



Edmonton industrial market report

Q3 2023

**AVISON
YOUNG**

Edmonton industrial market indicators

▼ 4.5%

total vacancy rate
down 0.1% since Q2 2023

▼ 4.3%

Edmonton vacancy rate
down 0.2% since Q2 2023

▼ 5.0%

surrounding municipalities vacancy rate
down 0.1% since Q2 2023

167.5M

square feet (sf) of inventory
marketwide

724K

sf absorption this quarter
marketwide

1.5M

sf under construction
marketwide

Source: Avison Young

Market overview

The Greater Edmonton industrial market's vacancy rate has remained relatively stable compared to Q2 2023, dropping by just 10 basis points (bps) to 4.5%. This modest change is noteworthy, given that nearly 560,000 sf of new supply entered the market. However, not all submarkets experienced the same modest decline in vacancy rates; the Nisku/Leduc and South markets, in particular, saw significant drops of 80 bps and 90 bps, respectively. These declines can be attributed to impressive positive absorption, with each submarket absorbing over 300,000 sf of space. Conversely, Sherwood Park experienced the largest increase in vacancy rates among all submarkets, with a 160-bps rise, primarily due to a 118,400-sf building becoming vacant and available for sale. It's worth noting that the Northwest submarket is witnessing significant subleases of over 100,000 sf, which have impacted the vacancy rate and its increase.

The industrial sector continues its trend of positive absorption, marking a total of 13 consecutive quarters with positive absorption. In this quarter alone, 725,000 sf of space was positively absorbed. This trend was driven by the occupancy of existing buildings, as new developments in this quarter did not experience significant pre-leasing and, therefore, did not significantly impact the absorbed product. The South and Nisku/Leduc markets were the primary contributors, accounting for over 800,000 sf of absorption.

On the development side, the industrial market saw the completion of four significant projects, totaling 559,000 sf. In the Northwest, QuadReal's Anthony Henday Business Park building 2A and Northport Business Park building E accounted for 207,463 sf and 169,508 sf, respectively.

In addition, Remington completed construction on a flex warehouse and distribution complex, Discovery Centre V, adding 108,197 sf to the business park. In Leduc Blackmud Creek Industrial Estates building M was completed and is ready for fixturing. This will add 73,800 sf to the Nisku and Leduc market. Continuing in the Nisku and Leduc submarket, Hopewell is set to bring online a massive 480,000-sf distribution project at Border Business Park. Building M is LEED Gold certified and will add to the already impressive business park. The project is scheduled for delivery this November.

In the South submarket, two new additions are on the horizon for Panattoni's expansive 1.8 million-sf Fulton Creek Business Park. The first building spans 151,571 sf, while the second is an impressive 267,173 sf, totaling 418,744 sf. These state-of-the-art developments are designed for LEED certification, enhancing efficiency and reducing operational expenses. Already, 200,000 sf has been pre-leased. Additionally, we anticipate the completion of the 59,000-sf Roper Crossing Industrial Condos project in Q4, which will serve as a showroom/industrial condominium project.

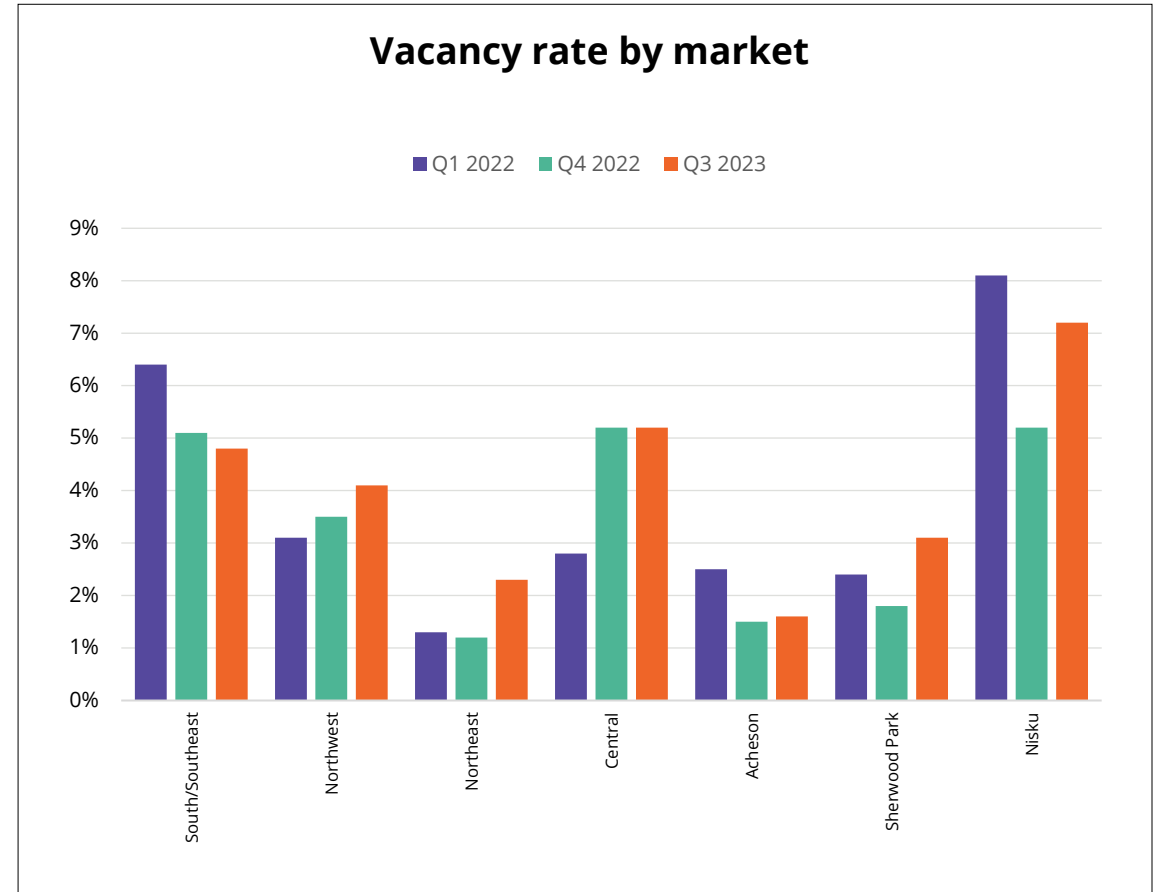
Moving to the Northwest submarket, exciting developments are on the horizon as well. Centre 118 Phase 2, spanning 79,000 sf, is scheduled for delivery in Q4, while Anthony Henday Business Park building 2B, offering a substantial 254,000 sf of space, is set for delivery in Q1 2024. Furthermore, a planned 366,000-sf development by ONE Properties at 41 Business Park in Nisku is on the verge of breaking ground. These developments continue to underscore that the demand for large-scale warehouse and distribution centers remains consistent.



Edmonton area industrial market indicators



Source: Avison Young

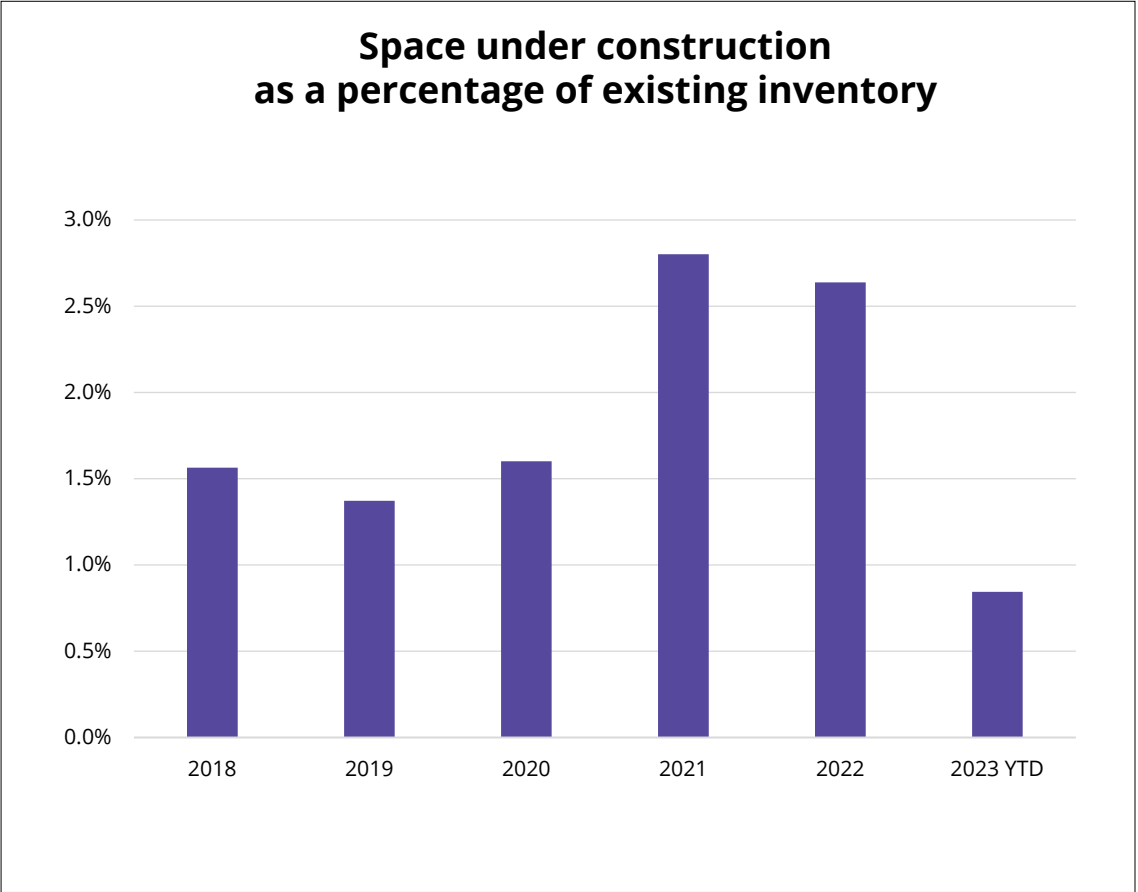


Source: Avison Young

Edmonton area industrial market indicators

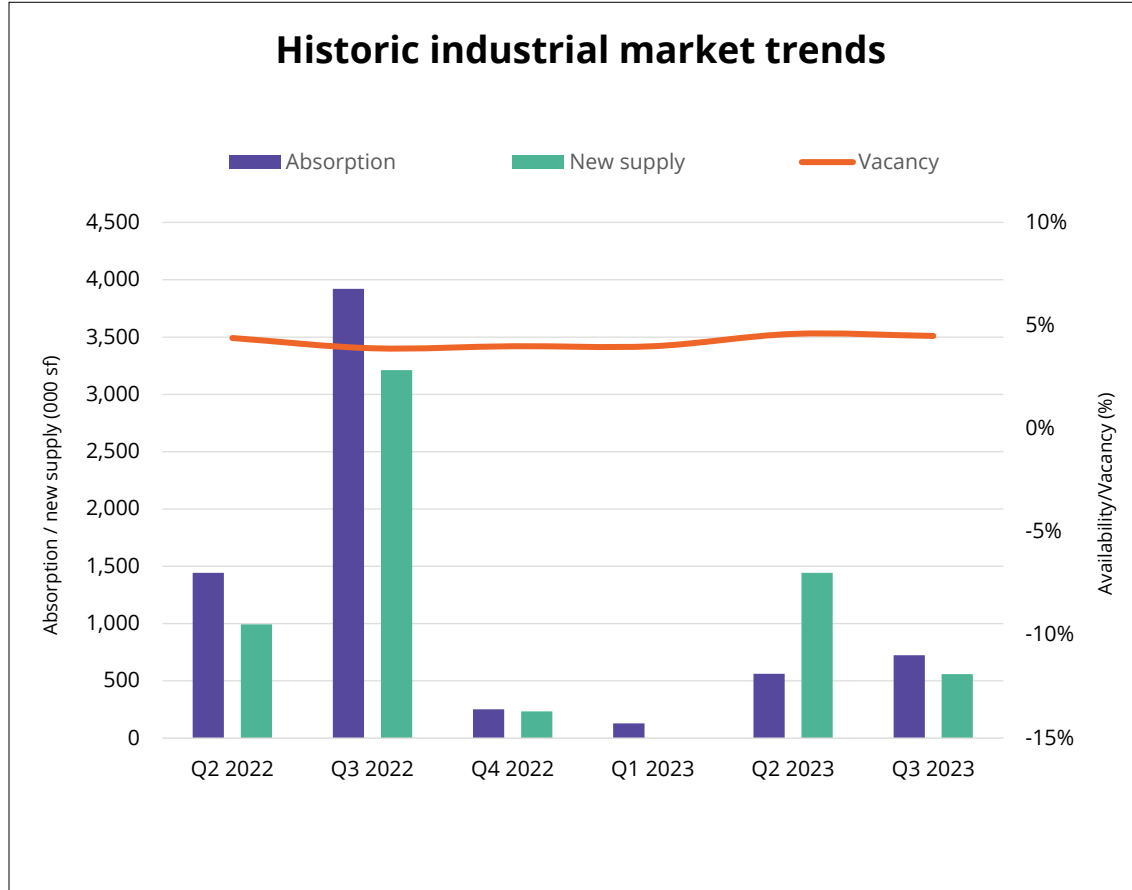


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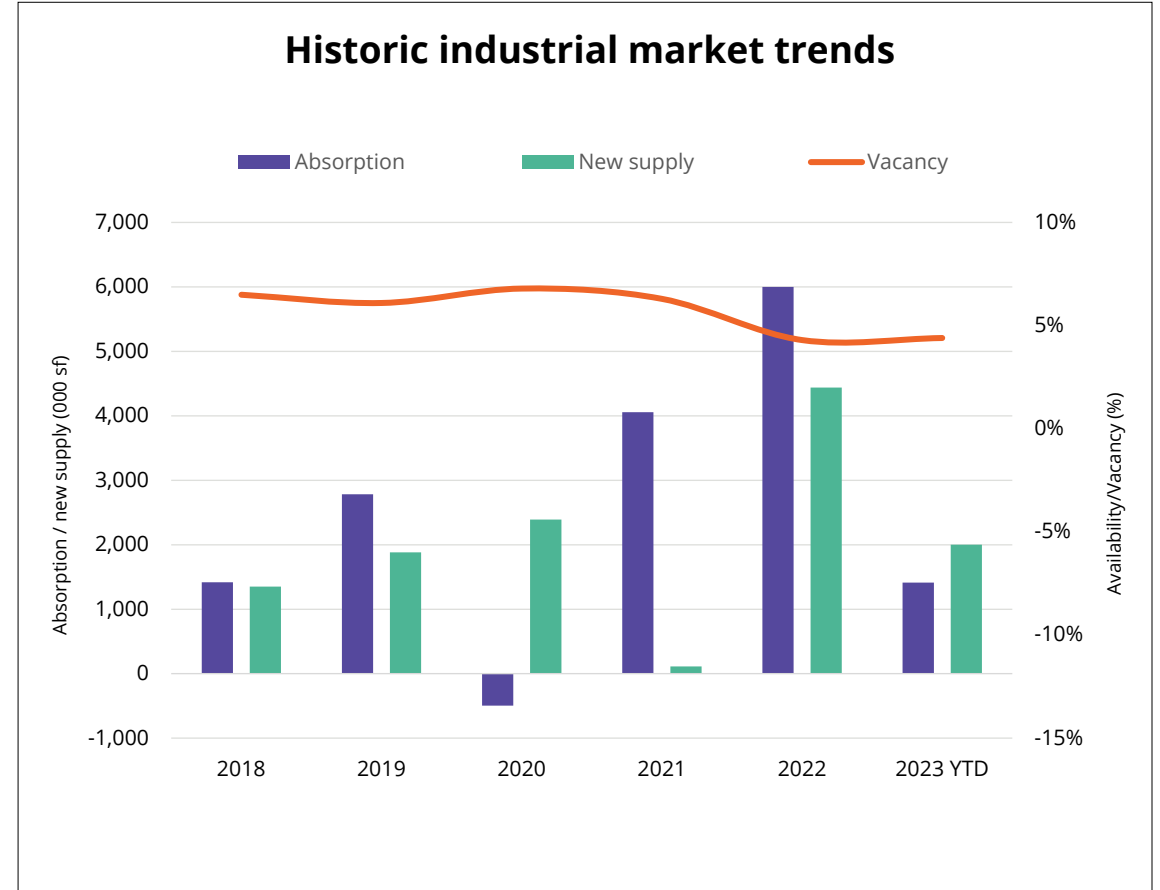


Source: Avison Young

Edmonton area industrial market indicators



Source: Avison Young



Source: Avison Young

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	53,969,457	2,280,845	315,030	482,314	4.8%	(0.9%)	4.2%	(0.8%)	0.6%	(0.1%)	\$675,000 - \$850,000
Northwest	62,913,070	2,077,962	495,685	58,486	4.1%	0.5%	3.3%	0.1%	0.8%	0.4%	\$650,000 - \$850,000
Northeast	6,809,847	158,280	0	24,301	2.3%	(0.4%)	2.3%	(0.2%)	0.0%	(0.1%)	\$550,000 - \$700,000
Central	3,959,926	138,751	67,050	-53,077	5.2%	1.3%	3.5%	1.0%	1.7%	0.3%	-
Edmonton total	127,652,300	4,655,838	877,765	512,024	4.3%	(0.1%)	3.6%	(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	96,145	88,160	-22,421	1.6%	0.2%	0.8%	0.2%	0.8%	-	\$450,000 - \$700,000
Sherwood Park	6,365,000	200,134	0	-100,063	3.1%	1.6%	3.1%	1.6%	0.0%	-	\$650,000 - \$750,000
Nisku	22,055,398	1,496,701	92,987	334,112	7.2%	(0.8%)	6.8%	(0.4%)	0.4%	(0.3%)	\$450,000 - \$550,000
Surrounding total	39,807,434	1,792,980	181,147	211,628	5.0%	(0.1%)	4.5%	0.1%	0.5%	(0.2%)	\$450,000 - \$750,000
Overall total	167,459,734	6,448,818	1,058,912	723,652	4.5%	(0.1%)	3.9%	(0.2%)	0.6%	0.1%	\$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	\$11.00	\$17.50	\$11.00	\$16.00	\$12.25	-	\$12.25	-	\$15.00	\$20.50
5,001 - 10,000 sf	\$10.50	\$15.00	\$10.50	\$14.50	\$11.75	\$18.00	-	-	\$14.00	\$20.00
10,001 - 20,000 sf	\$10.00	\$14.00	\$10.00	\$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	\$9.25	\$11.50	\$9.25	\$11.00	\$9.50	\$14.00	-	-	-	\$15.50
100,001 sf and up	\$9.25	\$11.00	\$9.25	\$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 - \$11.00	\$14.00	-	-	-	-
100,001 sf and up	\$10.00 - \$10.50	\$11.50	\$10.00 - \$10.50	\$11.50	\$10.00 - \$10.50	\$13.50	-	-	-	-

\$11.44

Edmonton average

\$13.82

Surrounding average

\$12.59

Greater Edmonton average

*New and existing product
Source: Avison Young

Edmonton area industrial market transactions

Market lease deals

Address	Submarket	Building size (sf)	Tenant	Tenancy
Horizon Business Park	Northwest Edmonton	297,000	Kuehne + Nagel	Single
18210 109 Avenue	West Edmonton	190,000	Katoen Natie	Single
South Central Business Park	South Edmonton	65,000	Hi-Kalibre Equipment	Multi

Building sales

Address	Submarket	Building size (sf)	Sale price	Zoning
7506 43 Street	Leduc	30,808	\$7,820,000	IL
14135 142 Street	North Edmonton	51,500	\$7,103,822	IL
7040 68 Avenue	South Edmonton	43,982	\$6,500,000	IM

Land sales

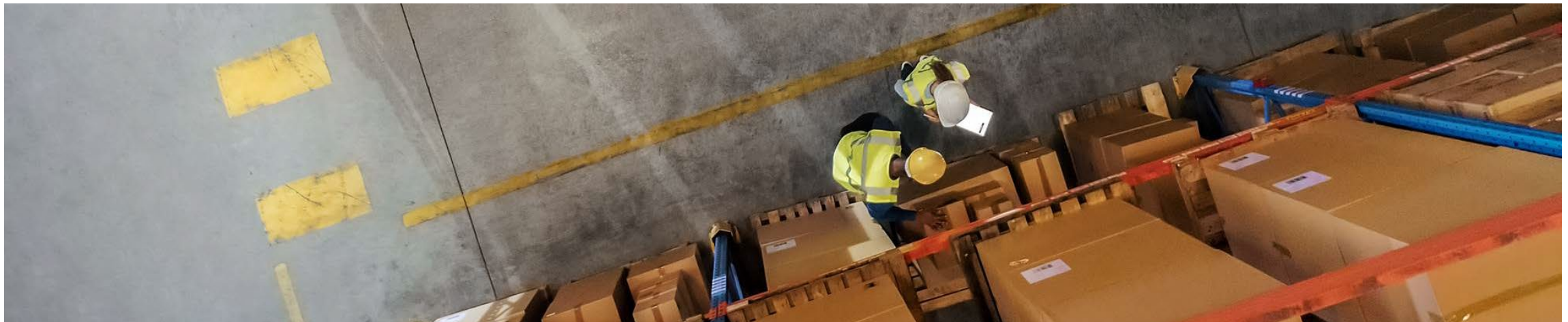
Address	Submarket	Site size (acres)	Sale price	Zoning
903 9 Avenue	Nisku	38.77	\$16,000,000	IND
3540 91 Street	Edmonton	8.24	\$7,580,000	IB
7001/7101 33 Street	Leduc	9.56	\$4,397,600	IM

Source: Avison Young

Edmonton area industrial developments

Under construction by building size

Location	Project name	Building size (sf)	Submarket	Developer	Delivery
1540 37 Ave	Border Business Park – Building M	481,450	Nisku	Hopewell	Q4 2023
6010 30 St	Fulton Creek Business Park – Building 2	267,170	Southeast	Panattoni	Q4 2023
11 Richardson Dr	Anthony Henday Business Park – Building 2B	253,970	Northwest	QuadReal	Q1 2024
6010 30 St	Fulton Creek Business Park – Building 1	151,570	Southeast	Panattoni	Q4 2023
Lakeland Dr & Buckingham Dr	Multi-tenant facility	121,180	Sherwood Park	Rohan	Q2 2024
142 St & 157 Ave	Skyline Rampart Business Park	95,880	North	Camgill	Q3 2024
11750 170 St	Centre 118 – Phase 2	79,400	Northwest	Synergy	Q2 2024
4803 Roper Rd	Roper Crossing Industrial Condos	59,000	South	Carlson Construction	Q4 2023



Feature listings

Lease
Edmonton, AB



12810 170 Street

- Ability to demise from 117,233 – 297,722 sf
- 19-foot-wide aisles for multi-use equipment to travel
- Fenced and secured loading area
- Power and make up air ready for electric forklift charging stations

[Click to view property](#)

Lease
Edmonton, AB



Cityview Business Park

- 32,456 – 72,547 sf
- 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

[Click to view property](#)

Sale
Acheson, AB



25672 111 Avenue and 11196 255 Street

- 66,800 sf on 7.63 acres
- Close to Highway 60, Highway 16, Highway 16A and Anthony Henday
- Multiple access points to properties
- 1 x 5-ton crane

[Click to view property](#)

Sale
Edmonton, AB



1904 80 Avenue

- Two buildings totaling 22,500 sf on up to 4.53 acres
- Main shop 58' x 73' with grade doors and two drive through
- 12'-15' ceiling height
- Fenced and gated yard with dual entry into the property

[Click to view property](#)

Edmonton's advantage

Affordability and abundant space attracting talents and entrepreneurs

In our previous report, we delved into the concept of the Alberta advantage and its implications for businesses. Now, our focus turns toward a closer examination of the "Edmonton advantage" and how the Port of Price Rupert will become an asset to Edmonton and help resolve the prior logistical bottlenecks. While Edmonton at times can be overlooked by some, it has evolved into a vibrant metropolitan area with exceptional livability, continually attracting both talent and businesses. What exactly contributes to this Edmonton advantage? It begins with the significant economic benefits of lower costs and abundant space.

Despite not boasting the income levels of some Canadian cities, Edmonton offers a unique financial advantage through its cost-effective housing. With the second lowest average home price among Canadian metropolitan areas at just \$374,000, along with lower and more stable rental prices, residents here enjoy greater disposable income. In fact, while Edmontonians spend an average of just 14% of their income on rent, residents in other cities may find themselves allocating over double that amount (up to 34%).

In other major industrial markets, the scarcity of land and space has led to skyrocketing rents and difficulties in securing suitable locations. Edmonton, however, stands out with availability in land and buildings. Furthermore, it offers one of the lowest average industrial rental rates, providing a competitive edge for businesses seeking affordable modern space.

Additionally, Edmonton's vast River Valley, the largest in Canada, offers its residents a unique opportunity to enjoy the outdoors. This expansive 18,000-acre natural playground is a haven for those who love nature and outdoor activities. The benefits of such accessible green spaces are well-documented, contributing to happier and healthier communities. Edmontonians have the privilege of easily engaging in outdoor adventures, fostering a higher quality of life and a deep sense of well-being.

Edmonton's hidden gem status is gradually being unveiled, as its unique combination of affordability and abundant space makes it an increasingly attractive choice for both residents and entrepreneurs. We believe the market conditions are ripe for businesses to consider a move or expansion to the greater Edmonton market.



The Port of Prince Rupert

The strategic benefits of a competitive inland port

The Port of Prince Rupert's remarkable efficiency in unloading ships has the potential to reshape Edmonton into an inland port. Strategically positioned, Prince Rupert shortens the sailing time to Asia by two to three days compared to other North American ports. In sharp contrast to the Port of Los Angeles, where cargo ships face lengthy 21-day waits for docking and unloading, the Port of Prince Rupert offers a swift seven-day turnaround time. At its peak, it accomplished an 80-hour turnaround while maintaining a 100%-yard utilization rate.

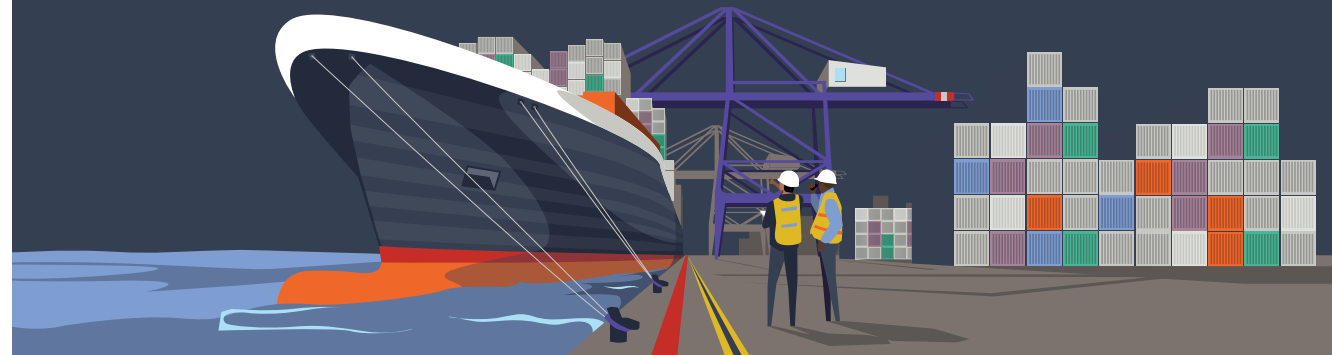
The current container terminal at Prince Rupert handles 1.6 million 20-foot equivalent units (TEUs), set to expand to 1.8 million within the next year through an expansion project. Plans for a second container terminal envision a capacity of four million TEUs by 2030-31, rivalling Vancouver, Canada's busiest port.

However, the true impact of this transformation extends far beyond the shores of Prince Rupert. Edmonton's evolution into an inland port has unleashed a cascade of benefits, with more to come. Notably, the entire Edmonton region enjoys the status of a Foreign Trade Zone (FTZ), offering access to a surplus of import-export programs and cash flow tools to stimulate business growth.

As a result, the region's cost-effective land options have drawn the attention of shippers, prompting investments in the development of warehousing and logistics infrastructure. This shift has allowed numerous logistics companies to streamline their operations by consolidating multiple distribution centers into smaller inland hubs. This strategic move not only optimizes shipping efficiency but also eliminates the necessity for costly long-haul transportation from coastal ports.

Moreover, Edmonton's newfound status as an inland port holds strategic significance, as 68% of the total imports arriving at the Port of Prince Rupert are destined for U.S. markets. All this cargo must pass through the Edmonton region on its journey to its final destinations, making Edmonton the pivotal first entry point for these goods after being offloaded at the port. This unique positioning makes the greater Edmonton region the logical choice for staging, customs clearance, final assembly, and value-added manufacturing for companies involved in importing, or exporting into and out of North America.

The Port of Prince Rupert provides the Edmonton region with the asset of multi-modal transportation, possessing well-connected rail, highway, and ocean routes. This enhances Edmonton's logistical production and strengthens its position in the global supply chain, allowing for seamless movement of goods, increased economic opportunities, and a brighter future in the world of trade and commerce.



For more market insights
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