



Q2 2024 Industrial Occupier

Edmonton Industrial Market



Market Overview

Industrial Market

Stable Vacancy in Greater Edmonton; Macroeconomic and Microeconomic Outlook in the Industrial Market for North America and Edmonton

We experienced a slight drop in vacancy from 3.26% in Q1 2024 to 3.07% in Q2 2024, with an overall vacancy rate of 3.27%, which includes sublease vacancies. In the Q1 2024 issue of The Occupier, we shared information on new industrial developments that we tracked for four quarters on vacancies and construction changes. In that edition of The Occupier, we covered the significant amount of new build-to-spec industrial construction, the absorption we tracked, and the economic outlook in greater Edmonton. In this issue of the Occupier, we will discuss the microeconomic and macroeconomic industrial sector in North America and Edmonton.

Micro-Economic Update

Edmonton

In the second quarter of 2024, the Greater Edmonton industrial market experienced a decrease in absorption, most notable in the southeast and northwest submarkets. Despite the decrease in absorption, vacancy rates have remained relatively stable, with a slight decline from Q1 to Q2. Two submarkets experienced significant swings in vacancy rates: Northeast dropped by 0.7%, bringing the total vacancy to 2.14%, and the Acheson/St. Albert submarket increased by 0.5%, bringing the total vacancy to 1.76%. Still, with the increase in total vacancy, Acheson/St. Albert continues to be the tightest market in Greater Edmonton.

Macro-Economic Update

United States

The second quarter of 2024 continued the trend of tepid growth within the U.S. industrial sector

as occupiers looked to navigate the fallout of significant investing during the pandemic and soften consumer demand. A wave of new construction deliveries has placed a significant amount of space on the market, slowing several years of rent increases. While asking rates are not expected to drop, the growth rate is slowing to levels not seen since the end of the Great Recession. There are signs that this lull is likely only temporary, as real U.S. business inventories and good imports that spent most of last year in decline have resumed growth in recent months, meaning the volume of goods flowing through distribution centers across the U.S. is back on the rise.

Canada

The second quarter of 2024 mirrored similar trends in Canada's industrial sector, with growth remaining subdued as businesses grappled with the aftereffects of extensive pandemic-era investments and a cooling in consumer demand. A surge in new construction has added a substantial amount of space to the market, tempering the robust rent increases seen in recent years. While asking rates are not anticipated to decrease, the pace of growth has slowed. However, there are indications that this slowdown may be short-lived. Real Canadian business inventories and imports, which experienced declines throughout much of last year, have begun to recover in recent months, signaling a renewed increase in the volume of goods passing through distribution centers across the country.



Industrial Supply

198,371,957 sf



Industrial Vacancy

3.27%



Overall Industrial
Vacancy

6,488,351 sf



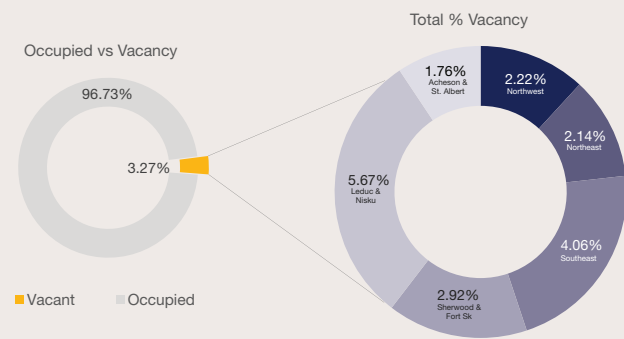
Q2 2024 Industrial
Absorption

252,027 sf

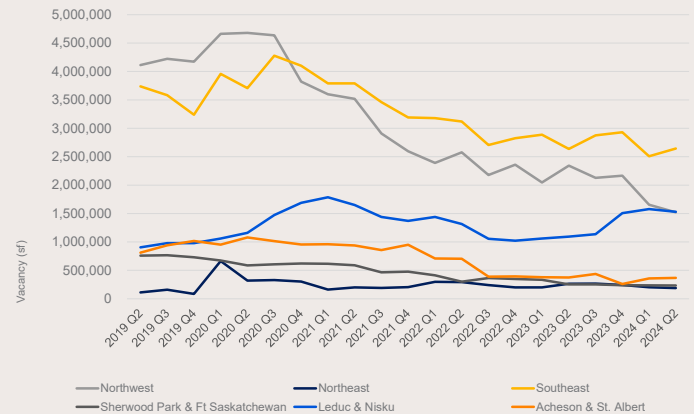
Q2 024 Vacancy Summary, Industrial

QUADRANT	TOTAL INVENTORY (sf)	HEADLEASE (sf)	HEADLEASE (%)	SUBLEASE (sf)	SUBLEASE (%)	TOTAL (sf)	TOTAL (%)
North West	68,530,082	1,356,555	1.98%	165,841	0.24%	1,522,396	2.22%
North East	8,767,308	187,394	2.14%	0	0.00%	187,394	2.14%
South East	65,140,970	2,523,517	3.87%	122,508	0.19%	2,646,025	4.06%
Sherwood & Fort Sask.	8,068,833	228,080	2.83%	7,300	0.09%	235,380	2.92%
Leduc & Nisku	26,995,877	1,450,177	5.37%	80,374	0.30%	1,530,551	5.67%
Acheson & St. Albert	20,868,887	348,453	1.67%	18,152	0.09%	366,605	1.76%
Total Industrial	198,371,957	6,094,176	3.07%	394,175	0.20%	6,488,351	3.27%

Breakdown of Vacancy by Submarket

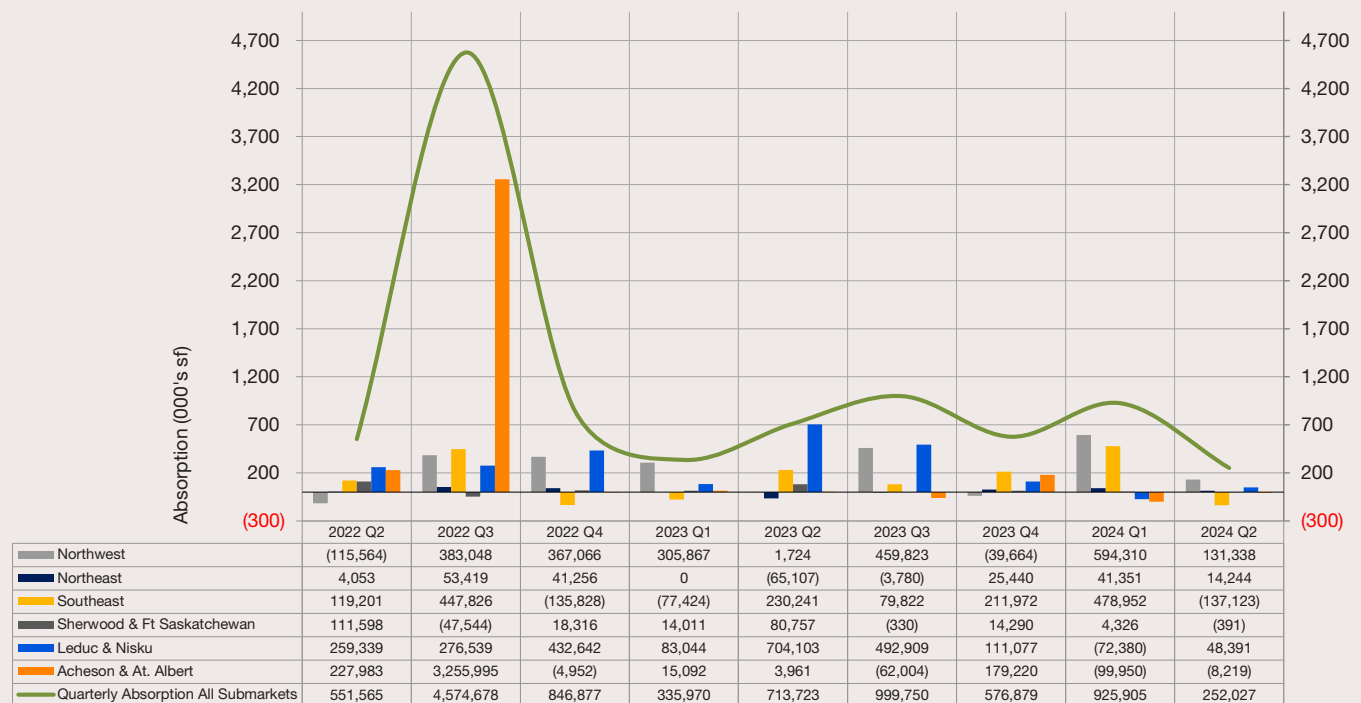


Historical Industrial Vacancy



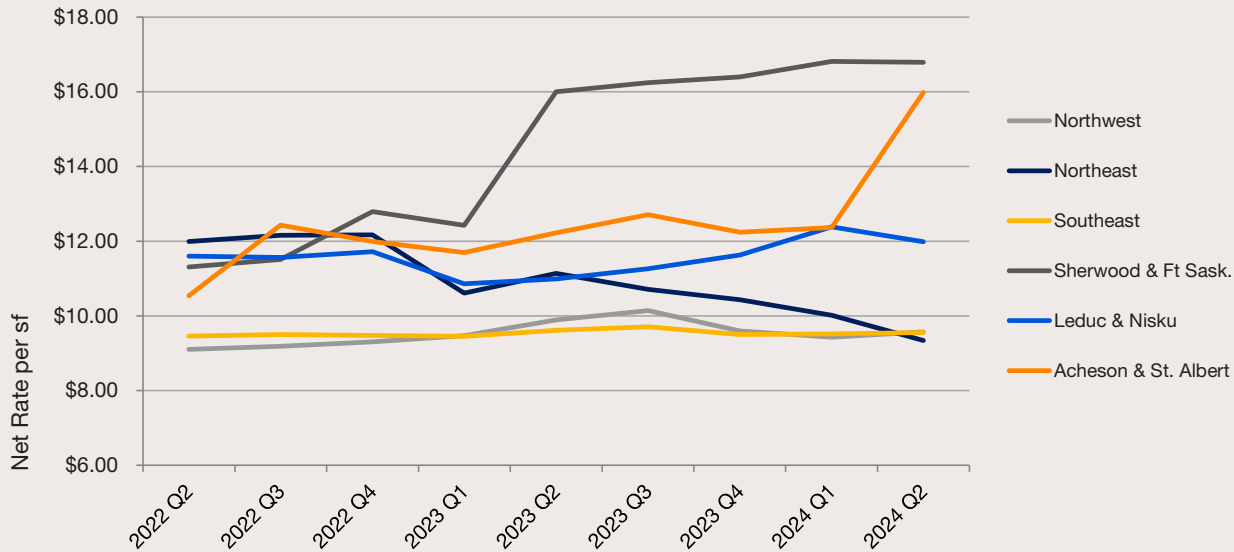
Historical Absorption

Reported Submarkets



Average Asking Net Rates

Reported Submarkets



Q1 2024 Review of Developments Currently Under Construction or Near Completion

Development	Market	Building Area (sf)	Available Area (sf)	Completed Deals	Construction Completion
Pioneer Skies - Building II	Nisku	240,835	26,950	212,235	Completed
Pioneer Skies - Building I	Nisku	375,320	28,600	348,379	Completed
Border Business Park -Building M	Nisku	481,450	481,450	0	Completed
41 Business Park Building 1	Nisku	366,932	366,932	0	Q4 2024
41 Business Park Building 2	Nisku	302,717	302,717		Undetermined
QEII Spec Building	Nisku	110,963	86,658	23,738	Completed
Blackmud Creek Building E	Nisku	72,000	72,000		Completed
Discovery Business Park – Building IV	South Edmonton	212,834	164,159	48,675	Completed
Discovery Business Park – Building V	South Edmonton	108,197	65,292	42,595	Completed
Fulton Creek Business Park Building 1	South Edmonton	151,571	125,000	26,571	Completed
Fulton Creek Business Park Building 2	South Edmonton	267,173	92,173	175,000	Completed
Park Central Square	South Edmonton	Not being constructed, build-to-suit only or land sale			
Chohan Multi-Tenant	Sherwood Park	121,181	121,181		Q1 2025
Anthony Henday Business Park 2A	St. Albert	169,508	169,508		Completed
Anthony Henday Business Park 2B	St. Albert	253,973	253,973		Q1 2024
Horizon Business Park	Northwest	297,043	0		Completed
Northport Business Park Building E	Northwest	207,463	95,463	112,000	Completed
Skyline Rampart Business Park	Northwest	96,726	96,726		
Total		3,835,886	2,548,782	989,193	

CONTACT INFORMATION

TRANSACTION MANAGEMENT ADVISORY TEAM

Byron Wakeling

780.993.2367
bwakeling@cresa.com

Todd Walker

780.952.8331
twalker@cresa.com

Nicholas Farnden

780.938.7343
nfarnden@cresa.com

Dan Budman

780.338.3338
dbudman@cresa.com

Nikita Alimushkin

780.994.2741
nalimushkin@cresa.com

Ethan Doak

780.886.3586
edoak@cresa.com

Cresa

10020 - 101A Avenue, Suite 1980 | Edmonton, AB T5J 3G2
main 780.900.8781

324 - 8 Avenue SW, Suite 1550 | Calgary, AB T2P 2Z2
main 403.571.8080

cresa.com

Cresa is an international corporate real estate advisory firm that exclusively represents tenants and specializes in the delivery of fully integrated real estate services, including: Workplace Intelligence, Transaction Management, Project Management, Consulting, Lease Administration, Location Strategy & Economic Incentives, Facilities Management, Global Portfolio Solutions and Investment Banking. For more information, visit www.cresa.com.

Even though obtained from sources deemed reliable, no warranty or representation, express or implied, is made as to the accuracy of the information herein, and it is subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

All material in this publication is, unless otherwise stated, the property of Cresa. Copyright and other intellectual property laws protect these materials. Reproduction or retransmission of the materials, in whole or in part, in any manner, without the prior written consent of Cresa is strictly prohibited.



**Thinking
strategically.**

**Acting
objectively.**