



Edmonton industrial market report

Q4 2023

**AVISON
YOUNG**

Edmonton industrial market indicators

▲ 4.7%

total vacancy rate
up 0.2% since Q3 2023

▲ 4.4%

Edmonton vacancy rate
up 0.1% since Q3 2023

▲ 5.6%

surrounding municipalities vacancy rate
up 0.6% since Q3 2023

168.6M

square feet (sf) of inventory
marketwide

695K

sf absorption this quarter
marketwide

997K

sf under construction
marketwide

Source: Avison Young

Market overview

The Edmonton industrial market sustained its impressive streak, marking its 14th consecutive quarter of positive absorption, with 695k sf absorbed, and the introduction of 1,157,000 sf of new supply into the market. Of this new supply, 200,000 sf was pre-leased, which had consequently no significant impact on the current quarter absorption.

The South/Southeast and Nisku/Leduc submarkets experienced the most absorption, with 493,000 sf and 381,000 sf being positively absorbed, respectively. In contrast, the Northwest experienced negative absorption of 162,000 sf, marked by a new 298,000 sf vacancy and over half a million sf of sublet space. Central Edmonton witnessed a 150-bps drop in the vacancy rate to 3.7%. Conversely, Sherwood Park's vacancy increased by 220-bps to 5.3%, a result from a new 120,000 sf multi-tenant building entering the market.

Edmonton's vacancy rate (quarter-over-quarter) remains stable at 4.4%, while surrounding municipalities saw an overall vacancy increase of 70-bps to 5.6%, contributing to a slight uptick of 20-bps for Greater Edmonton's vacancy rate, bringing the overall total to 4.7%.

Despite a year of economic uncertainty, new development activity shows no sign of slowing. In Q4, six buildings were completed, with an additional six scheduled for delivery in 2024, anticipating the addition of 1,365,000 sf of new supply. Notably, Panattoni achieved milestones in the Southeast, completing two state-of-the-art projects, buildings one and two in Fulton Creek Business Park, spanning 151,000 and 267,000 sf, respectively, both designed to be LEED certified.



Market overview

Continued

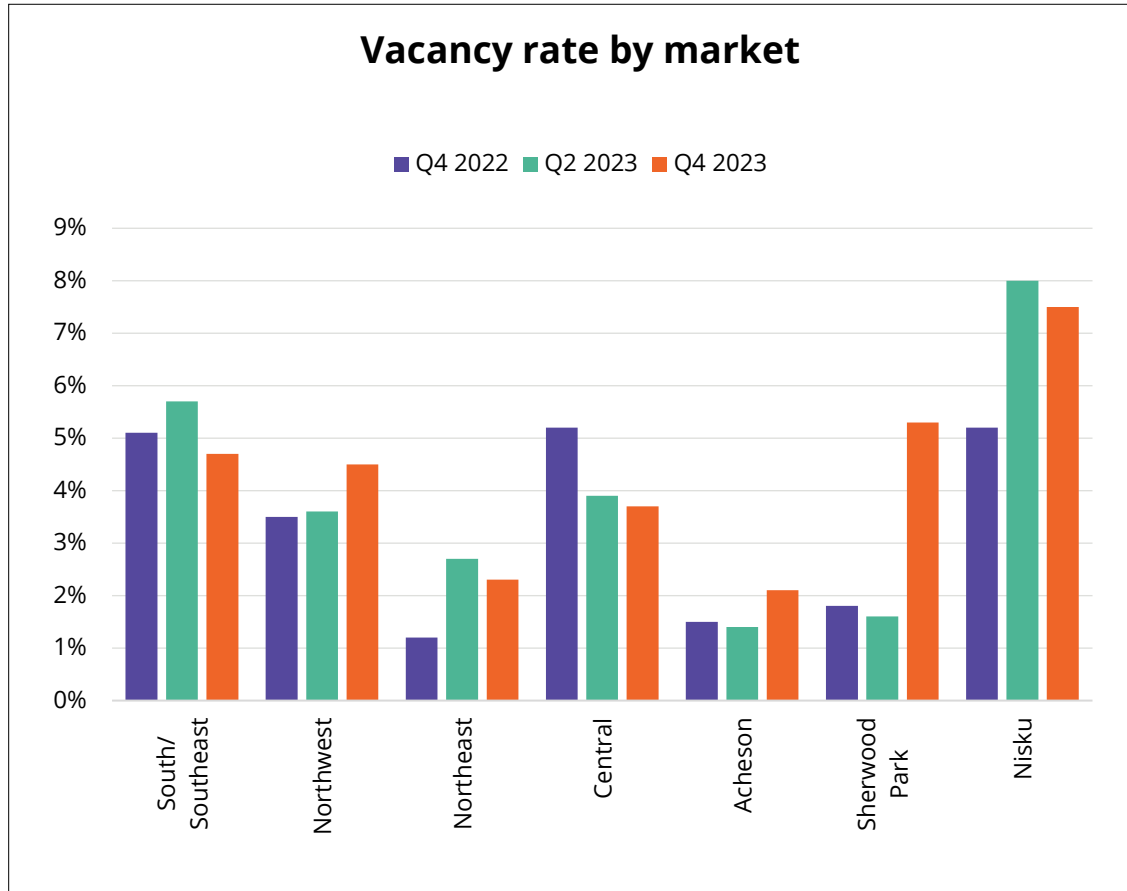
The South market also welcomed the completion of industrial condos at Roper Crossing, adding 59,000 sf to the market. In Nisku, Hopewell completed Building M at Border Business Park, a 481,000 sf distribution warehouse representing nearly half of the new supply added to the Greater Edmonton market in Q4.

Construction remains healthy, with the South market seeing the development of three flex industrial buildings at Eastgate Crossing, adding 47,000 sf in Q1 2024. In the Southeast, K&H and Eagle Builders began the construction of The WIC, a cutting-edge industrial condo project scheduled for Q3 2024 delivery, featuring 11 units with a total size just under 100,000 sf. In the Northwest, Skyline REIT and Camgill are constructing the fourth addition to Skyline Rampart Business Park, a 97,000 sf best-in-class warehouse (Building 3). Additionally, QuadReal anticipates the delivery of Building 2B, a 254,000 sf warehouse, at Anthony Henday Business Park next quarter.

A prevalent theme over the past year has been uncertainty, with rising rates impacting costs and margins in construction and operation. However, signs of stabilization are emerging, and uncertainties are subsiding. Anticipating the Bank of Canada's probable decrease in interest rates in the coming year, coupled with available land and cost advantages, we believe Edmonton's industrial market is well-positioned for a robust 2024 as investments in industrial spaces continue, reinforcing the demand for top-class facilities.



Edmonton area industrial market indicators

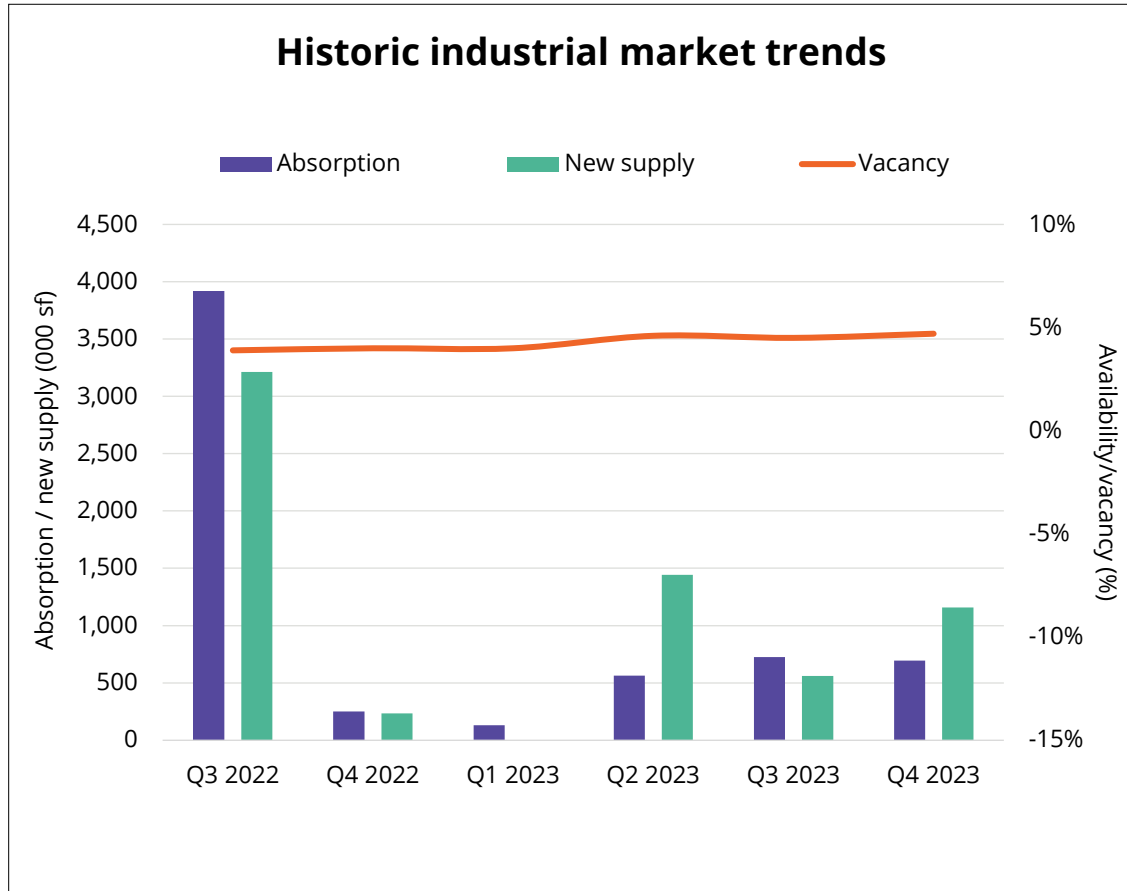


Source: Avison Young

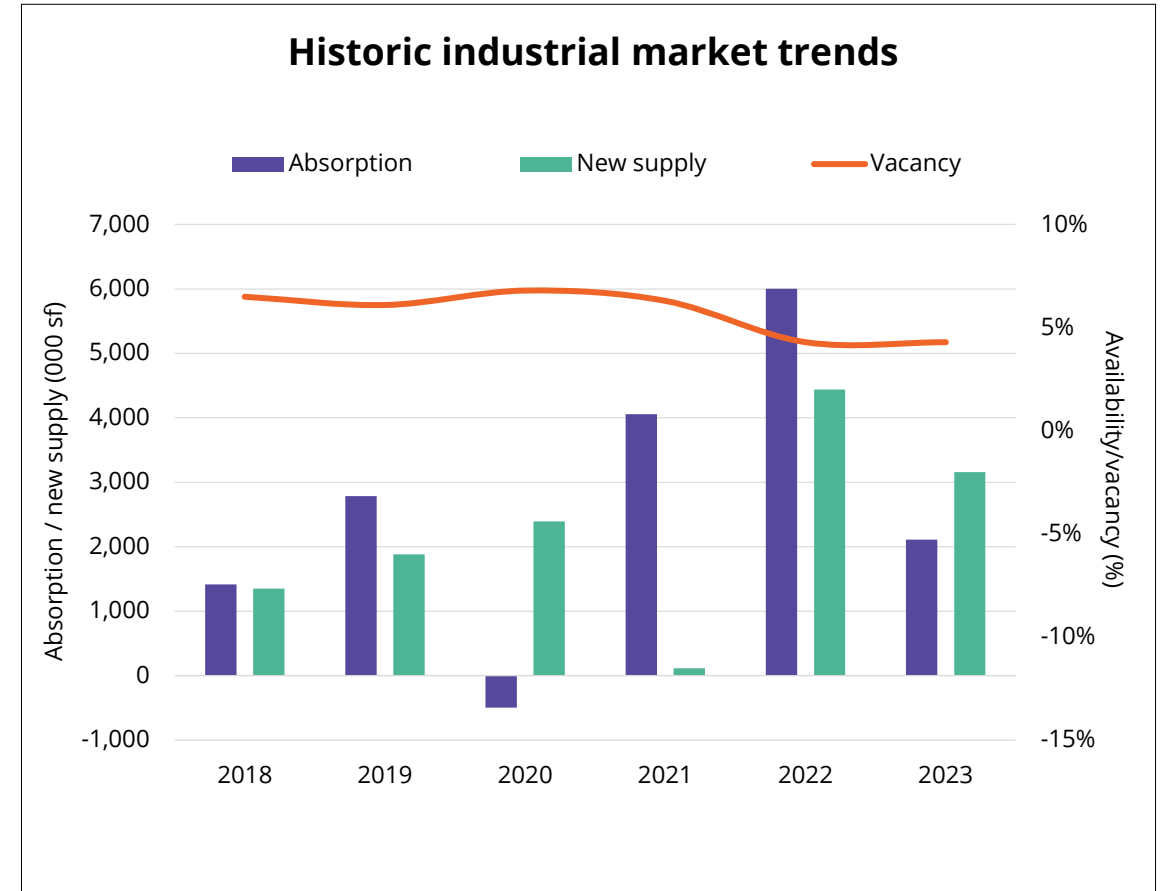


Source: Avison Young

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	54,445,301	2,295,947	282,857	492,915	4.7%	(0.1%)	4.2%	-	0.5%	(0.1%)	\$675,000 - \$850,000
Northwest	62,992,467	2,307,806	506,902	-161,664	4.5%	0.4%	3.7%	0.4%	0.8%	-	\$650,000 - \$850,000
Northeast	6,809,847	158,329	0	-49	2.3%	-	2.3%	-	-	-	\$550,000 - \$700,000
Central	3,959,926	122,133	25,856	57,812	3.7%	(1.5%)	3.1%	(0.4%)	0.7%	(1.0%)	-
Edmonton total	128,207,541	4,884,215	815,615	389,014	4.4%	0.1%	3.8%	0.2%	0.6%	(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	148,071	88,160	-51,926	2.1%	0.5%	1.3%	0.5%	0.8%	-	\$450,000 - \$700,000
Sherwood Park	6,486,180	345,156	0	-23,842	5.3%	2.2%	5.3%	2.2%	-	-	\$650,000 - \$750,000
Nisku	22,536,848	1,600,890	89,067	381,181	7.5%	0.3%	7.1%	0.3%	0.4%	-	\$450,000 - \$550,000
Surrounding total	40,410,064	2,094,117	177,227	305,413	5.6%	0.6%	5.2%	0.7%	0.4%	-	\$450,000 - \$750,000
Overall total	168,617,605	6,978,332	992,842	694,427	4.7%	0.2%	4.1%	0.3%	0.6%	-	\$450,000 - \$850,000

*As a refresher to absorption, it is important to note that positive absorption is defined as more space was leased this quarter than was made vacant on the market this quarter.

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

Edmonton area average rental rate breakdown

Square footage	South/Southeast		Northwest		Leduc/Nisku		Sherwood Park		Acheson	
	Multi	Single	Multi	Single	Multi	Single	Multi	Single	Multi	Single
Existing product										
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										
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 +	\$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
Pioneer Skies 2	Nisku	140,000	Quest Gasket & Supply	Multi
2308 8 St	Nisku	130,000	Brock Canada	Single
Discovery Centre	Nisku	48,650	Crown Packaging	Multi

Building sales

Address	Submarket	Building size (sf)	Sale price	Price per sf	Zoning
3404 78 Ave	South Edmonton	143,853	\$20,000,000	\$139.03	IB
4210/48 99 St	South Edmonton	80,271	\$12,800,000	\$159.46	IB
2802 5 St	Nisku	58,000	\$6,500,000	\$112.07	IND

Land sales

Address	Submarket	Site size (acres)	Sale price	Price per acre	Zoning
5035 28 St	Southeast Edmonton	5.63	\$4,216,000	\$748,845	IL
9707/45 283 St	Acheson	7.66	\$3,255,500	\$425,000	BI
6204/08 39 St	Leduc	5.90	\$2,743,500	\$465,000	IL

Source: Avison Young

Edmonton area industrial developments

Under construction by building size

Location	Project name	Building size (sf)	Submarket	Developer	Delivery
12830 175 St	The Brick and Leons Distribution Centre	500,000	North	LFL & Qualico	Q1 2024
11 Richardson Dr	Anthony Henday Business Park – Building 2B	253,970	Northwest	QuadReal	Q1 2024
2803 50 Ave	The WIC	99,770	Southeast	K&H	Q3 2024
142 St & 157 Ave	Skyline Rampart Business Park	96,730	North	Camgill	Q3 2024
9541 50 St	Eastgate Crossing – Building B	20,000	South	2310988 Alberta Ltd.	Q1 2024
9541 50 St	Eastgate Crossing – Building A	16,000	South	2310988 Alberta Ltd.	Q1 2024
9541 50 St	Eastgate Crossing – Building C	11,250	South	2310988 Alberta Ltd.	Q1 2024



Setting a course for growth

A glimpse into Edmonton's game-changing 2024 Zoning Bylaw

Edmonton is gearing up for a transformation with the introduction of its new Zoning Bylaw in 2024. Stepping away from the complexities of the longstanding 1961 bylaw, the city aims to simplify regulations, promote growth, and create a more business-friendly environment. The current 2023 Zoning Bylaw has seen numerous amendments over the years. As the city expanded, additional zoning requirements were added, resulting in a somewhat convoluted framework.

The upcoming Zoning Bylaw seeks to streamline the existing 45 standard zones and 16 residential zones down to 27 and 6, respectively. Among the major changes, both residential and commercial zones will undergo significant transformations. Most zones will experience an increase in maximum height and floor area ratio, providing developers with more flexibility and opportunities for growth.

The industrial landscape is set for a notable change with the introduction of the BE (Business Employment) zone. Replacing the IB, IL, MA, and MA2 zones, BE is designed for small-scale commercial and light industrial developments. This zone allows for a variety of uses, including general retail, bars, restaurants, liquor stores, indoor entertainment, and childcare services.



Setting a course for growth

Continued

The BE zone offers increased height limits and floor area ratios, encouraging diverse and dynamic development. One of the differentiating aspects of the new bylaw is the removal of discretionary uses in most zones. This means property owners won't have to endure a waiting period to determine if their proposed use is allowed. The introduction of the BE zone, in particular, emphasizes a more straightforward approval process, reducing risks for property owners and developers.

While DC (Direct Control) zones will remain intact, the distinction between DC1 (heritage) and DC2 (site-specific) zones will be eliminated. The new standard zones are envisioned to be less restrictive, aligning with the city's ambition to reduce the necessity for DC zones in new projects. This move is expected to save both time and money, providing more freedom for property owners and developers.

Edmonton's 2024 Zoning Bylaw heralds a new era of simplicity, flexibility, and growth. By streamlining regulations, boosting development potential, and eliminating unnecessary hurdles, the city paves the way for a more vibrant and resilient urban landscape. As the bylaw comes into effect, Edmonton anticipates a future where businesses and residents thrive in an environment designed for progress and innovation.



Featured listings

For Lease Edmonton, AB



Skyline Rampart

- 26,235 – 96,726 sf
- Reinforced 8" floor slabs to accommodate increased loads
- 32' clear and 9' x 10' loading docks with levelers and electric openers
- Tenant improvement allowance available

[Click to view property](#)

For Lease Edmonton, AB



12810 170 Street

- 297,722 sf on 1.07 acres
- Large 19-foot-wide aisles for multiuse equipment to travel
- Full use of height with product storage up to 6' from roof
- 8" slab on grade with 32 dock (9' x 10') (1 elevated dock) 2 grade (12' x 14')

[Click to view property](#)

For Lease Nisku, AB



2305 9 Street

- 73,800 sf on 13.81 acres
- 28' clear with a 6" floor slab
- 10' concrete apron at rear of building
- (6) 12' x 14' overhead doors, (6) dock level doors 8' x 10'
- 118' of marshalling area - back of building to fenced outdoor storage

[Click to view property](#)

For Sale Acheson, AB



25795 111 Avenue

- 19.32 acres of medium industrial land
- Industrial land ready for immediate development
- All off-site levies and development assessment have been paid.

[Click to view property](#)

Featured listings

For Sale Edmonton, AB



10603 184 Street

- 35.17 acres with over 900,000 sf of development potential
- Shovel ready
- Minimum of at least 3 potential access/egress points from the site
- Almost 1,300 feet of frontage along 184th Street

[Click to view property](#)

For Lease Edmonton, AB



Fulton Creek Business Park

- 217,000 sf across two buildings
- Up to 1.8 million sf 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

[Click to view property](#)

For Lease Edmonton, AB



50th Street Business Park

- 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

[Click to view property](#)

For Lease Edmonton, AB



Cityview Business Park

- 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

[Click to view property](#)

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Edmonton Industrial Team

Rob Iwaschuk

Principal
+1 780 907 0554
rob.iwaschuk@avisonyoung.com

Thomas Ashcroft

SIOR, Principal
+1 780 990 5364
thomas.ashcroft@avisonyoung.com

Colin Ludwig

Principal
+1 780 995 5404
colin.ludwig@avisonyoung.com

Grant Ranslam

Principal
+1 780 217 5292
grant.ranslam@avisonyoung.com

David St. Cyr

Principal
+1 780 964 4601
david.stcyr@avisonyoung.com

Ryan Zabloski

Principal
+1 780 993 7474
ryan.zabloski@avisonyoung.com

Bryce Williamson

Principal
+1 587 984 6199
bryce.williamson@avisonyoung.com

Jessica Faber

Senior Client Services Coordinator
+1 780 429 7558
jessica.faber@avisonyoung.com

Julia Hrehoruk

Client Services Coordinator
+1 780 970 2950
julia.hrehoruk@avisonyoung.com

Christal Summers

Paralegal
+1 780 429 7572
christal.summers@avisonyoung.com

Kirsten Prella

Client Services Coordinator
+1 780 257 2891
kirsten.prella@avisonyoung.com

Edmonton Research & Marketing Team

Braydan Guy

Research Analyst
+ 1 780 708 2658
braydan.guy@avisonyoung.com

Charlotte Phillips

Senior Marketing Manager
+1 780 429 7574
charlotte.phillips@avisonyoung.com

Cori Vertz

Marketing/Graphic Designer
+1 587 882 9756
cori.vertz@avisonyoung.com