



Q2 2021 Industrial Occupier

Edmonton Industrial Market



Market Overview

Industrial Market

The Edmonton industrial market continues to be resilient despite the slow economic recovery and growth.

Q1 Covid rebound to Q2 steady growth in a balancing market.

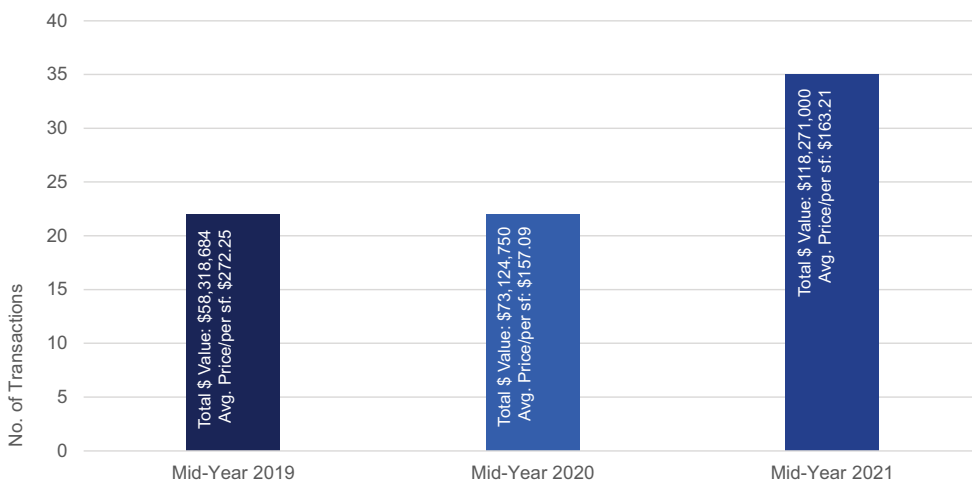
In Q1 we reported on increased activity, big logistics deals and a rebound that was unpredicted yet welcomed. While Q2 has not been as exciting, the momentum has continued and we are seeing a moderate decline in vacancy from 6.07% to 5.75%. There has been positive activity in the market, but without the same velocity we saw in Q1.

Landlords and Developers are tightening their budget forecasts as buildings that are under construction or are slated for construction will be facing steel shortages, increased costs in construction materials and supply chain shortages. Combined with positive absorption numbers climbing to 1,500,000 square feet year to date, we will likely see upward pressure on rates for new buildings and Class A industrial developments. With e-commerce and transport logistics companies constantly looking for higher ceilings, more efficient

layouts, and superior locations in our growing city, we will watch the affect this has on the new developments; Landlords will seek higher rates to retain and grow returns on their investments.

With continued diversification in our energy markets and increased productivity and profit in the oil and gas sector, Nisku and Leduc has seen an uptick in lease-up and activity. Vacancy rates have dropped to 7.45% from 8.70%, while Acheson has maintained low vacancy rates at 5.85%. Furthermore, with low interest rates, Owner/User sale transaction volume has drastically increased year over year from 2019 and 2020. At this time in 2019 there were 22 transactions at a combined \$58 million dollar value, 2020 had 22 transactions at a combined \$73 million dollar value, while we are currently sitting at 35 transactions at a combined \$118 million dollar value. This increase illustrates that local businesses have money, credit, confidence and are buying industrial buildings to operate their business.

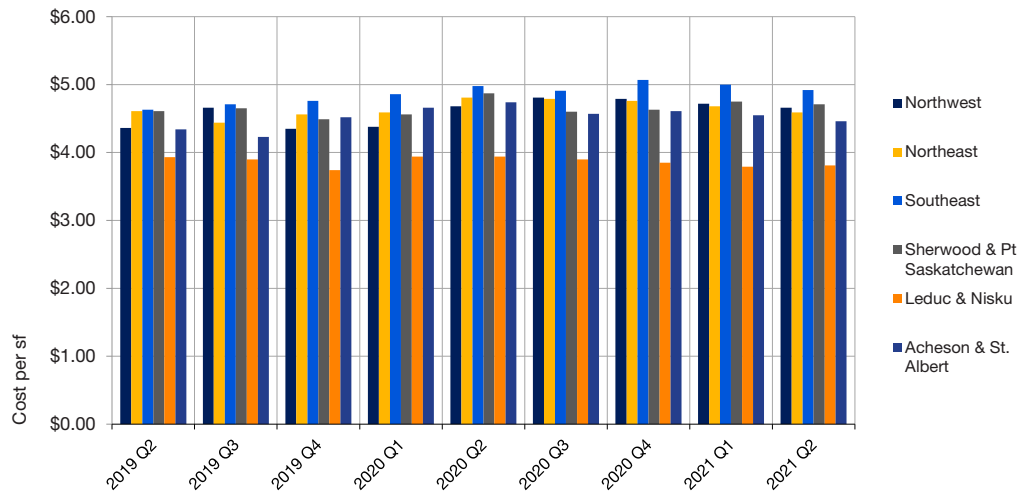
Industrial Sales Activity, Owner/User Warehouse



Edmonton Industrial Notable Transactions

Tenant	Building Name/Address	Area	Type
Finning International	11504-11554 - 186 Street NW	229,221 sf	New Location
MTE Logistics	18150 - 109 Avenue	77,591 sf	New Location
Tenant to be Confirmed	507 - 13 Avenue, Nisku, AB	65,565 sf	TBD
Stuart Olson	11604 - 186 Street NW	60,500 sf	New Location
Eagle Dallas Spring	11546-11604 - 186 Street NW	48,400 sf	New Location
North Country Tire Distributors	Northwest Business Park	45,997 sf	New Location

Historical Industrial Operating Costs



Finning International is expanding with a new location in NW Edmonton

Finning International has committed to over 225,000 sf at Yellowhead Crossing. This new location is one of several for the company in the Edmonton area and is indicative of how resilient the Industrial market remains in the city.

11504-11554 - 186 Street NW
Photo Credit: CoStar Realty Information, Inc.

Industrial Supply
186,774,375 sf

Industrial Vacancy
5.75%

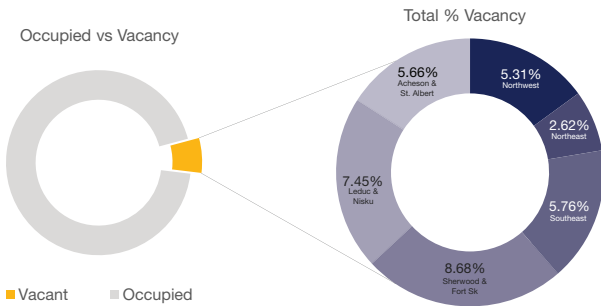
Overall Industrial Vacancy
10,736,508 sf

Q2 2021 Industrial Absorption
580,201 sf

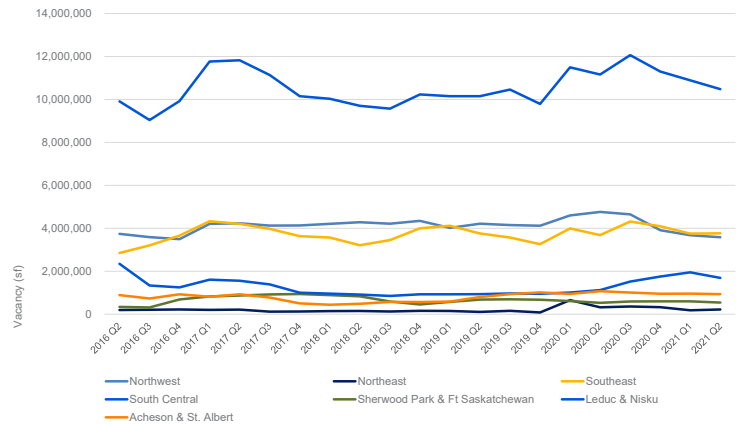
Q2 2021 Vacancy Summary, Industrial

QUADRANT	TOTAL INVENTORY	HEADLEASE		SUBLEASE		TOTAL	
	(sf)	(sf)	(%)	(sf)	(%)	(sf)	(%)
North West	67,486,327	3,465,690	5.14%	117,713	0.17%	3,583,403	5.31%
North East	8,532,830	221,283	2.59%	2,500	0.03%	223,783	2.62%
South East	65,281,792	3,441,741	5.27%	321,676	0.49%	3,763,417	5.76%
Sherwood & Fort Saskatchewan	6,206,508	493,959	7.96%	45,013	0.73%	538,972	8.68%
Leduc & Nisku	22,671,216	1,663,653	7.34%	24,645	0.11%	1,688,298	7.45%
Acheson & St. Albert	16,595,702	869,981	5.24%	68,654	0.41%	938,635	5.66%
Total Industrial	186,774,375	10,156,307	5.44%	580,201	0.31%	10,736,508	5.75%

Breakdown of Vacancy by Submarket

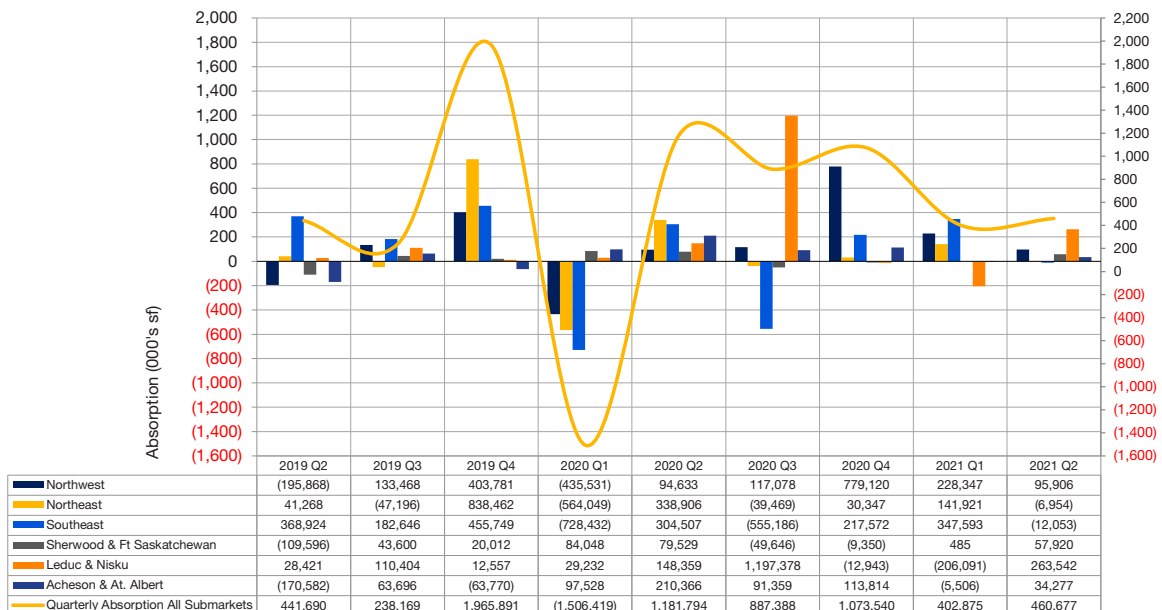


Historical Industrial Vacancy



Historical Absorption

Reported Submarkets



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strategically.**

**Acting
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