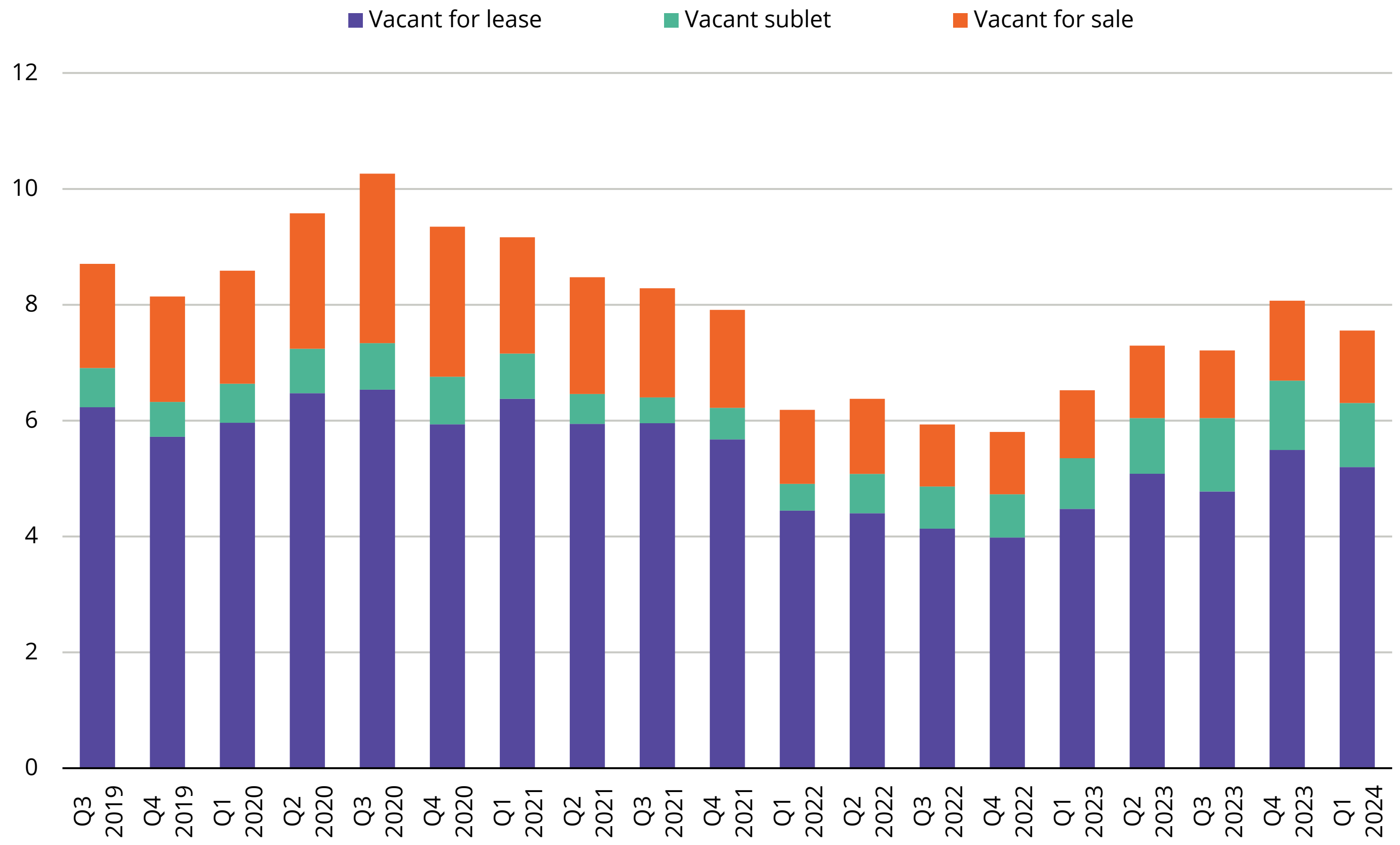
03

Sublease availability holds steady

Sublease vacancies decreased by roughly 70,000 sf in Acheson and Nisku, while increasing by 70,000 sf and 94,000 sf in the South/Southeast and Northwest, respectively. All other submarkets remained stable, with the sublease vacancy rate remaining at 0.6%.

Greater Edmonton area industrial market indicators

Available for sale and lease (msf)

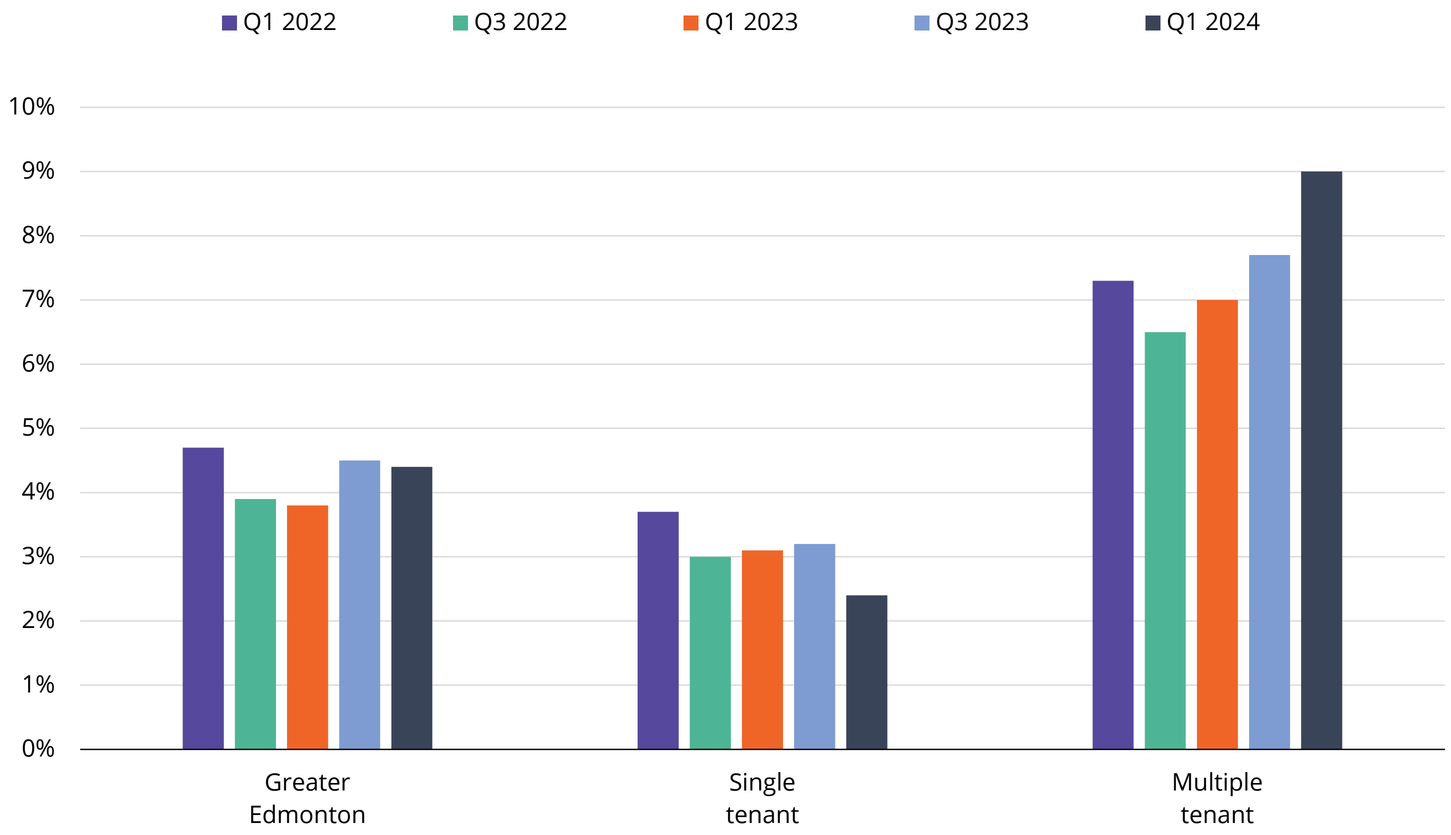


Source: Avison Young

Direct lease, sublet, and for sale vacant space decreased by 517K sf quarter-over quarter. There is currently 1.1 msf of vacant sublet space.

Greater Edmonton area industrial market indicators

Vacancy rate by property type

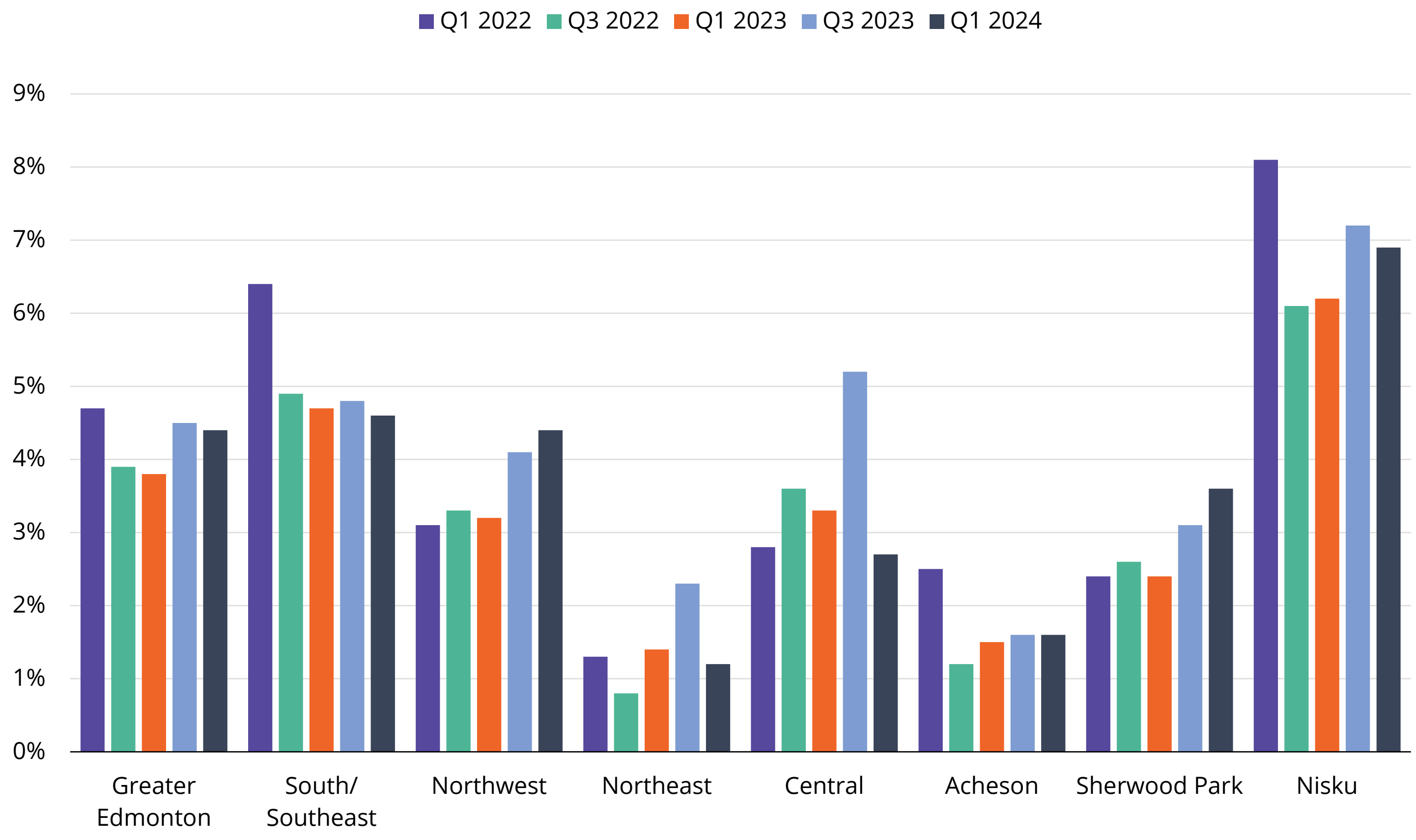


Due to a tightening supply of single tenant space, vacancy rates have been decreasing, meanwhile new supply of multi-tenant buildings that are not fully occupied when brought to the market has led to an increase in the vacancy rate.

Source: Avison Young

Greater Edmonton area industrial market indicators

Vacancy rate by market

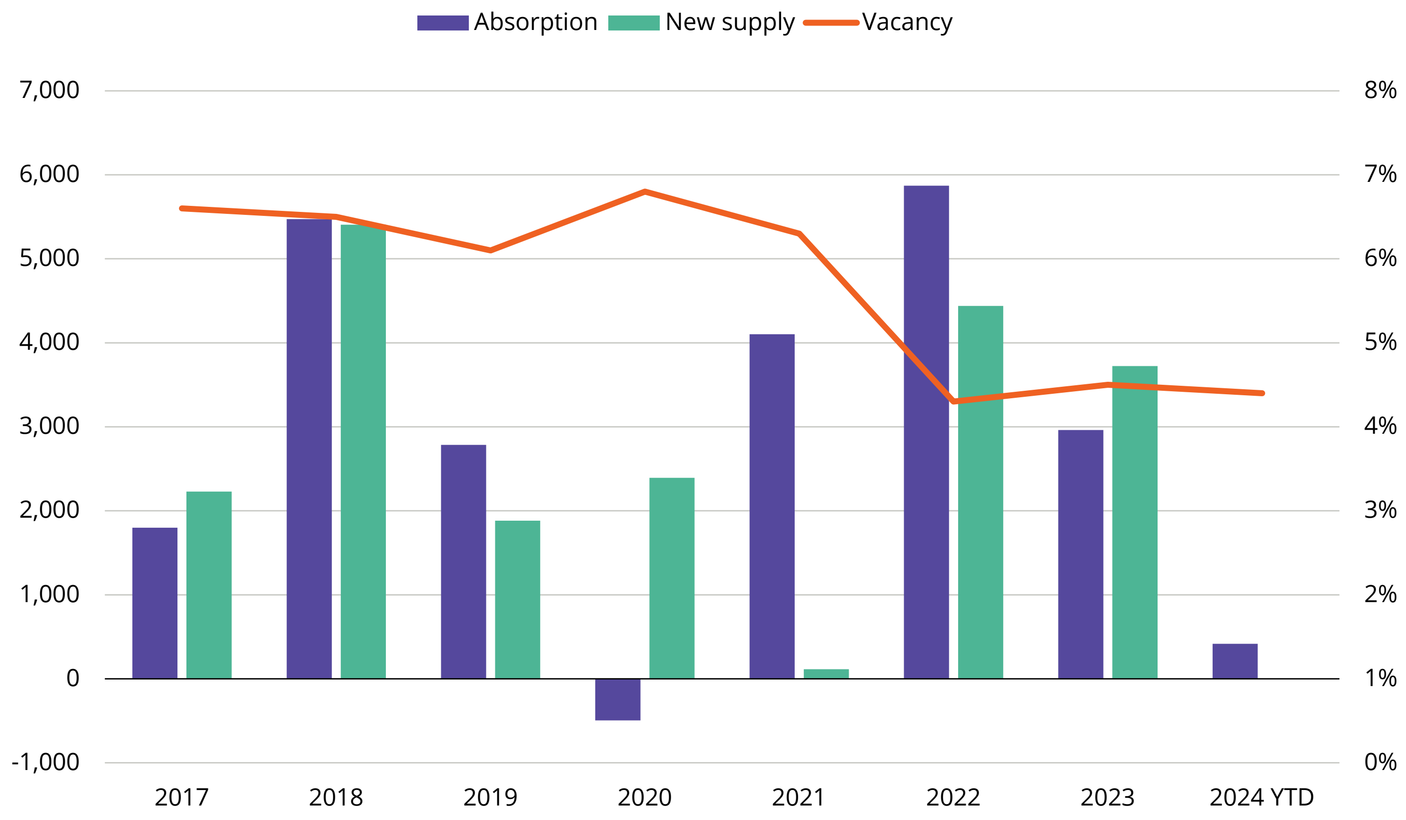


Greater Edmonton has seen a stable vacancy rate, hovering around 4%. While South, Northwest, and Nisku have the highest vacancy rates as it relates to the relative inventories of space in each submarket.

Source: Avison Young

Greater Edmonton area industrial market indicators

Historic industrial market trends (thousand sf)



Vacancy rate has rebounded to below pre-pandemic levels, dropping 30 basis-points from Q4 2023 to 4.4%.

Source: Avison Young

Greater Edmonton area industrial market indicators

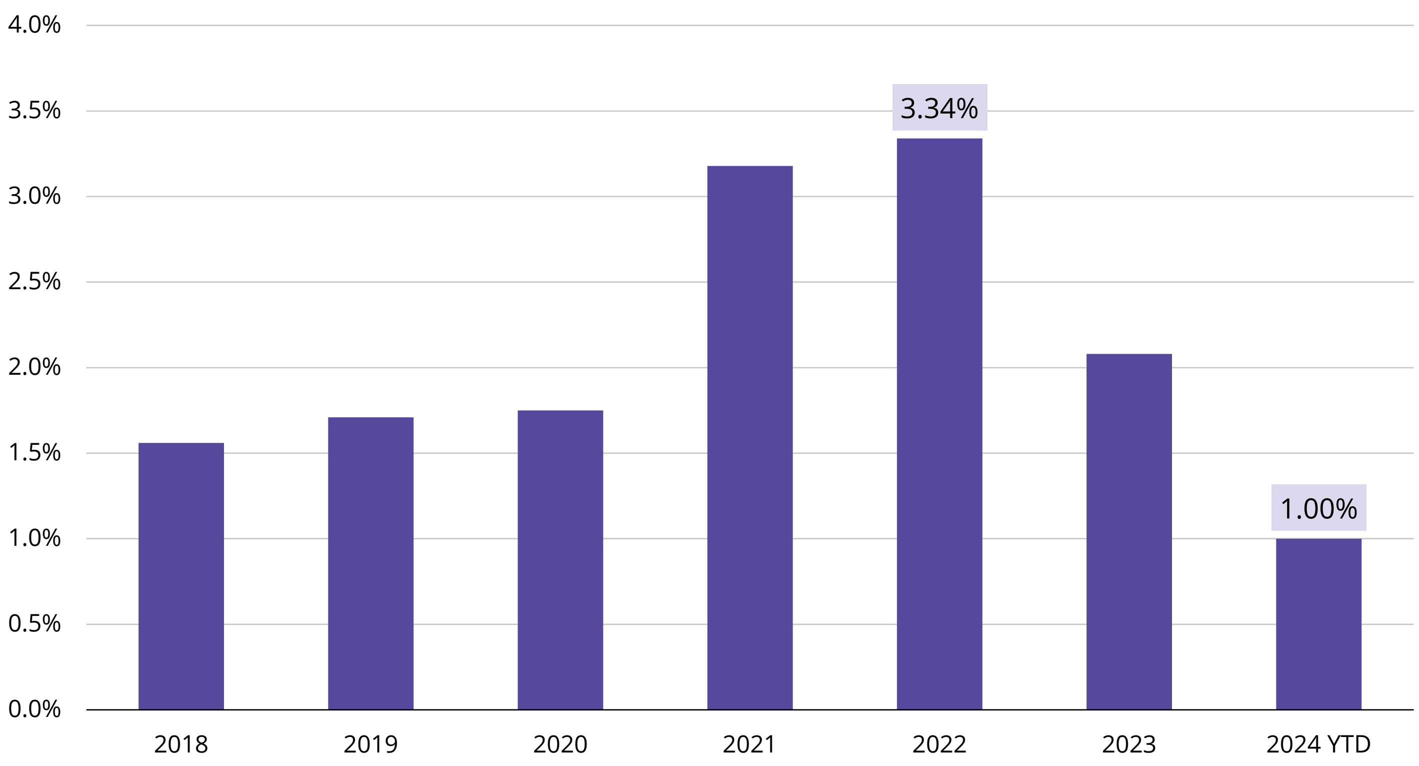
Vacant for lease by suite size (sf)

Source: Avison Young

The amount of space vacant for buildings between 10,000-20,000 sf increased by 84,000 sf, while all other size blocks saw a tightening of supply.

Greater Edmonton area industrial market indicators

Space under construction as a percentage of existing inventory



Source: Avison Young

Currently there is 1.7 msf under construction suggesting 2024 will see levels below 2023 and the last three years pending any new announcements for further new construction.

Edmonton area industrial market stats

Edmonton	Existing inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Quarterly absorption (sf)	Total vacancy		Direct vacancy		Vacancy sublease		Serviced land cost per acre
South/Southeast	54,445,301	2,135,828	353,306	89,670	4.6%	(0.2%)	3.9%	(0.3%)	0.6%	0.1%	$675,000 - $850,000
Northwest	62,992,467	2,182,101	601,524	31,083	4.4%	(0.0%)	3.5%	(0.2%)	1.0%	0.2%	$650,000 - $850,000
Northeast	6,809,847	78,587	0	79,742	1.2%	(1.2%)	1.2%	(1.2%)	0.0%	-	$550,000 - $700,000
Central	3,959,926	105,284	0	42,705	2.7%	(1.1%)	2.7%	(0.4%)	0.0%	(0.7%)	-
Edmonton total	**128,207,541**	**4,501,800**	**954,830**	**243,200**	**4.3%**	**(0.2%)**	**3.5%**	**(0.3%)**	**0.7%**	**0.1%**	**$550,000 - $850,000**
Surrounding municipalities	Existing inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Quarterly absorption (sf)	Total vacancy		Direct vacancy		Vacancy sublease		Serviced land cost per acre
Acheson	11,387,036	172,754	14,400	49,077	1.6%	(0.4%)	1.5%	0.2%	0.1%	(0.6%)	$450,000 - $700,000
Sherwood Park	6,365,000	226,259	0	-2,283	3.6%	(1.8%)	3.6%	(1.8%)	0.0%	-	$650,000 - $750,000
Nisku	22,536,848	1,548,766	14,213	126,978	6.9%	(0.6%)	6.9%	(0.2%)	0.1%	(0.3%)	$450,000 - $550,000
Surrounding total	**40,288,884**	**1,947,779**	**28,613**	**173,772**	**4.9%**	**(0.7%)**	**4.8%**	**(0.3%)**	**0.1%**	**(0.4%)**	**$450,000 - $750,000**
Overall total	**168,496,425**	**6,449,579**	**983,443**	**416,972**	**4.4%**	**(0.3%)**	**3.8%**	**(0.3%)**	**0.6%**	**(0.0%)**	**$450,000 - $850,000**

*Quarter-over-quarter vacancy change
Source: Avison Young

Edmonton area average rental rate breakdown

Square footage	South/Southeast		Northwest		Leduc/Nisku		Sherwood Park		Acheson	
Existing product	Multi	Single	Multi	Single	Multi	Single	Multi	Single	Multi	Single
0 - 5,000 sf	$11.50	$17.50	$11.50	$16.00	$12.50	$20.00	$12.25	-	$15.00	$20.50
5,001 - 10,000 sf	$11.00	$15.00	$11.00	$14.50	$11.75	$18.00	-	-	$14.00	$20.00
10,001 - 20,000 sf	$10.50	$14.00	$10.50	$12.50	$11.50	$16.00	-	-	$13.00	$18.00
20,001 - 50,000 sf	$9.50	$13.00	$9.50	$12.00	$10.25	$15.00	$13.00	$15.00	-	$16.50
50,001 - 100,000 sf	$8.50 - $9.00	$10.75 - $11.25	$8.50 - $9.00	$10.50 - $10.75	$9.50	$14.00	-	-	-	$15.50
100,001 sf and up	$8.25 - $8.75	$10.50 - $10.75	$8.25 - $8.75	$10.50	$9.25	$13.50	$12.25	$14.00	$12.00	$14.50
New, under construction and pre-leasing product	Multi	Single	Multi	Single	Multi	Single	Multi	Single	Multi	Single
50,001 – 100,000 sf	$10.50 - $11.00	$11.75	$10.50 - $11.00	$11.75	$10.50 - $12.00	$14.00	-	-	-	-
100,001 sf +	$10.00 - $10.50	$11.50	$10.00 - $10.50	$11.50	$10.00 - $10.50	$13.50	-	-	-	-

$11.41
Edmonton average

$14.04
Surrounding average

$12.71
Greater Edmonton average

*New and existing product
Source: Avison Young

Greater Edmonton industrial market activity

Notable leasing transactions

Address	Tenant	Size (sf)	Lease type	Transaction type	Broker
12810 58 St	The City of Edmonton	93,530	Direct	Single Tenant	Avison Young
1012 16 Ave	ARJAE Design Solutions Limited	71,525	Direct	Single tenant	Avison Young
11420 170 St	ABCDEM Sports Ltd.	45,700	Direct	Multi-tenant	Avison Young
14210 157 Ave	Tempur Canada	43,140	Direct	Multi-tenant	Avison Young

Major industrial buildings transactions

Address	Buyer	Sale date	Sale price	Sale price (psf)	Seller
11104 180 St	Anthem Edmonton VA Industrial GP Ltd	January 2024	$24.8 M	$115	West Thorn Realty Inc.
26550 Acheson Rd	OCTS Acheson Holdings Inc.	February 2024	$22.0 M	$202	Acheson Properties Ltd.
2306 8 St	2558100 Alberta Ltd.	January 2024	$20.0 M	$153	Pyramid Land Corporation
10930 184 St	Anthem Northwest Edmonton Industrial Holdings GP Ltd.	March 2024	$17.8 M	$109	West Thorn Realty Inc.
3601 82 Ave	Block 82 Industrial Inc.	January 2024	$16.0 M	$74	Singhmar Developments Inc.

Major industrial land transactions

Location	Buyer	Sale date	Sale price	Sale price (p/acre)	Seller
8550 1 St	601391 Alberta Ltd.	January 2024	$6.6 M	$550,000	2461451 Alberta Ltd.
4661 Roper Road	Pumm Developments Ltd.	February 2024	$5.2 M	$520,000	Epcor Water Services Inc.
27645 100 Ave	ERA Acheson Holdings Ltd.	January 2024	$3.7 M	$680,000	Carrington Land Ltd.
6704 39 St	2288669 Alberta Ltd.	January 2024	$2.6 M	$480,000	Hilong Petropipe Co. Ltd.
8998 270 St	IFS Holdings Inc.	February 2024	$2.2 M	$725,000	Highlands Business Park GP Inc.

Source: Avison Young and The Network

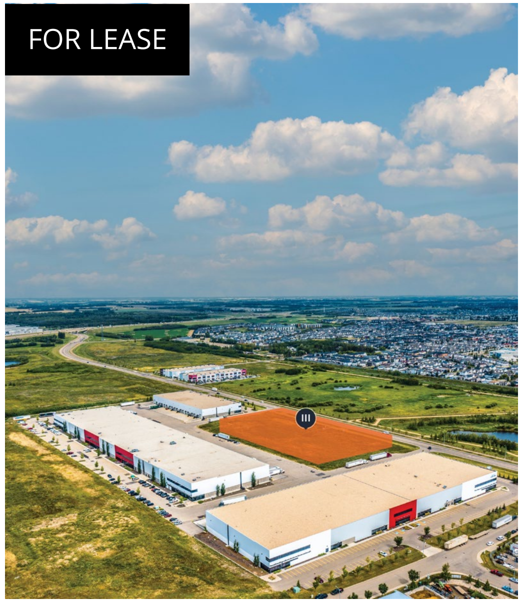
Greater Edmonton area industrial developments

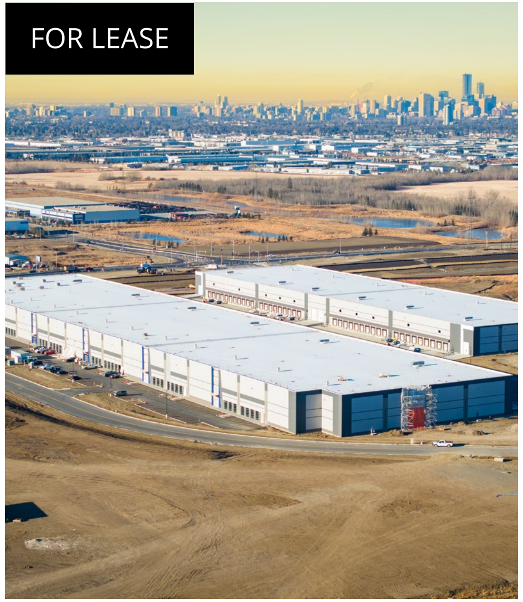
Buildings under construction by size

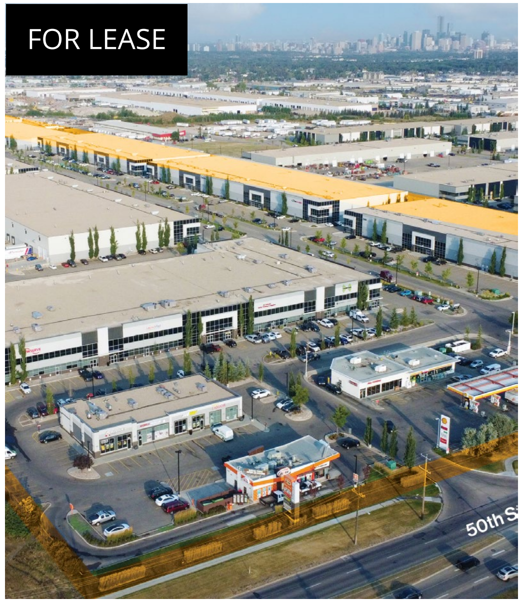
Address	Project name	Building size (sf)	City	Developer	Delivery
175 St & 129 Ave	The Brick & Leon Distribution Centre	500,000	Edmonton	LFL & Qualico	Q4 2024
3925 8 St	41 Business Park – Building 1	366,932	Nisku	ONE & Vescor	Q4 2024
11 Richards Dr	Anthony Henday Business Park – Building 2B	256,970	St. Albert	QuadReal	Q2 2024
142 St & 162 Ave	Kohltech Windows & Doors Distribution Centre	140,000	Edmonton	Kohltech Windows & Doors	Q1 2025
17 St	PCLI 17 Street Development	132,800	Edmonton	Petro-Canada Lubricants Inc.	Q3 2024
9673 279 St	Home Depot Distribution Centre	129,600	Acheson	Qualico	Q3 2024
279 St & 92 Ave	Convoy Supply Distribution Centre	100,000	Acheson	Convoy Supply	Q3 2024
2803 50 Ave	The WIC	99,771	Edmonton	K&H Developments	Q3 2024
15728 142 St	Rampart Business Park – Building 3	96,726	Edmonton	Camgill	Q3 2024
5520 34 St	Siwin Foods Expansion	70,000	Edmonton	Siwin Foods	Q4 2024
9541 50 St	Eastgate Crossing	47,250	Edmonton	2310988 Alberta Ltd.	Q2 2024
3306 Allard Ave	3306 Allard Ave	28,700	Leduc	ABSK Builders Structures	Q3 2024

Source: Avison Young

Featured listings





Address	Skyline Rampart	Fulton Creek Business Park	50th Street Business Park	Cityview Business Park
	– 26,235 - 96,726 sf – Reinforced 8" floor slabs to accommodate increased loads – 32' clear and 9' x10' loading docks with levelers and electric openers – Tenant improvement allowance available	– 217,000 sf across two buildings – Up to 1.8 msf and 70 acres available for built-to-suit or lease – Designed to be LEED certified – Direct access to Whitemud Drive NW and a short connection to Anthony Henday Drive	– 12,800 - 51,328 sf with 1.24 acres of yard available – First-class office development with large open facilitation room, board room, breakout rooms, and fitness area – Immediate access to 50th Street and 75th Street	– 32,456 - 72,547 sf available – Efficiently managed park with low operating costs – Graveled yard space available – Every vacancy is move in ready with well appointed office space and modern amenities

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For more market insights and information visit **avisonyoung.com**

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