



Q1 2022 Industrial Occupier

Edmonton Industrial Market



Market Overview

Industrial Market

Diversity in the Industrial Sector Creating Further Pressure on Vacancy.

At 4.41 % total vacancy the industrial market continues its' trend of positive absorption for seven quarters in a row and is verging on vacancy rates not seen since Q4 2015, which was 4.2%. Three sectors are driving this prolonged and steady rebound.

Oil and Gas Sector

At the time of writing, West Texas Intermediate (WTI) Price was at \$108.50 per barrel which is 74% higher from a year earlier. Leduc and Nisku continue to heat up with the type of product best known as the "Edmonton Special", defined as standalone manufacturing and service buildings with yard and low-site coverage ratios. At the beginning of the pandemic, this style of building was in abundance and the rates were depressed, but with increased activity in the market, not only has the vacancy gone down we are seeing lease rates climbing to pre oil-crash pricing. Functional buildings with low site coverage ratios are seeing lease rates of mid teens to low twenties (\$14.00 -\$22.00 per square foot). These are rates we have not seen since before oil crashed in 2016.

Transport and Distribution Sector

The growth in this sector has continued since Q3 of 2020 and has been the primary driver of positive absorption in the Greater Edmonton Area. With developers unable to keep up with demand as supply dwindles, Edmonton is

experiencing a rise in big box, transportation tenancies and build-to-suit development. This is due to economic factors created by COVID-19 and logistic companies relocating to Edmonton and Calgary from markets like Vancouver, Toronto and Montreal who have sub 1% vacancy and meteoric lease rate increases. This is making our market more attractive for logistic and distribution users.

Increased Investment in Alternative Energy and Agri-Business

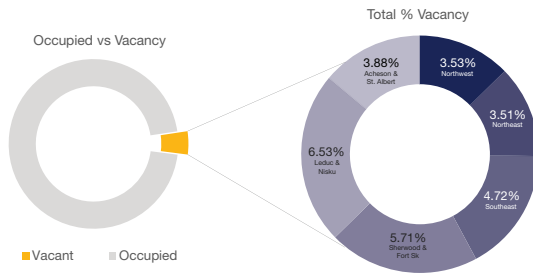
This is an exciting sector that is not getting enough attention but is slowly moving the needle in Edmonton. With Air Projects closing on 150 acres for a new hydrogen plant in Edmonton, increased activity in the Industrial Heartland for rail access land for agricultural business and transportation, and billions of dollars of potential investment for carbon capture projects, we are seeing continued leasing and sales in a region that is diversifying from oil and gas production to alternative energy creation.

With the Greater Edmonton economy being driven historically by Oil and Gas, it is likely we will see continued downward pressure on vacancy as the economy continues to diversify and these three sectors continue to grow.

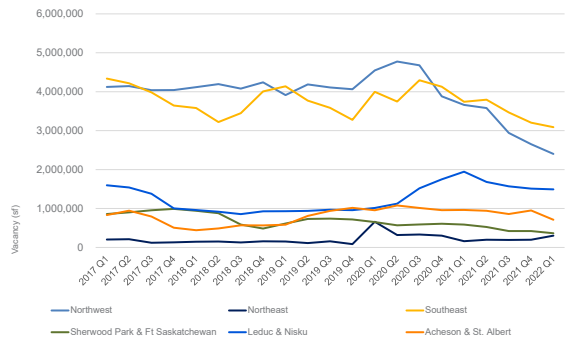
Q1 2022 Vacancy Summary, Industrial

QUADRANT	TOTAL INVENTORY (sf)	HEADLEASE (sf)	(%)	SUBLEASE (sf)	(%)	TOTAL (sf)	TOTAL (%)
North West	68,110,354	2,296,078	3.37%	106,989	0.16%	2,403,067	3.53%
North East	8,571,398	300,770	3.51%	0	0.00%	300,770	3.51%
South East	65,543,759	2,929,881	4.47%	160,976	0.25%	3,090,857	4.72%
Sherwood & Fort Sask.	6,387,924	352,940	5.53%	12,013	0.19%	364,953	5.71%
Leduc & Nisku	22,833,900	1,355,948	5.94%	135,464	0.59%	1,491,412	6.53%
Acheson & St. Albert	18,327,675	693,493	3.78%	17,304	0.09%	710,797	3.88%
Total Industrial	189,775,010	7,929,110	4.18%	432,746	0.23%	8,361,856	4.41%

Breakdown of Vacancy by Submarket

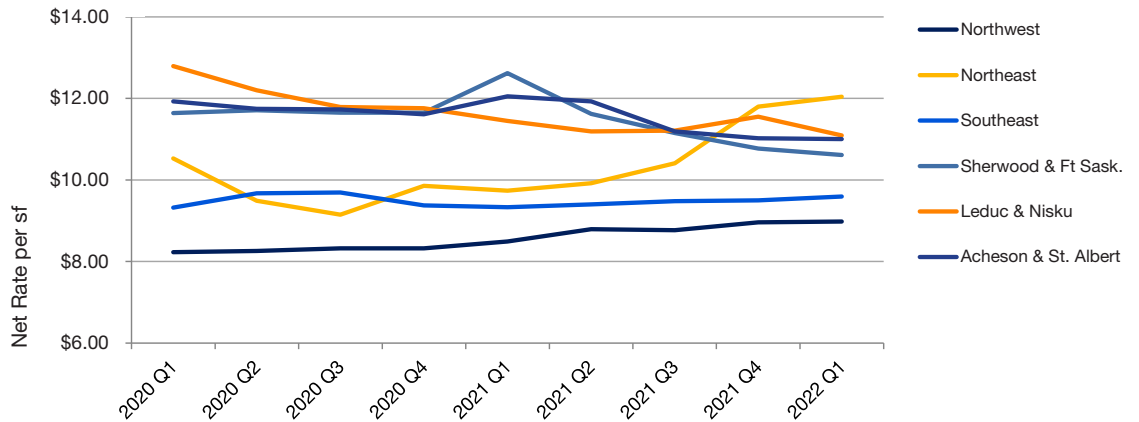


Historical Industrial Vacancy



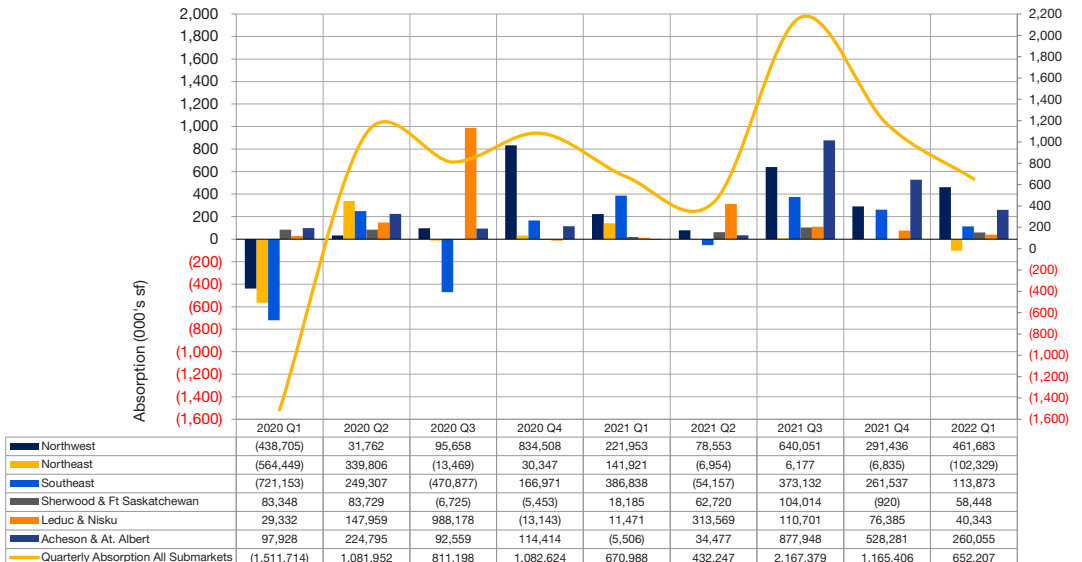
Average Asking Net Rates

Reported Submarkets



Historical Absorption

Reported Submarkets



All data sourced from: CoStar Realty Information, Inc.

Industrial Supply
189,775,010 sf

Industrial Vacancy
4.41%

Overall Industrial Vacancy
8,361,856 sf

Q1 2022 Industrial Absorption
652,207 sf

Edmonton Industrial Notable Sale Transactions

Building Address	Site Area (acres)	Building Area (sf)	Sale Price	Price psf
5705 103A St	2.93	61,321	\$5,350,000	\$87.25
9651 25 Ave	3.94	38,914	\$7,600,000	\$195.30
11507 120 St	0.85	37,000	\$4,700,000	\$127.03
12855 141 St	1.54	33,260	\$3,125,000	\$93.96
5304 36 St	1.57	32,550	\$4,330,000	\$146.78
9741 54 Ave	1.62	31,490	\$5,050,000	\$160.37
18140 107 Ave	1.19	29,549	\$2,300,000	\$77.84
10505/47 114 St	0.65	28,500	\$2,800,000	\$98.25
5303/15 97 St	1.59	27,570	\$4,000,000	\$145.09
1903 121 Ave NE	5.07	26,000	\$2,844,250	\$109.39
4219 99 St	1.2	24,142	\$4,000,000	\$165.69
17505 106 Ave	1.35	22,716	\$2,850,000	\$125.46
2003 76 Ave	9.77	21,710	\$6,250,000	\$287.89
5921 87A St	1.24	21,253	\$3,600,000	\$169.39
16850 109 Ave	2.12	21,000	\$3,500,000	\$166.67
5603 94A St	0.89	20,000	\$2,850,000	\$142.50
21004 109 Ave	9.44	19,050	\$3,875,000	\$203.41
17935 107 Ave	1.44	18,942	\$3,150,000	\$166.30
6305 34 St	1.95	14,800	\$1,925,000	\$130.07
8917 13 St	2.5	13,340	\$3,262,500	\$244.57
14635 134 Ave	1.13	12,200	\$2,100,000	\$172.13
13008 151 St	1.68	11,550	\$3,150,000	\$272.73
11116 156 St	0.76	9,300	\$2,200,000	\$236.56
6230 100 St	3.42	9,279	\$3,900,000	\$420.30
20103 110 Ave	1.95	8,130	\$1,700,000	\$209.10
1554 70 Ave	0.97	7,256	\$1,500,000	\$206.73
11221 224 St	1.02	6,700	\$1,630,000	\$243.28
12155 Fort Road	0.63	6,300	\$1,210,000	\$192.06

Intermodal Shipping Containers "Sea Cans"

Intermodal shipping containers or "sea cans" are used on a variety of commercial and industrial sites for various uses ranging from simple storage to supplemental workspace. Occupiers should be aware that many of these uses require adherence to the National Building Code 2019 Alberta Edition (NBC(AE)) and understanding those requirements is something to discuss with your real estate professional before leasing or purchasing a property that utilises these structures. A building, as defined by NBC(AE), means any structure used or intended for supporting or sheltering any use or occupancy, and includes an addition built to an existing structure. Understanding in advance the regulatory requirements for your property or leasing space, including the additional structures on the property is important to avoiding significant headaches during your lease or ownership.

- Corey Klimchuk, B.Tech., C.E.T.
Advisor

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**Thinking
strategically.**

**Acting
objectively.**